

CITY OF EL MONTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2007

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Retired

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, 2007, 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, 2007, 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 February 20, 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

February 20, 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, 2007. 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 governmental activities assets of the City of El Monte exceeded its liabilities for fiscal year 2006-07 by \$452.1 million of this amount, \$5.9 million is unrestricted net assets which may be used to meet the City's on-going obligations to citizens and creditors.
- The City's governmental activities total net assets increased by \$395.6 million due to additions of GASB Statement 34 Infrastructure Valuation Services in the amount of \$392.3 million.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$735,124, or 1.25% of total general fund expenditures.

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

The City's combined net assets increased \$395.6 million from \$45.2 million to \$440.8 million due to the implementation of GASB Statement 34 Infrastructure Valuation Services, capital assets increased by \$392.3 million, and the change in net assets as recorded in the Statement of Activities and in which flows through to the Statement of Net Assets. 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 1
NET ASSETS
(IN THOUSANDS)

As of June 30

	Governmental Activities		Business Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 96,278	\$ 95,404	\$ 4,022	\$ 3,370	\$ 100,300	\$ 98,774
Capital assets	<u>431,329</u>	<u>38,257</u>	<u>3,699</u>	<u>3,907</u>	<u>435,028</u>	<u>42,164</u>
TOTAL ASSETS	<u>527,607</u>	<u>133,661</u>	<u>7,721</u>	<u>7,277</u>	<u>535,328</u>	<u>140,938</u>
Long-term liabilities						
outstanding	54,979	58,377	18,227	18,162	73,206	76,539
Other liabilities	<u>20,534</u>	<u>18,783</u>	<u>769</u>	<u>408</u>	<u>21,303</u>	<u>19,191</u>
TOTAL LIABILITIES	<u>75,513</u>	<u>77,160</u>	<u>18,996</u>	<u>18,570</u>	<u>94,509</u>	<u>95,730</u>
Net assets:						
Invested in capital assets, net of related debt	400,525	7,693	3,700	3,907	404,225	11,600
Restricted	45,706	38,205	515	408	46,221	38,613
Unrestricted	<u>5,863</u>	<u>10,603</u>	<u>(15,490)</u>	<u>(15,608)</u>	<u>(9,627)</u>	<u>(5,005)</u>
TOTAL NET ASSETS	<u>\$ 452,094</u>	<u>\$ 56,501</u>	<u>\$ (11,275)</u>	<u>\$ (11,293)</u>	<u>\$ 440,819</u>	<u>\$ 45,208</u>

TABLE 2
CHANGES IN NET ASSETS
(IN THOUSANDS)

For the Year Ended June 30

	Governmental		Business Type		Total	
	Activities		Activities			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUES:						
Program Revenues:						
Charges for services	\$ 7,319	\$ 6,898	\$ 2,957	\$ 2,986	\$ 10,276	\$ 9,884
Operating grants and contributions	14,266	11,631	-	-	14,266	11,631
Capital grants and contributions	166	732	-	-	166	732
General Revenues:						
Property taxes	27,375	17,831	-	211	27,375	18,042
Sales tax	21,915	22,026	-	-	21,915	22,026
Franchise Taxes	2,118	3,021	-	-	2,118	3,021
Other taxes	9,787	9,819	-	-	9,787	9,819
Motor Vehicle In-Lieu	787	8,940	-	-	787	8,940
Use of Money & Property	5,360	4,497	108	(106)	5,468	4,391
Other Revenues	3,208	1,884	9	3	3,217	1,887
TOTAL REVENUES	<u>92,301</u>	<u>87,279</u>	<u>3,074</u>	<u>3,094</u>	<u>95,375</u>	<u>90,373</u>
EXPENSES:						
General Government	34,683	34,196	-	-	34,683	34,196
Public Safety	37,830	36,816	-	-	37,830	36,816
Community Services	5,138	5,561	-	-	5,138	5,561
Public Works	7,622	8,041	-	-	7,622	8,041
Interest on long-term debt	5,912	4,735	-	-	5,912	4,735
Water	-	-	3,298	3,627	3,298	3,627
TOTAL EXPENSES	<u>91,185</u>	<u>89,349</u>	<u>3,298</u>	<u>3,627</u>	<u>94,483</u>	<u>92,976</u>
Increase (decrease) in net assets before transfers	1,116	(2,070)	(224)	(533)	892	(2,603)
Transfers	-	430	-	(430)	-	-
INCREASE IN NET ASSETS	1,116	(1,640)	(224)	(963)	892	(2,603)
Beginning net assets as restated	450,978	58,141	(11,051)	(10,329)	439,927	47,812
Ending net assets	<u>\$ 452,094</u>	<u>\$ 56,501</u>	<u>\$ (11,275)</u>	<u>\$ (11,292)</u>	<u>\$ 440,819</u>	<u>\$ 45,209</u>

Compared to the prior year, net assets of the City's governmental activities increased by 875 percent or \$395.6 million. This was due to the restatement of Net Assets in the amount of \$394,518,127 as outlined in Note 14 on Page 67. 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 \$18,014, or 0.16 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	\$ 34,683	(\$ 26,819)
Public Safety	37,830	(34,092)
Community Services	5,138	(2,470)
Public Works	7,622	(141)
Interest on long-term debt	<u>5,912</u>	<u>(5,912)</u>
Total	<u>\$ 91,185</u>	<u>(\$ 69,434)</u>

THE CITY'S FUNDS

On page 14, the governmental funds balance sheet is shown. The combined fund balance of \$55,200,676 decreased from \$57,171,026, or 3.4 percent. This total includes the General Fund balance of \$63,311,395 which was increased by \$241,825 from the prior year. The City's General Fund balance has reserved/designated \$63,311,395 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 \$59,210,783 were \$217,823 less than the final budgeted revenues of \$59,428,606. The majority of the variance was in Property Tax revenues, including VLF Swap, which was budgeted to be \$8,292,000 and was actually \$8,673,665, and In Lieu Tax revenues, which was budgeted to be \$878,300 and was actually \$786,789, for a net difference of \$91,511; Telephone Utility Users Tax revenues, which was budgeted to be \$3,793,000 and was actually \$3,820,175, a difference of \$27,175; Franchise Fee revenues, which was budgeted to be \$2,551,817 and was actually \$2,073,180, a difference of \$478,637; Interest Earned revenues, which was budgeted to be \$1,165,764 and was actually \$2,919,763, a difference of \$1,753,999; Intergovernmental revenues, which was budgeted to be \$1,003,000 and was actually \$975,975, a difference of \$27,025; Charges for Services revenues, which was budgeted to be \$2,074,160 and was actually \$2,477,114, a difference of \$402,954; Fines and Forfeitures revenues, which was budgeted to be \$1,198,300 and was actually \$1,192,177, a difference of \$6,123; Other Miscellaneous revenues, which was budgeted to be \$1,906,835 and was actually \$432,881, a difference of \$1,473,954. Total decrease in actual revenues over budgeted revenues as itemized to be \$217,823.

The General Fund actual ending expenditures of \$55,006,583 (net of bond expenses and capital outlay) were \$4,243,131 less than the final budget of \$59,249,714. The majority of the variance was in General City expenditures, which was budgeted to be \$4,184,626 and was actually \$3,832,899, a difference of \$351,727 and Insurance and Surety expenditures, which was budgeted to be \$6,885,610 and was actually \$5,736,773, a difference of \$1,148,837. There were significant changes in the original budget compared to the final budget during the year. The original expenditure budget was \$59,213,420 compared to the final budget of \$62,716,162, a \$3,502,742 increase.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the City had \$435,029 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)

As of June 30

	Governmental Activities		Business Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 327,163	\$ 10,516	\$ 311	\$ 311	\$ 327,474	\$ 10,827
Construction in progress	2,803	15,388		-	2,803	15,388
Equipment-in-progress	95	-	-	-	95	-
Improvements other than buildings	1,092	1,270		-	1,092	1,270
Structures and improvements	20,850	8,597	1,095	1,098	21,945	9,695
Furniture and Equipment	4,409	2,108	1,500	1,599	5,909	3,707
Infrastructure	74,917	379	794	898	75,711	1,277
TOTALS	<u>\$ 431,329</u>	<u>\$ 38,258</u>	<u>\$ 3,700</u>	<u>\$ 3,906</u>	<u>\$ 435,029</u>	<u>\$ 42,164</u>

Long-Term Debt

At year-end, the City's governmental activities had \$42,868,392 in bonds, loans and leases versus \$43,214,819 last year. The City was able to meet all its current debt obligations in a timely manner.

TABLE 4
OUTSTANDING LONG-TERM DEBT
(IN THOUSANDS)

As of June 30

	Governmental Activities		Business Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Tax Allocation Bonds	\$ 17,745	\$ 18,210	\$ -	\$ -	\$ 17,745	\$ 18,210
Certificates of Participation	8,510	9,080	-	-	8,510	9,080
Notes Payable	12,339	12,650	-	-	12,339	12,650
Revenue Bonds	3,195	3,275	18,805	18,805	22,000	22,080
Lease Payable	1,079	-	-	-	1,079	-
TOTALS	\$ 42,868	\$ 43,215	\$ 18,805	\$ 18,805	\$ 61,673	\$ 62,020

The City's business-type activities long-term debt remains the same of \$18,805,000. 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 2007-08, management looked at the following economic factors:

- \$500,000 or 1% overall decrease in General Fund revenues
- City's Redevelopment Agency completed development projects which resulted in increased sales and property tax revenues
- City faced with the challenge of achieving a balanced operating budget will spend \$299,900 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

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 48,804,638	\$ 1,507,557	\$ 50,312,195
Receivables:			
Accounts	1,680,650	755,118	2,435,768
Taxes	5,282,565	-	5,282,565
Notes and loans	16,218,604	50,000	16,268,604
Accrued interest	432,682	-	432,682
Internal balances	(172,375)	172,375	-
Prepaid costs	21,118	-	21,118
Inventories	58,381	-	58,381
Deferred costs	714,274	521,196	1,235,470
Deposits	855	-	855
Due from other governments	3,648,670	-	3,648,670
Due from external parties	20,000	-	20,000
Land held for resale	10,144,330	-	10,144,330
Restricted assets:			
Cash and investments	5,575,927	500,000	6,075,927
Cash and investments with fiscal agent	3,847,738	515,422	4,363,160
Capital assets not being depreciated	330,060,759	310,748	330,371,507
Capital assets, net of depreciation	101,268,489	3,388,838	104,657,327
Total Assets	527,607,305	7,721,254	535,328,559
Liabilities:			
Accounts payable	3,316,149	115,579	3,431,728
Retentions payable	208,103	-	208,103
Accrued liabilities	1,379,867	34,398	1,414,265
Accrued interest	519,242	277,564	796,806
Unearned revenues	1,555,048	-	1,555,048
Deposits payable	3,909,977	270,546	4,180,523
Due to other governments	6,163,094	-	6,163,094
Noncurrent liabilities:			
Due within one year			
Claims and judgments	1,128,804	-	1,128,804
Compensated absences	2,354,102	71,307	2,425,409
Bonds, notes and leases	2,499,599	195,000	2,694,599
Due in more than one year			
Claims and judgments	7,221,829	-	7,221,829
Compensated absences	5,001,524	199,050	5,200,574
Bonds, notes and leases	40,255,461	17,832,731	58,088,192
Total Liabilities	75,512,799	18,996,175	94,508,974
Net Assets:			
Invested in capital assets, net of related debt	400,525,216	3,699,586	404,224,802
Restricted for:			
Public works projects	8,653,206	-	8,653,206
Public safety	2,486,632	-	2,486,632
Parks, recreation and leisure	1,194,026	-	1,194,026
Community development	9,764,881	-	9,764,881
Employee retirement	19,559,853	-	19,559,853
Debt service	4,047,455	515,422	4,562,877
Unrestricted	5,863,237	(15,489,929)	(9,626,692)
Total Net Assets	\$ 452,094,506	\$ (11,274,921)	\$ 440,819,585

See Notes to Financial Statements

CITY OF EL MONTE

STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Governmental Activities:				
General government	\$ 34,683,409	\$ 2,333,333	\$ 5,531,272	\$ -
Public safety	37,829,869	2,298,313	1,440,006	-
Parks, recreation, and cultural	5,138,300	534,834	2,133,358	-
Public works	7,622,037	2,152,880	5,161,281	166,456
Interest on long-term debt	5,912,027	-	-	-
Total Governmental Activities	91,185,642	7,319,360	14,265,917	166,456
Business-Type Activities:				
Water Authority	3,298,506	2,957,009	-	-
Total Business-Type Activities	3,298,506	2,957,009	-	-
Total Primary Government	\$ 94,484,148	\$ 10,276,369	\$ 14,265,917	\$ 166,456

General Revenues:

- Taxes:
 - Property taxes, levied for general purpose
 - Transient occupancy taxes
 - Sales taxes
 - Franchise taxes
 - Utility user taxes
 - Other taxes
- Intergovernmental, unrestricted:
 - Motor vehicle in lieu
 - 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
\$ (26,818,804)	\$ -	\$ (26,818,804)
(34,091,550)	-	(34,091,550)
(2,470,108)	-	(2,470,108)
(141,420)	-	(141,420)
(5,912,027)	-	(5,912,027)
(69,433,909)	-	(69,433,909)
-	(341,497)	(341,497)
-	(341,497)	(341,497)
(69,433,909)	(341,497)	(69,775,406)
27,375,152	-	27,375,152
326,312	-	326,312
21,915,042	-	21,915,042
2,118,032	-	2,118,032
8,744,118	-	8,744,118
717,016	-	717,016
786,789	-	786,789
5,359,639	107,997	5,467,636
3,208,128	9,103	3,217,231
70,550,228	117,100	70,667,328
1,116,319	(224,397)	891,922
56,460,060	(11,292,935)	45,167,125
394,518,127	242,411	394,760,538
\$ 452,094,506	\$ (11,274,921)	\$ 440,819,585

CITY OF EL MONTE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General	Special Revenue Funds	
		Retirement	Housing and Community Development
Assets:			
Cash and investments	\$ 10,862,889	\$20,033,998	\$ 2,188,147
Receivables:			
Accounts	1,342,523	-	486
Taxes	4,449,134	286,080	-
Notes and loans	113,296	-	12,103,376
Accrued interest	432,682	-	-
Prepaid costs	15,373	-	-
Deposits	-	-	100
Due from other governments	90,000	-	1,731,801
Due from external parties	20,000	-	-
Due from other funds	2,902,879	-	-
Advances to other funds	47,356,626	-	17,508,476
Inventories	58,381	-	-
Land held for resale	-	-	1,845,000
Restricted assets:			
Cash and investments	-	-	291,971
Cash and investments with fiscal agents	3,759,142	-	-
Total Assets	\$ 71,402,925	\$ 20,320,078	\$ 35,669,357
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,507,831	\$ 758,122	\$ 327,348
Retentions payable	176,640	-	-
Accrued liabilities	1,247,033	-	41,191
Due to other funds	-	-	1,355,818
Deferred revenues	2,001,020	-	17,112,035
Unearned revenues	-	-	1,125,800
Advances from other funds	-	-	-
Deposits payable	3,159,006	2,103	2,056
Due to other governments	-	-	5,960,604
Total Liabilities	8,091,530	760,225	25,924,852
Fund Balances:			
Reserved:			
Reserved for encumbrances	323,684	-	385,742
Reserved for prepaid costs	15,373	-	-
Reserved for deposits	-	-	100
Reserved for inventories	58,381	-	-
Reserved for land held for resale	-	-	1,845,000
Reserved for notes and loans receivable	-	-	10,703,552
Reserved for advances to other funds	47,356,626	-	2,905,910
Reserved for capital projects	3,625,526	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Designated for art in public places	181,986	-	-
Designated for capital projects	1,438,200	-	-
Designated for freeway cleanup	276,489	-	-
Designated for risk management	300,000	-	-
Designated for retirement	-	19,559,853	-
Designated for working capital	5,000,000	-	-
Designated for compensated absences	2,354,102	-	-
Designated for claims & judgments	1,128,804	-	-
Designated for continuing appropriations	517,100	-	-
Undesignated	735,124	-	(6,095,799)
Total Fund Balances	63,311,395	19,559,853	9,744,505
Total Liabilities and Fund Balances	\$ 71,402,925	\$ 20,320,078	\$ 35,669,357

See Notes to Financial Statements

CITY OF EL MONTE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	Capital		
	Projects Fund	Other	Total
	Redevelopment	Governmental	Governmental
	Agency	Funds	Funds
Assets:			
Cash and investments	\$ 1,465,181	\$ 14,254,423	\$ 48,804,638
Receivables:			
Accounts	174,143	163,498	1,680,650
Taxes	60,897	486,454	5,282,565
Notes and loans	3,109,708	892,224	16,218,604
Accrued interest	-	-	432,682
Prepaid costs	-	5,745	21,118
Deposits	-	755	855
Due from other governments	-	1,826,869	3,648,670
Due from external parties	-	-	20,000
Due from other funds	51,560	650,789	3,605,228
Advances to other funds	783,706	1,702,512	67,351,320
Inventories	-	-	58,381
Land held for resale	8,299,330	-	10,144,330
Restricted assets:			
Cash and investments	2,264,848	3,019,108	5,575,927
Cash and investments with fiscal agents	-	88,596	3,847,738
Total Assets	\$ 16,209,373	\$ 23,090,973	\$ 166,692,706
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 70,037	\$ 652,811	\$ 3,316,149
Retentions payable	-	31,463	208,103
Accrued liabilities	16,720	74,923	1,379,867
Due to other funds	671,289	1,578,121	3,605,228
Deferred revenues	709,639	4,008,175	23,830,869
Unearned revenues	351,137	78,111	1,555,048
Advances from other funds	66,729,325	794,370	67,523,695
Deposits payable	119,400	627,412	3,909,977
Due to other governments	-	202,490	6,163,094
Total Liabilities	68,667,547	8,047,876	111,492,030
Fund Balances:			
Reserved:			
Reserved for encumbrances	151,661	1,624,320	2,485,407
Reserved for prepaid costs	-	5,745	21,118
Reserved for deposits	-	755	855
Reserved for inventories	-	-	58,381
Reserved for land held for resale	8,299,330	-	10,144,330
Reserved for notes and loans receivable	2,669,309	8,375	13,381,236
Reserved for advances to other funds	516,134	-	50,778,670
Reserved for capital projects	-	-	3,625,526
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	9,356,447	9,356,447
Debt service funds	-	4,047,455	4,047,455
Designated for art in public places	-	-	181,986
Designated for capital projects	-	-	1,438,200
Designated for freeway cleanup	-	-	276,489
Designated for risk management	-	-	300,000
Designated for retirement	-	-	19,559,853
Designated for working capital	-	-	5,000,000
Designated for compensated absences	-	-	2,354,102
Designated for claims & judgments	-	-	1,128,804
Designated for continuing appropriations	-	-	517,100
Undesignated	(64,094,608)	-	(69,455,283)
Total Fund Balances	(52,458,174)	15,043,097	55,200,676
Total Liabilities and Fund Balances	\$ 16,209,373	\$ 23,090,973	\$ 166,692,706

See Notes to Financial Statements

CITY OF EL MONTE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Fund balances of governmental funds	\$ 55,200,676
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.	431,329,248
Long-term liabilities, claims and judgments and compensated absences that have not been included in the governmental fund activity:	
Claims and judgments	(8,350,633)
Compensated absences	(7,355,626)
Bonds, notes and leases	(42,755,060)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(519,242)
Bond issuance costs are expended in the governmental funds, but are capitalized in the Statement of Net Assets.	714,274
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.	<u>23,830,869</u>
Net assets of governmental activities	<u><u>\$ 452,094,506</u></u>

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CITY OF EL MONTE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Retirement</u>	<u>Housing and Community Development</u>
Revenues:			
Taxes	\$ 45,442,670	\$ 8,677,082	\$ -
Licenses and permits	2,966,187	-	-
Intergovernmental	975,975	-	4,832,995
Charges for services	2,477,214	-	-
Use of money and property	2,919,663	1,023,443	197,691
Fines and forfeitures	1,192,177	-	-
Contributions	248,891	-	-
Miscellaneous	432,881	33,971	77,660
Total Revenues	56,655,658	9,734,496	5,108,346
Expenditures:			
Current:			
General government	12,746,786	8,442,839	3,171,777
Public safety	34,661,832	-	715,842
Parks, recreation, and cultural	4,149,390	-	-
Public works	3,448,575	-	391,773
Capital outlay	2,820,687	-	-
Debt service:			
Principal retirement	570,000	-	514,000
Interest and fiscal charges	512,272	-	595,484
Total Expenditures	58,909,542	8,442,839	5,388,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,253,884)	1,291,657	(280,530)
Other Financing Sources (Uses):			
Transfers in	2,050,125	-	-
Transfers out	-	-	-
Notes and loans issued	-	-	675,000
Other debts issued	505,000	-	-
Total Other Financing Sources (Uses)	2,555,125	-	675,000
Net Change in Fund Balances	\$ 301,241	\$ 1,291,657	\$ 394,470
Fund Balances:			
Beginning of year, as originally reported	\$ 63,069,570	\$ 18,268,196	\$ 8,662,832
Restatements	(59,416)	-	687,203
Beginning of year, as restated	63,010,154	18,268,196	9,350,035
Net change in fund balances	301,241	1,291,657	394,470
End of Year	\$ 63,311,395	\$ 19,559,853	\$ 9,744,505

CITY OF EL MONTE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Capital Projects Funds		Total Governmental Funds
	Redevelopment Agency	Other Governmental Funds	
Revenues:			
Taxes	\$ 1,192,547	\$ 8,231,035	\$ 63,543,334
Licenses and permits	-	111,051	3,077,238
Intergovernmental	148,863	6,825,362	12,783,195
Charges for services	-	550,079	3,027,293
Use of money and property	297,681	872,641	5,311,119
Fines and forfeitures	-	-	1,192,177
Contributions	25,000	-	273,891
Miscellaneous	405,177	381,339	1,331,028
Total Revenues	2,069,268	16,971,507	90,539,275
Expenditures:			
Current:			
General government	1,995,827	3,943,132	30,300,361
Public safety	-	1,235,023	36,612,697
Parks, recreation, and cultural	-	936,060	5,085,450
Public works	-	368,855	4,209,203
Capital outlay	3,813,723	3,360,834	9,995,244
Debt service:			
Principal retirement	329,214	926,537	2,339,751
Interest and fiscal charges	3,574,800	1,077,602	5,760,158
Total Expenditures	9,713,564	11,848,043	94,302,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,644,296)	5,123,464	(3,763,589)
Other Financing Sources (Uses):			
Transfers in	1,633,190	471,029	4,154,344
Transfers out	(471,029)	(3,683,315)	(4,154,344)
Notes and loans issued	-	-	675,000
Other debts issued	48,691	-	553,691
Total Other Financing Sources (Uses)	1,210,852	(3,212,286)	1,228,691
Net Change in Fund Balances	\$ (6,433,444)	\$ 1,911,178	\$ (2,534,898)
Fund Balances:			
Beginning of year, as originally reported	\$ (44,280,564)	\$ 11,409,753	\$ 57,129,787
Restatements	(1,744,166)	1,722,166	605,787
Beginning of year, as restated	(46,024,730)	13,131,919	57,735,574
Net change in fund balances	(6,433,444)	1,911,178	(2,534,898)
End of Year	\$ (52,458,174)	\$ 15,043,097	\$ 55,200,676

CITY OF EL MONTE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds	\$ (2,534,898)
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.	(1,605,533)
The issuance of long-term liabilities (e.g. bonds, leases, notes) 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.	4,089,021
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	(84,847)
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.	(510,110)
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.	<u>1,762,686</u>
Change in net assets of governmental activities	<u><u>\$ 1,116,319</u></u>

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CITY OF EL MONTE

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 63,010,154	\$63,010,154	\$ 63,010,154	\$ -
Resources (Inflows):				
Taxes	46,979,455	47,014,672	45,442,670	(1,572,002)
Licenses and permits	3,026,200	3,026,200	2,966,187	(60,013)
Intergovernmental	1,003,000	1,003,000	975,975	(27,025)
Charges for services	2,074,160	2,074,160	2,477,214	403,054
Use of money and property	1,165,764	1,165,764	2,919,663	1,753,899
Fines and forfeitures	1,198,300	1,198,300	1,192,177	(6,123)
Contributions	4,550	4,550	248,891	244,341
Other	1,906,835	1,906,835	432,881	(1,473,954)
Other debts issued	-	-	505,000	505,000
Transfers from other funds	2,035,125	2,035,125	2,050,125	15,000
Amounts Available for Appropriation	122,403,543	122,438,760	122,220,937	(217,823)
Charges to Appropriation (Outflow):				
General government:				
City council	365,154	365,154	116,091	249,063
Administrative office	395,162	404,520	418,534	(14,014)
City clerk	192,830	192,830	183,582	9,248
Purchasing	101,991	101,991	108,868	(6,877)
Finance	578,862	598,698	550,187	48,511
City treasurer	121,486	143,486	145,443	(1,957)
City attorney	393,541	413,263	451,634	(38,371)
Public information office	1,750	1,750	1,093	657
Personnel	345,887	345,887	291,909	53,978
General city expense	4,155,349	4,184,626	351,727	3,832,899
Information technology	253,760	298,039	242,332	55,707
Community promotion	80,736	80,736	67,995	12,741
Sister city program	6,800	6,800	4,079	2,721
Election expenditures	60,000	60,000	71,982	(11,982)
Insurance and surety	6,860,610	6,885,610	5,736,773	1,148,837
Uninsured losses - general	1,295,000	1,295,000	870,113	424,887
License collection	212,380	190,380	215,492	(25,112)
Valley mall	78,022	78,022	85,067	(7,045)
El Monte Museum	31,940	31,940	33,311	(1,371)
Art in public places	-	-	3,375	(3,375)
Retirement contributions	-	3,491,855	2,797,199	694,656
Public safety:				
Code enforcement	234,187	234,187	86,244	147,943
Police	19,012,239	19,126,612	21,017,511	(1,890,899)
Police code enforcement	523,468	523,468	497,203	26,265
Fire department	9,689,554	9,704,554	9,577,256	127,298
Police helicopter	853,293	853,293	936,779	(83,486)
Civil defense	37,450	69,205	32,573	36,632
Traffic safety program	2,364,457	2,408,515	2,514,266	(105,751)

CITY OF EL MONTE

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks, recreation and cultural:				
Parks and building maintenance	\$ 1,336,880	\$ 1,336,880	\$ 1,610,245	\$ (273,365)
Gov bldg & grounds maintenance	204,119	204,119	236,003	(31,884)
Aquatic center project	720,526	720,526	817,140	(96,614)
Parking lot maintenance	12,657	12,657	20,353	(7,696)
Mall maintenance	12,407	12,407	8,579	3,828
Parks	571,122	571,122	565,198	5,924
Sports/playgrounds/aquatics	429,049	429,049	401,218	27,831
Senior services	176,543	165,843	171,720	(5,877)
Administration	201,786	201,786	147,012	54,774
Communications and marketing	85,964	85,964	89,373	(3,409)
Contracted classes	42,525	53,225	75,011	(21,786)
Aquatic center classes	-	-	7,538	(7,538)
Public works:				
Buildings and grounds maintenance	1,456,118	1,584,053	1,508,566	75,487
Building regulations	296,255	294,755	651,348	(356,593)
City planning	600,279	631,441	530,287	101,154
Graffiti removal	-	-	744	(744)
General engineering	470,430	469,730	465,726	4,004
Sanitary sewer maintenance	81,328	89,672	160,200	(70,528)
Parking lot maintenance	11,352	11,352	45,130	(33,778)
Community Development	5,000	55,000	-	55,000
Median maintenance	29,722	29,722	61,480	(31,758)
Sewer	-	98,990	25,094	73,896
Capital Outlay	4,223,450	3,466,448	2,820,687	645,761
Debt service:				
Principal	-	-	570,000	(570,000)
Interest	-	-	512,272	(512,272)
Transfers to other funds	-	101,000	-	101,000
Total Charges to Appropriations	59,213,420	62,716,162	58,909,542	4,333,529
Budgetary Fund Balance, June 30	\$ 63,190,123	\$ 59,722,598	\$ 63,311,395	\$ 4,115,706

CITY OF EL MONTE

**BUDGETARY COMPARISON STATEMENT
RETIREMENT
YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,268,196	\$ 18,268,196	\$ 18,268,196	\$ -
Resources (Inflows):				
Taxes	9,635,000	9,635,000	8,677,082	(957,918)
Use of money and property	560,000	560,000	1,023,443	463,443
Other	-	-	33,971	33,971
Amounts Available for Appropriation	28,463,196	28,463,196	28,002,692	(460,504)
Charges to Appropriation (Outflow):				
General government	8,448,125	8,758,953	8,442,839	316,114
Total Charges to Appropriations	8,448,125	8,758,953	8,442,839	316,114
Budgetary Fund Balance, June 30	\$ 20,015,071	\$ 19,704,243	\$ 19,559,853	\$ (144,390)

CITY OF EL MONTE

BUDGETARY COMPARISON STATEMENT
 HOUSING AND COMMUNITY DEVELOPMENT
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 9,350,035	\$ 9,350,035	\$ 9,350,035	\$ -
Resources (Inflows):				
Intergovernmental	4,232,677	4,482,677	4,832,995	350,318
Use of money and property	-	-	197,691	197,691
Other	-	-	77,660	77,660
Notes and loans issued	-	-	675,000	675,000
Transfers from other funds	593,415	593,415	-	(593,415)
Amounts Available for Appropriation	14,176,127	14,426,127	15,133,381	707,254
Charges to appropriation (outflow):				
General government	-	3,333,765	3,171,777	161,988
Public safety	-	653,004	715,842	(62,838)
Public works	-	939,549	391,773	547,776
Capital outlay	-	20,000	-	20,000
Debt service:				
Principal	-	299,963	514,000	(214,037)
Interest and fiscal charges	-	95,000	595,484	(500,484)
Total Charges to Appropriations	-	5,341,281	5,388,876	(47,595)
Budgetary Fund Balance, June 30	\$ 14,176,127	\$ 9,084,846	\$ 9,744,505	\$ 659,659

CITY OF EL MONTE

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2007

	Business-Type Activities - Enterprise Funds Water Authority
Assets:	
Current:	
Cash and investments	\$ 1,507,557
Receivables:	
Accounts	755,118
Notes and loans	50,000
Restricted:	
Cash and investments	500,000
Cash and investments with fiscal agent	515,422
Total Current Assets	3,328,097
Noncurrent:	
Deferred charges	521,196
Advances to other funds	172,375
Capital assets - net of accumulated depreciation	3,699,586
Total Noncurrent Assets	4,393,157
Total Assets	\$ 7,721,254
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	\$ 115,579
Accrued liabilities	34,398
Deposits payable	270,546
Interest payable	277,564
Compensated absences	71,307
Bonds payable	195,000
Total Current Liabilities	964,394
Noncurrent:	
Compensated absences	199,050
Bonds payable	17,832,731
Total Noncurrent Liabilities	18,031,781
Total Liabilities	18,996,175
Net Assets:	
Invested in capital assets	3,699,586
Restricted for debt service	515,422
Unrestricted	(15,489,929)
Total Net Assets	(11,274,921)
Total Liabilities and Net Assets	\$ 7,721,254

CITY OF EL MONTE

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Enterprise Funds
	Water Authority
Operating Revenues:	
Sales and service charges	\$ 2,957,009
Miscellaneous	9,103
Total Operating Revenues	2,966,112
Operating Expenses:	
Treatment	769,426
Administration and general	1,212,605
Depreciation	233,225
Total Operating Expenses	2,215,256
Operating Income (Loss)	750,856
Nonoperating Revenues (Expenses):	
Interest revenue	107,997
Interest expense	(1,083,250)
Total Nonoperating Revenues (Expenses)	(975,253)
Changes in Net Assets	\$ (224,397)
Net Assets:	
Beginning of year, as originally reported	\$ (11,292,935)
Restatements	242,411
Beginning of year, as restated	(11,050,524)
Changes in net assets	(224,397)
End of Fiscal Year	\$ (11,274,921)

CITY OF EL MONTE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Enterprise Funds Water Authority
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 2,982,934
Cash paid to supplies for goods and services	(534,272)
Cash paid to employees for services	(1,172,543)
	<u>1,276,119</u>
Net Cash Provided (Used) by Operating Activities	1,276,119
Cash Flows from Non-Capital Financing Activities:	
Advances to other funds	(8,208)
	<u>(8,208)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	(8,208)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(26,284)
Interest paid on capital debt	(752,272)
	<u>(778,556)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(778,556)
Cash Flows from Investing Activities:	
Interest received	107,997
	<u>107,997</u>
Net Cash Provided (Used) by Investing Activities	107,997
Net Increase (Decrease) in Cash and Cash Equivalents	597,352
Cash and Cash Equivalents at Beginning of Year	<u>1,925,627</u>
Cash and Cash Equivalents at End of Year	\$ <u>2,522,979</u>

CITY OF EL MONTE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities - Enterprise Funds Water Authority</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 750,856
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	233,225
(Increase) decrease in accounts receivable	16,822
(Increase) decrease in prepaid expense	154,949
Increase (decrease) in accounts payable	24,154
Increase (decrease) in accrued liabilities	3,242
Increase (decrease) in deposits payable	56,051
Increase (decrease) in compensated absences	36,820
Total Adjustments	<u>525,263</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,276,119</u>
Non-Cash Investing, Capital, and Financing Activities:	
Amortization of deferred charges	\$ 25,492
Amortization of bond premium and loss on defeasance	53,414

CITY OF EL MONTE

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2007

	Agency Fund	Pension Trust Fund
	Payroll	Retiree Insurance
Assets:		
Cash and investments	\$ 21,547	\$ 152,988
Total Assets	\$ 21,547	\$ 152,988
Liabilities:		
Accounts payable	\$ 1,547	\$ -
Due to external parties	20,000	-
Total Liabilities	21,547	-
Net Assets:		
Held in trust for pension benefits	-	152,988
Total Liabilities and Net Assets	\$ 21,547	\$ 152,988

CITY OF EL MONTE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Pension Trust Fund Retiree Insurance</u>
Additions	
Contributions:	
Employer	\$ 57,746
Employee	75,000
Retiree	19,800
Investment earnings:	
Interest	<u>10,445</u>
Total Additions	<u>162,991</u>
 Deductions	
Benefits	<u>195,522</u>
Total Deductions	<u>195,522</u>
Change in Net Assets	(32,531)
Net Assets - Beginning of the Year	<u>185,519</u>
Net Assets - End of the Year	<u>\$ 152,988</u>

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CITY OF EL MONTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 (commending 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. 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 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 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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:

<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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The detail of the \$(42,755,060) long-term liabilities difference is as follows:

Long-term debt:	
Certificates of participation	\$ (8,510,000)
Tax allocation bonds	(17,860,000)
Revenue bonds	(3,080,000)
Note payable	(12,339,360)
Lease payable	(1,079,032)
Unamortized bond discount	<u>113,332</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u><u>\$ (42,755,060)</u></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 \$(1,605,533) difference are as follows:

Capital outlay	\$ 3,756,529
Depreciation expense	(5,126,513)
Loss on disposals	<u>(235,549)</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><u>\$ (1,605,533)</u></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 \$4,089,021 difference are as follows:

Debt issued or incurred:	
Lease payable	\$ (505,000)
Notes payable	(723,691)
Principal repayments:	
Notes payable	768,438
Certificates of participation	570,000
Tax allocation bonds	350,000
Revenue bonds	195,000
Lease payable	456,313
Change in claims & judgments	3,044,983
Amortization of bond discounts	(11,334)
Amortization of debt issuance costs	<u>(55,688)</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>\$ 4,089,021</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 budgetary basis and GAAP are presented on the same financial statements. During

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

Note 2: Stewardship, Compliance and Accountability (Continued)

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, Local Law Enforcement Block Grant, County Aid to Cities, Miscellaneous Grants, Park Bond Act, and Children's Lunch Program.

b. At June 30, 2007, the following funds had Deficit Fund Balances:

Special Revenue Funds:	
Adult Sports	(73,701)
Emergency Shelter Grant	(27,274)
Miscellaneous Grants	(351,904)
Older American Act	(20)
Park Bond Act	(1,034,978)
Children's Lunch Program	(94,915)
Capital Projects Funds:	
Redevelopment Agency - Capital Projects	(52,458,174)
Enterprise Fund:	
Water Authority	(11,274,921)

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	\$ 418,534	\$ 404,520	\$ 14,014
Purchasing	108,868	101,991	6,877
City treasurer	145,443	143,486	1,957
City attorney	451,634	413,263	38,371
Election expenditures	71,982	60,000	11,982
License collection	215,492	190,380	25,112
Valley mall	85,067	78,022	7,045
El Monte museum	33,311	31,940	1,371
Art in public places	3,375	-	3,375
Public safety:			
Police	21,017,511	19,126,612	1,890,899
Police helicopter	936,779	853,293	83,486
Traffic safety program	2,514,266	2,408,515	105,751
Parks, recreation and culture			
Parks and grounds maintenance	1,610,245	1,336,880	273,365
Gov bldg & grounds maintenance	236,003	204,119	31,884
Aquatic center project	817,140	720,526	96,614
Parking lot maintenance	20,353	12,657	7,696
Senior services	171,720	165,843	5,877
Communications and marketing	89,373	85,964	3,409
Contracted classes	75,011	53,225	21,786
Public works			
Building regulations	651,348	294,755	356,593
Sanitary sewer maintenance	160,200	89,672	70,528
Parking lot maintenance	45,130	11,352	33,778
Median maintenance	61,480	29,722	31,758
Housing and Community Development			
Public safety	715,842	653,004	62,838
Debt service:			
Principal	514,000	299,963	214,037
Interest and fiscal charges	595,484	95,000	500,484

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2007, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 58,228,303
Business-type activities	2,522,979
Fiduciary funds	<u>174,535</u>
Total Cash and Investments	<u>\$ 60,925,817</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, 2007, the carrying amount of the City's deposits was \$8,863,091 and the bank balance was \$12,015,650. The \$3,152,559 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, 2007, the City invested in Federal Farm Credit Bank, Federal National Mortgage Association, Federal Home Loan Bank and Federal Home Loan Mortgage Corporation 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, 2007, 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, 2007, 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, 2007, 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, 2007, the City has investments with the following issuers which exceed 5% of the total investment value:

Federal Farm Credit Bank	\$ 2,958,438	5.68%
Federal Home Loan Bank	23,988,393	46.08%
Federal Home Loan Mortgage Corporation	2,953,660	5.67%

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, 2007, 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	
Money Market Mutual Funds	\$ 5,021,868	\$ -	\$ -	\$ 5,021,868
Federal Agency Securities				
Federal Farm Credit Bank	998,125	976,875	983,438	2,958,438
Federal National Mortgage Assoc.	-	-	986,250	986,250
Federal Home Loan Bank	5,950,938	10,860,312	7,177,143	23,988,393
Federal Home Loan Mortgage Corp.	-	2,953,660	-	2,953,660
State and local government securities	2,560,305	-	-	2,560,305
Local Agency Investment Fund	13,593,812	-	-	13,593,812
	<u>\$ 28,125,048</u>	<u>\$ 14,790,847</u>	<u>\$ 9,146,831</u>	<u>\$ 52,062,726</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, 2007, the following loans receivable were outstanding:

Pacific Place Expansion Project	\$ 2,525,000
L.T. Titan, Limited Partnership	500,833
RTS Group	146,129
Lee - "Blessed Rock of El Monte"	739,333
L.T. Titan, Limited Partnership	200,333
Singing Wood Senior Housing	440,142
TDF Senior Housing	572,646
Various Housing Deferred Loans and Other Assistance	11,094,188
Water Authority	50,000
	<u>\$ 16,268,604</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, 2007, 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, 2007, the City and Agency's investment in land held for resale amounted to:

Housing and Community Development Fund	\$ 1,845,000
El Monte Center Amendment #1 Project Area - Project Fund	1,107,500
Downtown El Monte Project Area - Project Fund	6,933,830
Downtown El Monte Project Area - Low and Moderate Housing Fund	258,000
	<u>10,144,330</u>
Total Land Held for Resale	<u>\$ 10,144,330</u>

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

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 10,515,651	\$ 316,647,494	\$ 327,163,145	\$ -	\$ -	\$ 327,163,145
Construction-in-progress	15,387,574	(15,089,540)	298,034	2,506,862	2,242	2,802,654
Equipment-in-progress	-	-	-	94,960	-	94,960
Total Capital Assets, Not Being Depreciated	25,903,225	301,557,954	327,461,179	2,601,822	2,242	330,060,759
Capital assets, being depreciated:						
Land improvements	4,944,675	-	4,944,675	-	-	4,944,675
Structures and improvements	17,905,459	13,843,828	31,749,287	-	112,899	31,636,388
Furniture and equipment	13,314,883	2,651,304	15,966,187	1,154,707	2,223,091	14,897,803
Infrastructure	446,308	121,036,888	121,483,196	-	-	121,483,196
Total Capital Assets, Being Depreciated	36,611,325	137,532,020	174,143,345	1,154,707	2,335,990	172,962,062
Less accumulated depreciation:						
Land improvements	3,674,605	-	3,674,605	177,764	-	3,852,369
Structures	9,308,686	697,409	10,006,095	780,983	771	10,786,307
Furniture and equipment	11,206,565	171,544	11,378,109	1,212,229	2,101,912	10,488,426
Infrastructure	66,886	43,544,048	43,610,934	2,955,537	-	46,566,471
Total Accumulated Depreciation	24,256,742	44,413,001	68,669,743	5,126,513	2,102,683	71,693,573
Total Capital Assets, Being Depreciated, Net	12,354,583	93,119,019	105,473,602	(3,971,806)	233,307	101,268,489
Governmental Activities Capital Assets, Net	<u>\$ 38,257,808</u>	<u>\$ 394,676,973</u>	<u>\$ 432,934,781</u>	<u>\$ (1,369,984)</u>	<u>\$ 235,549</u>	<u>\$ 431,329,248</u>

* Adjustments were made to correct the value of assets purchased in prior years, record land and construction in progress projects not recorded in the prior year, correct depreciation expense on assets not properly depreciated in prior years and to record all prior years infrastructure and related accumulated depreciation.

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	<u>310,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,748</u>
Capital assets, being depreciated:					
Structures and improvements	3,069,083	26,284	-	34,431	3,129,798
Furniture and equipment	3,790,151	-	-	(5,496)	3,784,655
Infrastructure	1,803,664	-	-	(28,935)	1,774,729
Total Capital Assets, Being Depreciated	<u>8,662,898</u>	<u>26,284</u>	<u>-</u>	<u>-</u>	<u>8,689,182</u>
Less accumulated depreciation:					
Structures and improvements	1,970,825	63,761	-	-	2,034,586
Furniture and equipment	2,190,710	94,006	-	-	2,284,716
Infrastructure	905,584	75,458	-	-	981,042
Total Accumulated Depreciation	<u>5,067,119</u>	<u>233,225</u>	<u>-</u>	<u>-</u>	<u>5,300,344</u>
Total Capital Assets, Being Depreciated, Net	<u>3,595,779</u>	<u>(206,941)</u>	<u>-</u>	<u>-</u>	<u>3,388,838</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,906,527</u>	<u>\$ (206,941)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,699,586</u>

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

Governmental Activities:	
General government	\$ 1,062,003
Public safety	667,811
Parks, recreation and leisure	16,541
Public works	3,380,158
Total Governmental Activities Depreciation	<u>\$ 5,126,513</u>
Business-Type Activities:	
Water authority	<u>\$ 233,225</u>

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

Note 7: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due To/From Other Funds

Funds	Due to Other Funds			Total
	Housing and Community Development	Redevelopment Agency - Capital Projects	Nonmajor Governmental Funds	
Due From Other Funds:				
General	\$ 1,355,818	\$ 20,500	\$ 1,526,561	\$ 2,902,879
Redevelopment Agency Capital Projects	-	-	51,560	51,560
Nonmajor governmental funds	-	650,789	-	650,789
Total	\$ 1,355,818	\$ 671,289	\$ 1,578,121	\$ 3,605,228

The due to General Fund of \$1,355,818 from the Housing and Community Development Fund and various nonmajor funds of \$1,526,561 was a result of temporary deficit cash balances in those funds. The remaining balance of \$20,500 from the Redevelopment Agency – Capital Projects Fund was the current year interest accrual on long-term loans.

The due to other funds in the Redevelopment Agency - Capital Projects Fund in the amount of \$650,789 was the result of funding for various capital projects.

Advances To/From Other Funds

Funds	Advances From Other Funds		Total
	RDA Capital Projects	RDA Debt Service	
Advances To Other Funds:			
General Fund	\$ 47,345,962	\$ 10,664	\$ 47,356,626
Housing and Community Development	17,508,476	-	17,508,476
Water Authority	172,375	-	172,375
RDA Capital Projects	-	783,706	783,706
Nonmajor governmental fund	1,702,512	-	1,702,512
Total	\$ 66,729,325	\$ 794,370	\$ 67,523,695

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, 2007, loans and accrued unpaid interest owed were \$66,739,989. In addition, the Redevelopment Agency – Capital Projects Fund has made loans of \$783,706 to the Redevelopment Agency – Debt Service Fund to pay for ERAF payments in the current and prior years.

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

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

Interfund Transfers

Funds	Transfers In			Total
	General Fund	Redevelopment Agency Capital Projects	Nonmajor Governmental Funds	
Transfers Out:				
Redevelopment Agency Capital Projects	\$ -	\$ -	\$ 471,029	\$ 471,029
Nonmajor Governmental Funds	2,050,125	1,633,190	-	3,683,315
Total	\$ 2,050,125	\$ 1,633,190	\$ 471,029	\$ 4,154,344

The transfer of \$2,050,125 from the General Fund to various nonmajor funds was the result of restricted funds utilized for the intended purposes.

The El Monte Redevelopment Agency Debt Service Fund transferred \$1,633,190 to the Redevelopment Agency Capital Projects for the funding of capital projects. The Redevelopment Agency Capital Projects Fund transferred \$471,029 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, 2007.

	Balance July 1, 2006	Adjustments*	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Tax allocation bonds	\$ 18,210,000	\$ -	\$ -	\$ 465,000	\$ 17,745,000	\$ 490,000
Revenue bonds	3,275,000	-	-	80,000	3,195,000	85,000
Certificates of Participation						
Series 2003-A	6,200,000	-	-	405,000	5,795,000	420,000
Series 2003-B	2,880,000	-	-	165,000	2,715,000	175,000
Notes payable	12,649,819	(265,712)	723,691	768,438	12,339,360	818,378
Leases payable	-	1,030,345	505,000	456,313	1,079,032	511,221
Accrued employee benefits	6,845,516	-	1,869,682	1,359,572	7,355,626	2,354,102
Claims and judgments	11,395,616	-	2,303,426	5,348,409	8,350,633	1,128,804
Total	\$ 61,455,951	\$ 764,633	\$ 5,401,799	\$ 9,047,732	58,574,651	\$ 5,982,505
Unamortized Bond Discount					(113,332)	
					\$ 58,461,319	

* Adjustment was made to remove the A. Madrid Middle School loan which was incorrectly placed in long-term debt and to record a bus lease payable that was not properly added in prior years.

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

Note 8: Long-Term Debt (Continued)

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, 2007, was \$1,620,000. The total debt service payment requirements with respect to the loan are as follows:

	HUD Section 108 Loan 1999-A	
	Principal	Interest
2007 - 2008	\$ 95,000	\$ 99,841
2008 - 2009	100,000	94,181
2009 - 2010	110,000	87,988
2010 - 2011	115,000	81,225
2011 - 2012	120,000	74,045
2012 - 2017	725,000	242,861
2017 - 2022	355,000	23,972
Totals	<u>\$ 1,620,000</u>	<u>\$ 704,113</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, 2007, was \$2,104,000. The total debt service payment requirements with respect to the loan are as follows:

	HUD Section 108 Loan 2001-A	
	Principal	Interest
2007 - 2008	\$ 95,000	\$ 127,433
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 - 2017	757,000	387,447
2017 - 2022	804,000	109,967
Totals	<u>\$ 2,104,000</u>	<u>\$ 1,075,968</u>

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

Note 8: Long-Term Debt (Continued)

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, 2007, was \$2,080,000. 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>
2007 - 2008	\$ 65,000	\$ 111,581
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 - 2017	500,000	421,770
2017 - 2022	660,000	263,401
2022 - 2027	545,000	52,565
Totals	<u>\$ 2,080,000</u>	<u>\$ 1,265,513</u>

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, 2007, was \$4,000,000. 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>
2007 - 2008	\$ 148,000	\$ 202,738
2008 - 2009	152,000	198,892
2009 - 2010	157,000	193,950
2010 - 2011	162,000	188,076
2011 - 2012	169,000	181,328
2012 - 2017	975,000	776,237
2017 - 2022	1,275,000	477,213
2022 - 2027	962,000	88,327
Totals	<u>\$ 4,000,000</u>	<u>\$ 2,306,761</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. As of June 30, 2007, the outstanding principal balance was \$275,000.

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

Note 8: Long-Term Debt (Continued)

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

	Tyler Loan	
	<u>Principal</u>	<u>Interest</u>
2007 - 2008	<u>\$ 275,000</u>	<u>\$ 17,188</u>

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. At June 30, 2007, the principal balance outstanding was \$916,736. The total debt service payment requirements with respect to the loan are as follows:

	2003 CRF Loan	
	<u>Principal</u>	<u>Interest</u>
2007 - 2008	\$ 111,607	\$ 47,169
2008 - 2009	118,079	40,697
2009 - 2010	124,926	33,850
2010 - 2011	132,170	26,606
2011 - 2012	139,834	18,942
2012 - 2017	290,120	11,356
Totals	<u>\$ 916,736</u>	<u>\$ 178,620</u>

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. As of June 30, 2007, the principal balance outstanding was \$879,085. The total debt service payment requirements with respect to the loan are as follows:

	2004 CRF Loan	
	<u>Principal</u>	<u>Interest</u>
2007 - 2008	\$ 34,787	\$ 48,777
2008 - 2009	36,804	46,759
2009 - 2010	38,939	44,625
2010 - 2011	41,196	42,367
2011 - 2012	43,585	39,959
2012 - 2017	683,774	40,454
Totals	<u>\$ 879,085</u>	<u>\$ 262,941</u>

**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, 2007, the principal balance outstanding, together with accrued interest through that date was \$464,539.

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:

2007 - 2008	\$ 500,000
2008 - 2009	<u>102,542</u>
Total Payments	602,542
Less: Amount Representing Interest	<u>(28,510)</u>
Outstanding Principal	<u><u>\$ 574,032</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:

2007 - 2008	\$ 49,872
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	748,076
Less: Amount Representing Interest	<u>(243,076)</u>
Outstanding Principal	<u>\$ 505,000</u>

Bonds Payable

A description of individual issues of bonds outstanding as of June 30, 2007, is as follows:

El Monte Center and Amendment Tax Allocation Bonds, Series 1998	\$ 4,610,880
Downtown El Monte Tax Allocation Bonds, Series 1998	3,394,120
El Monte Center and Amendment Housing Revenue Bonds, Series 1998	1,377,045
Downtown El Monte Housing Revenue Bonds, Series 1998	1,517,625
Northwest El Monte Housing Revenue Bonds, Series 1998	300,330
El Monte Center and Amendment Tax Allocation Bonds, Series 2005	3,966,128
Downtown El Monte Tax Allocation Bonds, Series 2005	4,126,838
El Monte Center and Amendment Housing Revenue Bonds, Series 2005	823,517
Downtown El Monte Housing Revenue Bonds, Series 2005	<u>823,517</u>
Total	<u>\$ 20,940,000</u>

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.

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

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

Note 8: Long-Term Debt (Continued)

	Tax Allocation Revenue Bonds, Series 1998	
	Principal	Interest
2007 - 2008	\$ 210,000	\$ 459,053
2008 - 2009	215,000	448,213
2009 - 2010	235,000	436,850
2010 - 2011	245,000	422,338
2011 - 2012	260,000	408,250
2012 - 2017	1,525,000	1,800,900
2017 - 2022	2,015,000	1,308,700
2022 - 2027	2,670,000	658,950
2027 - 2032	630,000	36,225
Totals	<u>\$ 8,005,000</u>	<u>\$ 5,979,479</u>

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

	El Monte PFA - Housing Set-Aside Revenue Bonds, Series 1998	
	Principal	Interest
2007 - 2008	\$ 85,000	\$ 183,258
2008 - 2009	90,000	178,825
2009 - 2010	95,000	173,650
2010 - 2011	95,000	168,188
2011 - 2012	100,000	162,725
2012 - 2017	610,000	719,613
2017 - 2022	805,000	522,100
2022 - 2027	1,060,000	262,775
2027 - 2032	255,000	14,663
Totals	<u>\$ 3,195,000</u>	<u>\$ 2,385,797</u>

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

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

Project Area), Series 2002A, to pay the cost of issuance and to establish a reserve fund. The total debt service payment requirements with respect to the above bonds are as follows:

	Subordinate Tax Allocation Bonds, Series 2005	
	Principal	Interest
2007 - 2008	\$ 280,000	\$ 494,268
2008 - 2009	290,000	484,188
2009 - 2010	300,000	472,588
2010 - 2011	315,000	459,988
2011 - 2012	330,000	446,128
2012 - 2017	1,900,000	1,977,433
2017 - 2022	2,435,000	1,440,033
2022 - 2027	3,155,000	721,180
2027 - 2032	735,000	39,323
Totals	<u>\$ 9,740,000</u>	<u>\$ 6,535,129</u>

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
2007 - 2008	\$ 420,000	\$ 169,214	\$ 175,000	\$ 133,306
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 - 2017	2,850,000	350,838	1,380,000	292,637
2017 - 2022	645,000	18,834	330,000	16,204
Totals	<u>\$ 5,795,000</u>	<u>\$ 1,087,262</u>	<u>\$ 2,715,000</u>	<u>\$ 882,819</u>

Claims and Judgments

As of June 30, 2007, 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 General Fund. At June 30, 2007, total estimated claims payable was \$8,350,633.

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

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

Note 8: Long-Term Debt (Continued)

b. Business-Type Activities

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007	Due within one year
2006 Refunding Revenue Bond	\$ 18,805,000	\$ -	\$ -	\$ 18,805,000	\$ 195,000
Accrued Employee Benefits	233,537	81,385	44,565	270,357	71,307
Total	<u>\$ 19,038,537</u>	<u>\$ 81,385</u>	<u>\$ 44,565</u>	19,075,357	<u>\$ 266,307</u>
Unamortized Bond Premium				131,711	
Unamortized Loss on Defeasance				<u>(908,980)</u>	
				<u>\$ 18,298,088</u>	

In July 1999, a Joint Powers Agreement was entered into by the governing board of the City which, in turn, created and established the El Monte Water Authority. The Water Authority was created to continue the operations of the Water Enterprise, to lease its assets to the City and to make payments on the debt issued.

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.

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

	2006 Refunding Revenue Bonds	
	Principal	Interest
2007 - 2008	\$ 195,000	\$ 840,906
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 - 2017	2,345,000	3,697,701
2017 - 2022	2,850,000	3,178,964
2022 - 2027	3,520,000	2,484,150
2027 - 2032	4,440,000	1,540,000
2032 - 2037	3,855,000	372,875
Totals	<u>\$ 18,805,000</u>	<u>\$ 15,356,987</u>

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

Note 8: Long-Term Debt (Continued)

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, 2007, the following bond issues are considered defeased:

	Original Amount	Outstanding Balance at June 30, 2007
1999 Revenue Bonds	\$ 13,860,000	\$ 12,655,000

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, 2007, is \$35,005,000.

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.

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

Note 11: Retirement Plan (Continued)

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 13.899% for non-safety (miscellaneous) employees and 27.713% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

For fiscal year ending June 30, 2007, the City's annual pension cost of \$6,816,305 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, 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 14.45% 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, 2005, 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>
6/30/2005	\$ 5,903	100%	\$ -
6/30/2006	5,114	100%	-
6/30/2007	6,816	100%	-

City of El Monte
Notes to Financial Statements (Continued)

Note 11: Retirement Plan (Continued)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/03:						
Miscellaneous	\$ 69,869	\$ 79,215	\$ 9,347	88.2 %	\$ 12,966	72.10 %
Safety	123,616	140,107	16,491	88.2 %	12,483	132.10 %
Total	<u>\$ 193,485</u>	<u>\$ 219,322</u>	<u>\$ 25,838</u>	<u>88.20 %</u>	<u>\$ 25,449</u>	<u>101.52 %</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>

b. Public Agency Retirement System

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:

Age	Factor	Age	Factor
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%

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

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

Note 11: Retirement Plan (Continued)

For fiscal year ending June 30, 2007, the City's annual pension cost of \$1,607,313 for PARS was equal to the City's required and actual contributions. The required contribution was based on the July 1, 2005, 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

The unfunded actuarial liability is based on a 20-year amortization and amortization payments increasing 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
6/30/2005	\$ 1,737,975	100%	-
6/30/2006	1,873,242	100%	-
6/30/2007	1,607,313	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).

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

Note 12: Insurance (Continued)

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, 2007, 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.

The City also carries property insurance through Marsh Risk & Insurance Services with a total insured value of \$92,419,391.

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 \$6,880,056 and \$1,470,577 for the workers' compensation claims and general liability claims, respectively, for a total of \$8,350,633.

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

Year	Liability at Beginning	Claims Incurred (Including IBNRs)	Claim Payments	Liability at End
2005-2006	\$ 12,352,016	\$ 335,395	\$ (1,291,795)	\$ 11,395,616
2006-2007	11,395,616	2,303,426	(5,348,409)	8,350,633

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, 2007, which can be obtained from Independent Cities Risk Management Authority, Sherman Oaks, California.

City of El Monte
Notes to Financial Statements (Continued)

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 \$92 to \$1,432 toward the group benefit plan for the employee and is financed on a pay-as-you-go basis. As of June 30, 2007, there were 92 retired employees receiving benefits. The total cost of post-employment health benefits was \$503,378.

Note 14: Fund Equity, Net Assets and Restatements

Beginning fund equity has been restated as follows:

Major governmental funds:

General Fund	
To recognize revenues received in prior years	<u>\$ (59,416)</u>
Housing and Community Development	
To adjust advances to other funds as of July 1, 2006	<u>\$ 687,203</u>
Redevelopment Agency Capital Projects Fund	
To adjust advances to other funds as of July 1, 2006	<u>\$ (1,744,166)</u>

Nonmajor Governmental Funds:

Proposition A	
To record prior year revenue in the proper fund	\$ 149,884
Proposition C	
To record prior year revenue in the proper fund	(149,884)
AB 939	
To record prior year expenditures in the proper fund	(8,800)
Police Traffic Program	
To record prior year expenditures in the proper fund	37,165
Miscellaneous Grants	
To record prior year expenditures in the proper fund	(28,365)
Quimby	
To recognize revenue received in prior years	822,142
To record prior year expenditures in the proper fund	85,123
Park Bond Act	
To record prior year expenditures in the proper fund	(85,123)
Redevelopment Agency Debt Service Fund	
To adjust advances to other funds as of July 1, 2006	900,024
Total Governmental Funds	<u>\$ 1,722,166</u>

Major Proprietary Funds:

Water	
To recognize revenue received in prior years	<u>\$ 242,411</u>

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

Note 14: Fund Equity, Net Assets and Restatements (Continued)

Beginning net assets has been restated as follows:

Government-Wide Statements:

Governmental activities:

To adjust capital assets and the related accumulated depreciation at July 1, 2006	\$ 2,330,699
To record prior year infrastructure assets in accordance with GASB 34	392,346,274
To correct advances to other funds at July 1, 2006	(156,939)
To remove A Madrid Middle School loan and capitalize lease issued in prior years.	(764,633)
To record revenues and expenditures in the proper period	762,726
Total Governmental Activities	<u>\$ 394,518,127</u>

Business-Type Activities:

To recognize revenue received in prior years	<u>\$ 242,411</u>
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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.

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

Sale of Real Estate

On July 18, 2007, the Agency sold property located at 11581 Federal Drive for \$2,680,000. This property was previously used to secure two Community Reinvestment Fund loan recorded in long-term debt totaling \$1,752,680. These loans were repaid at the time of sale and net proceeds were \$748,757.

Issuance of Bonds

The following bonds were issued by the Agency through the El Monte Public Financing Authority after its fiscal year-end:

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

Note 17: Subsequent Events (Continued)

\$30,000,000 Subordinate Tax Allocation Revenue Bonds, Series 2007 (Downtown Project Area and Transit Village) - 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: (a) to purchase the Property (as defined in the Indenture), (b) to purchase two (2) relocation properties (the "Relocation Sites") for the City of El Monte and to construct improvements on the Relocation Sites, (c) to purchase or acquire real property for parks, (d) to finance redevelopment activity in the Project Area (as defined in the Indenture) including low and moderate income housing, and (e) to fund a reserve fund and costs of issuance of the Bonds.

\$3,215,000 Subordinate Tax Allocation Revenue Bonds, Series 2007 (Multiple Redevelopment Project Area Loans) - The Bonds are dated July 3, 2007, and were issued to provide funds to the Agency to be applied (a) to refund a portion of the Authority's Subordinate Tax Allocation Revenue Bonds, Series 2005 (Multiple Redevelopment Project Area Loans) (the "2005 Bonds"); (b) to finance redevelopment activity in the Project Areas; and (c) to fund a reserve account and costs of issuance of the Bonds.

\$26,875,000 El Monte Public Financing Authority Senior Tax Allocation Revenue Bonds, Series 2007 (Multiple Redevelopment Project Area Loans) - The Bonds are dated July 3, 2007, and were issued to provide funds to the Agency to be applied (a) 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"); (b) 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.

CITY OF EL MONTE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Special Revenue Funds			
	Parking and Business Improvement	Affordable Housing Development	Proposition A	Adult Sports
Assets:				
Cash and investments	\$ 156,231	\$ -	\$ 1,967,195	\$ -
Receivables:				
Accounts	-	-	7,747	-
Taxes	-	-	-	-
Notes and loans	-	737,720	-	-
Prepaid costs	-	-	-	185
Deposits	-	755	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	88,596	-	-
Total Assets	\$ 156,231	\$ 827,071	\$ 1,974,942	\$ 185
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 177,731	\$ 9,091
Retentions payable	-	-	-	-
Accrued liabilities	-	-	18,343	3,058
Due to other funds	-	67,048	-	43,968
Deferred revenues	-	737,720	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	1,927	-	17,769
Due to other governments	-	-	-	-
Total Liabilities	-	806,695	196,074	73,886
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	-	-	181,515	-
Reserved for prepaid costs	-	-	-	185
Reserved for deposits	-	755	-	-
Reserved for notes and loans receivable	-	-	-	-
Unreserved:				
Designated for debt service	-	-	-	-
Undesignated	156,231	19,621	1,597,353	(73,886)
Total Fund Balances	156,231	20,376	1,778,868	(73,701)
Total Liabilities and Fund Balances	\$ 156,231	\$ 827,071	\$ 1,974,942	\$ 185

CITY OF EL MONTE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

CONTINUED

	Special Revenue Funds			
	UDAG	Emergency Shelter Grant	Air Quality	Police/ Narcotics Forfeiture
Assets:				
Cash and investments	\$ 96,747	\$ -	\$ 423,853	\$ 1,022,987
Receivables:				
Accounts	-	-	1,302	1,589
Taxes	-	-	-	-
Notes and loans	146,129	-	-	8,375
Prepaid costs	-	-	-	5,560
Deposits	-	-	-	-
Due from other governments	-	97,322	39,134	37,665
Due from other funds	-	-	-	-
Advances to other funds	1,702,512	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,945,388	\$ 97,322	\$ 464,289	\$ 1,076,176
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 11,913	\$ 27,274	\$ 17,145	\$ 43,624
Retentions payable	-	-	-	-
Accrued liabilities	-	-	-	7,363
Due to other funds	-	70,048	-	-
Deferred revenues	1,848,641	27,274	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	2,375
Due to other governments	84,834	-	-	-
Total Liabilities	1,945,388	124,596	17,145	53,362
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	5,225	-	13,278	76,904
Reserved for prepaid costs	-	-	-	5,560
Reserved for deposits	-	-	-	-
Reserved for notes and loans receivable	-	-	-	8,375
Unreserved:				
Designated for debt service	-	-	-	-
Undesignated	(5,225)	(27,274)	433,866	931,975
Total Fund Balances	-	(27,274)	447,144	1,022,814
Total Liabilities and Fund Balances	\$ 1,945,388	\$ 97,322	\$ 464,289	\$ 1,076,176

CITY OF EL MONTE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Special Revenue Funds			
	Proposition C	Special Gas Tax	AB 939	SLES
Assets:				
Cash and investments	\$ 4,168,000	\$ 1,005,821	\$ 919,742	\$ 446,057
Receivables:				
Accounts	-	-	82,950	-
Taxes	-	207,356	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	166,456	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,334,456	\$ 1,213,177	\$ 1,002,692	\$ 446,057
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 22,387	\$ 37,275	\$ -	\$ -
Retentions payable	31,463	-	-	-
Accrued liabilities	20,333	-	9,396	3,398
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	2,277	-
Due to other governments	-	-	-	-
Total Liabilities	74,183	37,275	11,673	3,398
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	44,667	93,433	59,758	-
Reserved for prepaid costs	-	-	-	-
Reserved for deposits	-	-	-	-
Reserved for notes and loans receivable	-	-	-	-
Unreserved:				
Designated for debt service	-	-	-	-
Undesignated	4,215,606	1,082,469	931,261	442,659
Total Fund Balances	4,260,273	1,175,902	991,019	442,659
Total Liabilities and Fund Balances	\$ 4,334,456	\$ 1,213,177	\$ 1,002,692	\$ 446,057

CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

CONTINUED

	Special Revenue Funds			
	Police Traffic Program	Local Law Enforcement Block Grant	County Aid to Cities	Miscellaneous Grants
Assets:				
Cash and investments	\$ 846,142	\$ 59,221	\$ 3,568	\$ -
Receivables:				
Accounts	69,910	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	60,152	-	-	343,034
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 976,204	\$ 59,221	\$ 3,568	\$ 343,034
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 10,584	\$ -	\$ -	\$ -
Retentions payable	-	-	-	-
Accrued liabilities	3,682	-	-	185
Due to other funds	-	-	-	340,521
Deferred revenues	-	-	3,568	350,343
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	3,889
Total Liabilities	14,266	-	3,568	694,938
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	70,000	-	-	30,406
Reserved for prepaid costs	-	-	-	-
Reserved for deposits	-	-	-	-
Reserved for notes and loans receivable	-	-	-	-
Unreserved:				
Designated for debt service	-	-	-	-
Undesignated	891,938	59,221	-	(382,310)
Total Fund Balances	961,938	59,221	-	(351,904)
Total Liabilities and Fund Balances	\$ 976,204	\$ 59,221	\$ 3,568	\$ 343,034

CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue Funds			
	Public Facilities	Quimby	Older American Act	Park Bond Act
Assets:				
Cash and investments	\$ 682,195	\$ 1,222,737	\$ -	\$ 208,411
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	-	-	27,934	1,040,629
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 682,195	\$ 1,222,737	\$ 27,934	\$ 1,249,040
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 11,168	\$ 28,711	\$ 601	\$ 208,080
Retentions payable	-	-	-	-
Accrued liabilities	-	-	6,126	-
Due to other funds	-	-	21,227	1,035,309
Deferred revenues	-	-	-	1,040,629
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	603,064	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	614,232	28,711	27,954	2,284,018
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	4,709	100,252	-	514,003
Reserved for prepaid costs	-	-	-	-
Reserved for deposits	-	-	-	-
Reserved for notes and loans receivable	-	-	-	-
Unreserved:				
Designated for debt service	-	-	-	-
Undesignated	63,254	1,093,774	(20)	(1,548,981)
Total Fund Balances	67,963	1,194,026	(20)	(1,034,978)
Total Liabilities and Fund Balances	\$ 682,195	\$ 1,222,737	\$ 27,934	\$ 1,249,040

CITY OF EL MONTE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue Funds		Debt Service	Total Governmental Funds
	Senior Citizen Program	Children's Lunch Program	Funds Redevelopment Agency	
Assets:				
Cash and investments	\$ 9,211	\$ 9,708	\$ 1,006,597	\$ 14,254,423
Receivables:				
Accounts	-	-	-	163,498
Taxes	-	-	279,098	486,454
Notes and loans	-	-	-	892,224
Prepaid costs	-	-	-	5,745
Deposits	-	-	-	755
Due from other governments	14,543	-	-	1,826,869
Due from other funds	-	-	650,789	650,789
Advances to other funds	-	-	-	1,702,512
Restricted assets:				
Cash and investments	-	-	3,019,108	3,019,108
Cash and investments with fiscal agents	-	-	-	88,596
Total Assets	\$ 23,754	\$ 9,708	\$ 4,955,592	\$ 23,090,973
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 21,525	\$ 25,702	\$ -	\$ 652,811
Retentions payable	-	-	-	31,463
Accrued liabilities	2,229	810	-	74,923
Due to other funds	-	-	-	1,578,121
Deferred revenues	-	-	-	4,008,175
Unearned revenues	-	78,111	-	78,111
Advances from other funds	-	-	794,370	794,370
Deposits payable	-	-	-	627,412
Due to other governments	-	-	113,767	202,490
Total Liabilities	23,754	104,623	908,137	8,047,876
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	33,195	396,975	-	1,624,320
Reserved for prepaid costs	-	-	-	5,745
Reserved for deposits	-	-	-	755
Reserved for notes and loans receivable	-	-	-	8,375
Unreserved:				
Designated for debt service	-	-	4,047,455	4,047,455
Undesignated	(33,195)	(491,890)	-	9,356,447
Total Fund Balances	-	(94,915)	4,047,455	15,043,097
Total Liabilities and Fund Balances	\$ 23,754	\$ 9,708	\$ 4,955,592	\$ 23,090,973

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Special Revenue Funds			
	Parking and Business Improvement	Affordable Housing Development	Proposition A	Adult Sports
Revenues:				
Taxes	\$ -	\$ -	\$ 2,014,210	\$ -
Licenses and permits	111,051	-	-	-
Intergovernmental	-	-	142,821	-
Charges for services	-	68,841	27,699	118,840
Use of money and property	1,518	3,903	80,181	811
Miscellaneous	-	-	6,840	-
Total Revenues	112,569	72,744	2,271,751	119,651
Expenditures:				
Current:				
General government	71,400	-	1,852,197	-
Public safety	-	-	-	-
Parks, recreation, and cultural	-	-	-	119,575
Public works	-	-	-	-
Capital outlay	-	-	73,341	-
Debt service:				
Principal retirement	-	32,881	-	-
Interest and fiscal charges	-	50,683	-	-
Total Expenditures	71,400	83,564	1,925,538	119,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,169	(10,820)	346,213	76
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(15,000)	-	-	-
Total Other Financing Sources (Uses)	(15,000)	-	-	-
Net Change in Fund Balances	\$ 26,169	\$ (10,820)	\$ 346,213	\$ 76
Fund Balances:				
Beginning of year, as originally reported	\$ 130,062	\$ 31,196	\$ 1,282,771	\$ (73,777)
Restatements	-	-	149,884	-
Beginning of year, as restated	130,062	31,196	1,432,655	(73,777)
Net change in fund balances	26,169	(10,820)	346,213	-
End of Year	\$ 156,231	\$ 20,376	\$ 1,778,868	\$ (73,701)

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

CONTINUED

	Special Revenue Funds			
	UDAG	Emergency Shelter Grant	Air Quality	Police/ Narcotics Forfeiture
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	107,380	159,616	167,071	283,061
Charges for services	-	-	-	-
Use of money and property	9,109	-	18,745	57,217
Miscellaneous	-	-	-	-
Total Revenues	116,489	159,616	185,816	340,278
Expenditures:				
Current:				
General government	-	103,274	69,076	-
Public safety	-	-	-	493,967
Parks, recreation, and cultural	112,621	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	108,725
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	112,621	103,274	69,076	602,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,868	56,342	116,740	(262,414)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ 3,868	\$ 56,342	\$ 116,740	\$ (262,414)
Fund Balances:				
Beginning of year, as originally reported	\$ (3,868)	\$ (83,616)	\$ 330,404	\$ 1,285,228
Restatements	-	-	-	-
Beginning of year, as restated	(3,868)	(83,616)	330,404	1,285,228
Net change in fund balances	3,868	-	116,740	-
End of Year	\$ -	\$ (27,274)	\$ 447,144	\$ 1,022,814

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Special Revenue Funds			
	Proposition C	Special Gas Tax	AB 939	SLES
Revenues:				
Taxes	\$ -	\$ 2,245,307	\$ 785,162	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,834,291	908,559	3,684	243,981
Charges for services	-	-	-	-
Use of money and property	212,963	49,998	58,775	17,885
Miscellaneous	-	-	22,500	-
Total Revenues	2,047,254	3,203,864	870,121	261,866
Expenditures:				
Current:				
General government	740,293	-	851,144	-
Public safety	-	-	-	115,894
Parks, recreation, and cultural	-	-	-	-
Public works	-	10,874	-	-
Capital outlay	926,725	796,314	-	-
Debt service:				
Principal retirement	456,313	-	-	-
Interest and fiscal charges	34,053	-	-	-
Total Expenditures	2,157,384	807,188	851,144	115,894
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,130)	2,396,676	18,977	145,972
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(2,035,125)	-	-
Total Other Financing Sources (Uses)	-	(2,035,125)	-	-
Net Change in Fund Balances	\$ (110,130)	\$ 361,551	\$ 18,977	\$ 145,972
Fund Balances:				
Beginning of year, as originally reported	\$ 4,520,287	\$ 814,351	\$ 980,842	\$ 296,687
Restatements	(149,884)	-	(8,800)	-
Beginning of year, as restated	4,370,403	814,351	972,042	296,687
Net change in fund balances	(110,130)	-	18,977	-
End of Year	\$ 4,260,273	\$ 1,175,902	\$ 991,019	\$ 442,659

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

CONTINUED

	Special Revenue Funds			
	Police Traffic Program	Local Law Enforcement Block Grant	County Aid to Cities	Miscellaneous Grants
Revenues:				
Taxes	\$ 44,850	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,072,326	8,676	-	614,245
Charges for services	-	-	-	-
Use of money and property	26,276	4,287	46	(213)
Miscellaneous	-	-	-	-
Total Revenues	1,143,452	12,963	46	614,032
Expenditures:				
Current:				
General government	-	-	-	164,723
Public safety	491,661	-	-	133,501
Parks, recreation, and cultural	-	-	-	-
Public works	-	-	-	-
Capital outlay	120,327	-	-	68,317
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	611,988	-	-	366,541
Excess (Deficiency) of Revenues Over (Under) Expenditures	531,464	12,963	46	247,491
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ 531,464	\$ 12,963	\$ 46	\$ 247,491
Fund Balances:				
Beginning of year, as originally reported	\$ 393,309	\$ 46,258	\$ (46)	\$ (571,030)
Restatements	37,165	-	-	(28,365)
Beginning of year, as restated	430,474	46,258	(46)	(599,395)
Net change in fund balances	531,464	-	46	-
End of Year	\$ 961,938	\$ 59,221	\$ -	\$ (351,904)

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Special Revenue Funds			
	Public Facilities	Quimby	Older American Act	Park Bond Act
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	529,553	122,842	405,451
Charges for services	334,699	-	-	-
Use of money and property	38,652	61,126	-	-
Miscellaneous	-	-	153,731	-
Total Revenues	373,351	590,679	276,573	405,451
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks, recreation, and cultural	-	7,943	276,593	-
Public works	357,981	-	-	-
Capital outlay	-	448,326	-	818,759
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	357,981	456,269	276,593	818,759
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,370	134,410	(20)	(413,308)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ 15,370	\$ 134,410	\$ (20)	\$ (413,308)
Fund Balances:				
Beginning of year, as originally reported	\$ 52,593	\$ 152,351	\$ -	\$ (536,547)
Restatements	-	907,265	-	(85,123)
Beginning of year, as restated	52,593	1,059,616	-	(621,670)
Net change in fund balances	15,370	-	(20)	-
End of Year	\$ 67,963	\$ 1,194,026	\$ (20)	\$(1,034,978)

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Special Revenue Funds		Debt Service Funds	Total Governmental Funds
	Senior Citizen Program	Children's Lunch Program	Redevelopment Agency	
Revenues:				
Taxes	\$ -	\$ -	\$ 3,141,506	\$ 8,231,035
Licenses and permits	-	-	-	111,051
Intergovernmental	125,466	96,339	-	6,825,362
Charges for services	-	-	-	550,079
Use of money and property	113	(8)	231,257	872,641
Miscellaneous	197,523	-	745	381,339
Total Revenues	323,102	96,331	3,373,508	16,971,507
Expenditures:				
Current:				
General government	-	-	91,025	3,943,132
Public safety	-	-	-	1,235,023
Parks, recreation, and cultural	322,989	96,339	-	936,060
Public works	-	-	-	368,855
Capital outlay	-	-	-	3,360,834
Debt service:				
Principal retirement	-	-	437,343	926,537
Interest and fiscal charges	-	-	992,866	1,077,602
Total Expenditures	322,989	96,339	1,521,234	11,848,043
Excess (Deficiency) of Revenues Over (Under) Expenditures	113	(8)	1,852,274	5,123,464
Other Financing Sources (Uses):				
Transfers in	-	-	471,029	471,029
Transfers out	-	-	(1,633,190)	(3,683,315)
Total Other Financing Sources (Uses)	-	-	(1,162,161)	(3,212,286)
Net Change in Fund Balances	\$ 113	\$ (8)	\$ 690,113	\$ 1,911,178
Fund Balances:				
Beginning of year, as originally reported	\$ (113)	\$ (94,907)	\$ 2,457,318	\$ 11,409,753
Restatements	-	-	900,024	1,722,166
Beginning of year, as restated	(113)	(94,907)	3,357,342	13,131,919
Net change in fund balances	113	-	690,113	1,911,178
End of Year	\$ -	\$ (94,915)	\$ 4,047,455	\$ 15,043,097

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
PARKING AND BUSINESS IMPROVEMENT
YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 130,062	\$ 130,062	\$ 130,062	\$ -
Resources (Inflows):				
Licenses and permits	107,000	107,000	111,051	4,051
Use of money and property	-	-	1,518	1,518
Amounts Available for Appropriation	237,062	237,062	242,631	5,569
Charges to Appropriation (Outflow):				
General government	95,200	95,200	71,400	23,800
Transfers to other funds	15,000	15,000	15,000	-
Total Charges to Appropriations	110,200	110,200	86,400	23,800
Budgetary Fund Balance, June 30	\$ 126,862	\$ 126,862	\$ 156,231	\$ 29,369

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 1,432,655	\$ 1,432,655	\$ 1,432,655	\$ -
Resources (Inflows):				
Taxes	2,100,000	2,100,000	2,014,210	(85,790)
Intergovernmental	-	150,000	142,821	(7,179)
Charges for services	30,600	30,600	27,699	(2,901)
Use of money and property	39,000	39,000	80,181	41,181
Other	1,000	1,000	6,840	5,840
Amounts Available for Appropriation	3,603,255	3,753,255	3,704,406	(48,849)
Charges to Appropriation (Outflow):				
General government	1,981,892	2,190,476	1,852,197	338,279
Capital outlay	252,816	262,696	73,341	189,355
Total Charges to Appropriations	2,234,708	2,453,172	1,925,538	527,634
Budgetary Fund Balance, June 30	\$ 1,368,547	\$ 1,300,083	\$ 1,778,868	\$ 478,785

CITY OF EL MONTE

BUDGET COMPARISON SCHEDULE
 ADULT SPORTS
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (73,777)	\$ (73,777)	\$ (73,777)	\$ -
Resources (Inflows):				
Charges for services	115,000	115,000	118,840	3,840
Use of money and property	-	-	811	811
Transfers from other funds	101,000	101,000	-	(101,000)
Amounts available for appropriation	142,223	142,223	45,874	(96,349)
Charges to Appropriation (Outflow):				
Parks, recreation, and cultural	145,490	145,490	119,575	25,915
Total Charges to Appropriations	145,490	145,490	119,575	25,915
Budgetary Fund Balance, June 30	\$ (3,267)	\$ (3,267)	\$ (73,701)	\$ (70,434)

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 UDAG
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (3,868)	\$ (3,868)	\$ (3,868)	\$ -
Resources (Inflows):				
Intergovernmental	42,986	42,986	107,380	64,394
Use of money and property	4,000	4,000	9,109	5,109
Amounts Available for Appropriation	43,118	43,118	112,621	69,503
Charges to Appropriation (Outflow):				
Parks, recreation, and cultural	-	98,525	112,621	(14,096)
Total Charges to Appropriations	-	98,525	112,621	(14,096)
Budgetary Fund Balance, June 30	\$ 43,118	\$ (55,407)	\$ -	\$ 55,407

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 EMERGENCY SHELTER GRANT
 YEAR ENDED JUNE 30, 2007

	<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	\$ (83,616)	\$ (83,616)	\$ (83,616)	\$ -
Resources (Inflows):				
Intergovernmental	119,036	119,036	159,616	40,580
Amounts Available for Appropriation	35,420	35,420	76,000	40,580
Charges to Appropriation (Outflow):				
General government	119,036	119,036	103,274	15,762
Total Charges to Appropriations	119,036	119,036	103,274	15,762
Budgetary Fund Balance, June 30	\$ (83,616)	\$ (83,616)	\$ (27,274)	\$ 56,342

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY
 YEAR ENDED JUNE 30, 2007

	<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	\$ 330,404	\$ 330,404	\$ 330,404	\$ -
Resources (Inflows):				
Intergovernmental	163,000	163,000	167,071	4,071
Use of money and property	6,000	6,000	18,745	12,745
Amounts Available for Appropriation	499,404	499,404	516,220	16,816
Charges to Appropriation (Outflow):				
General government	133,282	133,282	69,076	64,206
Total Charges to Appropriations	133,282	133,282	69,076	64,206
Budgetary Fund Balance, June 30	\$ 366,122	\$ 366,122	\$ 447,144	\$ 81,022

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 POLICE/NARCOTICS FORFEITURE
 YEAR ENDED JUNE 30, 2007

	<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	\$ 1,285,228	\$ 1,285,228	\$ 1,285,228	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	283,061	83,061
Use of money and property	21,000	21,000	57,217	36,217
Amounts Available for Appropriation	1,506,228	1,506,228	1,625,506	119,278
Charges to Appropriation (Outflow):				
Public safety	269,300	566,960	493,967	72,993
Capital outlay	-	93,600	108,725	(15,125)
Total Charges to Appropriations	269,300	660,560	602,692	57,868
Budgetary Fund Balance, June 30	\$ 1,236,928	\$ 845,668	\$ 1,022,814	\$ 177,146

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, as restated	\$ 4,370,403	\$ 4,370,403	\$ 4,370,403	\$ -
Resources (inflows):				
Intergovernmental	1,950,000	1,800,000	1,834,291	34,291
Use of money and property	119,000	119,000	212,963	93,963
Amounts available for appropriation	6,439,403	6,289,403	6,417,657	128,254
Charges to appropriation (outflow):				
General government	797,652	1,706,138	740,293	965,845
Capital outlay	700,000	2,065,000	926,725	1,138,275
Debt service:				
Principal	-	-	456,313	(456,313)
Interest and fiscal charges	-	-	34,053	(34,053)
Total Charges to Appropriations	1,497,652	3,771,138	2,157,384	1,613,754
Budgetary fund balance, June 30	\$ 4,941,751	\$ 2,518,265	\$ 4,260,273	\$ 1,742,008

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
SPECIAL GAS TAX
YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 814,351	\$ 814,351	\$ 814,351	\$ -
Resources (inflows):				
Taxes	2,280,000	2,280,000	2,245,307	(34,693)
Intergovernmental	972,600	972,600	908,559	(64,041)
Use of money and property	11,000	11,000	49,998	38,998
Amounts available for appropriation	4,077,951	4,077,951	4,018,215	(59,736)
Charges to appropriation (outflow):				
Public works	1,112,000	10,000	10,874	(874)
Capital outlay	30,000	1,646,450	796,314	850,136
Transfers to other funds	2,035,125	2,035,125	2,035,125	-
Total Charges to Appropriations	3,177,125	3,691,575	2,842,313	849,262
Budgetary fund balance, June 30	\$ 900,826	\$ 386,376	\$ 1,175,902	\$ 789,526

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 AB 939
 YEAR ENDED JUNE 30, 2007

	<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, as restated	\$ 972,042	\$ 972,042	\$ 972,042	\$ -
Resources (inflows):				
Taxes	1,326,919	1,326,919	785,162	(541,757)
Intergovernmental	69,147	69,147	3,684	(65,463)
Use of money and property	25,000	25,000	58,775	33,775
Other	-	-	22,500	22,500
Amounts available for appropriation	<u>2,393,108</u>	<u>2,393,108</u>	<u>1,842,163</u>	<u>(550,945)</u>
Charges to appropriation (outflow):				
General government	1,003,456	1,140,153	851,144	289,009
Total Charges to Appropriations	<u>1,003,456</u>	<u>1,140,153</u>	<u>851,144</u>	<u>289,009</u>
Budgetary fund balance, June 30	<u>\$ 1,389,652</u>	<u>\$ 1,252,955</u>	<u>\$ 991,019</u>	<u>\$ (261,936)</u>

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 SLES
 YEAR ENDED JUNE 30, 2007

	<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	\$ 296,687	\$ 296,687	\$ 296,687	\$ -
Resources (inflows):				
Intergovernmental	181,000	181,000	243,981	62,981
Use of money and property	6,500	6,500	17,885	11,385
Amounts available for appropriation	484,187	484,187	558,553	74,366
Charges to appropriation (outflow):				
Public safety	127,103	127,103	115,894	11,209
Total Charges to Appropriations	127,103	127,103	115,894	11,209
Budgetary fund balance, June 30	\$ 357,084	\$ 357,084	\$ 442,659	\$ 85,575

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 POLICE TRAFFIC PROGRAM
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, as restated	\$ 430,474	\$ 430,474	\$ 430,474	\$ -
Resources (inflows):				
Taxes	-	-	44,850	44,850
Intergovernmental	180,000	180,000	1,072,326	892,326
Use of money and property	10,000	10,000	26,276	16,276
Amounts available for appropriation	620,474	620,474	1,573,926	953,452
Charges to appropriation (outflow):				
Public safety	201,674	275,246	491,661	(216,415)
Capital outlay	36,326	36,326	120,327	(84,001)
Total Charges to Appropriations	238,000	311,572	611,988	(300,416)
Budgetary fund balance, June 30	\$ 382,474	\$ 308,902	\$ 961,938	\$ 653,036

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 PUBLIC FACILITIES
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 52,593	\$ 52,593	\$ 52,593	\$ -
Resources (inflows):				
Charges for services	-	-	334,699	334,699
Use of money and property	-	-	38,652	38,652
Amounts available for appropriation	52,593	52,593	425,944	373,351
Charges to appropriation (outflow):				
Public works	-	220,716	357,981	(137,265)
Total Charges to Appropriations	-	220,716	357,981	(137,265)
Budgetary fund balance, June 30	\$ 52,593	\$ (168,123)	\$ 67,963	\$ 236,086

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 QUIMBY
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, as restated	\$ 1,059,616	\$ 1,059,616	\$ 1,059,616	\$ -
Resources (inflows):				
Intergovernmental	-	-	529,553	529,553
Use of money and property	-	-	61,126	61,126
Amounts available for appropriation	1,059,616	1,059,616	1,650,295	590,679
Charges to appropriation (outflow):				
Parks, recreation, and cultural	-	-	7,943	(7,943)
Capital outlay	-	712,700	448,326	264,374
Total Charges to Appropriations	-	712,700	456,269	256,431
Budgetary fund balance, June 30	\$ 1,059,616	\$ 346,916	\$ 1,194,026	\$ 847,110

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 OLDER AMERICAN ACT
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	97,545	97,545	122,842	25,297
Other	153,197	145,645	153,731	8,086
Amounts available for appropriation	250,742	243,190	276,573	33,383
Charges to appropriation (outflow):				
Parks, recreation, and cultural	243,190	243,190	276,593	(33,403)
Total Charges to Appropriations	243,190	243,190	276,593	(33,403)
Budgetary fund balance, June 30	\$ 7,552	\$ -	\$ (20)	\$ (20)

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
SENIOR CITIZEN PROGRAM
YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ (113)	\$ (113)	\$ (113)	\$ -
Resources (inflows):				
Intergovernmental	12,361	12,361	125,466	113,105
Use of money and property	-	-	113	113
Other	296,996	296,996	197,523	(99,473)
Amounts available for appropriation	309,244	309,244	322,989	13,745
Charges to appropriation (outflow):				
Parks, recreation, and cultural	231,503	309,357	322,989	(13,632)
Total Charges to Appropriations	231,503	309,357	322,989	(13,632)
Budgetary fund balance, June 30	\$ 77,741	\$ (113)	\$ -	\$ 113

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY - CAPITAL PROJECT
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ (46,024,730)	\$ (46,024,730)	\$ (46,024,730)	\$ -
Resources (Inflows):				
Taxes	955,464	980,055	1,192,547	212,492
Intergovernmental	500,000	500,000	148,863	(351,137)
Use of money and property	924,310	655,430	297,681	(357,749)
Contributions	-	-	25,000	25,000
Other	2,616,153	-	405,177	405,177
Other debts issued	2,713,684	268,880	48,691	(220,189)
Transfers from other funds	1,589,874	1,589,874	1,633,190	43,316
Amounts Available for Appropriation	(36,725,245)	(42,030,491)	(42,273,581)	(243,090)
Charges to Appropriation (Outflow):				
General government	882,266	895,497	1,995,827	(1,100,330)
Capital outlay	1,000	-	3,813,723	(3,813,723)
Debt service:				
Principal	-	-	329,214	(329,214)
Interest and fiscal charges	-	-	3,574,800	(3,574,800)
Transfers to other funds	-	-	471,029	(471,029)
Total Charges to Appropriations	883,266	895,497	10,184,593	(9,289,096)
Budgetary Fund Balance, June 30	\$ (37,608,511)	\$ (42,925,988)	\$ (52,458,174)	\$ (9,532,186)

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY - DEBT SERVICE
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$3,357,342	\$ 3,357,342	\$ 3,357,342	\$ -
Resources (Inflows):				
Taxes	2,487,767	2,523,478	3,141,506	618,028
Use of money and property	93,606	93,606	231,257	137,651
Other	-	-	745	745
Transfers from other funds	676,000	676,000	471,029	(204,971)
Amounts Available for Appropriation	6,617,093	6,650,426	7,201,879	551,453
Charges to Appropriation (Outflow):				
General government	-	48,071	91,025	(42,954)
Debt service:				
Principal	-	-	437,343	(437,343)
Interest and fiscal charges	-	-	992,866	(992,866)
Transfers to other funds	-	-	1,633,190	(1,633,190)
Total Charges to Appropriations	-	48,071	3,154,424	(3,106,353)
Budgetary Fund Balance, June 30	\$6,617,093	\$ 6,602,355	\$ 4,047,455	\$ (2,554,900)

CITY OF EL MONTE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2007

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
Payroll				
Assets:				
Cash and investments	\$ 20,029	\$ 2,919,019	\$ 2,917,501	\$ 21,547
Total Assets	<u>\$ 20,029</u>	<u>\$ 2,919,019</u>	<u>\$ 2,917,501</u>	<u>\$ 21,547</u>
Liabilities:				
Accounts payable	\$ 29	\$ 2,918,370	\$ 2,916,852	\$ 1,547
Due to external parties	20,000	-	-	20,000
Total Liabilities	<u>\$ 20,029</u>	<u>\$ 2,918,370</u>	<u>\$ 2,916,852</u>	<u>\$ 21,547</u>

City of El Monte, California

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

	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 31,731,979	\$ 4,332,468	\$ 12,195,915	\$ 7,692,808	\$ 400,525,216
Restricted	53,875,922	40,492,539	36,221,233	38,205,659	45,706,053
Unrestricted	<u>(37,091,880)</u>	<u>13,120,053</u>	<u>6,233,432</u>	<u>10,602,832</u>	<u>5,863,237</u>
Total governmental activities net assets	<u>\$ 48,516,021</u>	<u>\$ 57,945,060</u>	<u>\$ 54,650,580</u>	<u>\$ 56,501,299</u>	<u>\$ 452,094,506</u>
Business-type activities					
Invested in capital assets, net of related debt	\$	\$ 4,653,688	\$ 4,311,980	\$ 3,906,527	\$ 3,699,586
Restricted		2,035,165	2,062,533	408,520	515,422
Unrestricted	<u>(7,611,699)</u>	<u>(16,682,596)</u>	<u>(16,835,506)</u>	<u>(15,607,982)</u>	<u>(15,489,929)</u>
Total business-type activities net assets	<u>\$ (7,611,699)</u>	<u>\$ (9,993,743)</u>	<u>\$ (10,460,993)</u>	<u>\$ (11,292,935)</u>	<u>\$ (11,274,921)</u>
Primary government					
Invested in capital assets, net of related debt	\$ 31,731,979	\$ 8,986,156	\$ 16,507,895	\$ 11,599,335	\$ 404,224,802
Restricted	53,875,922	42,527,704	38,283,766	38,614,179	46,221,475
Unrestricted	<u>(44,703,579)</u>	<u>(3,562,543)</u>	<u>(10,602,074)</u>	<u>(5,005,150)</u>	<u>(9,626,692)</u>
Total primary government net assets	<u>\$ 40,904,322</u>	<u>\$ 47,951,317</u>	<u>\$ 44,189,587</u>	<u>\$ 45,208,364</u>	<u>\$ 440,819,585</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 CAFR for fiscal year 2006/07 includes GASB Statement 34 Infrastructure Valuation Services.

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)

	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 22,031,386	\$ 36,256,650	\$ 36,314,697	\$ 34,196,489	\$ 34,683,409
Public safety	32,346,326	29,754,292	34,326,831	36,815,930	37,829,869
Parks, recreation, and cultural	8,292,669	5,281,836	4,315,567	5,561,304	5,138,300
Public works	8,733,338	8,529,932	8,995,564	8,041,318	7,622,037
Debt service - interest on long-term debt	3,024,480	3,204,918	4,194,520	4,734,489	5,912,027
Total governmental activities expenses	<u>74,428,199</u>	<u>83,027,628</u>	<u>88,147,179</u>	<u>89,349,530</u>	<u>91,185,642</u>
Business-type activities:					
Water authority	<u>2,510,952</u>	<u>4,745,065</u>	<u>3,850,224</u>	<u>3,626,693</u>	<u>3,298,506</u>
Total business-type activities expenses	<u>2,510,952</u>	<u>4,745,065</u>	<u>3,850,224</u>	<u>3,626,693</u>	<u>3,298,506</u>
Total primary government expenses	<u>\$ 76,939,151</u>	<u>\$ 87,772,693</u>	<u>\$ 91,997,403</u>	<u>\$ 92,976,223</u>	<u>\$ 94,484,148</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,140,376	\$ 4,218,105	\$ 2,314,721	\$ 2,257,789	\$ 2,333,233
Public safety	1,380,044	1,709,955	1,927,498	1,815,573	2,298,313
Parks, recreation, and cultural	103,640	712,321	805,494	605,567	534,834
Public works	1,026,201	1,195,446	3,285,172	2,219,288	2,152,880
Operating grants and contributions	13,480,091	8,211,694	15,526,317	11,631,433	14,265,917
Capital grants and contributions	-	-	126,177	732,022	166,456
Total governmental activities program revenues	<u>19,130,352</u>	<u>16,047,521</u>	<u>23,985,379</u>	<u>19,261,672</u>	<u>21,751,633</u>
Business-type activities:					
Charges for services:					
Water authority	<u>\$ 2,737,294</u>	<u>3,095,373</u>	<u>2,882,616</u>	<u>2,986,262</u>	<u>\$ 2,957,009</u>
Total business-like activities program revenues	<u>2,737,294</u>	<u>3,095,373</u>	<u>2,882,616</u>	<u>2,986,262</u>	<u>2,957,009</u>
Total primary government program revenues	<u>\$ 21,867,646</u>	<u>\$ 19,142,894</u>	<u>\$ 26,867,995</u>	<u>\$ 22,247,934</u>	<u>\$ 24,708,642</u>
Net (expense) revenue					
Governmental activities	(55,297,847)	(66,980,107)	(64,161,800)	(70,087,858)	(69,434,009)
Business-like activities	<u>226,342</u>	<u>(1,649,692)</u>	<u>(967,608)</u>	<u>(640,431)</u>	<u>(341,497)</u>
Total primary government net expense	<u>\$ (55,071,505)</u>	<u>\$ (68,629,799)</u>	<u>\$ (65,129,408)</u>	<u>\$ (70,728,289)</u>	<u>\$ (69,775,506)</u>

City of El Monte, California

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

	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes, levied for general purpose	\$ 13,856,108	\$ 15,456,740	\$ 13,096,430	\$ 17,830,887	\$ 27,375,152
Transient occupancy taxes	263,030	298,053	310,189	320,297	326,312
Sales taxes	17,184,960	17,978,797	20,732,246	22,025,619	21,915,042
Franchise taxes	1,446,569	1,447,221	4,472,789	3,021,236	2,118,032
Utility user taxes	7,502,607	7,989,333	8,202,719	8,526,616	8,744,118
Other taxes	1,686,030	2,399,200	493,483	971,969	717,016
Intergovernmental, unrestricted:					
Motor vehicle in-lieu	7,033,116	5,493,126	8,343,895	8,939,792	786,789
Use of money and property	3,320,514	2,179,026	3,809,558	4,496,615	5,359,739
Gain on sale of assets	-	-	33,221	9,773	-
Other	949,203	1,839,060	2,268,064	1,874,366	3,208,128
Transfers	1,187,295	1,784,036	-	430,631	-
Total governmental activities	<u>54,429,432</u>	<u>56,864,592</u>	<u>61,762,594</u>	<u>68,447,801</u>	<u>70,550,328</u>
Business-type activities:					
Property taxes, levied for general purpose	-	-	210,637	210,637	-
Investment earnings	150,589	68,266	81,472	(106,105)	107,997
Other	240,710	983,418	208,249	2,700	9,103
Transfers	(1,187,295)	(1,784,036)	-	(430,631)	-
Total business-type activities	<u>(795,996)</u>	<u>(732,352)</u>	<u>500,358</u>	<u>(323,399)</u>	<u>117,100</u>
Total primary program	<u>\$ 53,633,436</u>	<u>\$ 56,132,240</u>	<u>\$ 62,262,952</u>	<u>\$ 68,124,402</u>	<u>\$ 70,667,428</u>
Change in Net Assets					
Governmental activities	(868,415)	(10,115,515)	(2,399,206)	(1,640,057)	1,116,319
Business-type activities	(569,654)	(2,382,044)	(467,250)	(963,830)	(224,397)
Total primary government program	<u>\$ (1,438,069)</u>	<u>\$ (12,497,559)</u>	<u>\$ (2,866,456)</u>	<u>\$ (2,603,887)</u>	<u>\$ 891,922</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)

	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 48,484,091	\$ 34,415,789	\$ 41,825,792	\$ 44,688,428	\$ 51,379,590
Unreserved	3,912,177	17,593,760	12,253,610	18,399,513	11,931,805
Total general fund	<u>\$ 52,396,268</u>	<u>\$ 52,009,549</u>	<u>\$ 54,079,402</u>	<u>\$ 63,087,941</u>	<u>\$ 63,311,395</u>
All other governmental funds					
Reserved	\$ 26,339,188	\$ 26,850,342	\$ 29,059,206	\$ 28,054,285	\$ 29,115,933
Unreserved, reported in:					
Special revenue funds	19,448,364	19,153,498	19,474,620	19,749,938	22,820,501
Debt service funds	2,410,802	2,091,051	2,378,532	2,457,318	4,047,455
Capital projects funds	<u>(39,634,644)</u>	<u>(40,671,036)</u>	<u>(52,285,512)</u>	<u>(56,178,456)</u>	<u>(64,094,608)</u>
Total all other governmental funds	<u>\$ 8,563,710</u>	<u>\$ 7,423,855</u>	<u>\$ (1,373,154)</u>	<u>\$ (5,916,915)</u>	<u>\$ (8,110,719)</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)

	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 44,118,164	\$ 46,023,648	\$ 48,654,530	\$ 53,622,590	\$ 63,543,334
Licenses and permits	3,163,123	3,104,697	3,300,572	3,118,319	3,077,238
Intergovernmental	18,618,853	15,974,966	17,002,343	23,812,134	12,783,195
Charges for services	1,409,464	3,510,046	3,491,981	2,352,106	3,027,193
Use of money and property	3,320,514	2,188,084	3,842,779	4,517,647	5,311,219
Fines and forfeitures	1,077,674	1,212,026	1,434,433	1,309,596	1,192,177
Contributions	-	-	131,736	-	273,891
Miscellaneous	664,697	561,813	1,313,430	920,738	1,331,028
Total revenues	<u>72,372,489</u>	<u>72,575,280</u>	<u>79,171,804</u>	<u>89,653,130</u>	<u>90,539,275</u>
Expenditures					
Current:					
General government	29,600,348	27,259,305	36,028,178	32,545,739	30,300,361
Public safety	32,082,455	28,998,162	34,169,192	35,833,305	36,612,697
Parks, recreation and cultural	8,287,449	5,263,985	4,048,401	5,402,783	5,085,450
Public Works	8,668,577	8,458,808	8,199,269	8,002,578	4,209,203
Capital outlay	3,627,261	5,802,642	1,702,427	2,774,513	9,995,244
Debt Service:					
Principal	488,000	1,055,779	11,015,795	1,435,491	2,339,751
Interest	2,814,944	3,386,957	3,888,172	4,716,140	5,760,158
Bond issuance cost	-	-	382,602	12,226	-
Total expenditures	<u>85,569,034</u>	<u>80,225,638</u>	<u>99,434,036</u>	<u>90,722,775</u>	<u>94,302,864</u>
Excess of revenues over (under) expenditures	<u>(13,196,545)</u>	<u>(7,650,358)</u>	<u>(20,262,232)</u>	<u>(1,069,645)</u>	<u>(3,763,589)</u>
Other Financing Sources (Uses)					
Transfers in	12,834,431	8,286,863	9,037,945	10,445,162	4,154,344
Transfers out	(11,647,136)	(6,502,827)	(9,037,945)	(10,014,531)	(4,154,344)
Refunding bonds issued	10,625,000	2,414,610	-	-	-
Notes and loans issued	1,430,000	2,200,000	3,699,683	630,007	675,000
Other debts issued	-	-	10,010,000	-	553,691
Total other financing sources (uses)	<u>13,242,295</u>	<u>6,398,646</u>	<u>13,709,683</u>	<u>1,060,638</u>	<u>1,228,691</u>
Net change in fund balances	<u>\$ 45,750</u>	<u>\$ (1,251,712)</u>	<u>\$ (6,552,549)</u>	<u>\$ (9,007)</u>	<u>\$ (2,534,898)</u>
Debt service as a percentage of noncapital expenditures	4.03%	5.97%	15.64%	7.01%	9.61%

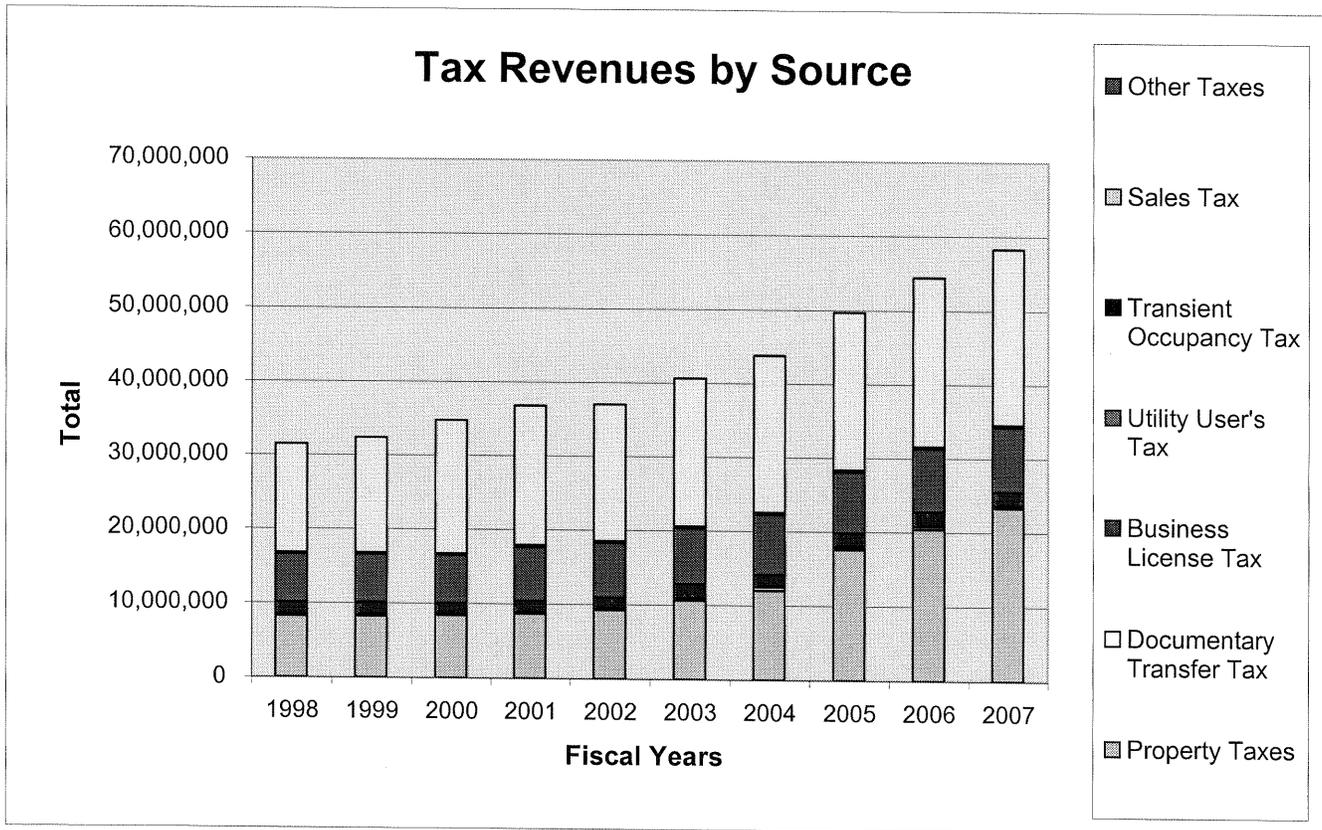
Source: Finance Department, City of El Monte

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
1998	8,220,131	84,212	1,775,049	6,491,645	176,139	14,701,051	25,844	31,474,071
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	20,365,636	365,200	1,975,656	8,526,617	320,297	22,856,342	20,687	54,430,435
2007	23,260,392	266,729	1,935,003	8,744,118	326,312	23,732,619	30,193	58,295,366

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						
1998	\$ 1,904,987,306	\$ 466,942,241	\$ 799,815,285	\$ 32,582,392	\$ 3,139,162,440	0.31559%	\$ 3,139,162,440	100.00%
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%

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	
1998	1.000000	0.153400	1.153400	0.001584	0.002197	0.000000	0.000000	0.008900	0.012681	1.166081
1999	1.000000	0.150000	1.150000	0.001451	0.001953	0.000000	0.000000	0.008900	0.012304	1.162304
2000	1.000000	0.150000	1.150000	0.001422	0.001765	0.000000	0.000000	0.008900	0.012087	1.162087
2001	1.000000	0.150000	1.150000	0.001314	0.001552	0.000000	0.041964	0.008800	0.053630	1.203630
2002	1.000000	0.150000	1.150000	0.001128	0.000473	0.000000	0.051956	0.007700	0.061257	1.211257
2003	1.000000	0.150000	1.150000	0.001033	0.000881	0.000000	0.065921	0.006700	0.074535	1.224535
2004	1.000000	0.150000	1.150000	0.000992	0.000462	0.000000	0.086448	0.006100	0.094002	1.244002
2005	1.000000	0.150000	1.150000	0.000923	0.000245	0.021695	0.111747	0.005800	0.140410	1.290410
2006	1.000000	0.150000	1.150000	0.000795	0.000049	0.018021	0.134819	0.005200	0.158884	1.308884
2007	1.000000	0.150000	1.150000	0.000663	0.000052	0.014688	0.122488	0.004700	0.142591	1.292591

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 Nine Years Ago

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Vons Companies, Inc.	54,427,859	1	1.023%	66,619,232	1	2.077%
Xebec Building Company LLC	49,841,136	2	0.937%			
Wells Fargo Bank	37,708,580	3	0.709%	36,956,598	3	1.152%
Pensky Realty Inc.	35,476,334	4	0.667%			
DL Telstar Limited Partnership	34,833,000	5	0.655%			
KM El Monte Investors LLC	29,373,887	6	0.552%			
Multi Investment Associates II	27,231,589	7	0.512%	16,358,755	9	0.510%
Navcom Defense Electronics Inc.	20,449,962	8	0.384%			
Gregg Industries Inc.	19,490,495	9	0.366%	17,891,223	8	0.558%
GRE Arden Way Limited Partnership	19,052,770	10	0.358%			
Ball Foster Glass Container				44,718,378	2	1.394%
Lyte Optronics Inc.						
Driftwood Dairy						
H K Peck El Monte Partnership				29,933,553	4	0.933%
Cross County Wireless				26,989,904	5	0.841%
Marshall Industries				25,512,071	6	0.795%
Swaranjitn S. Nijar Company Trust				18,894,428	7	0.589%
Pace Center				15,167,724	10	0.473%
Other taxpayers	4,994,158,049		93.839%	2,908,662,387		90.677%
Totals	<u>5,322,043,661</u>		<u>100.000%</u>	<u>3,207,704,253</u>		<u>100.000%</u>

Source: HdL Coren & Cone, Los Angeles County Assessor 2006/07 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
1998	2,869,611	2,783,992	97.0%	103,229	2,887,221	100.6%
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%

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
1998	-	-	-	812,946	-	-	812,946	0.026%	7
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

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, 2007

	Gross Bonded Debt Balance	Percent Applicable to City	Net Bonded Debt
Direct Debt:			
El Monte COPS	\$ 8,510,000	100.000%	\$ 8,510,000
Total Direct Debt			\$ 8,510,000
Overlapping Debt:			
Los Angeles County Flood Control	\$ 370,000	0.587%	2,172
Metropolitan Water District	165,681,509	0.633%	1,048,764
El Monte Elementary School District 1999 Series A	3,050,000	64.747%	1,974,784
El Monte Elementary School District 1999 Series B	1,910,000	64.747%	1,236,668
El Monte Elementary School District 1999 Series C	2,760,000	64.747%	1,787,017
El Monte Elementary School District 2004 Refunding Bonds	6,020,000	64.747%	3,897,769
El Monte Elementary School district 1999 Series D	16,885,000	64.747%	10,932,531
El Monte Union High School District 2005 Refunding Bonds	21,905,282	64.747%	14,183,013
Rosemead Elementary School District 2000 Series A	7,105,000	15.500%	1,101,275
Rosemead Elementary School District 2000 Series B	9,730,000	15.500%	1,508,150
El Monte Union High School District 2002 Series A	6,095,000	54.765%	3,337,927
El Monte Union High School District 2002 Series B	8,470,000	54.765%	4,638,596
El Monte Union High School District 2006 Refunding Bond	38,929,927	54.765%	21,319,975
Pasadena Area Community College	5,405,000	2.341%	126,531
Pasadena Community College District 2006 Series B	87,657,774	2.341%	2,052,068
Rio Hondo Community College District Series 2004 A	12,675,000	15.795%	2,002,016
Rio Hondo Community College District Refunding Bond	46,482,244	15.795%	7,341,870
Temple City Unified School District 1998 Series A	4,133,249	0.002%	83
Temple City Unified School District 1998 Series B	5,266,501	0.002%	105
Temple City Unified School District 2005 Refunding Bond	12,620,000	0.002%	252
Total - Overlapping Debt	463,151,486		78,491,566
Total Direct and Overlapping Debt			861,641,566
Debt to Assessed Valuation Ratios:			
Direct debt		0.18%	
Overlapping Debt		1.70%	
Total Debt		1.88%	

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 2007

Assessed value	\$	5,180,741,484
Debt limit (15% of assessed value)		777,111,223
Debt applicable to limit:		
General obligation bonds		0
Total net debt applicable to limit		777,111,223
Legal debt margin	\$	777,111,223

Fiscal Year	Debt Limit	Total net debt Applicable to Limit	Legal Debt Limit	Legal Debt Limit as a percentage of Debt Limit
1998	470,874,366	0	395,693,271	100.00%
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%

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	Principal	Interest			
1998	1,402,337	75,000	60,000	10.39	2,061,043	1,048,612	1,012,431	-	-	-	-	-
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	165,000	940,807	1.27
2002	1,904,033	310,000	1,266,708	1.21	2,580,861	1,615,148	965,713	170,000	952,805	170,000	952,805	1.58
2003	1,978,339	325,000	1,313,235	1.21	2,978,004	1,206,124	1,771,880	180,000	945,665	185,000	937,835	0.65
2004	2,601,227	345,000	1,307,465	0.00	4,078,791	3,348,576	730,215	185,000	937,835	195,000	929,695	0.53
2005	2,799,818	365,000	1,287,463	2.17	3,090,865	2,490,441	600,424	195,000	929,695	205,000	703,030	1.28
2006	3,663,454	260,000	1,268,772	2.40	2,988,962	1,554,138	1,434,824	205,000	703,030	-	-	1.08
2007	4,770,182	545,000	1,159,388	2.80	2,966,112	1,982,031	984,081	-	-	-	-	-

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
1998	116,378	3,167,809	27,220	17,328	6.10%
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%

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%
City of El Monte	622	5	0.761%
Hermetic Seal	410	6	0.502%
Gregg industries	400	7	0.490%
McConnell Cabinets	330	8	0.404%
M C Gill Corporation	250	9	0.306%
Driftwood Dairy	250	10	0.306%
American Benefit Plan	200	11	0.245%
Total	8,632		10.565%

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	48	46	44	48	48	46	50	45	45	47
Public Safety										
Police										
Officers	135	137	141	150	146	153	158	157	161	161
Civilians	39	42	44	47	57	56	60	62	65	65
Fire *										
Firefighters & Officers	65	N/A								
Civilians	10	N/A								
Community development	22	25	26	28	35	32	39	39	31	31
Public works	49	48	50	53	46	47	48	43	43	43
Parks, recreation and cultural	38	40	41	41	41	41	45	47	50	50
Utilities										
Water	10	10	10	10	10	10	10	10	10	10
Total	416	348	356	377	383	385	410	403	405	407

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	2005	2006	2007
Police			
Physical arrests	5,547	5,457	5,145
Parking violations	20,589	22,201	14,231
Traffic violations	12,404	12,197	13,012
Water			
Total number of customers	22,446	23,722	22,455
Average daily consumption	23,981	24,721	24,136

Source: Various departments, City of El Monte

City of El Monte, California

Table 18
Capital Assets by Function
Last Three Fiscal Years

Function	2005	2006	2007
Public safety			
Police			
Stations	1	1	1
Police vehicles	86	90	91
Fire			
Stations	4	4	4
Highways and streets			
Streets (miles)	151	151	151.4
Streetlights	4,500	4,500	4,500
Traffic signals	77	77	77
Culture and recreation			
Parks acreage	46	46	46
Parks	8	8	9
Ball diamonds	7	7	7
Basketball courts	4	4	4
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	37	38
Maximum daily treatment capacity	6.5	6.5	6.5

Source: Various departments, City of El Monte