

**Comprehensive Annual Financial Report
City of El Monte, California
Year ended June 30, 2010
*with Report of Independent Auditors***

Prepared by: Finance Department

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CITY OF EL MONTE

FINANCE DEPARTMENT

May 31, 2010

Honorable Mayor and
Members of the City Council
City of El Monte
11333 Valley Boulevard
El Monte, CA 91731

It is with pleasure that we submit to you a Comprehensive Annual Financial Report (CAFR) of the City of El Monte for the year ended June 30, 2010. This report is prepared in accordance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the presented data, the completeness and fairness of the presentation, including all disclosures, rests with the City. It is our opinion the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain understanding the City's financial affairs have been included.

The City of El Monte's financial statements have been audited by the independent public accounting firm of Vasquez & Company. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of El Monte for the fiscal year ended June 30, 2010 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation of financial statements.

The submittal of this year's financial statements was delayed due to the confluence of factors, including: the selection of a new accounting firm, Vasquez & Company, hiring of a new Finance Director and retirement of the Deputy Finance Director, staff reductions – elimination of key accounting personnel, and conversion to a new accounting and financial management system (EDEN).

The City had utilized the same auditor for more than 20 years – a new audit firm was brought in to provide a candid overview of the City's past accounting practices. Vasquez & Company has provided a qualified opinion to this year's audit, noting deficiencies in internal controls in the City's past accounting and recordkeeping practices. The most significant concern was unsupported documentation for loans between the City and Redevelopment Agency. It was management's intent to hire a new audit firm to discover such deficiencies and make specific recommendations for improvement.

It is important to note that Vasquez & Company has not discovered any material misstatements or fraud, nor does the qualified opinion have a reflection upon the City's financial standing. The auditor's opinion is included within this annual report. Management's response to this matter is discussed further in the MD&A provided herein.

The independent audit of the financial statements of the City of El Monte was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the Independent Auditor not only to report on the fair presentation of the financial statements, but also the audited governments internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of El Monte separately issued single audit report.

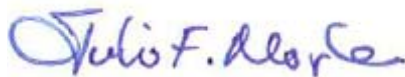
The City reports its financial statements using Government Accounting Standards Board Statement No. 34 (GASB 34). The intent of GASB 34 is to move government accounting and reporting closer to that of the private sector and to present such information in a format which readers can more easily assess the financial health of the City and whether its financial condition is improving or deteriorating over time.

This CAFR is comprised of three major sections: the introductory section, the financial statements, and the statistical section. The introductory section includes the letter of transmittal, the MD&A, and organizational chart of the City and its elected officials. The financial statements comprise of the government-wide financial statements (Statement of Net Assets and Statement of Activities) and the funds financial statements (the Balance Sheets and the Statements of Revenues, Expenditures and Changes in fund Balances). Additional details are described in the attached Notes to the Financial Statements. Finally the Statistical Section provides financial trend information based on the information presented in this and prior years' annual reports as well as demographic information about the City.

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.

The preparation of this report could not have been accomplished without the dedicated efforts of the entire staff of the Finance Department of the City of El Monte. I thank the City's independent auditors, Vasquez & Company, for their technical assistance, energy, and most of all perseverance. I wish to express my appreciation to the numerous City employees who assisted in gathering information for the preparation of this report. Finally, I thank the Mayor, Council members, City Manager, Assistant City Manager, and, Department Directors for the unfailing patience and support.

Respectfully submitted,



Julio Morales
Finance Director

OFFICIALS OF THE CITY OF EL MONTE



Andre Quintero
Mayor



Patricia Wallach
Mayor Pro Tem



Norma Macias
Councilwoman



Emily Ishigaki
Councilwoman

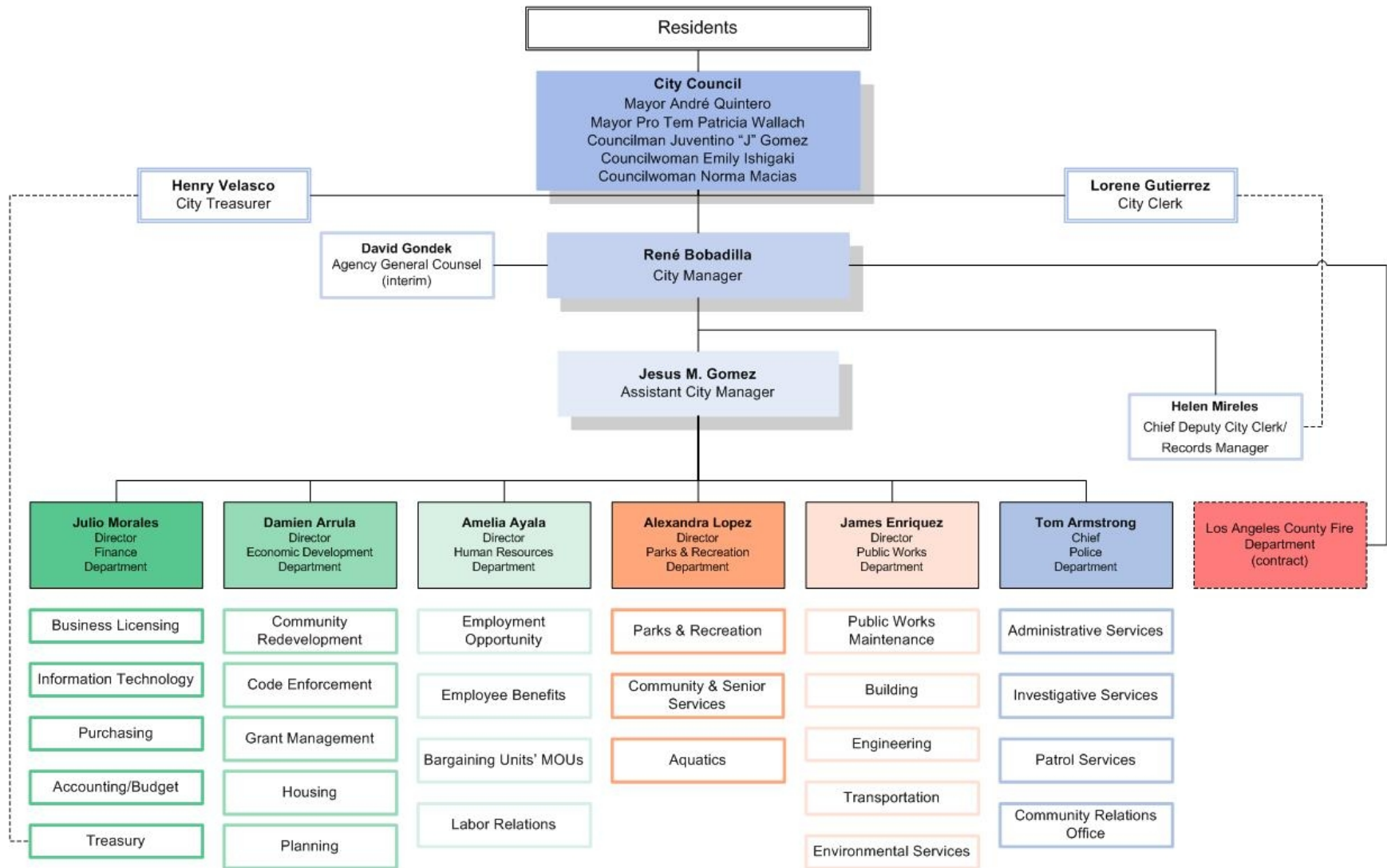


Juventino "J" Gomez
Councilman

CITY MANAGEMENT AND DEPARTMENT HEADS

City Manager
Assistant City Manager
Finance Director
Public Works Director
Chief of Police
Economic Development Director
Director of Parks and Recreation
Human Resources Director
City Clerk
City Treasurer

Rene Bobadilla, P.E.
Jesus Gomez
Julio Morales
James Enriquez, P.E.
Steve Schuster
Damien Arrula
Alexandra Lopez
Amelia Ayala
Lorene Gutierrez
Henry Velasco



FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

The Honorable Mayor and the 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, 2010, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 misstatements. 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.

We were unable to obtain documentation to substantiate a portion of the loans from the City of El Monte to its Redevelopment Agency stated at \$46.2 million (including accrued interest of \$26.9 million) at June 30, 2010 which is presented as part of Advances to and from Other Funds of the City as described in Note 7 to the financial statements, nor were we able to satisfy ourselves as to the balance of such City loans to the Redevelopment Agency by performing other auditing procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the loans from the City of El Monte to the Redevelopment Agency, 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, 2010, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, the beginning fund balance of the General Fund and Redevelopment Agency Capital Projects Fund, the beginning net assets balance of the Water and Sewer Funds, and the beginning net assets balance of both governmental activities and business-type activities in the government-wide Statement of Net Assets have been restated to reflect the effect of various prior period adjustments.

As discussed in Note 7 to financial statements, as of June 30, 2010, the Agency is indebted to the City of El Monte for \$96,723,313 (including accrued interest of \$57,776,823). The City and Agency management doubt that economic conditions will allow for repayment of the Agency's advances from the City of El Monte.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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, the budgetary comparison information, and the public employees retirement system schedule of funding progress as listed in the table of contents, are not required parts of the basic financial statements but are 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 them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplemental combining financial statements, supplemental schedules and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental combining financial statements and supplemental 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 section 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.

Vargay + Company LLP

Los Angeles, California
May 31, 2011

The following discussion and analysis of the City of El Monte's (the "City") financial statements provides an overview of the City's financial activities over the past fiscal year ended June 30, 2010. We encourage readers to consider the information presented in conjunction with additional financial information that we have furnished in the financial statements that follow, our letter of transmittal, and the City's annual budget in order to develop a more comprehensive perspective of the City's overall financial position.

FINANCIAL HIGHLIGHTS

- The combined assets of the City of El Monte exceeded its liabilities for fiscal year 2009-10 by \$462.2 million. The City's total net assets decreased by \$2.0 million.
- During the year, the City had revenues that were \$2.0 million less than the \$88.2 million in expenses recorded by the City in its governmental activities.
- In FY 2010 the City created a separate enterprise fund for its sewer fund. The City's business-type activities (water and sewer) revenues exceed expenses by \$541,000. A total of \$5.9 million in expenses was recorded for both the Water and the Sewer Funds.

USING THIS ANNUAL REPORT

The City reports its financial statements using Governmental Accounting Standards Board Statement No. 34 (GASB 34). The intent of GASB 34 is to move government accounting and reporting closer to that of the private sector and to present such information in a format which readers can more easily assess the financial health of the City and whether its financial condition is improving or deteriorating over time.

This annual report is comprised of three major sections: the introductory section, the financial statements, and the statistical section. The introductory section includes the letter of transmittal, a management discussion and analysis (MD&A), and organizational chart of the City and its elected officials. The financial statements comprise of the government-wide financial statements (Statement of Net Assets and Statement of Activities) and the funds financial statements (the Balance Sheets and the Statements of Revenues, Expenditures and Changes in fund Balances). Additional details are described in the attached Notes to the Financial Statements. Finally the statistical section provides financial trend information based on the information presented in this and prior years' annual reports as well as demographic information about the City.

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.

REPORTING THE CITY AS A WHOLE

This discussion is intended to provide the reader with a summary perspective of the financial operations of the City as a whole, which are provided in two key summary tables: Statement of Net Assets (Balance Sheet) and the Statement of Revenues, Expenses and Changes in Net Assets (Income Statement).

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

Statement of Net Assets (Balance Sheet) presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities (Income Statement) - Provides a snapshot of the City's annual operating revenues and expenses, and the impact of net operating income (deficit) on the Net Assets of the enterprise. Revenues include 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. The Statement of Activities covers all of the current year's revenues and expenses taken into account regardless of when cash is received or paid. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. We separate the City's activities into two main activities: Governmental Activities and Business-Type activities.

Governmental Activities – The majority of the City's primary functions are reported in this category, including: general administration (city manager, city clerk, finance, etc.), police and fire protection, public works, and community development. The financial activities of the Redevelopment Agency as well as special revenue funds and grant programs are also incorporated into this category.

Business-type Activities – These represent the City's two enterprise funds: the Water Authority and the Sewer Fund. The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City added the Sewer Fund to this category this year.

GASB 34 requires that the City provide a set of city-wide financial statements. Following these City-wide statements, we provided similar Fund Financial Statements that summarize the financial activity of the City's major funds categories.

Fund Financial Statements. A fund is a separate account or grouping of related accounts, which is used to maintain control and oversight over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements established by State law, bond covenants, or grant/funding guidelines.

All of the City's funds can be divided into three categories: governmental funds, proprietary and fiduciary funds, which are grouped into the following major funds:

Governmental Funds

- General Fund
- Retirement Fund
- Housing & Community Development
- Redevelopment Agency Capital Projects
- Non-major Governmental Funds

Proprietary Funds

- Water Authority

- Sewer Fund
- Self-Insurance Fund

Fiduciary Funds

- SEIU Retiree Medical Insurance Fund

Governmental Funds. The majority of the City's basic services are reported in Governmental funds; therefore they are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements provide a more detailed view of the City's general government operations and the basic services it provides. They have a near-term focus: they report how money flows in and out of each fund and the balance of spendable resources left at the end of each year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary Funds - Proprietary Funds are funds that charges customers for the services that it provides. These include the City's business-type activities: Water Authority and the Sewer Fund, plus the City's Internal Service Fund (i.e., Self-Insurance Funds for General Liability and Workers Compensation Costs). Proprietary Funds are reported in the same manner as the Statement of Net Assets and Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City maintains a separate fund to pay a subsidy for retiree medical insurance cost for members of the SEIU; these assets do not belong to the City. The accounting used for fiduciary funds is much like that used for proprietary funds

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

DISCUSSION

The Statement of Net Assets (Balance Sheet) - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. When compared to the prior year, the City's combined balance sheet (net assets) decreased \$2.0 million from \$464.2 million to \$462.2 million, summarized in Table 1 below.. This change is primarily reflected in the decline in cash and other assets, which are needed to cover the \$2.0 net operating deficit in the income statement summarized in Table 2.

The largest portion of the City's net assets at June 30, 2010 (\$399 million, or 86% of the total net assets) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; these assets are not available for future spending.

TABLE 1
STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010
 (In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>TOTAL</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		<u>(restated)</u>		<u>(restated)</u>		<u>(restated)</u>
<u>ASSETS</u>						
Cash and other assets	\$ 113,833	\$ 115,385	\$ 8,693	\$ 7,688	\$ 122,526	\$ 123,073
Capital assets net of accumulated depreciation	415,064	415,930	43,405	44,028	458,469	459,958
Total Assets	\$ 528,897	\$ 531,315	\$ 52,098	\$ 51,716	\$ 580,995	\$ 583,031
<u>LIABILITIES</u>						
Current and other liabilities	15,208	21,978	707	1,200	15,915	23,178
Long-term liabilities	66,585	59,697	36,297	35,963	102,882	95,660
Total Liabilities	\$ 81,793	\$ 81,675	\$ 37,004	\$ 37,163	\$ 118,797	\$ 118,838
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt	382,391	393,170	17,144	18,191	399,535	411,361
Restricted	68,554	53,275	412	403	68,966	53,678
Unrestricted	(3,841)	3,195	(2,462)	(4,041)	(6,303)	(846)
Total Net Assets	\$ 447,104	\$ 449,640	\$ 15,094	\$ 14,553	\$ 462,198	\$ 464,193

It is important to note that the City restated its Balance Sheet for FY 2009— it added Water Lease Rights, which were omitted in prior years' financial statements. In addition, in FY 2010 the City transferred the sewer assets as well as sewer-related revenues and expenses from the General Fund to the new Sewer Fund, which is treated as an enterprise fund. These changes are reflected in the Statement of Net Assets - Table 1.

Statement of Revenues, Expenses, and Changes in Net Assets (Income Statement) - Given the current economic climate, a review of operating income can provide a telling picture of the City's overall financial health. Overall, the City generated \$2.0 million less in current year revenues than current expenses for the fiscal year 2010. This deficit was much lower than the previous year of \$8.5 million, as illustrated in Table 2.

City of El Monte
Management's Discussion and Analysis
June 30, 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>(restated)</u>		<u>(restated)</u>		<u>(restated)</u>	
Program revenues						
Charges for services	\$ 10,049	\$ 11,136	\$ 6,319	\$ 2,986	\$ 16,368	\$ 14,122
Operating grants and contributions	7,757	6,985	136	-	7,893	6,985
Capital grants and contributions	3,427	3,011	-	-	3,427	3,011
General revenues						
Taxes						
Property taxes	31,915	30,782	-	-	31,915	30,782
Sales taxes	13,483	12,819	-	-	13,483	12,819
Franchise taxes	3,842	2,799	-	-	3,842	2,799
Other taxes	10,339	10,990	-	-	10,339	10,990
Motor vehicle in-lieu taxes	373	363	-	-	373	363
Use of money and property	4,915	5,011	61	58	4,976	5,069
Other revenue	93	324	9	120	102	444
Total	<u>86,192</u>	<u>84,220</u>	<u>6,524</u>	<u>3,164</u>	<u>92,716</u>	<u>87,384</u>
Expenditures						
Governmental activities						
General government	37,183	36,767	-	-	37,183	36,767
Public safety	29,822	34,910	-	-	29,822	34,910
Community services	4,149	4,582	-	-	4,149	4,582
Public works	11,014	10,587	-	-	11,014	10,587
Interest on long-term debt	6,560	5,904	-	-	6,560	5,904
Water and sewer	-	-	5,982	3,200	5,982	3,200
Total	<u>88,728</u>	<u>92,750</u>	<u>5,982</u>	<u>3,200</u>	<u>94,710</u>	<u>95,950</u>
Change in net assets	(2,536)	(8,530)	541	(36)	(1,994)	(8,566)
Net assets, beginning as restated	449,640	458,170	14,553	14,589	464,193	472,759
Net assets, ending	<u>\$ 447,104</u>	<u>\$ 449,640</u>	<u>\$ 15,094</u>	<u>\$ 14,553</u>	<u>\$ 462,198</u>	<u>\$ 464,193</u>

A separate review of the net income in the governmental and business-type activities depicts two different stories: the enterprise funds generated a net operating surplus of \$541,000, while the government-related activities had a combined \$2.5 million operating deficit.

Total governmental activities revenues increased by approximately \$2 million during the year while total expenses decreased by \$4 million. Total business-type activities revenues increased by approximately \$3.2 million during the year while total expenses increased by 2.7 million. This is because of the transfer of the sewer operations from governmental to business-type activities effective for the fiscal year 2009-2010.

Over time, increases or decreases in the City's Net Assets are an indication of whether its financial health is improving or deteriorating. One still needs 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. From the picture presented in these two summary tables it appears that the City's financial position appears to be stabilizing.

THE CITY AS A WHOLE

Capital Assets

The majority of the City's assets comprised of land and rights of way, totaling \$328 million of the total \$458 million in Net Capital Assets. At the end of 2009, the City had \$433 million invested in a broad

range of capital assets. This amount increased by a net of \$25.0 million, as a result of two major changes to the City's capital assets that took place this year:

1. The City added Water Lease Rights totaling \$27.3 million (\$34.1 million less \$6.8 million in accumulated depreciation). These water lease rights were obtained by the Water Authority from the City as part of the 1999 Water Revenue Bond issue. These water lease rights were omitted in prior years' financial statements resulting in a net increase of \$27.3 million to the Water Authority's Capital Assets.
2. In FY 2010 the City created a new sewer enterprise fund. As a result, it transferred \$13.6 in net sewer assets (\$19.5 million less \$5.8 million in accumulated depreciation) from the General Fund into the Sewer Fund. This resulted in an offsetting reduction in General Fund Capital Assets of \$13.6 million. These changes are reflected in the restated Statement of Net Assets.

Table 3 illustrates the addition/transfer of \$40.6 million in capital assets in Business-Type activities (water authority and sewer fund) in fiscal year 2010.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 61,362	\$ 61,361	\$ 311	\$ 311	\$ 61,672	\$ 61,672
Rights of way	266,802	266,802	-	-	266,802	266,802
Construction in progress	5,927	4,757	167	145	6,093	4,902
Equipment in progress	611	396	-	-	611	396
Improvement other than buildings	1,661	860	-	-	1,661	860
Structures and improvements	21,755	22,354	923	992	22,678	23,346
Furniture and equipment	3,514	3,881	1,340	1,613	4,854	5,494
Infrastructure	53,433	69,160	40,664	824	94,097	69,984
Totals	\$ 415,064	\$ 429,571	\$ 43,405	\$ 3,885	\$ 458,469	\$ 433,456

Additional information on the City's Capital Assets can be found in the notes to the basic financial statements.

Long-Term Debt

At year-end, the City's combined long-term debt increased by \$1.4 million to \$85.9 million. The \$1.4 million net increase in the City's long-term debt resulted primarily from increases in OPEB liability of \$3.8 million and worker's compensation claims of \$823,000, but was offset by a reduction in compensated absences (accumulated vacation and sick leave) of \$1.7 million and a \$1.6 million reduction in principal loan balance, as summarized in Table 4 below.

Table 4
LONG-TERM DEBT
 JUNE 30, 2010
 (In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Tax Allocation Bonds	\$ 27,975	\$ 28,670	\$ -	\$ -	\$ 27,975	\$ 28,670
Certificates of Participation	6,625	7,275	-	-	6,625	7,275
Notes payable	9,912	9,659	-	-	9,912	9,659
Revenue Bonds	-	-	17,835	18,225	17,835	18,225
Lease payable	423	447	-	-	423	447
OPEB liability	8,228	4,395	-	-	8,228	4,395
Compensated absences	5,873	7,687	436	351	6,310	8,038
Claims and judgments	8,594	7,774	-	-	8,594	7,774
Totals	\$ 67,630	\$ 65,906	\$ 18,271	\$ 18,576	\$ 85,901	\$ 84,483

The City's business-type activities debt is \$18,225,000. Debt in the business-type activities consists of a Water Authority Revenue Refunding Bond issued in September 1, 2006, in order to defeased 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 City for Water Lease Rights to the Water System, to provide for certain public capital improvements, and to finance capital improvements. This Water Lease Rights are an asset of the Water Authority, which had been omitted from the Water Authority Balance Sheet as discussed above,

Bonds, Notes, and Leases - The majority of the City's long-term debt is comprised of three bond issues: 2007 TABs, 2006 Water Revenue Refunding Bonds, and 2003 COPs, and additional notes and leases totaling \$62.7 million – outstanding loan balances decreased by \$1.6 million (from \$64.3 million) due to repayment of principal. The City was able to meet all its legal debt covenants and pay its current debt obligations in a timely manner.

OPEB (Other Post Employment Benefits) - The City currently pays the annual pay-go costs (actual costs of bills), as opposed to the recommended GASB 45 requires the City to accrue the net difference between the Annual Required Contribution ("ARC") (\$5.06 million), and the actual amount paid for pay-as-you-go costs (\$1.2 million) plus any additional amount set-aside fund future OPEB payments (\$0) A net amount of \$3.8 million was added to the City's Net OPEB liability which has now increased to \$8.2 million as of June 30, 2010. This increasing figure effectively illustrates that the the City did not make progress toward paying its unfunded actuarial liability for its OPEB costs. Like for many cities, OPEB is a significant and growing liability, which is a challenge that the City must address in the near future.

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

GOVERNMENTAL FUNDS

Although the City has a number of programs and funding sources, a significant amount of attention is focused on the City's General Fund. The City's General Fund pays for the majority of the City's salaries and primary services, such as administration, public works, public safety, and parks and recreation.

These basic costs and services are supplemented by various special revenue funds, which are typically State and Federal grant programs. These include: the Redevelopment Agency, CDBG and HOME, which pay for community development and affordable housing programs; various transportation-specific funding sources, such as Proposition A and C, Measure M; as well as a number of other specific programs (e.g., Senior Lunch, Emergency Shelter Assistance Program (ESP), and CHRP).

The Fund Financial Statements, which provide greater detail about these funds/programs, follow the City-Wide Financial Statements in the annual report.. The following section summarizes the financial activity reported for the Governmental Funds.

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$73.3 million. The City's governmental funds report a negative balance or a deficit of \$55 million in its *unreserved fund balance (deficit)*. This negative balance is due primarily to the \$84 million negative fund balance in the Redevelopment Agency for loans due to the City. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, reserved and/or are long-term in nature and thus, do not represent available spendable resources.

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund increased by \$8.7 million during the current fiscal year. Key factor of this increase is attributable to a significant decrease in expenditures during the year which amounted to approximately \$ 9 million.

Unrestricted Reserves and Working Capital - There is often much discussion regarding having adequate level of reserves in the General Fund in order to provide sufficient cash for working capital needs and to provide a cushion in the event of unexpected expenses or revenue shortfalls. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$4.2 million, with a total fund balance of \$106.2 million. As a measure of General Fund reserves and liquidity, it may be useful to compare both the unreserved fund balance and cash and investments to total fund expenditures, respectively.. General Fund unreserved fund balance represents 8.8% of total general fund expenditures of \$47.2 million; however, the \$1.4 million in cash and investments on hand in the General Fund only represent 11 days of cash on hand.

The Redevelopment Agency's Capital Projects funds had decreases in the fund balance for a total of \$13.3 million for all the projects areas. This was because of lower revenues within the particular funds and the payment of Supplemental Revenue Augmentation Funds (SERAF).

In addition to the General Fund, Governmental Activities includes a number of special revenue funds (e.g. CDBG, HOME, Measure R, etc) that have multi-year projects/funding sources. As such, these funds may spend prior year roll-over amounts to complete a project, which requires the use of "reserves" and an apparent operating deficit when simply taking current year revenues and expenses into account.

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the budget for fiscal year 2010-11, management looked at the following economic and financial factors:

- Flat General Fund revenue growth
- Prolonged economic recession
- Limited unrestricted reserves
- Renegotiations with bargaining units
- Increasing legal and worker's compensation costs

All of these factors must be placed in the context that management and staff are faced with the pressure to provide the same level of service with reduced workforce and resources.

Economic Development Initiatives - The City continues to pursue a number of economic development initiatives in order to broaden and realign the City's economic base. The City has focused a number of these initiatives around transit-oriented development, given its strategic location as a major transportation hub in the San Gabriel Valley. The City has commenced Phase one of the Transit Village Project – a 400-unit mixed use multi-family/retail development project located adjacent to the new MTA bus terminal which commenced construction this year. In addition, the City started construction of a new DMV office, attracted a new Hyundai dealership (generating 40 new jobs), and approved the DDA for the development of a new 100,000 sf Wal-Mart store.

General Fund Budgetary Highlights - The City of El Monte's largest revenue source is sales tax, of which nearly 45% is derived from auto sales. The City was particularly hard-hit by the Great Recession, which resulted in the closure of major auto dealerships (Chevrolet, Dodge, etc.) and nearly a 40% decline in sales taxes (from \$20 million in FY 06-07 to \$14.4 million in FY 08-09). The City consequently reduced its budget and workforce by 15%.

Although the passage of a ½ cent sales tax (Measure GG) has allowed the City to stabilize its sales tax revenues, the City continued to implement a number of budget measures in Fiscal Year 2009-10 and adopted a Budget Recovery Action Plan during its mid-year budget review process:

- Maintain Existing Staff Levels & Programs
- Adopt Proposed Fiscal Health Plan & Financial Plan
- Stabilize & Closely Monitor Expenditures
- Creating Appropriate Level of Working Capital Reserves Over Next 3 Years
- Monitor and Assess Recourse for Unknown State Takeaways
- Monitor and Assess Recourse for Unknown Economic Downturns

Budget Measures Taken

- 10% furloughs
- 70 full-time employees (379 to 309)
- \$200 (monthly) reduction in medical costs
- Employees pay 5% PARS contribution
- FY 08-09 – 15% cuts

General Fund Budgetary Highlights

Revenues - Total Budgeted General Fund Revenues were \$47.4 million, while actual revenue receipts were \$52.8 million - \$5.5 million excess. The City received \$1.4 million more in taxes (i.e., property, sales, and UUT) as well as \$185,000 more for fines and forfeitures than budgeted - due to conservative estimates. However, these were partially offset by the receipt of \$500,000 less-than-budgeted amounts for activity-based revenues sources Licenses and permits\, charge for services – even after significant budget revisions downward. The majority of this excess was “one-time” revenues (\$3.4 million) derived from the sale of properties.

Expenses – The City reported a total of \$47.2 million in expenditures for the fiscal year, which was \$2.2 million less than budgeted (\$49.5 million). Both general government and public safety reported \$1.5 million less in expenses than budgeted. However, parks and recreation exceeded its budget by \$895,000, primarily for the operation of the aquatic center; and public works exceeded its budget by \$415,000, primarily for building and grounds maintenance and engineering services. The City also paid \$313,000 less-than-budgeted on the interest costs on its 2003 variable rate COPs. It is important to note that the City must pay \$2.9 million in self-insurance costs with the excess revenues of \$7.7 million.

QUALIFIED AUDIT OPINION

The financial statements were audited by the independent public accounting firm of Vasquez & Company, Certified Public Accountants, whose qualified opinion is included within this annual report.

The qualified opinion was because of unsupported portions of loans between the City and Redevelopment Agency. This is due to poor past recordkeeping and accounting practices. This however, does not have a direct bottom-line impact on the City's financial position or assets.

The auditor noted a few material weaknesses in the City's internal controls. Although a few of these concerns had been mentioned in the prior year's audit, they have been recognized and we believe they are correctable. The City Council and Management have taken a proactive stance toward addressing these concerns over the past year, including hiring a new Finance Director, selecting a new audit firm (Vasquez & Co.), and hiring additional consultants to complete the bank/cash reconciliation process. Moreover, the City expects to reorganize the Finance Department and hire additional staff, and provide additional resources to address the most significant concerns in the coming fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of El Monte
Finance Department
11333 Valley Blvd.,
El Monte, CA 91731
626-580-2023

BASIC FINANCIAL STATEMENTS

City of El Monte
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental	Business-type	Total
ASSETS	Activities	Activities	
Cash and investments	\$ 45,840,717	\$ 7,140,158	\$ 52,980,875
Receivables			
Accounts	3,326,626	433,217	3,759,843
Taxes	3,813,634	-	3,813,634
Notes and loans, net	17,052,945	50,000	17,102,945
Accrued interest - other	75,339	20,497	95,836
Internal balances	(179,549)	179,549	-
Prepaid costs	726,242	-	726,242
Deposits	382,500	-	382,500
Due from other governments	2,153,520	-	2,153,520
Inventories	60,201	-	60,201
Deferred charges	1,304,634	467,280	1,771,914
Land held for resale	12,591,153	-	12,591,153
Capital lease receivable (payable)	18,590,759	(18,590,759)	-
Restricted assets:			
Cash and investments with fiscal agents	8,094,273	403,419	8,497,692
Capital assets, not being depreciated	334,700,928	477,284	335,178,212
Capital assets, net of accumulated depreciation	80,363,317	42,927,298	123,290,615
Total assets	528,897,239	33,507,943	562,405,182
LIABILITIES			
Accounts payable	3,084,334	79,549	3,163,883
Accrued liabilities	874,393	-	874,393
Accrued interest	418,437	266,688	685,125
Deposits payable	3,098,720	360,485	3,459,205
Due to other governments	7,732,520	-	7,732,520
Noncurrent liabilities			
Due within one year	1,910,361	496,869	2,407,230
Due in more than one year	64,674,393	17,210,139	81,884,532
Total liabilities	81,793,158	18,413,730	100,206,888
NET ASSETS			
Invested in capital assets, net of related debt	382,391,198	17,144,056	399,535,254
Restricted for:			
Public works projects	10,826,034	-	10,826,034
Public safety	1,818,485	-	1,818,485
Parks, recreation and cultural	5,334,639	-	5,334,639
Community development	16,574,059	-	16,574,059
Debt service	7,999,170	411,743	8,410,913
Low and moderate income housing	7,207,382	-	7,207,382
Retirement	18,794,177	-	18,794,177
Unrestricted (deficit)	(3,841,062)	(2,461,586)	(6,302,648)
Total net assets	\$ 447,104,082	\$ 15,094,213	\$ 462,198,295

See notes to financial statements.

City of El Monte
Statement of Activities
Year ended June 30, 2010

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 37,182,894	\$ 2,114,853	\$ 4,057,717	\$ -	\$ (31,010,324)	\$ -	\$ (31,010,324)
Public safety	29,821,998	2,323,037	2,436,352	-	(25,062,609)	-	(25,062,609)
Parks, recreation and cultural	4,148,973	3,228,325	1,263,036	417,574	759,962	-	759,962
Public works	11,013,617	2,382,772	-	3,009,114	(5,621,731)	-	(5,621,731)
Interest on long-term debt	6,560,377	-	-	-	(6,560,377)	-	(6,560,377)
Total governmental activities	<u>88,727,858</u>	<u>10,048,987</u>	<u>7,757,105</u>	<u>3,426,688</u>	<u>(67,495,078)</u>	<u>-</u>	<u>(67,495,078)</u>
Business-type activities:							
Water and Sewer Fund	5,982,157	6,318,772	135,512	-	-	472,127	472,127
Total business-type activities	<u>5,982,157</u>	<u>6,318,772</u>	<u>135,512</u>	<u>-</u>	<u>-</u>	<u>472,127</u>	<u>472,127</u>
Total primary government	<u>\$ 94,710,015</u>	<u>\$ 16,367,759</u>	<u>\$ 7,892,617</u>	<u>\$ 3,426,688</u>	<u>(67,495,078)</u>	<u>472,127</u>	<u>(67,022,951)</u>
General revenues							
Taxes:							
Property taxes levied for general purposes					31,914,717	-	31,914,717
Transient occupancy taxes					273,128	-	273,128
Sales taxes					13,482,687	-	13,482,687
Franchise taxes					3,841,747	-	3,841,747
Business license taxes					135,156	-	135,156
Utility users taxes					7,850,115	-	7,850,115
Other taxes					2,080,476	-	2,080,476
Motor vehicle in lieu - unrestricted					373,048	-	373,048
Use of money and property					4,915,268	60,528	4,975,796
Other revenue					92,990	8,733	101,723
Total general revenues					<u>64,959,332</u>	<u>69,261</u>	<u>65,028,593</u>
Change in net assets					<u>(2,535,746)</u>	<u>541,388</u>	<u>(1,994,358)</u>
Net assets - beginning, as restated					<u>449,639,828</u>	<u>14,552,825</u>	<u>464,192,653</u>
Net assets - ending					<u>\$ 447,104,082</u>	<u>\$ 15,094,213</u>	<u>\$ 462,198,295</u>

See notes to financial statements.

**City of El Monte
Governmental Funds
Balance Sheet
June 30, 2010**

	Special Revenue Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total
	General	Retirement	Housing and Community Development	Capital Projects RDA		
ASSETS						
Cash and investments	\$ 1,469,768	\$ 18,142,390	\$ 1,740,701	\$ 3,052,064	\$ 17,044,080	\$ 41,449,003
Receivables:						
Accounts	1,803,168	3,396	895,910	54,911	569,241	3,326,626
Taxes	2,351,876	812,513	-	37,767	611,478	3,813,634
Notes and loans, net	86,329	-	14,001,017	1,986,706	978,893	17,052,945
Accrued interest	75,339	-	-	-	-	75,339
Prepaid costs	705,154	-	-	-	10,380	715,534
Deposits	-	-	-	382,500	-	382,500
Due from other governments	115,493	-	68,569	816	1,968,642	2,153,520
Due from other funds	4,585,165	-	513,000	4,513,509	930,450	10,542,124
Advances to other funds	81,437,115	-	11,732,840	864,036	4,125,604	98,159,595
Inventories	60,201	-	-	-	-	60,201
Land held for resale	-	-	1,845,000	10,248,931	497,222	12,591,153
Capital lease receivable	18,590,759	-	-	-	-	18,590,759
Restricted assets:						
Cash and investments with fiscal agents	101,309	-	-	-	7,992,964	8,094,273
Total assets	\$ 111,381,676	\$ 18,958,299	\$ 30,797,037	\$ 21,141,240	\$ 34,728,954	\$ 217,007,206
LIABILITIES						
Accounts payable	\$ 1,619,328	\$ 164,122	\$ 138,503	\$ 321,276	\$ 755,478	\$ 2,998,707
Accrued liabilities	874,393	-	-	-	-	874,393
Deferred revenue	105,767	-	12,475,588	982,016	6,838,645	20,402,016
Deposits payable	2,565,842	-	37,220	303,401	192,257	3,098,720
Due to other governments	-	-	6,934,613	-	797,907	7,732,520
Due to other funds	-	-	-	7,435,125	3,106,999	10,542,124
Advances from other funds	-	-	-	96,723,313	1,286,282	98,009,595
Total liabilities	5,165,330	164,122	19,585,924	105,765,131	12,977,568	143,658,075
FUND BALANCES						
Reserved :						
Reserved for encumbrances	383,372	-	13,750	226,065	980,049	1,603,236
Reserved for prepaid costs	705,154	-	-	-	-	705,154
Reserved for land held for resale	-	-	1,845,000	10,248,931	497,222	12,591,153
Reserved for notes and loans	86,329	-	5,579,037	1,006,356	-	6,671,722
Reserved for advances to other funds	81,437,115	-	2,200,000	864,036	-	84,501,151
Reserved for inventories	60,201	-	-	-	-	60,201
Reserved for capital lease receivable	18,590,759	-	-	-	-	18,590,759
Reserved for capital projects	792,706	-	-	-	-	792,706
Reserved for deposits	-	-	-	382,500	-	382,500
Reserved for Proposition 1B	-	-	-	-	1,964,257	1,964,257
Reserved for AB2928	-	-	-	-	970,813	970,813
Unreserved:						
Reported in nonmajor						
Special revenue funds	-	-	1,573,326	-	6,801,127	8,374,453
Capital projects funds	-	-	-	-	1,780,760	1,780,760
Debt service funds	-	-	-	-	8,757,158	8,757,158
Designated for retirement	-	18,794,177	-	-	-	18,794,177
Undesignated	4,160,710	-	-	(97,351,779)	-	(93,191,069)
Total fund balances	106,216,346	18,794,177	11,211,113	(84,623,891)	21,751,386	73,349,131
Total liabilities and fund balances	\$ 111,381,676	\$ 18,958,299	\$ 30,797,037	\$ 21,141,240	\$ 34,728,954	\$ 217,007,206

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, 2010

Fund balance of governmental funds	\$ 73,349,131
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of governmental activities are not financial resources and are not reported in the governmental funds.	
Capital assets	\$ 494,491,989
Accumulated depreciation	<u>(79,427,744)</u> 415,064,245
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the Statement of Net Assets	1,304,634
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.	
Long-term liabilities	\$ (52,117,460)
Compensated absences	<u>(5,873,446)</u> (57,990,906)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds	(418,437)
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	20,402,016
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets	<u>(4,606,602)</u>
Net assets of governmental activities	\$ <u>447,104,082</u>

See notes to financial statements.

City of El Monte
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2010

	General Fund	Special Revenue Funds	Housing and Community Development	Capital Projects Fund	Nonmajor Governmental Funds	Total
		Retirement Fund		Capital Projects RDA		
Revenues						
Taxes	\$ 40,613,224	\$ 9,887,430	\$ -	\$ 1,321,899	\$ 11,645,040	\$ 63,467,593
Licenses and permits	2,517,044	-	-	-	-	2,517,044
Intergovernmental	417,928	-	5,276,671	-	4,469,704	10,164,303
Charges for services	2,248,355	-	-	-	732,021	2,980,376
Use of money and property	4,175,402	111,453	22,273	253,167	352,973	4,915,268
Fines and forfeitures	1,298,040	-	-	-	-	1,298,040
Contributions	9,000	-	-	-	194,687	203,687
Miscellaneous	1,545,207	195,730	1,691,580	999,166	56,987	4,488,670
Total revenues	52,824,200	10,194,613	6,990,524	2,574,232	17,451,412	90,034,981
Expenditures						
Current:						
General government	11,255,891	9,804,891	3,502,555	2,880,966	7,585,996	35,030,299
Public safety	27,911,724	-	-	-	816,308	28,728,032
Parks, recreation and cultural	2,877,581	-	-	-	1,125,990	4,003,571
Public works	4,377,396	-	-	-	1,068,076	5,445,472
Capital outlay	-	-	273	3,238,895	2,753,215	5,992,383
Debt service:						
Principal retirement	660,000	-	439,000	-	1,122,482	2,221,482
Interest and fiscal charges	136,432	-	445,450	4,450,414	997,417	6,029,713
Total expenditures	47,219,024	9,804,891	4,387,278	10,570,275	15,469,484	87,450,952
Excess (deficiency) of revenues over expenditures	5,605,176	389,722	2,603,246	(7,996,043)	1,981,928	2,584,029
Other financing sources (uses)						
Transfers in	3,065,000	-	-	-	7,185,309	10,250,309
Transfers out	-	-	-	(5,675,379)	(4,574,930)	(10,250,309)
Long-term debt issued	-	-	-	450,082	-	450,082
Miscellaneous	-	-	-	(70,593)	-	(70,593)
Net other financing sources (uses)	3,065,000	-	-	(5,295,890)	2,610,379	379,489
Change in fund balance	8,670,176	389,722	2,603,246	(13,291,933)	4,592,307	2,963,518
Fund balance, beginning of year, as restated	97,546,170	18,404,455	8,607,867	(71,331,958)	17,159,079	70,385,613
Fund balance, end of year	\$ 106,216,346	\$ 18,794,177	\$ 11,211,113	\$ (84,623,891)	\$ 21,751,386	\$ 73,349,131

See notes to financial statements.

City of El Monte
Governmental Funds

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities**
Year ended June 30, 2010

Net change in fund balances - Governmental Funds	\$ 2,963,518
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Capital outlay, net of disposal	3,014,547
Depreciation expense	(3,879,541)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,661,399
Proceeds of debt from other government is a revenue in the governmental funds, but the proceeds increases long-term liabilities in the Statement of Net Assets.	(450,000)
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, however, in the Statement of Activities only the ARC is an expense.	(3,833,014)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	21,556
Compensated absences 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.	1,813,142
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.	(3,740,523)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	(106,831)
Change in net assets of governmental activities	\$ <u>(2,535,746)</u>

See notes to financial statements.

City of El Monte
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Total	Self Insurance
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,283,965	\$ 4,856,193	\$ 7,140,158	\$ 4,391,714
Receivables:				
Accounts	308,644	124,573	433,217	-
Notes and loans	50,000	-	50,000	-
Other	20,497	-	20,497	-
Prepaid accounts	-	-	-	10,708
Restricted:				
Cash with fiscal agents	403,419	-	403,419	-
Total current assets	3,066,525	4,980,766	8,047,291	4,402,422
Noncurrent assets				
Deferred charges	467,280	-	467,280	-
Advances to other funds	150,000	-	150,000	-
Capital assets	43,527,010	19,679,924	63,206,934	-
Accumulated depreciation	(12,716,954)	(7,085,398)	(19,802,352)	-
Net capital assets	30,810,056	12,594,526	43,404,582	-
Total noncurrent assets	31,427,336	12,594,526	44,021,862	-
Total assets	34,493,861	17,575,292	52,069,153	4,402,422
LIABILITIES				
Current liabilities				
Accounts payable	71,052	8,497	79,549	85,627
Accrued interest	266,688	-	266,688	-
Deposits payable	360,485	-	360,485	-
Accrued compensated absences	91,869	-	91,869	-
Accrued claims and judgments	-	-	-	1,469,842
Bonds, notes, and capital leases	405,000	-	405,000	-
Total current liabilities	1,195,094	8,497	1,203,591	1,555,469
Noncurrent liabilities				
Advances from other funds	-	-	-	300,000
Accrued compensated absences	344,523	129,120	473,643	-
Accrued claims and judgments	-	-	-	7,124,006
Capital lease payable	18,590,759	-	18,590,759	-
Bonds, notes, and capital leases	16,736,496	-	16,736,496	-
Total liabilities	36,866,872	137,617	37,004,489	8,979,475
NET ASSETS				
Invested in capital assets, net of related debt	4,549,530	12,594,526	17,144,056	-
Restricted for debt service	411,743	-	411,743	-
Unrestricted	(7,334,284)	4,843,149	(2,491,135)	(4,577,053)
Total net assets	\$ (2,373,011)	\$ 17,437,675	\$ 15,064,664	\$ (4,577,053)

Reconciliation of net assets to statement of net assets:

Net assets per statement of net assets per proprietary funds	\$ 15,064,664
Prior year's accumulated adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	35,495
Current year's accumulated adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	(5,946)
Net assets per statement of net assets	\$ 15,094,213

See notes to financial statements.

City of El Monte
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year ended June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>Self Insurance</u>
Operating revenues:				
Sales and service charges	\$ 2,922,555	\$ 3,396,217	\$ 6,318,772	\$ -
Interdepartmental charges	-	-	-	2,811,054
Total operating revenues	<u>2,922,555</u>	<u>3,396,217</u>	<u>6,318,772</u>	<u>2,811,054</u>
Operating expenses				
Administration and general	1,614,187	2,056,026	3,670,213	-
Treatment	117,358	-	117,358	-
Claims expenses	-	-	-	2,923,831
Depreciation expense	902,791	415,278	1,318,069	-
Total operating expenses	<u>2,634,336</u>	<u>2,471,304</u>	<u>5,105,640</u>	<u>2,923,831</u>
Operating income (loss)	288,219	924,913	1,213,132	(112,777)
Nonoperating revenues (expenses)				
Intergovernmental	117,527	17,985	135,512	-
Interest revenue	25,236	35,292	60,528	-
Interest expense	(870,571)	-	(870,571)	-
Miscellaneous	2,711	6,022	8,733	-
Total nonoperating revenues	<u>(725,097)</u>	<u>59,299</u>	<u>(665,798)</u>	<u>-</u>
Changes in net assets	(436,878)	984,212	547,334	(112,777)
Net assets - beginning as previously reported	(11,111,622)	-	(11,111,622)	(4,464,276)
Prior year adjustments	<u>9,175,489</u>	<u>16,453,463</u>	<u>25,628,952</u>	<u>-</u>
Net assets - beginning, as restated	<u>(1,936,133)</u>	<u>16,453,463</u>	<u>14,517,330</u>	<u>(4,464,276)</u>
Total net assets - ending	<u>\$ (2,373,011)</u>	<u>\$ 17,437,675</u>	<u>\$ 15,064,664</u>	<u>\$ (4,577,053)</u>
Reconciliation of Statement of Changes in Net Assets to the Statement of Activities:				
Changes of Net Assets per Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds			\$ 547,334	
Adjustment to reflect the consolidation of current fiscal year internal service fund activities related to enterprise funds			(5,946)	
Changes in Net Assets Business-type Activities Statement of Activities			<u>\$ 541,388</u>	

See notes to financial statements.

City of El Monte
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Total	Self Insurance
Cash flows from operating activities				
Cash received from customers and users	\$ 2,845,993	\$ 3,271,644	\$ 6,117,637	\$ -
Cash received for interfund charges	-	-	-	2,816,054
Cash paid to suppliers for goods and services	(1,611,254)	(1,787,870)	(3,399,124)	(2,163,978)
Cash paid to employees for services	(86,589)	(130,539)	(217,128)	-
Net cash provided by (used in) operating activities	<u>1,148,150</u>	<u>1,353,235</u>	<u>2,501,385</u>	<u>652,076</u>
Cash flows from non-capital and related financing activities				
Intergovernmental	117,527	17,985	135,512	-
Others	(20,499)	-	(20,499)	-
Net cash provided by (used in) non-capital and related financing activities	<u>97,028</u>	<u>17,985</u>	<u>115,013</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(21,826)	(197,956)	(219,782)	-
Principal paid on capital debt	(390,000)	-	(390,000)	-
Interest paid on capital debt	(829,101)	-	(829,101)	-
Net assets transferred to the Sewer Fund	-	3,641,615	3,641,615	-
Miscellaneous	2,711	6,022	8,733	-
Net cash provided by (used in) capital and related financing activities	<u>(1,238,216)</u>	<u>3,449,681</u>	<u>2,211,465</u>	<u>-</u>
Cash flows from investing activities				
Interest received	25,236	35,292	60,528	-
Change in cash and cash equivalents	32,198	4,856,193	4,888,391	652,076
Beginning cash and cash equivalents	<u>2,655,186</u>	<u>-</u>	<u>2,655,186</u>	<u>3,739,638</u>
Ending cash and cash equivalents	<u>\$ 2,687,384</u>	<u>\$ 4,856,193</u>	<u>\$ 7,543,577</u>	<u>\$ 4,391,714</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 288,219	\$ 924,913	\$ 1,213,132	\$ (112,777)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	902,791	415,278	1,318,069	-
(Increase) decrease in:				
Accounts receivable	(76,562)	(124,573)	(201,135)	5,000
Prepaid accounts	-	-	-	(10,708)
Increase (decrease):				
Accounts payable	(33,597)	8,497	(25,100)	(49,342)
Accrued liabilities	(23,303)	-	(23,303)	-
Deposits payable	5,432	-	5,432	-
Compensated absences payable	85,170	129,120	214,290	-
Accrued claims and judgments	-	-	-	819,903
Net cash provided by (used in) operating activities	<u>\$ 1,148,150</u>	<u>\$ 1,353,235</u>	<u>\$ 2,501,385</u>	<u>\$ 652,076</u>
Non-cash Investing, Capital and Financing Activities:				
Amortization on deferred charges, discounts, loss on defeasance related to long-term liabilities	\$ 45,894	\$ -	\$ -	\$ -
Net book value of water rights under capital lease	27,321,960	-	-	-
Net book value of sewer infrastructure transferred to the Sewer Fund	-	12,811,848	-	-
	<u>\$ 27,367,854</u>	<u>\$ 12,811,848</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

City of El Monte
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

		Pension Trust Fund <u>SEIU</u> Retiree <u>Insurance</u>
ASSETS		
Cash and investments	\$	190,822
Accounts receivables		<u>2,723</u>
Total assets	\$	<u><u>193,545</u></u>
 NET ASSETS		
Held in trust for pension	\$	<u>193,545</u>
Total net assets	\$	<u><u>193,545</u></u>

See notes to financial statements.

City of El Monte
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2010

	Pension Trust Fund SEIU Retiree Insurance
Additions:	
Contributions:	
Employers	\$ 180,000
Employees	69,262
Retirees	42,075
Investment earnings:	
Interest and change in fair value of investments	3,485
Total additions	<u>294,822</u>
 Deductions:	
Benefits	<u>299,433</u>
Total deductions	<u>299,433</u>
 Change in net assets	(4,611)
 Net assets - beginning of the year	<u>198,156</u>
 Net assets - end of the year	\$ <u><u>193,545</u></u>

See notes to financial statements.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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 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.

**NOTE 1 REPORTING ENTITY AND 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. Its purpose is to assist the City and the Agency in providing financing for capital projects and improvements. 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 on 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 prepared for the Corporation.

El Monte Water Authority (Water Authority)

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

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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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.

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.

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.

The City's fiduciary fund financial statements report one private purpose trust fund.

Governmental fund financial statements are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of state gas tax which is 120 days. Revenues considered susceptible to accrual in those funds wherein revenue is recognized on a modified accrual basis is as follows: property and sales taxes, revenue from the use of money and property, interfund transfers, unbilled service receivables and intergovernmental revenue are all considered measurable and are recognized as revenue on a modified accrual basis; licenses, permits, fines and forfeitures and similar items are, for the most part, not susceptible to accrual and, consequently, are not recorded until received. Agency funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations. Fiduciary funds are accounted for on a full accrual basis.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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.

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 City 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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

- 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 used for the acquisition or construction of major capital facilities related to the Redevelopment Agency Project Areas.

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

- Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.
- The Capital Project Fund accounts for the accumulation of resources to fund capital projects within the City.
- The Debt Service Fund accounts for the accumulation of resources for the payment of long-term debt principal and interest relating to the Redevelopment Agency.
- The Self-insurance Internal Service Fund accounts for the transactions of the general liability and worker's compensation insurance programs. It is financed through contributions paid by each operating program based on factors similar to those used by insurance companies (i.e., payroll, and number of employees).
- The Pension Trust Fund accounts for premiums paid for retirees and their families.

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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 Enterprise 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.

Assets, Liabilities and Net Assets or Equity

Cash and Investments

For purposes of the statement of cash flows, the City considers 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 that 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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Receivables and Payables

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

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

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

Functional Classifications

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

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

Long-term Receivables

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

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Inventories, Prepaid Costs and Land Held for Resale

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

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

Land held for resale is recorded at the lower of cost or fair 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, rights of way, 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 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 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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The provision for depreciation of capital assets of the primary government, as well as the component units, is calculated using the straight-line method over the following estimated useful lives:

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

Compensated Absences

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types 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 are deferred and amortized over the life of the bonds using the effective Interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

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.

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 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 and compensated absences are not due and payable in the current period and, therefore, have not been reported in the governmental funds.

The details of the (\$52,117,460) reconciling items attributable to long-term liabilities are as follows:

Long-term debt:

Certificates of participation	\$ (6,625,000)
Tax allocation bonds	(27,975,000)
Notes payable	(9,911,927)
Lease payable	(422,810)
Other post-employment benefits obligation	(8,227,852)
Unamortized bond discount	516,548
Unamortized loss on defeasance	528,581
	<u>\$ (52,117,460)</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 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 (\$864,994) difference are as follows:

Capital outlay (net of disposals)	\$ 3,014,547
Depreciation expense	<u>(3,879,541)</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>\$ (864,994)</u>

**NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Another element of that reconciliation states that "repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets." 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.

The details of this \$1,661,399 difference are as follows:

Principal payments:	
Notes payable	\$ 464,165
Certificates of participation	660,000
Tax allocation bonds	695,000
Lease payable	23,972
Amortization of loss on defeasance	(19,577)
Amortization of bond discounts	(47,768)
Amortization of debt issuance costs	<u>(114,393)</u>
Net adjustment to increase net change in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	
	<u>\$ 1,661,399</u>

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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 the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations.

For fiscal year 2009-2010, the following special revenue funds had no legally adopted budget:

- Affordable Housing Development
- Local Law Enforcement Block Grant
- Special Programs
- Special Programs II
- Measure R
- State Stimulus
- Federal Stimulus
- Art in Public Places

At June 30, 2010, the following nonmajor funds had deficit fund balances:

Special Revenue Funds:

Affordable Housing Development	\$ (663,403)
Miscellaneous Grant	(758,809)
Park Bond Act	(626,849)
Children's Lunch Program	(94,914)
CDGR-R	(170,007)
State Stimulus	(32,781)

The fund deficits will be covered from future revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Excess of Expenditures Over Appropriations

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund			
General Government			
City council	\$ 132,747	\$ 116,000	\$ 16,747
Administrative office	769,271	727,600	41,671
City treasurer	144,943	122,000	22,943
City attorney	362,846	269,300	93,546
License collection	80,180	55,300	24,880
Valley Mall	61,237	59,300	1,937
El Monte Museum	12,841	12,000	841
Public Safety			
Police helicopter	800,605	773,740	26,865
Traffic safety program	516,169	409,757	106,412
Parks, recreation and cultural			
Parks and building maintenance	800,129	623,000	177,129
Aquatic center project	633,375	-	633,375
Parks	378,188	336,300	41,888
Senior services	278,826	161,900	116,926
Administration	222,788	203,100	19,688
Communications and marketing	13,558	-	13,558
Contracted classes	55,495	21,000	34,495
Public works			
Building and grounds maintenance	1,024,390	567,100	457,290
Building regulation	444,982	266,000	178,982
General engineering	353,189	215,400	137,789
Sanitary sewer maintenance	7,425	-	7,425
Parking lot maintenance	460	-	460
Environmental services	2,249	-	2,249
Sewer	945	-	945
Street maintenance	439,886	386,500	53,386
Street lights	766,426	713,000	53,426
Storm drains	1,713	-	1,713

NOTE 3 CASH AND INVESTMENTS

As of June 30, 2010, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 53,934,990
Business-type activities	7,543,577
Fiduciary funds	<u>190,822</u>
Total Cash and Investments	<u>\$ 61,669,389</u>

Cash and investments at June 30, 2010, consisted of the following:

Cash on hand	\$ 17,400
Deposits with financial institutions	2,766,097
Investments	<u>58,885,892</u>
Total Cash and Investments	<u>\$ 61,669,389</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, 2010, the carrying amount of the City's deposits was \$2,766,097 and the bank balance was \$2,934,718. The \$168,621 difference represents outstanding checks, deposits in transit and other reconciling items.

The California Government Code requires California financial institutions 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 \$250,000 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. 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 financial institution 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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

Under the 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)

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 portion in the investment pool is the same as the value of the pool shares.

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, 2010, the City invested in Federal National Mortgage Association, Federal Farm Credit Banks, and General Electric Corporate Bonds which were all rated "AAA" by Moody's and by S&P. All securities were investment grade and were legal under State law. Investments in U.S. treasuries are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2010, 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, 2010, none of the City's deposits or investments were exposed to custodial credit risk.

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, 2010, the City is in compliance with the investment policy's restrictions.

In accordance with GASB 40 requirements, the City reports its exposure to concentration risk whenever it has invested more than 5% of its total investments in any one issuer. As of June 30, 2010, the City has investments with the following issuers which exceed 5% of the total investment value:

Federal Farm Credit Bank	\$5,020,625	9%
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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. Any investment which exceeds five years in maturity shall require authorization by City council prior to purchase. The City has elected to use the segmented time distribution method of disclosure for this interest rate risk.

As of June 30, 2010, the City had the following investments and original maturities:

Investment Type	Total	Investment Maturity (in Years)		
		6 Months Or Less	1 to 3 Years	3 to 5 Years
Money Market Mutual Funds	\$ 6,916,588	\$ 6,916,588	\$ -	\$ -
Federal Agency Securities	-			
Federal National Mortgage Association	2,153,750	-	-	2,153,750
Federal Farm Credit Banks Consolidated	5,020,625	-	-	5,020,625
FNMA Strip	202	-	-	202
General Electric Corporate Bond	1,545,195	-	1,545,195	-
Local Agency Investment Fund	41,668,381	41,668,381	-	-
	<u>\$ 57,304,741</u>	<u>\$ 48,584,969</u>	<u>\$ 1,545,195</u>	<u>\$ 7,174,577</u>

NOTE 4 LONG-TERM RECEIVABLES

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.

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 was due January 12, 2001, and the interest rate was 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 have been extended. The City is currently negotiating the collection of these notes.

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 accrued at a rate of 7.0% until February 28, 2003, at which time it changed to 4.0% until the note is due. The City is currently negotiating the collection of these notes.

RTS Group

On August 10, 1993, the El Monte Community Redevelopment Agency sold to RTS Group a 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 monthly payments of \$2,500 commenced 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 commenced March 1, 1994. The remaining principal and unpaid interest is due upon sale of the property.

Lee - "Blessed Rock of El Monte"

On April 3, 1996, the El Monte Community Redevelopment Agency sold to the "Blessed Rock of El Monte" a 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.

NOTE 4 LONG-TERM RECEIVABLES (CONTINUED)

Singing Wood Senior Housing

On July 15, 2002, the El Monte Community Redevelopment Agency provided a loan to Sinaina Wood Senior Housing, a California Limited Partnership, in the amount of \$461,142. 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.

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, 2010, the following loans receivable were outstanding:

	<u>Amount</u>
Pacific Place Expansion Project	\$ 4,154,037
L.T. Titan, Limited Partnership	856,719
RTS Group	73,608
Lee - "Blessed Rock of El Monte"	421,084
Singing Wood Senior Housing	440,143
TDF Senior Housing	788,666
Edwards	20,048
Rio Hondo Community Development Corp.	493,031
Various Housing Deferred Loans and Other Assistance	<u>11,450,994</u>
Subtotal	18,698,330
Less allowance for doubtful accounts	<u>(1,645,385)</u>
	<u>\$ 17,052,945</u>

Allowance for doubtful accounts was provided for certain borrowers for which the City has collection issues and pending litigations.

NOTE 4 LONG-TERM RECEIVABLES (CONTINUED)

Capital lease receivable

A lease receivable is recorded in the City's General Fund. The lease is the remainder due to the City from the sale of the water rights to the Water Authority. The Water Authority will pay this lease from surplus revenues over the 50-year life of the lease ending September 1, 2049. Payments vary with the level of surplus revenues. The balance of the lease at June 30, 2010 is \$18,590,759. The lease receivable and capitalized lease obligation have been eliminated similar to internal balances in the statement of net assets.

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 which approximates fair value. As of June 30, 2010, 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, 2010, the City and Agency's investment in land held for resale amounted to:

Housing and Community Development Fund	\$ 1,845,000
Downtown El Monte Project Area - Project Fund	8,882,125
Downtown El Monte Project Area - Low and Moderate Housing Fund	1,366,806
Nonmajor Special Revenue Funds - State Stimulus	<u>497,222</u>
	<u>\$ 12,591,153</u>

City of El Monte
Notes to Financial Statements
Year ended June 30, 2010

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Adjustments (See Note 14)</u>	<u>Adjusted Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:						
Capital assets not being depreciated						
Land	\$ 61,361,613	\$ -	\$ 61,361,613	\$ -	\$ -	\$ 61,361,613
Rights of way	266,801,532	-	266,801,532	-	-	266,801,532
Construction-in-progress	4,757,119	-	4,757,119	1,802,545	(632,988)	5,926,676
Equipment-in-progress	396,435	-	396,435	214,672	-	611,107
Total capital assets not being depreciated	<u>333,316,699</u>	<u>-</u>	<u>333,316,699</u>	<u>2,017,217</u>	<u>(632,988)</u>	<u>334,700,928</u>
Capital assets being depreciated:						
Land improvements	4,944,675	-	4,944,675	801,477	-	5,746,152
Structures and improvements	34,623,291	-	34,623,291	-	-	34,623,291
Furniture and equipment	16,591,549	-	16,591,549	518,254	-	17,109,803
Infrastructure	<u>121,483,196</u>	<u>(19,481,968)</u>	<u>102,001,228</u>	<u>310,587</u>	<u>-</u>	<u>102,311,815</u>
Total capital assets being depreciated	<u>177,642,711</u>	<u>(19,481,968)</u>	<u>158,160,743</u>	<u>1,630,318</u>	<u>-</u>	<u>159,791,061</u>
Less accumulated depreciation						
Land improvements	4,085,001	-	4,085,001	-	-	4,085,001
Structures and improvements	12,269,252	-	12,269,252	599,053	-	12,868,305
Furniture and equipment	12,710,325	-	12,710,325	885,591	-	13,595,916
Infrastructure	<u>52,323,191</u>	<u>(5,839,566)</u>	<u>46,483,625</u>	<u>2,394,897</u>	<u>-</u>	<u>48,878,522</u>
Total accumulated depreciation	<u>81,387,769</u>	<u>(5,839,566)</u>	<u>75,548,203</u>	<u>3,879,541</u>	<u>-</u>	<u>79,427,744</u>
Capital assets being depreciated, net	<u>96,254,942</u>	<u>(13,642,402)</u>	<u>82,612,540</u>	<u>(2,249,223)</u>	<u>-</u>	<u>80,363,317</u>
Governmental activities capital assets, net	<u>\$ 429,571,641</u>	<u>\$ (13,642,402)</u>	<u>\$ 415,929,239</u>	<u>\$ (232,006)</u>	<u>\$ (632,988)</u>	<u>\$ 415,064,245</u>

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

Governmental Activities:

General government	\$ 1,067,598
Public safety	319,472
Parks, recreation and leisure	42,851
Public works	2,449,620
Total	<u>\$ 3,879,541</u>

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in the current year and prior years. Infrastructure assets recorded in prior years as part of implementing GASB Statement No. 34 included rights of way which amounted to \$266,801,532. Recording of this infrastructure asset is allowed by GASB Statement No. 34.

City of El Monte
Notes to Financial Statements
Year ended June 30, 2010

NOTE 6 CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	Beginning Balance	Adjustments (See Note 14)	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:						
Capital assets not being depreciated:						
Land	\$ 310,748	\$ -	\$ 310,748	\$ -	\$ -	\$ 310,748
Construction-in-progress	144,710	-	144,710	21,826	-	166,536
Total capital assets not being depreciated	455,458	-	455,458	21,826	-	477,284
Capital assets being depreciated:						
Water rights	-	34,152,450	34,152,450	-	-	34,152,450
Structures and improvements	3,218,939	-	3,218,939	-	-	3,218,939
Furniture and equipment	4,099,158	(346,220)	3,752,938	197,956	-	3,950,894
Infrastructure	1,925,398	19,481,968	21,407,366	-	-	21,407,366
Total capital assets being depreciated	9,243,495	53,288,198	62,531,693	197,956	-	62,729,649
Less accumulated depreciation:						
Water rights	-	6,830,490	6,830,490	683,049	-	7,513,539
Structures and improvements	2,226,646	-	2,226,646	69,014	-	2,295,660
Furniture and equipment	2,486,539	-	2,486,539	124,032	-	2,610,571
Infrastructure	1,101,041	5,839,566	6,940,607	441,974	-	7,382,581
Total accumulated depreciation	5,814,226	12,670,056	18,484,282	1,318,069	-	19,802,351
Capital assets being depreciated, net	3,429,269	40,618,142	44,047,411	(1,120,113)	-	42,927,298
Business-type activities capital assets, net	\$ 3,884,727	\$ 40,618,142	\$ 44,502,869	\$ (1,098,287)	\$ -	\$ 43,404,582

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

Business-type Activities:	Amount
Water Fund	\$ 902,791
Sewer Fund	415,278
Total	\$ 1,318,069

NOTE 7 INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due To/From Other Funds

Due From Other Funds:	Due To Other Funds			
	General Fund	Redevelopment Agency-Capital Projects	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 4,560,049	\$ 25,116	\$ 4,585,165
Housing and Community Development	-	-	513,000	513,000
Redevelopment Agency-Capital Projects	-	2,407,334	2,106,175	4,513,509
Nonmajor governmental funds	-	467,742	462,708	930,450
	\$ -	\$ 7,435,125	\$ 3,106,999	\$ 10,542,124

NOTE 7 INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS (CONTINUED)

The due to other funds in the Redevelopment Agency - Capital Projects Fund from the General Fund in the amount of \$4,560,049 was the result of funding for various capital projects.

The due from Redevelopment Agency - Capital Projects Fund to the various nonmajor governmental funds was a result of temporary deficit cash balances in those funds and funding of various capital projects.

Advances To/From Other Funds

Advances To Other Funds:	Advances From Other Funds			
	RDA Capital Projects	Nonmajor Governmental Funds	Self Insurance	Total
General Fund	\$ 80,714,869	\$ 422,246	\$ 300,000	\$ 81,437,115
Housing and Community Development	11,732,840	-	-	11,732,840
RDA Capital Projects	-	864,036	-	864,036
Nonmajor governmental funds	4,125,604	-	-	4,125,604
Water Fund	150,000	-	-	150,000
	<u>\$ 96,723,313</u>	<u>\$ 1,286,282</u>	<u>\$ 300,000</u>	<u>\$ 98,309,595</u>

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 were not anticipated within the next fiscal year. As of June 30, 2010, loans owed were \$96,723,313 (including accrued interest of \$57,776,823). In addition, the Redevelopment Agency - Capital Projects Fund has made loans of \$864,036 to the Redevelopment Agency - Debt Service Fund to pay for ERAF payments in the current and prior years.

The General Fund loaned \$300,000 to the Self-insurance Fund to cover risk management and worker's compensation costs.

Interfund Transfers

Tranfers Out:	Tranfers In		
	General Fund	Non-Major Governmental Funds	Total
Redevelopment Agency Capital Projects	\$ -	\$ 5,675,379	\$ 5,675,379
Nonmajor governmental funds	<u>3,065,000</u>	<u>1,509,930</u>	<u>4,574,930</u>
	<u>\$ 3,065,000</u>	<u>\$ 7,185,309</u>	<u>\$ 10,250,309</u>

NOTE 7 INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS (CONTINUED)

During the fiscal year 2009-2010, the Redevelopment Agency established two new accounts to hold the Debt Service Reserve (DSR) funds for the 2007 Tax Allocation Bonds: 2007 Senior TABS and 2007 Subordinate TABs. The Agency transferred \$2.0 million held in the Center, Center Annex, Downtown and Lo-Mod funds bond proceeds accounts into: \$1.7 million DSR 2007 Senior TABs (fund 460) and \$234 thousand 2007 Subordinate TABs fund. In addition, the Redevelopment Agency transferred \$5.2 million from the Capital Projects Funds into the Debt Service Funds for each respective project area to pay for pass-through payments and debt service requirements on the 2007 TABs.

For record-keeping purposes the City accounts for its Gas Tax monies in a separate revenue account. Each year the City transfers these monies into the General Fund. In fiscal year 2009-2010, the City transferred \$3.065 million from its special revenue funds (non-major governmental funds) into its General Fund: \$2.9 million representing Gas Tax revenues, \$150 thousand were for the operation of the Aquatic Center, and \$15 thousand were for the payment of certain capital projects.

NOTE 8 LONG-TERM DEBT

Governmental Activities

The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2010:

	Balance at July 1, 2009	Adjustments	Adjusted Balance July 1, 2009	Additions	Retirements	Balance at June 30, 2010	Amount due within one Year
Tax allocation bonds	\$ 28,670,000	\$ -	\$ 28,670,000	\$ -	\$ 695,000	\$ 27,975,000	\$ 725,000
Certificates of Participation							
Series 2003-A	4,935,000	-	4,935,000	-	460,000	4,475,000	480,000
Series 2003-B	2,350,000	-	2,350,000	-	200,000	2,150,000	215,000
Notes and loans payable	9,658,620	267,472	9,926,092	481,835	496,000	9,911,927	465,000
Leases payable	446,782	-	446,782	-	23,972	422,810	25,361
Accrued employee benefits	7,686,588	-	7,686,588	1,560,145	3,373,287	5,873,446	-
OPEB liability	4,394,838	-	4,394,838	3,833,014	-	8,227,852	-
Claims and judgments	7,773,945	-	7,773,945	1,279,212	459,309	8,593,848	-
	<u>\$ 65,915,773</u>	<u>\$ 267,472</u>	<u>\$ 66,183,245</u>	<u>\$ 7,154,206</u>	<u>\$ 5,707,568</u>	<u>\$ 67,629,883</u>	<u>\$ 1,910,361</u>
Unamortized bond discount						(516,547)	
Unamortized loss on defeasance						(528,581)	
						<u>\$ 66,584,755</u>	

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

The notes mature from 1999 to 2018, and bear varying interest rates. The principal balance outstanding as of June 30, 2010, was \$1,315,000. The total debt service payment requirements with respect to the loan are as follows:

Ending June 30,	HUD Section 108 Loan 1999-A	
	Principal	Interest
2011	\$ 115,000	\$ 52,494
2012	120,000	48,642
2013	125,000	44,190
2014	135,000	39,103
2015	145,000	33,401
2014-2018	675,000	63,500
Total	<u>\$ 1,315,000</u>	<u>\$ 281,330</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, 2010, was \$1,799,000.

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

Ending June 30,	HUD Section 108 Loan 2001-A	
	Principal	Interest
2011	\$ 115,000	\$ 109,830
2012	123,000	102,956
2013	132,000	95,429
2014	141,000	87,183
2015	151,000	78,238
2015-2020	916,000	229,249
2021-2025	221,000	7,315
Total	<u>\$ 1,799,000</u>	<u>\$ 710,200</u>

HUD Section 108 Loan 2004-A

On June 16, 2004, the City issued \$2,200,000 of U.S. Government Guaranteed Notes, Series 2004-A, guaranteed by the Secretary of Housing and Urban Development. The notes mature from 2005 to 2024, with interest payments ranging from \$6,461 to \$57,998. The principal balance outstanding as of June 30, 2010, was \$1,870,000.

NOTE 8 LONG-TERM DEBT (CONTINUED)

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

Ending June 30,	HUD Section 108 Loan 2004-A	
	Principal	Interest
2011	\$ 80,000	\$ 102,536
2012	85,000	98,672
2013	90,000	94,404
2014	95,000	89,759
2015	100,000	84,751
2016-2020	585,000	333,892
2021-2025	835,000	134,930
Total	<u>\$ 1,870,000</u>	<u>\$ 938,944</u>

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 LIBOR Rate, and shall be adjusted monthly. The principal balance outstanding as of June 30, 2010, was \$3,590,000. The total debt service payment requirements with respect to the loan are as follows:

Ending June 30,	Section 108 Loan - Pacific Place	
	Principal	Interest
2011	\$ 155,000	\$ 163,207
2012	160,000	158,045
2013	175,000	151,951
2014	185,000	144,908
2015	195,000	137,172
2016-2020	1,160,000	541,705
2021-2025	1,560,000	210,743
Total	<u>\$ 3,590,000</u>	<u>\$ 1,507,731</u>

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 availed 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

NOTE 8 LONG-TERM DEBT (CONTINUED)

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, 2010, the principal balance outstanding, together with accrued interest through that date was \$339,825.

During 2007-08, the County of Los Angeles entered into an agreement with the Agency - Northwest El Monte Project Area. The agreement related to tax increment adjustments and overpayments during 2007-08 to assist in funding the Gibson Park improvements in the amount of \$254,530. The terms of this repayment are presently being negotiated between the Agency and the County. At June 30, 2010, the principal balance outstanding was \$548,102.

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

MTA

During the fiscal year 2009-2010, the Agency entered into a loan agreement with LACMTA for \$450,000 for the Demolition of Vacant Structures and the Installation of Temporary Public Mass Transit Commuter Facilities on such property (former Chevrolet Dealership).

Lease Payable

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%.

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

Ending June 30,	Principal
2011	\$ 49,871
2012	49,872
2013	49,872
2014	49,872
2015	49,872
2016-2020	249,360
2021-2025	99,743
Total payments	598,462
Less amount representing interest	(175,651)
	\$ <u>422,811</u>

NOTE 8 LONG-TERM DEBT (CONTINUED)

Tax Allocation Bonds Payable

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

The City has pledged a portion of the future property tax increment revenue, including Low and Moderate Income Housing set-aside, that it receives to repay tax allocation bonds that were issued to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously Issued bonds. The bonds are payable solely from the property tax increment generated by the Agency. The Agency has committed to appropriate each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$47,234,374 payable through 2038. For the current year, principal and interest paid and total property tax increment revenues were \$1,994,421 and \$2,471,991, respectively.

Senior Tax Allocation Revenue Bonds, Series 2007

The Bonds are dated July 3, 2007, and were issued to provide funds to the Agency to be applied (i) to refund the \$9,655,000 Tax Allocation Revenue Bonds, Series 1998 (Multiple Redevelopment Project Area Loans), \$3,810,000 Housing Set-Aside Revenue Bonds, Series 1998 (El Monte Community Redevelopment Agency Loan) and a portion of the \$10,010,000 Subordinate Tax Allocation Revenue Bonds, Series 2005 (Multiple Redevelopment Project Area Loans) (collectively, the "Prior Bonds"); (ii) to finance redevelopment activity in the Downtown Project Area and the El Monte Center Project Area, including El Monte Center Amendment No. 1 (collectively, the "Project Areas"), and to fund a reserve fund and costs of issuance of the Bonds. The following schedule illustrates the debt service requirements to maturity for the bonds as of June 30, 2010:

Year Ending June 30,	Senior Tax Allocation Revenue Bond, Series 2007	
	Principal	Interest
2011	\$ 650,000	\$ 1,118,981
2012	670,000	1,094,606
2013	705,000	1,068,644
2014	730,000	1,040,444
2015	755,000	1,011,244
2016-2020	4,310,000	4,543,506
2021-2025	5,350,000	3,508,156
2026-2030	5,820,000	2,174,844
2031-2035	3,480,000	1,106,431
2036-2039	2,510,000	242,013
Total	\$ 24,980,000	\$ 16,908,869

NOTE 8 LONG-TERM DEBT (CONTINUED)

Subordinate Tax Allocation Revenue Bonds, Series 2007

The Bonds are dated July 3, 2007, and were issued to provide funds to the Agency to be applied (i) to refund a portion of the Authority's Subordinate Tax Allocation Revenue Bonds, Series 2005 (Multiple Redevelopment Project Area Loans) (the "2005 Bonds"); (ii) to finance redevelopment activity in the Project Areas; and (iii) to fund a reserve account and costs of issuance of the Bonds. The following schedule illustrates the debt service requirements to maturity for the bonds as of June 30, 2010:

Year Ending June 30,	Subordinate Tax Allocation Revenue Bond, Series 2007	
	Principal	Interest
2011	\$ 75,000	\$ 152,430
2012	75,000	149,130
2013	70,000	145,755
2014	80,000	142,675
2015	95,000	139,075
2016-2020	500,000	628,710
2021-2025	630,000	492,940
2026-2030	710,000	307,400
2031-2035	435,000	157,410
2036-2039	325,000	34,980
Total	<u>\$ 2,995,000</u>	<u>\$ 2,350,505</u>

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

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

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

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:

Year Ending June 30,	Certificates of Participation Series 2003-A		Certificates of Participation Series 2003-B	
	Principal	Interest	Principal	Interest
2011	\$ 480,000	\$ 130,670	\$ 215,000	\$ 105,564
2012	500,000	116,654	225,000	95,008
2013	525,000	102,054	245,000	83,962
2014	545,000	86,724	255,000	71,931
2015	565,000	70,810	275,000	59,412
2016-2020	1,860,000	110,084	935,000	93,536
Total	<u>\$ 4,475,000</u>	<u>\$ 616,996</u>	<u>\$ 2,150,000</u>	<u>\$ 509,413</u>

Claims and Judgments

As of June 30, 2010, the City is party to certain lawsuits. After reviewing these lawsuits with legal counsel, management has estimated the potential claims against the City, not covered by insurance, resulting from such litigation. These claims and judgments are generally liquidated by the Internal Service Fund. At June 30, 2010, total estimated claims payable was \$8,593,848.

Business-type Activities

	Balance at July 1, 2009	Additions	Retirements	Balance at June 30, 2010	Amount due within one Year
2006 Refunding revenue bonds	\$ 18,225,000	\$ -	\$ 390,000	\$ 17,835,000	\$ 405,000
Accrued employee benefits	480,342	85,170	-	565,512	91,869
	<u>\$ 18,705,342</u>	<u>\$ 85,170</u>	<u>\$ 390,000</u>	<u>\$ 18,400,512</u>	<u>\$ 496,869</u>
Unamortized bond discount				118,085	
Unamortized loss on defeasance				(811,589)	
				<u>\$ 17,707,008</u>	

NOTE 8 LONG-TERM DEBT (CONTINUED)

2006 Refunding Revenue Bonds

In June 2006, the El Monte Water Authority issued \$18,805,000 Refunding Revenue Bonds, Series 2006 which are secured by net water revenues of the Authority. Interest on the Bonds is payable semi-annually each March 1 and September 1, commencing on 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, 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:

Year Ending June 30,	2006 Refunding Revenue Bonds	
	Principal	Interest
2011	\$ 405,000	\$ 804,008
2012	420,000	789,465
2013	440,000	774,090
2014	450,000	757,845
2015	465,000	740,801
2016-2020	2,625,000	3,404,530
2021-2025	3,230,000	2,785,536
2026-2030	4,040,000	1,956,138
2031-2035	5,135,000	823,125
2036-2037	625,000	656,625
Total	<u>\$ 17,835,000</u>	<u>\$ 13,492,163</u>

Capital Lease

Under the terms of a Lease Agreement, the Water Authority agreed to lease the water rights from the City for the "total rental" having an aggregate discounted value of \$34,152,450. The Series 1999 Revenue Bonds' proceeds financed the Authority's initial \$10,561,691 lease payment to the City. In 2001, the Water Authority issued the 2001 Series Subordinate Revenue Bond Anticipation Notes, the proceeds of which amounting to \$5,000,000 was used make lease payment to the City. The Authority will pay the balance over the life of the 50-year lease. These lease payments are contingent upon the availability of surplus revenues and will vary from year to year. Surplus revenues are defined as gross water revenues minus operating and maintenance costs, debt service and parity obligations, and any amount needed to replenish the Operating and Improvements fund. The balance of the lease obligation at June 30, 2010 is \$18,590,759. There was no contingent lease payment made during the year ended June 30, 2010.

NOTE 8 LONG-TERM DEBT (CONTINUED)

Defeased bonds

In prior years, the Water Authority defeased the 1999 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.

The 2007 senior and subordinate Tax Allocation bonds defeased the 2005 Tax Allocation bonds, 1998 Tax Allocation Bonds, and the 1998 Housing Revenue Bonds. The net economic gain due to this refunding is \$3,011,724 and positive cash flow is \$2,640,893. The portion of proceeds of new bonds for the defeased debt was 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. In 2008, the 1998 and 2005 Tax Allocation Bonds and the 1998 Housing Revenue Bonds were fully paid off from the escrow fund.

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, 2010, is \$31,480,000. The City is not liable for the repayment of this debt. For this reason, neither the debt nor the related debt service payments are recorded in the City's financial statements.

NOTE 11 RETIREMENT PLAN

Public Employees Retirement System (PERS)

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 its executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The current rate is 16.577% for non-safety (miscellaneous) employees and 33.206% 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 ended June 30, 2010, the City's annual pension cost of \$7.6 million for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), b) projected annual salary increases between 3.25% and 13.15% that vary by age, duration of service, and c) 3% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a 15 year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, was 25 years.

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 10,416	100.0%	\$ -
6/30/2009	9,701	100.0%	-
6/30/2010	7,627	100.0%	-

Refer to the Required Supplementary Information for the Schedule of Funding Progress for PERS.

NOTE 11 RETIREMENT PLAN (CONTINUED)

Public Agency Retirement System (PARS)

Plan Description

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

Sample rates are as follows:

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%

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

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

Funding Policy

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

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

NOTE 11 RETIREMENT PLAN (CONTINUED)

Annual Pension Cost (APC)

For fiscal year ended June 30, 2010, the City's annual pension cost of \$1.28 million for PARS was equal to the City's required and actual contributions. The required contribution was based on the July 1, 2009 actuarial valuation using the entry age normal (level percentage of pay) actuarial cost method. The actuarial assumption included:

Valuation Date:	June 30, 2009
Investment Return:	6.50%
Inflation:	3.75%
Salary Increases:	3.25%
Cost of living adjustment:	2.00% compounded annually

The unfunded actuarial accrued liability is being amortized as a level percent of pay over a closed period based on a 20-year amortization from July 1, 2010 (previously from July 1, 2002). The amortization period for the unfunded actuarial liability was reset to 20 years from July 1, 2010 which resulted in a decrease in employer contribution by 5.16%.

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

Three-Year Trend Information for PARS

Fiscal Year		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$	1,792,978	100.0%	\$ -
6/30/2009		1,601,610	100.0%	-
6/30/2010		1,277,414	100.0%	-

Refer to the Required Supplementary Information for the Schedule of Funding Progress for PARS.

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 worker's 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 worker's compensation, the City is self-insured for the first \$500,000 on each worker's compensation claim through the California State Association of Counties Excess Insurance Authority (CSAC-EIA).

Effective July 1, 2006, the City became a member of CSAC-EIA, a public entity risk pool currently operating as a common risk management and insurance program for 145 California cities, counties, school districts, municipal services organizations, and joint power authorities. The District pays an annual premium to the pool for its excess worker's 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, 2010, which can be obtained from the California State Association of Counties Excess Insurance Authority, Moraga, California.

Worker's 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.

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 have 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 \$7.11 million and \$1.48 million for the worker's compensation claims and general liability claims, respectively, for a total of \$8.59 million.

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

Fiscal Year	Liability at Beginning	Claims Incurred (Including IBNRs)	Claim Payments	Liability at End
2008	\$ 8,350,633	\$ 367,685	\$ (299,333)	\$ 8,418,985
2009	8,418,985	1,006,459	(1,651,499)	7,773,945
2010	7,773,945	1,279,212	(459,309)	8,593,848

NOTE 12 INSURANCE (CONTINUED)

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 22 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, 2010, which can be obtained from Independent Cities Risk Management Authority, Sherman Oaks, California.

NOTE 13 POST-EMPLOYMENT HEALTH BENEFITS

Plan Description

The City participates in the CalPERS medical program in which the City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan. The plan provides health care benefits to retired public safety and management employees in accordance with City MOU's. To be eligible, the employee must be at least 50 years of age and have five years of service. The amount provided by the City includes annual contributions ranging from \$96 to \$1,396 toward the group benefit plan for the employee and is financed on a pay-as-you-go basis.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. The required contribution is based on projected pay-as-you-go financing requirements with additional amounts to prefund benefits as determined annually by the City under actuarial valuation.

Annual OPEB Costs and Net OPEB Obligation

The City's annual post-employment benefits cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years.

NOTE 13 POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

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

	06/30/10	06/30/09
Annual required contribution	\$ 5,060,072	\$ 4,394,838
Interest on net OPEB obligation	197,768	-
Adjustments to annual required contribution	(262,189)	-
Annual pension cost	4,995,651	4,394,838
Annual contribution made	(1,162,637)	-
Increase in net OPEB obligation	3,833,014	4,394,838
OPEB obligation, beginning of year	4,394,838	-
OPEB obligation, end of year	\$ 8,227,852	\$ 4,394,838

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009-10 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 4,995,651	23.27%	\$ 8,227,852
6/30/2009	4,394,838	0.00%	4,394,838
6/30/2008	N/A	N/A	N/A

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 13 POST-EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010, actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 3% per year for dental and vision programs and 5% for long-term care premiums. Both rates included a payroll increase rate of 3.25%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was twenty-eight years. As of the actuarial valuation date, the City had 217 retirees receiving benefits.

Refer to the Required Supplementary Information for the Schedule of Funding Progress for post-employment health benefits plan.

NOTE 14 FUND BALANCE, NET ASSETS AND RESTATEMENTS

Beginning fund balance and net assets have been restated as follows:

Effective for the fiscal year 2009-2010, the Sewer Fund is presented as a proprietary fund. This Fund was presented as part of the General Fund in prior years.

To correct prior years' accumulated errors, the Agency has recalculated accrued interest on advances from the City based on interest rates indicated in the available loan agreements between the City and the Agency. This resulted in a prior period adjustment for an additional accrued interest of \$21,806,636 as of June 30, 2009.

The capital lease transaction between the City and the Water Authority was recorded to reflect the outstanding lease payable (receivable) balance in the respective funds' balance sheets.

The beginning balance of the governmental and business-type activities capital assets has been restated to reflect the adjustment as a result of the update and reconciliation of capital asset schedules with the balances per the general ledger and financial statements.

NOTE 14 FUND EQUITY, NET ASSETS AND RESTATEMENTS (CONTINUED)

Major governmental funds:

General Fund

Fund balance, as previously reported	\$ 57,347,532
Separation of the Sewer Fund from the General Fund	(3,631,428)
Accrued interest on Advances to Redevelopment Agency	25,239,307
To record capital lease transaction between the City and the Water Authority	<u>18,590,759</u>
Fund balance, as restated	<u>\$ 97,546,170</u>

Capital Projects Fund - Redevelopment Agency

Fund balance, as previously reported	\$ (49,525,322)
Accrued interest on Advances to Redevelopment Agency	<u>(21,806,636)</u>
Fund balance, as restated	<u>(71,331,958)</u>

Water

Net assets, as previously reported	\$ (11,111,622)
Net effect of recording the capital lease transaction between the City and the Water Authority	<u>9,175,489</u>
Net assets, as restated	<u>\$ (1,936,133)</u>

Sewer

Net assets transferred to Sewer Fund	\$ 3,641,615
Transfer of capital assets from the governmental activities account group to the Sewer Fund	<u>12,811,848</u>
Net assets, as restated	<u>\$ 16,453,463</u>

Government-wide financial statements

Governmental Activities

Net assets, as previously reported	\$ 445,157,700
Transfer of capital assets from the governmental activities account group to the Sewer Fund	(12,811,848)
Transfer of the beginning fund balance to the Sewer Fund	(3,641,615)
Restatement of beginning balance of County Deferred Loan	(267,472)
Net effect of restatements of fund balances - General Fund and RDA Capital Project Fund	18,392,002
Restatement of the beginning balance of governmental capital assets	<u>2,811,061</u>
Net assets, as restated	<u>\$ 449,639,828</u>

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

For other pending or threatened litigation, it is the opinion of outside counsel and the City Attorney that potential liability of the City for such claims will not have a material effect on the City's 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 pay 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

The City has evaluated events subsequent to June 30, 2010 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 31, 2011, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements other than the following:

Series 2010A and 2010B Taxable Revenue Bonds

In October 2010, the El Monte Public Financing Authority issued \$14,790,000 of Taxable Recovery Zone Economic Development Lease Revenue Bonds, Series 2010A and \$4,465,000 of Taxable Lease Revenue Build America Bonds, Series 2010B. The proceeds of the bonds will be used to (a) finance the acquisition and development of the City of El Monte Maintenance Yard Facility ("the Project"), (2) fund a Reserve account for the bonds and (3) pay certain costs of issuance of the bonds. Interest on the bonds, which ranges from 7.65% to 9.00%, will be payable on February 1 and August 1 of each year, commencing on August 1, 2011.

NOTE 17 SUBSEQUENT EVENTS

SERAF Tax Increment Revenue Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAF) and which is to be distributed to meet the State's Prop 98 obligations to schools. The Agency paid its share of the SERAF amounting to \$2,047,680 in 2009-2010. The Agency's share of the SERAF shift for fiscal 2010-2011 is estimated to be approximately \$421,581. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

NOTE 16 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) issued pronouncements prior to June 30, 2010 that have effective dates that may impact future reporting and financial presentation. Management has not determined any impact on the implementation of the following statements may have on the financial statements of the City:

GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund type Definitions

GASB Statement No. 57 – OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans

GASB Statement No. 59 – Financial Instruments Omnibus

REQUIRED SUPPLEMENTARY INFORMATION

City of El Monte
Budgetary Comparison by Department
General Fund
Year ended June 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 39,122,200	\$ 39,132,200	\$ 40,613,224	\$ 1,481,024
Licenses and permits	2,779,800	2,900,800	2,517,044	(383,756)
Intergovernmental	338,000	505,000	417,928	(87,072)
Charges for services	3,035,500	2,309,600	2,248,355	(61,245)
Use of money and property	166,000	732,100	4,175,402	3,443,302
Fines and forfeitures	743,500	1,113,500	1,298,040	184,540
Contributions	-	-	9,000	9,000
Miscellaneous	309,400	663,900	1,545,207	881,307
Total revenues	46,494,400	47,357,100	52,824,200	5,467,100
Expenditures				
General Government				
City council	114,800	116,000	132,747	(16,747)
Administrative office	734,400	727,600	769,271	(41,671)
Purchasing	44,500	44,500	38,502	5,998
Finance	341,800	341,800	286,344	55,456
City treasurer	122,000	122,000	144,943	(22,943)
City attorney	269,300	269,300	362,846	(93,546)
Public information office	-	67,600	33,172	34,428
General city expense	4,205,500	4,141,400	3,254,180	887,220
Information technology	245,000	245,000	237,278	7,722
Community promotion	71,100	-	-	-
Insurance and surety	7,060,200	6,595,700	5,842,350	753,350
License collection	55,300	55,300	80,180	(24,880)
Valley Mall	-	59,300	61,237	(1,937)
El Monte Museum	12,000	12,000	12,841	(841)
Total general government	13,275,900	12,797,500	11,255,891	1,541,609
Public safety				
Code enforcement	428,100	428,100	400,271	27,829
Police	20,051,600	19,508,003	18,504,470	1,003,533
Fire department	8,200,000	8,200,000	7,589,703	610,297
Police helicopter	760,000	773,740	800,605	(26,865)
Civil defense	12,700	12,700	4,435	8,265
Traffic safety program	154,800	409,757	516,169	(106,412)
Parking enforcement	97,300	97,300	96,071	1,229
Total public safety	29,704,500	29,429,600	27,911,724	1,517,876
Parks, recreation and cultural				
Parks and building maintenance	623,000	623,000	800,129	(177,129)
Government bldg. and grounds maintenance	86,500	86,500	82,249	4,251
Aquatic center project	339,800	-	633,375	(633,375)
Parking lot maintenance	-	-	-	-
Mall maintenance	-	287,500	177,863	109,637
Parks	336,300	336,300	378,188	(41,888)
Sports/playgrounds	243,500	70,000	55,669	14,331
Adult sports	100,300	192,800	179,441	13,359
Senior services	161,900	161,900	278,826	(116,926)
Administration	198,700	203,100	222,788	(19,688)
Communications and marketing	10,000	-	13,558	(13,558)
Contracted classes	21,000	21,000	55,495	(34,495)
Recreation	-	-	-	-
Total parks, recreation and cultural	2,121,000	1,982,100	2,877,581	(895,481)

City of El Monte
Budgetary Comparison by Department
General Fund (Continued)
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Building and grounds maintenance	\$ 626,400	\$ 567,100	\$ 1,024,390	\$ (457,290)
Building regulation	266,000	266,000	444,982	(178,982)
City planning	248,600	248,600	174,760	73,840
Graffiti removal	-	-	-	-
General engineering	215,400	215,400	353,189	(137,789)
Sanitary sewer maintenance	-	-	7,425	(7,425)
Parking lot maintenance	-	-	460	(460)
Community development	91,500	91,500	4,210	87,290
Environmental services	-	-	2,249	(2,249)
Sewer	-	-	945	(945)
Beautification commission	400	400	196	204
Administration	247,900	247,900	129,970	117,930
Equipment maintenance	148,300	148,300	131,525	16,775
Street maintenance	386,500	386,500	439,886	(53,386)
Street signs and striping	163,700	163,700	81,807	81,893
Street sweeping	243,200	243,200	197,524	45,676
Traffic signal maintenance	225,500	225,500	186,471	39,029
Street lights	713,000	713,000	766,426	(53,426)
Street trees and parkways	444,500	444,500	429,268	15,232
Storm drains	-	-	1,713	(1,713)
Total public works	4,020,900	3,961,600	4,377,396	(415,796)
Capital outlay	174,900	174,900	-	174,900
Debt service:				-
Principal retirement	660,000	660,000	660,000	-
Interest and fiscal charges	450,000	450,000	136,432	313,568
Total expenditures	50,407,200	49,455,700	47,219,024	2,236,676
Excess(deficiency) of revenues over expenditures	(3,912,800)	(2,098,600)	5,605,176	7,703,776
Other financing sources (uses)				
Transfers in	2,915,000	2,915,000	3,065,000	150,000
Transfers out	-	-	-	-
Net other financing sources (uses)	2,915,000	2,915,000	3,065,000	150,000
Change in fund balance	(997,800)	816,400	8,670,176	7,853,776
Fund balances, as restated	97,546,170	97,546,170	97,546,170	-
Fund balances, end of year	<u>\$ 96,548,370</u>	<u>\$ 98,362,570</u>	<u>\$ 106,216,346</u>	<u>\$ 7,853,776</u>

**City of El Monte
Budgetary Comparison
Retirement Fund
Year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 9,309,000	\$ 9,209,000	\$ 9,887,430	\$ 678,430
Use of money and property	100,000	100,000	111,453	11,453
Miscellaneous	50,000	-	195,730	195,730
Total revenues	<u>9,459,000</u>	<u>9,309,000</u>	<u>10,194,613</u>	<u>885,613</u>
Expenditures				
General government	9,605,000	9,605,000	9,804,891	(199,891)
Total expenditures	<u>9,605,000</u>	<u>9,605,000</u>	<u>9,804,891</u>	<u>(199,891)</u>
Change in fund balance	<u>(146,000)</u>	<u>(296,000)</u>	<u>389,722</u>	<u>685,722</u>
Fund balances, beginning of year	<u>18,404,455</u>	<u>18,404,455</u>	<u>18,404,455</u>	<u>-</u>
Fund balances, end of year	<u>\$ 18,258,455</u>	<u>\$ 18,108,455</u>	<u>\$ 18,794,177</u>	<u>\$ 685,722</u>

**City of El Monte
Budgetary Comparison
Housing and Community Development Fund
Year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 4,718,800	\$ 4,583,096	\$ 5,276,671	\$ 693,575
Use of money and property	8,700	21,550	22,273	723
Miscellaneous	-	1,543,475	1,691,580	148,105
Total revenues	<u>4,727,500</u>	<u>6,148,121</u>	<u>6,990,524</u>	<u>842,403</u>
Expenditures				
General government	3,326,900	4,103,353	3,502,555	600,798
Public safety	-	-	-	-
Parks, recreation and cultural	-	-	-	-
Public works	-	-	-	-
Capital outlay	1,400,600	1,543,468	273	1,543,195
Debt service:				
Principal retirement	-	184,000	439,000	(255,000)
Interest and fiscal charges	-	222,300	445,450	(223,150)
Total expenditures	<u>4,727,500</u>	<u>6,053,121</u>	<u>4,387,278</u>	<u>1,665,843</u>
Change in fund balance	-	95,000	2,603,246	2,508,246
Fund balances, beginning of year	<u>8,607,867</u>	<u>8,607,867</u>	<u>8,607,867</u>	-
Fund balances, end of year	<u>\$ 8,607,867</u>	<u>\$ 8,702,867</u>	<u>\$ 11,211,113</u>	<u>\$ 2,508,246</u>

City of El Monte
Schedule of Funding Progress
Year ended June 30, 2010

California Public Retirement System

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2007:						
Miscellaneous	\$ 89,843	\$ 102,454	\$ 12,611	87.7%	\$ 13,584	92.8%
Safety	164,962	189,307	24,345	87.1%	14,880	163.6%
Total	<u>\$ 254,805</u>	<u>\$ 291,761</u>	<u>\$ 36,956</u>	<u>87.3%</u>	<u>\$ 28,464</u>	<u>129.8%</u>
6/30/2008:						
Miscellaneous	\$ 97,074	\$ 109,934	\$ 12,860	88.3%	\$ 15,209	84.6%
Safety	178,109	206,379	28,270	86.3%	15,811	178.8%
Total	<u>\$ 275,183</u>	<u>\$ 316,313</u>	<u>\$ 41,130</u>	<u>87.0%</u>	<u>\$ 31,020</u>	<u>132.6%</u>
6/30/2009:						
Miscellaneous	\$ 100,899	\$ 120,790	\$ 19,891	83.5%	\$ 14,083	141.2%
Safety	185,017	226,117	41,100	81.8%	14,025	293.0%
Total	<u>\$ 285,916</u>	<u>\$ 346,907</u>	<u>\$ 60,991</u>	<u>82.4%</u>	<u>\$ 28,108</u>	<u>217.0%</u>

Post-employment Health Benefits

Schedule of Funding Progress
(Amount in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (c)/(b-a)
6/30/2010	\$ -	\$ 64,759	\$ 64,759	0.0%	\$ 28,500	44.0%
6/30/2008	-	52,584	52,584	0.0%	28,500	54.2%

PARS

Schedule of Funding Progress
(Most recent information available)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Valuation Payroll (C)	UAAL as a % of Valuation Payroll ((B-A)/C)
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%
7/1/2009	12,463,855	27,750,420	15,286,565	44.91%	9,853,800	155.13%

Note: Information through June 30, 2006 was based on 7.5% investment return assumption. July 1, 2009 valuation changed the assumed interest rate to 6.5%.

BUDGETARY CONTROL AND ACCOUNTING

The City and its component units' fiscal year begins on July 1 of each year and ends June 30 the following year. The following procedures establish the budgetary data reflected in the financial statements:

- On or before the fifteenth of June of each year, the City Manager submits to the City Council a proposed budget for the next ensuing fiscal year based on a detailed financial plan prepared by the heads of the various offices, agencies and departments of the City and its component units. Upon receipt of the proposed budget, the Council may make modifications with the affirmative vote of at least a majority of its members.
- Before adoption of the budget, the Council holds a public hearing wherein the public is given an opportunity to be heard, after which the Council may make any revisions deemed advisable. On or before July 1 annually, the City Council adopts the budget as amended through a budget resolution passed by the affirmative vote of at least a majority of its members. Upon final adoption, the budget is in effect for the ensuing fiscal year and becomes the authority for the various offices, agencies, and departments to expend subject to controls established by the City's Policy. At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by affirmative vote of the majority of the Council members so as to authorize the transfer of unused balances appropriated for one purpose to another purpose, or to appropriate available revenue not included in the budget.
- The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level, subject to the authority granted to the City Manager to transfer appropriations from account to account as necessary to assure adequate and proper standards of service and to achieve the intent of the City Council in providing municipal services for the fiscal year.

The City's budget is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled.

Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Certain Capital Projects Funds. Although budgets are legally adopted for the City's Proprietary Funds, there is no legal requirement for the fiscal year results to be reported to City Council. Therefore, no budgetary reporting for the Proprietary Funds has been presented in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

	Special Revenue Funds			
	Emergency Shelter Grant	Affordable Housing Development	Proposition A	Adult Sports
ASSETS				
Cash and investments	\$ -	\$ 10,182	\$ 2,495,890	\$ -
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	664,975	-	-
Prepaid expenses	-	-	-	-
Due from other governments	77,098	755	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 77,098	\$ 675,912	\$ 2,495,890	\$ -
LIABILITIES				
Accounts payable	\$ 4,761	\$ -	\$ 155,140	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	54,015	664,975	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	1,927	-	-
Due to other governments	-	18,502	-	-
Due to other funds	18,321	653,911	-	-
Advances from other funds	-	-	-	-
Total liabilities	77,097	1,339,315	155,140	-
FUND BALANCES (DEFICIT)				
Reserved for:				
Encumbrances	-	-	84,045	-
Proposition 1B	-	-	-	-
AB 2928	-	-	-	-
Unreserved:				
Designated for debt service	-	-	-	-
Designated for equipment loss	-	-	-	-
Undesignated (accumulated deficit)	1	(663,403)	2,256,705	-
Total fund balances	1	(663,403)	2,340,750	-
Total liabilities and fund balances	\$ 77,098	\$ 675,912	\$ 2,495,890	\$ -

**City of El Monte
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

Special Revenue Funds					
UDAG	Air Quality Improvement Fund	Police/ Narcotics Forfeiture	Proposition C	Special Gas Tax	AB 939
\$ 121,154	\$ 338,846	\$ 1,165,540	\$ 3,732,174	\$ 2,685,483	\$ 623,777
-	-	-	-	-	-
-	38,407	-	821	-	447,381
-	-	-	-	316,705	1,381
63,918	-	-	-	-	-
-	-	-	-	-	-
-	-	28,459	-	-	-
-	-	-	-	-	-
4,125,604	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,310,676</u>	<u>\$ 377,253</u>	<u>\$ 1,193,999</u>	<u>\$ 3,732,995</u>	<u>\$ 3,002,188</u>	<u>\$ 1,072,539</u>
\$ -	\$ 6,210	\$ 93,033	\$ 1,637	\$ 4,463	\$ 42,962
-	-	-	-	-	-
4,189,522	-	-	-	-	-
-	-	-	-	-	-
-	-	2,375	-	-	84,147
77,516	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,267,038</u>	<u>6,210</u>	<u>95,408</u>	<u>1,637</u>	<u>4,463</u>	<u>127,109</u>
-	-	75,284	254,830	-	136,161
-	-	-	-	1,964,257	-
-	-	-	-	970,813	-
-	-	-	-	-	-
-	-	-	-	-	-
43,638	371,043	1,023,307	3,476,528	62,655	809,269
43,638	371,043	1,098,591	3,731,358	2,997,725	945,430
<u>\$ 4,310,676</u>	<u>\$ 377,253</u>	<u>\$ 1,193,999</u>	<u>\$ 3,732,995</u>	<u>\$ 3,002,188</u>	<u>\$ 1,072,539</u>

	Special Revenue Funds			
	SLES	Police Traffic Program	Local Law Enforcement Block Grant	County Aid To Cities
ASSETS				
Cash and investments	\$ 65,480	\$ -	\$ 63,385	\$ -
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	61,026	-	-	-
Notes and loans	-	-	-	-
Prepaid expenses	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 126,506	\$ -	\$ 63,385	\$ -
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCES (DEFICIT)				
Reserved for:				
Encumbrances	2,300	-	-	-
Proposition 1B	-	-	-	-
AB 2928	-	-	-	-
Unreserved:				
Designated for debt service	-	-	-	-
Designated for equipment loss	-	-	-	-
Undesignated (accumulated deficit)	124,206	-	63,385	-
Total fund balances	126,506	-	63,385	-
Total liabilities and fund balances	\$ 126,506	\$ -	\$ 63,385	\$ -

City of El Monte
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2010

Special Revenue Funds						
Miscellaneous Grants	Public Facilities	Quimby	Older American Act	Park Bond Act	Senior Citizen Program	Children's Lunch Program
\$ (507,168)	\$ 514,103	\$ 591,507	\$ 3,297	\$ (626,767)	\$ 54,731	\$ 17,898
-	-	-	-	-	-	-
26,373	-	-	26	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
259,645	-	-	1,713	414,031	30,129	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ (221,150)</u>	<u>\$ 514,103</u>	<u>\$ 591,507</u>	<u>\$ 5,036</u>	<u>\$ (212,736)</u>	<u>\$ 84,860</u>	<u>\$ 17,898</u>
\$ 45,361	\$ -	\$ -	\$ 2,023	\$ 82	\$ 36,414	\$ 58,555
-	-	-	-	-	-	-
422,989	-	-	-	414,031	-	54,257
-	-	-	-	-	-	-
-	70,814	-	-	-	-	-
-	-	-	-	-	-	-
69,309	-	-	1,647	-	-	-
-	-	-	-	-	-	-
<u>537,659</u>	<u>70,814</u>	<u>-</u>	<u>3,670</u>	<u>414,113</u>	<u>36,414</u>	<u>112,812</u>
-	26,077	-	-	-	51,404	270,265
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(758,809)</u>	<u>417,212</u>	<u>591,507</u>	<u>1,366</u>	<u>(626,849)</u>	<u>(2,958)</u>	<u>(365,179)</u>
<u>(758,809)</u>	<u>443,289</u>	<u>591,507</u>	<u>1,366</u>	<u>(626,849)</u>	<u>48,446</u>	<u>(94,914)</u>
<u>\$ (221,150)</u>	<u>\$ 514,103</u>	<u>\$ 591,507</u>	<u>\$ 5,036</u>	<u>\$ (212,736)</u>	<u>\$ 84,860</u>	<u>\$ 17,898</u>

		Special Revenue Funds				
		Parking and Business Improvement	Cable Television Corporation	Park Facility Impact Fee	Art in Public Places	Special Programs
ASSETS						
Cash and investments	\$	128,589	\$ 31,039	\$ 94,842	\$ 225,233	\$ 223,626
Cash and investments with fiscal agent		-	-	-	-	-
Receivables:						
Accounts		-	27,293	-	-	23,960
Taxes		-	-	-	-	-
Notes and loans		-	-	-	-	-
Prepaid expenses		-	-	-	-	9,785
Due from other governments		-	-	-	-	-
Due from other funds		-	-	-	-	-
Advances to other funds		-	-	-	-	-
Land held for resale		-	-	-	-	-
Total assets		<u>128,589</u>	<u>\$ 58,332</u>	<u>94,842</u>	<u>\$ 225,233</u>	<u>\$ 257,371</u>
LIABILITIES						
Accounts payable	\$	-	\$ 178	22,807	\$ -	\$ 7,984
Accrued liabilities		-	-	-	-	-
Deferred revenues		-	-	-	-	-
Unearned revenues		-	-	-	-	-
Deposits payable		-	-	-	-	-
Due to other governments		-	-	-	-	-
Due to other funds		-	-	-	-	-
Advances from other funds		-	-	-	-	-
Total liabilities		<u>-</u>	<u>178</u>	<u>22,807</u>	<u>-</u>	<u>7,984</u>
FUND BALANCES (DEFICIT)						
Reserved for:						
Encumbrances		-	9,000	56,479	-	9,785
Proposition 1B		-	-	-	-	-
AB 2928		-	-	-	-	-
Land held for resale		-	-	-	-	-
Unreserved:						
Designated for debt service		-	-	-	-	-
Designated for equipment loss		-	-	-	-	-
Undesignated (accumulated deficit)		128,589	49,154	15,556	225,233	239,602
Total fund balances		<u>128,589</u>	<u>58,154</u>	<u>72,035</u>	<u>225,233</u>	<u>249,387</u>
Total liabilities and fund balances	\$	<u>128,589</u>	<u>\$ 58,332</u>	<u>\$ 94,842</u>	<u>\$ 225,233</u>	<u>\$ 257,371</u>

City of El Monte
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2010

Special Revenue Funds					
Special Programs II	Measure R	CDBG R	State Stimulus	Federal Stimulus	CalHome Grant
\$ 13,252	\$ 797,643	\$ -	\$ (520,301)	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	250,000
-	-	591,376	530,003	32,167	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	497,222	-	-
<u>\$ 13,252</u>	<u>\$ 797,643</u>	<u>\$ 591,376</u>	<u>\$ 506,924</u>	<u>\$ 32,167</u>	<u>\$ 250,000</u>
\$ 14	\$ 23,458	\$ 168,960	\$ 9,702	\$ 15,125	\$ -
-	-	-	-	-	-
-	-	508,853	530,003	-	-
-	-	-	-	-	-
10,057	-	22,937	-	-	-
-	-	-	-	-	250,000
-	-	60,633	-	17,041	-
-	-	-	-	-	-
<u>10,071</u>	<u>23,458</u>	<u>761,383</u>	<u>539,705</u>	<u>32,166</u>	<u>250,000</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,181	774,185	(170,007)	(32,781)	1	-
<u>3,181</u>	<u>774,185</u>	<u>(170,007)</u>	<u>(32,781)</u>	<u>1</u>	<u>-</u>
<u>\$ 13,252</u>	<u>\$ 797,643</u>	<u>\$ 591,376</u>	<u>\$ 506,924</u>	<u>\$ 32,167</u>	<u>\$ 250,000</u>

City of El Monte
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2010

	Capital Projects Fund	Debt Service Fund	
	Capital Projects Fund	Debt Service RDA	Totals
ASSETS			
Cash and investments	\$ 764,770	\$ 3,935,875	\$ 17,044,080
Cash and investments with fiscal agent	1,076,423	6,916,541	7,992,964
Receivables:			-
Accounts	-	4,980	569,241
Taxes	-	232,366	611,478
Notes and loans	-	-	978,893
Prepaid expenses	595	-	10,380
Due from other governments	-	3,266	1,968,642
Due from other funds	-	930,450	930,450
Advances to other funds	-	-	4,125,604
Land held for resale	-	-	497,222
Total assets	\$ 1,841,788	\$ 12,023,478	\$ 34,728,954
LIABILITIES			
Accounts payable	\$ 56,609	\$ -	\$ 755,478
Accrued liabilities	-	-	-
Deferred revenues	-	-	6,838,645
Unearned revenues	-	-	-
Deposits payable	-	-	192,257
Due to other governments	-	451,889	797,907
Due to other funds	-	2,286,137	3,106,999
Advances from other funds	-	1,286,282	1,286,282
Total liabilities	56,609	4,024,308	12,977,568
FUND BALANCES (DEFICIT)			
Reserved for:			
Encumbrances	4,419	-	980,049
Proposition 1B	-	-	1,964,257
AB 2928	-	-	970,813
Land held for resale	-	-	497,222
Unreserved:			-
Designated for debt service	-	8,757,158	8,757,158
Designated for equipment loss	-	-	-
Undesignated (accumulated deficit)	1,780,760	(757,988)	8,581,887
Total fund balances	1,785,179	7,999,170	21,751,386
Total liabilities and fund balances	\$ 1,841,788	\$ 12,023,478	\$ 34,728,954

		Special Revenue Funds						
		Emergency Shelter Grant	Affordable Housing Development	Proposition A	Adult Sports			
Revenues								
Taxes	\$	-	\$	-	\$	1,603,734	\$	-
Intergovernmental		148,887		-		174,764		-
Charges for services		-		63,104		1,161		-
Use of money and property		-		-		24,370		-
Contributions		-		-		-		-
Miscellaneous		-		-		7,581		-
Total revenues		<u>148,887</u>		<u>63,104</u>		<u>1,811,610</u>		<u>-</u>
Expenditures								
Current:								
General government		77,097		-		1,672,406		-
Public safety		-		-		-		-
Parks, recreation and cultural		-		-		-		-
Public works		-		-		-		-
Capital outlay		-		-		75,267		-
Debt service:		-		-		-		-
Principal retirement		-		-		-		-
Interest and fiscal charges		-		-		-		-
Total expenditures		<u>77,097</u>		<u>-</u>		<u>1,747,673</u>		<u>-</u>
Excess (deficiency) of revenues over expenditures		<u>71,790</u>		<u>63,104</u>		<u>63,937</u>		<u>-</u>
Other financing sources (uses)								
Transfers in		-		-		-		-
Transfers out		-		-		-		-
Net other financing sources (uses)		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Change in fund balance		71,790		63,104		63,937		-
Fund balances, beginning of year		<u>(71,789)</u>		<u>(726,507)</u>		<u>2,276,813</u>		<u>-</u>
Fund balances, end of year		\$ <u>1</u>	\$	<u>(663,403)</u>	\$	<u>2,340,750</u>	\$	<u>-</u>

City of El Monte
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2010

Special Revenue Funds					
UDAG	Air Quality Improvement Fund	Police/ Narcotics Forfeiture	Proposition C	Special Gas Tax	AB 939
\$ -	\$ -	\$ -	\$ 1,330,367	\$ 1,838,402	\$ 753,858
42,986	143,013	528,782	190,753	1,142,606	-
-	-	-	-	-	267,633
999	2,695	12,381	35,486	28,106	168,274
-	-	-	-	-	-
-	-	-	-	-	-
<u>43,985</u>	<u>145,708</u>	<u>541,163</u>	<u>1,556,606</u>	<u>3,009,114</u>	<u>1,189,765</u>
-	81,171	-	-	-	860,327
-	-	460,066	-	-	-
347	-	-	-	-	-
-	-	-	694,510	47,807	-
-	-	277,862	479,076	574,189	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>347</u>	<u>81,171</u>	<u>737,928</u>	<u>1,173,586</u>	<u>621,996</u>	<u>860,327</u>
<u>43,638</u>	<u>64,537</u>	<u>(196,765)</u>	<u>383,020</u>	<u>2,387,118</u>	<u>329,438</u>
-	-	-	-	-	-
-	-	-	-	(2,900,000)	-
-	-	-	-	(2,900,000)	-
43,638	64,537	(196,765)	383,020	(512,882)	329,438
-	306,506	1,295,356	3,348,338	3,510,607	615,992
<u>\$ 43,638</u>	<u>\$ 371,043</u>	<u>\$ 1,098,591</u>	<u>\$ 3,731,358</u>	<u>\$ 2,997,725</u>	<u>\$ 945,430</u>

	Special Revenue Funds			
	SLES	Police Traffic Program	Local Law Enforcement Block Grant	County Aid To Cities
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	153,312	-	-	-
Charges for services	-	-	-	-
Use of money and property	1,164	-	612	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>154,476</u>	<u>-</u>	<u>612</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	211,856	-	-	-
Parks, recreation and cultural	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>211,856</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(57,380)</u>	<u>-</u>	<u>612</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(57,380)	-	612	-
Fund balances, beginning of year, as restated	<u>183,886</u>	<u>-</u>	<u>62,773</u>	<u>-</u>
Fund balances, end of year	<u>\$ 126,506</u>	<u>\$ -</u>	<u>\$ 63,385</u>	<u>\$ -</u>

City of El Monte
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
Year ended June 30, 2010

Special Revenue Funds					
Miscellaneous Grants	Public Facilities	Quimby	Older American Act	Park Bond Act	Senior Citizen Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
400,380	-	30,160	55,609	417,574	289,027
-	28,863	-	-	-	-
-	4,945	5,464	-	-	-
-	-	-	-	-	-
-	-	-	1,083	-	48,323
<u>400,380</u>	<u>33,808</u>	<u>35,624</u>	<u>56,692</u>	<u>417,574</u>	<u>337,350</u>
54,080	-	-	51,624	1,466	-
144,386	-	-	-	-	-
-	62,086	3,602	3,985	2,079	289,027
325,759	-	-	-	-	-
338,226	1	437,500	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>862,451</u>	<u>62,087</u>	<u>441,102</u>	<u>55,609</u>	<u>3,545</u>	<u>289,027</u>
(462,071)	(28,279)	(405,478)	1,083	414,029	48,323
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(462,071)	(28,279)	(405,478)	1,083	414,029	48,323
(296,738)	471,568	996,985	283	(1,040,878)	123
<u>\$ (758,809)</u>	<u>\$ 443,289</u>	<u>\$ 591,507</u>	<u>\$ 1,366</u>	<u>\$ (626,849)</u>	<u>\$ 48,446</u>

	Special Revenue Funds			
	Children's Lunch Program	Parking and Business Improvement	Cable Television Corporation	Park Facility Impact Fee
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	369,382	-	-	-
Charges for services	-	135,156	103,726	-
Use of money and property	-	-	259	1,904
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>369,382</u>	<u>135,156</u>	<u>103,985</u>	<u>1,904</u>
Expenditures				
Current:				
General government	-	95,200	75,759	-
Public safety	-	-	-	-
Parks, recreation and cultural	369,381	-	-	149,846
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>369,381</u>	<u>95,200</u>	<u>75,759</u>	<u>149,846</u>
Excess (deficiency) of revenues over expenditures	<u>1</u>	<u>39,956</u>	<u>28,226</u>	<u>(147,942)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(15,000)	-	-
Net other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
Change in fund balance	1	24,956	28,226	(147,942)
Fund balances, beginning of year, as restated	<u>(94,915)</u>	<u>103,633</u>	<u>29,928</u>	<u>219,977</u>
Fund balances, end of year	<u>\$ (94,914)</u>	<u>\$ 128,589</u>	<u>\$ 58,154</u>	<u>\$ 72,035</u>

City of El Monte
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
Year ended June 30, 2010

Special Revenue Funds					
Art in Public Places	Special Programs	Special Programs II	Measure R	CDBG R	State Stimulus
\$ -	\$ 36,963	\$ -	\$ 800,451	\$ -	\$ -
-	-	-	-	252,636	14,036
-	132,378	-	-	-	-
2,345	24,851	-	1,379	-	-
11,380	162,265	21,042	-	-	-
-	-	-	-	-	-
<u>13,725</u>	<u>356,457</u>	<u>21,042</u>	<u>801,830</u>	<u>252,636</u>	<u>14,036</u>
75,242	63,531	-	4,187	114,842	46,817
-	-	-	-	-	-
-	227,776	17,861	-	-	-
-	-	-	-	-	-
14,000	-	-	23,458	307,801	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>89,242</u>	<u>291,307</u>	<u>17,861</u>	<u>27,645</u>	<u>422,643</u>	<u>46,817</u>
<u>(75,517)</u>	<u>65,150</u>	<u>3,181</u>	<u>774,185</u>	<u>(170,007)</u>	<u>(32,781)</u>
-	-	-	-	-	-
-	(150,000)	-	-	-	-
-	(150,000)	-	-	-	-
(75,517)	(84,850)	3,181	774,185	(170,007)	(32,781)
300,750	334,237	-	-	-	-
<u>\$ 225,233</u>	<u>\$ 249,387</u>	<u>\$ 3,181</u>	<u>\$ 774,185</u>	<u>\$ (170,007)</u>	<u>\$ (32,781)</u>

City of El Monte
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
Year ended June 30, 2010

	Federal Stimulus	CalHome Grant	Capital Projects Fund Capital Projects Fund	Debt Service Fund Debt Service RDA	Totals
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 5,281,265	\$ 11,645,040
Intergovernmental	115,797	-	-	-	4,469,704
Charges for services	-	-	-	-	732,021
Use of money and property	-	-	-	37,739	352,973
Contributions	-	-	-	-	194,687
Miscellaneous	-	-	-	-	56,987
Total revenues	<u>115,797</u>	<u>-</u>	<u>-</u>	<u>5,319,004</u>	<u>17,451,412</u>
Expenditures					
Current:					
General government	115,796	-	13,958	4,182,493	7,585,996
Public safety	-	-	-	-	816,308
Parks, recreation and cultural	-	-	-	-	1,125,990
Public works	-	-	-	-	1,068,076
Capital outlay	-	-	225,835	-	2,753,215
Debt service:	-	-	-	-	-
Principal retirement	-	-	-	1,122,482	1,122,482
Interest and fiscal charges	-	-	-	997,417	997,417
Total expenditures	<u>115,796</u>	<u>-</u>	<u>239,793</u>	<u>6,302,392</u>	<u>15,469,484</u>
Excess (deficiency) of revenues over expenditures	<u>1</u>	<u>-</u>	<u>(239,793)</u>	<u>(983,388)</u>	<u>1,981,928</u>
Other financing sources (uses)					
Transfers in	-	-	-	7,185,309	7,185,309
Transfers out	-	-	-	(1,509,930)	(4,574,930)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,675,379</u>	<u>2,610,379</u>
Change in fund balance	1	-	(239,793)	4,691,991	4,592,307
Fund balances, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>2,024,972</u>	<u>3,307,179</u>	<u>17,159,079</u>
Fund balances, end of year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,785,179</u>	<u>\$ 7,999,170</u>	<u>\$ 21,751,386</u>

City of El Monte
Budgetary Comparison Schedule
Emergency Shelter Grant
Year ended June 30, 2010

		Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Intergovernmental	\$	119,000	\$ 119,000	\$ 148,887	\$ 29,887
Use of money and property		-	-	-	-
Total revenues		<u>119,000</u>	<u>119,000</u>	<u>148,887</u>	<u>29,887</u>
Expenditures					
Current:					
General government		119,000	119,100	77,097	42,003
Capital outlay		-	-	-	-
Total expenditures		<u>119,000</u>	<u>119,100</u>	<u>77,097</u>	<u>42,003</u>
Change in fund balance		-	(100)	71,790	71,890
Fund balances, beginning of year		<u>(71,789)</u>	<u>(71,789)</u>	<u>(71,789)</u>	-
Fund balances, end of year	\$	<u><u>(71,789)</u></u>	\$ <u><u>(71,889)</u></u>	\$ <u><u>1</u></u>	\$ <u><u>71,890</u></u>

City of El Monte
Budgetary Comparison Schedule
Affordable Housing Development
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 63,104	\$ 63,104
Use of money and property	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>63,104</u>	<u>63,104</u>
Expenditures				
Capital improvement programs	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	63,104	63,104
Other financing sources (uses)				
Transfers out	-	-	-	-
Change in fund balance	-	-	63,104	63,104
Fund balances, beginning of year	<u>(726,507)</u>	<u>(726,507)</u>	<u>(726,507)</u>	-
Fund balances, end of year	<u>\$ (726,507)</u>	<u>\$ (726,507)</u>	<u>\$ (663,403)</u>	<u>\$ 63,104</u>

City of El Monte
Budgetary Comparison Schedule
Proposition A
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 1,781,500	\$ 1,781,500	\$ 1,603,734	\$ (177,766)
Intergovernmental	150,000	150,000	174,764	24,764
Charges for services	12,800	12,800	1,161	(11,639)
Use of money and property	20,000	20,000	24,370	4,370
Miscellaneous	7,000	7,000	7,581	581
Total revenues	<u>1,971,300</u>	<u>1,971,300</u>	<u>1,811,610</u>	<u>(159,690)</u>
Expenditures				
General government	1,935,100	2,141,900	1,672,406	469,494
Parks, recreation and cultural	-	-	-	-
Public works	-	-	-	-
Capital outlay	233,700	312,800	75,267	237,533
Total expenditures	<u>2,168,800</u>	<u>2,454,700</u>	<u>1,747,673</u>	<u>707,027</u>
Change in fund balance	(197,500)	(483,400)	63,937	547,337
Fund balances, beginning of year	<u>2,276,813</u>	<u>2,276,813</u>	<u>2,276,813</u>	-
Fund balances, end of year	<u>\$ 2,079,313</u>	<u>\$ 1,793,413</u>	<u>\$ 2,340,750</u>	<u>\$ 547,337</u>

City of El Monte
Budgetary Comparison Schedule
UDAG
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 42,986	\$ 42,986
Use of money and property	1,000	1,000	999	(1)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>43,985</u>	<u>42,985</u>
Expenditures				
Current:				
Parks, recreation and cultural	-	-	347	(347)
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>347</u>	<u>(347)</u>
Change in fund balance	1,000	1,000	43,638	42,638
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 43,638</u>	<u>\$ 42,638</u>

City of El Monte
Budgetary Comparison Schedule
Air Quality
Year ended June 30, 2010

		Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Intergovernmental	\$	166,000	\$ 166,000	\$ 143,013	\$ (22,987)
Use of money and property		5,000	5,000	2,695	(2,305)
Miscellaneous		-	-	-	-
Total revenues		<u>171,000</u>	<u>171,000</u>	<u>145,708</u>	<u>(25,292)</u>
Expenditures					
Current:					
General government		105,500	105,500	81,171	24,329
Capital outlay		-	-	-	-
Total expenditures		<u>105,500</u>	<u>105,500</u>	<u>81,171</u>	<u>24,329</u>
Change in fund balance		65,500	65,500	64,537	(963)
Fund balances, beginning of year		<u>306,506</u>	<u>306,506</u>	<u>306,506</u>	<u>-</u>
Fund balances, end of year	\$	<u><u>372,006</u></u>	\$ <u><u>372,006</u></u>	\$ <u><u>371,043</u></u>	\$ <u><u>(963)</u></u>

City of El Monte
Budgetary Comparison Schedule
Police/Narcotics Forfeiture
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 589,200	\$ 589,200	\$ 528,782	\$ (60,418)
Use of money and property	13,000	13,000	12,381	(619)
Total revenues	<u>602,200</u>	<u>602,200</u>	<u>541,163</u>	<u>(61,037)</u>
Expenditures				
Current:				
Public Safety	420,500	420,500	460,066	(39,566)
Capital outlay	285,000	285,000	277,862	7,138
Total expenditures	<u>705,500</u>	<u>705,500</u>	<u>737,928</u>	<u>(32,428)</u>
Change in fund balance	(103,300)	(103,300)	(196,765)	(93,465)
Fund balances, beginning of year	<u>1,295,356</u>	<u>1,295,356</u>	<u>1,295,356</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,192,056</u>	<u>\$ 1,192,056</u>	<u>\$ 1,098,591</u>	<u>\$ (93,465)</u>

City of El Monte
Budgetary Comparison Schedule
Proposition C
Year ended June 30, 2010

		Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Taxes	\$	1,478,100	\$ 1,478,100	\$ 1,330,367	\$ (147,733)
Intergovernmental		-	-	190,753	190,753
Use of money and property		50,000	50,000	35,486	(14,514)
Total revenues		<u>1,528,100</u>	<u>1,528,100</u>	<u>1,556,606</u>	<u>28,506</u>
Expenditures					
Current:					
General government		-	-	-	-
Public works		1,230,700	789,900	694,510	95,390
Capital outlay		168,900	1,121,700	479,076	642,624
Debt service:		-	-	-	-
Principal retirement		-	-	-	-
Interest and fiscal charges		-	-	-	-
Total expenditures		<u>1,399,600</u>	<u>1,911,600</u>	<u>1,173,586</u>	<u>738,014</u>
Excess (deficiency) of revenues over expenditures		<u>128,500</u>	<u>(383,500)</u>	<u>383,020</u>	<u>766,520</u>
Other financing sources					
Transfers in		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance		<u>128,500</u>	<u>(383,500)</u>	<u>383,020</u>	<u>766,520</u>
Fund balances, beginning of year		<u>3,348,338</u>	<u>3,348,338</u>	<u>3,348,338</u>	<u>-</u>
Fund balances, end of year	\$	<u><u>3,476,838</u></u>	<u><u>2,964,838</u></u>	<u><u>3,731,358</u></u>	<u><u>766,520</u></u>

City of El Monte
Budgetary Comparison Schedule
Special Gas Tax
Year ended June 30, 2010

		Final Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Taxes	\$	2,019,000	\$ 2,019,000	\$ 1,838,402	\$ (180,598)
Intergovernmental		1,000,000	1,000,000	1,142,606	142,606
Use of money and property		5,000	5,000	28,106	23,106
Total revenues		<u>3,024,000</u>	<u>3,024,000</u>	<u>3,009,114</u>	<u>(14,886)</u>
Expenditures					
Public works		-	-	47,807	(47,807)
Capital outlay		-	-	574,189	(574,189)
Total expenditures		<u>-</u>	<u>-</u>	<u>621,996</u>	<u>(621,996)</u>
Excess (deficiency) of revenues over expenditures		<u>3,024,000</u>	<u>3,024,000</u>	<u>2,387,118</u>	<u>(636,882)</u>
Other financing sources (uses)					
Transfers out		<u>-</u>	<u>(4,900,000)</u>	<u>(2,900,000)</u>	<u>2,000,000</u>
Change in fund balance		<u>3,024,000</u>	<u>(1,876,000)</u>	<u>(512,882)</u>	<u>1,363,118</u>
Fund balances, beginning of year		<u>3,510,607</u>	<u>3,510,607</u>	<u>3,510,607</u>	<u>-</u>
Fund balances, end of year	\$	<u><u>6,534,607</u></u>	<u><u>1,634,607</u></u>	<u><u>2,997,725</u></u>	<u><u>1,363,118</u></u>

City of El Monte
Budgetary Comparison Schedule
AB 939
Year ended June 30, 2010

		Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Taxes	\$	590,000	\$ 590,000	\$ 753,858	\$ 163,858
Charges for services		130,000	130,000	267,633	137,633
Use of money and property		25,000	25,000	168,274	143,274
Total revenues		<u>745,000</u>	<u>745,000</u>	<u>1,189,765</u>	<u>444,765</u>
Expenditures					
Current:					
General government					
Public works		850,900	850,900	860,327	(9,427)
Capital outlay		6,000	6,000	-	6,000
Total expenditures		<u>856,900</u>	<u>856,900</u>	<u>860,327</u>	<u>(3,427)</u>
Excess (deficiency) of revenues over expenditures		(111,900)	(111,900)	329,438	441,338
Other financing sources					
Transfers out		-	-	-	-
Change in fund balance		(111,900)	(111,900)	329,438	441,338
Fund balances, beginning of year		615,992	615,992	615,992	-
Fund balances, end of year	\$	<u>504,092</u>	<u>\$ 504,092</u>	<u>\$ 945,430</u>	<u>\$ 441,338</u>

City of El Monte
 Budgetary Comparison Schedule
 SLES
 Year ended June 30, 2010

		Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Intergovernmental	\$	240,000	\$ 240,000	\$ 153,312	\$ (86,688)
Use of money and property		5,000	5,000	1,164	(3,836)
Total revenues		<u>245,000</u>	<u>245,000</u>	<u>154,476</u>	<u>(90,524)</u>
Expenditures					
Current:					
Public Safety		294,000	294,000	211,856	82,144
Total expenditures		<u>294,000</u>	<u>294,000</u>	<u>211,856</u>	<u>82,144</u>
Change in fund balance		(49,000)	(49,000)	(57,380)	(8,380)
Fund balances, beginning of year		183,886	183,886	183,886	-
Fund balances, end of year	\$	<u><u>134,886</u></u>	<u><u>134,886</u></u>	<u><u>126,506</u></u>	<u><u>(8,380)</u></u>

City of El Monte
Budgetary Comparison Schedule
Miscellaneous Grants
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 340,000	\$ 340,000	\$ 400,380	\$ 60,380
Use of money and property	-	-	-	-
Total revenues	<u>340,000</u>	<u>340,000</u>	<u>400,380</u>	<u>60,380</u>
Expenditures				
Current:				
General government	134,730	134,730	54,080	80,650
Public safety	108,400	108,400	144,386	(35,986)
Public works	548,500	548,500	325,759	222,741
Capital outlay	2,104,000	2,104,000	338,226	1,765,774
Total expenditures	<u>2,895,630</u>	<u>2,895,630</u>	<u>862,451</u>	<u>2,033,179</u>
Change in fund balance	(2,555,630)	(2,555,630)	(462,071)	2,093,559
Fund balances, beginning of year	<u>(296,738)</u>	<u>(296,738)</u>	<u>(296,738)</u>	-
Fund balances, end of year	<u>\$ (2,852,368)</u>	<u>\$ (2,852,368)</u>	<u>\$ (758,809)</u>	<u>\$ 2,093,559</u>

City of El Monte
Budgetary Comparison Schedule
Public Facilities
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ 5,200	\$ 5,200	\$ 28,863	\$ 23,663
Use of money and property	28,000	28,000	4,945	(23,055)
Total revenues	<u>33,200</u>	<u>33,200</u>	<u>33,808</u>	<u>608</u>
Expenditures				
Current:				
Parks, recreation and cultural	-	-	62,086	(62,086)
Capital outlay	-	-	1	(1)
Total expenditures	<u>-</u>	<u>-</u>	<u>62,087</u>	<u>(62,087)</u>
Change in fund balance	33,200	33,200	(28,279)	(61,479)
Fund balances, beginning of year	471,568	471,568	471,568	-
Fund balances, end of year	<u>\$ 504,768</u>	<u>\$ 504,768</u>	<u>\$ 443,289</u>	<u>\$ (61,479)</u>

City of El Monte
Budgetary Comparison Schedule
Quimby
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 6,000	\$ 6,000	\$ 30,160	\$ 24,160
Use of money and property	15,000	15,000	5,464	(9,536)
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>35,624</u>	<u>14,624</u>
Expenditures				
Current:				
Parks, recreation and cultural	-	-	3,602	(3,602)
Capital outlay	-	-	437,500	(437,500)
Total expenditures	<u>-</u>	<u>-</u>	<u>441,102</u>	<u>(441,102)</u>
Change in fund balance	21,000	21,000	(405,478)	(426,478)
Fund balances, beginning of year	996,985	996,985	996,985	-
Fund balances, end of year	<u>\$ 1,017,985</u>	<u>\$ 1,017,985</u>	<u>\$ 591,507</u>	<u>\$ (426,478)</u>

City of El Monte
Budgetary Comparison Schedule
Older American Act
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 237,000	\$ 237,000	\$ 55,609	\$ (181,391)
Miscellaneous	5,000	5,000	1,083	(3,917)
Total revenues	<u>242,000</u>	<u>242,000</u>	<u>56,692</u>	<u>(185,308)</u>
Expenditures				
Current:				
General government	64,500	64,500	51,624	12,876
Parks, recreation and cultural	2,500	2,500	3,985	(1,485)
Capital outlay	-	-	-	-
Total expenditures	<u>67,000</u>	<u>67,000</u>	<u>55,609</u>	<u>11,391</u>
Change in fund balance	175,000	175,000	1,083	(173,917)
Fund balances, beginning of year	283	283	283	-
Fund balances, end of year	<u>\$ 175,283</u>	<u>\$ 175,283</u>	<u>\$ 1,366</u>	<u>\$ (173,917)</u>

City of El Monte
Budgetary Comparison Schedule
Park Bond Act
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 417,574	\$ 167,574
Miscellaneous	-	-	-	-
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>417,574</u>	<u>167,574</u>
Expenditures				
Current:				
General government	-	-	1,466	(1,466)
Parks, recreation and cultural	-	-	2,079	(2,079)
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>3,545</u>	<u>(3,545)</u>
Change in fund balance	250,000	250,000	414,029	164,029
Fund balances, beginning of year	<u>(1,040,878)</u>	<u>(1,040,878)</u>	<u>(1,040,878)</u>	-
Fund balances, end of year	<u>\$ (790,878)</u>	<u>\$ (790,878)</u>	<u>\$ (626,849)</u>	<u>\$ 164,029</u>

City of El Monte
Budgetary Comparison Schedule
Senior Citizen Program
Year ended June 30, 2010

		Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Intergovernmental	\$	152,200	\$ 152,200	\$ 289,027	\$ 136,827
Contributions		-	-	48,323	48,323
Total revenues		<u>152,200</u>	<u>152,200</u>	<u>337,350</u>	<u>185,150</u>
Expenditures					
Current:					
Parks, recreation and cultural		147,200	147,200	289,027	(141,827)
Capital outlay		-	-	-	-
Total expenditures		<u>147,200</u>	<u>147,200</u>	<u>289,027</u>	<u>(141,827)</u>
Excess (deficiency) of revenues over expenditures		5,000	5,000	48,323	43,323
Other financing sources (uses)					
Transfers in		-	-	-	-
Change in fund balance		5,000	5,000	48,323	43,323
Fund balances, beginning of year		123	123	123	-
Fund balances, end of year	\$	<u>5,123</u>	<u>\$ 5,123</u>	<u>\$ 48,446</u>	<u>\$ 43,323</u>

City of El Monte
Budgetary Comparison Schedule
Children's Lunch Program
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 190,000	\$ 190,000	\$ 369,382	\$ 179,382
Miscellaneous	-	-	-	-
Total revenues	<u>190,000</u>	<u>190,000</u>	<u>369,382</u>	<u>179,382</u>
Expenditures				
Parks, recreation and cultural	306,800	306,800	369,381	(62,581)
Total expenditures	<u>306,800</u>	<u>306,800</u>	<u>369,381</u>	<u>(62,581)</u>
Excess (deficiency) of revenues over expenditures	(116,800)	(116,800)	1	116,801
Other financing sources				
Transfers in	-	-	-	-
Change in fund balance	(116,800)	(116,800)	1	116,801
Fund balances, beginning of year	<u>(94,915)</u>	<u>(94,915)</u>	<u>(94,915)</u>	-
Fund balances, end of year	<u>\$ (211,715)</u>	<u>\$ (211,715)</u>	<u>\$ (94,914)</u>	<u>\$ 116,801</u>

City of El Monte
Budgetary Comparison Schedule
Parking and Business Improvement
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ 107,000	\$ 107,000	\$ 135,156	\$ 28,156
Use of money and property	-	-	-	-
Total revenues	<u>107,000</u>	<u>107,000</u>	<u>135,156</u>	<u>28,156</u>
Expenditures				
Current:				
General government	<u>95,200</u>	<u>95,200</u>	<u>95,200</u>	-
Total expenditures	<u>95,200</u>	<u>95,200</u>	<u>95,200</u>	-
Excess (deficiency) of revenues over expenditures	11,800	11,800	39,956	28,156
Other financing sources				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	-
Change in fund balance	(3,200)	(3,200)	24,956	28,156
Fund balances, beginning of year	<u>103,633</u>	<u>103,633</u>	<u>103,633</u>	-
Fund balances, end of year	<u>\$ 100,433</u>	<u>\$ 100,433</u>	<u>\$ 128,589</u>	<u>\$ 28,156</u>

City of El Monte
Budgetary Comparison Schedule
Cable Television Corporation
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ 92,000	\$ 92,000	\$ 103,726	\$ 11,726
Use of money and property	1,000	1,000	259	(741)
Total revenues	<u>93,000</u>	<u>93,000</u>	<u>103,985</u>	<u>10,985</u>
Expenditures				
Current:				
General government	98,800	95,100	75,759	19,341
Capital outlay	-	500	-	500
Total expenditures	<u>98,800</u>	<u>95,600</u>	<u>75,759</u>	<u>19,341</u>
Change in fund balance	(5,800)	(2,600)	28,226	30,326
Fund balances, beginning of year	29,928	29,928	29,928	-
Fund balances, end of year	<u>\$ 24,128</u>	<u>\$ 27,328</u>	<u>\$ 58,154</u>	<u>\$ 30,326</u>

City of El Monte
Budgetary Comparison Schedule
Park Facility Impact Fees
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Use of money and property	3,000	3,000	1,904	(1,096)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>1,904</u>	<u>(2,096)</u>
Expenditures				
Current:				
Parks, recreation and cultural	161,120	161,120	149,846	11,274
Capital outlay	-	-	-	-
Total expenditures	<u>161,120</u>	<u>161,120</u>	<u>149,846</u>	<u>11,274</u>
Excess (deficiency) of revenues over expenditures	(157,120)	(157,120)	(147,942)	9,178
Other financing sources				
Transfers out	-	-	-	-
Change in fund balance	(157,120)	(157,120)	(147,942)	9,178
Fund balances, beginning of year	219,977	219,977	219,977	-
Fund balances, end of year	<u>\$ 62,857</u>	<u>\$ 62,857</u>	<u>\$ 72,035</u>	<u>\$ 9,178</u>

City of El Monte
Budgetary Comparison Schedule
CDBG-R
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 252,636	\$ 252,636
Use of money and property	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>252,636</u>	<u>252,636</u>
Expenditures				
Current:				
General government	55,525	55,525	114,842	(59,317)
Capital outlay	-	-	307,801	(307,801)
Total expenditures	<u>55,525</u>	<u>55,525</u>	<u>422,643</u>	<u>(367,118)</u>
Excess (deficiency) of revenues over expenditures	(55,525)	(55,525)	(170,007)	(114,482)
Other financing sources				
Transfers out	-	-	-	-
Change in fund balance	(55,525)	(55,525)	(170,007)	(114,482)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (55,525)</u>	<u>\$ (55,525)</u>	<u>\$ (170,007)</u>	<u>\$ (114,482)</u>

City of El Monte
Budgetary Comparison Schedule
Debt Service RDA
Year ended June 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 6,223,000	\$ 6,223,000	\$ 5,281,265	\$ (941,735)
Use of money and property	89,000	89,000	37,739	(51,261)
Miscellaneous	-	-	-	-
Total revenues	<u>6,312,000</u>	<u>6,312,000</u>	<u>5,319,004</u>	<u>(992,996)</u>
Expenditures				
Current:				
General government	3,271,800	3,271,800	4,182,493	(910,693)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	868,800	868,800	1,122,482	(253,682)
Interest and fiscal charges	<u>1,217,900</u>	<u>1,217,900</u>	<u>997,417</u>	<u>220,483</u>
Total expenditures	<u>5,358,500</u>	<u>5,358,500</u>	<u>6,302,392</u>	<u>(943,892)</u>
Excess (deficiency) of revenues over expenditures	953,500	953,500	(983,388)	(1,936,888)
Other financing sources				
Transfers in	-	-	7,185,309	7,185,309
Transfers out	<u>(1,244,500)</u>	<u>(1,244,500)</u>	<u>(1,509,930)</u>	<u>(265,430)</u>
	(1,244,500)	(1,244,500)	5,675,379	6,919,879
Change in fund balance	(291,000)	(291,000)	4,691,991	4,982,991
Fund balances, beginning of year	<u>3,307,179</u>	<u>3,307,179</u>	<u>3,307,179</u>	-
Fund balances, end of year	<u>\$ 3,016,179</u>	<u>\$ 3,016,179</u>	<u>\$ 7,999,170</u>	<u>\$ 4,982,991</u>

City of El Monte
Combining Statement of Changes in Net Assets and Liabilities
All Agency Funds
Year ended June 30, 2010

	Pension Trust Fund Retiree Insurance
ASSETS	
Cash and investments	\$ 190,822
Accounts receivables	2,723
Total assets	\$ 193,545
 NET ASSETS	
Held in trust for pension	\$ 193,545
Total net assets	\$ 193,545

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

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

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

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

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

City of El Monte
Table 1 - Net Assets by Component
Last Five Fiscal Years

	2006	2007	2008	2009	2010
Governmental activities					
Invested in capital assets, net of related debt	\$ 7,692,808	\$ 400,525,216	\$ 387,726,129	\$ 393,169,859	\$ 382,391,198
Restricted	38,205,659	45,706,053	45,093,002	45,444,013	68,553,946
Unrestricted	10,602,832	5,863,237	17,981,867	6,706,495	(3,841,062)
Total governmental activities net assets	\$ 56,501,299	\$ 452,094,506	\$ 450,800,998	\$ 445,320,367	\$ 447,104,082
Business-type activities					
Invested in capital assets, net of related debt	\$ 3,906,527	\$ 3,699,586	\$ 3,681,347	\$ 3,884,727	\$ 17,144,056
Restricted	408,520	515,422	402,693	403,419	411,743
Unrestricted	(15,607,982)	(15,489,929)	(15,067,058)	(15,364,273)	(2,461,586)
Total business-type activities net assets	\$ (11,292,935)	\$ (11,274,921)	\$ (10,983,018)	\$ (11,076,127)	\$ 15,094,213
Primary government					
Invested in capital assets, net of related debt	\$ 11,599,335	\$ 404,224,802	\$ 391,407,476	\$ 397,054,586	\$ 399,535,254
Restricted	38,614,179	46,221,475	45,495,695	45,847,432	68,965,689
Unrestricted	(5,005,150)	(9,626,692)	2,914,809	(8,657,778)	(6,302,648)
Total primary government net assets	\$ 45,208,364	\$ 440,819,585	\$ 439,817,980	\$ 434,244,240	\$ 462,198,295

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

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

Source: Finance Department, City of El Monte

City of El Monte
Table 2 - Changes in Net Assets
Last Five Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses					
Governmental activities:					
General government	\$ 34,196,489	\$ 34,683,409	\$ 38,252,969	\$ 36,766,602	\$ 37,182,894
Public safety	36,815,930	37,829,869	39,990,879	34,909,950	29,821,998
Parks, recreation, and cultural	5,561,304	5,138,300	5,710,017	4,581,714	4,148,973
Public works	8,041,318	7,622,037	9,662,975	10,587,267	11,013,617
Debt service - interest on long-term debt	4,734,489	5,912,027	5,642,085	5,904,551	6,560,377
Total governmental activities expenses	<u>89,349,530</u>	<u>91,185,642</u>	<u>99,258,925</u>	<u>92,750,084</u>	<u>88,727,858</u>
Business-type activities:					
Water authority	3,626,693	3,298,506	3,162,041	3,199,691	5,982,157
Total business-type activities expenses	<u>3,626,693</u>	<u>3,298,506</u>	<u>3,162,041</u>	<u>3,199,691</u>	<u>5,982,157</u>
Total primary government expenses	<u>\$ 92,976,223</u>	<u>\$ 94,484,148</u>	<u>\$ 102,420,966</u>	<u>\$ 95,949,775</u>	<u>\$ 94,710,015</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,257,789	\$ 2,333,233	\$ 4,068,360	\$ 1,983,176	\$ 2,114,853
Public safety	1,815,573	2,298,313	2,226,196	2,548,125	2,323,037
Community Development	-	-	-	1,179,197	-
Parks, recreation, and cultural	605,567	534,834	587,291	485,483	3,228,325
Public works	2,219,288	2,152,880	2,051,314	4,940,139	2,382,772
Operating grants and contributions	11,631,433	14,265,917	8,393,235	7,147,776	7,757,105
Capital grants and contributions	732,022	166,456	5,917,284	3,010,609	3,426,688
Total governmental activities program revenue	<u>19,261,672</u>	<u>21,751,633</u>	<u>23,243,680</u>	<u>21,294,505</u>	<u>21,232,780</u>
Business-type activities:					
Charges for services:					
Water authority	2,986,262	\$ 2,957,009	\$ 3,165,031	\$ 2,985,694	\$ 6,318,772
Operating Contributions and Grants:					
Water authority				117,527	135,512
Total business-like activities program revenue	<u>2,986,262</u>	<u>2,957,009</u>	<u>3,165,031</u>	<u>3,103,221</u>	<u>6,454,284</u>
Total primary government program revenues	<u>\$ 22,247,934</u>	<u>\$ 24,708,642</u>	<u>\$ 26,408,711</u>	<u>\$ 24,397,726</u>	<u>\$ 27,687,064</u>
Net (expense) revenue					
Governmental activities	(70,087,858)	(69,434,009)	(76,015,245)	(71,455,579)	(67,495,078)
Business-like activities	(640,431)	(341,497)	2,990	(96,470)	472,127
Total primary government net expense	<u>\$ (70,728,289)</u>	<u>\$ (69,775,506)</u>	<u>\$ (76,012,255)</u>	<u>\$ (71,552,049)</u>	<u>\$ (67,022,951)</u>

City of El Monte
Table 2 Changes in Net Assets (Continued)
Last Five Fiscal Years

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes

Property taxes, levied for general purposes	\$ 17,830,887	\$ 27,375,152	\$ 29,357,486	\$ 30,781,923	\$ 31,914,717
Transient occupancy taxes	320,297	326,312	315,076	306,710	273,128
Sales taxes	22,025,619	21,915,042	22,397,169	12,819,325	13,482,687
Franchise taxes	3,021,236	2,118,032	2,627,027	2,799,335	3,841,747
Business licenses taxes	-	-	-	60,319	135,156
Utility user taxes	8,526,616	8,744,118	8,820,706	8,477,622	7,850,115
Other taxes	971,969	717,016	2,496,140	2,145,353	2,080,476

Intergovernmental, unrestricted:

Motor vehicle in-lieu	8,939,792	786,789	538,617	362,920	373,048
Use of money and property	4,496,615	5,359,739	5,987,192	5,010,702	4,915,268
Gain on sale of assets	9,773	-	-	-	-
Other	1,874,366	3,208,128	1,999,663	324,017	92,990
Transfers	430,631	-	-	-	-

Total governmental activities	<u>68,447,801</u>	<u>70,550,328</u>	<u>74,539,076</u>	<u>63,088,226</u>	<u>64,959,332</u>
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Business-type activities:

Property taxes, levied for general purposes	210,637	-	-	-	-
Investment earnings	(106,105)	107,997	111,021	57,847	60,528
Other	2,700	9,103	177,892	2,853	8,733
Transfers	(430,631)	-	-	-	-

Total business-type activities	<u>(323,399)</u>	<u>117,100</u>	<u>288,913</u>	<u>60,700</u>	<u>69,261</u>
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Total primary program	<u>\$ 68,124,402</u>	<u>\$ 70,667,428</u>	<u>\$ 74,827,989</u>	<u>\$ 63,148,926</u>	<u>\$ 65,028,593</u>
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Change in Net Assets

Governmental activities	(1,640,057)	1,116,319	(1,476,169)	(8,367,353)	(2,535,746)
Business-type activities	(963,830)	(224,397)	291,903	(35,770)	541,388

Total primary government program	<u>\$ (2,603,887)</u>	<u>\$ 891,922</u>	<u>\$ (1,184,266)</u>	<u>\$ (8,403,123)</u>	<u>\$ (1,994,358)</u>
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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
Table 3 - Fund Balances of Governmental Funds
Last Five Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 44,688,428	\$ 51,379,590	\$ 50,842,563	\$ 56,247,468	\$ 102,055,636
Unreserved	<u>18,399,513</u>	<u>11,931,805</u>	<u>5,273,348</u>	<u>1,100,064</u>	<u>4,160,710</u>
Total general fund	<u>\$ 63,087,941</u>	<u>\$ 63,311,395</u>	<u>\$ 56,115,911</u>	<u>\$ 57,347,532</u>	<u>\$ 106,216,346</u>
All other governmental funds					
Reserved	\$ 28,054,285	\$ 29,115,933	\$ 27,687,724	\$ 26,364,717	\$ 26,280,794
Unreserved, reported in:					
Special revenue funds	19,749,938	22,820,501	23,211,013	26,288,132	27,665,852
Debt service funds	2,457,318	4,047,455	2,936,723	3,307,179	8,757,158
Capital projects funds	<u>(56,178,456)</u>	<u>(64,094,608)</u>	<u>(55,119,435)</u>	<u>(61,031,642)</u>	<u>(95,571,019)</u>
Total all other governmental fund	<u>\$ (5,916,915)</u>	<u>\$ (8,110,719)</u>	<u>\$ (1,283,975)</u>	<u>\$ (5,071,614)</u>	<u>\$ (32,867,215)</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

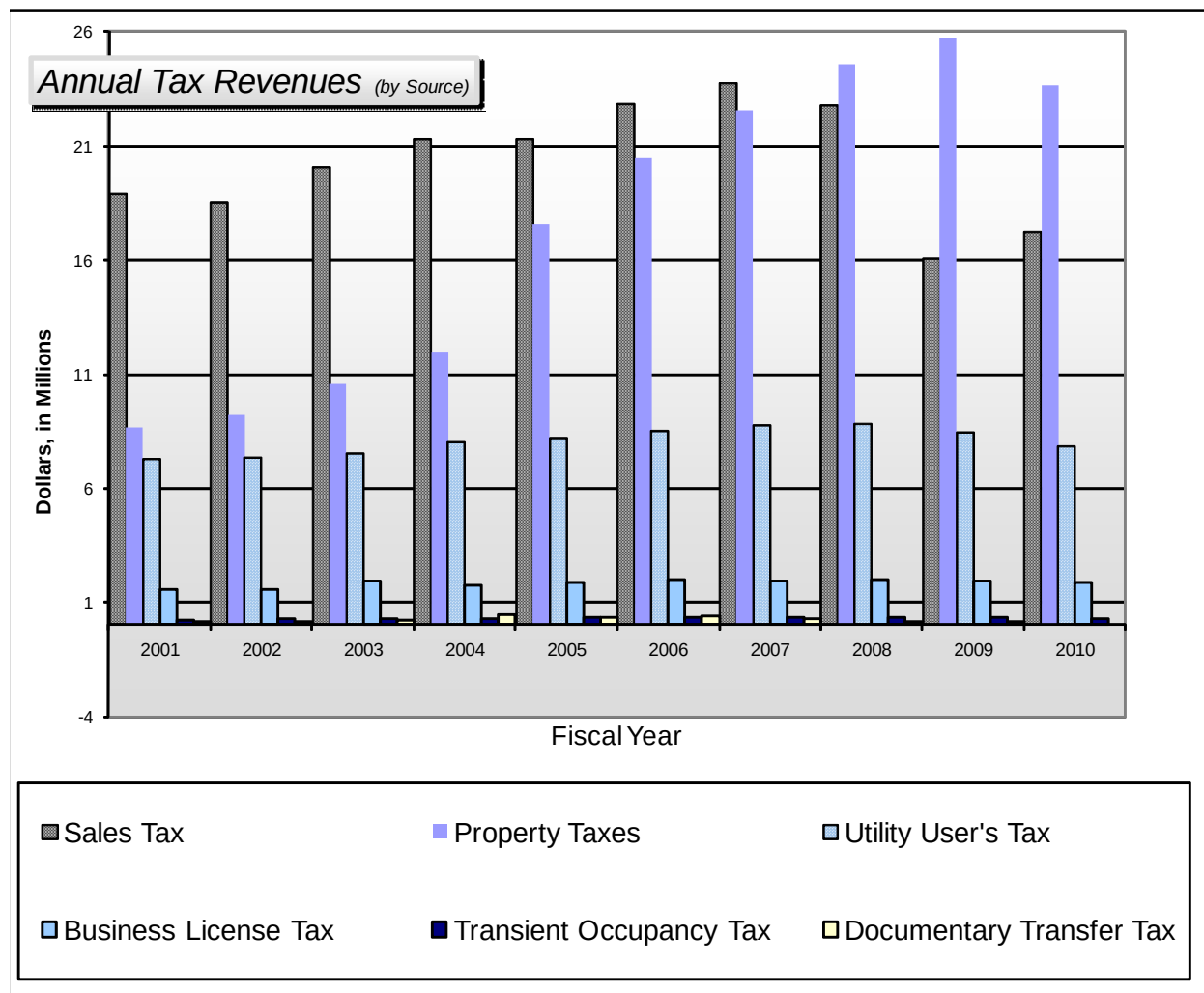
City of El Monte
Table 4 - Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years

	2006	2007	2008	2009	2010
Revenues					
Taxes	\$ 53,622,590	\$ 63,543,334	\$ 65,000,743	\$ 60,272,665	\$ 63,467,593
Licenses and permits	3,118,319	3,077,238	3,135,488	6,853,145	2,517,044
Intergovernmental	23,812,134	12,783,195	14,855,965	7,059,621	10,164,303
Charges for services	2,352,106	3,027,193	2,937,085	2,366,960	2,980,376
Use of money and property	4,517,647	5,311,219	5,306,137	4,636,653	4,915,268
Fines and forfeitures	1,309,596	1,192,177	1,218,477	1,513,547	1,298,040
Contributions	-	273,891	456,021	494,993	203,687
Developer participation	-	-	1,482,986	-	-
Miscellaneous	920,738	1,331,028	987,590	547,653	4,488,670
Total revenues	89,653,130	90,539,275	95,380,492	83,745,237	90,034,981
Expenditures					
Current:					
General government	32,545,739	30,300,361	36,713,532	30,959,376	35,030,299
Public safety	35,833,305	36,612,697	39,293,878	34,716,300	28,728,032
Parks, recreation and cultural	5,402,783	5,085,450	5,510,146	4,541,136	4,003,571
Public works	8,002,578	4,209,203	6,535,553	7,818,511	5,445,472
Capital outlay	2,774,513	9,995,244	5,256,934	3,891,957	5,992,383
Debt Service:				-	-
Principal retirement	1,435,491	2,339,751	9,732,787	1,630,725	2,221,482
Interest and fiscal charges	4,716,140	5,760,158	5,577,604	5,649,471	6,029,713
Bond issuance cost	12,226	-	1,515,390	-	-
Payment to refunded bond escrow agent	-	-	2,152,727	-	-
Total expenditures	90,722,775	94,302,864	112,288,551	89,207,476	87,450,952
Revenues over (under) expenditures	(1,069,645)	(3,763,589)	(16,908,059)	(5,462,239)	2,584,029
Other Financing Sources (Uses)					
Transfers in	10,445,162	4,154,344	7,294,579	6,074,214	10,250,309
Transfers out	(10,014,531)	(4,154,344)	(10,294,579)	(6,074,214)	(10,250,309)
Refunding bonds issued	-	-	30,090,000	-	-
Notes and loans issued	630,007	675,000	5,182,241	-	450,082
Proceeds from sale of land held for resale	-	-	1,572,500	-	-
Other debts issued	-	553,691	(19,374,581)	-	-
Proceeds from sale of capital assets	-	-	-	19,499	-
Miscellaneous	-	-	-	-	(70,593)
Net other financing sources (uses)	1,060,638	1,228,691	14,470,160	19,499	379,489
Change in fund balances	\$ (9,007)	\$ (2,534,898)	\$ (2,437,899)	\$ (5,442,740)	\$ 2,963,518
Debt service as a percentage of noncapital expenditures	7.01%	9.61%	17.73%	8.53%	10.13%

Source: Finance Department, City of El Monte

City of El Monte
Table 5 - Tax Revenues by Source - Governmental Activities
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Documentary Transfer Tax	Business License Tax	Utility User's Tax	Transient Occupancy Tax	Sales Tax	Other Taxes	Total
2001	\$ 8,665,504	\$ 123,186	\$ 1,565,471	\$ 7,309,092	\$ 234,310	\$ 18,882,351	\$ 23,100	\$ 36,803,014
2002	9,217,418	163,382	1,547,827	7,348,073	256,205	18,500,897	16,419	37,050,221
2003	10,596,719	232,695	1,959,157	7,502,607	263,030	20,063,666	19,507	40,637,381
2004	11,995,298	469,977	1,731,466	7,989,331	298,053	21,286,522	16,866	43,787,513
2005	17,595,824	341,808	1,893,113	8,202,719	310,189	21,321,728	16,864	49,682,245
2006	20,454,881	365,200	1,975,656	8,526,617	320,297	22,856,342	20,687	54,519,680
2007	22,582,996	266,729	1,935,003	8,744,118	326,312	23,732,619	30,193	57,617,970
2008	24,601,338	174,847	1,999,419	8,820,706	315,076	22,790,292	23,966	58,725,644
2009	25,764,716	158,080	1,928,093	8,477,622	306,710	16,043,743	-	52,678,964
2010	23,675,790	153,548	1,851,680	7,850,115	273,128	17,217,238	-	51,021,499



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

City of El Monte
Table 6 - Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

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						
2001	\$ 2,016,387,604	\$ 515,901,706	\$ 813,925,682	\$ 32,033,874	\$ 3,314,181,118	0.31663%	\$ 3,314,181,118	100.00%
2002	2,127,074,932	551,867,311	846,640,112	34,163,400	3,491,418,955	0.32376%	3,491,418,955	100.00%
2003	2,241,776,572	588,609,999	872,943,613	34,767,609	3,668,562,575	0.33856%	3,668,562,575	100.00%
2004	2,461,162,861	618,212,210	885,230,398	44,887,760	3,919,717,709	0.33855%	3,919,717,709	100.00%
2005	2,713,440,078	640,141,492	871,667,407	36,949,377	4,188,299,600	0.32525%	4,188,299,600	100.00%
2006	3,026,168,369	689,874,221	932,736,944	38,423,340	4,610,356,194	0.33096%	4,610,356,194	100.00%
2007	3,420,937,638	779,987,905	1,022,742,963	42,927,022	5,180,741,484	0.33032%	5,180,741,484	100.00%
2008	3,754,978,088	841,808,323	1,065,634,917	42,862,053	5,619,559,275	0.33946%	5,619,559,275	100.00%
2009	3,939,817,882	894,157,102	1,151,772,835	41,041,565	5,944,706,254	0.34972%	5,944,706,254	100.00%
2010	3,836,445,196	967,476,562	1,187,324,938	46,540,442	5,944,706,254	0.34972%	5,944,706,254	100.00%

Source: HdL, Coren & Cone

City of El Monte
Table 7 - Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates						Total Direct & Overlapping Rates
	General City	Debt Service	Total Direct	LA County General	Flood Control District	Community College	School Districts	Water Districts	Total Overlapping	
2001	1.000	0.150	1.150	0.001314	0.001552	0.000000	0.041964	0.008800	0.053630	1.203630
2002	1.000	0.150	1.150	0.001128	0.000473	0.000000	0.051956	0.007700	0.061257	1.211257
2003	1.000	0.150	1.150	0.001033	0.000881	0.000000	0.065921	0.006700	0.074535	1.224535
2004	1.000	0.150	1.150	0.000992	0.000462	0.000000	0.086448	0.006100	0.094002	1.244002
2005	1.000	0.150	1.150	0.000923	0.000245	0.021695	0.111747	0.005800	0.140410	1.290410
2006	1.000	0.150	1.150	0.000795	0.000049	0.018021	0.134819	0.005200	0.158884	1.308884
2007	1.000	0.150	1.150	0.000663	0.000052	0.014688	0.122488	0.004700	0.142591	1.292591
2008	1.000	0.150	1.150	0.000000	0.000000	0.013700	0.108880	0.004500	0.127080	1.277080
2009	1.000	0.150	1.150	0.000000	0.000000	0.023200	0.124900	0.004300	0.152400	1.302400
2010	1.000	0.150	1.150	0.000000	0.000000	0.027140	0.215610	0.004300	0.247050	1.397050

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
Table 8 - Principal Property Taxpayers
Current Year and Ten Years Ago

Taxpayer	2010			2000		
	Taxable Assessed Value (USD)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (USD)	Rank	Percentage of Total Taxable Assessed Value
Vons Companies, Inc.	\$ 56,041,761	1	15.982%	\$ 43,286,951	1	16.327%
600 Hobart LLC	38,600,000	2	11.008%			
Wells Fargo Bank	38,178,446	3	10.888%	38,633,845	3	14.572%
Penske Realty Inc.	37,297,526	4	10.637%	15,696,811	9	5.920%
Safeway, Inc	34,879,000	5	9.947%			
Arden XC LP (formerly GRE Arden Way LP)	33,000,000	6	9.411%			
KM El Monte Investors LLC	30,560,553	7	8.715%	26,994,213	5	10.181%
Wohl Penwood El Monte Partners	29,938,780	8	8.538%			
Realty Associates Fund VIII LP	27,846,000	9	7.941%			
Driftwood Dairy	24,307,548	10	6.932%			
Ball Foster Glass Container				40,887,064	2	15.421%
Clayton Manufacturing Company				16,775,575	7	6.327%
Cross Country Wireless				15,625,266	10	5.893%
Gregg Industries Inc.				21,810,823	6	8.226%
Marshall Industries				29,664,556	4	11.189%
Pace Center				15,757,753	8	5.943%
Totals	\$ 350,649,614		100%	\$ 265,132,857		100%

Source: HdL Coren & Cone, Los Angeles County Assessor 2008/09 Combined Tax Rolls

City of El Monte
Table 9 - Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ending 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
2001	\$ 3,045,819	\$ 2,962,927	97.3%	\$ 86,584	\$ 3,049,511	100.1%
2002	3,228,459	3,146,722	97.5%	82,937	3,229,659	100.0%
2003	3,440,584	3,349,882	97.4%	84,017	3,433,899	99.8%
2004	3,676,634	3,596,597	97.8%	92,024	3,688,621	100.3%
2005	3,969,590	3,877,177	97.7%	84,530	3,961,707	99.8%
2006	4,393,605	4,281,285	97.4%	94,764	4,376,049	99.6%
2007	4,933,742	4,748,972	96.3%	160,291	4,909,263	99.5%
2008	5,425,596	5,156,381	95.0%	237,675	5,394,056	99.4%
2009	5,745,854	5,478,542	95.3%	217,362	5,695,904	99.1%
2010	5,739,762	5,544,085	96.6%	78,066	5,622,151	98.0%

Source: Los Angeles County Auditor-Controller

City of El Monte
Table 10 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	% of Personal Income ⁽¹⁾	Per- Capita (1)	
	Revenue Bonds	Certificates of Participation	Tax Allocation Bonds	Notes and Loans Payable	Capital Leases	Revenue Bonds				Capital Leases
2001	3,622,000	-	9,458,000		1,472,697	13,710,000	-	28,262,697	0.774%	236
2002	3,545,000	-	17,225,000		1,291,995	18,930,000	-	40,991,995	1.111%	342
2003	3,485,000	10,625,000	18,390,000		-	18,765,000	-	51,265,000	1.338%	420
2004	3,420,000	10,135,000	18,110,000		-	18,595,000	-	50,260,000	1.233%	407
2005	3,350,000	9,620,000	18,395,000		-	18,415,000	-	49,780,000	1.156%	398
2006	3,275,000	9,080,000	18,210,000		-	18,805,000	-	49,370,000	1.097%	394
2007	3,195,000	8,510,000	17,745,000		1,079,032	18,805,000	-	49,334,032	1.043%	391
2008	-	7,915,000	29,340,000		567,812	18,610,000	-	56,432,812	1.194%	448
2009	-	7,285,000	28,670,000	9,658,620	446,782	18,225,000	-	64,285,402	1.391%	521
2010	-	6,625,000	27,975,000	9,461,927	422,810	17,835,000	-	62,319,737	1.337%	566

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 Audited Financial Statements

City of El Monte
Table 11 - Direct and Overlapping Government Activities Debt
As of June 30, 2010

	Gross Bonded Debt Balance	Percent Applicable to City ⁽¹⁾	Net Bonded Debt ⁽²⁾
Direct Debt:			
City of El Monte Certificates of Participation	\$ 7,285,000	100.000%	\$ 7,285,000
Total Direct Debt			\$ 7,285,000
Overlapping Debt:			
Metropolitan Water District	137,096,151	0.611%	838,278
El Monte Elementary School District 1999 Series A	2,150,000	64.764%	1,392,417
El Monte Elementary School District 1999 Series B	1,195,000	64.764%	773,925
El Monte Elementary School District 1999 Series C	2,030,000	64.764%	1,314,701
El Monte Elementary School District 2004 Refunding Bonds	5,935,000	64.764%	3,843,719
El Monte Elementary School District 1999 Series D	15,610,000	64.764%	10,109,596
El Monte Union High School District 2005 Refunding Bonds	20,735,282	64.764%	13,428,912
El Monte School District 2004 Series B	20,698,136	64.764%	13,404,855
Rosemead Elementary School District 2000 Series A	6,775,000	16.577%	1,123,125
Rosemead Elementary School District 2000 Series B	9,350,000	16.577%	1,549,996
Rosemead Elementary School District 2000 Series C	6,890,000	16.577%	1,142,189
El Monte Union High School District 2002 Series A	4,475,000	54.925%	2,457,915
El Monte Union High School District 2002 Series B	6,580,000	54.925%	3,614,097
El Monte Union High School District 2006 Refunding Bond	38,005,173	54.925%	20,874,524
El Monte Union High School District 2002 Series C	83,746,269	54.925%	45,998,041
Pasadena Area Community College District 2002 Series A	3,715,000	2.310%	85,803
Pasadena Community College District 2006 Series B	581,980,000	2.310%	13,441,572
Pasadena Community College District 2006 Refunding Bond Series	20,763,399	2.310%	479,557
Rio Hondo Community College District Series 2004 A	9,940,000	15.867%	1,577,170
Rio Hondo Community College District 2005 Refunding Bonds	46,482,244	15.867%	7,375,290
Rio Hondo Community College District 2004 Series 2008	64,996,844	15.867%	10,312,982
Total - Overlapping Debt	\$ 1,089,148,498		155,138,664
Grand Total Direct and Overlapping Debt			\$ 162,423,664
Assessed Valuation:			
2008/09 Assessed Valuation, Gross	\$ 5,924,662,125		
Less: Redevelopment Increment	<u>662,916,394</u>		
Assessed Valuation, Net of Redevelopment Increment	<u>\$ 5,261,745,731</u>		
Debt to Assessed Valuation Ratios:			
Direct debt	0.14%		
Overlapping Debt	2.95%		
Total Debt	3.09%		

⁽¹⁾ Listed values represent the actual rate, rounded to the nearest 3 decimal places

⁽²⁾ Listed values are based on the actual rate, not the rounded rate as listed in the table

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

City of El Monte
Table 12 - Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 5,944,706,254
Debt limit (15% of assessed value)	891,705,938
Debt applicable to limit:	
General obligation bonds	-
Total net debt applicable to limit	<u>891,705,938</u>
Legal debt margin	<u>\$ 891,705,938</u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Limit</u>	<u>Legal Debt Limit as a percentage of Debt Limit</u>
2001	497,127,168	-	497,127,168	100.00%
2002	523,712,843	-	523,712,843	100.00%
2003	550,284,386	-	550,284,386	100.00%
2004	587,957,656	-	587,957,656	100.00%
2005	628,244,940	-	628,244,940	100.00%
2006	691,553,429	-	691,553,429	100.00%
2007	777,111,223	-	777,111,223	100.00%
2008	842,933,891	-	842,933,891	100.00%
2009	891,705,938	-	891,705,938	100.00%
2010	891,705,938	-	891,705,938	100.00%

Source: City of El Monte Finance Department

Tax Allocation Bonds

Debt Service				
Fiscal Year	Tax Increment	Principal	Interest	Coverage
2001	1,378,725	275,000	1,281,863	0.89
2002	1,904,033	310,000	1,266,708	1.21
2003	1,978,339	325,000	1,313,235	1.21
2004	2,601,227	345,000	1,307,465	0.00
2005	2,799,818	365,000	1,287,463	2.17
2006	3,663,454	260,000	1,268,772	2.40
2007	4,770,182	545,000	1,159,388	2.80
2008	3,349,188	750,000	1,235,832	1.69
2009	6,709,829	670,000	1,326,361	3.36
2010	6,603,164	695,000	1,299,421	3.31

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
Table 13 - Pledged Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds						
Debt Service						
Gross Revenues	Rate Stabilization Fund	Less: Net Operating Expenses	Net Available Revenues	Principal	Interest	Coverage
2,474,657		1,316,854	1,157,803	160,000	748,160	1.27
2,580,861		1,615,148	965,713	165,000	940,807	0.87
2,978,004		1,206,124	1,771,880	170,000	952,805	1.58
4,078,791		3,348,576	730,215	180,000	945,665	0.65
3,090,865		2,490,441	600,424	185,000	937,835	0.53
2,988,962		1,554,138	1,434,824	195,000	929,695	1.28
2,966,112		1,982,031	984,081	205,000	703,030	1.08
3,165,031		2,039,591	1,125,440	215,000	693,600	1.24
2,985,694		2,077,333	908,361	385,000	831,095	0.75
2,922,555		1,731,545	1,191,010	390,000	817,822	0.99

City of El Monte
Table 14 - Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population⁽¹⁾	Personal Income (thousands of dollars)⁽²⁾	Per-Capita Personal Income⁽²⁾	School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2001	119,785	3,650,807	30,478	20,683	5.70%
2002	119,785	3,688,060	30,789	21,505	6.80%
2003	121,922	3,830,302	31,416	21,393	7.00%
2004	123,455	4,075,003	33,008	21,840	6.50%
2005	125,086	4,306,211	34,426	21,540	5.30%
2006	125,352	4,500,764	35,905	21,317	6.50%
2007	126,282	4,728,882	37,447	20,813	6.50%
2008	126,053	4,725,027	37,484	20,246	7.10%
2009	126,308	4,621,076	37,484	20,320	12.18%
2010	126,464	4,662,666	42,363	19,966	15.06%

Sources:

- ⁽¹⁾ Population estimate provided by 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 Budgets
- ⁽⁴⁾ State Employment Development Department Data (percent of labor force, based on annual average)

City of El Monte
Table 15 - Principal Employers

Employer	Employees	Rank	Percentage of Total City Employment
El Monte City Elementary District	731	1	0.895%
El Monte High School District	623	2	0.763%
Mountain View Elementary	670	3	0.820%
Longo Toyota - Lexus	475	4	0.581%
City of El Monte	429	5	0.525%
Gregg Industries	400	6	0.490%
Driftwood Dairy	300	7	0.367%
El Monte Adult School	300	8	0.367%
Spirit Honda	300	9	0.367%
San Gabriel Transit	300	10	0.367%
El Monte Air Resources Board	300	11	0.367%
MC Gill	250	12	0.306%
Total	5,078		6.215%

Source: El Monte Chamber of Commerce

City of El Monte
Table 16 - Full-time Equivalent City Employees by Function
Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	48	48	46	50	45	45	47	48	44	39
Public Safety										
Police										
Officers	150	146	153	158	157	161	161	156	145	126
Civilians	47	57	56	60	62	65	65	75	69	53
Fire *										
Firefighters & Officers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Civilians	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community development	28	35	32	39	39	31	31	28	29	15
Public works	53	46	47	48	43	43	43	36	35	26
Parks, recreation, cultural	41	41	41	45	47	50	50	47	48	41
Utilities										
Water	10	10	10	10	10	10	10	10	9	9
Total full-time equivalent positions	377	383	385	410	403	405	407	400	379	309

* 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
Table 17 - Operating Indicators by Function
Last Three Fiscal Years

Function	2008	2009	2010
Police Department			
Physical arrests	4,813	3,741	3,128
Parking violations	14,071	26,716	18,686
Moving violations	8,878	13,914	11,384
Water Department			
Total number of customers	22,370	22,828	22,722
Average daily consumption	24,578	23,400	20,900

Source: Various departments, City of El Monte

City of El Monte
Table 18 - Capital Assets by Function
Last Three Fiscal Years

Function	2008	2009	2010
Public safety			
Police			
Number of Police Stations	1	1	1
Number of Police Motor Vehicles	97	87	97
Fire			
Number of Fire Stations	4	4	4
Highways and streets			
Streets (miles)	151.4	151.4	151.4
Streetlights	4,500	4,500	4,500
Traffic signals	77	73	76
Culture and recreation			
Parks acreage	47	50	51
Parks	9	9	10
Ball diamonds	6	6	6
Basketball courts	5	5	5
Craft/Activity buildings	3	4	4
Gymnasium	1	1	1
Swimming pools	8	7	7
Community centers	6	6	6
Water			
Water mains (miles)	38	38.7	38.7
Maximum daily treatment capacity (millions of gallons)	6.5	6.5	6.5

Source: Various departments, City of El Monte

