CITY OF SAN GABRIEL, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2007

Prepared by:
FINANCE DEPARTMENT

Thomas Marston
Director of Finance

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CITY OF SAN GABRIEL

Comprehensive Annual Financial Report

Year ended June 30, 2007

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INTRODUCTORY SECTION

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December 3, 2007

Honorable Mayor and City Council
City of San Gabriel
San Gabriel, California

State law requires that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of San Gabriel for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of San Gabriel. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of San Gabriel has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of San Gabriel's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of San Gabriel's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of San Gabriel's financial statements have been audited by Mayer Hoffman McCann P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of San Gabriel for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involve 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 financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of San Gabriel's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of San Gabriel 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 to report not only on the fair presentation of the financial statements, but also on the audited government's

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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 San Gabriel's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of San Gabriel's MD&A can be found immediately following the report of the independent auditors.

City of San Gabriel Profile

The City of San Gabriel is a historically rich residential community borne from the fact that the fourth California Mission was established in 1771. Due to this fact it has earned the moniker—"The *Birthplace of the Los Angeles Region"*. San Gabriel is located approximately 10 miles northeast of the City of Los Angeles and was incorporated in 1913 as a general law city which operates under the council-manager form of government. The City Council is comprised of five members who are elected at large serving a staggered term of four years. The City provides a full range of municipal services including police and fire protection, engineering and planning, street maintenance, traffic control, code enforcement, parks and recreation services, and general administrative activities. In addition to the preceding activities, the City is financially accountable for the City of San Gabriel Redevelopment Agency. This entity is considered a component unit of the City and its activities have been blended into the reporting entity.

The Biennial Budget serves as the foundation for the City of San Gabriel's financial planning and control. All departments of the City of San Gabriel are required to submit requests for appropriation and the City Manager uses these requests as the starting point for developing a proposed budget. The Manager then presents this proposed budget to the Council for review prior to the Council holding public hearings on the proposed budget and to adopt a final budget by no later than June 30th. The appropriated budget is prepared by fund and function (e.g. Police, Fire.) Department heads may make transfers of appropriations within a department. Budget-to-actual comparisons are provided throughout the fiscal year for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of San Gabriel operates.

Local Economy

The City of San Gabriel currently enjoys a favorable economic environment and local indicators point to continued stability. The region—generally referred to as the San Gabriel Valley-- has a varied residential, commercial and industrial base that adds to the relative stability of the unemployment rate. It offers everything a company looks for when melding comfortable lifestyles for its employees with business and logistic needs. Steeped in history, the Valley is a safe high-quality environment in which to live, work and raise a family. The 30 cities and five un-incorporated communities that comprise the San Gabriel Valley contain an incredible variety and mixture of almost every type of residential and commercial area imaginable. Recreational and cultural opportunities abound. The educational system, from grade school through college, is the best you can find. Because the Valley affords its residents so much, it can boast a well-trained, multilevel, diverse and youthful labor pool. San Gabriel residents don't have to commute long distances to have it all.

Long-term Financial Planning

The City Council has requested that staff prepare a five year Capital Improvement Program document to better anticipate the costs of major projects and infrastructure improvements to the City. The first version of that document will be incorporated into the next fiscal year's planning and budgetary processes.

It is expected that major road and sewer improvement projects will be identified and included for future appropriation. Specific street improvement projects such as San Gabriel Boulevard and Roses Road will most likely be included. Not to mention, the planning of the eventual replacement of the Police Station and Public Works Yard.

Cash Management

Cash temporarily idle during the year was invested in certificates of deposit, obligations of U.S. Treasury, mutual funds, and State investment pools. The City manages all of its cash and investments on a pooled basis with the exception of the Deferred Compensation funds that are managed by the appointed fiscal agents. Interest earnings are allocated to the various funds based on their share of cash and investment balances. The average yield on investments managed by the City was 5.52%.

Risk Management

The City is self insured for workers' compensation and has purchased excess insurance to cover claims over $1,000,000. The City is also self-insured against general liability claims and has coverage to cover claims in excess of $250,000. At June 30, 2007, the claims payable for workers' compensation and general liability, based on information from the independent claims administrators, were $1,720,247 and $237,921 respectively.

The City has been evaluating the possibility of joining the California Joint Powers Insurance Authority as a solution to its future risk management and recently decided to join effective July 1, 2007. This decision will allow the City to maintain the same third-party administrators, join a stable mix of other entities in the pool and enjoy many program enhancements in the areas of safety, training and loss prevention. Listed below are the increased coverage by category and the decreased self-insurance retentions also by category:

- General Liability limits increased from $10 million to $50
- Workers' compensation coverage limits increase from $25 million to unlimited, as provided by California Workers' compensation law
- City's self-insurance retention for general liability decreases from $250,000 to $30,000
- City's self-insurance retention for workers' compensation decreases from $1 million to $50,000

Pension and Other Postemployment Benefits

The City of San Gabriel contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, 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.

The City of San Gabriel also provides postretirement healthcare benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 54 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP currently do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, with the implementation of GASB Statements 43 and 45 the City of San Gabriel will begin disclosing the costs and liabilities associated with other post employment benefits such as retiree healthcare.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Gabriel for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report in accordance with GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department Staff. Each member of the staff has our sincere appreciation for their contributions made in the preparation of the report. We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City, and to the firm of Mayer Hoffman McCann P.C. for their professional assistance and expertise.

Respectfully submitted,

P. Michael Paules
City Manager

Thomas C. Marston
Finance Director

CITY OF SAN GABRIEL

Officials of the City of San Gabriel

June 30, 2007

CITY COUNCIL

Kevin B. Sawkins - Mayor

Harry L. Baldwin - Vice Mayor

Juli Costanzo

Albert Y.M. Huang

David R. Gutierrez

ELECTED OFFICIALS

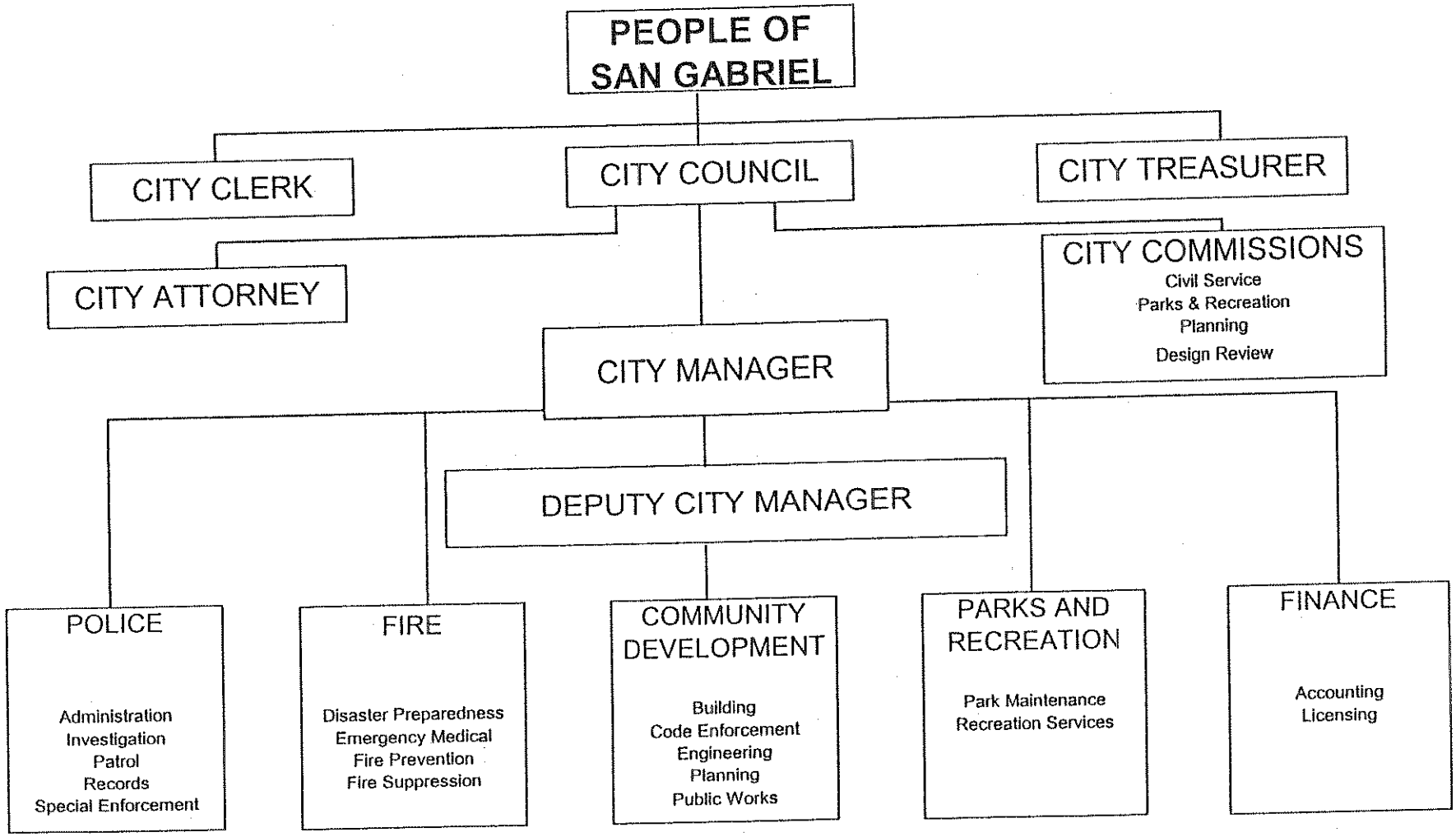
Cynthia Trujillo - City Clerk

John Janosik - City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	P. Michael Paules
Deputy City Manager	Steven Preston
Police Chief	David Lawton
Fire Chief	Joseph Nestor
Director of Finance	Thomas Marston
Director of Parks and Recreation	Rebecca Perez
Civic Auditorium Manager	Anna Cross

City of San Gabriel Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Gabriel California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

FINANCIAL SECTION

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The Honorable Mayor and City Council
City of San Gabriel
San Gabriel, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of San Gabriel, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of San Gabriel. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of San Gabriel for the year ended June 30, 2006 and, in our report dated September 22, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of San Gabriel, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, of the City of San Gabriel, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financing reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 11, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of San Gabriel's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net assets increased 12.4% to $55.2 million as a result of this year's operations.
- During the year, the City's taxes and general revenues exceeded governmental expenditures by $6.1 million.
- The total revenues from all sources equaled $32.9 million.
- The total cost of all City programs equaled $26.8 million.
- The General Fund reported excess revenues over expenditures of $2.3 million.
- For the General Fund, actual resources available for appropriation (revenues and transfers-in) were more than the final budget by $1.3 million, while actual expenditures were $1.5 million less than the budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail that the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole
The Statement of Net Assets and the Statement of Activities

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

think of the City's net assets—the difference between assets and liabilities-- as one way to measure the City's financial health, or *financial position.* Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

The Statement of Net Assets and the Statement of Activities, present information about the following:

- Governmental activities— All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, parks and recreation and the Civic Auditorium. Property taxes, transient occupancy taxes, sales taxes, and vehicle license fees finance most of these activities.

- Component units— The City's governmental activities include blending the San Gabriel Redevelopment Agency, a separate legal entity. Although legally separate, this "component unit" is important because the City is financially accountable for it.

Reporting the City's Most Significant Funds
Fund Financial Statements

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

- *Governmental Funds*—Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operation and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

- *Proprietary funds*—When the City charges its own department for certain services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

The City as Trustee
Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary,* for certain amounts held on behalf of developers, property owners, and others. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities. The City has chosen to account for its Civic Auditorium operation in the General Fund rather than in an enterprise fund. Therefore, no business type activities are reported in the government-wide statements.

Table 1
Statement of Net Assets
(in Millions)

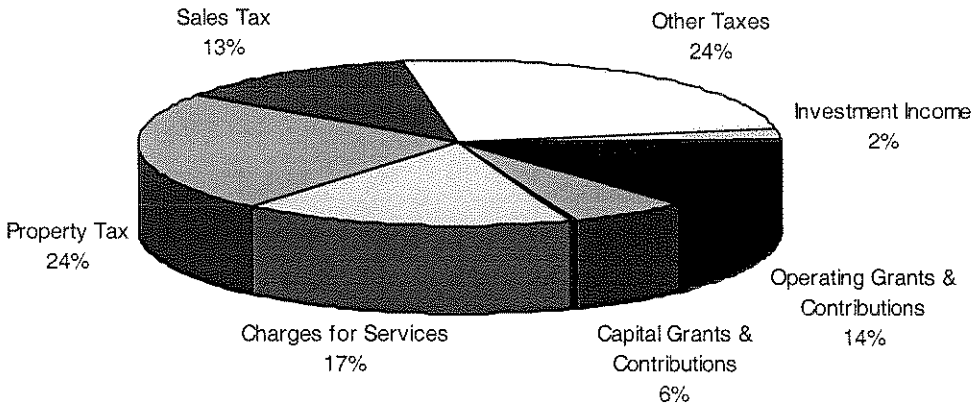
	Governmental Activities	
	2007	2006
Current and other assets	$28.3	$22.9
Capital Assets	33.8	32.6
Total Assets	**$62.1**	**$55.5**
Long-term debt outstanding	2.6	1.2
Other Liabilities	4.3	5.2
Total Liabilities	**6.9**	**6.4**
Net Assets:		
Invested in capital assets,net of debt	33.8	32.6
Unrestricted	21.4	16.5
Total net Assets	**55.2**	**49.1**

The City's net assets from governmental activities increased 12.4% from $49.1 million to $55.2 million. This increase of $6.1 million comes from the change in net assets as recorded in the Statement of Activities and flows through the Statement of Net Assets.

FISCAL YEAR 2007 GOVERNMENTAL ACTIVITIES

(See Table 2)

Sources of Revenue
Total - $32,893,493



Functional Expenses
Total - $26,799,718

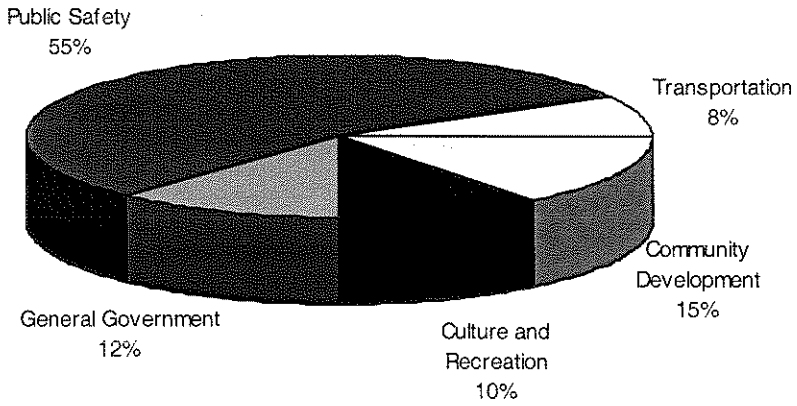


Table 2
Statement of Activities
(in Millions)

	Governmental Activities	
	2007	2006
Revenues		
Program Revenues		
Charges for Service	$ 5.5	$ 5.3
Operating Contributions and Grants	4.6	5.2
Capital Contributions and Grants	2.0	1.5
General Revenues		
Taxes		
Property Taxes	7.8	6.8
Utility User Taxes	3.5	3.4
Sales Taxes	4.1	4.0
Motor Vehicle in Lieu	3.2	-
Franchise Taxes	.7	.6
Transient Occupancy Taxes	.6	.5
Property Transfer Taxes	.2	.2
Investment Income	.6	.5
Other Revenue	.1	-
Total Revenues	32.9	31.0
Expenses		
General Government	3.2	4.6
Public Safety	14.7	14.3
Transportation	2.2	3.4
Community Development	3.9	4.6
Culture and Recreation	2.8	2.7
Total Expenses	26.8	29.6
Increase (decrease) in net assets	**$ 6.1**	**$ 1.4**

The City's total revenues were $32.9 million, while the total cost of all programs and services were $26.8 million. This is an increase of 6.2% in revenue and 9.5% decrease in expenses over the prior year. The major increase in revenue came from Property Taxes which will be used to offset costs for retiree pension and healthcare benefits. Additionally, there was an increase in revenue in sales and transient occupancy tax affected by the second full year of operation of a Hilton hotel.

Government Activities

Table 3 presents the cost of each of the City's five largest programs—general government, public safety, transportation, community development and culture and recreation—as well as the *net cost* (total cost less revenues generated by the activities). The net cost shows the financial impact on the City's taxpayers for each of these functions.

Table 3
Net Cost of Governmental Activities
(in Millions)

	Total Cost Of Service		Net Cost Of service	
	2007	2006	2007	2006
Expenses				
General Government	3.2	4.6	(2.5)	(4.3)
Public Safety	14.7	14.3	(11.6)	(12.0)
Transportation	2.2	3.4	(.3)	(1.9)
Community Development	3.9	4.6	1.5	2.5
Culture and Recreation	2.8	2.7	(1.8)	(2.0)
Totals	26.8	29.6	(14.7)	(17.8)

- Community Development includes expenditures for the City's redevelopment agency.

- The net cost of services indicates that the overall cost of government is greater than the revenues generated to support it from fees and user charges. This is an indication that the taxes and general revenues charged by the City are necessary to support operations. The largest areas of tax support come from the property taxes $7.8 million, Sales Taxes $4.1 million, and Utility Users Taxes $3.5 million. See the Statement of Activities for further detail on program revenues and general revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At year-end the City's governmental funds reported combined fund balances of $22.3 million, which is a $4.2 million increase from last year. Included in this amount is a net increase in fund balance for the General fund of approximately $2.3 million.

- The City's General Fund unreserved fund balance is $3.9 million. However, it should be noted this amount includes approximately $150,000 that is currently unavailable for immediate appropriation due to interfund loans. The remaining $3.8 million is more than the City's policy of having $1.4 million available for emergencies and for immediate appropriation. However, approximately $700,000 is tentatively planned for future street improvements and there is a desire to build a new Public Works Yard and Police Station in

the future and consequently there is an effort to accumulate resources in order to address these two potential projects.

- The Community Development Block Grant Fund is the only fund in a deficit position and is due to the Community Development Commission's delayed payment to the City which is exactly equal to the amount of the deficit. It is fully anticipated that the City will receive this revenue in the near future.

- The Redevelopment Fund has now eliminated a deficit position and this is due to the increasing assessed valuations within the redevelopment project area combined with the containment on expenditures. It is anticipated however that the Agency will pursue a significant financing in the future in order to address infrastructure needs and to further stimulate the area to address remaining blighted conditions.

General Fund Budgetary Highlights

The final appropriation for the General Fund at year-end was $1.5 million less than the final budget. The budget to actual variance in appropriations was in part due to departments spending less than their historical average. The City's budget policy is to incorporate a "Budget Savings" line item in each department's budget, anticipating a budgetary underexpenditure that has historically materialized and departments exceeded that underexpenditure this year. The department's underexpenditure was "masked over" by a combined $783,000 facility and equipment set-a-side. It is the City's policy to budget in the Police and Fire operating budgets an amount sufficient to provide for future acquisition of a new Police Facility and Fire Engines. The appropriate accounting treatment requires that the funds not be expended, but rather treated as a reserve to fund balance until such time as the set-a-side resources will be combined with the budgeted debt service payments. Actual revenues were more than the final budget by $638,000. Budget amendments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriation for unanticipated expenditures after adoption of the original budget.

CAPIAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007, the City had $33.8 million invested in a broad range of capital assets, including police and fire equipment, buildings, land, park facilities and roads (See Table 4 below and refer to Note #4 on page 37 to the Financial Statements for additional information). This amount represents a net increase (including additions and deductions) of $1.2 million or 3.7% over last year. Readers desiring more detailed information on Capital Assets activity will find it in the disclosure provided in the Basic financial Statements (Note #4 on page 37.)

Table 4
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Government Activities	
	2007	2006
Land	4.4	1.9
Buildings & Improvements	4.4	4.4
Machinery & Equipment	3.0	2.9
Infrastructure	22.0	23.4
Totals	33.8	32.6

Debt

At year-end, the City had no outstanding bonded indebtedness. The City's only long-term liability is for compensated absences for accumulated employee vacation and sick-time or for claims liability arising from normal governmental operations. At year-end the City's liability for Compensated Absences was $1,583,858 or $70,920 more than the prior year. Of the $1,583,858, $316,772 is anticipated to be due within one year. At year-end the City's liability for Claims Payable/Self Insurance was $1,958,167 or $243,748 more than the prior year. Of the $1,958,167, 587,450 is anticipated to be due within one year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While the City maintains a diverse and robust housing stock, the City's economy is predominately commercial and retail based. However, an important growing component to the City's economy is a budding tourism based economy. This is most evidenced by the November 2004 completion of a 200 room Hilton hotel and its complementary multi-level shopping complex.

The City's 2007-08 Budget takes into account the historical trends of sales for the community and projecting transient occupancy tax, sales tax, and property taxes. The 2007-08 Budget reflects an increase in expenditures, equally offset by increases in revenue with the results producing a "balanced budget."

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of San Gabriel 425 S. Mission Drive, San Gabriel, California 91776.

BASIC FINANCIAL STATEMENTS

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CITY OF SAN GABRIEL

Statement of Net Assets

June 30, 2007

	Governmental Activities
Assets:	
Cash and investments (note 2)	$ 23,926,837
Accounts receivable, net	1,035,417
Prepaids	43,549
Interest receivable	209,493
Due from other governments	1,606,802
Property held for resale	1,500,000
Capital assets, depreciated (note 4)	29,370,940
Capital assets, not depreciated (note 4)	4,425,991
Total assets	62,119,029
Liabilities:	
Accounts payable	2,978,641
Accrued payroll	389,815
Long-term liabilities (note 5):	
Due within one year	904,222
Due in more than one year	2,637,803
Total liabilities	6,910,481
Net assets:	
Invested in capital assets	33,796,931
Unrestricted	21,411,617
Total net assets	$ 55,208,548

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL

Statement of Activities

Year ended June 30, 2007

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Governmental activities:					
General government	$ 3,202,488	673,429	66,438	-	(2,462,621)
Public safety	14,685,584	2,008,412	984,741	87,762	(11,604,669)
Transportation	2,153,567	6,000	1,406,765	472,683	(268,119)
Community development	3,902,507	2,099,574	2,058,426	1,194,641	1,450,134
Culture and recreation	2,855,572	739,107	44,749	264,250	(1,807,466)
Total governmental activities	$ 26,799,718	5,526,522	4,561,119	2,019,336	(14,692,741)

General revenues:	
Taxes:	
Property taxes	7,765,406
Utility users tax	3,542,633
Sales taxes	4,146,868
Franchise taxes	668,599
Transient occupancy tax	565,719
Property transfer tax	237,345
Motor Vehicle in lieu (unrestricted)	3,174,911
Investment income	616,772
Other	68,263
Total general revenues	20,786,516
Change in net assets	6,093,775
Net assets at beginning of year	49,114,773
Net assets at end of year	$ 55,208,548

See accompanying notes to the basic financial statements.

GENERAL FUND

General Fund – This fund has been classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues that are legally restricted for a particular purpose. The following funds have been classified as major funds. The budget-actual comparisons for these funds have been presented in the accompanying financial statements are *required supplementary information*:

Retirement Fund – This fund is used to account for the receipt of property taxes of a voter-approved tax levy. These funds are used to pay the City's cost of retirement for employees.

Proposition C Local Return Fund – This fund is used to account for monies received from an allocation of sales tax revenue restricted to fund local transportation related activities in accordance with Proposition C regulations.

Community Development Block Grant Fund – This fund is used to account for funds from the Community Development Block Grant for neighborhood improvement and rehabilitation purposes.

CAPITAL PROJECT FUND

The Capital Project Fund is established to account for administrative cost for start-up of the Redevelopment Agency and costs of redevelopment. The following fund has been classified as a major fund in the accompanying financial statements:

Redevelopment Fund – This fund is used to account for administrative and other costs of the Redevelopment Agency.

CITY OF SAN GABRIEL
Governmental Funds

Balance Sheet

June 30, 2007
(With Comparative Data for Prior Year)

	General Fund	Special Revenue Funds: Retirement	Special Revenue Funds: Proposition C Local Return	Special Revenue Funds: Community Development Block Grant	Capital Project Fund: Redevelopment	Non-Major Governmental Funds	Totals 2007	Totals 2006
Assets:								
Cash and investments	$ 6,449,266	4,097,758	2,320,050	-	2,657,845	6,468,427	21,993,346	16,682,214
Accounts receivable, net	722,697	-	-	-	-	80,937	803,634	933,041
Interest receivable	209,493	-	-	-	-	-	209,493	113,262
Due from other funds (note 3)	137,164	-	-	-	-	-	137,164	102,919
Due from other governments	889,912	102,441	54,544	178,705	17,786	363,414	1,606,802	2,006,827
Prepaids	8,204	-	-	-	-	-	8,204	2,640
Advances to other funds (note 3)	2,282,827	-	-	-	-	-	2,282,827	1,947,388
Property held for resale	-	-	-	-	1,500,000	-	1,500,000	1,500,000
Total assets	$ 10,699,563	4,200,199	2,374,594	178,705	4,175,631	6,912,778	28,541,470	23,288,291
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	$ 877,272	-	11,725	55,872	1,848,439	139,444	2,932,752	2,585,522
Accrued payroll	376,206	-	-	3,551	207	6,849	386,813	355,767
Due to other funds (note 3)	-	-	-	119,285	-	17,879	137,164	102,919
Advances from other funds (note 3)	-	-	-	-	2,282,827	-	2,282,827	1,947,388
Deferred revenue	13,893	-	-	178,705	-	279,812	472,410	159,672
Total liabilities	1,267,371	-	11,725	357,413	4,131,473	443,984	6,211,966	5,151,268
Fund balances (deficits):								
Reserved for:								
Capital replacement	3,084,646	-	-	-	-	-	3,084,646	2,301,931
Encumbrances	105,193	-	-	-	-	-	105,193	20,527
Retirement	-	4,200,199	-	-	-	-	4,200,199	4,656,964
Prepaids	8,204	-	-	-	-	-	8,204	2,640
Advances to other funds	2,282,827	-	-	-	-	-	2,282,827	1,947,388
Property held for resale	-	-	-	-	1,500,000	-	1,500,000	1,500,000
Unreserved:								
Reported in:								
General fund	3,951,322	-	-	-	-	-	3,951,322	2,830,700
Special revenue funds	-	-	2,362,869	(178,708)	-	6,468,794	8,652,955	6,820,730
Capital project fund	-	-	-	-	(1,455,842)	-	(1,455,842)	(1,943,857)
Total fund balances (deficit)	9,432,192	4,200,199	2,362,869	(178,708)	44,158	6,468,794	22,329,504	18,137,023
Total liabilities and fund balances	$ 10,699,563	4,200,199	2,374,594	178,705	4,175,631	6,912,778	28,541,470	23,288,291

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

June 30, 2007

Fund balances of governmental funds	$ 22,329,504
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation of $50,639,669, have not been included as financial resources in governmental fund activity.	33,759,687
Compensated absences have not been included in the governmental fund activity:	
Compensated absences	(1,558,528)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	472,410
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	205,475
Net assets of governmental activities	$ 55,208,548

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2007
(With Comparative Data for Prior Year)

		Special Revenue Funds			Capital Project Fund			
	General Fund	Retirement	Proposition C Local Return	Community Development Block Grant	Redevelopment	Non-Major Governmental Funds	Totals 2007	Totals 2006
Revenues:								
Taxes	$ 12,534,902	4,391,668	-	-	714,428	178,607	17,819,605	16,357,216
Intergovernmental	3,574,098	-	563,424	302,364	-	2,234,765	6,674,651	7,376,681
Charges for services	2,152,329	-	-	-	-	1,225,775	3,378,104	3,172,456
Fines and forfeitures	1,134,103	-	-	-	-	-	1,134,103	935,568
Licenses and permits	1,804,288	-	-	-	-	-	1,804,288	1,751,879
Investment income	1,176,262	-	128,602	-	107,231	191,033	1,603,128	1,201,027
Other	196,614	-	-	-	-	-	196,614	964,280
Total revenues	22,572,596	4,391,668	692,026	302,364	821,659	3,830,180	32,610,493	31,759,107
Expenditures:								
Current:								
General government	4,491,286	-	-	162,553	-	-	4,653,839	4,488,526
Public safety	14,322,450	-	-	-	-	106,767	14,429,217	13,816,077
Community development	3,484,688	-	-	-	262,209	18,797	3,765,694	3,590,517
Culture and recreation	2,535,282	-	-	66,281	-	158,879	2,760,442	2,599,376
Transportation	-	-	20,000	-	-	694,778	714,778	1,688,142
Pass-throughs	-	-	-	-	60,905	-	60,905	188,271
Capital outlay	502,139	-	287,994	-	-	997,729	1,787,862	1,418,409
Total expenditures	25,335,845	-	307,994	228,834	323,114	1,976,950	28,172,737	27,789,318
Excess (deficiency) of revenues over (under) expenditures	(2,763,249)	4,391,668	384,032	73,530	498,545	1,853,230	4,437,756	3,969,789
Other financing sources (uses):								
Transfers in (note 3)	5,092,255	-	-	-	1,794	784,914	5,878,963	5,497,386
Transfers out (note 3)	-	(4,848,433)	(377,392)	(252,238)	(12,324)	(633,851)	(6,124,238)	(5,723,735)
Total other financing sources (uses)	5,092,255	(4,848,433)	(377,392)	(252,238)	(10,530)	151,063	(245,275)	(226,349)
Net change in fund balances	2,329,006	(456,765)	6,640	(178,708)	488,015	2,004,293	4,192,481	3,743,440
Fund balances (deficits) at beginning of year	7,103,186	4,656,964	2,356,229	-	(443,857)	4,464,501	18,137,023	14,393,583
Fund balances (deficits) at end of year	$ 9,432,192	4,200,199	2,362,869	(178,708)	44,158	6,468,794	22,329,504	18,137,023

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
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, 2007

Changes in fund balances of governmental funds	$ 4,192,481
Amounts reported for governmental activities in the statement of activities are different 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. This is the amount by which capital outlay exceeded depreciation in the current period.	1,172,906
To record as an expense the net change in compensated absences in the statement of activities.	(94,121)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	312,738
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.	509,771
Changes in net assets of governmental activities	$ 6,093,775

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Proprietary Funds

Statement of Net Assets

June 30, 2007
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
Assets:	2007	2006
Current assets:		
Cash and investments	$ 1,933,491	$ 1,387,260
Accounts receivable, net	231,783	245,483
Prepaids	35,345	-
Total current assets	2,200,619	1,632,743
Noncurrent assets:		
Capital assets		
Building	115,780	115,780
Machinery and equipment	11,200	11,200
Accumulated depreciation	(89,736)	(88,535)
Capital assets, net	37,244	38,445
Total assets	2,237,863	1,671,188
Liabilities:		
Current liabilities:		
Accounts payable	45,889	207,840
Accrued payroll	3,002	4,694
Compensated absences	25,330	48,531
Claims payable - current portion (note 5)	587,450	1,714,419
Total current liabilities	661,671	1,975,484
Noncurrent liabiities:		
Claims payable, net of current portion (note 5)	1,370,717	-
Total liabilities	2,032,388	1,975,484
Net assets (deficit):		
Invested in capital assets	37,244	38,445
Unrestricted	168,231	(342,741)
Total net assets (deficit)	$ 205,475	(304,296)

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended June 30, 2007
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
	2007	2006
Operating revenues:		
Charges for services	$ 3,738,335	3,567,426
Total operating revenues	3,738,335	3,567,426
Operating expenses:		
Personnel services	263,512	254,181
Contractual services	8,130	7,831
Vehicle operating	254,323	264,711
Depreciation	1,201	1,200
Utilities	6,480	6,037
Uniforms	2,070	1,984
Insurance premiums	782,163	604,898
Claims and judgments	2,227,483	2,527,710
Total operating expenses	3,545,362	3,668,552
Operating income (loss)	192,973	(101,126)
Non-operating revenues:		
Investment income	71,523	22,229
Income (loss) before transfers	264,496	(78,897)
Transfers in (note 3)	245,275	226,349
Change in net assets	509,771	147,452
Total net assets (deficit) at beginning of year	(304,296)	(451,748)
Total net assets (deficit) at end of year	$ 205,475	(304,296)

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2007
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
	2007	2006
Cash flows from operating activities:		
Cash received from user departments	$ 3,752,035	3,695,018
Cash payments to suppliers for goods and services	(3,234,197)	(3,345,930)
Cash payments to employees for services	(288,405)	(247,706)
Net cash provided by operating activities	229,433	101,382
Cash flows from noncapital financing activities:		
Cash received from other funds	245,275	226,349
Net cash provided by noncapital financing activities	245,275	226,349
Cash flows from investing activities:		
Interest received from investments	71,523	22,229
Net cash provided by investing activities	71,523	22,229
Net increase in cash and cash equivalents	546,231	349,960
Cash and cash equivalents at beginning of year	1,387,260	1,037,300
Cash and cash equivalents at end of year	$ 1,933,491	1,387,260
Reconciliation of net operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 192,973	(101,126)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,201	1,200
(Increase) decrease in prepaids	(35,345)	36,461
(Increase) decrease in accounts receivable	13,700	127,592
Increase (decrease) in accounts payable	(161,951)	139,506
Increase (decrease) in accrued payroll	(1,692)	1,030
Increase (decrease) in compensated absences	(23,201)	5,445
Increase (decrease) in claims payable	243,748	(108,726)
Total adjustments	36,460	202,508
Net cash provided by operating activities	$ 229,433	101,382

Supplemental information:
During the year ended June 30, 2007 there were no noncash investing, capital or financing activities.

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Agency Fund

Statement of Fiduciary Assets and Liabilities

June 30, 2007

	Deposits Fund	
	2007	2006
Assets		
Cash and investments (note 2)	$ 401,076	298,694
Accounts receivable	99,714	45,053
Total assets	$ 500,790	343,747
Liabilities		
Accounts payable	$ 30,047	18,691
Deposits payable	470,743	325,056
Total liabilities	$ 500,790	343,747

See accompanying notes to the basic financial statements.

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(1) Summary of Significant Accounting Policies

The City of San Gabriel (City) was incorporated April 24, 1913 under the general laws of the state of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City is a municipal corporation governed by an elected five-member council.

The accounting policies of the City conform to generally accepted accounting principles. The following is a summary of the more significant policies.

(a) Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City of San Gabriel and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. A brief description of the component unit is as follows:

- The San Gabriel Redevelopment Agency (Agency) was established in February 1991, pursuant to the State of California Health and Safety Code Section 33000 entitled, "Community Redevelopment Law." Although it is a legally separate entity from the City, the Agency is reported as if it were part of the City because of its purpose to prepare and execute plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. Separate financial statements for the Agency are available at City Hall.

Since the City Council serves as the governing board for this component unit, it is considered to be a blended component unit. Blended component unit, although legally separate entity, is in substance, part of the City's operations and so data from the unit is reported with the interfund data of the primary government. The Agency issues separate component unit financial statements and upon their completion, can be obtained at City Hall.

(1) Summary of Significant Accounting Policies, (Continued)

(b) Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 and applied only to enterprise funds are not followed in preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City of San Gabriel has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

(1) Summary of Significant Accounting Policies, (Continued)

(b) Measurement Focus and Basis of Accounting, (Continued)

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds. Fiduciary statements include financial information for the fiduciary fund. The fiduciary fund of the City primarily represents assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of sixty days.

(1) Summary of Significant Accounting Policies, (Continued)

(b) Measurement Focus and Basis of Accounting, (Continued)

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current 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 revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

(1) Summary of Significant Accounting Policies, (Continued)

(b) Measurement Focus and Basis of Accounting, (Continued)

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City's internal service funds are proprietary funds. In the fund financial statements, proprietary funds and fiduciary fund are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

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 City's internal service funds are charges to customers for sales and services. Operating expenses for internal service 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 noncapital revenues and expenses.

Amounts paid to acquire capital assets are capitalized as assets in the internal service fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the internal service fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the internal service fund are reported as a reduction of the related liability, rather than as an expenditure.

(1) Summary of Significant Accounting Policies, (Continued)

(c) Major Governmental Funds, Internal Service Funds and Fiduciary Fund Types

The City's major governmental funds are as follows:

General Fund – The primary fund of the City is used to account for all revenues and expenditures of the City not legally restricted as to use. A broad range of municipal activities are provided through this fund including City Manager, City Attorney, Finance, City Clerk, Community Development, Public Safety and Culture and Recreation.

Retirement Fund – This fund is used to account for the receipt of property taxes of a voter-approved tax levy and pay the City's cost of retirement for employees.

Proposition C Local Return Fund – This fund is used to account for monies received from an allocation of sales tax revenue restricted to fund local transportation related activities in accordance with Proposition C regulations.

Community Development Block Grant Fund – This fund is used to account for funds from the Community Development Block Grant for neighborhood improvement and rehabilitation purposes.

Redevelopment Capital Project Fund – This fund is used to account for revenues and expenditures associated with the acquisition or construction of capital items for the San Gabriel Redevelopment Agency.

Other fund types of the City are as follows:

Internal Service Funds:

Self-Insurance Fund – This fund is used to account for payments for the City's workers' compensation and general liability claims.

Automotive Maintenance Fund – This fund is used to account for the costs of operating a maintenance facility for automotive equipment used by City departments.

Agency Fund:

Deposits Fund – This fund is used to account for deposits collected by the City which will be refunded at some later date.

(1) Summary of Significant Accounting Policies, (Continued)

(d) Investments

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair market value and the carrying amount is material.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all fund. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balances.

(e) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of San Gabriel. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combined balance sheet for the internal service fund is considered cash and cash equivalents.

(f) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of $5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include additions to public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains. Infrastructure acquired prior to fiscal years ended June 30, 1980 is reported.

(1) Summary of Significant Accounting Policies, (Continued)

(f) Capital Assets, (Continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the internal service funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class are as follows:

Buildings and improvements	20-50 years
Machinery and equipment	5-20 years
Infrastructure	15-50 years

(g) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but are reported as reservations of fund balance.

(h) Compensated Absences

Permanent City employees earn from 10 to 20 vacation days and 12 sick leave days a year. Upon termination, employees are paid for all unused vacation hours. Upon a service retirement, employees are paid one-third of accumulated sick leave.

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16 a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City.

(1) Summary of Significant Accounting Policies, (Continued)

(i) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of San Gabriel accrues only those taxes which are received from the county within 60 days after year-end:

Lien date	March 1
Levy date	July 1 to June 30
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

(j) Property Held for Resale

The property held for resale was acquired as a result of a court settlement by condemnation for redevelopment purposes. The settlement cost was $1,500,000.

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

(l) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(m) Internal Activity Elimination

Internal fund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities.

(2) Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	$23,926,837
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	401,076
Total cash and investments	$24,327,913

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	$ 2,200
Deposits with financial institutions	15,185,719
Investments	9,139,994
Total cash and investments	$24,327,913

(2) Cash and Investments, (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, and concentration of credit risk.

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage Of Portfolio	*Maximum Investment In One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	20%	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of basic value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	10%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Total	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Mutual funds	$ 200,372	200,372	-	-	
LAIF	8,939,622	8,939,622	-	-	-
Total	$9,139,994	9,139,994	-	-	-

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, and the actual rating as of year end for each investment type.

			Rating as of Year End	
Investment Type	Total	Minimum Legal Rating	AAA	Not Rated
Mutual funds	$ 200,372	N/A	200,372	-
LAIF	8,939,622	N/A	-	8,939,622
Total	$9,139,994		200,372	8,939,622

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2007, $919,222 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(3) Interfund Receivables, Payables and Transfers

Current interfund receivables and payables as of June 30, 2007 were as follows:

Due from other funds	Due to other funds	Amount
General Fund	Community Development Block Grant Fund	$119,285 (A)
	Non-major governmental fund	17,879 (A)
		$137,164

(A) Short-term borrowing to cover temporary cash shortfalls.

(3) Interfund Receivables, Payables and Transfers, (Continued)

Noncurrent interfund receivables and payables as of June 30, 2007 were as follows:

Advances to other funds	Advances from other funds	Amount
General Fund	Redevelopment Capital Project Fund	$2,282,827 (B)

(B) To provide funding for capital projects within the project area. The advance accrues interest at 9.75% per annum with no required repayment date.

Transfers in and out for the year ended June 30, 2007 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Retirement Fund	$4,492,255 (C)
	Non-Major Governmental Funds	600,000
Redevelopment Fund	Retirement Fund	1,794 (C)
Internal Service Funds	Retirement Fund	245,275 (C)
Non-Major Governmental Funds	Non-Major Governmental Funds	33,851
	Redevelopment Fund	12,324
	Retirement Fund	109,109 (C)
	Proposition C local return	377,392
	Community Development Block Grant	252,238
		$6,124,238

(C) To provide fundings for retirement costs.

(4) Capital Assets

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

	Balance at June 30, 2006	Additions	Deletions	Balance at June 30, 2007
Capital assets being depreciated:				
Building and improvements	$ 7,078,408	105,567	-	7,183,975
Machinery and equipment	6,423,475	740,284	168,192	6,995,567
Infrastructure	65,575,466	345,337	-	65,920,803
Total cost of depreciable assets	79,077,349	1,191,188	168,192	80,100,345
Less accumulated depreciation for:				
Building and improvements	2,706,559	145,650	-	2,852,209
Machinery and equipment	3,485,257	588,770	127,836	3,946,191
Infrastructure	42,188,632	1,742,373	-	43,931,005
Total accumulated depreciation	48,380,448	2,476,793	127,836	50,729,405
Net depreciable assets	30,696,901	(1,285,605)	40,356	29,370,940
Capital assets not depreciated:				
Land	1,928,325	2,497,666	-	4,425,991
Capital assets, net	$32,625,226	1,212,061	40,356	33,796,931

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	$ 105,379
Public safety	476,191
Transportation	1,672,841
Community development	119,349
Culture and recreation	103,033
Total	$2,476,793

(5) Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2007 were as follows:

	Balance at June 30, 2006	Additions	Retirement	Balance at June 30, 2007	Amount due within one year	Amount beyond one year
Compensated absences	$1,512,938	1,612,343	1,541,423	1,583,858	316,772	1,267,086
Claims payable	1,714,419	1,581,941	1,338,193	1,958,167	587,450	1,370,717
	$3,227,357	3,194,284	2,879,616	3,542,025	904,222	2,637,803

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability amounting to $1,583,858 at June 30, 2007 is expected to be paid in future years from future resources, typically liquidated from the General Fund.

Claims Payable/Self Insurance

The City is self-insured for workers' compensation and general liability insurance. The City maintains outside insurance coverage for individual workers' compensation claims in excess of $1,000,000 up to a maximum of $25,000,000 per claim and general liability claims in excess of $250,000 up to a maximum of $10,000,000 per occurrence. The City purchases commercial insurance for real and personal property (including vehicles) and maintains public official bonds on the City Treasurer, City Clerk and Finance Director. There have been no reductions in insurance coverage during the fiscal year. The City has entered into contracts with insurance administrators to process claims against the City for workers' compensation and general liability claims. These administrators have estimated losses from such claims and established estimated liabilities, including estimates for incurred but not reported claims, as of June 30, 2007 in an amount of $1,958,167. For the past three years, claim payments have not exceeded the amount of applicable insurance coverage. Effective July 1, 2007, the City's workers' compensation, liability and property insurance will be covered by the Joint Powers Insurance Authority.

Reconciliation of the changes in the City's aggregate liabilities for the years ended June 30, 2007 and 2006 are as follows:

2007	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
Liability claims	$ 71,773	589,100	422,953	237,920
Workers' compensation	1,642,646	992,841	915,240	1,720,247
	$1,714,419	1,581,941	1,338,193	1,958,167

(5) Long-Term Liabilities, (Continued)

2006	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
Liability claims	$ 74,711	263,339	266,277	71,773
Workers' compensation	1,748,434	1,153,298	1,259,086	1,642,646
	$1,823,145	1,416,637	1,525,363	1,714,419

(6) Fund Deficits

At June 30, 2007, the following fund had deficit balance:

	Amount
Special Revenue:	
Community Development Block Grant	$178,708 (A)
Office of Traffic Safety Grant	12,355 (A)

(A) The deficit will be paid back in the future with grant revenues.

(7) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2007 exceeded the appropriations of the following funds/departments:

	Budget	Actual	Variance
General:			
City Manager	$ 383,040	403,077	(20,037)
Personnel and purchasing	467,742	480,388	(12,646)
General services	1,888,118	1,913,815	(25,697)
Civic auditorium	792,135	875,090	(82,955)
Capital Project:			
Redevelopment	251,425	323,114	(71,689)
Special Revenue:			
Traffic Congestion Relief	137,000	203,294	(66,294)
Park and Recreation Activity	149,000	158,879	(9,879)
Office of Traffic Safety Grant	-	17,881	(17,881)

(8) Defined Benefit Pension Plan (PERS)

The City of San Gabriel contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, 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. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 8% (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. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

Under GASB 27, the City reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the "net pension obligation (NPO)." The ARC for the period July 1, 2006 to June 30, 2007 has been determined by an actuarial valuation of the plan as of June 30, 2004. The contribution rate for the indicated period is 27.875% of payroll for the safety plan and 12.268% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2007, this contribution rate as modified by any amendments for the year would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2006 to June 30, 2007.

Initial plan unfunded liabilities are amortized over a closed period equal to the average amortization period at the plan's date of entry into CalPERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30 year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Effective with the June 30, 2003 valuation, risk pools were established for plans containing less than 100 active members as of the valuation date. Plans satisfying this criteria were lumped into pools based on their benefit formula and membership category. The City is part of the risk pool plan.

(8) Defined Benefit Pension Plan (PERS), (Continued)

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/05	$1,903,787	$302,485	100%	$0
6/30/06	2,054,832	633,288	100%	0
6/30/07	2,179,274	780,777	100%	0

(9) Other Post Employment Benefits

In addition to providing pension benefits, the City of San Gabriel allows retired City employees to continue their health care coverages through the City's group health plan. The City makes contributions toward the cost of retiree health care benefits. No other post-employment benefits are provided by the City.

Approximately 54 retirees are eligible to receive these benefits at the present time. The City pays insurance premiums for these benefits depending upon the retiree's date of retirement. For individuals with a retirement date prior to September 1, 2003, the City contributes $150 per month for these retirees. For all other retirees, the City follows Government Code Section 22825.5 providing a vesting schedule whereby the amount the City contributes is based on years of service. The City finances these post-employment benefits on a pay-as-you-go basis. The City recognizes as an expenditure its share of the annual premiums for these benefits as they become due. For the fiscal year ended June 30, 2007, $195,487 of post-employment benefit expenditures were recognized. In addition, the termination benefits were considered immaterial as of and for the year ended June 30, 2007.

(10) Contingencies

The City is presently involved in other matters of litigation that have arisen in the normal course of the City's business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to have a material adverse financial impact on the City.

(10) Contingencies, (Continued)

The City annually imposes a special tax for payment of PERS retirement costs for City employees. This tax, approved by the voters prior to the passage of Proposition 13, is not subject to the limitations of that enactment. An Appellate Court ruled that the City of Huntington Beach could not levy and use its voter approved retirement tax to pay for retirement plan enhancements that had been added after the date of voter approval. The City of San Gabriel currently levies and uses its tax to pay for subsequently added retirement benefits. After reviewing the decision and the text of San Gabriel's voter approved initiative, the City Attorneys have concluded that the measure approved by San Gabriel's voters does authorize the City to levy and use the tax to pay for subsequently added benefits and have advised the City that it may continue to do so. The City has potential exposure to litigation over this issue. However, due to tax claim procedures enacted by City Ordinance No. 516, if a challenge were successfully mounted, the City Attorneys believe that any significant impact would be prospective in nature.

(11) Construction Commitments

The following material construction commitments existed at June 30, 2007:

Project Name	Expenditures as of June 30, 2007	Remaining Commitments
Millennium Miles Street Improvements	$ 25,790	177,122
Del Mar Wash/Bridge Rehabilitation	-	615,488
Vincent Lugo Park	48,888	1,458,057
San Gabriel Boulevard Rehabilitation	612,345	520,075
Roses Road Street Improvements	92,597	663,403

(12) Operating Leases

During the year ended June 30, 2007, the City entered into several operating leases for certain office equipment and auto vehicle. The leases provide for monthly payments, commencing date, and maturity date as follows:

	Monthly Payments	Commencing Date	Maturity Date
Copier/printer	$1,052	November 2006	October 2009
Imaging system	800	November 2006	October 2009
Auto vehicle	484	July 2004	September 2007

Minimum future rental payments under the operating leases are as follows:

2008	$23,680
2009	22,228
2010	8,461

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REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

General Fund – This fund has been classified as a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds. The budget-actual comparisons for these funds have been presented in the accompanying financial statements are *required supplementary information*:

Retirement Fund – This fund is used to account for the receipt of property taxes of a voter-approved tax levy and pay the City's cost of retirement for employees.

Proposition C Local Return Fund – This fund is used to account for monies received from an allocation of sales tax revenue restricted to fund local transportation related activities in accordance with Proposition C regulations.

Community Development Block Grant Fund – This fund is used to account for funds from the Community Development Block Grant for neighborhood improvement and rehabilitation purposes.

CITY OF SAN GABRIEL

Notes to Required Supplementary Information

Year ended June 30, 2007

(1) Budgetary Control and Accounting

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying basic financial statements:

- The annual budget adopted by the City Council provides for the general operations of the City. It includes proposed expenditures and the means of financing them. Budgeted appropriations lapse at the end of the year.

- The City Council approves total budgeted appropriations and amendments to appropriations throughout the year. The City Council must approve budget appropriation transfers between departments within a fund. The departments of the General Fund are considered to be departments for purposes of this requirement. Actual expenditures may not legally exceed budgeted appropriations at the fund level.

- Annual budgets are adopted for all Governmental Fund Types on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP).

- The budgetary information shown for revenues and expenditures represents the original adopted budget adjusted for any changes made by the City Council. For the year ended June 30, 2007, supplemental appropriations in the amount of $8,361,969 were made.

- Formal budgetary information is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year end lapse, and then are added to the following year's budgeted appropriations. However, encumbrances at year-end are reported as reservations of fund balance.

CITY OF SAN GABRIEL
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007				2006
	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Revenues:					
Taxes	$ 11,400,000	12,175,000	12,534,902	359,902	11,491,629
Intergovernmental	2,871,000	3,516,000	3,574,098	58,098	3,285,014
Charges for services	2,562,000	2,155,000	2,152,329	(2,671)	2,275,415
Fines and forfeitures	920,000	1,000,000	1,134,103	134,103	935,568
Licenses and permits	1,781,600	1,847,600	1,804,288	(43,312)	1,751,879
Investment income	947,000	954,160	1,176,262	222,102	922,878
Other	265,000	287,000	196,614	(90,386)	964,280
Total revenues	20,746,600	21,934,760	22,572,596	637,836	21,626,663
Expenditures:					
General government:					
City Council	235,890	247,945	238,378	9,567	220,699
City Clerk	295,539	300,971	205,697	95,274	198,183
City Treasurer	99,620	103,833	103,502	331	91,073
City Manager	346,988	383,040	403,077	(20,037)	363,559
City Attorney	123,000	138,000	117,889	20,111	117,736
Finance	759,195	798,432	792,274	6,158	719,802
Information services	138,018	141,909	107,778	34,131	110,780
Personnel and purchasing	314,648	467,742	480,388	(12,646)	397,949
General services	1,381,348	1,888,118	1,913,815	(25,697)	1,991,661
Community promotion	106,758	132,613	115,696	16,917	100,156
Disaster preparedness	14,738	13,611	12,792	819	11,790
Total general government	3,815,742	4,616,214	4,491,286	124,928	4,323,388
Public safety:					
Police	8,892,491	9,519,786	8,906,532	613,254	8,511,022
Fire	5,326,374	5,636,132	5,415,918	220,214	5,165,018
Total public safety	14,218,865	15,155,918	14,322,450	833,468	13,676,040

CITY OF SAN GABRIEL
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

(Continued)

	2007				2006
	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Community development:					
Development services	1,764,430	1,846,785	1,785,813	60,972	1,661,370
Street services	1,243,445	1,303,484	1,175,254	128,230	1,196,020
Maintenance services	572,201	592,128	523,621	68,507	487,386
Total community development	3,580,076	3,742,397	3,484,688	257,709	3,344,776
Culture and recreation:					
Civic auditorium	755,623	792,135	875,090	(82,955)	780,666
Park maintenance	737,112	761,502	748,151	13,351	714,609
Swimming pool	186,489	193,381	177,508	15,873	171,875
Facilities maintenance	147,849	141,306	131,766	9,540	108,268
Concessions	45,213	46,928	36,585	10,343	37,694
Recreation	580,752	605,215	566,182	39,033	532,665
Total culture and recreation	2,453,038	2,540,467	2,535,282	5,185	2,345,777
Capital outlay	121,829	805,093	502,139	302,954	270,031
Total expenditures	24,189,550	26,860,089	25,335,845	1,524,244	23,960,012
Excess (deficiency) of revenues over (under) expenditures	(3,442,950)	(4,925,329)	(2,763,249)	2,162,080	(2,333,349)
Other financing sources:					
Transfers in	4,395,221	4,395,221	5,092,255	697,034	4,759,330
Total other financing sources	4,395,221	4,395,221	5,092,255	697,034	4,759,330
Net change in fund balances	952,271	(530,108)	2,329,006	2,859,114	2,425,981
Fund balance at beginning of year	7,103,186	7,103,186	7,103,186	-	4,677,205
Fund balance at end of year	$ 8,055,457	6,573,078	9,432,192	2,859,114	7,103,186

CITY OF SAN GABRIEL
Special Revenue Fund

Retirement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007				2006
	Budget			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Revenues:					
Taxes	$ 3,100,000	4,300,000	4,391,668	91,668	4,006,747
Total revenues	3,100,000	4,300,000	4,391,668	91,668	4,006,747
Other financing uses:					
Transfers out	(4,063,908)	(4,063,908)	(4,848,433)	(784,525)	(4,504,318)
Net change in fund balances	(963,908)	236,092	(456,765)	(692,857)	(497,571)
Fund balance at beginning of year	4,656,964	4,656,964	4,656,964	-	5,154,535
Fund balance at end of year	$ 3,693,056	4,893,056	4,200,199	(692,857)	4,656,964

CITY OF SAN GABRIEL
Special Revenue Fund

Proposition C Local Return Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007				2006
	Budget			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Revenues:					
Intergovernmental	$ 500,000	500,000	563,424	63,424	581,107
Investment income	70,000	100,000	128,602	28,602	104,238
Total revenues	570,000	600,000	692,026	92,026	685,345
Expenditures:					
Current:					
Transportation	20,000	15,000	20,000	(5,000)	20,000
Capital outlay	155,000	569,540	287,994	281,546	324,488
Total expenditures	175,000	584,540	307,994	276,546	344,488
Excess of revenues over expenditures	395,000	15,460	384,032	368,572	340,857
Other financing sources (uses):					
Transfers out	(495,000)	(746,334)	(377,392)	368,942	(550,279)
Net change in fund balances	(100,000)	(730,874)	6,640	737,514	(209,422)
Fund balance at beginning of year	2,356,229	2,356,229	2,356,229	-	2,565,651
Fund balance at end of year	$ 2,256,229	1,625,355	2,362,869	737,514	2,356,229

CITY OF SAN GABRIEL
Special Revenue Fund

Community Development Block Grant Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007				2006
	Budget			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Revenues:					
Intergovernmental	$ 488,628	1,020,197	302,364	(717,833)	493,273
Total revenues	488,628	1,020,197	302,364	(717,833)	493,273
Expenditures:					
Current:					
General government	156,712	188,675	162,553	26,122	165,138
Culture and recreation	66,981	72,240	66,281	5,959	70,181
Capital outlay	-	-	-	-	254,058
Total expenditures	223,693	260,915	228,834	32,081	489,377
Excess of revenues over expenditures	264,935	759,282	73,530	(685,752)	3,896
Other financing sources (out):					
Transfers out	(590,456)	(727,705)	(252,238)	475,467	(47,961)
Total other financing sources (out)	(590,456)	(727,705)	(252,238)	475,467	(47,961)
Net change in fund balances	(325,521)	31,577	(178,708)	(210,285)	(44,065)
Fund balances at beginning of year	-	-	-	-	44,065
Fund balances (deficits) at end of year	$ (325,521)	31,577	(178,708)	(210,285)	-

SUPPLEMENTARY SCHEDULES

NON- MAJOR SPECIAL REVENUE FUNDS

The following Special Revenue Funds have been classified as non-major funds:

Special Gas Tax Fund

To account for the city's share of state and county gasoline tax allocation. These funds are expended on street maintenance and construction.

Proposition A Local Return Fund

To account for the City's share of the ½ cent sales tax. These funds are used for local transit.

Low and Moderate Income Housing Fund

Established per Section 33334.3 of the Health and Safety Code to account for 20% of tax increment received by the San Gabriel Redevelopment Agency which is to be expended for the purpose of increasing, improving, and preserving the low and moderate income housing available at affordable housing costs to persons and families of low or moderate income and to very low income households.

Citizens Option for Public Safety Fund

To account for the revenues received from the California Department of Justice to be used to enhance existing law enforcement services.

Traffic Congestion Relief Fund

To account for the revenues and expenditures for the City's street or road maintenance or reconstruction pursuant to AB2928.

Parks and Recreation Activity Fund

To account for revenues and expenditures for the City's recreation programs provided through contract services.

Civic Auditorium Facility Fund

To account for a portion of the monies paid by the facility clients and to assure that they are set aside for capital and facility maintenance and improvements to the Civic Auditorium.

Other Grants Fund

To account for funds from the State – Federal Natural Disaster Assistance Act for neighborhood improvement and rehabilitation purposes.

Local Law Enforcement Block Grant Fund

To account for the revenues received from the U.S. Department of Justice to be used for local public safety enhancements.

NON- MAJOR SPECIAL REVENUE FUNDS, (CONTINUED)

Air Quality Management District Fund

To account for revenues received from the Air Quality Management District for the improvement of air quality.

Narcotic Seizure Fund

To account for revenues seized by the Police Department during narcotics investigations.

Waste Management Fund

To account for the collection of a waste surcharge from consumers to finance waste management programs.

Development Impact Fees Fund

To account for the collection of fees from developers. These funds are used for public facility improvements.

Street Light Fund

To account for fees collected from new developments. These funds are used for the construction of street lights in certain areas of the City.

Office of Traffic Safety Grant Fund

To account for the revenues from the California Office of Traffic Safety to be used to a multi-ethnic comprehensive traffic safety program.

CITY OF SAN GABRIEL
Non-Major Special Revenue Funds

Combining Balance Sheet

June 30, 2007

	Special Gas Tax	Proposition A Local Return	Low and Moderate Income Housing	Citizens Option for Public Safety	Traffic Congestion Relief	Parks and Recreation Activitiy	Civic Auditorium Facility
Assets							
Cash and investments	$ 474,477	1,225,234	819,388	63,983	316,950	198,458	231,662
Accounts receivable, net	-	3,144	-	-	-	4,873	-
Due from other governments	60,057	-	4,524	-	-	-	-
Total assets	$ 534,534	1,228,378	823,912	63,983	316,950	203,331	231,662
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ -	22,831	-	-	-	4,729	-
Accrued payroll	-	5,360	-	1,489	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	28,191	-	1,489	-	4,729	-
Fund balances:							
Unreserved	534,534	1,200,187	823,912	62,494	316,950	198,602	231,662
Total fund balances	534,534	1,200,187	823,912	62,494	316,950	198,602	231,662
Total liabilities and fund balances	$ 534,534	1,228,378	823,912	63,983	316,950	203,331	231,662

Other Grants	Local Law Enforcement Block Grant	Air Quality Management District	Narcotic Seizure	Waste Management	Development Impact Fees	Street Light	Office of Traffic Safety Grant	Totals 2007	Totals 2006
218,618	189,781	150,625	268,522	1,009,831	1,164,528	136,370	-	6,468,427	4,133,830
-	-	12,760	-	60,160	-	-	-	80,937	65,687
267,740	-	13,212	-	-	-	-	17,881	363,414	477,036
486,358	189,781	176,597	268,522	1,069,991	1,164,528	136,370	17,881	6,912,778	4,676,553
19,474	50,338	24,774	-	15,798	1,500	-	-	139,444	45,681
-	-	-	-	-	-	-	-	6,849	6,699
-	-	-	-	-	-	-	17,879	17,879	-
267,455	-	-	-	-	-	-	12,357	279,812	159,672
286,929	50,338	24,774	-	15,798	1,500	-	30,236	443,984	212,052
199,429	139,443	151,823	268,522	1,054,193	1,163,028	136,370	(12,355)	6,468,794	4,464,501
199,429	139,443	151,823	268,522	1,054,193	1,163,028	136,370	(12,355)	6,468,794	4,464,501
486,358	189,781	176,597	268,522	1,069,991	1,164,528	136,370	17,881	6,912,778	4,676,553

CITY OF SAN GABRIEL
Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2007

	Special Gas Tax	Proposition A Local Return	Low and Moderate Income Housing	Citizens Option for Public Safety	Traffic Congestion Relief	Parks and Recreation Activity	Civic Auditorium Facility
Revenues:							
Taxes	$ -	-	178,607	-	-	-	-
Intergovernmental	761,949	678,287	-	100,000	167,779	-	-
Charges for services	-	-	-	-	-	165,138	49,867
Investment income	33,107	42,453	33,186	3,227	21,978	-	-
Total revenues	795,056	720,740	211,793	103,227	189,757	165,138	49,867
Expenditures:							
Current:							
Public safety	-	-	-	88,886	-	-	-
Community development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	158,879	-
Transportation	-	694,778	-	-	-	-	-
Capital outlay	-	14,217	-	31,349	203,294	-	4,772
Total expenditures	-	708,995	-	120,235	203,294	158,879	4,772
Excess (deficiency) of revenues over (under) expenditures	795,056	11,745	211,793	(17,008)	(13,537)	6,259	45,095
Other financing sources (uses):							
Transfers in	-	631,153	12,324	18,041	89,852	-	-
Transfers out	(633,851)	-	-	-	-	-	-
Total other financing sources (uses)	(633,851)	631,153	12,324	18,041	89,852	-	-
Net change in fund balances	161,205	642,898	224,117	1,033	76,315	6,259	45,095
Fund balances at beginning of year	373,329	557,289	599,795	61,461	240,635	192,343	186,567
Fund balances (deficit) at end of year	$ 534,534	1,200,187	823,912	62,494	316,950	198,602	231,662

Other Grants	Local Law Enforcement Block Grant	Air Quality Management District	Narcotic Seizure	Waste Management	Development Impact Fees	Street Light	Office of Traffic Safety Grant	Totals 2007	Totals 2006
-	-	-	-	-	-	-	-	178,607	171,768
329,198	39,359	62,483	9,836	-	-	80,350	5,524	2,234,765	3,017,287
-	-	-	-	491,176	519,594	-	-	1,225,775	897,041
-	-	6,238	13,785	-	37,059	-	-	191,033	102,562
329,198	39,359	68,721	23,621	491,176	556,653	80,350	5,524	3,830,180	4,188,658
-	-	-	-	-	-	-	17,881	106,767	140,037
18,797	-	-	-	-	-	-	-	18,797	-
-	-	-	-	-	-	-	-	158,879	183,418
-	-	-	-	-	-	-	-	694,778	1,668,142
550,638	50,338	31,224	52,647	52,184	7,066	-	-	997,729	569,832
569,435	50,338	31,224	52,647	52,184	7,066	-	17,881	1,976,950	2,561,429
(240,237)	(10,979)	37,497	(29,026)	438,992	549,587	80,350	(12,357)	1,853,230	1,627,229
33,544	-	-	-	-	-	-	-	784,914	732,707
-	-	-	-	-	-	-	-	(633,851)	(609,325)
33,544	-	-	-	-	-	-	-	151,063	123,382
(206,693)	(10,979)	37,497	(29,026)	438,992	549,587	80,350	(12,357)	2,004,293	1,750,611
406,122	150,422	114,326	297,548	615,201	613,441	56,020	2	4,464,501	2,713,890
199,429	139,443	151,823	268,522	1,054,193	1,163,028	136,370	(12,355)	6,468,794	4,464,501

CITY OF SAN GABRIEL
Special Gas Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 766,000	761,949	(4,051)	993,857
Investment income	1,000	33,107	32,107	20,093
Total revenues	767,000	795,056	28,056	1,013,950
Excess of revenues over expenditures	767,000	795,056	28,056	1,013,950
Other financing sources (uses):				
Transfers out	(681,685)	(633,851)	47,834	(609,325)
Net change in fund balances	85,315	161,205	75,890	404,625
Fund balances (deficit) at beginning of year	373,329	373,329	-	(31,296)
Fund balances at end of year	$ 458,644	534,534	75,890	373,329

CITY OF SAN GABRIEL
Proposition A Local Return Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 600,000	678,287	78,287	675,694
Investment income	26,000	42,453	16,453	36,113
Total revenues	626,000	720,740	94,740	711,807
Expenditures:				
Current:				
Transportation	814,876	694,778	120,098	1,668,142
Capital outlay	50,000	14,217	35,783	7,392
Total expenditures	864,876	708,995	155,881	1,675,534
Excess (deficiency) of revenues over (under) expenditures	(238,876)	11,745	250,621	(963,727)
Other financing sources:				
Transfers in	354,644	631,153	276,509	606,303
Net change in fund balances	115,768	642,898	527,130	(357,424)
Fund balances at end of year	557,289	557,289	-	914,713
Fund balances at end of year	$ 673,057	1,200,187	527,130	557,289

CITY OF SAN GABRIEL
Low and Moderate Income Housing Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Taxes	$ 225,000	178,607	(46,393)	171,768
Investment income	20,000	33,186	13,186	17,250
Total revenues	245,000	211,793	(33,207)	189,018
Excess of revenues over expenditures	245,000	211,793	(33,207)	189,018
Other financing sources:				
Transfers in	-	12,324	12,324	11,852
Net change in fund balances	245,000	224,117	(20,883)	200,870
Fund balances at beginning of year	599,795	599,795	-	398,925
Fund balances at end of year	$ 844,795	823,912	(20,883)	599,795

CITY OF SAN GABRIEL
Citizens Option for Public Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 100,000	100,000	-	100,000
Investment income	2,500	3,227	727	2,612
Total revenues	102,500	103,227	727	102,612
Expenditures:				
Current:				
Public safety	156,139	88,886	67,253	140,037
Capital outlay	48,735	31,349	17,386	2,969
Total expenditures	204,874	120,235	84,639	143,006
Excess (deficiency) of revenues over (under) expenditures	(102,374)	(17,008)	85,366	(40,394)
Other financing sources:				
Transfers in	26,677	18,041	(8,636)	26,687
Net change in fund balances	(75,697)	1,033	76,730	(13,707)
Fund balances at beginning of year	61,461	61,461	-	75,168
Fund balances (deficit) at end of year	$ (14,236)	62,494	76,730	61,461

CITY OF SAN GABRIEL
Traffic Congestion Relief Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 200,000	167,779	(32,221)	330,193
Investment income	15,000	21,978	6,978	294
Total revenues	215,000	189,757	(25,243)	330,487
Expenditures:				
Capital outlay	137,000	203,294	(66,294)	-
Excess (deficiency) of revenues over (under) expenditures	78,000	(13,537)	(91,537)	330,487
Other financing sources:				
Transfers in	-	89,852	89,852	-
Net change in fund balances	78,000	76,315	(1,685)	330,487
Fund balances (deficit) at beginning of year	240,635	240,635	-	(89,852)
Fund balances at end of year	$ 318,635	$ 316,950	(1,685)	240,635

CITY OF SAN GABRIEL
Parks and Recreation Activity Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Charges for services	$ 149,000	165,138	16,138	186,183
Total revenues	149,000	165,138	16,138	186,183
Expenditures:				
Culture and recreation	149,000	158,879	(9,879)	183,418
Total expenditures	149,000	158,879	(9,879)	183,418
Excess of revenues over expenditures	-	6,259	6,259	2,765
Net change in fund balances	-	6,259	6,259	2,765
Fund balances at beginning of year	192,343	192,343	-	189,578
Fund balances at end of year	$ 192,343	198,602	6,259	192,343

CITY OF SAN GABRIEL
Civic Auditorium Facility Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Charges for services	$ 45,000	49,867	4,867	47,348
Total revenues	45,000	49,867	4,867	47,348
Expenditures:				
Capital outlay	265,070	4,772	260,298	65,518
Total expenditures	265,070	4,772	260,298	65,518
Excess (deficiency) of revenues over (under) expenditures	(220,070)	45,095	265,165	(18,170)
Net change in fund balances	(220,070)	45,095	265,165	(18,170)
Fund balances at beginning of year	186,567	186,567	-	204,737
Fund balances (deficit) at end of year	$ (33,503)	231,662	265,165	186,567

CITY OF SAN GABRIEL
Other Grants Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 3,017,864	329,198	(2,688,666)	785,435
Total revenues	3,017,864	329,198	(2,688,666)	785,435
Expenditures:				
Current:				
Community development	-	18,797	(18,797)	-
Capital outlay	3,091,082	550,638	2,540,444	315,586
Total expenditures	3,091,082	569,435	2,521,647	315,586
Excess (deficiency) of revenues over (under) expenditures	(73,218)	(240,237)	(167,019)	469,849
Other financing sources:				
Transfers in	-	33,544	33,544	84,000
Net change in fund balances	(73,218)	(206,693)	(133,475)	553,849
Fund balances (deficit) at beginning of year	406,122	406,122	-	(147,727)
Fund balances at end of year	$ 332,904	199,429	(133,475)	406,122

CITY OF SAN GABRIEL
Local Law Enforcement Block Grant fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ -	39,359	39,359	-
Total revenues	-	39,359	39,359	-
Expenditures:				
Capital outlay	139,780	50,338	89,442	-
Total expenditures	139,780	50,338	89,442	-
Excess (deficiency) of revenues over (under) expenditures	(139,780)	(10,979)	128,801	-
Net change in fund balances	(139,780)	(10,979)	128,801	-
Fund balances at beginning of year	150,422	150,422	-	150,422
Fund balances at end of year	$ 10,642	139,443	128,801	150,422

CITY OF SAN GABRIEL
Air Quality Management District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 51,000	62,483	11,483	51,456
Investment income	5,000	6,238	1,238	2,994
Total revenues	56,000	68,721	12,721	54,450
Expenditures:				
Capital outlay	114,654	31,224	83,430	36,731
Total expenditures	114,654	31,224	83,430	36,731
Excess (deficiency) of revenues over (under) expenditures	(58,654)	37,497	96,151	17,719
Net change in fund balances	(58,654)	37,497	96,151	17,719
Fund balances at beginning of year	114,326	114,326	-	96,607
Fund balances at end of year	$ 55,672	151,823	96,151	114,326

CITY OF SAN GABRIEL
Narcotic Seizure Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 4,000	9,836	5,836	25,911
Investment income	13,000	13,785	785	11,090
Total revenues	17,000	23,621	6,621	37,001
Expenditures:				
Capital outlay	131,752	52,647	79,105	22,360
Total expenditures	131,752	52,647	79,105	22,360
Excess (deficiency) of revenues over (under) expenditures	(114,752)	(29,026)	85,726	14,641
Net change in fund balances	(114,752)	(29,026)	85,726	14,641
Fund balances at beginning of year	297,548	297,548	-	282,907
Fund balances at end of year	$ 182,796	268,522	85,726	297,548

CITY OF SAN GABRIEL
Waste Management Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Charges for services	$ 465,000	491,176	26,176	481,975
Total revenues	465,000	491,176	26,176	481,975
Expenditures:				
Capital outlay	1,219,659	52,184	1,167,475	119,276
Total expenditures	1,219,659	52,184	1,167,475	119,276
Excess (deficiency) of revenues over (under) expenditures	(754,659)	438,992	1,193,651	362,699
Net change in fund balances	(754,659)	438,992	1,193,651	362,699
Fund balances at beginning of year	615,201	615,201	-	252,502
Fund balances (deficit) at end of year	$ (139,458)	1,054,193	1,193,651	615,201

CITY OF SAN GABRIEL
Development Impact Fees Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Charges for services	$ 525,000	519,594	(5,406)	181,535
Investment income	15,000	37,059	22,059	12,116
Total revenues	540,000	556,653	16,653	193,651
Expenditures:				
Capital outlay	251,910	7,066	244,844	-
Total expenditures	251,910	7,066	244,844	-
Excess of revenues over expenditures	288,090	549,587	261,497	193,651
Net change in fund balances	288,090	549,587	261,497	193,651
Fund balances at beginning of year	613,441	613,441	-	419,790
Fund balances at end of year	$ 901,531	1,163,028	261,497	613,441

CITY OF SAN GABRIEL
Street Light Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ 55,000	80,350	25,350	42,040
Total revenues	55,000	80,350	25,350	42,040
Excess of revenues over expenditures	55,000	80,350	25,350	42,040
Net change in fund balances	55,000	80,350	25,350	42,040
Fund balances at beginning of year	56,020	56,020	-	13,980
Fund balances at end of year	$ 111,020	136,370	25,350	56,020

CITY OF SAN GABRIEL
Office of Traffic Safety Grant Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007			2006
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Intergovernmental	$ -	5,524	5,524	12,701
Total revenues	-	5,524	5,524	12,701
Expenditures:				
Current:				
Public safety	-	17,881	(17,881)	-
Total expenditures	-	17,881	(17,881)	-
Excess (deficiency) of revenues over (under) expenditures	-	(12,357)	(12,357)	12,701
Other financing sources:				
Transfers in	-	-	-	3,865
Net change in fund balances	-	(12,357)	(12,357)	16,566
Fund balances (deficit) at beginning of year	2	2	-	(16,564)
Fund balances (deficit) at end of year	$ 2	(12,355)	(12,357)	2

MAJOR CAPITAL PROJECT FUND

The Capital Project Fund is established to account for administrative cost for start-up of the Redevelopment Agency and costs of redevelopment.

Major Fund:

Redevelopment Fund - to account for administrative and other costs of the Redevelopment Agency.

CITY OF SAN GABRIEL
Capital Project Fund
Redevelopment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Year ended June 30, 2007

	2007				2006
	Budget			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	Actual
Revenues:					
Taxes	$ 600,000	900,000	714,428	(185,572)	687,072
Investment income	15,000	75,000	107,231	32,231	71,349
Total revenues	615,000	975,000	821,659	(153,341)	758,421
Expenditures:					
Current:					
Community development	250,386	251,425	262,209	(10,784)	245,741
Pass-throughs	-	-	60,905	(60,905)	188,271
Total expenditures	250,386	251,425	323,114	(71,689)	434,012
Excess of revenues over expenditures	364,614	723,575	498,545	(225,030)	324,409
Other financing sources (uses):					
Transfers in	2,830	2,830	1,794	(1,036)	5,349
Transfers out	-	-	(12,324)	(12,324)	(11,852)
Total other financing sources (uses)	2,830	2,830	(10,530)	(13,360)	(6,503)
Net change in fund balances	367,444	726,405	488,015	(238,390)	317,906
Fund balances (deficit) at beginning of year	(443,857)	(443,857)	(443,857)	-	(761,763)
Fund balances (deficit) at end of year	$ (76,413)	282,548	44,158	(238,390)	(443,857)

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for goods and services provided by one City department to other City departments or agencies. Funds included are:

Self-Insurance Fund - to account for payments made for the City's workers' compensation and general liability claims.

Automotive Maintenance Fund - to account for costs of operating a maintenance facility for automotive equipment used by City departments.

CITY OF SAN GABRIEL
Internal Service Funds

Combining Statement of Net Assets

June 30, 2007

	Self-Insurance	Automotive Maintenance	Totals 2007	Totals 2006
Assets				
Current assets:				
Cash and investments	$ 1,925,833	7,658	1,933,491	1,387,260
Accounts receivable, net	231,783	-	231,783	245,483
Prepaids	35,345	-	35,345	-
Total current assets	2,192,961	7,658	2,200,619	1,632,743
Noncurrent assets:				
Capital assets:				
Building	-	115,780	115,780	115,780
Machinery and equipment	-	11,200	11,200	11,200
Accumulated depreciation	-	(89,736)	(89,736)	(88,535)
Capital assets, net	-	37,244	37,244	38,445
Total assets	2,192,961	44,902	2,237,863	1,671,188
Liabilities				
Current liabilities:				
Accounts payable	16,248	29,641	45,889	207,840
Accrued payroll	-	3,002	3,002	4,694
Compensated absences	-	25,330	25,330	48,531
Claims payable - current portion	587,450	-	587,450	1,714,419
Total current liabilities	603,698	57,973	661,671	1,975,484
Noncurrent liabilities:				
Claims payable, net of current portion	1,370,717	-	1,370,717	-
Total liabilities	1,974,415	57,973	2,032,388	1,975,484
Net assets				
Unrestricted	218,546	(13,071)	205,475	(304,296)
Total net assets (deficit)	$ 218,546	(13,071)	205,475	(304,296)

CITY OF SAN GABRIEL
Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Year ended June 30, 2007

	Self-Insurance	Automotive Maintenance	Totals 2007	Totals 2006
Operating revenues:				
Charges for services	$ 3,243,335	495,000	3,738,335	3,567,426
Total operating revenues	3,243,335	495,000	3,738,335	3,567,426
Operating expenses:				
Personnel services	-	263,512	263,512	254,181
Contractual services	-	8,130	8,130	7,831
Vehicle operating	-	254,323	254,323	264,711
Depreciation	-	1,201	1,201	1,200
Utilities	-	6,480	6,480	6,037
Uniforms	-	2,070	2,070	1,984
Insurance premiums	782,163	-	782,163	604,898
Claims and judgments	2,227,483	-	2,227,483	2,527,710
Total operating expenses	3,009,646	535,716	3,545,362	3,668,552
Operating income (loss)	233,689	(40,716)	192,973	(101,126)
Non-operating revenues:				
Investment income	71,430	93	71,523	2,229
Income (loss) before transfers	305,119	(40,623)	264,496	(78,897)
Transfers in	195,487	49,788	245,275	226,349
Net change in net assets	500,606	9,165	509,771	147,452
Total net assets (deficit) at beginning of year	(282,060)	(22,236)	(304,296)	(451,748)
Total net assets (deficit) at end of year	$ 218,546	(13,071)	205,475	(304,296)

CITY OF SAN GABRIEL
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2007

	Self-Insurance	Automotive Maintenance	Totals 2007	Totals 2006
Cash flows from operating activities:				
Cash received from user departments	$ 3,257,035	495,000	3,752,035	3,695,018
Cash payments to suppliers for goods and services	(2,971,313)	(262,884)	(3,234,197)	(3,345,930)
Cash payments to employees for services	-	(288,405)	(288,405)	(247,706)
Net cash provided by (used for) operating activities	285,722	(56,289)	229,433	101,382
Cash flows from noncapital financing activities:				
Cash received from other funds	195,487	49,788	245,275	226,349
Net cash provided by noncapital financing activities	195,487	49,788	245,275	226,349
Cash flows from investing activities:				
Interest received from investments	71,430	93	71,523	22,229
Net cash provided by investing activities	71,430	93	71,523	22,229
Net increase (decrease) in cash and cash equivalents	552,639	(6,408)	546,231	349,960
Cash and cash equivalents at beginning of year	1,373,194	14,066	1,387,260	1,037,300
Cash and cash equivalents at end of year	$ 1,925,833	7,658	1,933,491	1,387,260
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 233,689	(40,716)	192,973	(101,126)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	1,201	1,201	1,200
(Increase) decrease in accounts receivable	13,700	-	13,700	127,592
(Increase) decrease in prepaids	(35,345)	-	(35,345)	36,461
Increase (decrease) in accounts payable	(170,070)	8,119	(161,951)	139,506
Increase (decrease) in accrued payroll	-	(1,692)	(1,692)	1,030
Increase (decrease) in compensated absences	-	(23,201)	(23,201)	5,445
Increase (decrease) in claims payable	243,748	-	243,748	(108,726)
Total adjustments	52,033	(15,573)	36,460	202,508
Net cash provided by (used for) operating activities	$ 285,722	(56,289)	229,433	101,382

Supplemental information:
During the fiscal year ended June 30, 2007, there were no noncash investing, capital or financing activities.

FIDUCIARY FUNDS

AGENCY FUND

The Agency Fund is used to accounting for assets held by the City as an agent for individuals. Private organizations, other governments and/or other funds. The Agency Fund operates as a clearing mechanism. Cash resources are collected, held for a brief period and then distributed to the proper recipients. The City has a fiduciary responsibility for the assets, which it does not own outright.

Deposit Fund- This fund is used to account for deposits collected by the city which will be refunded at some later date.

CITY OF SAN GABRIEL
Agency Fund

Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2007

	Balance at June 30, 2006	Additions	Deletions	Balance at June 30, 2007
DEPOSIT FUND				
Assets				
Cash and investments (note 2)	$ 298,694	1,461,607	1,359,225	401,076
Accounts receivable	45,053	99,714	45,053	99,714
Total assets	$ 343,747	1,561,321	1,404,278	500,790
Liabilities				
Accounts payable	$ 18,691	30,047	18,691	30,047
Deposits payable	325,056	1,190,814	1,045,127	470,743
Total liabilities	$ 343,747	1,220,861	1,063,818	500,790

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of San Gabriel'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 government's overall financial health.

Contents **Page**

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 84-88

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 89-93

Dept Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 94-95

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 96-97

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 98-100

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

CITY OF SAN GABRIEL
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	2007	2006	2005	2004	2003
Primary government					
Invested in capital assets, net of related debt	$ 33,796,931	32,625,226	34,550,210	34,584,514	34,987,701
Restricted		-	-	-	-
Unrestricted	21,411,617	16,489,547	13,185,700	13,181,974	13,018,335
Total primary government net assets	$ 55,208,548	49,114,773	47,735,910	47,766,488	48,006,036

TABLE 2

CITY OF SAN GABRIEL
Changes in Net Assets
Last Five Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
General Government	$ 3,202,488	4,629,928	3,632,467	3,471,388	3,135,735
Public Safety	14,685,584	14,278,926	14,394,449	12,168,593	10,326,967
Community Development	2,153,567	4,607,455	6,072,509	4,161,676	3,712,609
Transportation	3,902,507	3,386,808	697,797	2,331,649	2,142,391
Culture & Recreation	2,855,572	2,737,045	2,784,195	2,625,740	2,182,577
Total primary government expenses	26,799,718	29,640,162	27,581,417	24,759,046	21,500,279
Program Revenues					
Governmental activities:					
Charges for services:					
General government	673,429	204,187	3,505,044	1,202,766	2,168,926
Public safety	2,008,412	1,938,757	1,343,392	1,371,383	1,335,946
Culture and recreation	739,107	517,130	506,565	409,709	553,364
Community development	2,099,574	2,592,783	2,919,783	2,570,863	1,942,160
Transportation	6,000	5,500	6,500	6,000	26,485
Operating grants and contributions	4,561,119	5,149,940	4,026,667	3,184,871	4,358,304
Capital grants and contributions	2,019,336	1,497,228	1,040,705	1,966,768	702,835
Total governmental activities program revenues	12,106,977	11,905,525	13,348,656	10,712,360	11,088,020
Net revenue/(expenses)					
Total primary government net expense	$ (14,692,741)	(17,734,637)	(14,232,761)	(14,046,686)	(10,412,259)

TABLE 2
Continued

CITY OF SAN GABRIEL
Changes in Net Assets
Last Five Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	7,765,406	6,810,825	$ 5,408,729	$ 5,406,831	$ 4,801,327
Sales Taxes	4,146,868	3,951,558	3,924,613	3,783,872	3,626,265
Franchise taxes	668,599	581,641	565,710	556,582	608,215
Transient occupancy tax	565,719	492,500	367,974	53,631	64,535
Utility users tax	3,542,633	3,436,485	3,259,972	3,204,161	2,937,247
Property transfer tax	237,345	225,367	198,064	213,818	164,342
Major vehicle in lieu(unrestricted)	3,174,911	3,014,702			
Investment earnings	616,772	521,702	353,378	292,887	269,883
Miscellaneous	68,263	78,720	123,743.00	295,356.00	609,230.00
Total governmental activities	20,786,516	19,113,500	14,202,183	13,807,138	13,081,044
Total primary government	20,786,516	19,113,500	14,202,183	13,807,138	13,081,044
Changes in Net Assets					
Total primary government	$ 6,093,775	1,378,863	(30,578)	(239,548)	2,668,785

Notes: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Information prior to the implementation of GASB 34 is not available.

TABLE 3

CITY OF SAN GABRIEL
Fund Balances of Governmental Funds
Last Five Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
General fund					
Reserved	$ 5,480,870	4,272,486	3,129,445	1,923,998	1,845,580
Unreserved	3,951,322	2,830,700	1,547,760	1,549,942	2,349,402
Total general fund	$ 9,432,192	7,103,186	4,677,205	3,473,940	4,194,982
All other governmental funds					
Reserved	$ 4,200,199	4,656,964	5,154,535	6,157,919	5,758,216
Unreserved, reported in:					
Special revenue funds	8,652,955	6,820,730	5,323,606	4,910,204	3,833,019
Capital projects funds	(1,455,842)	(1,943,857)	(761,763)	(802,329)	(792,414)
Total all other governmental funds	$ 11,397,312	9,533,837	9,716,378	10,265,794	8,798,821

(1) Fifth year GASB 34 implementation.

TABLE 4

CITY OF SAN GABRIEL
Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
Revenues					
Tax	$ 17,819,605	16,357,216	14,279,916	13,350,237	12,502,126
Licenses and permits	1,804,288	1,751,879	1,522,070	1,466,456	1,095,066
Intergovernmental	6,674,651	7,376,681	6,645,842	5,745,683	6,331,359
Charges for services	3,378,104	3,172,456	3,433,174	3,017,850	2,556,007
Fines	1,134,103	935,568	505,031	589,054	653,878
Investment earnings	1,603,128	1,201,027	543,184	421,241	384,816
Miscellaneous	196,614	964,280	124,063	295,366	609,655
Total revenues	32,610,493	31,759,107	27,053,280	24,885,887	24,132,907
Expenditures					
General government	4,653,839	4,488,526	3,484,375	3,348,343	3,056,428
Police	9,013,299	8,651,059	8,129,980	7,037,866	6,145,663
Fire	5,415,918	5,165,018	4,955,281	4,433,485	3,731,959
Community development	3,826,599	3,778,788	3,923,588	3,342,852	3,120,389
Culture and recreation	2,760,442	2,599,376	2,477,786	2,434,397	2,061,358
Capital outlay	1,787,862	1,418,409	2,637,308	2,358,160	2,943,895
Transportation	714,778	1,688,142	621,934	1,050,263	921,018
Total expenditures	28,172,737	27,789,318	26,230,252	24,005,366	21,980,710
Excess of revenues over(under) expenditures	4,437,756	3,969,789	823,028	880,521	2,152,197
Other financing sources(uses)					
Transfers in	5,878,963	5,497,386	4,880,058	3,040,877	3,136,576
Transfers out	(6,124,238)	(5,723,735)	(5,049,237)	(3,175,467)	(3,252,745)
Sales of capital assets	-	-		-	-
Total other financing sources (uses)	(245,275)	(226,349)	(169,179)	(134,590)	(116,169)
Net change in fund balances	$ 4,192,481	3,743,440	653,849	745,931	2,036,028

(1) Fifth year GASB 34 implementation.

TABLE 5

CITY OF SAN GABRIEL
Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
1997-1998	$ 1,308,823,786	399,118,249	49,160,931	10,706,864	1,746,396,102	0.1971%
1998-1999	1,340,570,359	406,928,993	48,965,016	10,417,461	1,786,046,907	0.1968%
1999-2000	1,386,199,044	416,906,938	50,614,262	10,293,465	1,843,426,779	0.1965%
2000-2001	1,456,233,461	437,797,493	50,726,129	11,701,203	1,933,055,880	0.1958%
2001-2002	1,552,035,307	468,710,065	54,034,685	11,688,507	2,063,091,550	0.2046%
2002-2003	1,653,432,464	488,962,063	56,502,244	12,998,045	2,185,898,726	0.2063%
2003-2004	1,816,341,125	519,001,911	58,806,602	13,241,637	2,380,908,001	0.2078%
2004-2005	1,954,983,363	534,095,932	60,925,561	13,950,179	2,536,054,677	0.2115%
2005-2006	2,147,415,244	572,858,300	61,727,068	13,972,591	2,768,028,021	0.2445%
2006-2007	2,357,776,029	709,325,979	69,591,831	14,065,867	3,136,693,839	0.2685%

Source: Los Angeles County Assessor's Office

TABLE 6

City of San Gabriel
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per $100 of assessed value)

City Direct Rates:	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City basic rate	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.24803	0.24803
Total City Direct Rate	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.24803	0.24803
Overlapping Rates:										
Water District	0.00950	0.00950	0.00950	0.00940	0.00830	0.00730	0.00670	0.00580	0.00580	0.0053
Flood Control District	0.01430	0.01405	0.01387	0.01365	0.01257	0.01298	0.01256	0.01235	0.01221	0.01221
Sanitary District	0.01390	0.01390	0.01390	0.01390	0.01390	0.01390	0.01390	0.01391	0.01391	0.01391
Unified School District	0.23000	0.23000	0.23000	0.23000	0.23000	0.28803	0.28224	0.28729	0.28252	0.27898
County Library	0.02400	0.02400	0.02400	0.02400	0.02400	0.02400	0.02400	0.02434	0.02434	0.02434
County	0.61158	0.61145	0.61142	0.61281	0.62862	0.62713	0.63234	0.63052	0.62637	0.64059
Total Direct Rate	1.12128	1.12090	1.12069	1.12177	1.13540	1.19134	1.18975	1.19220	1.21318	1.22336

Source: Los Angeles County Assessor 2006/07 Tax Rate Table.

CITY OF SAN GABRIEL
Principal Property Taxpayers
Last Ten Fiscal Years
(amounts expressed in thousands)

	2007			2006			2005			2004			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
San Gabriel Valley Medical Center	$ 60,296	1	1.92%	$ 76,240	1	2.68%	$ 77,185	1	2.96%	$ 74,893	1	3%	$ 71,702	1	3.11%
Universal Shopping Plaza	56,225	2	1.79%	54,439	2	1.97%	53,372	2	2.05%	52,394	2	2.10%	51,366	2	2.23%
Tony C. Chu Trust	20,072	3	0.64%	19,799	3	0.72%	19,292	3	0.74%	15,639	3	0.63%	15,332	3	0.67%
Demer Properties Inc.	16,658	4	0.53%	18,372	4	0.66%	14,247	4	0.55%	13,986	4	0.56%	11,657	4	0.51%
San Gabriel Medical Plaza LLC Lessee	13,938	5	0.44%												
Landwin Hospitality LLC	13,609	6	0.43%	13,079	5	0.47%							9,868	6	0.43%
Setiawan & Dharmawan Trust	10,889	7	0.35%												
Amson Realty LLC	10,500	8	0.33%												
China Times Inc.	9,077	9	0.29%												
Grand Valley LLC	8,490	10	0.27%	8,324	7	0.30%									
Archdiocese of LA Educ & Welfare													8,472	7	0.37%
C & B Limited Partnership													7,034	9	0.31%
Hawaii Property Inc.				8,102	8	0.29%	10,153	5	0.39%	11,195	5	0.45%	11,140	5	0.51%
King Summer Star LLC				11,014	6	0.40%	10,798	6	0.41%	10,600	6	0.42%			
Life Plaza Center LLC						0.00%	6,963	10	0.27%	6,835	10	0.27%			
Lucky Center LLC				8,089	9	0.29%	7,930	9	0.30%	7,785	9	0.31%	7,632	8	0.33%
Roman Catholic Archbishop of LA							8,583	8	0.33%	8,398	8	0.34%			
Shih Properties Inc.				7,613	10	0.28%									
Thomas K. & Hsui Y. Wong							8,895	7	0.34%	8,836	7	0.35%	6,800	10	0.30%

Source: Los Angeles County Assessor

CITY OF SAN GABRIEL
Principle Property Taxpayers
Last Ten Fiscal Years
(amounts expressed in thousands)

Taxpayer	2002			2001			2000			1999			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Universal Shopping Plaza	$ 50,359	1	2.43%	$ 49,277	1	2.47%	$ 48,311	1	2.54%	$ 47,432	1	2.64%	$ 46,502	1	2.65%
Tony C. Chu Trust	12,352	2	0.60%	11,430	2	0.58%	11,013	2	0.58%	10,707	2	0.60%	10,601	2	0.60%
Hawaii Property Inc.	9,878	3	0.48%	7,020	6	0.35%	6,190	6	0.32%	5,315	8	0.30%			
Demer Properties Inc.	9,602	4	0.46%	9,012	4	0.45%	9,012	3	0.47%	9,012	3	0.50%	9,012	4	0.51%
C & B Limited Partnership	9,221	5	0.44%	9,040	3	0.45%	8,863	4	0.47%	8,702	5	0.48%	8,262	5	0.47%
Lucky Center LLC	7,483	6	0.36%	7,336	5	0.37%									
Life Plaza Center LLC	6,570	7	0.32%	6,441	7	0.32%	6,328	5	0.33%	8,750	4	0.49%	10,062	3	0.57%
Landwin Hospitality LLC	6,376	8	0.31%												
Charter Communication	5,627	9	0.27%												
De Marco Parties Partnership	5,475	10	0.26%	5,570	8	0.28%	5,955	7	0.31%	5,202	9	0.29%			
Archdiocese of LA Educ & Welfare										7,843	6	0.44%			
China Times Inc.				4,606	10	0.23%	4,429	9	0.23%				4,144	9	0.24%
Shih Properties Inc.							3,885	10	0.20%						
Tsan B. and Maria W. Shiau Trust				4,907	9	0.25%	5,115	8	0.27%	5,489	7	0.31%	5,480	6	0.31%
San Gabriel Country Club										5,189	10	0.29%			
Hi Tech Development													5,348	7	0.30%
Edward C. and Ruey M. Yang													4,954	8	0.28%
Schultz and Hamilton Joint													3,922	10	0.22%

Source: Los Angeles County Assessor.

TABLE 8

CITY OF SAN GABRIEL
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	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
1996-1997	$ 3,829,610	$3,775,315 (1)	99%	$ (2,929) (2)	$3,772,386	99%
1997-1998	3,830,484	4,064,436 (1)	106%	(228) (2)	4,064,208	106%
1998-1999	3,916,291	4,038,562 (1)	103%	120,829	4,159,391	106%
1999-2000	3,833,835	3,944,874 (1)	103%	12,852	3,957,726	103%
2000-2001	4,127,621	4,313,059 (1)	104%	110,999	4,424,058	107%
2001-2002	4,379,411	4,490,474	103%	139,824	4,630,299	106%
2002-2003	4,620,864	4,836,083	105%	81,785	4,917,868	106%
2003-2004	5,018,082	5,050,186	101%	62,137	5,112,323	102%
2004-2005	5,320,209	5,533,175	104%	198,174	5,731,349	108%
2005-2006	6,611,481	6,539,265	99%	470,993	7,010,258	106%
2006-2007	7,456,596	7487101.05	100%	268,406	7,755,507	104%

(1) Includes collection of prior years delinguent taxes due to recording method during those years.

(2) Negative amount reflect refunds made in subsequent years.

Source: Los Angeles County Auditor-Controller

TABLE 9

CITY OF SAN GABRIEL

Schedule of Direct and Overlapping Debt

June 30, 2007

	Percent Applicable to City of San Gabriel	Outstanding Debt 6/30/07	Amount Applicable to City of San Gabriel
Overlapping bonded debt:			
LA. CO. FL. CON. STORM DR.D.S.#4	0.393	$ 370,000	$ 1,452
ORIG AREA UP S G VY MWD 1116001	0.418	165,681,509	691,969
GARVEY SCH DIST DS 2000 SER A	12.775	7,254,903	926,841
GARVEY SCH DIST DS 2000 SER B	12.775	6,444,519	823,312
GARVEY SCH DIST DS 2004 SERIES 2005	12.775	20,713,634	2,646,245
ROSEMEAD SCH DIST DS 2000 SER A	11.560	7,105,000	821,307
ROSEMEAD SCH DIST DS 2000 SER B	11.560	9,730,000	1,124,746
EL MONTE UN HSD DS 2002 SER A	2.336	6,095,000	142,392
EL MONTE UNION HI DS 2002 SEREIS B	2.336	8,470,000	197,878
EL MONTE UN HSD DS 2006 REF BDS	2.336	38,929,927	909,488
L.A. CCD DS 2001 SER-A	0.587	40,260,000	236,236
L.A. CCD DS 2003 SER-B	0.587	27,774,898	162,977
L.A. CCD DS 2003 TAX'BLE SER 2004B	0.587	103,900,000	609,661
L.A. CCD DS 2001 TAX'BLE SER 2004A	0.587	82,000,000	481,157
L.A. CCD DS 2001SERIES 2005A	0.587	433,540,000	2,543,913
L.A. CCD DS 2001 2006 SERIES B	0.587	350,000,000	2,053,757
PASADENA AREA CCD DS 2002 S-A	0.443	5,405,000	23,953
PASADENA CCD DS 2006 SERIES B	0.443	87,657,774	388,466
SAN GABRIEL USD DS 2002 SER-A	73.961	11,697,600	8,651,610
SAN GABRIEL USD DS 2002 SER-B	73.961	6,728,892	4,976,726
SAN GABRIEL USD DS 2005 REF BONDS	73.961	17,435,000	12,895,023
ALHAMBRA USD DS 99 S-A	0.013	8,530,561	1,089
ALHAMBRA USD DS 99 SER B	0.013	9,038,640	1,154
ALHAMBRA USD DS 2005 REF BDS	0.013	8,865,000	1,132
ALHAMBRA UDS DS 2004 SER A	0.013	48,400,000	6,181
Total Overlapping Debt:			$ 41,318,665

Source: Los Angeles County Assessor

TABLE 10

CITY OF SAN GABRIEL

Legal Debt Margin Information

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed value	1,757,102,966	1,796,464,368	1,853,720,244	1,944,757,083	2,074,780,057	2,198,896,771	2,394,149,638	2,550,004,856	2,782,000,612	3,136,693,839
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	439,275,742	449,116,092	463,430,061	486,189,271	518,695,014	549,724,193	598,537,410	637,501,214	695,500,153	784,173,460
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	65,891,361	67,367,414	69,514,509	72,928,391	77,804,252	82,458,629	89,780,611	95,625,182	104,325,023	117,626,019
Total net debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
Legal debt margin	65,891,361	67,367,414	69,514,509	72,928,391	77,804,252	82,458,629	89,780,611	95,625,182	104,325,023	117,626,019
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: (1) Los Angeles County Assessor
(2) City Finance Department

TABLE 11

CITY OF SAN GABRIEL
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal income(2)	Unemployment Rate(2)
1998	39,100	$ 253,515,785	$ 27,220	6.70%
1999	39,700	263,987,283	27,973	5.90%
2000	39,804	279,049,532	29,232	5.40%
2001	40,363	294,508,314	30,503	5.60%
2002	40,969	301,002,945	30,828	7.20%
2003	41,571	310,043,501	31,452	7.50%
2004	41,853	329,048,068	33,179	6.90%
2005	42,125	342,231,121	34,426	5.30%
2006	42,320	N/A	N/A	4.70%
2007	42,691	N/A	N/A	5.20%

Source: (1) State Department of Finance
(2) State of California Employement Development Department (data shown is for the County)

TABLE 12

CITY OF SAN GABRIEL
Principal Employers
Last Five Years (1)

	2007		2006		2005		2004		2003	
Employer	No. of Emp	% of Total City Emp	No. of Emp	% of Total City Emp	No. of Emp	% of Total City Emp	No. of Emp	% of Total City Emp	No. of Emp	% of Total City Emp
99 RANCH MARKET	180	2.58%	171	2.53%	171	2.59%	161	2.48%	161	2.68%
SAN GABRIEL SUPERSTORE	154	2.21%	144	2.13%	106	1.61%	112	1.73%	106	1.77%
LANDWIN HOSPITALITY LLC	137	1.96%	18	0.27%	-	0.00%	-	0.00%	-	0.00%
HAWAII SUPERMARKET	125	1.79%	121	1.79%	121	1.83%	121	1.87%	136	2.27%
LIVE OAK REHABILITATION CENTER	111	1.59%	92	1.21%	87	1.32%	81	1.25%	88	1.25%
ALDERWOOD MANOR	105	1.50%	103	1.52%	100	1.51%	101	1.56%	70	1.17%
MISSION LODGE SANITARIUM	105	1.50%	98	1.45%	106	1.61%	116	1.79%	111	1.85%
PARK UNIFORM RENTAL	100	1.43%	71	1.05%	59	0.89%	62	0.96%	80	1.33%
LIFE CARE CENTER OF SAN GABRIEL	95	1.36%	109	1.61%	97	1.47%	93	1.43%	92	1.53%
FERNVIEW CONVALESCENT HOSPITAL	90	1.29%	90	1.33%	97	1.47%	87	1.34%	74	1.23%
MARCO'S AUTO BODY, INC.	89	1.28%	76	1.12%	73	1.11%	76	1.17%	76	1.27%
SAN GABRIEL NURSERY & FLORIST	82	1.18%	82	1.21%	92	1.39%	96	1.48%	93	1.55%
A G SAN GABRIEL, LLC	76	1.09%	57	0.84%	54	0.82%	52	0.80%	-	0.00%
O'DONNELL CHEVROLET-GEO-BUICK	72	1.03%	74	1.09%	81	1.23%	82	1.27%	93	1.55%
CHINA TIMES PRINTING INC.	68	0.97%	87	1.29%	101	1.53%	91	1.40%	96	1.60%

(1) Data before 2003 is not available.

Source: City Finance Department

TABLE 13

CITY OF SAN GABRIEL
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Full-time Equivalent Employees									
Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government										
Management services	7	7	7	7	6	6	6	6	6	6
Finance	8	8	7	7	7	6	5	5	5	5
Planning	4	4	4	4	4	3	2	3	3	2
Building	2	2	2	1	2	1	1	1	1	2
Other	6	4	5	5	5	3	3	2	2	2
Police										
Officers	54	53	54	53	50	54	52	53	53	54
Civilians	14	14	12	15	15	13	13	14	13	13
Fire										
Firefighters and officers	31	33	32	34	33	32	33	33	33	33
Civilians	2	2	2	2	2	2	1	1	2	2
Highways and streets										
Engineering	2	2	1	1	1	-	-	-	-	1
Maintenance	16	19	19	19	17	18	19	18	19	18
Redevelopment	0	1	1	1	1	1	1	-		1
Parks and recreation	20	21	21	21	21	22	21	20	20	20
Total	166	170	167	170	164	161	157	156	157	159

Source: City Finance Department

TABLE 14

CITY OF SAN GABRIEL
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year 2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government										
Building permits issued	1,648	1,293	1,868	1,998	2,026	1,539	1,396	N/A	N/A	N/A
Building inspections conducted	5,947	4,671	6,868	9,002	6,723	4,095	3,545	N/A	N/A	N/A
Police										
Physical arrests	598	868	907	727	664	787	826	860	1,064	1,125
Parking violations	13,836	12,432	8,599	9,919	12,288	12,205	15,068	11,858	10,346	11,871
Traffic violations	4,865	7,456	7,008	9,078	7,632	9,045	10,756	11,310	9,985	13,542
Fire										
Emergency responses	2,331	1,805	2,234	2,177	2,127	2,074	2,157	2,161	2,025	2,020
Inspections	2,420	2,423	2,062	1,877	2,423	2,411	1,943	1,798	1,932	1,975
Highways and streets										
Street resurfacing(miles)	0.00	0.00	3.05	1.45	1.50	2.06	3.23	0.56	0.45	0.40
Potholes repaired	1,920	2,304	2,112	1,920	1,728	2,024	1,980	1,824	1,536	1,280
Culture and recreation										
Classes offered	285	289	362	383	323	321	325	319	341	361
Facility rentals	45	35	33	41	30	15	15	15	15	15

Source: City Finance Department

TABLE 15

CITY OF SAN GABRIEL
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	27	27	27	27	26	27	27	27	27	27
Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets(miles)	72	72	72	72	72	72	72	72	72	72
Streetlights	800	800	780	765	750	730	715	700	680	665
Traffic signals	915	915	915	915	915	915	915	903	903	903
Culture and recreation										
Parks acreage	25	25	25	25	25	25	25	25	25	25
Parks	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	6	6	6	6
Community centers	2	2	2	2	2	2	2	2	2	2

Source: City Finance Department

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