

*City of El Monte
California*



*Comprehensive Annual Financial Report
for the year ended June 30, 2008*

CITY OF EL MONTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2008

CITY OF EL MONTE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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Officials of the City of El Monte



**Ernest Gutierrez
Mayor**



**Juventino "J" Gomez
Mayor Pro Tem**



**Art Barrios
Councilman**



**Emily Ishigaki
Councilwoman**

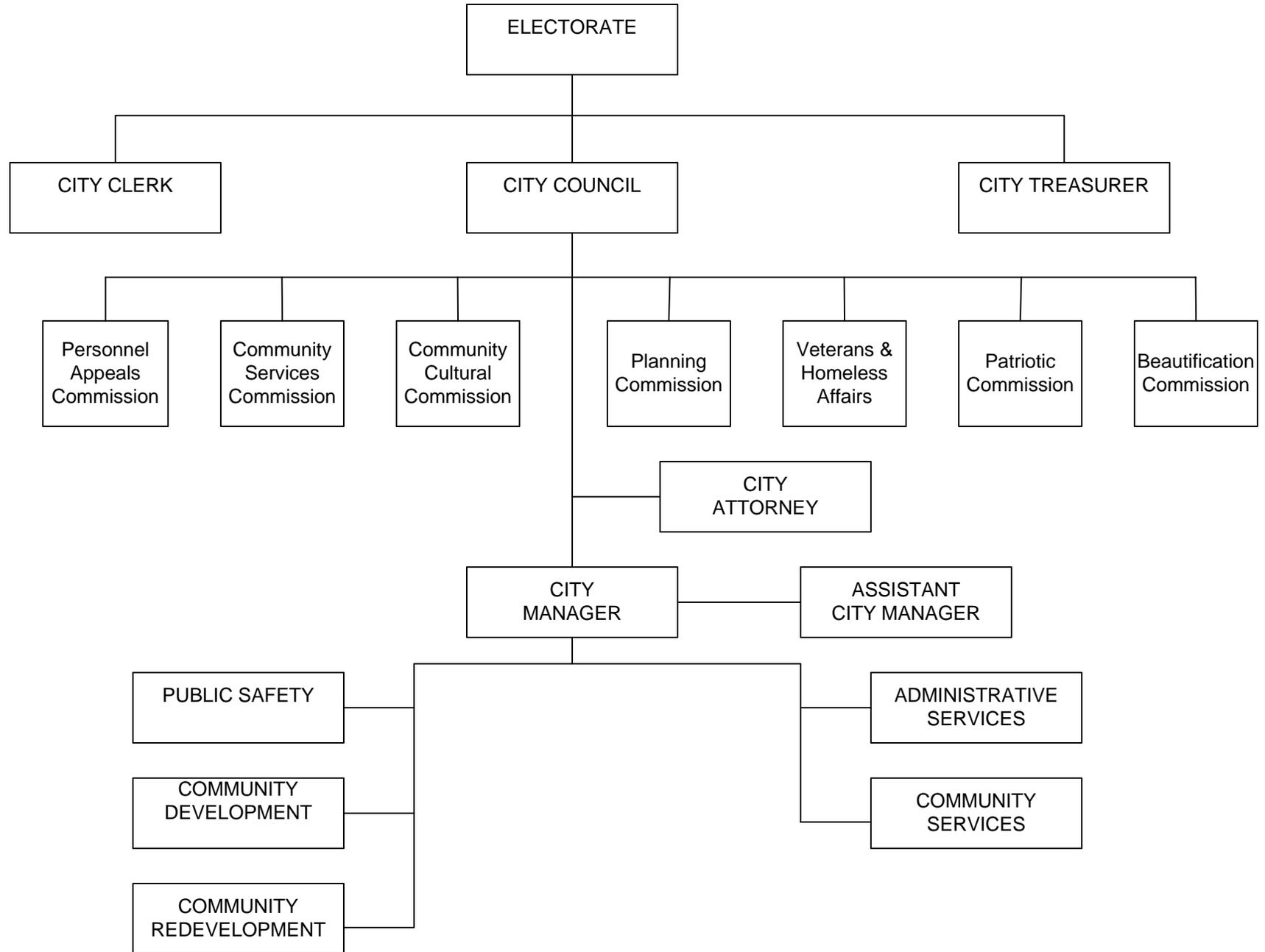


**Patricia A. Wallach
Councilwoman**

City Management and Department Heads

| | |
|--|------------------------|
| City Manager..... | James W. Mussenden |
| Assistant City Manager..... | Dante G. Hall |
| Deputy City Manager for Administrative Services | Marcie Medina |
| Interim Deputy City Manager for Community Development..... | Key Tcharkhoutian |
| Deputy City Manager for Community Services..... | Veronica A. Dolleschel |
| Deputy City Manager for Public Safety | Kenneth P. Weldon |
| City Attorney..... | E. Clarke Moseley |
| City Clerk..... | Lorene Gutierrez |
| City Treasurer..... | Henry Velasco |

CITY OF EL MONTE



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of El Monte, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of El Monte, California, (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of El Monte's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Monte, California as of June 30, 2008, and the respective changes in financial position, and cash flows where applicable thereof, and the respective budgetary comparisons for the General Fund, Retirement Fund and Housing and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008 on our consideration of the City of El Monte's internal control over financial reporting and our tests of its compliance with certain 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the Honorable Mayor and Members of the City Council
City of El Monte, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual fund statements, budgetary schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Lance, Soll & Lunghard, LLP

December 19, 2008

CITY OF EL MONTE

Management's Discussion and Analysis

As management of the City of El Monte, we offer readers of the City of El Monte's financial statements this narrative overview and analysis of the financial activities of the City of El Monte for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of El Monte exceeded its liabilities for fiscal year 2007-08 by \$450.8 million of this amount, \$18 million are unrestricted net assets. \$12 million of unrestricted net assets have been earmarked for capital assets within the redevelopment project areas and \$6 million may be used to meet the City's on-going obligations to citizens and creditors. The City's total net assets decreased by \$1.3 million.
- During the year, the City had revenues that were \$1.5 million less than the \$99.3 million in expenses recorded by the City in its governmental activities.
- In the City's business-type activities, revenues were 291,900 more than the \$3.2 million in expenses recorded.
- The revenues available for expenditure were \$1.6 million more than budgeted for in the General Fund; however, expenditures were \$1.9 million more than budgeted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (on pages 11,12 and 13) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these fund statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds and other funds. The remaining fiduciary (Agency) fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities:

Our analysis of the City as a whole begins on page 11. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that answers this question. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and *changes*. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are an indication of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the economy due to external factors that will cause a decrease in consumer spending.

In the statement of Net Assets and the Statement of Activities, we separate the City Activities as follows:

Governmental activities – Most of the City's basic services are reported in this category, including the general administration (city manager, city clerk, finance, etc.), police and fire protection, public works, community development and interest on long-term debt. Property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues finance these activities.

Business-type activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water utility is reported in this category.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements:

The fund financial statements provide detailed information about the most significant funds and other funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other resources. The City's two types of funds are governmental and proprietary.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information such as a statement of cash flows.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities:

The City is the trustee, or *fiduciary*, for certain funds held on behalf of those entities outside of the government. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

NET ASSETS (IN THOUSANDS)

As of June 30, 2008

| | Governmental Activities | | Business Type Activities | | Total | |
|---|----------------------------|-------------------|-----------------------------|--------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current and other assets | \$ 102,546 | \$ 96,278 | \$ 4,328 | \$ 4,022 | \$ 106,874 | \$ 100,300 |
| Capital assets | 430,704 | 431,329 | 3,681 | 3,699 | 434,385 | 435,028 |
| TOTAL ASSETS | 533,250 | 527,607 | 8,009 | 7,721 | 541,259 | 535,328 |
| Long-term liabilities | | | | | | |
| outstanding | 57,848 | 54,979 | 18,121 | 18,227 | 75,969 | 73,206 |
| Other liabilities | 24,596 | 20,534 | 871 | 769 | 25,467 | 21,303 |
| TOTAL LIABILITIES | 82,444 | 75,513 | 18,992 | 18,996 | 101,436 | 94,509 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 387,726 | 400,525 | 3,681 | 3,700 | 391,407 | 404,225 |
| Restricted | 45,093 | 45,706 | 403 | 515 | 45,496 | 46,221 |
| Unrestricted | 17,986 | 5,863 | (15,067) | (15,490) | 2,919 | (9,627) |
| TOTAL NET ASSETS | \$ 450,805 | \$ 452,094 | \$ (10,983) | \$ (11,275) | \$ 439,822 | \$ 440,819 |

The City's combined net assets decreased \$1.3 million from \$452.1 million to \$450.8 million. A separate review of the net change in the governmental and business-type activities depicts two different stories. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

TABLE 2
CHANGES IN NET ASSETS
(IN THOUSANDS)

As of June 30, 2008

| | Governmental | | Business Type | | Total | |
|--|----------------|---------------|---------------|--------------|----------------|---------------|
| | Activities | | Activities | | | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| REVENUES: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 8,933 | \$ 7,319 | \$ 3,165 | \$ 2,957 | \$ 12,098 | \$ 10,276 |
| Operating grants and contributions | 8,393 | 14,266 | - | - | 8,393 | 14,266 |
| Capital grants and contributions | 5,917 | 166 | - | - | 5,917 | 166 |
| General Revenues: | | | | | | |
| Property taxes | 29,362 | 27,375 | - | - | 29,362 | 27,375 |
| Sales tax | 22,397 | 21,915 | - | - | 22,397 | 21,915 |
| Franchise Taxes | 2,627 | 2,118 | - | - | 2,627 | 2,118 |
| Other taxes | 11,632 | 9,787 | - | - | 11,632 | 9,787 |
| Motor Vehicle In-Lieu | 539 | 787 | - | - | 539 | 787 |
| Use of Money & Property | 5,987 | 5,360 | 111 | 108 | 6,098 | 5,468 |
| Other Revenues | 2,000 | 3,208 | 178 | 9 | 2,178 | 3,217 |
| TOTAL REVENUES | 97,787 | 92,301 | 3,454 | 3,074 | 101,241 | 95,375 |
| EXPENSES: | | | | | | |
| General Government | 38,253 | 34,683 | - | - | 38,253 | 34,683 |
| Public Safety | 39,991 | 37,830 | - | - | 39,991 | 37,830 |
| Community Services | 5,710 | 5,138 | - | - | 5,710 | 5,138 |
| Public Works | 9,663 | 7,622 | - | - | 9,663 | 7,622 |
| Interest on long-term debt | 5,642 | 5,912 | - | - | 5,642 | 5,912 |
| Water | - | - | 3,162 | 3,298 | 3,162 | 3,298 |
| TOTAL EXPENSES | 99,259 | 91,185 | 3,162 | 3,298 | 102,421 | 94,483 |
| Increase (decrease) in net assets before transfers | (1,472) | 1,116 | 292 | (224) | (1,180) | 892 |
| Transfers | - | - | - | - | - | - |
| INCREASE IN NET ASSETS | (1,472) | 1,116 | 292 | (224) | (1,180) | 892 |
| Beginning net assets as restated | 452,277 | 450,978 | (11,275) | (11,051) | 441,002 | 439,927 |
| Ending net assets | \$ 450,805 | \$ 452,094 | \$ (10,983) | \$ (11,275) | \$ 439,822 | \$ 440,819 |

Compared to the prior year, net assets of the City's governmental activities decreased by 0.28 percent or \$1.3 million. This was due to the increase of expenses versus revenues of \$1.5 million primarily related to governmental activities. The City's Net Assets are made up of three components: Investment in Capital Assets, Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets.

The net assets of the business-type activities increased by \$291,903, or 2.6 percent.

Governmental Activities

The following presents the cost of each of the City's five largest programs – general government, public safety, community services, public works and interest on long-term debt – as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities (In Thousands)

| | Total Cost of <u>Services</u> | Net Cost of <u>Services</u> |
|----------------------------|----------------------------------|--------------------------------|
| General Government | \$ 38,253 | (\$ 28,800) |
| Public Safety | 39,991 | (35,659) |
| Community Services | 5,710 | (3,023) |
| Public Works | 9,663 | (2,890) |
| Interest on long-term debt | <u>5,642</u> | <u>(5,642)</u> |
| Total | <u>\$ 99,259</u> | <u>(\$ 76,014)</u> |

THE CITY'S FUNDS

On page 14, the governmental funds balance sheet is shown. The combined fund balance of \$54,836,018 decreased from \$55,200,676, or 0.67 percent. This total includes the General Fund balance of \$56,115,911 which was decreased by \$7,195,484 from the prior year. The City's General Fund balance has reserved/designated \$56,115,911 for advances, capital projects, encumbrances, working capital, and freeway cleanup.

General Fund Budgetary Highlights

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

For the City's General Fund, actual ending revenues of \$59,129,155 were \$1,607,555 more than the final budgeted revenues of \$57,521,600. VLF Swap, which was budgeted to be \$9,122,000 and was actually \$9,410,874, and In Lieu Tax revenues, which was budgeted to be \$874,000 and was actually \$538,617, for a net difference of \$46,509; Property Tax, which was budgeted to be \$5,229,000 and was actually \$5,632,595, for a net difference of \$403,595; Utility Users Tax revenues, which was budgeted to be \$8,927,500 and was actually \$8,820,641, a difference of \$106,859; Use of money and property, which was budgeted to be \$2,597,800 and was actually \$2,924,306, for a net difference of \$326,506; Fines and Forfeitures revenues, which was budgeted to be \$1,075,300 and was actually \$1,218,477, a

difference of \$143,177; The majority of the variance was in Transfer In revenues in the amount of \$2,015,000; however, Sales Tax, which was budgeted to be \$20,923,000 and was actually \$19,127,521, offset much of that with a net difference of \$1,795,479.

The General Fund actual ending expenditures of \$58,036,783 (net of bond expenses and capital outlay) were \$2,403,825 more than the final budget of \$55,632,958. The majority of the variance was in Insurance and Surety expenditures, which was budgeted to be \$5,163,800 and was actually \$7,685,160, a difference of \$2,521,360. There were changes in the original budget compared to the final budget during the year. The original expenditure budget was \$57,099,100 compared to the final budget of \$58,777,107, a \$1,678,007 increase.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the City had \$434,383 invested in a broad range of capital assets. (See Table 3). The City included capitalization of prior fiscal year infrastructure assets. Additional information on the City's capital assets can be found in the notes to the basic financial statements.

TABLE 3

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION, IN THOUSANDS)

For the year ended June 30, 2008

| | Governmental Activities | | Business Type Activities | | Total | |
|-----------------------------------|----------------------------|-------------------|-----------------------------|-----------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land | \$ 328,163 | \$ 327,163 | \$ 311 | \$ 311 | \$ 328,474 | \$ 327,474 |
| Construction in progress | 2,489 | 2,803 | - | - | 2,489 | 2,803 |
| Equipment-in-progress | - | 95 | - | - | 0 | 95 |
| Improvements other than buildings | 914 | 1,092 | - | - | 914 | 1,092 |
| Structures and improvements | 22,963 | 20,850 | 1,118 | 1,095 | 24,081 | 21,945 |
| Furniture and Equipment | 4,212 | 4,409 | 1,401 | 1,500 | 5,613 | 5,909 |
| Infrastructure | 71,961 | 74,917 | 851 | 794 | 72,812 | 75,711 |
| TOTALS | \$ 430,702 | \$ 431,329 | 3,681 | \$ 3,700 | \$ 434,383 | \$ 435,029 |

Long-Term Debt

At year-end, the City's governmental activities had \$117,674,291 in bonds, loans, advances and leases versus 110,360,831 last year, an increase of \$7,313,460, which included an increase in Advances from City to Agency of \$2,491,169. The City was able to meet all its current debt obligations in a timely manner.

TABLE 4
OUTSTANDING DEBT, AT YEAR-END
(IN THOUSANDS)

For the year ended June 30, 2008

| | Governmental Activities | | Business Type Activities | | Total | |
|-------------------------------|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Advances from other funds | \$ 69,983 | \$ 67,492 | \$ - | \$ - | \$ 69,983 | \$ 67,492 |
| Tax Allocation Bonds | 29,340 | 17,745 | - | - | 29,340 | 17,745 |
| Certificates of Participation | 7,915 | 8,510 | - | - | 7,915 | 8,510 |
| Notes Payable | 9,868 | 12,339 | - | - | 9,868 | 12,339 |
| Revenue Bonds | - | 3,195 | 18,610 | 18,805 | 18,610 | 22,000 |
| Lease Payable | 568 | 1,079 | - | - | 568 | 1,079 |
| TOTALS | \$ 117,674 | \$ 110,360 | \$ 18,610 | \$ 18,805 | \$ 136,284 | \$ 129,165 |

The City's business-type activities debt is \$18,610,000. Debt in the business-type activities consists of a Water Authority Revenue Refunding Bond issued in September 1, 2006, in order to defease the 1999 Water Revenue Bonds with outstanding balance of \$12,850,000 and the 2001 Bond Anticipation Notes with an outstanding balance of \$5,380,000. The original bond was intended to pay the initial lease payment for the lease of the Water System, to provide for certain public capital improvements, and to finance capital improvements.

Additional information on the City's long-term debt can be found in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the budget for 2008-09, management looked at the following economic factors:

- Overall decrease in General Fund revenues
- Recession with no end in sight
- City faced with the challenge of achieving a balanced operating budget and will spend \$400,000 in reserves to balance the budget
- Economic Development/Redevelopment staff will continue to work aggressively with developers and incorporate the City's team approach toward blight removal, new development, job creation and housing

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of El Monte's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information, should be addressed to the City's Finance Division of the Administrative Services Department, at the City of El Monte, 11333 Valley Blvd., El Monte, CA 91731.

**CITY OF EL MONTE
BASIC FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2008

CITY OF EL MONTE

STATEMENT OF NET ASSETS
JUNE 30, 2008

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets: | | | |
| Cash and investments | \$ 44,612,307 | \$ 1,876,064 | \$ 46,488,371 |
| Receivables: | | | |
| Accounts | 1,661,038 | 795,327 | 2,456,365 |
| Taxes | 7,604,742 | - | 7,604,742 |
| Notes and loans | 18,761,380 | 50,000 | 18,811,380 |
| Accrued interest | 512,652 | - | 512,652 |
| Internal balances | (200,291) | 200,291 | - |
| Prepaid costs | 13,047 | - | 13,047 |
| Deposits | 383,355 | - | 383,355 |
| Due from other governments | 6,615,694 | - | 6,615,694 |
| Inventories | 82,513 | - | 82,513 |
| Deferred charges | 1,533,419 | 503,224 | 2,036,643 |
| Land held for resale | 9,552,330 | - | 9,552,330 |
| Restricted assets: | | | |
| Cash and investments | 196,934 | 500,000 | 696,934 |
| Cash and investments with fiscal agent | 11,216,979 | 402,693 | 11,619,672 |
| Capital assets not being depreciated | 330,651,732 | 310,748 | 330,962,480 |
| Capital assets, net of depreciation | 100,052,023 | 3,370,599 | 103,422,622 |
| Total Assets | 533,249,854 | 8,008,946 | 541,258,800 |
| Liabilities: | | | |
| Accounts payable | 4,195,656 | 157,412 | 4,353,068 |
| Accrued liabilities | 1,680,693 | 36,028 | 1,716,721 |
| Accrued interest | 366,656 | 275,416 | 642,072 |
| Unearned revenue | 1,201,543 | - | 1,201,543 |
| Deposits payable | 4,973,030 | 310,379 | 5,283,409 |
| Due to other governments | 7,013,009 | - | 7,013,009 |
| Noncurrent liabilities: | | | |
| Due within one year | 5,069,468 | 91,607 | 5,161,075 |
| Due in more than one year | 57,848,331 | 18,121,122 | 75,969,453 |
| Total Liabilities | 82,444,774 | 18,991,964 | 101,436,738 |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 387,726,129 | 3,681,347 | 391,407,476 |
| Restricted for: | | | |
| Public works projects | 11,678,675 | - | 11,678,675 |
| Public safety | 2,128,909 | - | 2,128,909 |
| Parks, recreation and cultural | 1,236,298 | - | 1,236,298 |
| Community development | 9,947,965 | - | 9,947,965 |
| Debt service | 2,936,723 | 402,693 | 3,339,416 |
| Retirement | 17,164,432 | - | 17,164,432 |
| Unrestricted | 17,985,949 | (15,067,058) | 2,918,891 |
| Total Net Assets | \$ 450,805,080 | \$ (10,983,018) | \$ 439,822,062 |

CITY OF EL MONTE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

| | <u>Expenses</u> | <u>Program Revenues</u> | | |
|---------------------------------------|-----------------------|-----------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Contributions and Grants</u> | <u>Capital Contributions and Grants</u> |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 38,252,969 | \$ 4,068,360 | \$ 5,309,213 | \$ 75,000 |
| Public safety | 39,990,879 | 2,226,196 | 2,105,195 | - |
| Parks, recreation and cultural | 5,710,017 | 587,291 | 978,827 | 1,120,376 |
| Public works | 9,662,975 | 2,051,314 | - | 4,721,908 |
| Interest on long-term debt | 5,642,085 | - | - | - |
| Total Governmental Activities | 99,258,925 | 8,933,161 | 8,393,235 | 5,917,284 |
| Business-Type Activities: | | | | |
| Water Authority | 3,162,041 | 3,165,031 | - | - |
| Total Business-Type Activities | 3,162,041 | 3,165,031 | - | - |
| Total Primary Government | \$ 102,420,966 | \$ 12,098,192 | \$ 8,393,235 | \$ 5,917,284 |

General Revenues:

Taxes:

Property taxes, levied for general purpose
 Transient occupancy taxes
 Sales taxes
 Franchise taxes
 Business licenses taxes
 Utility users tax
 Other taxes
 Motor vehicle in lieu - unrestricted
 Use of money and property
 Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

| Net (Expenses) Revenues and Changes in Net Assets | | |
|--|---------------------------------|-----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (28,800,396) | \$ - | \$ (28,800,396) |
| (35,659,488) | - | (35,659,488) |
| (3,023,523) | - | (3,023,523) |
| (2,889,753) | - | (2,889,753) |
| (5,642,085) | - | (5,642,085) |
| (76,015,245) | - | (76,015,245) |
| - | 2,990 | 2,990 |
| - | 2,990 | 2,990 |
| (76,015,245) | 2,990 | (76,012,255) |
| 29,361,568 | - | 29,361,568 |
| 315,076 | - | 315,076 |
| 22,397,169 | - | 22,397,169 |
| 2,627,027 | - | 2,627,027 |
| 107,483 | - | 107,483 |
| 8,820,706 | - | 8,820,706 |
| 2,388,657 | - | 2,388,657 |
| 538,617 | - | 538,617 |
| 5,987,192 | 111,021 | 6,098,213 |
| 1,999,663 | 177,892 | 2,177,555 |
| 74,543,158 | 288,913 | 74,832,071 |
| (1,472,087) | 291,903 | (1,180,184) |
| 452,093,906 | (11,274,921) | 440,818,985 |
| 183,261 | - | 183,261 |
| \$ 450,805,080 | \$ (10,983,018) | \$ 439,822,062 |

CITY OF EL MONTE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

| | <u>Special Revenue Funds</u> | | |
|--|------------------------------|-----------------------------|--|
| | <u>General</u> | <u>Retirement</u> | <u>Housing and Community Development</u> |
| Assets: | | | |
| Cash and investments | \$ 2,273,937 | \$ 17,159,077 | \$ 1,190,242 |
| Receivables: | | | |
| Accounts | 1,479,758 | - | 561 |
| Taxes | 5,733,006 | 836,355 | - |
| Notes and loans | 97,340 | - | 14,538,417 |
| Accrued interest | 512,652 | - | - |
| Prepaid costs | 7,487 | - | - |
| Deposits | - | - | 100 |
| Due from other governments | 20,000 | - | 4,587,636 |
| Due from other funds | 4,825,832 | - | - |
| Advances to other funds | 50,554,322 | - | 16,659,605 |
| Inventories | 82,513 | - | - |
| Land held for resale | - | - | 1,845,000 |
| Restricted assets: | | | |
| Cash and investments | - | - | 196,934 |
| Cash and investments with fiscal agents | 118,659 | - | - |
| Total Assets | <u>\$ 65,705,506</u> | <u>\$ 17,995,432</u> | <u>\$ 39,018,495</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,473,157 | \$ 828,897 | \$ 318,062 |
| Accrued liabilities | 1,475,315 | - | 42,054 |
| Deferred revenues | 3,122,455 | - | 15,750,095 |
| Unearned revenues | - | - | 1,083,701 |
| Deposits payable | 3,416,861 | 2,103 | 2,056 |
| Due to other governments | - | - | 6,833,203 |
| Due to other funds | 101,807 | - | 3,464,767 |
| Advances from other funds | - | - | - |
| Total Liabilities | <u>9,589,595</u> | <u>831,000</u> | <u>27,493,938</u> |
| Fund Balances: | | | |
| Reserved: | | | |
| Reserved for encumbrances | 198,241 | - | 5,663 |
| Reserved for prepaid costs | 7,487 | - | - |
| Reserved for land held for resale | - | - | 1,845,000 |
| Reserved for notes and loans | - | - | 8,770,343 |
| Reserved for advances to other funds | 50,554,322 | - | 2,905,909 |
| Reserved for inventory | 82,513 | - | - |
| Reserved for deposits | - | - | 100 |
| Unreserved: | | | |
| Unreserved, reported in nonmajor: | | | |
| Special revenue funds | - | - | - |
| Capital projects funds | - | - | - |
| Debt service funds | - | - | - |
| Designated for low and moderate housing | - | - | - |
| Designated for compensated absences | 2,348,635 | - | - |
| Designated for freeway cleanup | 332,868 | - | - |
| Designated for art in public places | 587,409 | - | - |
| Designated for working capital | 2,004,436 | - | - |
| Designated for retirement | - | 17,164,432 | - |
| Undesignated | - | - | (2,002,458) |
| Total Fund Balances | <u>56,115,911</u> | <u>17,164,432</u> | <u>11,524,557</u> |
| Total Liabilities and Fund Balances | <u>\$ 65,705,506</u> | <u>\$ 17,995,432</u> | <u>\$ 39,018,495</u> |

CITY OF EL MONTE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

| | <u>Capital Projects Funds</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------------|---|---|
| | <u>Capital Projects RDA</u> | | |
| Assets: | | | |
| Cash and investments | \$ 3,090,281 | \$ 17,009,679 | \$ 40,723,216 |
| Receivables: | | | |
| Accounts | 34,510 | 141,209 | 1,656,038 |
| Taxes | 60,921 | 974,460 | 7,604,742 |
| Notes and loans | 3,304,824 | 820,799 | 18,761,380 |
| Accrued interest | - | - | 512,652 |
| Prepaid costs | - | 5,560 | 13,047 |
| Deposits | 382,500 | 755 | 383,355 |
| Due from other governments | 816 | 2,007,242 | 6,615,694 |
| Due from other funds | 775,863 | 852,319 | 6,454,014 |
| Advances to other funds | 822,892 | 1,765,356 | 69,802,175 |
| Inventories | - | - | 82,513 |
| Land held for resale | 7,707,330 | - | 9,552,330 |
| Restricted assets: | | | |
| Cash and investments | - | - | 196,934 |
| Cash and investments with fiscal agents | 7,485,602 | 3,612,718 | 11,216,979 |
| Total Assets | <u>\$ 23,665,539</u> | <u>\$ 27,190,097</u> | <u>\$ 173,575,069</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable | \$ 188,395 | \$ 1,338,743 | \$ 4,147,254 |
| Accrued liabilities | 19,360 | 143,964 | 1,680,693 |
| Deferred revenues | 773,824 | 3,838,158 | 23,484,532 |
| Unearned revenues | - | 117,842 | 1,201,543 |
| Deposits payable | 239,400 | 1,312,610 | 4,973,030 |
| Due to other governments | - | 179,806 | 7,013,009 |
| Due to other funds | 852,319 | 2,136,928 | 6,555,821 |
| Advances from other funds | 67,505,762 | 2,177,407 | 69,683,169 |
| Total Liabilities | <u>69,579,060</u> | <u>11,245,458</u> | <u>118,739,051</u> |
| Fund Balances: | | | |
| Reserved: | | | |
| Reserved for encumbrances | 207,656 | 2,501,349 | 2,912,909 |
| Reserved for prepaid costs | - | 5,560 | 13,047 |
| Reserved for land held for resale | 7,707,330 | - | 9,552,330 |
| Reserved for notes and loans | 2,839,424 | - | 11,609,767 |
| Reserved for advances to other funds | 516,135 | - | 53,976,366 |
| Reserved for inventory | - | - | 82,513 |
| Reserved for deposits | 382,500 | 755 | 383,355 |
| Unreserved: | | | |
| Unreserved, reported in nonmajor: | | | |
| Special revenue funds | - | 7,884,886 | 7,884,886 |
| Capital projects funds | - | 2,612,100 | 2,612,100 |
| Debt service funds | - | 2,939,989 | 2,939,989 |
| Designated for low and moderate housing | 164,153 | - | 164,153 |
| Designated for compensated absences | - | - | 2,348,635 |
| Designated for freeway cleanup | - | - | 332,868 |
| Designated for art in public places | - | - | 587,409 |
| Designated for working capital | - | - | 2,004,436 |
| Designated for retirement | - | - | 17,164,432 |
| Undesignated | (57,730,719) | - | (59,733,177) |
| Total Fund Balances | <u>(45,913,521)</u> | <u>15,944,639</u> | <u>54,836,018</u> |
| Total Liabilities and Fund Balances | <u>\$ 23,665,539</u> | <u>\$ 27,190,097</u> | <u>\$ 173,575,069</u> |

CITY OF EL MONTE

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

| | |
|---|------------------------------|
| Fund balances of governmental funds | \$ 54,836,018 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets net of depreciation have not been included as financial resources in governmental fund activity | 430,703,755 |
| Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the Statement of Net Assets | 1,533,419 |
| Long-term liabilities and compensated absences that have not been included in the governmental fund activity: | |
| Long-term liabilities | (46,511,303) |
| Compensated absences | (7,987,511) |
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds | (366,656) |
| Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity | 23,388,144 |
| Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets | <u>(4,790,786)</u> |
| Net assets of governmental activities | <u>\$ 450,805,080</u> |

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CITY OF EL MONTE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

| | Special Revenue Funds | | |
|--|-----------------------|----------------------|---|
| | General | Retirement | Housing and Community Development |
| Revenues: | | | |
| Taxes | \$ 45,478,345 | \$ 9,779,084 | \$ - |
| Licenses and permits | 3,135,488 | - | - |
| Intergovernmental | 736,348 | - | 5,095,476 |
| Charges for services | 2,273,292 | - | - |
| Use of money and property | 2,924,306 | 794,089 | 175,163 |
| Fines and forfeitures | 1,218,477 | - | - |
| Contributions | 456,021 | - | - |
| Developer participation | - | - | 1,226,756 |
| Miscellaneous | 376,878 | 39,001 | 1,672,980 |
| Total Revenues | 56,599,155 | 10,612,174 | 8,170,375 |
| Expenditures: | | | |
| Current: | | | |
| General government | 13,774,249 | 13,007,595 | 3,196,417 |
| Public safety | 36,629,341 | - | 660,590 |
| Parks, recreation and cultural | 4,409,806 | - | - |
| Public works | 3,223,387 | - | 278,866 |
| Capital outlay | 1,723,863 | - | 132,500 |
| Debt service: | | | |
| Principal retirement | 630,560 | - | 6,055,000 |
| Interest and fiscal charges | 321,333 | - | 611,950 |
| Bond issuance costs | - | - | - |
| Payment to refunded bond escrow agent | - | - | - |
| Total Expenditures | 60,712,539 | 13,007,595 | 10,935,323 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,113,384) | (2,395,421) | (2,764,948) |
| Other Financing Sources (Uses): | | | |
| Transfers in | 2,530,000 | - | - |
| Transfers out | (5,612,100) | - | (615,000) |
| Refunding bonds issued | - | - | - |
| Notes and loans issued | - | - | 5,160,000 |
| Other debts issued | - | - | - |
| Proceeds from sale of land held for resale | - | - | - |
| Payment to refunded bond escrow agent | - | - | - |
| Bond discount | - | - | - |
| Total Other Financing Sources (Uses) | (3,082,100) | - | 4,545,000 |
| Net Change in Fund Balances | (7,195,484) | (2,395,421) | 1,780,052 |
| Fund Balances, Beginning of Year, as previously reported | 63,311,395 | 19,559,853 | 9,744,505 |
| Restatements | - | - | - |
| Fund Balances, Beginning of Year, as restated | 63,311,395 | 19,559,853 | 9,744,505 |
| Fund Balances, End of Year | \$ 56,115,911 | \$ 17,164,432 | \$ 11,524,557 |

CITY OF EL MONTE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

| | <u>Capital Projects Funds</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------------|---|---|
| | <u>Capital Projects RDA</u> | | |
| Revenues: | | | |
| Taxes | \$ 1,189,828 | \$ 8,303,038 | \$ 64,750,295 |
| Licenses and permits | - | - | 3,135,488 |
| Intergovernmental | - | 9,024,141 | 14,855,965 |
| Charges for services | - | 663,793 | 2,937,085 |
| Use of money and property | 501,356 | 765,262 | 5,160,176 |
| Fines and forfeitures | - | - | 1,218,477 |
| Contributions | - | - | 456,021 |
| Developer participation | 256,230 | - | 1,482,986 |
| Miscellaneous | - | 571,711 | 2,660,570 |
| Total Revenues | <u>1,947,414</u> | <u>19,327,945</u> | <u>96,657,063</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 3,155,975 | 3,559,944 | 36,694,180 |
| Public safety | - | 1,921,291 | 39,211,222 |
| Parks, recreation and cultural | - | 1,100,340 | 5,510,146 |
| Public works | - | 3,116,750 | 6,619,003 |
| Capital outlay | 307,522 | 3,093,049 | 5,256,934 |
| Debt service: | | | |
| Principal retirement | 1,095,481 | 1,951,746 | 9,732,787 |
| Interest and fiscal charges | 3,619,541 | 1,024,780 | 5,577,604 |
| Bond issuance costs | 968,871 | - | 968,871 |
| Payment to refunded bond escrow agent | 1,994,541 | 158,186 | 2,152,727 |
| Total Expenditures | <u>11,141,931</u> | <u>15,926,086</u> | <u>111,723,474</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(9,194,517)</u> | <u>3,401,859</u> | <u>(15,066,411)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 1,909,300 | 2,631,993 | 7,071,293 |
| Transfers out | (19,893) | (3,824,300) | (10,071,293) |
| Refunding bonds issued | 28,650,555 | 1,439,445 | 30,090,000 |
| Notes and loans issued | 22,241 | - | 5,182,241 |
| Other debts issued | 50,906 | 203,624 | 254,530 |
| Proceeds from sale of land held for resale | 1,572,500 | - | 1,572,500 |
| Payment to refunded bond escrow agent | (17,950,911) | (1,423,670) | (19,374,581) |
| Bond discount | (546,519) | - | (546,519) |
| Total Other Financing Sources (Uses) | <u>13,688,179</u> | <u>(972,908)</u> | <u>14,178,171</u> |
| Net Change in Fund Balances | <u>4,493,662</u> | <u>2,428,951</u> | <u>(888,240)</u> |
| Fund Balances, Beginning of Year, as previously reported | (52,458,774) | 15,043,097 | 55,200,076 |
| Restatements | <u>2,051,591</u> | <u>(1,527,409)</u> | <u>524,182</u> |
| Fund Balances, Beginning of Year, as restated | <u>(50,407,183)</u> | <u>13,515,688</u> | <u>55,724,258</u> |
| Fund Balances, End of Year | <u>\$ (45,913,521)</u> | <u>\$ 15,944,639</u> | <u>\$ 54,836,018</u> |

CITY OF EL MONTE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008**

| | |
|---|-------------------------------------|
| Net change in fund balances - total governmental funds | \$ (888,240) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period | (253,317) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets | (2,968,353) |
| Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period | 152,586 |
| Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | (631,885) |
| Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity | (442,725) |
| Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities | <u>3,559,847</u> |
| Change in net assets of governmental activities | <u><u>\$ (1,472,087)</u></u> |

CITY OF EL MONTE

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 63,311,395 | \$ 63,311,395 | \$ 63,311,395 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 46,929,000 | 46,701,000 | 45,478,345 | (1,222,655) |
| Licenses and permits | 3,006,000 | 3,235,000 | 3,135,488 | (99,512) |
| Intergovernmental | 991,000 | 991,000 | 736,348 | (254,652) |
| Charges for services | 2,134,100 | 2,134,100 | 2,273,292 | 139,192 |
| Use of money and property | 2,597,800 | 2,597,800 | 2,924,306 | 326,506 |
| Fines and forfeitures | 1,075,300 | 1,075,300 | 1,218,477 | 143,177 |
| Contributions | 4,500 | 4,500 | 456,021 | 451,521 |
| Miscellaneous | 251,900 | 267,400 | 376,878 | 109,478 |
| Transfers in | 15,000 | 515,000 | 2,530,000 | 2,015,000 |
| Proceeds from sale of capital asset | 500 | 500 | - | (500) |
| Amounts Available for Appropriation | 120,316,495 | 120,832,995 | 122,440,550 | 1,607,555 |
| Charges to Appropriation (Outflow): | | | | |
| General government | | | | |
| City council | 157,000 | 147,000 | 114,227 | 32,773 |
| Administrative office | 422,000 | 429,415 | 431,051 | (1,636) |
| City clerk | 230,500 | 239,021 | 196,633 | 42,388 |
| Purchasing | 180,200 | 425,626 | 383,467 | 42,159 |
| Finance | 569,000 | 525,900 | 530,736 | (4,836) |
| City treasurer | 135,400 | 134,500 | 150,976 | (16,476) |
| City attorney | 434,700 | 419,000 | 411,683 | 7,317 |
| Public information office | 2,400 | 48,300 | 27,658 | 20,642 |
| Personnel | 346,800 | 346,800 | 401,083 | (54,283) |
| General city expense | 1,156,000 | 1,159,000 | 464,800 | 694,200 |
| Information technology | 241,000 | 239,500 | 221,785 | 17,715 |
| Community promotion | 80,600 | 73,174 | 71,731 | 1,443 |
| Sister city program | 8,000 | 8,000 | 6,176 | 1,824 |
| Election expenditures | 70,000 | 70,000 | 101,146 | (31,146) |
| Insurance and surety | 5,150,600 | 5,163,800 | 7,685,160 | (2,521,360) |
| License collection | 265,600 | 264,800 | 266,746 | (1,946) |
| Valley Mall | 108,600 | 108,600 | 144,735 | (36,135) |
| El Monte Museum | 34,900 | 34,900 | 32,685 | 2,215 |
| Art in public places | - | 30,500 | 54,378 | (23,878) |
| Retirement contributions | 2,130,600 | 2,130,600 | 2,077,393 | 53,207 |
| Public safety | | | | |
| Code enforcement | 683,800 | 749,350 | 594,175 | 155,175 |
| Police | 21,521,600 | 21,696,633 | 22,409,474 | (712,841) |
| Fire department | 10,133,900 | 10,133,900 | 9,840,892 | 293,008 |
| Police helicopter | 905,300 | 934,800 | 1,024,086 | (89,286) |
| Civil defense | 36,200 | 36,200 | 35,782 | 418 |
| Traffic safety program | 2,257,300 | 2,343,362 | 2,724,932 | (381,570) |
| Parks, recreation and cultural | | | | |
| Parks and building maintenance | 1,565,600 | 1,537,100 | 1,691,532 | (154,432) |
| Government bldg and grounds maintenance | 240,300 | 265,300 | 253,273 | 12,027 |
| Aquatic center project | 829,000 | 816,840 | 886,941 | (70,101) |
| Parking lot maintenance | 20,900 | 19,200 | 16,324 | 2,876 |
| Mall maintenance | 13,400 | 9,400 | 8,499 | 901 |
| Parks | 620,500 | 598,800 | 598,041 | 759 |
| Sports/playgrounds/aquatics | 452,400 | 430,975 | 384,832 | 46,143 |
| Senior services | 206,800 | 204,729 | 217,995 | (13,266) |
| Administration | 174,300 | 180,822 | 186,646 | (5,824) |
| Communications and marketing | 94,100 | 94,100 | 84,818 | 9,282 |
| Contracted classes | 75,500 | 74,700 | 74,580 | 120 |
| Aquatic center classes | - | - | 6,325 | (6,325) |

CITY OF EL MONTE

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|----------------------|---------------------------|---|
| | Original | Final | | |
| Public works | | | | |
| Building and grounds maintenance | 1,239,700 | 1,295,407 | 1,271,316 | 24,091 |
| Building regulations | 605,200 | 599,600 | 575,521 | 24,079 |
| City planning | 465,300 | 693,261 | 436,699 | 256,562 |
| Graffiti removal | - | - | (2,123) | 2,123 |
| General engineering | 566,200 | 556,850 | 631,429 | (74,579) |
| Sanitary sewer maintenance | 140,400 | 101,793 | 137,057 | (35,264) |
| Parking lot maintenance | 30,000 | 30,000 | 29,597 | 403 |
| Community development | 20,000 | 20,000 | - | 20,000 |
| Median maintenance | 250,500 | 211,400 | 78,285 | 133,115 |
| Sewer | - | - | 65,606 | (65,606) |
| Capital outlay | 1,259,800 | 2,176,949 | 1,723,863 | 453,086 |
| Debt service: | | | | - |
| Principal retirement | 644,900 | 644,900 | 630,560 | 14,340 |
| Interest and fiscal charges | 322,300 | 322,300 | 321,333 | 967 |
| Transfers out | - | - | 5,612,100 | (5,612,100) |
| Total Charges to Appropriations | 57,099,100 | 58,777,107 | 66,324,639 | (7,547,532) |
| Budgetary Fund Balance, June 30 | \$ 63,217,395 | \$ 62,055,888 | \$ 56,115,911 | \$ (5,939,977) |

CITY OF EL MONTE

**BUDGETARY COMPARISON STATEMENT
RETIREMENT
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 19,559,853 | \$ 19,559,853 | \$ 19,559,853 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 8,725,000 | 8,725,000 | 9,779,084 | 1,054,084 |
| Use of money and property | 656,000 | 656,000 | 794,089 | 138,089 |
| Miscellaneous | 28,000 | 28,000 | 39,001 | 11,001 |
| Amounts Available for Appropriation | 28,968,853 | 28,968,853 | 30,172,027 | 1,203,174 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 10,367,300 | 9,143,100 | 13,007,595 | (3,864,495) |
| Total Charges to Appropriations | 10,367,300 | 9,143,100 | 13,007,595 | (3,864,495) |
| Budgetary Fund Balance, June 30 | \$ 18,601,553 | \$ 19,825,753 | \$ 17,164,432 | \$ (2,661,321) |

CITY OF EL MONTE

**BUDGETARY COMPARISON STATEMENT
HOUSING AND COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|----------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 9,744,505 | \$ 9,744,505 | \$ 9,744,505 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 4,364,200 | 4,364,200 | 5,095,476 | 731,276 |
| Use of money and property | 75,100 | 75,100 | 175,163 | 100,063 |
| Developer participation | - | - | 1,226,756 | 1,226,756 |
| Miscellaneous | - | - | 1,672,980 | 1,672,980 |
| Transfers in | 150,000 | 150,000 | - | (150,000) |
| Notes and loans issued | - | - | 5,160,000 | 5,160,000 |
| Amounts Available for Appropriation | 14,333,805 | 14,333,805 | 23,074,880 | 8,741,075 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 2,879,500 | 3,055,400 | 3,196,417 | (141,017) |
| Public safety | 758,500 | 582,600 | 660,590 | (77,990) |
| Public works | 702,400 | 1,102,400 | 278,866 | 823,534 |
| Capital outlay | - | - | 132,500 | (132,500) |
| Debt service: | | | | |
| Principal retirement | 95,000 | 95,000 | 6,055,000 | (5,960,000) |
| Interest and fiscal charges | 707,600 | 707,600 | 611,950 | 95,650 |
| Transfers out | - | - | 615,000 | (615,000) |
| Total Charges to Appropriations | 5,143,000 | 5,543,000 | 11,550,323 | (6,007,323) |
| Budgetary Fund Balance, June 30 | \$ 9,190,805 | \$ 8,790,805 | \$ 11,524,557 | \$ 2,733,752 |

CITY OF EL MONTE

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2008

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|--|--|--|
| | Water Authority | Self Insurance |
| Assets: | | |
| Current: | | |
| Cash and investments | \$ 1,876,064 | \$ 3,889,091 |
| Receivables: | | |
| Accounts | 795,327 | 5,000 |
| Notes and loans | 50,000 | - |
| Due from other funds | - | 101,807 |
| Restricted: | | |
| Cash and investments | 500,000 | - |
| Cash with fiscal agent | 402,693 | - |
| Total Current Assets | 3,624,084 | 3,995,898 |
| Noncurrent: | | |
| Deferred Charges | 503,224 | - |
| Advances to other funds | 180,994 | - |
| Capital assets - net of accumulated depreciation | 3,681,347 | - |
| Total Noncurrent Assets | 4,365,565 | - |
| Total Assets | \$ 7,989,649 | \$ 3,995,898 |
| Liabilities and Net Assets: | | |
| Liabilities: | | |
| Current: | | |
| Accounts payable | \$ 157,412 | \$ 48,402 |
| Accrued liabilities | 36,028 | - |
| Accrued interest | 275,416 | - |
| Deposits payable | 310,379 | - |
| Accrued compensated absences | 91,607 | - |
| Total Current Liabilities | 870,842 | 48,402 |
| Noncurrent: | | |
| Advances from other funds | - | 300,000 |
| Accrued compensated absences | 260,469 | - |
| Accrued claims and judgments | - | 8,418,985 |
| Bonds, notes, and capital leases | 17,860,653 | - |
| Total Noncurrent Liabilities | 18,121,122 | 8,718,985 |
| Total Liabilities | 18,991,964 | 8,767,387 |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 3,681,347 | - |
| Restricted for debt service | 402,693 | - |
| Unrestricted | (15,086,355) | (4,771,489) |
| Total Net Assets | (11,002,315) | (4,771,489) |
| Total Liabilities and Net Assets | \$ 7,989,649 | \$ 3,995,898 |
| Reconciliation of Net Assets to the Statement of Net Assets | | |
| Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds | \$ 19,297 | |
| Net Assets per Statement of Net Assets | \$ (10,983,018) | |

CITY OF EL MONTE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|---|--|--|
| | Water Authority | Self Insurance |
| Operating Revenues: | | |
| Sales and service charges | \$ 3,165,031 | \$ - |
| Interdepartmental charges | - | 3,117,917 |
| Insurance reimbursement | - | 10,000 |
| Total Operating Revenues | 3,165,031 | 3,127,917 |
| Operating Expenses: | | |
| Administration and general | 1,480,314 | 1,406,937 |
| Treatment | 559,277 | - |
| Claims expense | - | 1,146,836 |
| Depreciation expense | 252,553 | - |
| Total Operating Expenses | 2,292,144 | 2,553,773 |
| Operating Income (Loss) | 872,887 | 574,144 |
| Nonoperating Revenues (Expenses): | | |
| Intergovernmental | - | 5,000 |
| Interest revenue | 111,021 | - |
| Interest expense | (889,194) | - |
| Miscellaneous | 177,892 | - |
| Total Nonoperating Revenues (Expenses) | (600,281) | 5,000 |
| Income (Loss) Before Transfers | 272,606 | 579,144 |
| Transfers in | - | 3,000,000 |
| Changes in Net Assets | 272,606 | 3,579,144 |
| Net Assets: | | |
| Beginning of Year, as previously reported | (11,274,921) | - |
| Restatements | - | (8,350,633) |
| Beginning of Fiscal Year, as restated | (11,274,921) | (8,350,633) |
| End of Fiscal Year | \$ (11,002,315) | \$ (4,771,489) |
| Reconciliation of Changes in Net Assets to the Statement of Activities: | | |
| Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds | \$ 272,606 | |
| Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds | 19,297 | |
| Changes in Net Assets of Business-Type Activities per Statement of Activities | \$ 291,903 | |

CITY OF EL MONTE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2008

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|---|--|--|
| | Water Authority | Self Insurance |
| Cash Flows from Operating Activities: | | |
| Cash received from customers and users | \$ 3,164,655 | \$ - |
| Cash received from/(paid to) interfund service provided | - | 3,117,917 |
| Cash paid to suppliers for goods and services | (517,444) | (2,437,019) |
| Cash paid to employees for services | (1,396,965) | - |
| Cash received from (payments to) others | - | 5,000 |
| Net Cash Provided (Used) by Operating Activities | 1,250,246 | 685,898 |
| Cash Flows from Non-Capital Financing Activities: | | |
| Cash transfers in | - | 3,000,000 |
| Advance from other funds | - | (101,807) |
| Advance to other funds | (8,619) | - |
| Intergovernmental | - | 5,000 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (8,619) | 2,903,193 |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition and construction of capital assets | (234,314) | - |
| Principal paid on capital debt | (195,000) | - |
| Interest paid on capital debt | (845,448) | - |
| Advance from other funds | - | 300,000 |
| Miscellaneous | 177,892 | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (1,096,870) | 300,000 |
| Cash Flows from Investing Activities: | | |
| Interest received | 111,021 | - |
| Net Cash Provided (Used) by Investing Activities | 111,021 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 255,778 | 3,889,091 |
| Cash and Cash Equivalents at Beginning of Year | 2,522,979 | - |
| Cash and Cash Equivalents at End of Year | \$ 2,778,757 | \$ 3,889,091 |

CITY OF EL MONTE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2008

| | Business-Type Activities - Enterprise Funds | Governmental Activities- Internal Service Funds |
|---|--|--|
| | Water Authority | Self Insurance |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ 872,887 | \$ 574,144 |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | |
| Depreciation | 252,553 | - |
| (Increase) decrease in accounts receivable | (40,209) | (5,000) |
| Increase (decrease) in accounts payable | 41,833 | 48,402 |
| Increase (decrease) in accrued liabilities | 1,630 | - |
| Increase (decrease) in deposits payable | 39,833 | - |
| Increase (decrease) in claims and judgments | - | 68,352 |
| Increase (decrease) in compensated absences | 81,719 | - |
| Total Adjustments | 377,359 | 111,754 |
| Net Cash Provided (Used) by Operating Activities | \$ 1,250,246 | \$ 685,898 |
| Non-Cash Investing, Capital, and Financing Activities: | | |
| Amortization of deferred charges, premiums and loss on defeasance relating to long-term liabilities | \$ 45,894 | \$ - |

CITY OF EL MONTE

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2008

| | Agency Fund | Pension Trust Fund |
|---|------------------|-----------------------|
| | Payroll | Retiree Insurance |
| Assets: | | |
| Cash and investments | \$ 25,511 | \$ 171,277 |
| Total Assets | \$ 25,511 | \$ 171,277 |
| Liabilities: | | |
| Accounts payable | \$ 5,511 | \$ - |
| Due to other governments | 20,000 | - |
| Total Liabilities | \$ 25,511 | \$ - |
| Net Assets: | | |
| Held in trust for pension | | \$ 171,277 |
| Total Liabilities and Net Assets | | \$ 171,277 |

CITY OF EL MONTE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

| | Pension Trust Fund Retiree Insurance |
|--|---|
| Additions | |
| Contributions: | |
| Employers | \$ 110,000 |
| Employee | 92,160 |
| Retiree | 30,375 |
| Investment earnings: | |
| Interest and change in fair value of investments | <u>5,702</u> |
| Total Additions | <u>238,237</u> |
| Deductions | |
| Benefits | <u>219,948</u> |
| Total Deductions | <u>219,948</u> |
| Changes in Net Assets | 18,289 |
| Net Assets - Beginning of the Year | <u>152,988</u> |
| Net Assets - End of the Year | <u>\$ 171,277</u> |

CITY OF EL MONTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

The City of El Monte (the City) was incorporated on November 18, 1912, as a general law city and operates under a Council/City Manager form of government. It is governed by an elected five-member council.

As required by generally accepted accounting principles, these financial statements present the City of El Monte (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of El Monte elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component units balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. The following component units of the City have been included in the financial reporting entity as blended component units.

A description of these component units and the method of incorporating their financial information in the accompanying financial statements are summarized as follows:

El Monte Community Redevelopment Agency (Agency)

The El Monte Community Redevelopment Agency was established on February 29, 1972, pursuant to the State of California Health and Safety Code Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of El Monte. The financial activity of the Redevelopment Agency is reported in the City's financial statements as the Redevelopment Capital Projects Fund and the Redevelopment Debt Service Fund. The City council members act as the Agency's directors, designate management and have full accountability for the Agency's fiscal matters. Separate financial statements for the El Monte Community Redevelopment Agency of the City of El Monte can be obtained by contacting the City of El Monte City Clerk.

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

El Monte Public Financing Authority (Authority)

The Authority is a joint powers authority whose members are the City and the Agency. The Authority is duly organized and existing under a Joint Exercise of Powers agreement dated April 27, 1993, by and between the City and the Agency, under the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code. The officers of the City and the Agency serve as the officers of the Authority. The Authority has no taxing power and has no source of revenue other than the revenues for paying the debt service on the bonds. The financial activity of the Authority is reported in the Redevelopment Debt Service Fund. Separate financial statements are not prepared for the Authority.

El Monte Community Development Corporation (Corporation)

The El Monte Community Development Corporation was formed April 2, 2002, pursuant to the Non-Profit Public Benefit Corporation law of the State of California. Its purpose is to spend 15% of the City's annual HOME Partnership Investment allocation to increase and improve the community's supply of affordable housing for persons of low and moderate income. The City Council members act as the Agency's directors. There are no separate financial statements for the Corporation.

El Monte Water Authority (Water Authority)

The El Monte Water Authority was formed July 13, 1999, by the City of El Monte and the El Monte Community Redevelopment Agency under Article 1 (commencing with Section 6500) of the Joint Powers Law. Its purpose was to provide an entity to assist in providing financing, for purposes which are authorized by law, and which could lease, own, operate and maintain the water system of the City of El Monte. The City Council members act as the members of the Governing Board of the Water Authority. The financial activity of the Authority is reported in the City's financial statements as a business-type activity. There are no separate financial statements for the Water Authority.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of state gas tax which is 90 days. Revenues considered susceptible to accrual in those funds wherein revenue is recognized on a modified accrual basis is as follows: property and sales taxes, revenue from the use of money and property, interfund transfers, unbilled service receivables and intergovernmental revenue are all considered measurable and are recognized as revenue on a modified accrual basis; licenses, permits, fines and forfeitures and similar items are, for the most part, not susceptible to accrual and, consequently, are not recorded until received. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. Fiduciary Funds are accounted for on a full accrual basis.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Grants, entitlements or shared revenues recorded in governmental funds are recognized as revenue in the accounting period when they become susceptible to accrual, i.e., both measurable and available (modified accrual basis). Grants received before the revenue recognition criteria have been met are reported as unearned revenue, a liability account. Such resources not received are reported as a receivable if the revenue recognition criteria have been met.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

All proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred. Unbilled service receivables are recorded as accounts receivable and as revenue when earned.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Retirement Special Revenue Fund accounts for all revenues and expenditures associated with the retirement tax levy to fund the employee's pension fund.
- The Housing and Community Development Special Revenue Fund accounts for all monies received from the Community Development Block Grant provided by the Federal Housing and Community Development Act.
- The Redevelopment Agency Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities related to the Redevelopment Agency Project Areas.

The City reports the following major proprietary fund:

- The Water Authority is used to account for the operations of the City's water utility. All activities necessary to provide this service are accounted for in this Authority, including administration, operations, maintenance, capital improvement, billing, collection and depreciation.

Additionally, the City reports the following fund types:

- The Capital Project Fund accounts for the accumulation of resources to fund capital projects within the City.
- The Debt Service Fund accounts for the accumulation of resources for the payment of long-term debt principal and interest relating to the Redevelopment Agency.
- The Self Insurance Internal Service Fund accounts for the transactions of the general liability and workers compensation insurance programs. It is financed through contributions paid by each operating program based on factors similar to those used by insurance companies (i.e. payroll, and number of employees).

**City of El Monte
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

- The Pension Trust Fund accounts for premiums paid for retirees and their families.
- The Agency Fund is used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprises Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

d. Assets, Liabilities and Net Assets or Equity

Cash and Investments

For purpose of the statement of cash flows, the City considered cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Since cash and investments are pooled, the City utilizes the assumption the cash and investments in the Enterprise Fund are cash and cash equivalents.

The cash management pool has the general characteristics of a demand deposit account in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Investments for the City are reported at fair value. The current year changes in fair value are recognized in the statement of revenue, expenditures and changes in fund balance. Investment in the State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Functional Classifications

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

- General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.
- Public Safety includes those activities which involve the protection of people and property.
- Parks, Recreation and Cultural, includes those activities which involve the park and recreation system.
- Public Works includes those activities which involve the maintenance and improvement of City streets, roads and park department development and maintenance.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Long-Term Receivables

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories, Prepaid Costs and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. The General Fund inventory is accounted for using the consumption method and is equally offset by a reservation of fund balance in the fund-level statements, which indicates that it does not constitute "available spendable resources."

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

Land held for resale is recorded at the lower of cost or net realizable value. Fund balances in the governmental fund type have been reserved for amounts equal to the carrying value of land and buildings held for resale because such assets are not available to finance the City's current operations.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in the current year and prior years. Bond proceeds utilized in the acquisition of these assets have reduced the investment in capital assets portion of net assets.

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

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

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

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings | 10 - 42 |
| Improvements | 10 - 42 |
| Public domain - infrastructure | 25 - 40 |
| Furniture and equipment | 3 - 15 |
| Pumping plant | 7 - 50 |
| Transmission and distribution plant | 10 - 50 |

Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than one and one-half times his regular annual entitlement. Sick leave is payable when an employee is unable to work because of illness. Upon termination, an employee will forfeit any unused sick leave. Upon retirement, one-half to a maximum of 800 hours is paid to the employee and the remaining one-half is credited to service retirement. Typically, the City liquidates its compensated absences with general fund resources.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

e. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance, governmental funds, and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

explains that "long-term liabilities and compensated absences that have not been included in the governmental fund activity."

The detail of the \$(46,511,303) long-term liabilities difference is as follows:

| | |
|--|------------------------|
| Long-term debt: | |
| Certificates of participation | \$ (7,915,000) |
| Tax allocation bonds | (29,340,000) |
| Note payable | (9,868,310) |
| Lease payable | (567,812) |
| Unamortized bond discount | 567,735 |
| Unamortized loss on defeasance | <u>612,084</u> |
| Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities | <u>\$ (46,511,303)</u> |

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period."

The details of this \$(253,317) difference are as follows:

| | |
|---|---------------------|
| Capital outlay | \$ 4,961,405 |
| Depreciation expense | (5,154,815) |
| Loss on disposals | <u>(59,907)</u> |
| Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (253,317)</u> |

Another element of that reconciliation states that "the issuance of long-term liabilities (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds." Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

The details of this \$(2,968,353) difference are as follows:

| | |
|---|------------------------------|
| Debt issued or incurred: | |
| Tax allocation refunding bonds | \$ (30,090,000) |
| Issuance costs | 968,871 |
| Discount on bonds issued | 546,519 |
| Notes payable | (5,436,771) |
| Principal repayments: | |
| Notes payable | 7,876,566 |
| Certificates of participation | 595,000 |
| Tax allocation bonds | 750,000 |
| Lease payable | 511,221 |
| Payment to refunding bond escrow | 21,527,308 |
| Amortization of loss on defeasance | (19,577) |
| Amortization of bond discounts | (47,764) |
| Amortization of debt issuance costs | <u>(149,726)</u> |
| Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities. | <u><u>\$ (2,968,353)</u></u> |

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public comments are received prior to its adoption by the Council. Supplemental appropriations, where required during the period are also approved by the Council and City Manager. Intradepartmental budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the department level, which is the legal level of control. During the year, several supplementary appropriations were necessary. At fiscal year-end all unencumbered appropriations lapse.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis which differs from generally accepted accounting principles (GAAP). The Budget Comparison Statements and Budgetary Comparison Schedules present comparisons of the legally adopted budget with actual data on the budgetary basis. The difference between the

**City of El Monte
Notes to Financial Statements (Continued)**

Note 2: Stewardship, Compliance and Accountability (Continued)

budgetary basis and GAAP are presented on the same financial statements. During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations.

Budgets were not adopted for the Affordable Housing Development and Local Law Enforcement Block Grant.

b. At June 30, 2008, the following funds had Deficit Fund Balances:

| | | |
|---|----|--------------|
| Special Revenue Funds: | | |
| Affordable Housing Development | \$ | (795,348) |
| Adult Sports | | (80,097) |
| Miscellaneous Grants | | (372,847) |
| Older American Act | | (21) |
| Park Bond Act | | (987,639) |
| Children's Lunch Program | | (94,915) |
| Capital Projects Funds: | | |
| Redevelopment Agency - Capital Projects | | (45,913,521) |
| Enterprise Fund: | | |
| Water Authority | | (11,002,315) |
| Internal Service Fund: | | |
| Self Insurance | | (4,771,489) |

The fund deficits will be covered from future revenues.

City of El Monte
Notes to Financial Statements (Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

c. Excess of Expenditures Over Appropriations are as Follows:

| Fund | Expenditures | Appropriations | Excess |
|-----------------------------------|--------------|----------------|-----------|
| General Fund | | | |
| General government: | | | |
| Administrative office | \$ 431,051 | \$ 429,415 | \$ 1,636 |
| Finance | 530,736 | 525,900 | 4,836 |
| City treasurer | 150,976 | 134,500 | 16,476 |
| Personnel | 401,083 | 346,800 | 54,283 |
| Election expenditures | 101,146 | 70,000 | 31,146 |
| Insurance and surety | 7,685,160 | 5,163,800 | 2,521,360 |
| License collection | 266,746 | 264,800 | 1,946 |
| Valley Mall | 144,735 | 108,600 | 36,135 |
| Art in public places | 54,378 | 30,500 | 23,878 |
| Public safety: | | | |
| Police | 22,409,474 | 21,696,633 | 712,841 |
| Police helicopter | 1,024,086 | 934,800 | 89,286 |
| Traffic safety program | 2,724,932 | 2,343,362 | 381,570 |
| Parks, recreation and culture: | | | |
| Parks and building maintenance | 1,691,532 | 1,537,100 | 154,432 |
| Aquatic center project | 886,941 | 816,840 | 70,101 |
| Senior services | 217,995 | 204,729 | 13,266 |
| Administration | 186,646 | 180,822 | 5,824 |
| Aquatic center classes | 6,325 | - | 6,325 |
| Public works: | | | |
| General engineering | 631,429 | 556,850 | 74,579 |
| Sanitary sewer maintenance | 137,057 | 101,793 | 35,264 |
| Sewer | 65,606 | - | 65,606 |
| Retirement | | | |
| General government | 13,007,595 | 9,143,100 | 3,864,495 |
| Housing and Community Development | | | |
| General government | 3,196,417 | 3,055,400 | 141,017 |
| Public safety | 660,590 | 582,600 | 77,990 |

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2008, cash and investments were reported in the accompanying financial statements as follows:

| | |
|----------------------------|----------------------|
| Governmental activities | \$ 56,026,220 |
| Business-type activities | 2,778,757 |
| Fiduciary funds | 196,788 |
| Total Cash and Investments | <u>\$ 59,001,765</u> |

The City of El Monte maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2008, the carrying amount of the City's deposits was \$2,371,566 and the bank balance was \$2,740,287. The \$368,721 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City's investment policy, and in accordance with Section 53600 of the California Government Code, the following investments are authorized:

- United States Treasuries
- United States Government Agencies Securities
- Banker's Acceptances (BA's)
- Commercial Paper (CP)
- Medium Term Notes (MTN's)
- Local Agency Investment Fund (LAIF)
- Certificate of Deposits (CD's)

City of El Monte
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Investments Authorized by Debt Agreements

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

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2008, the City invested in Federal Farm Credit Bank, Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and General Electric Corporate Bonds which were all rated "AAA" by Moody's and by S&P. All securities were investment grade and were legal under State law. Investments in U.S. treasuries are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2008, the City's investments in external investment pools, money market mutual funds and State and Local Government securities are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2008, none of the City's deposits or investments were exposed to custodial credit risk.

City of El Monte
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer to 15% of the total investment pool with the following exceptions: Treasury Securities (100%), LAIF (100%), Bankers Acceptances (40%), Commercial Paper (15%), Medium Term Notes (30%) and Certificates of Deposit (100%). With respect to concentration risk as of June 30, 2008, the City is in compliance with the investment policy's restrictions.

In accordance with GASB 40 requirements, the City is exposed to concentration risk whenever it has invested more than 5% of its total investments in any one issuer. As of June 30, 2008, the City has investments with the following issuers which exceed 5% of the total investment value:

| | | |
|--|---------------|--------|
| Federal Farm Credit Bank | \$ 10,975,000 | 19.38% |
| Federal National Mortgage Association | 3,996,992 | 7.06% |
| Federal Home Loan Bank | 6,195,804 | 10.94% |
| Federal Home Loan Mortgage Corporation | 4,000,868 | 7.06% |

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that, with the exception of the investment of bond proceeds and LAIF, investments may not exceed five years in maturity. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2008, the City had the following investments and original maturities:

| | Investment Maturities (in Years) | | | | | Fair Value |
|---------------------------------------|----------------------------------|--------------------|---------------------|----------------------|-------------------|----------------------|
| | 6 months or less | 6 months to 1 year | 1 to 3 years | 3 to 5 years | More than 5 years | |
| Money Market Mutual Funds | \$ 11,619,671 | \$ - | \$ - | \$ - | \$ - | \$ 11,619,671 |
| Federal Agency Securities | | | | | | |
| Federal Farm Credit Bank | - | - | 3,015,312 | 7,959,688 | - | 10,975,000 |
| Federal National Mortgage Assoc. | - | - | - | 3,996,605 | 387 | 3,996,992 |
| Federal Home Loan Bank | 285,804 | - | - | 5,910,000 | - | 6,195,804 |
| Federal Home Loan Mortgage Corp. | - | - | 3,001,920 | 998,947 | - | 4,000,867 |
| State and local government securities | - | - | - | - | - | - |
| General Electric Corporate Bond | - | - | 1,446,375 | - | - | 1,446,375 |
| US Treasury Bills | 1,396,336 | - | - | - | - | 1,396,336 |
| Local Agency Investment Fund | 16,999,154 | - | - | - | - | 16,999,154 |
| | <u>\$ 30,300,965</u> | <u>\$ -</u> | <u>\$ 7,463,607</u> | <u>\$ 18,865,240</u> | <u>\$ 387</u> | <u>\$ 56,630,199</u> |

**City of El Monte
Notes to Financial Statements (Continued)**

Note 4: Notes Receivable

a. Pacific Place Expansion Project

On September 14, 2005, the City of El Monte executed a promissory note to JT LLC for the Pacific Place Expansion Project. The City used the Section 108 Loan 2004-A proceeds to fund this note. Principal payments are due annually beginning July 15, 2007, and range from \$130,000 to \$340,000. Interest payments on this note are due in quarterly installments on the first day of every calendar year quarter at a rate equal to the rate payable by the City to HUD.

b. L.T. Titan, Limited Partnership

On April 13, 2000, the El Monte Community Redevelopment Agency gave a loan of \$500,000 to L.T. Titan, Limited Partnership, backed by a deed of trust on the property at 10501-10507 Valley Boulevard. The principal is due January 12, 2001, and the interest rate is variable, based on the "East/West Bank Reference Rate." The Agency took out a corresponding \$500,000 loan from the East/West Bank due January 12, 2001, the quarterly interest payments of which are reimbursed by L.T. Titan, Limited Partnership. Both notes had been extended.

c. RTS Group

On August 10, 1993, the El Monte Community Redevelopment Agency sold to RTS Group property within the Ramona Boulevard Project Area. The RTS Group executed a promissory note in favor of the agency for \$500,000. The note bears interest at the rate of 6.0% per annum. Partial interest only monthly payments of \$2,500 commence on December 1, 1993, with the balance of such interest added to the principal balance of the note. Principal and interest monthly payments of \$3,582 commence March 1, 1994. The remaining principal and unpaid interest is due upon sale of the property.

d. Lee - "Blessed Rock of El Monte"

On April 3, 1996, the El Monte Community Redevelopment Agency sold to the "Blessed Rock of El Monte" property within the Downtown El Monte Low and Moderate Housing Area. Tom Lee executed a promissory note in favor of the Agency for \$706,213. The note bears interest at the rate of 1.0% to 4.0% per annum.

e. L. T. Titan, Limited Partnership

On December 27, 2001, the El Monte Community Redevelopment Agency provided a loan to L. T. Titan, Limited Partnership, in the amount of \$200,000. This loan is for interest only until July 2004, at which time the principal balance is due. Interest accrues at a rate of 7.0% until February 28, 2003, at which time it changes to 4.0% until the note is due.

f. Singing Wood Senior Housing

On July 15, 2002, the El Monte Community Redevelopment Agency provided a loan to Singing Wood Senior Housing, a California Limited Partnership, in the amount of \$440,142.54. Interest shall accrue on the loan at the rate of 3% per annum until the loan is paid in full. Annual payments are to commence on or before April 15 of the first full year after the first residential unit is rented and continue on April 15 each year thereafter until all principal and interest accrued thereon has been repaid. The annual payment shall be derived from 50% of annual residual receipts derived from the operation of the project. All outstanding indebtedness, including interest, must be repaid in full at the end of the 30-year term of the loan.

City of El Monte
Notes to Financial Statements (Continued)

Note 4: Notes Receivable (Continued)

g. TDF Senior Housing

This "Original Project Gap Loan" was approved on January 1, 2003. The note bears interest at 3% for a term of 45 years.

As of June 30, 2008, the following loans receivable were outstanding:

| | |
|---|-----------------------------|
| Pacific Place Expansion Project | \$ 4,046,269 |
| L.T. Titan, Limited Partnership | 500,833 |
| RTS Group | 110,953 |
| Lee - "Blessed Rock of El Monte" | 753,896 |
| L.T. Titan, Limited Partnership | 200,333 |
| Singing Wood Senior Housing | 440,143 |
| TDF Senior Housing | 572,646 |
| Various Housing Deferred Loans and Other Assistance | <u>12,186,307</u> |
| | <u><u>\$ 18,811,380</u></u> |

Note 5: Land Held for Resale

The City and Agency acquired several parcels of land or initiated condemnation proceedings to acquire land for redevelopment purposes. The carrying amount of land is reported at cost. As of June 30, 2008, the Agency has executed several Disposition and Development Agreements with developers for the redevelopment of real property located within various redevelopment project areas. Under the agreements, the Agency agrees to sell the subject properties to the developers and the developers agree to purchase the properties from the Agency. At June 30, 2008, the City and Agency's investment in land held for resale amounted to:

| | |
|--|----------------------------|
| Housing and Community Development Fund | \$ 1,845,000 |
| Downtown El Monte Project Area - Project Fund | 7,299,330 |
| Downtown El Monte Project Area - Low and Moderate Housing Fund | <u>408,000</u> |
| Total Land Held for Resale | <u><u>\$ 9,552,330</u></u> |

**City of El Monte
Notes to Financial Statements (Continued)**

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

| | Beginning Balance | Adjustments* | Adjusted Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|---------------------|----------------------------------|---------------------|------------------|-----------------|-----------------------|
| Governmental Activities: | | | | | | | |
| Capital assets, not being depreciated: | | | | | | | |
| Land | \$ 327,163,145 | \$ - | \$ 327,163,145 | \$ 1,000,000 | \$ - | \$ - | \$ 328,163,145 |
| Construction-in-progress | 2,802,654 | (1,259,776) | 1,542,878 | 945,709 | - | - | 2,488,587 |
| Equipment-in-progress | 94,960 | - | 94,960 | - | - | (94,960) | - |
| Total Capital Assets, Not Being Depreciated | 330,060,759 | (1,259,776) | 328,800,983 | 1,945,709 | - | (94,960) | 330,651,732 |
| Capital assets, being depreciated: | | | | | | | |
| Land improvements | 4,944,675 | - | 4,944,675 | - | - | - | 4,944,675 |
| Structures and improvements | 31,636,388 | 1,367,100 | 33,003,488 | 1,610,905 | - | - | 34,614,393 |
| Furniture and equipment | 14,897,803 | - | 14,897,803 | 1,404,791 | 505,442 | 94,960 | 15,892,112 |
| Infrastructure | 121,483,196 | - | 121,483,196 | - | - | - | 121,483,196 |
| Total Capital Assets, Being Depreciated | 172,962,062 | 1,367,100 | 174,329,162 | 3,015,696 | 505,442 | 94,960 | 176,934,376 |
| Less accumulated depreciation: | | | | | | | |
| Land improvements | 3,852,369 | - | 3,852,369 | 177,764 | - | - | 4,030,133 |
| Structures | 10,786,307 | 11,290 | 10,797,597 | 853,436 | - | - | 11,651,033 |
| Furniture and equipment | 10,488,426 | 468,210 | 10,956,636 | 1,168,077 | 445,535 | - | 11,679,178 |
| Infrastructure | 46,566,471 | - | 46,566,471 | 2,955,538 | - | - | 49,522,009 |
| Total Accumulated Depreciation | 71,693,573 | 479,500 | 72,173,073 | 5,154,815 | 445,535 | - | 76,882,353 |
| Total Capital Assets, Being Depreciated, Net | 101,268,489 | 887,600 | 102,156,089 | (2,139,119) | 59,907 | 94,960 | 100,052,023 |
| Governmental Activities Capital Assets, Net | \$ 431,329,248 | \$ (372,176) | \$ 430,957,072 | \$ (193,410) | \$ 59,907 | \$ - | \$ 430,703,755 |

* Adjustments were made to correct the value of assets purchased in prior years, to move construction-in-progress to structures and improvements and correct depreciation expense on assets not properly depreciated in prior years.

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

| | |
|---|---------------------|
| Governmental Activities: | |
| General government | \$ 1,612,092 |
| Public safety | 482,500 |
| Parks, recreation and leisure | 64,773 |
| Public works | 2,995,450 |
| Total Governmental Activities Depreciation | \$ 5,154,815 |

City of El Monte
Notes to Financial Statements (Continued)

Note 6: Capital Assets (Continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|--------------------|-------------|-------------|---------------------|
| <u>Business-Type Activities:</u> | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 310,748 | \$ - | \$ - | \$ - | \$ 310,748 |
| Total Capital Assets, Not Being Depreciated | 310,748 | - | - | - | 310,748 |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 3,129,798 | 54,710 | - | 34,431 | 3,218,939 |
| Furniture and equipment | 3,784,655 | - | - | (5,496) | 3,779,159 |
| Infrastructure | 1,774,729 | 179,604 | - | (28,935) | 1,925,398 |
| Total Capital Assets, Being Depreciated | 8,689,182 | 234,314 | - | - | 8,923,496 |
| Less accumulated depreciation: | | | | | |
| Structures and improvements | 2,034,586 | 65,853 | - | - | 2,100,439 |
| Furniture and equipment | 2,284,716 | 93,398 | - | - | 2,378,114 |
| Infrastructure | 981,042 | 93,302 | - | - | 1,074,344 |
| Total Accumulated Depreciation | 5,300,344 | 252,553 | - | - | 5,552,897 |
| Total Capital Assets, Being Depreciated, Net | 3,388,838 | (18,239) | - | - | 3,370,599 |
| Business-Type Activities Capital Assets, Net | <u>\$ 3,699,586</u> | <u>\$ (18,239)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,681,347</u> |

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

| | |
|---------------------------|-------------------|
| Business-Type Activities: | |
| Water Authority | <u>\$ 252,553</u> |

Note 7: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due To/From Other Funds

| Funds | Due to Other Funds | | | | Total |
|---------------------------------------|--------------------|---|---|-----------------------------------|---------------------|
| | General Fund | Housing and Community Development | Redevelopment Agency - Capital Projects | Nonmajor Governmental Funds | |
| Due From Other Funds: | | | | | |
| General | \$ - | \$ 3,464,767 | \$ - | \$ 1,361,065 | \$ 4,825,832 |
| Redevelopment Agency Capital Projects | - | - | - | 775,863 | 775,863 |
| Nonmajor governmental funds | - | - | 852,319 | - | 852,319 |
| Self Insurance Internal Service Fund | 101,807 | - | - | - | 101,807 |
| Total | <u>\$ 101,807</u> | <u>\$ 3,464,767</u> | <u>\$ 852,319</u> | <u>\$ 2,136,928</u> | <u>\$ 6,555,821</u> |

City of El Monte
Notes to Financial Statements (Continued)

Note 7: Interfund Receivable, Payable and Transfers (Continued)

The due to General Fund of \$13,464,767 from the Housing and Community Development Fund and various nonmajor funds of \$1,361,068 was a result of temporary deficit cash balances in those funds.

The due to other funds in the Redevelopment Agency - Capital Projects Fund in the amount of \$852,319 was the result of funding for various capital projects.

The due to the Redevelopment Agency Capital Projects Fund in the amount of \$775,863 was the result of funding for the Affordable Housing Fund.

The due to the Self Insurance fund of \$101,807 from the General Fund was the result of short-term cash borrowings and are expected to be repaid in the next fiscal year.

Advances To/From Other Funds

| Funds | Advances From Other Funds | | | Total |
|-----------------------------------|---------------------------|---------------------|-------------------|----------------------|
| | RDA Capital Projects | RDA Debt Service | Self Insurance | |
| Advances To Other Funds: | | | | |
| General Fund | \$ 48,899,807 | \$ 1,354,515 | \$ 300,000 | \$ 50,554,322 |
| Housing and Community Development | 16,659,605 | - | - | 16,659,605 |
| Water Authority | 180,994 | - | - | 180,994 |
| RDA Capital Projects | - | 822,892 | - | 822,892 |
| Nonmajor governmental fund | 1,765,356 | - | - | 1,765,356 |
| Total | \$ 67,505,762 | \$ 2,177,407 | \$ 300,000 | \$ 69,983,169 |

During the current and previous fiscal years, the City of El Monte has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated within the next fiscal year. As of June 30, 2008, loans and accrued unpaid interest owed were \$68,860,277. In addition, the Redevelopment Agency – Capital Projects Fund has made loans of \$822,892 to the Redevelopment Agency – Debt Service Fund to pay for ERAF payments in the current and prior years.

Interfund Transfers

| Funds | Transfers In | | | | Total |
|---------------------------------------|---------------------|----------------------|---------------------|-----------------------------|----------------------|
| | General Fund | RDA Capital Projects | Self Insurance | Nonmajor Governmental Funds | |
| Transfers Out: | | | | | |
| General Fund | \$ - | \$ - | \$ 3,000,000 | \$ 2,612,100 | \$ 5,612,100 |
| Housing and Community Development | 15,000 | 600,000 | - | - | 615,000 |
| Redevelopment Agency Capital Projects | - | - | - | 19,893 | 19,893 |
| Nonmajor Governmental Funds | 2,515,000 | 1,309,300 | - | - | 3,824,300 |
| Total | \$ 2,530,000 | \$ 1,909,300 | \$ 3,000,000 | \$ 2,631,993 | \$ 10,071,293 |

**City of El Monte
Notes to Financial Statements (Continued)**

Note 7: Interfund Receivable, Payable and Transfers (Continued)

The transfer of \$2,612,100 from the General Fund to various nonmajor funds was the result of restricted funds utilized for the intended purposes.

The transfer from the General Fund to the Self Insurance Internal Service Fund was to move the insurance reserve to the appropriate fund.

The El Monte Redevelopment Agency Debt Service Fund transferred \$1,309,300 to the Redevelopment Agency Capital Projects for the funding of capital projects. The Redevelopment Agency Capital Projects Fund transferred \$19,893 to various nonmajor funds to pay for administrative costs.

Note 8: Long-Term Debt

a. Governmental Activities

The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2008.

| | Balance July 1, 2007 | Adjustments* | Defeased | Additions | Deletions | Balance June 30, 2008 | Due Within One Year |
|--------------------------------|-------------------------|--------------------|------------------------|----------------------|----------------------|--------------------------|------------------------|
| Tax allocation bonds | \$ 17,860,000 | \$ - | \$ (17,860,000) | \$ 30,090,000 | \$ 750,000 | \$ 29,340,000 | \$ 670,000 |
| Revenue bonds | 3,080,000 | - | (3,080,000) | - | - | - | - |
| Certificates of Participation | | | | | | | |
| Series 2003-A | 5,795,000 | - | - | - | 420,000 | 5,375,000 | 440,000 |
| Series 2003-B | 2,715,000 | - | - | - | 175,000 | 2,540,000 | 190,000 |
| Notes and loans payable | 12,339,360 | (31,255) | - | 5,436,771 | 7,876,566 | 9,868,310 | 171,000 |
| Leases payable | 1,079,032 | - | - | - | 511,220 | 567,812 | 121,029 |
| Accrued employee benefits | 7,355,626 | - | - | 3,072,127 | 2,440,242 | 7,987,511 | 2,348,635 |
| Claims and judgments | 8,350,633 | - | - | 367,685 | 299,333 | 8,418,985 | 1,128,804 |
| Total | \$ 58,574,651 | \$ (31,255) | \$ (20,940,000) | \$ 38,966,583 | \$ 12,472,361 | 64,097,618 | \$ 5,069,468 |
| Unamortized Bond Discount | | | | | | (612,084) | |
| Unamortized Loss on Defeasance | | | | | | (567,735) | |
| | | | | | | <u>\$ 62,917,799</u> | |

* Adjustment was made to correct the balance of the County Loan as of July 1, 2007.

Notes and Loans Payable

HUD Section 108 Loan 1999-A

On April 18, 1999, the City issued \$2,200,000 of U.S. Government Guaranteed Notes, Series 1999-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

- a. Future entitlements that the City may become eligible for under Section 106 of Title I of the Housing and Community Development Act of 1974; and
- b. Program income

The notes mature from 1999 to 2018, and bear varying interest rates. The principal balance outstanding as of June 30, 2008, was \$1,425,000. The total debt service payment requirements with respect to the loan are as follows:

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

| | <u>HUD Section 108 Loan 1999-A</u> | |
|-------------|------------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 - 2009 | \$ - | \$ 36,363 |
| 2009 - 2010 | 110,000 | 55,723 |
| 2010 - 2011 | 115,000 | 52,494 |
| 2011 - 2012 | 120,000 | 48,642 |
| 2012 - 2013 | 125,000 | 44,190 |
| 2013 - 2018 | 775,000 | 131,845 |
| 2018 - 2023 | 180,000 | 4,158 |
| Totals | <u>\$ 1,425,000</u> | <u>\$ 373,415</u> |

HUD Section 108 Loan 2001-A

On August 9, 2001, the City issued \$2,500,000 of U.S. Government Guaranteed Notes, Series 2001-A, guaranteed by the Secretary of Housing and Urban Development. The notes mature from 2002 to 2020 with interest payments ranging from \$7,315 to \$74,015. The principal balance outstanding as of June 30, 2008, was \$2,009,000. The total debt service payment requirements with respect to the loan are as follows:

| | <u>HUD Section 108 Loan 2001-A</u> | |
|-------------|------------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 - 2009 | \$ 101,000 | \$ 122,109 |
| 2009 - 2010 | 109,000 | 116,226 |
| 2010 - 2011 | 115,000 | 109,830 |
| 2011 - 2012 | 123,000 | 102,956 |
| 2012 - 2013 | 132,000 | 95,429 |
| 2013 - 2018 | 807,000 | 338,726 |
| 2018 - 2023 | 622,000 | 63,259 |
| Totals | <u>\$ 2,009,000</u> | <u>\$ 948,535</u> |

HUD Section 108 Loan 2004-A

On June 16, 2004, the City issued \$2,200,000 of U.S. Government Guaranteed Notes, Series 2004-A, guaranteed by the Secretary of Housing and Urban Development. The notes mature from 2005 to 2024, with interest payments ranging from \$6,461 to \$57,998. The principal balance outstanding as of June 30, 2008, was \$2,015,000. The total debt service payment requirements with respect to the loan are as follows:

| | <u>HUD Section 108 Loan 2004-A</u> | |
|-------------|------------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 - 2009 | \$ 70,000 | \$ 109,004 |
| 2009 - 2010 | 75,000 | 105,984 |
| 2010 - 2011 | 80,000 | 102,536 |
| 2011 - 2012 | 85,000 | 98,672 |
| 2012 - 2013 | 90,000 | 94,404 |
| 2013 - 2018 | 525,000 | 394,652 |
| 2018 - 2023 | 700,000 | 224,073 |
| 2023 - 2028 | 390,000 | 24,607 |
| Totals | <u>\$ 2,015,000</u> | <u>\$ 1,153,932</u> |

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

HUD Section 108 Loan 2004-A

On August 25, 2004, the City issued \$4,000,000 of U.S. Government Guaranteed Notes, Series 2004-A, guaranteed by the Secretary of Housing and Urban Development. The notes mature from 2007 to 2024 with interest payments due quarterly bearing a variable interest rate equal to 0.2% of the applicable LIBO Rate, and shall be adjusted monthly. The principal balance outstanding as of June 30, 2008, was \$3,735,000. The total debt service payment requirements with respect to the loan are as follows:

| | HUD Section 108 Loan 2004-A | |
|-------------|-----------------------------|---------------------|
| | Principal | Interest |
| 2008 - 2009 | \$ - | \$ 107,768 |
| 2009 - 2010 | 145,000 | 167,517 |
| 2010 - 2011 | 155,000 | 163,207 |
| 2011 - 2012 | 160,000 | 158,045 |
| 2012 - 2013 | 175,000 | 151,951 |
| 2013 - 2018 | 1,035,000 | 639,265 |
| 2018 - 2023 | 1,390,000 | 359,794 |
| 2023 - 2028 | 675,000 | 35,468 |
| Totals | <u>\$ 3,735,000</u> | <u>\$ 1,783,015</u> |

Tyler Loan

On September 2, 2003, the City entered into an agreement with the County of Los Angeles to purchase land for \$1,200,000. The City paid \$100,000 cash and was issued a promissory note secured by a deed of trust in the amount of \$1,100,000. Principal and interest are due annually commencing on September 1, 2004. The loan bears interest at the rate of 6.25% per annum with payments ranging from \$17,188 to \$68,750. During fiscal year 2007-2008 the loan was repaid in full. As of June 30, 2008, the outstanding principal balance was \$0.

Community Reinvestment Fund, Inc. (CRF) Loans

During 2003, the Community Reinvestment Fund, Inc. (CRF), a non-profit community lending institution made a loan of \$1,900,000 to the Agency to satisfy its remaining obligations under the terms of the 2002 Gunderson Grant Agreement for real property acquisition and new car retail sales and service job creation. Monthly payments commenced on this obligation during July 2003, and will continue until June 2013, at which time the remaining principal balance of \$1,224,297 will be due. Interest on unpaid principal accrues at the rate of 5.65% per annum. During fiscal year 2007-2008 the loan was repaid in full. At June 30, 2008, the principal balance outstanding was \$0.

On October 14, 2004, an additional loan of \$965,000 was made to the City. Principal and interest are due monthly commencing on November 1, 2004, and will continue until July 2014 at which time the remaining principal balance of \$637,661 will be due. Interest on unpaid principal accrues at the rate of 5.65% per annum. During the fiscal year 2007-2008 the loan was repaid in full. As of June 30, 2008, the principal balance outstanding was \$0.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

County of Los Angeles Reimbursement Agreement

During 2003-04, the County of Los Angeles implemented the repayment provisions of Agreement 45043 between the County and the Agency – El Monte Center Redevelopment Project. This Agreement related to tax increment adjustments and overpayments between 1988 and 1995 in the amount of \$324,818. However, this indebtedness was to be subordinated to The Haagen Note and any other indebtedness where the proceeds thereof are used and applied solely to discharge the Haagen Note. Since that time, the Haagen Note has been retired through bond issues of the Agency. This obligation to the County, together with accrued interest thereon, shall be paid in full from tax increment revenues by a date no later than July 1, 2027. The terms of this repayment are presently being negotiated between the Agency and the County. At June 30, 2008, the principal balance outstanding, together with accrued interest through that date was \$429,780.

During 2007-08, The County of Los Angeles entered into an agreement with the Agency – Northwest El Monte Project Area. The agreement related to tax increment adjustments and overpayments during 2007-08 to assist in funding the Gibson Park improvements in the amount of \$254,530. The terms of this repayment are presently being negotiated between the Agency and the County. At June 30, 2008, the principal balance outstanding was \$254,530.

Lease Payable

Bus Lease

On December 13, 2004, the City entered into a 4-year equipment lease/purchase agreement with DaimlerChrysler for \$2,468,098 for the purchase of eight transit busses. Principal matures in annual increments ranging from \$98,371 to \$1,000,000 with interest payable annually at 4.24%.

The following is a schedule, by year, of future minimum lease payments:

| | |
|------------------------------------|-------------------------|
| 2008 - 2009 | <u>\$ 102,542</u> |
| Total Payments | 102,542 |
| Less: Amount Representing Interest | <u>(4,170)</u> |
| Outstanding Principal | <u><u>\$ 98,372</u></u> |

Helicopter Lease

On February 6, 2007, the City entered into a 15-year equipment lease/purchase agreement with Government Capital Corporation for \$505,000 for the purchase a helicopter for the Police Department. Principal matures in annual increments ranging from \$22,658 to \$47,139 with interest payable annually at 5.797%.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

The following is a schedule, by year, of future minimum lease payments:

| | |
|------------------------------------|-------------------|
| 2008 - 2009 | \$ 49,871 |
| 2009 - 2010 | 49,872 |
| 2010 - 2011 | 49,871 |
| 2011 - 2012 | 49,872 |
| 2012 - 2017 | 249,359 |
| 2017 - 2022 | <u>249,359</u> |
| | |
| Total Payments | 698,204 |
| Less: Amount Representing Interest | <u>(228,764)</u> |
| | |
| Outstanding Principal | <u>\$ 469,440</u> |

Tax Allocation Bonds Payable

The El Monte Public Financing Authority has issued the following tax allocation bonds, the proceeds of which were loaned to the Redevelopment Agency to finance certain redevelopment activities of the Agency and, in some cases, to refinance prior debt. The bonds are special obligations of the Authority payable from and secured by revenues consisting primarily of amounts payable by the Agency under the loan agreements.

The City has pledged a portion of the future property tax increment revenue, including Low and Moderate Income Housing set-aside, that it receives to repay tax allocation bonds that were issued to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The bonds are payable solely from the property tax increment generated by the Agency. The Agency has committed to appropriate each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$51,225,157 payable through 2038. For the current year, principal and interest paid and total property tax increment revenues were \$1,985,832 and \$5,949,141, respectively.

1998 Tax Allocation Bonds

During 1998-1999, \$9,655,000 of the Downtown El Monte Redevelopment Project Area, the El Monte Center Redevelopment Project Area and the El Monte Center Amendment #1 Redevelopment Project Area Tax Allocation Bonds, Series 1998 were issued. These bonds are dated November 1, 1998, and are secured by a first lien on Tax Increment Revenue of the Project Areas, excluding any portion of the above mentioned revenues which are required to be deposited in the Agency's Low and Moderate Income Housing Fund. Interest on the Certificate is payable semi-annually each June 1 and December 1. Principal payments begin June 1, 1999, and continue on June 1 of each year through June 1, 2028.

During fiscal year 2007-2008 a portion of the 2007 Senior Tax Allocation Revenue Bonds issued for \$26.2 million was used to defease the 1998 Tax Allocation Revenue Bonds. This was removed with the Agency's outstanding long-term debt schedule and disclosed with the Agency's debt defeased bonds.

Note 8: Long-Term Debt (Continued)

1998 Housing Set-Aside Revenue Bonds

During 1998-1999, \$3,810,000 of the Agency's Low and Moderate Income Housing Program, Housing Set-Aside Revenue Bonds, Series 1998 were issued. These bonds are dated November 1, 1998, and are secured by a first lien on Tax Incremental Revenue of the Project Areas. Interest on the Certificate is payable semi-annually each June 1 and December 1. Principal payments begin June 1, 1999, and continue on June 1 of each year through June 1, 2028.

During fiscal year 2007-2008 a portion of the 2007 Senior Tax Allocation Revenue Bonds issued for \$26.2 million was used to defease the 1998 Housing Set-Aside Revenue Bonds. This was removed with the Agency's outstanding long-term debt schedule and disclosed with the Agency's debt defeased bonds.

2005 Subordinate Tax Allocation Bonds

During 2004-2005, \$10,010,000 of the El Monte Public Financing Authority, Subordinate Tax Allocation Revenue Bonds, Series 2005 were issued. These bonds are dated May 4, 2005, and are secured by the Pledged Tax Revenues to be derived from multiple project areas, excluding any portion of the above mentioned revenues which are required to be deposited in the Agency's Low and Moderate Income Housing Fund. Interest on the Bonds is payable semi-annually each June 1 and December 1, commencing December 1, 2005, at rates which range from 3.30% to 5.35%. Principal payments begin June 1, 2007, and continue on June 1 of each year through June 1, 2028. The proceeds from these Bonds were utilized to refund the Subordinate Tax Allocation Notes (Multiple Redevelopment Project Areas), Series 2000A, the Subordinate Tax Allocation Notes Downtown El Monte Redevelopment Project Area), Series 2002A, to pay the cost of issuance and to establish a reserve fund.

During fiscal year 2007-2008 a portion of the 2007 Senior Tax Allocation Revenue Bonds issued for \$26.2 million and the 2007 Subordinate Tax Allocation Revenue Bonds issued for \$3.1 million were used to defease the 2005 Subordinate Tax Allocation Bonds. This was removed with the Agency's outstanding long-term debt schedule and disclosed with the Agency's debt defeased bonds.

Senior Tax Allocation Revenue Bonds, Series 2007

The Bonds are dated July 3, 2007, and were issued to provide funds to the Agency to be applied (i) to refund the \$9,655,000 Tax Allocation Revenue Bonds, Series 1998 (Multiple Redevelopment Project Area Loans), \$3,810,000 Housing Set-Aside Revenue Bonds, Series 1998 (El Monte Community Redevelopment Agency Loan) and a portion of the \$10,010,000 Subordinate Tax Allocation Revenue Bonds, Series 2005 (Multiple Redevelopment Project Area Loans) (collectively, the "Prior Bonds"); (ii) to finance redevelopment activity in the Downtown Project Area and the El Monte Center Project Area, including El Monte Center Amendment No. 1 (collectively, the "Project Areas"), and to fund a reserve fund and costs of issuance of the Bonds. The following schedule illustrates the debt service requirements to maturity for the bonds as of June 30, 2008:

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

| | <u>Principal</u> | <u>Interest</u> |
|-------------|----------------------|----------------------|
| 2008 - 2009 | \$ 600,000 | \$ 1,167,981 |
| 2009 - 2010 | 625,000 | 1,143,981 |
| 2010 - 2011 | 650,000 | 1,118,981 |
| 2011 - 2012 | 670,000 | 1,094,606 |
| 2012 - 2013 | 705,000 | 1,068,644 |
| 2013 - 2018 | 3,965,000 | 4,890,369 |
| 2018 - 2023 | 4,895,000 | 3,951,694 |
| 2023 - 2028 | 6,105,000 | 2,748,188 |
| 2028 - 2033 | 3,990,000 | 1,449,050 |
| 2033 - 2038 | 4,000,000 | 587,338 |
| Totals | <u>\$ 26,205,000</u> | <u>\$ 19,220,832</u> |

Subordinate Tax Allocation Revenue Bonds, Series 2007

The Bonds are dated July 3, 2007, and were issued to provide funds to the Agency to be applied (i) to refund a portion of the Authority's Subordinate Tax Allocation Revenue Bonds, Series 2005 (Multiple Redevelopment Project Area Loans) (the "2005 Bonds"); (ii) to finance redevelopment activity in the Project Areas; and (iii) to fund a reserve account and costs of issuance of the Bonds.

The following schedule illustrates the debt service requirements to maturity for the bonds as of June 30, 2008:

| | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|---------------------|
| 2008 - 2009 | \$ 70,000 | \$ 158,380 |
| 2009 - 2010 | 70,000 | 155,440 |
| 2010 - 2011 | 75,000 | 152,430 |
| 2011 - 2012 | 75,000 | 149,130 |
| 2012 - 2013 | 70,000 | 145,755 |
| 2013 - 2018 | 455,000 | 672,821 |
| 2018 - 2023 | 575,000 | 552,764 |
| 2023 - 2028 | 745,000 | 387,960 |
| 2028 - 2033 | 490,000 | 205,375 |
| 2033 - 2038 | 510,000 | 84,270 |
| Totals | <u>\$ 3,135,000</u> | <u>\$ 2,664,325</u> |

\$30,000,000 Subordinate Tax Allocation Revenue Bonds

The Bonds are dated July 12, 2007, and were issued pursuant to the Subordinate Downtown Loan Agreement dated as of July 1, 2007, by and between the Authority and the Agency (the "Loan Agreement"). The Loan is being made to the Agency to provide funds to the Agency to be applied to enable the Agency: (i) to purchase the Property (as defined in the Indenture), (ii) to purchase two (2) relocation properties (the "Relocation Sites") for the City of El Monte and to construct improvements on the Relocation Sites, (iii) to purchase or acquire real property for parks, (iv) to finance redevelopment activity in the Project Area (as defined in the Indenture) including low and moderate income housing, and (v) to fund a reserve fund and costs of issuance of the Bonds. The Closing Receipt of the bond acknowledged that the City purchased the Bonds pursuant to the Bond Purchase Agreement dated as of July 1, 2007, by and between the City, the Agency and the Authority.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

The Agency in turn received from the City of the quitclaim deeds for the Property evidencing the legal transfer thereof to the Agency. To add clarity to this related party transaction, the internal related party transactions have been eliminated due to null effect on the financial statements and the non-cash transaction. The bonds were issued with the intent to be sold to the outside market at a later date and will be appropriately recorded at that time.

2003 Certificates of Participation

On January 14, 2003, the City of El Monte issued \$7,310,000 Variable Rate Demand Certificates of Participation Series 2003A and \$3,315,000 Taxable Variable Rate Demand Certificates of Participation Series 2003B. Interest on the Series 2003A and 2003B is 2.92% and 4.91%, respectively, and is payable January 1 and July 1 of each year commencing January 1, 2004. The total debt service payment requirements with respect to the above certificates are as follows:

| | Certificates of Participation, Series 2003-A | | Certificates of Participation, Series 2003-B | |
|-------------|---|-------------------|---|-------------------|
| | Principal | Interest | Principal | Interest |
| 2008 - 2009 | \$ 440,000 | \$ 156,950 | \$ 190,000 | \$ 124,714 |
| 2009 - 2010 | 460,000 | 144,102 | 200,000 | 115,386 |
| 2010 - 2011 | 480,000 | 130,670 | 215,000 | 105,564 |
| 2011 - 2012 | 500,000 | 116,654 | 225,000 | 95,008 |
| 2012 - 2013 | 525,000 | 102,054 | 245,000 | 83,962 |
| 2013 - 2018 | 2,970,000 | 267,618 | 1,465,000 | 224,879 |
| Totals | <u>\$ 5,375,000</u> | <u>\$ 918,048</u> | <u>\$ 2,540,000</u> | <u>\$ 749,513</u> |

Claims and Judgments

As of June 30, 2008, the City is party to certain lawsuits. After reviewing these lawsuits with legal counsel, management has estimated the potential claims against the City, not covered by insurance, resulting from such litigation. These claims and judgments are generally liquidated by the Internal Service Fund. At June 30, 2008, total estimated claims payable was \$8,418,985.

The schedules of debt service requirements for the County of Los Angeles Reimbursement Agreements were not included since debt service payments are not on a fixed schedule.

b. Business-Type Activities

| | Balance at July 1, 2007 | Additions | Deletions | Balance at June 30, 2008 | Due within one year |
|--------------------------------|----------------------------|-------------------|-------------------|-----------------------------|------------------------|
| 2006 Refunding Revenue Bond | \$ 18,805,000 | \$ - | \$ 195,000 | \$ 18,610,000 | \$ - |
| Accrued Employee Benefits | 270,357 | 153,026 | 71,307 | 352,076 | 91,607 |
| Total | <u>\$ 19,075,357</u> | <u>\$ 153,026</u> | <u>\$ 266,307</u> | 18,962,076 | <u>\$ 91,607</u> |
| Unamortized Bond Premium | | | | 127,169 | |
| Unamortized Loss on Defeasance | | | | (876,516) | |
| | | | | <u>\$ 18,212,729</u> | |

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

2006 Refunding Revenue Bonds

In June 2006, the El Monte Water Authority issued \$18,805,000 Refunding Revenue Bonds, Series 2006 which are secured by net water revenues of the Authority. Interest on the Bonds is payable semi-annually each March 1 and September 1, commencing March 1, 2007, at rates which range from 3.35% to 5.00%. Principal payments begin September 1, 2007, and continue on September 1 of each year through September 1, 2036, and range from \$195,000 to \$1,130,000. The proceeds from these Bonds were utilized to refund and defease \$12,850,000 in 1999 Revenue Bonds and \$5,380,000 in 2001 Revenue Bond Anticipation Notes and to pay the cost of issuance and to establish a reserve fund.

For the current year, principal and interest paid and net water revenues were \$1,035,906 and \$1,161,358, respectively.

The total debt service payment requirements with respect to the above bonds are as follows:

| | <u>2006 Refunding Revenue Bonds</u> | |
|-------------|-------------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 - 2009 | \$ 385,000 | \$ 831,095 |
| 2009 - 2010 | 390,000 | 817,823 |
| 2010 - 2011 | 405,000 | 804,008 |
| 2011 - 2012 | 420,000 | 789,465 |
| 2012 - 2013 | 440,000 | 774,090 |
| 2013 - 2018 | 2,430,000 | 3,605,594 |
| 2018 - 2023 | 2,965,000 | 3,055,731 |
| 2023 - 2028 | 3,685,000 | 2,320,025 |
| 2028 - 2033 | 4,660,000 | 1,312,500 |
| 2033 - 2038 | 2,830,000 | 205,750 |
| Totals | <u>\$ 18,610,000</u> | <u>\$ 14,516,081</u> |

c. Defeased bonds

In prior years, the Water Authority defeased certain revenue bonds and revenue anticipation notes by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2008, the following bond issues are considered defeased:

| | <u>Original Amount</u> | <u>Outstanding Balance at June 30, 2008</u> |
|--------------------|----------------------------|---|
| 1999 Revenue Bonds | \$ 13,860,000 | \$ 12,450,000 |

The 2007 senior and subordinate Tax Allocation bonds defeased the 2005 Tax Allocation bonds, 1998 Tax Allocation Bonds, and the 1998 Housing Revenue Bonds. The net economic gain due to this refunding is \$3,011,724 and positive cash flow is \$2,640,893. The portion of proceeds of new bonds for the defeased debt is in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

At June 30, 2008, the following bond issues are considered defeased:

| | Original Amount | Outstanding Balance at June 30, 2008 |
|---------------------------------------|--------------------|--|
| 1998 Tax Allocation Revenue Bonds | \$ 8,005,000 | \$ 7,795,000 |
| 1998 Housing Set-Aside Revenue Bonds | 3,195,000 | 3,110,000 |
| 2005 Subordinate Tax Allocation Bonds | 9,740,000 | 9,460,000 |

Note 9: SB 55 Special Assessment

With the uncertainty of meeting future maturing interest and principal requirements on the Agency's Tax Allocation Bond issues as a result of Proposition 13, the Agency established special assessment districts within the two project areas.

These assessment areas are provided for under Chapter 9, Section 33800 of the Health and Safety Code (SB 55). The law provides for the money collected to be used for the payment of indebtedness incurred prior to July 1, 1978. This money, when collected by the City, must be paid to the Agency for the purpose intended (Section 33844 of the Health and Safety Code). These assessments may terminate in the future when tax increment revenues are sufficient to maintain debt service requirements on the bonds.

Note 10: Non-Committal Debt

On January 15, 1999, the City issued Certificates of Participation, Series 1999 (Department of Public Social Services Facility) in the amount of \$39,345,000. Proceeds of the sale of the certificates were used to finance the acquisition of real property and to construct a Department of Public Social Services building to be occupied by the County of Los Angeles. The balance outstanding on these bonds at June 30, 2008, is \$34,175,000.

IV. OTHER INFORMATION

Note 11: Retirement Plan

a. Public Employees Retirement System

Plan Description

The City of El Monte contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The current rate is 16.520% for non-safety (miscellaneous) employees and 32.369% for safety employees, of annual covered payroll.

City of El Monte
Notes to Financial Statements (Continued)

Note 11: Retirement Plan (Continued)

The contribution requirements of plan members and the City are established and may be amended by PERS.

For fiscal year ending June 30, 2008, the City's annual pension cost of \$10,415,814 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), b) projected annual salary increases between 3.25% and 13.15% that vary by age, duration of service, and c) 3% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a 15 year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2006, was 27 years.

Three-Year Trend Information for PERS
(Amounts in Thousands)

| <u>Fiscal Year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/2006 | \$ 5,114 | 100% | \$ - |
| 6/30/2007 | 6,816 | 100% | - |
| 6/30/2008 | 10,416 | 100% | - |

Schedule of Funding Progress for PERS
Most Current Available
(Amounts in Thousands)

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAAL as a % of Covered Payroll</u> |
|---------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| 6/30/04: | | | | | | |
| Miscellaneous | \$ 73,266 | \$ 83,830 | \$ 10,565 | 87.4 % | \$ 12,628 | 83.70 % |
| Safety | 131,802 | 151,607 | 19,805 | 86.9 % | 12,526 | 158.10 % |
| Total | <u>\$ 205,068</u> | <u>\$ 235,437</u> | <u>\$ 30,370</u> | <u>88.20 %</u> | <u>\$ 25,154</u> | <u>101.52 %</u> |
| 6/30/05: | | | | | | |
| Miscellaneous | \$ 77,915 | \$ 89,439 | \$ 11,524 | 87.1 % | \$ 12,662 | 91.00 % |
| Safety | 141,876 | 161,502 | 19,626 | 87.8 % | 13,268 | 147.90 % |
| Total | <u>\$ 219,791</u> | <u>\$ 250,941</u> | <u>\$ 31,150</u> | <u>87.59 %</u> | <u>\$ 25,930</u> | <u>120.13 %</u> |
| 6/30/06: | | | | | | |
| Miscellaneous | \$ 83,772 | \$ 96,008 | \$ 12,235 | 87.3 % | \$ 12,994 | 94.20 % |
| Safety | 152,856 | 171,727 | 18,871 | 89.0 % | 13,516 | 139.60 % |
| Total | <u>\$ 236,628</u> | <u>\$ 267,735</u> | <u>\$ 31,106</u> | <u>88.38 %</u> | <u>\$ 26,510</u> | <u>117.34 %</u> |

**City of El Monte
Notes to Financial Statements (Continued)**

Note 11: Retirement Plan (Continued)

b. Public Agency Retirement System

Plan Description

Effective July 2000, the City of El Monte entered into a multi-employer agreement with a Public Agency Retirement System (PARS) program, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The City participates in CalPERS 2% at 55 retirement plan for miscellaneous employees. PARS provides an offset to CalPERS benefit for a maximum of 3% retirement. Upon retirement at age 55, this plan provides the employees with 1% times their years of service times their highest annual salary. To receive benefits, the miscellaneous employees must be at least 55 years of age, have at least five years full-time employment with the City of El Monte and have terminated his or her employment with the City of El Monte and concurrently retire from PERS. The benefit is equal to a percentage of highest pay multiplied by years of service with the percentage varying by retirement age based on a 3.0% at 55 target offset by CalPERS 2% at 55 formula. Sample rates are as follows:

| <u>Age</u> | <u>Factor</u> | <u>Age</u> | <u>Factor</u> |
|------------|---------------|------------|---------------|
| 55 | 1.000% | 60 | 0.738% |
| 56 | 0.948% | 61 | 0.686% |
| 57 | 0.896% | 62 | 0.634% |
| 58 | 0.844% | 63 | 0.582% |
| 59 | 0.790% | 64+ | 0.582% |

The City has the right to amend, modify or terminate the plan at any time. Separate audited financial statements are not prepared.

Benefits are increased by 2% annual cost of living adjustments after retirement. There are no employee contributions.

Funding Policy

The City's funding policy is to contribute the annual required contribution. The annual required contribution equals the sum of:

- normal cost, and
- amortization of the unfunded actuarial accrued liability.

Annual Pension Cost (APC)

For fiscal year ending June 30, 2008, the City's annual pension cost of \$1,792,978 for PARS was equal to the City's required and actual contributions. The required contribution was based on the July 1, 2006, actuarial valuation using the entry age normal (level percentage of pay) actuarial cost method. The actuarial assumption included:

| | |
|----------------------------|--|
| Valuation Date: | June 30, 2006 |
| Investment Return: | 7.50% |
| Inflation: | 3.75% |
| Salary Increases: | Range from 12.65% to 3.25%, dependent on years of service |
| Cost of Living Adjustment: | 2.00% compounded annually |

**City of El Monte
Notes to Financial Statements (Continued)**

Note 11: Retirement Plan (Continued)

The unfunded actuarial accrued liability is being amortized as a level percent of pay over a closed period based on a 20-year amortization. Amortization payments increase by 3.75% annually.

The following table provides 3 years of historical information of the annual pension cost:

| Three Year Trend Information for PARS | | | |
|---------------------------------------|---------------------------|-------------------------------|------------------------|
| Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/2006 | \$ 1,873,242 | 100% | \$ - |
| 6/30/2007 | 1,607,313 | 100% | - |
| 6/30/2008 | 1,792,978 | 100% | - |

SCHEDULE OF FUNDING PROGRESS
(Most recent information available)

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (B) | Unfunded | | Valuation Payroll (C) | UAAL as a % of Valuation Payroll ((B-A)/C) |
|--------------------------|-------------------------------|---------------------------------|-----------------------------------|--------------------|-----------------------|--|
| | | | Actuarial Accrued Liability (B-A) | Funded Ratio (A/B) | | |
| 7/1/2002 | \$ 3,489,015 | \$ 15,376,726 | \$ 11,887,711 | 22.69% | \$ 11,618,686 | 102.32% |
| 7/1/2004 | 6,498,978 | 18,429,654 | 11,930,676 | 35.26% | 12,789,465 | 93.29% |
| 7/1/2006 | 9,289,313 | 21,619,147 | 12,329,834 | 42.97% | 13,044,550 | 94.52% |

Note 12: Insurance

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 is self-insured for the first \$250,000 on each general liability claim and the first \$500,000 of each workers compensation claim against the City. The insurance coverage in excess of the self-insured amount is provided by The Independent Cities Risk Management Authority (ICRMA) up to a limit of \$20,000,000 for general liability. For workers compensation, the City is self-insured for the first \$400,000 on each workers compensation claim through the California State Association of Counties Excess Insurance Authority (CSAC-EIA).

Effective, July 1, 2006, the City became a member of CSAC-EIA, a public entity risk pool currently operating as a common risk management and insurance program for 145 California cities, counties, school districts, municipal services organizations, and joint power authorities. The District pays an annual premium to the pool for its excess workers compensation insurance coverage. The agreement for information of the CSAC-EIA provides that the pool will be self-sustaining through member premiums.

CSAC-EIA publishes its own financial report for the year ended June 30, 2008, which can be obtained from the California State Association of Counties Excess Insurance Authority, Moraga, California.

Workers compensation claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

City of El Monte
Notes to Financial Statements (Continued)

Note 12: Insurance (Continued)

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that has been incurred, but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$6,824,704 and \$1,594,281 for the workers' compensation claims and general liability claims, respectively, for a total of \$8,418,985.

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

| <u>Year</u> | <u>Liability at Beginning</u> | <u>Claims Incurred (Including IBNRs)</u> | <u>Claim Payments</u> | <u>Liability at End</u> |
|-------------|-------------------------------|--|-----------------------|-------------------------|
| 2006-2007 | \$ 11,395,616 | \$ 2,303,426 | \$ (5,348,409) | \$ 8,350,633 |
| 2007-2008 | 8,350,633 | 367,685 | (299,333) | 8,418,985 |

Effective July 17, 1986, the City became a member of the ICRMA, a public entity risk pool currently operating as a common risk management and insurance program for 28 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the ICRMA provides that the pool will be self-sustaining through member premiums. The City continues to carry commercial companies for all other risks of loss, including property insurance, auto physical damage insurance and special events insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The ICRMA has published its own financial report for the year ended June 30, 2008, which can be obtained from Independent Cities Risk Management Authority, Sherman Oaks, California.

Note 13: Post-Employment Health Benefits

The City provides health care benefits to retired public safety and management employees in accordance with City MOU's. To be eligible, the employees must be at least 50 years of age and have five years of service. The amount provided by the City includes contributions ranging from \$96 to \$1,396 toward the group benefit plan for the employee and is financed on a pay-as-you-go basis. As of June 30, 2008, there were 95 retired employees receiving benefits. The total cost of post-employment health benefits was \$627,512.

City of El Monte
Notes to Financial Statements (Continued)

Note 14: Fund Equity, Net Assets and Restatements

Beginning fund equity has been restated as follows:

| | |
|---|-----------------------|
| Major governmental funds: | |
| Redevelopment Agency Capital Projects Fund | |
| To record revenues received in prior years | \$ 351,137 |
| To adjust advances to other funds as of July 1, 2007 | 1,700,454 |
| Nonmajor Governmental Funds: | |
| Quimby | |
| To record prior year expenditures in the proper fund | (208,833) |
| Park Bond Act | |
| To record prior year expenditures in the proper fund | (99,962) |
| Cable Television Corporation | |
| To record all prior years transactions as this fund was not previously presented in the City's financial statements | 151,941 |
| Park Facility Impact Fee | |
| To record prior year expenditures in the proper fund | 308,795 |
| Redevelopment Agency Debt Service Fund | |
| To adjust advances to other funds as of July 1, 2007 | <u>(1,679,350)</u> |
| Total Governmental Funds | <u>\$ 524,182</u> |
| Internal Service Fund: | |
| Self Insurance | |
| To record claims and judgments payable in the internal service fund | <u>\$ (8,350,633)</u> |

Beginning net assets has been restated as follows:

| | |
|---|-------------------|
| <u>Government-Wide Statements:</u> | |
| Governmental activities: | |
| To adjust capital assets and the related accumulated depreciation at July 1, 2007 | \$ (372,176) |
| To correct advances to other funds at July 1, 2007 | 21,104 |
| To record revenues and expenditures in the proper period | 503,078 |
| To adjust long-term liabilities at July 1, 2007 | <u>31,255</u> |
| Total Governmental Activities | <u>\$ 183,261</u> |

Note 15: Commitments and Contingencies

The City of El Monte has been named as defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City, such loss has been accrued in the accompanying combined financial statements.

City of El Monte
Notes to Financial Statements (Continued)

Note 16: Redevelopment Participation Fee Covenant and Agency Participation Fee

On November 26, 1991, the Agency executed a Disposition and Development Agreement (D.D.A.) with KCL Titan Group, Inc. and KCL Plaza Partnership (the Developer), relating to the Edwards Theater Project within the Downtown El Monte Project Area. Pursuant to the terms of the D.D.A., the Developer agreed to the Agency an annual redevelopment participation fee, commencing on March 4, 2004 to March 4, 2013, in amounts ranging from \$22,400 to \$302,400.

During a term of 20 years, commencing March 4, 1992, the Developer shall not sell, convey or transfer its interest in the project to an unrelated third-party without first paying the Agency a one-time fee in an amount ranging from \$350,000 to \$425,350, to be determined based on the year in which the sale occurs.

Note 17: Subsequent Events

ERAF Tax Increment Revenue Shift

On September 30, 2008, the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the state Educational Revenue Augmentation Fund (ERAF). It is estimated that the Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately \$423,632.

Financial Concerns Relating to the California Economy

As indicated in the State of California's 2008-2009 Proposed Budget Summary – Economic Outlook:

“The California and national economies faced considerable headwinds - a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to record levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally.”

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City and its component units operate. Therefore, the projection of the financial data for the City and its component units into future periods must recognize these factors and consider the effect of these on its operations and costs.

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CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

| | Special Revenue Funds | | | |
|--|----------------------------|-------------------------------------|---------------------|-----------------|
| | Emergency Shelter Grant | Afordable Housing Development | Proposition A | Adult Sports |
| Assets: | | | | |
| Cash and investments | \$ - | \$ - | \$ 2,240,958 | \$ - |
| Receivables: | | | | |
| Accounts | - | - | 6,259 | - |
| Taxes | - | - | - | - |
| Notes and loans | - | 709,846 | - | - |
| Prepaid costs | - | - | - | - |
| Deposits | - | 755 | - | - |
| Due from other governments | 174,117 | - | - | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 174,117 | \$ 710,601 | \$ 2,247,217 | \$ - |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 15,431 | \$ - | \$ 87,289 | \$ 7,626 |
| Accrued liabilities | - | - | 19,605 | 4,236 |
| Deferred revenues | - | 709,846 | - | - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | 1,927 | - | 23,341 |
| Due to other governments | - | - | - | - |
| Due to other funds | 158,686 | 794,176 | - | 44,894 |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 174,117 | 1,505,949 | 106,894 | 80,097 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | - | 482,489 | - |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for deposits | - | 755 | - | - |
| Unreserved: | | | | |
| Designated for debt service | - | - | - | - |
| Undesignated | - | (796,103) | 1,657,834 | (80,097) |
| Total Fund Balances | - | (795,348) | 2,140,323 | (80,097) |
| Total Liabilities and Fund Balances | \$ 174,117 | \$ 710,601 | \$ 2,247,217 | \$ - |

CITY OF EL MONTE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

(Continued)

| | Special Revenue Funds | | | |
|--|------------------------------|--------------------|---|----------------------|
| | UDAG | Air Quality | Police/ Narcotics Forfeiture | Proposition C |
| Assets: | | | | |
| Cash and investments | \$ 62,328 | \$ 237,553 | \$ 964,932 | \$ 3,516,951 |
| Receivables: | | | | |
| Accounts | - | 4,437 | - | 363 |
| Taxes | - | - | - | - |
| Notes and loans | 110,953 | - | - | - |
| Prepaid costs | - | - | 5,560 | - |
| Deposits | - | - | - | - |
| Due from other governments | - | 39,413 | 34,389 | 261,250 |
| Due from other funds | - | - | - | - |
| Advances to other funds | 1,765,356 | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 1,938,637 | \$ 281,403 | \$ 1,004,881 | \$ 3,778,564 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 178 | \$ 12,791 | \$ 33,848 | \$ 354,618 |
| Accrued liabilities | - | - | 27,932 | 20,379 |
| Deferred revenues | 1,876,309 | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | 2,375 | - |
| Due to other governments | 62,150 | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 1,938,637 | 12,791 | 64,155 | 374,997 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | - | 9,400 | 786,230 |
| Reserved for prepaid costs | - | - | 5,560 | - |
| Reserved for deposits | - | - | - | - |
| Unreserved: | | | | |
| Designated for debt service | - | - | - | - |
| Undesignated | - | 268,612 | 925,766 | 2,617,337 |
| Total Fund Balances | - | 268,612 | 940,726 | 3,403,567 |
| Total Liabilities and Fund Balances | \$ 1,938,637 | \$ 281,403 | \$ 1,004,881 | \$ 3,778,564 |

CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------|-------------------|---------------------------|
| | Special Gas Tax | AB 939 | SLES | Police Traffic Program |
| Assets: | | | | |
| Cash and investments | \$ 1,746,867 | \$ 867,143 | \$ 471,774 | \$ 476,041 |
| Receivables: | | | | |
| Accounts | - | 53,868 | - | 54,500 |
| Taxes | 724,152 | - | - | - |
| Notes and loans | - | - | - | - |
| Prepaid costs | - | - | - | - |
| Deposits | - | - | - | - |
| Due from other governments | - | - | - | 223,083 |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 2,471,019 | \$ 921,011 | \$ 471,774 | \$ 753,624 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 24,996 | \$ 102,017 | \$ - | \$ 2,142 |
| Accrued liabilities | - | 10,644 | 9,816 | 34,313 |
| Deferred revenues | - | - | - | 52,289 |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | 300 | - | - |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 24,996 | 112,961 | 9,816 | 88,744 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | 613,570 | 29,882 | - | - |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for deposits | - | - | - | - |
| Unreserved: | | | | |
| Designated for debt service | - | - | - | - |
| Undesignated | 1,832,453 | 778,168 | 461,958 | 664,880 |
| Total Fund Balances | 2,446,023 | 808,050 | 461,958 | 664,880 |
| Total Liabilities and Fund Balances | \$ 2,471,019 | \$ 921,011 | \$ 471,774 | \$ 753,624 |

CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

(Continued)

| | Special Revenue Funds | | | |
|--|---|-------------------------|-------------------------|----------------------|
| | Local Law Enforcement Block Grant | County Aid to Cities | Miscellaneous Grants | Public Facilities |
| Assets: | | | | |
| Cash and investments | \$ 61,345 | \$ 3,568 | \$ - | \$ 1,442,104 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Taxes | - | - | - | - |
| Notes and loans | - | - | - | - |
| Prepaid costs | - | - | - | - |
| Deposits | - | - | - | - |
| Due from other governments | - | - | 377,032 | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 61,345 | \$ 3,568 | \$ 377,032 | \$ 1,442,104 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 77,804 | \$ 92,972 |
| Accrued liabilities | - | - | 571 | - |
| Deferred revenues | - | 3,568 | 360,007 | - |
| Unearned revenues | - | - | 28,468 | - |
| Deposits payable | - | - | - | 1,281,167 |
| Due to other governments | - | - | 3,889 | - |
| Due to other funds | - | - | 279,140 | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | - | 3,568 | 749,879 | 1,374,139 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | - | 295,797 | - |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for deposits | - | - | - | - |
| Unreserved: | | | | |
| Designated for debt service | - | - | - | - |
| Undesignated | 61,345 | - | (668,644) | 67,965 |
| Total Fund Balances | 61,345 | - | (372,847) | 67,965 |
| Total Liabilities and Fund Balances | \$ 61,345 | \$ 3,568 | \$ 377,032 | \$ 1,442,104 |

CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

| | Special Revenue Funds | | | |
|--|-----------------------|-----------------------|-------------------|---------------------------|
| | Quimby | Older American Act | Park Bond Act | Senior Citizen Program |
| Assets: | | | | |
| Cash and investments | \$ 966,600 | \$ - | \$ - | \$ 10,000 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Taxes | - | - | - | - |
| Notes and loans | - | - | - | - |
| Prepaid costs | - | - | - | - |
| Deposits | - | - | - | - |
| Due from other governments | - | 15,978 | 871,762 | 6,952 |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 966,600 | \$ 15,978 | \$ 871,762 | \$ 16,952 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 485 | \$ 253 | \$ 169,952 | \$ 14,430 |
| Accrued liabilities | - | 5,435 | - | 2,399 |
| Deferred revenues | - | - | 836,139 | - |
| Unearned revenues | - | 278 | - | 123 |
| Deposits payable | - | - | 3,500 | - |
| Due to other governments | - | - | - | - |
| Due to other funds | - | 10,033 | 849,810 | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 485 | 15,999 | 1,859,401 | 16,952 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | 83,906 | - | 180,469 | 19,606 |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for deposits | - | - | - | - |
| Unreserved: | | | | |
| Designated for debt service | - | - | - | - |
| Undesignated | 882,209 | (21) | (1,168,108) | (19,606) |
| Total Fund Balances | 966,115 | (21) | (987,639) | - |
| Total Liabilities and Fund Balances | \$ 966,600 | \$ 15,978 | \$ 871,762 | \$ 16,952 |

CITY OF EL MONTE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

(Continued)

| | Special Revenue Funds | | | |
|--|---|---|---|-------------------------------------|
| | Children's Lunch Program | Parking and Business Improvement | Cable Television Corporation | Park Facility Impact Fee |
| Assets: | | | | |
| Cash and investments | \$ 15,303 | \$ 153,514 | \$ 52,105 | \$ 298,342 |
| Receivables: | | | | |
| Accounts | - | - | 21,782 | - |
| Taxes | - | - | - | - |
| Notes and loans | - | - | - | - |
| Prepaid costs | - | - | - | - |
| Deposits | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Advances to other funds | - | - | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | - | - | - | - |
| Total Assets | \$ 15,303 | \$ 153,514 | \$ 73,887 | \$ 298,342 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 16,254 | \$ - | \$ 88 | \$ 28,159 |
| Accrued liabilities | 4,991 | - | 3,643 | - |
| Deferred revenues | - | - | - | - |
| Unearned revenues | 88,973 | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other governments | - | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Total Liabilities | 110,218 | - | 3,731 | 28,159 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for encumbrances | - | - | - | - |
| Reserved for prepaid costs | - | - | - | - |
| Reserved for deposits | - | - | - | - |
| Unreserved: | | | | |
| Designated for debt service | - | - | - | - |
| Undesignated | (94,915) | 153,514 | 70,156 | 270,183 |
| Total Fund Balances | (94,915) | 153,514 | 70,156 | 270,183 |
| Total Liabilities and Fund Balances | \$ 15,303 | \$ 153,514 | \$ 73,887 | \$ 298,342 |

CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

| | <u>Capital Projects Funds</u> | <u>Debt Service Funds</u> | |
|--|-----------------------------------|-------------------------------|---|
| | <u>Capital Projects Fund</u> | <u>Debt Service RDA</u> | <u>Total Governmental Funds</u> |
| Assets: | | | |
| Cash and investments | \$ 444,114 | \$ 2,978,137 | \$ 17,009,679 |
| Receivables: | | | |
| Accounts | - | - | 141,209 |
| Taxes | - | 250,308 | 974,460 |
| Notes and loans | - | - | 820,799 |
| Prepaid costs | - | - | 5,560 |
| Deposits | - | - | 755 |
| Due from other governments | - | 3,266 | 2,007,242 |
| Due from other funds | - | 852,319 | 852,319 |
| Advances to other funds | - | - | 1,765,356 |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | 2,167,986 | 1,444,732 | 3,612,718 |
| Total Assets | <u>\$ 2,612,100</u> | <u>\$ 5,528,762</u> | <u>\$ 27,190,097</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 297,410 | \$ 1,338,743 |
| Accrued liabilities | - | - | 143,964 |
| Deferred revenues | - | - | 3,838,158 |
| Unearned revenues | - | - | 117,842 |
| Deposits payable | - | - | 1,312,610 |
| Due to other governments | - | 113,767 | 179,806 |
| Due to other funds | - | 189 | 2,136,928 |
| Advances from other funds | - | 2,177,407 | 2,177,407 |
| Total Liabilities | <u>-</u> | <u>2,588,773</u> | <u>11,245,458</u> |
| Fund Balances: | | | |
| Reserved: | | | |
| Reserved for encumbrances | - | - | 2,501,349 |
| Reserved for prepaid costs | - | - | 5,560 |
| Reserved for deposits | - | - | 755 |
| Unreserved: | | | |
| Designated for debt service | - | 2,939,989 | 2,939,989 |
| Undesignated | 2,612,100 | - | 10,496,986 |
| Total Fund Balances | <u>2,612,100</u> | <u>2,939,989</u> | <u>15,944,639</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,612,100</u> | <u>\$ 5,528,762</u> | <u>\$ 27,190,097</u> |

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CITY OF EL MONTE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

| | Special Revenue Funds | | | |
|--|------------------------------------|--|----------------------|---------------------|
| | Emergency Shelter Grant | Afordable Housing Development | Proposition A | Adult Sports |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ 2,002,256 | \$ - |
| Intergovernmental | 201,391 | - | 226,701 | - |
| Charges for services | - | 68,841 | 22,302 | 113,950 |
| Use of money and property | - | 1,548 | 87,956 | - |
| Miscellaneous | - | - | 8,741 | - |
| Total Revenues | 201,391 | 70,389 | 2,347,956 | 113,950 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 174,117 | - | 1,986,501 | - |
| Public safety | - | - | - | - |
| Parks, recreation and cultural | - | - | - | 120,346 |
| Public works | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | 879,085 | - | - |
| Interest and fiscal charges | - | 7,028 | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Expenditures | 174,117 | 886,113 | 1,986,501 | 120,346 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 27,274 | (815,724) | 361,455 | (6,396) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Refunding bonds issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | 27,274 | (815,724) | 361,455 | (6,396) |
| Fund Balances, Beginning of Year | (27,274) | 20,376 | 1,778,868 | (73,701) |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | (27,274) | 20,376 | 1,778,868 | (73,701) |
| Fund Balances, End of Year | \$ - | \$ (795,348) | \$ 2,140,323 | \$ (80,097) |

CITY OF EL MONTE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

(Continued)

| | Special Revenue Funds | | | |
|--|------------------------------|--------------------|---|----------------------|
| | UDAG | Air Quality | Police/ Narcotics Forfeiture | Proposition C |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 65,671 | 160,906 | 734,966 | 2,690,748 |
| Charges for services | - | - | - | - |
| Use of money and property | 24,516 | 12,299 | 49,112 | 169,208 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 90,187 | 173,205 | 784,078 | 2,859,956 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 104,354 | - | - |
| Public safety | - | - | 614,575 | - |
| Parks, recreation and cultural | 86,728 | - | - | - |
| Public works | - | - | - | 1,959,675 |
| Capital outlay | 3,459 | 247,383 | 251,591 | 1,256,987 |
| Debt service: | | | | |
| Principal retirement | - | - | - | 475,661 |
| Interest and fiscal charges | - | - | - | 24,339 |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Expenditures | 90,187 | 351,737 | 866,166 | 3,716,662 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | (178,532) | (82,088) | (856,706) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Refunding bonds issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | - | (178,532) | (82,088) | (856,706) |
| Fund Balances, Beginning of Year | - | 447,144 | 1,022,814 | 4,260,273 |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | - | 447,144 | 1,022,814 | 4,260,273 |
| Fund Balances, End of Year | \$ - | \$ 268,612 | \$ 940,726 | \$ 3,403,567 |

CITY OF EL MONTE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

| | Special Revenue Funds | | | |
|--|------------------------------|-------------------|-------------------|-----------------------------------|
| | Special Gas Tax | AB 939 | SLES | Police Traffic Program |
| Revenues: | | | | |
| Taxes | \$ 2,189,844 | \$ 473,767 | \$ - | \$ 180,500 |
| Intergovernmental | 2,031,160 | 9,643 | 242,829 | 878,827 |
| Charges for services | - | - | - | - |
| Use of money and property | 49,976 | 39,683 | 18,895 | 36,622 |
| Miscellaneous | - | 159,125 | - | - |
| Total Revenues | 4,270,980 | 682,218 | 261,724 | 1,095,949 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 864,753 | - | - |
| Public safety | - | - | 242,425 | 850,745 |
| Parks, recreation and cultural | - | - | - | - |
| Public works | 755,331 | - | - | - |
| Capital outlay | 245,528 | 434 | - | 42,262 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Expenditures | 1,000,859 | 865,187 | 242,425 | 893,007 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,270,121 | (182,969) | 19,299 | 202,942 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (2,000,000) | - | - | (500,000) |
| Refunding bonds issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Other Financing Sources (Uses) | (2,000,000) | - | - | (500,000) |
| Net Change in Fund Balances | 1,270,121 | (182,969) | 19,299 | (297,058) |
| Fund Balances, Beginning of Year | 1,175,902 | 991,019 | 442,659 | 961,938 |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | 1,175,902 | 991,019 | 442,659 | 961,938 |
| Fund Balances, End of Year | \$ 2,446,023 | \$ 808,050 | \$ 461,958 | \$ 664,880 |

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

(Continued)

| | Special Revenue Funds | | | |
|--|---|-------------------------|-------------------------|----------------------|
| | Local Law Enforcement Block Grant | County Aid to Cities | Miscellaneous Grants | Public Facilities |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 305,946 | - |
| Charges for services | - | - | - | 370,445 |
| Use of money and property | 2,124 | - | - | 31,301 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 2,124 | - | 305,946 | 401,746 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | 16,108 | - |
| Public safety | - | - | 213,546 | - |
| Parks, recreation and cultural | - | - | - | - |
| Public works | - | - | - | 401,744 |
| Capital outlay | - | - | 97,235 | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Expenditures | - | - | 326,889 | 401,744 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,124 | - | (20,943) | 2 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Refunding bonds issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | 2,124 | - | (20,943) | 2 |
| Fund Balances, Beginning of Year | 59,221 | - | (351,904) | 67,963 |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | 59,221 | - | (351,904) | 67,963 |
| Fund Balances, End of Year | \$ 61,345 | \$ - | \$ (372,847) | \$ 67,965 |

CITY OF EL MONTE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

| | Special Revenue Funds | | | |
|--|------------------------------|-------------------------------|----------------------|-----------------------------------|
| | Quimby | Older American Act | Park Bond Act | Senior Citizen Program |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 185,369 | 87,064 | 872,684 | 123,827 |
| Charges for services | - | - | - | - |
| Use of money and property | 44,987 | - | - | - |
| Miscellaneous | - | 169,889 | - | 233,956 |
| Total Revenues | 230,356 | 256,953 | 872,684 | 357,783 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Parks, recreation and cultural | 68,089 | 256,954 | - | 357,783 |
| Public works | - | - | - | - |
| Capital outlay | 181,345 | - | 725,383 | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Expenditures | 249,434 | 256,954 | 725,383 | 357,783 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (19,078) | (1) | 147,301 | - |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Refunding bonds issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balances | (19,078) | (1) | 147,301 | - |
| Fund Balances, Beginning of Year | 1,194,026 | (20) | (1,034,978) | - |
| Restatements | (208,833) | - | (99,962) | - |
| Fund Balances, Beginning of Year, as Restated | 985,193 | (20) | (1,134,940) | - |
| Fund Balances, End of Year | \$ 966,115 | \$ (21) | \$ (987,639) | \$ - |

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

(Continued)

| | Special Revenue Funds | | | |
|--|--------------------------------|--|------------------------------------|-----------------------------|
| | Children's Lunch Program | Parking and Business Improvement | Cable Television Corporation | Park Facility Impact Fee |
| Revenues: | | | | |
| Taxes | \$ - | \$ 107,483 | \$ - | \$ - |
| Intergovernmental | 182,281 | - | - | 24,128 |
| Charges for services | - | - | 88,255 | - |
| Use of money and property | - | - | 3,229 | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 182,281 | 107,483 | 91,484 | 24,128 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 95,200 | 166,408 | - |
| Public safety | - | - | - | - |
| Parks, recreation and cultural | 182,281 | - | - | 28,159 |
| Public works | - | - | - | - |
| Capital outlay | - | - | 6,861 | 34,581 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Expenditures | 182,281 | 95,200 | 173,269 | 62,740 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 12,283 | (81,785) | (38,612) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (15,000) | - | - |
| Refunding bonds issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Total Other Financing Sources (Uses) | - | (15,000) | - | - |
| Net Change in Fund Balances | - | (2,717) | (81,785) | (38,612) |
| Fund Balances, Beginning of Year | (94,915) | 156,231 | - | - |
| Restatements | - | - | 151,941 | 308,795 |
| Fund Balances, Beginning of Year, as Restated | (94,915) | 156,231 | 151,941 | 308,795 |
| Fund Balances, End of Year | \$ (94,915) | \$ 153,514 | \$ 70,156 | \$ 270,183 |

CITY OF EL MONTE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

| | <u>Capital Projects Funds</u> | <u>Debt Service Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------------|-------------------------------|---|
| | <u>Capital Projects Fund</u> | <u>Debt Service RDA</u> | |
| Revenues: | | | |
| Taxes | \$ - | \$ 3,349,188 | \$ 8,303,038 |
| Intergovernmental | - | - | 9,024,141 |
| Charges for services | - | - | 663,793 |
| Use of money and property | - | 193,806 | 765,262 |
| Miscellaneous | - | - | 571,711 |
| Total Revenues | - | 3,542,994 | 19,327,945 |
| Expenditures: | | | |
| Current: | | | |
| General government | - | 152,503 | 3,559,944 |
| Public safety | - | - | 1,921,291 |
| Parks, recreation and cultural | - | - | 1,100,340 |
| Public works | - | - | 3,116,750 |
| Capital outlay | - | - | 3,093,049 |
| Debt service: | | | |
| Principal retirement | - | 597,000 | 1,951,746 |
| Interest and fiscal charges | - | 993,413 | 1,024,780 |
| Payment to refunded bond escrow agent | - | 158,186 | 158,186 |
| Total Expenditures | - | 1,901,102 | 15,926,086 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 1,641,892 | 3,401,859 |
| Other Financing Sources (Uses): | | | |
| Transfers in | 2,612,100 | 19,893 | 2,631,993 |
| Transfers out | - | (1,309,300) | (3,824,300) |
| Refunding bonds issued | - | 1,439,445 | 1,439,445 |
| Payment to refunded bond escrow agent | - | (1,423,670) | (1,423,670) |
| Total Other Financing Sources (Uses) | 2,612,100 | (1,070,008) | (972,908) |
| Net Change in Fund Balances | 2,612,100 | 571,884 | 2,428,951 |
| Fund Balances, Beginning of Year | - | 4,047,455 | 15,043,097 |
| Restatements | - | (1,679,350) | (1,527,409) |
| Fund Balances, Beginning of Year, as Restated | - | 2,368,105 | 13,515,688 |
| Fund Balances, End of Year | \$ 2,612,100 | \$ 2,939,989 | \$ 15,944,639 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
EMERGENCY SHELTER GRANT
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|--------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (27,274) | \$ (27,274) | \$ (27,274) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 120,000 | 120,000 | 201,391 | 81,391 |
| Amounts Available for Appropriation | 92,726 | 92,726 | 174,117 | 81,391 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 120,000 | 120,000 | 174,117 | (54,117) |
| Total Charges to Appropriations | 120,000 | 120,000 | 174,117 | (54,117) |
| Budgetary Fund Balance, June 30 | \$ (27,274) | \$ (27,274) | \$ - | \$ 27,274 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,778,868 | \$ 1,778,868 | \$ 1,778,868 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 2,017,200 | 2,017,200 | 2,002,256 | (14,944) |
| Intergovernmental | 150,000 | 150,000 | 226,701 | 76,701 |
| Charges for services | 26,400 | 26,400 | 22,302 | (4,098) |
| Use of money and property | 30,000 | 30,000 | 87,956 | 57,956 |
| Miscellaneous | 4,200 | 4,200 | 8,741 | 4,541 |
| Amounts Available for Appropriation | 4,006,668 | 4,006,668 | 4,126,824 | 120,156 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 2,082,580 | 2,082,580 | 1,986,501 | 96,079 |
| Capital outlay | 438,400 | 438,400 | - | 438,400 |
| Total Charges to Appropriations | 2,520,980 | 2,520,980 | 1,986,501 | 534,479 |
| Budgetary Fund Balance, June 30 | \$ 1,485,688 | \$ 1,485,688 | \$ 2,140,323 | \$ 654,635 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
ADULT SPORTS
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|--------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (73,701) | \$ (73,701) | \$ (73,701) | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | 135,000 | 135,000 | 113,950 | (21,050) |
| Amounts Available for Appropriation | 61,299 | 61,299 | 40,249 | (21,050) |
| Charges to Appropriation (Outflow): | | | | |
| Parks, recreation and cultural | 131,100 | 131,100 | 120,346 | 10,754 |
| Total Charges to Appropriations | 131,100 | 131,100 | 120,346 | 10,754 |
| Budgetary Fund Balance, June 30 | \$ (69,801) | \$ (69,801) | \$ (80,097) | \$ (10,296) |

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 UDAG
 YEAR ENDED JUNE 30, 2008

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 43,000 | 43,000 | 65,671 | 22,671 |
| Use of money and property | 4,000 | 4,000 | 24,516 | 20,516 |
| Amounts Available for Appropriation | 47,000 | 47,000 | 90,187 | 43,187 |
| Charges to Appropriation (Outflow): | | | | |
| Parks, recreation and cultural | - | - | 86,728 | (86,728) |
| Capital outlay | - | - | 3,459 | (3,459) |
| Total Charges to Appropriations | - | - | 90,187 | (90,187) |
| Budgetary Fund Balance, June 30 | \$ 47,000 | \$ 47,000 | \$ - | \$ (47,000) |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 447,144 | \$ 447,144 | \$ 447,144 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 161,400 | 161,400 | 160,906 | (494) |
| Use of money and property | 11,700 | 11,700 | 12,299 | 599 |
| Amounts Available for Appropriation | 620,244 | 620,244 | 620,349 | 105 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 133,700 | 133,700 | 104,354 | 29,346 |
| Capital outlay | - | 250,000 | 247,383 | 2,617 |
| Total Charges to Appropriations | 133,700 | 383,700 | 351,737 | 31,963 |
| Budgetary Fund Balance, June 30 | \$ 486,544 | \$ 236,544 | \$ 268,612 | \$ 32,068 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
POLICE/NARCOTICS FORFEITURE
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,022,814 | \$ 1,022,814 | \$ 1,022,814 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 302,500 | 302,500 | 734,966 | 432,466 |
| Use of money and property | 47,900 | 47,900 | 49,112 | 1,212 |
| Amounts Available for Appropriation | 1,373,214 | 1,373,214 | 1,806,892 | 433,678 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 776,454 | 869,600 | 614,575 | 255,025 |
| Capital outlay | - | 67,000 | 251,591 | (184,591) |
| Total Charges to Appropriations | 776,454 | 936,600 | 866,166 | 70,434 |
| Budgetary Fund Balance, June 30 | \$ 596,760 | \$ 436,614 | \$ 940,726 | \$ 504,112 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 4,260,273 | \$ 4,260,273 | \$ 4,260,273 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 1,673,400 | 1,673,400 | 2,690,748 | 1,017,348 |
| Use of money and property | 177,200 | 177,200 | 169,208 | (7,992) |
| Amounts Available for Appropriation | 6,110,873 | 6,110,873 | 7,120,229 | 1,009,356 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 1,543,600 | 1,606,350 | 1,959,675 | (353,325) |
| Capital outlay | 1,749,900 | 1,969,900 | 1,256,987 | 712,913 |
| Debt service: | | | | |
| Principal retirement | 500,000 | 500,000 | 475,661 | 24,339 |
| Interest and fiscal charges | - | - | 24,339 | (24,339) |
| Total Charges to Appropriations | 3,793,500 | 4,076,250 | 3,716,662 | 359,588 |
| Budgetary Fund Balance, June 30 | \$ 2,317,373 | \$ 2,034,623 | \$ 3,403,567 | \$ 1,368,944 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,175,902 | \$ 1,175,902 | \$ 1,175,902 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 2,257,000 | 2,257,000 | 2,189,844 | (67,156) |
| Intergovernmental | - | - | 2,031,160 | 2,031,160 |
| Use of money and property | 15,000 | 15,000 | 49,976 | 34,976 |
| Amounts Available for Appropriation | 3,447,902 | 3,447,902 | 5,446,882 | 1,998,980 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | - | 864,500 | 755,331 | 109,169 |
| Capital outlay | 282,000 | 453,000 | 245,528 | 207,472 |
| Transfers out | 2,000,000 | 2,000,000 | 2,000,000 | - |
| Total Charges to Appropriations | 2,282,000 | 3,317,500 | 3,000,859 | 316,641 |
| Budgetary Fund Balance, June 30 | \$ 1,165,902 | \$ 130,402 | \$ 2,446,023 | \$ 2,315,621 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
AB 939
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 991,019 | \$ 991,019 | \$ 991,019 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 698,000 | 698,000 | 473,767 | (224,233) |
| Intergovernmental | 35,300 | 35,300 | 9,643 | (25,657) |
| Use of money and property | 139,700 | 139,700 | 39,683 | (100,017) |
| Miscellaneous | 179,500 | 179,500 | 159,125 | (20,375) |
| Amounts Available for Appropriation | 2,043,519 | 2,043,519 | 1,673,237 | (370,282) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 1,163,900 | 1,163,900 | 864,753 | 299,147 |
| Capital outlay | 900 | 900 | 434 | 466 |
| Total Charges to Appropriations | 1,164,800 | 1,164,800 | 865,187 | 299,613 |
| Budgetary Fund Balance, June 30 | \$ 878,719 | \$ 878,719 | \$ 808,050 | \$ (70,669) |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
SLES
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 442,659 | \$ 442,659 | \$ 442,659 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 244,000 | 244,000 | 242,829 | (1,171) |
| Use of money and property | 15,700 | 15,700 | 18,895 | 3,195 |
| Amounts Available for Appropriation | 702,359 | 702,359 | 704,383 | 2,024 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 113,580 | 188,580 | 242,425 | (53,845) |
| Total Charges to Appropriations | 113,580 | 188,580 | 242,425 | (53,845) |
| Budgetary Fund Balance, June 30 | \$ 588,779 | \$ 513,779 | \$ 461,958 | \$ (51,821) |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
POLICE TRAFFIC PROGRAM
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 961,938 | \$ 961,938 | \$ 961,938 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 88,800 | 88,800 | 180,500 | 91,700 |
| Intergovernmental | 962,600 | 962,600 | 878,827 | (83,773) |
| Use of money and property | 28,100 | 28,100 | 36,622 | 8,522 |
| Amounts Available for Appropriation | 2,041,438 | 2,041,438 | 2,057,887 | 16,449 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 698,300 | 703,700 | 850,745 | (147,045) |
| Capital outlay | 37,800 | 37,800 | 42,262 | (4,462) |
| Transfers out | - | 500,000 | 500,000 | - |
| Total Charges to Appropriations | 736,100 | 1,241,500 | 1,393,007 | (151,507) |
| Budgetary Fund Balance, June 30 | \$ 1,305,338 | \$ 799,938 | \$ 664,880 | \$ (135,058) |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (351,904) | \$ (351,904) | \$ (351,904) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 125,000 | 204,300 | 305,946 | 101,646 |
| Amounts Available for Appropriation | (226,904) | (147,604) | (45,958) | 101,646 |
| Charges to Appropriation (Outflow): | | | | |
| General government | - | - | 16,108 | (16,108) |
| Public safety | 122,000 | 201,300 | 213,546 | (12,246) |
| Capital outlay | 3,000 | 3,000 | 97,235 | (94,235) |
| Total Charges to Appropriations | 125,000 | 204,300 | 326,889 | (122,589) |
| Budgetary Fund Balance, June 30 | \$ (351,904) | \$ (351,904) | \$ (372,847) | \$ (20,943) |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 67,963 | \$ 67,963 | \$ 67,963 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | - | - | 370,445 | 370,445 |
| Use of money and property | - | - | 31,301 | 31,301 |
| Amounts Available for Appropriation | 67,963 | 67,963 | 469,709 | 401,746 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | - | 86,200 | 401,744 | (315,544) |
| Total Charges to Appropriations | - | 86,200 | 401,744 | (315,544) |
| Budgetary Fund Balance, June 30 | \$ 67,963 | \$ (18,237) | \$ 67,965 | \$ 86,202 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
QUIMBY
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 985,193 | \$ 985,193 | \$ 985,193 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | - | 185,369 | 185,369 |
| Use of money and property | - | - | 44,987 | 44,987 |
| Amounts Available for Appropriation | 985,193 | 985,193 | 1,215,549 | 230,356 |
| Charges to Appropriation (Outflow): | | | | |
| Parks, recreation and cultural | 104,000 | 186,000 | 68,089 | 117,911 |
| Capital outlay | - | 675,700 | 181,345 | 494,355 |
| Total Charges to Appropriations | 104,000 | 861,700 | 249,434 | 612,266 |
| Budgetary Fund Balance, June 30 | \$ 881,193 | \$ 123,493 | \$ 966,115 | \$ 842,622 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
 OLDER AMERICAN ACT
 YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|----------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (20) | \$ (20) | \$ (20) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 87,631 | 87,064 | (567) |
| Miscellaneous | - | 180,843 | 169,889 | (10,954) |
| Amounts Available for Appropriation | (20) | 268,454 | 256,933 | (11,521) |
| Charges to Appropriation (Outflow): | | | | |
| Parks, recreation and cultural | - | 268,474 | 256,954 | 11,520 |
| Total Charges to Appropriations | - | 268,474 | 256,954 | 11,520 |
| Budgetary Fund Balance, June 30 | \$ (20) | \$ (20) | \$ (21) | \$ (1) |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
 PARK BOND ACT
 YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (1,134,940) | \$ (1,134,940) | \$ (1,134,940) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | - | 872,684 | 872,684 |
| Amounts Available for Appropriation | (1,134,940) | (1,134,940) | (262,256) | 872,684 |
| Charges to Appropriation (Outflow): | | | | |
| Capital outlay | - | 200,000 | 725,383 | (525,383) |
| Total Charges to Appropriations | - | 200,000 | 725,383 | (525,383) |
| Budgetary Fund Balance, June 30 | \$ (1,134,940) | \$ (1,334,940) | \$ (987,639) | \$ 347,301 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
SENIOR CITIZEN PROGRAM
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|----------------|----------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 121,845 | 123,827 | 1,982 |
| Miscellaneous | - | 205,640 | 233,956 | 28,316 |
| Amounts Available for Appropriation | - | 327,485 | 357,783 | 30,298 |
| Charges to Appropriation (Outflow): | | | | |
| Parks, recreation and cultural | - | 327,485 | 357,783 | (30,298) |
| Total Charges to Appropriations | - | 327,485 | 357,783 | (30,298) |
| Budgetary Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
CHILDREN'S LUNCH PROGRAM
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (94,915) | \$ (94,915) | \$ (94,915) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 186,400 | - | 182,281 | 182,281 |
| Amounts Available for Appropriation | 91,485 | (94,915) | 87,366 | 182,281 |
| Charges to Appropriation (Outflow): | | | | |
| Parks, recreation and cultural | 266,500 | 266,500 | 182,281 | 84,219 |
| Total Charges to Appropriations | 266,500 | 266,500 | 182,281 | 84,219 |
| Budgetary Fund Balance, June 30 | \$ (175,015) | \$ (361,415) | \$ (94,915) | \$ 266,500 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
PARKING AND BUSINESS IMPROVEMENT
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 156,231 | \$ 156,231 | \$ 156,231 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 107,700 | 107,700 | 107,483 | (217) |
| Amounts Available for Appropriation | 263,931 | 263,931 | 263,714 | (217) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 95,200 | 95,200 | 95,200 | - |
| Transfers out | 15,000 | 15,000 | 15,000 | - |
| Total Charges to Appropriations | 110,200 | 110,200 | 110,200 | - |
| Budgetary Fund Balance, June 30 | \$ 153,731 | \$ 153,731 | \$ 153,514 | \$ (217) |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
CABLE TELEVISION CORPORATION
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 151,941 | \$ 151,941 | \$ 151,941 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | - | - | 88,255 | 88,255 |
| Use of money and property | - | - | 3,229 | 3,229 |
| Amounts Available for Appropriation | 151,941 | 151,941 | 243,425 | 91,484 |
| Charges to Appropriation (Outflow): | | | | |
| General government | 98,634 | 131,684 | 166,408 | (34,724) |
| Capital outlay | - | 35,950 | 6,861 | 29,089 |
| Total Charges to Appropriations | 98,634 | 167,634 | 173,269 | (5,635) |
| Budgetary Fund Balance, June 30 | \$ 53,307 | \$ (15,693) | \$ 70,156 | \$ 85,849 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
PARK FACILITY IMPACT FEE
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 308,795 | \$ 308,795 | \$ 308,795 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | - | 24,128 | 24,128 |
| Amounts Available for Appropriation | 308,795 | 308,795 | 332,923 | 24,128 |
| Charges to Appropriation (Outflow): | | | | |
| Parks and recreation | - | 20,000 | 28,159 | (8,159) |
| Capital outlay | - | 37,750 | 34,581 | 3,169 |
| Total Charges to Appropriations | - | 57,750 | 62,740 | (4,990) |
| Budgetary Fund Balance, June 30 | \$ 308,795 | \$ 251,045 | \$ 270,183 | \$ 19,138 |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS RDA
YEAR ENDED JUNE 30, 2008**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------------|-------------------------------|-------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ (50,407,183) | \$ (50,407,183) | \$ (50,407,183) | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 1,159,900 | 1,159,900 | 1,189,828 | 29,928 |
| Use of money and property | 25,700 | 25,700 | 501,356 | 475,656 |
| Developer participation | - | - | 256,230 | 256,230 |
| Transfers in | 18,102,500 | 18,102,500 | 1,909,300 | (16,193,200) |
| Refunding bonds issued | 28,080,400 | 28,080,400 | 28,650,555 | 570,155 |
| Notes and loans issued | - | - | 22,241 | 22,241 |
| Other debts issued | - | - | 50,906 | 50,906 |
| Proceeds from sale of land held for resale | - | - | 1,572,500 | 1,572,500 |
| Amounts Available for Appropriation | <u>(3,038,683)</u> | <u>(3,038,683)</u> | <u>(16,254,267)</u> | <u>(13,215,584)</u> |
| Charges to Appropriation (Outflow): | | | | |
| General government | 3,866,600 | 3,866,600 | 3,155,975 | 710,625 |
| Capital outlay | 1,327,500 | 1,327,500 | 307,522 | 1,019,978 |
| Debt service: | | | | |
| Principal retirement | 1,364,500 | 1,364,500 | 1,095,481 | 269,019 |
| Interest and fiscal charges | 3,421,800 | 3,421,800 | 3,619,541 | (197,741) |
| Debt issuance costs | 1,602,000 | 1,602,000 | 968,871 | 633,129 |
| Payment to refunded bond escrow agent | - | - | 1,994,541 | (1,994,541) |
| Transfers out | - | - | 19,893 | (19,893) |
| Payment to refunded bond escrow agent | 18,024,900 | 18,024,900 | 17,950,911 | 73,989 |
| Bond discount | - | - | 546,519 | (546,519) |
| Total Charges to Appropriations | <u>29,607,300</u> | <u>29,607,300</u> | <u>29,659,254</u> | <u>(51,954)</u> |
| Budgetary Fund Balance, June 30 | <u>\$ (32,645,983)</u> | <u>\$ (32,645,983)</u> | <u>\$ (45,913,521)</u> | <u>\$ (13,267,538)</u> |

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE RDA
YEAR ENDED JUNE 30, 2008**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------------|------------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 2,368,105 | \$ 2,368,105 | \$ 2,368,105 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 3,241,100 | 3,241,100 | 3,349,188 | 108,088 |
| Use of money and property | 115,100 | 115,100 | 193,806 | 78,706 |
| Transfers in | 2,801,900 | 2,801,900 | 19,893 | (2,782,007) |
| Refunding bonds issued | - | - | 1,439,445 | 1,439,445 |
| Other debts issued | - | - | 203,624 | 203,624 |
| Amounts Available for Appropriation | 8,526,205 | 8,526,205 | 7,574,061 | (952,144) |
| Charges to Appropriation (Outflow): | | | | |
| General government | 104,200 | 104,200 | 152,503 | (48,303) |
| Debt service: | | | | |
| Principal retirement | 2,166,100 | 2,166,100 | 597,000 | 1,569,100 |
| Interest and fiscal charges | 849,300 | 849,300 | 993,413 | (144,113) |
| Payment to refunded bond escrow agent | - | - | 158,186 | (158,186) |
| Transfers out | 20,904,400 | 20,904,400 | 1,309,300 | 19,595,100 |
| Payment to refunded bond escrow agent | - | - | 1,423,670 | (1,423,670) |
| Total Charges to Appropriations | 24,024,000 | 24,024,000 | 4,634,072 | 19,389,928 |
| Budgetary Fund Balance, June 30 | \$ (15,497,795) | \$ (15,497,795) | \$ 2,939,989 | \$ 18,437,784 |

CITY OF EL MONTE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2008

| | <u>Balance July 1, 2007</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2008</u> |
|--------------------------|---------------------------------|----------------------------|----------------------------|----------------------------------|
| <u>Payroll</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 21,547 | \$ 3,007,028 | \$ 3,003,064 | \$ 25,511 |
| Total Assets | <u>\$ 21,547</u> | <u>\$ 3,007,028</u> | <u>\$ 3,003,064</u> | <u>\$ 25,511</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 1,547 | \$ 3,005,879 | \$ 3,001,915 | \$ 5,511 |
| Due to other governments | 20,000 | - | - | 20,000 |
| Total Liabilities | <u>\$ 21,547</u> | <u>\$ 3,005,879</u> | <u>\$ 3,001,915</u> | <u>\$ 25,511</u> |

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Contents

Financial Trends

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

| | | |
|---------|---|--|
| Table 1 | - | Net Assets by Component |
| Table 2 | - | Changes in Net Assets |
| Table 3 | - | Fund Balances of Governmental Funds |
| Table 4 | - | Changes in Fund Balances of Governmental Funds |
| Table 5 | - | Governmental Activities Tax Revenues by Source |

Revenue Capacity

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

| | | |
|---------|---|--|
| Table 6 | - | Assessed Value and Estimated Value of Taxable Property |
| Table 7 | - | Direct and Overlapping Property Tax Rates |
| Table 8 | - | Principal Property Taxpayers |
| Table 9 | - | Property Tax Levies and Collections |

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

| | | |
|----------|---|---|
| Table 10 | - | Ratios of Outstanding Debt by Type |
| Table 11 | - | Direct and Overlapping Government Activities Debt |
| Table 12 | - | Legal Debt Margin Information |
| Table 13 | - | Pledged Revenue Coverage |

Demographic and Economic Information

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

Schedule 14 - Demographic and Economic Statistics

Schedule 15 - Principal Employers

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City's financial information related to the services the City provides and activities it performs.

Table 16 - Full-Time Equivalent City Govt. Employees by Function

Table 17 - Operating Indicators by Function

Table 18 - Capital Asset by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003. Schedules presenting Government-wide information includes information beginning in that year.

City of El Monte, California

Table 1
Net Assets by Component
Last Five Fiscal Years
(Accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|-----------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental activities | | | | | |
| Invested in capital assets, net of related debt | \$ 4,332,468 | \$ 12,195,915 | \$ 7,692,808 | \$ 400,525,216 | \$ 387,726,129 |
| Restricted | 40,492,539 | 36,221,233 | 38,205,659 | 45,706,053 | 45,093,002 |
| Unrestricted | 13,120,053 | 6,233,432 | 10,602,832 | 5,863,237 | 17,981,867 |
| Total governmental activities net assets | <u>\$ 57,945,060</u> | <u>\$ 54,650,580</u> | <u>\$ 56,501,299</u> | <u>\$ 452,094,506</u> | <u>\$ 450,800,998</u> |
| Business-type activities | | | | | |
| Invested in capital assets, net of related debt | \$ 4,653,688 | \$ 4,311,980 | \$ 3,906,527 | \$ 3,699,586 | \$ 3,681,347 |
| Restricted | 2,035,165 | 2,062,533 | 408,520 | 515,422 | 402,693 |
| Unrestricted | (16,682,596) | (16,835,506) | (15,607,982) | (15,489,929) | (15,067,058) |
| Total business-type activities net assets | <u>\$ (9,993,743)</u> | <u>\$ (10,460,993)</u> | <u>\$ (11,292,935)</u> | <u>\$ (11,274,921)</u> | <u>\$ (10,983,018)</u> |
| Primary government | | | | | |
| Invested in capital assets, net of related debt | \$ 8,986,156 | \$ 16,507,895 | \$ 11,599,335 | \$ 404,224,802 | \$ 391,407,476 |
| Restricted | 42,527,704 | 38,283,766 | 38,614,179 | 46,221,475 | 45,495,695 |
| Unrestricted | (3,562,543) | (10,602,074) | (5,005,150) | (9,626,692) | 2,914,809 |
| Total primary government net assets | <u>\$ 47,951,317</u> | <u>\$ 44,189,587</u> | <u>\$ 45,208,364</u> | <u>\$ 440,819,585</u> | <u>\$ 439,817,980</u> |

The City of El Monte implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

The City of El Monte implemented GASB 34 Infrastructure Valuation Services for the fiscal year ended June 30, 2007.

Source: Finance Department, City of El Monte

City of El Monte, California

Table 2
Changes in Net Assets
Last Five Fiscal Years
(Accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 36,256,650 | \$ 36,314,697 | \$ 34,196,489 | \$ 34,683,409 | \$ 38,252,969 |
| Public safety | 29,754,292 | 34,326,831 | 36,815,930 | 37,829,869 | 39,990,879 |
| Parks, recreation, and cultural | 5,281,836 | 4,315,567 | 5,561,304 | 5,138,300 | 5,710,017 |
| Public works | 8,529,932 | 8,995,564 | 8,041,318 | 7,622,037 | 9,662,975 |
| Debt service - interest on long-term debt | 3,204,918 | 4,194,520 | 4,734,489 | 5,912,027 | 5,642,085 |
| Total governmental activities expenses | <u>83,027,628</u> | <u>88,147,179</u> | <u>89,349,530</u> | <u>91,185,642</u> | <u>99,258,925</u> |
| Business-type activities: | | | | | |
| Water authority | <u>4,745,065</u> | <u>3,850,224</u> | <u>3,626,693</u> | <u>3,298,506</u> | <u>3,162,041</u> |
| Total business-type activities expenses | <u>4,745,065</u> | <u>3,850,224</u> | <u>3,626,693</u> | <u>3,298,506</u> | <u>3,162,041</u> |
| Total primary government expenses | <u>\$ 87,772,693</u> | <u>\$ 91,997,403</u> | <u>\$ 92,976,223</u> | <u>\$ 94,484,148</u> | <u>\$ 102,420,966</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 4,218,105 | \$ 2,314,721 | \$ 2,257,789 | \$ 2,333,233 | \$ 4,068,360 |
| Public safety | 1,709,955 | 1,927,498 | 1,815,573 | 2,298,313 | 2,226,196 |
| Parks, recreation, and cultural | 712,321 | 805,494 | 605,567 | 534,834 | 587,291 |
| Public works | 1,195,446 | 3,285,172 | 2,219,288 | 2,152,880 | 2,051,314 |
| Operating grants and contributions | 8,211,694 | 15,526,317 | 11,631,433 | 14,265,917 | 8,393,235 |
| Capital grants and contributions | - | 126,177 | 732,022 | 166,456 | 5,917,284 |
| Total governmental activities program revenues | <u>16,047,521</u> | <u>23,985,379</u> | <u>19,261,672</u> | <u>21,751,633</u> | <u>23,243,680</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water authority | \$ 3,095,373 | 2,882,616 | 2,986,262 | \$ 2,957,009 | \$ 3,165,031 |
| Total business-like activities program revenues | <u>3,095,373</u> | <u>2,882,616</u> | <u>2,986,262</u> | <u>2,957,009</u> | <u>3,165,031</u> |
| Total primary government program revenues | <u>\$ 19,142,894</u> | <u>\$ 26,867,995</u> | <u>\$ 22,247,934</u> | <u>\$ 24,708,642</u> | <u>\$ 26,408,711</u> |
| Net (expense) revenue | | | | | |
| Governmental activities | (66,980,107) | (64,161,800) | (70,087,858) | (69,434,009) | (76,015,245) |
| Business-like activities | (1,649,692) | (967,608) | (640,431) | (341,497) | 2,990 |
| Total primary government net expense | <u>\$ (68,629,799)</u> | <u>\$ (65,129,408)</u> | <u>\$ (70,728,289)</u> | <u>\$ (69,775,506)</u> | <u>\$ (76,012,255)</u> |

City of El Monte, California

Table 2
Changes in Net Assets
Last Five Fiscal Years
(Accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------------------------|-----------------------|-----------------------|----------------------|-----------------------|
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purpose | \$ 15,456,740 | \$ 13,096,430 | \$ 17,830,887 | \$ 27,375,152 | \$ 29,357,486 |
| Transient occupancy taxes | 298,053 | 310,189 | 320,297 | 326,312 | 315,076 |
| Sales taxes | 17,978,797 | 20,732,246 | 22,025,619 | 21,915,042 | 22,397,169 |
| Franchise taxes | 1,447,221 | 4,472,789 | 3,021,236 | 2,118,032 | 2,627,027 |
| Utility user taxes | 7,989,333 | 8,202,719 | 8,526,616 | 8,744,118 | 8,820,706 |
| Other taxes | 2,399,200 | 493,483 | 971,969 | 717,016 | 2,496,140 |
| Intergovernmental, unrestricted: | | | | | |
| Motor vehicle in-lieu | 5,493,126 | 8,343,895 | 8,939,792 | 786,789 | 538,617 |
| Use of money and property | 2,179,026 | 3,809,558 | 4,496,615 | 5,359,739 | 5,987,192 |
| Gain on sale of assets | - | 33,221 | 9,773 | - | - |
| Other | 1,839,060 | 2,268,064 | 1,874,366 | 3,208,128 | 1,999,663 |
| Transfers | 1,784,036 | - | 430,631 | - | - |
| Total governmental activities | <u>56,864,592</u> | <u>61,762,594</u> | <u>68,447,801</u> | <u>70,550,328</u> | <u>74,539,076</u> |
| Business-type activities: | | | | | |
| Property taxes, levied for general purpose | - | 210,637 | 210,637 | - | - |
| Investment earnings | 68,266 | 81,472 | (106,105) | 107,997 | 111,021 |
| Other | 983,418 | 208,249 | 2,700 | 9,103 | 177,892 |
| Transfers | (1,784,036) | - | (430,631) | - | - |
| Total business-type activities | <u>(732,352)</u> | <u>500,358</u> | <u>(323,399)</u> | <u>117,100</u> | <u>288,913</u> |
| Total primary program | <u>\$ 56,132,240</u> | <u>\$ 62,262,952</u> | <u>\$ 68,124,402</u> | <u>\$ 70,667,428</u> | <u>\$ 74,827,989</u> |
| Change in Net Assets | | | | | |
| Governmental activities | (10,115,515) | (2,399,206) | (1,640,057) | 1,116,319 | (1,476,169) |
| Business-type activities | (2,382,044) | (467,250) | (963,830) | (224,397) | 291,903 |
| Total primary government program | <u>\$ (12,497,559)</u> | <u>\$ (2,866,456)</u> | <u>\$ (2,603,887)</u> | <u>\$ 891,922</u> | <u>\$ (1,184,266)</u> |

The City of El Monte implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: Finance Department, City of El Monte

City of El Monte, California

Table 3
Fund Balances of Governmental Funds
Last Five Fiscal Years
(Accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | |
| Reserved | \$ 34,415,789 | \$ 41,825,792 | \$ 44,688,428 | \$ 51,379,590 | \$ 50,842,563 |
| Unreserved | <u>17,593,760</u> | <u>12,253,610</u> | <u>18,399,513</u> | <u>11,931,805</u> | <u>5,273,348</u> |
| Total general fund | <u>\$ 52,009,549</u> | <u>\$ 54,079,402</u> | <u>\$ 63,087,941</u> | <u>\$ 63,311,395</u> | <u>\$ 56,115,911</u> |
| All other governmental funds | | | | | |
| Reserved | \$ 26,850,342 | \$ 29,059,206 | \$ 28,054,285 | \$ 29,115,933 | \$ 27,687,724 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 19,153,498 | 19,474,620 | 19,749,938 | 22,820,501 | 23,211,013 |
| Debt service funds | 2,091,051 | 2,378,532 | 2,457,318 | 4,047,455 | 2,936,723 |
| Capital projects funds | <u>(40,671,036)</u> | <u>(52,285,512)</u> | <u>(56,178,456)</u> | <u>(64,094,608)</u> | <u>(55,119,435)</u> |
| Total all other governmental funds | <u>\$ 7,423,855</u> | <u>\$ (1,373,154)</u> | <u>\$ (5,916,915)</u> | <u>\$ (8,110,719)</u> | <u>\$ (1,283,975)</u> |

The City of El Monte implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: Finance Department, City of El Monte

City of El Monte, California

Table 4
Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years
(Modified accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|-----------------------|-----------------------|-------------------|-----------------------|--------------------|
| Revenues | | | | | |
| Taxes | \$ 46,023,648 | \$ 48,654,530 | \$ 53,622,590 | \$ 63,543,334 | 65,000,743 |
| Licenses and permits | 3,104,697 | 3,300,572 | 3,118,319 | 3,077,238 | 3,135,488 |
| Intergovernmental | 15,974,966 | 17,002,343 | 23,812,134 | 12,783,195 | 14,855,965 |
| Charges for services | 3,510,046 | 3,491,981 | 2,352,106 | 3,027,193 | 2,937,085 |
| Use of money and property | 2,188,084 | 3,842,779 | 4,517,647 | 5,311,219 | 5,306,137 |
| Fines and forfeitures | 1,212,026 | 1,434,433 | 1,309,596 | 1,192,177 | 1,218,477 |
| Contributions | - | 131,736 | - | 273,891 | 456,021 |
| Developer Participation | - | - | - | - | 1,482,986 |
| Miscellaneous | 561,813 | 1,313,430 | 920,738 | 1,331,028 | 987,590 |
| Total revenues | 72,575,280 | 79,171,804 | 89,653,130 | 90,539,275 | 95,380,492 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 27,259,305 | 36,028,178 | 32,545,739 | 30,300,361 | 36,713,532 |
| Public safety | 28,998,162 | 34,169,192 | 35,833,305 | 36,612,697 | 39,293,878 |
| Parks, recreation and cultural | 5,263,985 | 4,048,401 | 5,402,783 | 5,085,450 | 5,510,146 |
| Public Works | 8,458,808 | 8,199,269 | 8,002,578 | 4,209,203 | 6,535,553 |
| Capital outlay | 5,802,642 | 1,702,427 | 2,774,513 | 9,995,244 | 5,256,934 |
| Debt Service: | | | | | |
| Principal | 1,055,779 | 11,015,795 | 1,435,491 | 2,339,751 | 9,732,787 |
| Interest | 3,386,957 | 3,888,172 | 4,716,140 | 5,760,158 | 5,577,604 |
| Bond issuance cost | - | 382,602 | 12,226 | - | 1,515,390 |
| Payment to refunded bond escrow agent | - | - | - | - | 2,152,727 |
| Total expenditures | 80,225,638 | 99,434,036 | 90,722,775 | 94,302,864 | 112,288,551 |
| Excess of revenues over (under) expenditures | (7,650,358) | (20,262,232) | (1,069,645) | (3,763,589) | (16,908,059) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 8,286,863 | 9,037,945 | 10,445,162 | 4,154,344 | 7,294,579 |
| Transfers out | (6,502,827) | (9,037,945) | (10,014,531) | (4,154,344) | (10,294,579) |
| Refunding bonds issued | 2,414,610 | - | - | - | 30,090,000 |
| Notes and loans issued | 2,200,000 | 3,699,683 | 630,007 | 675,000 | 5,182,241 |
| Proceeds from sale of land held for resale | - | - | - | - | 1,572,500 |
| Other debts issued | - | 10,010,000 | - | 553,691 | (19,374,581) |
| Total other financing sources (uses) | 6,398,646 | 13,709,683 | 1,060,638 | 1,228,691 | 14,470,160 |
| Net change in fund balances | \$ (1,251,712) | \$ (6,552,549) | \$ (9,007) | \$ (2,534,898) | (2,437,899) |
| Debt service as a percentage of noncapital expenditures | 5.97% | 15.64% | 7.01% | 9.61% | 17.73% |

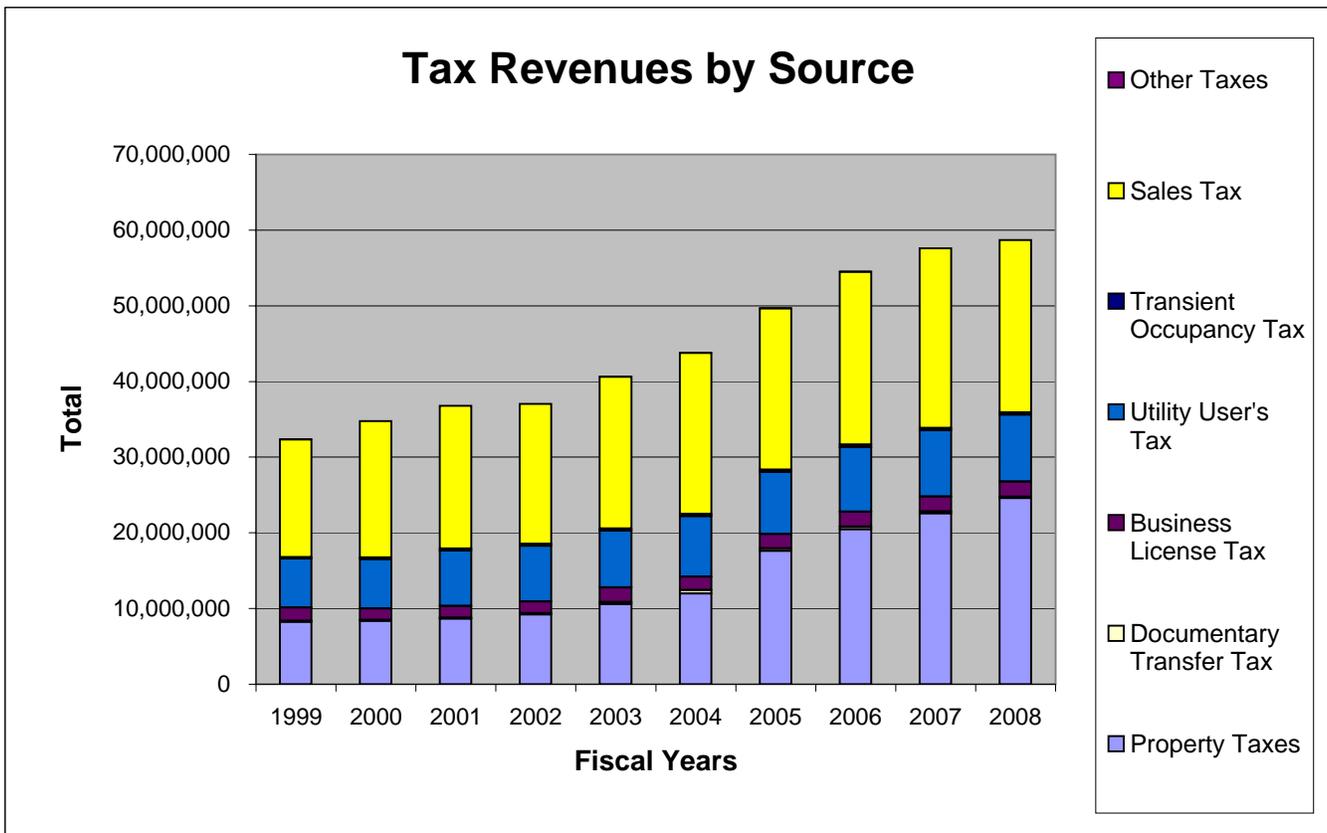
Source: Finance Department, City of El Monte

City of El Monte, California

Table 5
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified accrual basis of accounting)

| Fiscal Year | Property Taxes | Documentary Transfer Tax | Business License Tax | Utility User's Tax | Transient Occupancy Tax | Sales Tax | Other Taxes | Total |
|-------------|----------------|--------------------------|----------------------|--------------------|-------------------------|------------|-------------|------------|
| 1999 | 8,224,867 | 121,562 | 1,782,691 | 6,468,136 | 166,052 | 15,580,420 | 31,785 | 32,375,513 |
| 2000 | 8,384,199 | 112,408 | 1,508,029 | 6,517,014 | 193,621 | 18,037,209 | 31,510 | 34,783,990 |
| 2001 | 8,665,504 | 123,186 | 1,565,471 | 7,309,092 | 234,310 | 18,882,351 | 23,100 | 36,803,014 |
| 2002 | 9,217,418 | 163,382 | 1,547,827 | 7,348,073 | 256,205 | 18,500,897 | 16,419 | 37,050,221 |
| 2003 | 10,596,719 | 232,695 | 1,959,157 | 7,502,607 | 263,030 | 20,063,666 | 19,507 | 40,637,381 |
| 2004 | 11,995,298 | 469,977 | 1,731,466 | 7,989,331 | 298,053 | 21,286,522 | 16,866 | 43,787,513 |
| 2005 | 17,595,824 | 341,808 | 1,893,113 | 8,202,719 | 310,189 | 21,321,728 | 16,864 | 49,682,245 |
| 2006 | 20,454,881 | 365,200 | 1,975,656 | 8,526,617 | 320,297 | 22,856,342 | 20,687 | 54,519,680 |
| 2007 | 22,582,996 | 266,729 | 1,935,003 | 8,744,118 | 326,312 | 23,732,619 | 30,193 | 57,617,970 |
| 2008 | 24,601,338 | 174,847 | 1,999,419 | 8,820,706 | 315,076 | 22,790,292 | 23,966 | 58,725,644 |

Source: Finance Department, City of El Monte Audited Annual Financial Reports



City of El Monte, California

Table 6
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Real Property | | Other Property | Less: Tax Exempt Real Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|-------------|------------------|----------------|----------------|--------------------------------|------------------------------|-----------------------|--------------------------------|--|
| | Residential | Commercial | | | | | | |
| 1999 | \$ 1,917,400,517 | \$ 482,632,730 | \$ 805,004,051 | \$ 32,921,573 | \$ 3,172,115,725 | 0.31739% | \$ 3,172,115,725 | 100.00% |
| 2000 | 1,947,915,710 | 502,995,189 | 800,334,708 | 31,290,263 | 3,219,955,344 | 0.31609% | 3,219,955,344 | 100.00% |
| 2001 | 2,016,387,604 | 515,901,706 | 813,925,682 | 32,033,874 | 3,314,181,118 | 0.31663% | 3,314,181,118 | 100.00% |
| 2002 | 2,127,074,932 | 551,867,311 | 846,640,112 | 34,163,400 | 3,491,418,955 | 0.32376% | 3,491,418,955 | 100.00% |
| 2003 | 2,241,776,572 | 588,609,999 | 872,943,613 | 34,767,609 | 3,668,562,575 | 0.33856% | 3,668,562,575 | 100.00% |
| 2004 | 2,461,162,861 | 618,212,210 | 885,230,398 | 44,887,760 | 3,919,717,709 | 0.33855% | 3,919,717,709 | 100.00% |
| 2005 | 2,713,440,078 | 640,141,492 | 871,667,407 | 36,949,377 | 4,188,299,600 | 0.32525% | 4,188,299,600 | 100.00% |
| 2006 | 3,026,168,369 | 689,874,221 | 932,736,944 | 38,423,340 | 4,610,356,194 | 0.33096% | 4,610,356,194 | 100.00% |
| 2007 | 3,420,937,638 | 779,987,905 | 1,022,742,963 | 42,927,022 | 5,180,741,484 | 0.33032% | 5,180,741,484 | 100.00% |
| 2008 | 3,754,978,088 | 841,808,323 | 1,065,634,917 | 42,862,053 | 5,619,559,275 | 0.33946% | 5,619,559,275 | 100.00% |

Source: HdL, Coren & Cone

City of El Monte, California

Table 7
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

(Per \$100 of Assessed Valuation)

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | | | | | Total Direct & Overlapping Rates |
|-------------|-------------------|--------------|--------------|-------------------|--------------------|-------------------|------------------|-----------------|-------------------|----------------------------------|
| | General City | Debt Service | Total Direct | LA County Gen | Flood Control Dist | Community College | School Districts | Water Districts | Total Overlapping | |
| 1999 | 1.00000 | 0.15000 | 1.15000 | 0.001451 | 0.001953 | 0.000000 | 0.000000 | 0.008900 | 0.012304 | 1.162304 |
| 2000 | 1.00000 | 0.15000 | 1.15000 | 0.001422 | 0.001765 | 0.000000 | 0.000000 | 0.008900 | 0.012087 | 1.162087 |
| 2001 | 1.00000 | 0.15000 | 1.15000 | 0.001314 | 0.001552 | 0.000000 | 0.041964 | 0.008800 | 0.053630 | 1.203630 |
| 2002 | 1.00000 | 0.15000 | 1.15000 | 0.001128 | 0.000473 | 0.000000 | 0.051956 | 0.007700 | 0.061257 | 1.211257 |
| 2003 | 1.00000 | 0.15000 | 1.15000 | 0.001033 | 0.000881 | 0.000000 | 0.065921 | 0.006700 | 0.074535 | 1.224535 |
| 2004 | 1.00000 | 0.15000 | 1.15000 | 0.000992 | 0.000462 | 0.000000 | 0.086448 | 0.006100 | 0.094002 | 1.244002 |
| 2005 | 1.00000 | 0.15000 | 1.15000 | 0.000923 | 0.000245 | 0.021695 | 0.111747 | 0.005800 | 0.140410 | 1.290410 |
| 2006 | 1.00000 | 0.15000 | 1.15000 | 0.000795 | 0.000049 | 0.018021 | 0.134819 | 0.005200 | 0.158884 | 1.308884 |
| 2007 | 1.00000 | 0.15000 | 1.15000 | 0.000663 | 0.000052 | 0.014688 | 0.122488 | 0.004700 | 0.142591 | 1.292591 |
| 2008 | 1.00000 | 0.15000 | 1.15000 | 0.000000 | 0.000000 | 0.01370 | 0.10888 | 0.00450 | 0.108880 | 1.258880 |

NOTE: (1) The passage of Proposition 13 on June 6, 1978 established a maximum countywide levy of 1% of market value or \$1.00 per \$100 of assessed value. Prior to fiscal year 1982, assessed valuation was stated at 25% of market value or \$4.00 per \$100 of assessed value.

Source: Los Angeles County, Office of the Auditor-Controller

City of El Monte, California

Table 8
Principal Property Taxpayers
Current Year and Ten Years Ago

| Taxpayer | 2008 | | | 1998 | | |
|-----------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Vons Companies, Inc. | 55,222,341 | 1 | 11.644% | 62,683,015 | 1 | 16.815% |
| Wells Fargo Bank | 40,621,168 | 2 | 8.565% | 41,287,649 | 3 | 11.076% |
| Penske Realty Inc. | 35,623,767 | 3 | 7.512% | 15,411,262 | 8 | 4.134% |
| 600 Hobart LLC | 32,630,065 | 4 | 6.880% | | | |
| Multi Investment Associates II | 32,169,888 | 5 | 6.783% | | | |
| KM El Monte Investors LLC | 29,961,343 | 6 | 6.318% | | | |
| Driftwood Dairy | 24,485,829 | 7 | 5.163% | | | |
| Safeway, Inc | 22,712,158 | 8 | 4.789% | | | |
| Wohl Penwood El Monte Partners | 22,489,000 | 9 | 4.742% | | | |
| Home Depot USA Inc. | 19,633,173 | 10 | 4.140% | | | |
| Xebec Building Company LLC | | | | | | |
| DL Telstar Limited Partnership | | | | | | |
| Navcom Defense Electronics Inc. | | | | | | |
| Gregg Industries Inc. | | | | 20,014,062 | 6 | 5.369% |
| GRE Arden Way Limited Partnership | | | | | | |
| Ball Foster Glass Container | | | | 45,414,005 | 2 | 12.183% |
| Lyte Optronics Inc. | | | | | | |
| H K Peck El Monte Partnership | | | | 30,477,838 | 4 | 8.176% |
| Cross County Wireless | | | | 14,334,503 | 9 | 3.845% |
| Marshall Industries | | | | 26,176,174 | 5 | 7.022% |
| Swaranjitn S. Nijar Company Trust | | | | 12,259,710 | 10 | 3.289% |
| Pace Center | | | | 15,471,076 | 7 | 4.150% |
| Other taxpayers | 158,703,428 | | 33.464% | 89,244,739 | | 23.941% |
| Totals | <u>474,252,160</u> | | <u>100.000%</u> | <u>372,774,033</u> | | <u>100.000%</u> |

Source: HdL Coren & Cone, Los Angeles County Assessor 2007/08 Combined Tax Rolls

City of El Monte, California

Table 9
Property Tax Levies and Collections
Last Ten Fiscal Years

| Year Ended June 30 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------|-----------------------------------|--|--------------------|------------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 1999 | 2,911,574 | 2,830,253 | 97.2% | 84,899 | 2,915,152 | 100.1% |
| 2000 | 2,953,769 | 2,869,074 | 97.1% | 81,675 | 2,950,749 | 99.9% |
| 2001 | 3,045,819 | 2,962,927 | 97.3% | 86,584 | 3,049,511 | 100.1% |
| 2002 | 3,228,459 | 3,146,722 | 97.5% | 82,937 | 3,229,659 | 100.0% |
| 2003 | 3,440,584 | 3,349,882 | 97.4% | 84,017 | 3,433,899 | 99.8% |
| 2004 | 3,676,634 | 3,596,597 | 97.8% | 92,024 | 3,688,621 | 100.3% |
| 2005 | 3,969,590 | 3,877,177 | 97.7% | 84,530 | 3,961,707 | 99.8% |
| 2006 | 4,393,605 | 4,281,285 | 97.4% | 94,764 | 4,376,049 | 99.6% |
| 2007 | 4,933,742 | 4,748,972 | 96.3% | 160,291 | 4,909,263 | 99.5% |
| 2008 | 5,425,596 | 5,156,381 | 95.0% | 237,675 | 5,394,056 | 99.4% |

Source: Los Angeles County Auditor-Controller

City of El Monte, California

Table 10
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | Total Primary Government | (1) | (1) |
|-------------|-------------------------|-------------------------------|----------------------|----------------|--------------------------|----------------|--------------------------|-------------------------------|------------|
| | Revenue Bonds | Certificates of Participation | Tax Allocation Bonds | Capital Leases | Revenue Bonds | Capital Leases | | Percentage of Personal Income | Per Capita |
| 1999 | 3,695,000 | - | 9,925,000 | 2,174,936 | - | - | 15,794,936 | 0.485% | 136 |
| 2000 | 3,650,000 | - | 9,705,000 | 1,644,742 | 13,860,000 | - | 28,859,742 | 0.823% | 240 |
| 2001 | 3,622,000 | - | 9,458,000 | 1,472,697 | 13,710,000 | - | 28,262,697 | 0.774% | 236 |
| 2002 | 3,545,000 | - | 17,225,000 | 1,291,995 | 18,930,000 | - | 40,991,995 | 1.111% | 342 |
| 2003 | 3,485,000 | 10,625,000 | 18,390,000 | - | 18,765,000 | - | 51,265,000 | 1.338% | 420 |
| 2004 | 3,420,000 | 10,135,000 | 18,110,000 | - | 18,595,000 | - | 50,260,000 | 1.233% | 407 |
| 2005 | 3,350,000 | 9,620,000 | 18,395,000 | - | 18,415,000 | - | 49,780,000 | 1.156% | 398 |
| 2006 | 3,275,000 | 9,080,000 | 18,210,000 | - | 18,805,000 | - | 49,370,000 | 1.097% | 394 |
| 2007 | 3,195,000 | 8,510,000 | 17,745,000 | 1,079,032 | 18,805,000 | - | 49,334,032 | 1.043% | 391 |
| 2008 | - | 7,915,000 | 29,340,000 | 567,812 | 18,610,000 | - | 56,432,812 | 1.194% | 448 |

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Source: Finance Department, City of El Monte

City of El Monte, California

Table 11
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

| | Gross Bonded Debt Balance | Percent Applicable to City | Net Bonded Debt |
|--|------------------------------|-------------------------------|---------------------|
| Direct Debt: | | | |
| El Monte COPS | \$ 7,915,000 | 100.000% | \$ 7,915,000 |
| Total Direct Debt | | | \$ 7,915,000 |
| Overlapping Debt: | | | |
| Metropolitan Water District | 150,054,336 | 0.636% | 954,346 |
| El Monte Elementary School District 1999 Series A | 2,605,000 | 64.755% | 1,686,868 |
| El Monte Elementary School District 1999 Series B | 1,560,000 | 64.755% | 1,010,178 |
| El Monte Elementary School District 1999 Series C | 2,400,000 | 64.755% | 1,554,120 |
| El Monte Elementary School District 2004 Refunding Bonds | 5,980,000 | 64.755% | 3,872,349 |
| El Monte Elementary School district 1999 Series D | 16,290,000 | 64.755% | 10,548,590 |
| El Monte Union High School District 2005 Refunding Bonds | 21,405,282 | 64.755% | 13,860,990 |
| El Monte School District 2004 Series B | 14,699,977 | 64.755% | 9,518,970 |
| Rosemead Elementary School District 2000 Series A | 6,945,000 | 16.314% | 1,133,007 |
| Rosemead Elementary School District 2000 Series B | 9,540,000 | 16.314% | 1,556,356 |
| Rosemead Elementary School District 2000 Series C | 7,000,000 | 16.314% | 1,141,980 |
| El Monte Union High School District 2002 Series A | 5,285,000 | 54.954% | 2,904,319 |
| El Monte Union High School District 2002 Series B | 7,540,000 | 54.954% | 4,143,532 |
| El Monte Union High School District 2006 Refunding Bond | 68,543,264 | 54.954% | 37,667,265 |
| Pasadena Area Community College | 4,570,000 | 2.285% | 104,425 |
| Pasadena Community College District 2006 Series B | 58,840,000 | 2.285% | 1,344,494 |
| Pasadena Community College District 2006 Series C | 21,705,552 | 2.285% | 495,972 |
| Rio Hondo Community College District Series 2004 A | 11,335,000 | 15.904% | 1,802,718 |
| Rio Hondo Community College District Refunding Bond | 46,482,244 | 15.904% | 7,392,536 |
| Temple City Unified School District 1998 Series A | 3,613,249 | 0.002% | 72 |
| Temple City Unified School District 1998 Series B | 5,216,501 | 0.002% | 104 |
| Temple City Unified School District 2005 Refunding Bond | 12,495,000 | 0.002% | 250 |
| Total - Overlapping Debt | 484,105,405 | | 102,693,440 |
| Total Direct and Overlapping Debt | | | \$ 7,915,000 |
| Debt to Assessed Valuation Ratios: | | | |
| Direct debt | 16.00% | | |
| Overlapping Debt | 2.04% | | |
| Total Debt | 2.20% | | |

Source: HdL Coren & Cone, L.A. County Assessor and Auditor Controller's Office

City of El Monte, California

Table 12
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2008

| | | |
|------------------------------------|----|---------------|
| Assessed value | \$ | 5,619,559,275 |
| Debt limit (15% of assessed value) | | 842,933,891 |
| Debt applicable to limit: | | |
| General obligation bonds | | 0 |
| Total net debt applicable to limit | | 842,933,891 |
| Legal debt margin | \$ | 842,933,891 |

| Fiscal Year | Debt Limit | Total net debt Applicable to Limit | Legal Debt Limit | Legal Debt Limit as a percentage of Debt Limit |
|-------------|-------------|--|---------------------|--|
| 1999 | 475,817,359 | 0 | 475,817,359 | 100.00% |
| 2000 | 482,993,302 | 0 | 482,993,302 | 100.00% |
| 2001 | 497,127,168 | 0 | 497,127,168 | 100.00% |
| 2002 | 523,712,843 | 0 | 523,712,843 | 100.00% |
| 2003 | 550,284,386 | 0 | 550,284,386 | 100.00% |
| 2004 | 587,957,656 | 0 | 587,957,656 | 100.00% |
| 2005 | 628,244,940 | 0 | 628,244,940 | 100.00% |
| 2006 | 691,553,429 | 0 | 691,553,429 | 100.00% |
| 2007 | 777,111,223 | 0 | 777,111,223 | 100.00% |
| 2008 | 842,933,891 | 0 | 842,933,891 | 100.00% |

Source: City of El Monte Finance Department

City of El Monte, California

Table 13
Pledged Revenue Coverage
Last Ten Fiscal Years

| Tax Allocation Bonds | | | | | Water Revenue Bonds | | | | | | |
|----------------------|---------------|--------------|-----------|----------|---------------------|------------------------------|------------------------|----------|-----------|----------|----------|
| Fiscal Year | Tax Increment | Debt Service | | | Gross Revenues | Less: Net Operating Expenses | Debt Service | | Principal | Interest | Coverage |
| | | Principal | Interest | Coverage | | | Net Available Revenues | Coverage | | | |
| 1999 | 1,493,504 | 520,000 | 488,678 | 1.48 | 2,253,911 | 917,898 | 1,336,013 | - | - | - | |
| 2000 | 1,547,804 | 265,000 | 774,198 | 1.49 | 2,158,740 | 1,333,296 | 825,444 | 150,000 | 753,635 | | |
| 2001 | 1,378,725 | 275,000 | 1,281,863 | 0.89 | 2,474,657 | 1,316,854 | 1,157,803 | 160,000 | 748,160 | 1.27 | |
| 2002 | 1,904,033 | 310,000 | 1,266,708 | 1.21 | 2,580,861 | 1,615,148 | 965,713 | 165,000 | 940,807 | 0.87 | |
| 2003 | 1,978,339 | 325,000 | 1,313,235 | 1.21 | 2,978,004 | 1,206,124 | 1,771,880 | 170,000 | 952,805 | 1.58 | |
| 2004 | 2,601,227 | 345,000 | 1,307,465 | 0.00 | 4,078,791 | 3,348,576 | 730,215 | 180,000 | 945,665 | 0.65 | |
| 2005 | 2,799,818 | 365,000 | 1,287,463 | 2.17 | 3,090,865 | 2,490,441 | 600,424 | 185,000 | 937,835 | 0.53 | |
| 2006 | 3,663,454 | 260,000 | 1,268,772 | 2.40 | 2,988,962 | 1,554,138 | 1,434,824 | 195,000 | 929,695 | 1.28 | |
| 2007 | 4,770,182 | 545,000 | 1,159,388 | 2.80 | 2,966,112 | 1,982,031 | 984,081 | 205,000 | 703,030 | 1.08 | |
| 2008 | 3,349,188 | 750,000 | 1,235,832 | 1.69 | 3,165,031 | 2,039,591 | 1,125,440 | 215,000 | 693,600 | 1.24 | |

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Expenditures do not include interest, depreciation, or amortization expenses.

source: Finance Department, City of El Monte

City of El Monte, California

Table 14
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | (1) Population | (2) Personal Income (thousands of dollars) | (2) Per Capita Personal Income | (3) School Enrollment | (4) Unemployment Rate |
|----------------|-------------------|--|---|-----------------------------|-----------------------------|
| 1999 | 116,378 | 3,255,442 | 27,973 | 21,071 | 6.80% |
| 2000 | 120,000 | 3,507,120 | 29,226 | 21,158 | 6.80% |
| 2001 | 119,785 | 3,650,807 | 30,478 | 20,683 | 5.70% |
| 2002 | 119,785 | 3,688,060 | 30,789 | 21,505 | 6.80% |
| 2003 | 121,922 | 3,830,302 | 31,416 | 21,393 | 7.00% |
| 2004 | 123,455 | 4,075,003 | 33,008 | 21,840 | 6.50% |
| 2005 | 125,086 | 4,306,211 | 34,426 | 21,540 | 5.30% |
| 2006 | 125,352 | 4,500,764 | 35,905 | 21,317 | 6.50% |
| 2007 | 126,282 | 4,728,882 | 37,447 | 20,813 | 6.50% |
| 2008 | 126,053 | 4,725,027 | 37,484 | 20,246 | 7.10% |

Sources: (1) California Department of Finance, Demographic Research Unit
(2) Consumer Price Index of Urban Wage Earners, Bureau of Economic Analysis
(3) El Monte School Districts (Elementary) and El Monte High School District
(4) State Employment Development Department (data is based on annual average)

City of El Monte, California

Table 15
Principal Employers

| Employer | Employees | Rank | Percentage of Total City Employment |
|--|--------------|------|---|
| Wells Fargo Bank | 1,800 | 1 | 2.203% |
| El Monte Union High School District | 1,742 | 2 | 2.132% |
| Longo Toyota-Lexus | 1,621 | 3 | 1.984% |
| Mountain View Elementary School District | 1,007 | 4 | 1.233% |
| Vons Co. Inc. | 736 | 5 | 0.901% |
| City of El Monte | 622 | 6 | 0.761% |
| Hermetic Seal | 410 | 7 | 0.502% |
| Gregg industries | 400 | 8 | 0.490% |
| McConnell Cabinets | 330 | 9 | 0.404% |
| M C Gill Corporation | 250 | 10 | 0.306% |
| Driftwood Dairy | 250 | 11 | 0.306% |
| American Benefit Plan | 200 | 12 | 0.245% |
| Total | 9,368 | | 11.466% |

Source: El Monte Chamber of Commerce

City of El Monte, California

Table 16
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

| Function | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | 46 | 44 | 48 | 48 | 46 | 50 | 45 | 45 | 47 | 48 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 137 | 141 | 150 | 146 | 153 | 158 | 157 | 161 | 161 | 156 |
| Civilians | 42 | 44 | 47 | 57 | 56 | 60 | 62 | 65 | 65 | 75 |
| Fire * | | | | | | | | | | |
| Firefighters & Officers | N/A |
| Civilians | N/A |
| Community development | 25 | 26 | 28 | 35 | 32 | 39 | 39 | 31 | 31 | 28 |
| Public works | 48 | 50 | 53 | 46 | 47 | 48 | 43 | 43 | 43 | 36 |
| Parks, recreation and cultural | 40 | 41 | 41 | 41 | 41 | 45 | 47 | 50 | 50 | 47 |
| Utilities | | | | | | | | | | |
| Water | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Total | 348 | 356 | 377 | 383 | 385 | 410 | 403 | 405 | 407 | 400 |

Note: Fire Safety was contracted out to Los Angeles County beginning fiscal year 1998/99.

Source: Finance Department, City of El Monte

City of El Monte, California

Table 17
Operating Indicators by Function
Last Three Fiscal Years

| Function | 2006 | 2007 | 2008 |
|---------------------------|-------------|-------------|-------------|
| Police | | | |
| Physical arrests | 5,457 | 5,145 | 4,813 |
| Parking violations | 22,201 | 14,231 | 14,071 |
| Traffic violations | 12,197 | 13,012 | 8,878 |
| Water | | | |
| Total number of customers | 23,722 | 22,455 | 22,370 |
| Average daily consumption | 24,721 | 24,136 | 24,578 |

Source: Various departments, City of El Monte

City of El Monte, California

Table 18
Capital Assets by Function
Last Three Fiscal Years

| Function | 2006 | 2007 | 2008 |
|----------------------------------|-------|-------|-------|
| Public safety | | | |
| Police | | | |
| Stations | 1 | 1 | 1 |
| Police vehicles | 90 | 91 | 97 |
| Fire | | | |
| Stations | 4 | 4 | 4 |
| Highways and streets | | | |
| Streets (miles) | 151 | 151.4 | 151.4 |
| Streetlights | 4,500 | 4,500 | 4,500 |
| Traffic signals | 77 | 77 | 77 |
| Culture and recreation | | | |
| Parks acreage | 46 | 46 | 47 |
| Parks | 8 | 9 | 9 |
| Ball diamonds | 7 | 7 | 6 |
| Basketball courts | 4 | 4 | 5 |
| Craft/Activity buildings | 3 | 3 | 3 |
| Gymnasium | 1 | 1 | 1 |
| Swimming pools | 8 | 8 | 8 |
| Community centers | 6 | 6 | 6 |
| Water | | | |
| Water mains (miles) | 37 | 38 | 38 |
| Maximum daily treatment capacity | 6.5 | 6.5 | 6.5 |

Source: Various departments, City of El Monte