

CITY OF SAN GABRIEL,
CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2008

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, 2008

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INTRODUCTORY SECTION

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December 13, 2008

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, 2008.

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, 2008, 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, 2008, 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

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

In 2007-08 the City prepared 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 was incorporated into the fiscal year's planning and budgetary processes and the second version will be developed and implemented for next fiscal year.

Major road and sewer improvement projects were identified and included for future appropriation. Specific street improvement projects such as San Gabriel Boulevard and Roses Road were included as well as, 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 4.76%.

Risk Management

The City is a member of the California Joint Powers Insurance Authority. The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began in 1978, each member government has an elected official as its representative on the Board

of Directors and the Board operates through a 9-member Executive Committee. At June 30, 2008, the claims payable for workers' compensation and general liability, based on information available to the City, were \$1,575,159 and \$369,297 respectively. Listed below are the Authority's coverage limits and method to spread the Authority's costs:

General Liability:

The first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation:

Each member pays a primary deposit to cover estimated losses for a fiscal year. After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties – Excess Insurance Authority Members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Administrative Expenses are paid from the Authority's investment earnings.

Purchased Insurance:

The City's property insurance is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$18,829,757. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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.

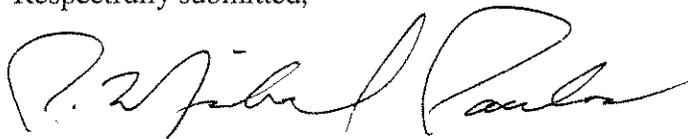
The City of San Gabriel also provides postretirement healthcare benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 60 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP currently do not require governments 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, 2007. 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, 2008

CITY COUNCIL

Harry L. Baldwin - Mayor

Juli Costanzo - Vice Mayor

David R. Gutierrez

Albert Y.M. Huang

Kevin B. Sawkins

ELECTED OFFICIALS

Eleanor K. Andrews - City Clerk

John Janosik - City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

City Manager

Deputy City Manager

Police Chief

Fire Chief

Director of Finance

Director of Parks and Recreation

Mission Playhouse Manager

P. Michael Paules

Steven Preston

David Lawton

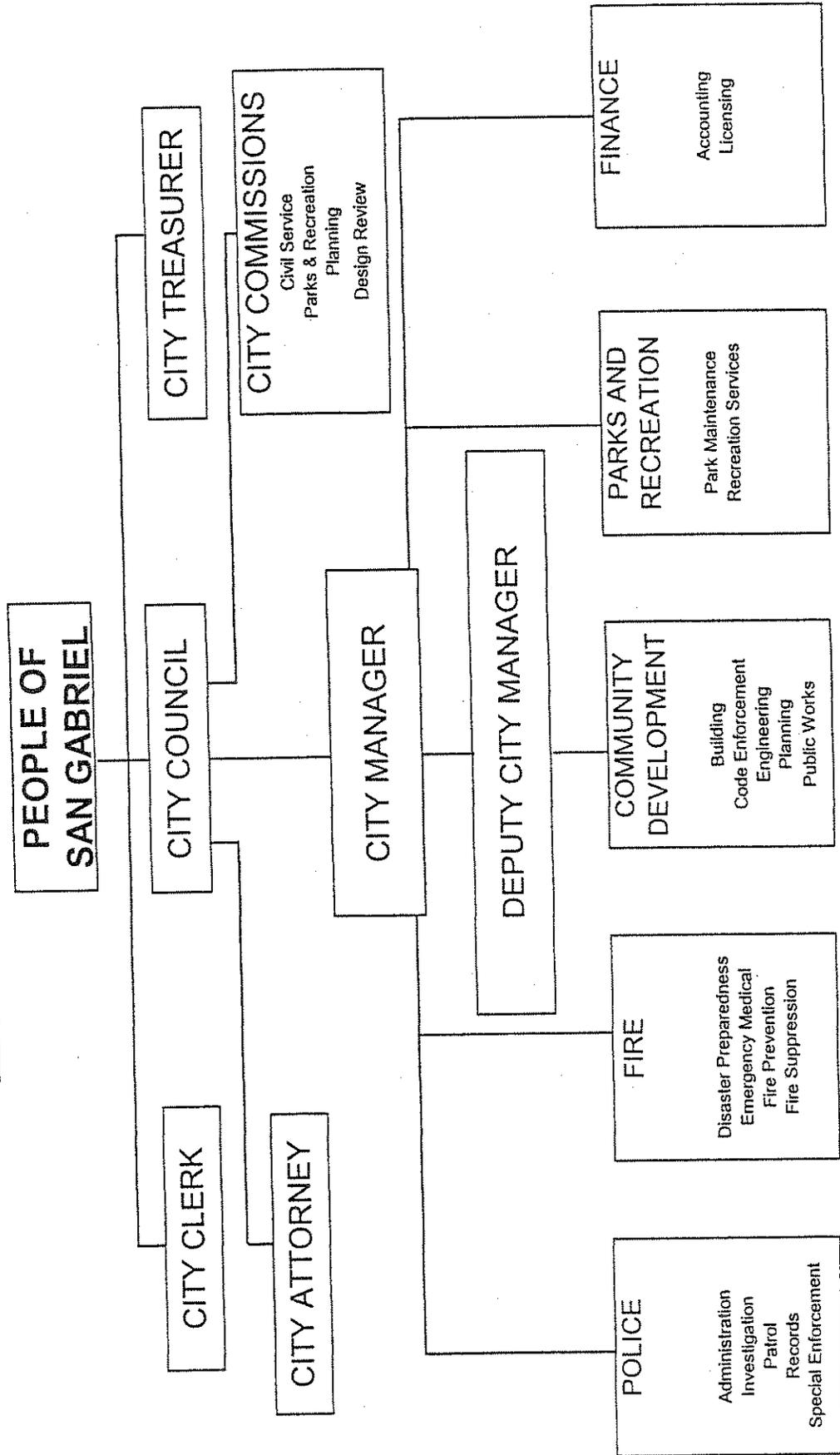
Joseph Nestor

Thomas Marston

Rebecca Perez

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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION

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Mayer Hoffman McCann P.C.
An Independent CPA Firm
Conrad Government Services Division
2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

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, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the 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, 2007 and, in our report dated December 11, 2007, 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, 2008, 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.



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

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, individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements 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, 2008 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 PC.

Irvine, California
December 11, 2008

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, 2008. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net assets increased 2.0% to \$56.3 million as a result of this year's operations.
- During the year, the City's taxes and general revenues exceeded governmental expenditures by \$1.1 million.
- The total revenues from all sources equaled \$34.8 million.
- The total cost of all City programs equaled \$33.7 million.
- The General Fund reported excess revenues over expenditures of \$1.5 million.
- For the General Fund, actual resources available for appropriation (revenues and transfers-in) were less than the final budget by \$.7 million, while actual expenditures were \$3.5 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 than 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.

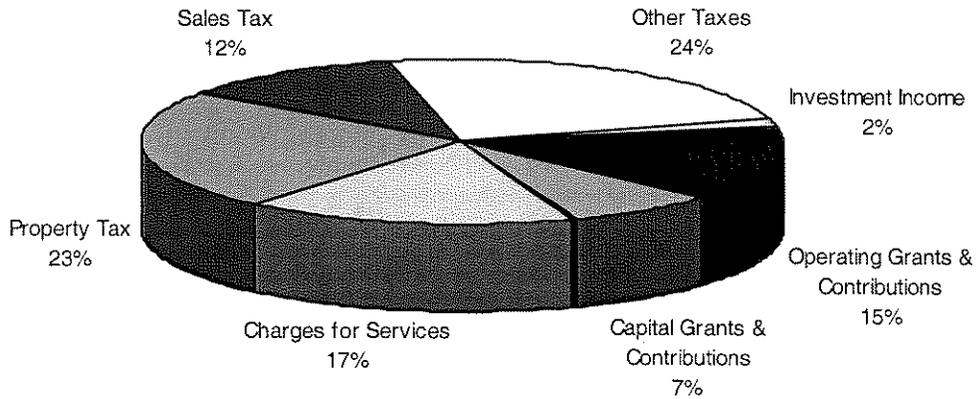
**Table 1
Statement of Net Assets
(in Millions)**

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$31.4	\$28.3
Capital Assets	<u>33.4</u>	<u>33.8</u>
Total Assets	\$64.8	\$62.1
Long-term debt outstanding	2.9	2.6
Other Liabilities	<u>5.6</u>	<u>4.3</u>
Total Liabilities	8.5	6.9
Net Assets:		
Invested in capital assets, net of debt	33.4	33.8
Unrestricted	<u>22.9</u>	<u>21.4</u>
Total net Assets	<u>56.3</u>	<u>55.2</u>

The City's net assets from governmental activities increased 2.0% from \$55.2 million to \$56.3 million. This increase of \$1.1 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 2008 GOVERNMENTAL ACTIVITIES
(See Table 2)

Sources of Revenue
Total - \$34,809,905



Functional Expenses
Total - \$33,689,949

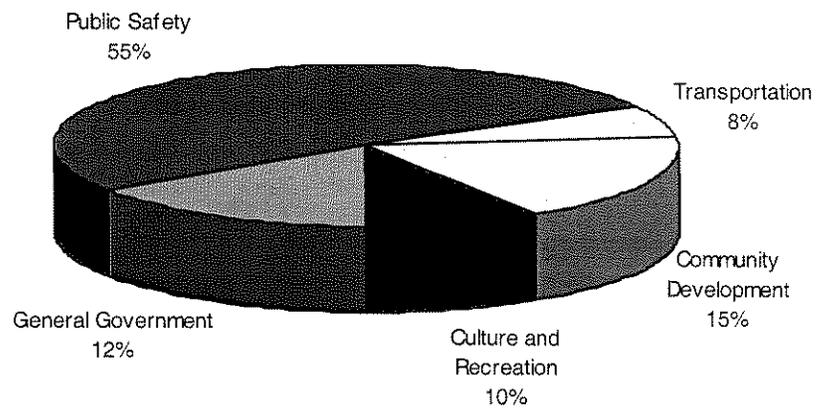


Table 2
Statement of Activities
(in Millions)

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Revenues		
Program Revenues		
Charges for Service	\$ 5.8	\$ 5.5
Operating Contributions and Grants	5.1	4.6
Capital Contributions and Grants	2.6	2.0
General Revenues		
Taxes		
Property Taxes	8.2	7.8
Utility User Taxes	3.6	3.5
Sales Taxes	4.1	4.1
Motor Vehicle in Lieu	3.3	3.2
Franchise Taxes	.6	.7
Transient Occupancy Taxes	.6	.6
Property Transfer Taxes	.2	.2
Investment Income	.6	.6
Other Revenue	<u>.1</u>	<u>.1</u>
Total Revenues	<u>34.8</u>	<u>32.9</u>
Expenses		
General Government	5.2	3.2
Public Safety	17.2	14.7
Transportation	2.1	2.2
Community Development	6.1	3.9
Culture and Recreation	<u>3.1</u>	<u>2.8</u>
Total Expenses	<u>33.7</u>	<u>26.8</u>
Increase (decrease) in net assets	<u>\$ 1.1</u>	<u>\$ 6.1</u>

The City's total revenues were \$34.8 million, while the total cost of all programs and services were \$33.7 million. This is an increase of 5.8% in revenue and 25.2% increase 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 utility user taxes affected by increased development including 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	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Expenses				
General Government	5.2	3.2	(4.5)	(2.5)
Public Safety	17.2	14.7	(14.7)	(11.6)
Transportation	2.0	2.2	.2	(.3)
Community Development	6.1	3.9	.8	1.5
Culture and Recreation	<u>3.1</u>	<u>2.8</u>	<u>(2.0)</u>	<u>(1.8)</u>
Totals	<u>33.7</u>	<u>26.8</u>	<u>(20.2)</u>	<u>(14.7)</u>

- 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 \$8.2 million, Sales Taxes \$4.1 million, and Utility Users Taxes \$3.6 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 \$24.6 million, which is a \$2.3 million increase from last year. Included in this amount is a net increase in fund balance for the General fund of approximately \$1.6 million.

- The City’s General Fund unreserved fund balance is \$3.9 million. However, it should be noted this amount includes approximately \$400,000 that is currently unavailable for immediate appropriation due to interfund loans. The remaining \$3.5 million is more than the City’s policy of having \$1.4 million available for emergencies and for immediate appropriation. However, approximately \$900,000 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 combination of a stable property tax base and a relatively diversified Sales Tax revenue stream has helped to ensure the City's revenues were not severely at risk for decline. In addition, a firm commitment by management to reduce expenditures whenever possible provided for a significant "under-expenditure" of the approved budget.

- The Community Development Block Grant Fund is the only major 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 continued to enhance its financial position and this is due to the further increases in assessed valuations within the redevelopment project area combined with the containment on expenditures as the Agency did not fund a position for much of the fiscal year. 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 \$3.5 million less than the final budget. The budget to actual variance in appropriations was due to departments spending less than their historical average motivated by a concerted effort by the City to "do more with less." 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 \$1,015,000 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 less than the final budget by \$530,000. 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 2008, the City had \$33.4 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 decrease (including additions and deductions) of \$.4 million or 1.2% under 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	
	<u>2008</u>	<u>2007</u>
Land	4.4	4.4
Buildings & Improvements	5.0	4.4
Machinery & Equipment	2.9	3.0
Infrastructure	<u>21.1</u>	<u>22.0</u>
Totals	<u>33.4</u>	<u>33.8</u>

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 \$1,897,979 or \$314,121 more than the prior year. Of the \$1,897,979, \$379,596 is anticipated to be due within one year. At year-end the City’s liability for Claims Payable/Self Insurance was \$1,944,456 or \$13,711 less than the prior year. Of the \$1,944,456, 583,337 is anticipated to be due within one year.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

While the City maintains a diverse housing stock, the City’s economy is predominately commercial and retail based mixed in with a developing Pacific Rim tourism business. Many of these tourists are here on business and later many decided to establish a home for themselves or family. As such, while much has been made over that past year about declining property tax values, San Gabriel has been able to buck that trend. In fact, in Los Angeles County the City of San Gabriel had the third highest increases in assessed values.

The City’s 2008-09 Budget takes into account the historical trends of sales for the community and projecting transient occupancy tax, sales tax, and property taxes. In order to improve the revenue stream for the City the community placed a ballot measure to increase the utility user tax which was approved and should add approximately \$1.2 million per year starting with the 2009-10 fiscal year. The 2008-09 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, please 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, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and investments (note 2)	\$ 26,962,589
Accounts receivable, net	1,162,248
Prepays	20,313
Interest receivable	123,031
Due from other governments	1,630,542
Property held for resale	1,500,000
Capital assets, depreciated (note 4)	29,029,150
Capital assets, not depreciated (note 4)	<u>4,425,991</u>
Total assets	<u>64,853,864</u>
Liabilities:	
Accounts payable	4,147,377
Accrued payroll	535,548
Long-term liabilities (note 5):	
Due within one year	962,933
Due in more than one year	<u>2,879,502</u>
Total liabilities	<u>8,525,360</u>
Net assets:	
Invested in capital assets	33,455,141
Unrestricted	<u>22,873,363</u>
Total net assets	<u>\$ 56,328,504</u>

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, 2008

(With Comparative Data for Prior Year)

	Special Revenue Funds				Capital Project Fund	Non-Major Governmental Funds	Totals		
	General Fund	Retirement	Proposition C Local Return	Community Development			Redevelopment	2008	2007
				Block Grant	-				
Assets:									
Cash and investments	\$ 7,758,812	3,079,849	2,355,994	-	3,738,011	8,440,685	25,373,351	21,993,346	
Accounts receivable, net	839,234	-	-	-	-	87,047	926,281	803,634	
Interest receivable	123,031	-	-	-	-	-	123,031	209,493	
Due from other funds (note 3)	400,123	-	-	-	-	-	400,123	137,164	
Due from other governments	936,981	121,504	-	90,897	23,063	458,097	1,630,542	1,606,802	
Prepays	2,640	-	-	-	-	-	2,640	8,204	
Advances to other funds (note 3)	2,665,120	-	-	-	-	-	2,665,120	2,282,827	
Property held for resale	-	-	-	-	1,500,000	-	1,500,000	1,500,000	
Total assets	\$ 12,725,941	3,201,353	2,355,994	90,897	5,261,074	8,985,829	32,621,088	28,541,470	
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 1,227,738	-	14,369	19,690	1,909,933	913,983	4,085,713	2,932,752	
Accrued payroll	513,101	-	-	6,899	590	9,026	529,616	386,813	
Due to other funds (note 3)	-	-	-	64,308	-	335,815	400,123	137,164	
Advances from other funds (note 3)	-	-	-	-	2,665,120	-	2,665,120	2,282,827	
Deferred revenue	16,835	-	-	90,897	-	190,310	298,042	472,410	
Total liabilities	1,757,674	-	14,369	181,794	4,575,643	1,449,134	7,978,614	6,211,966	
Fund balances (deficit):									
Reserved for:									
Capital replacement	4,173,906	-	-	-	-	-	4,173,906	3,084,646	
Encumbrances	228,168	-	-	-	-	-	228,168	105,193	
Retirement	-	3,201,353	-	-	-	-	3,201,353	4,200,199	
Prepays	2,640	-	-	-	-	-	2,640	8,204	
Advances to other funds	2,665,118	-	-	-	-	-	2,665,118	2,282,827	
Property held for resale	-	-	-	-	1,500,000	-	1,500,000	1,500,000	
Unreserved:									
Reported in:									
General fund	3,898,435	-	-	-	-	-	3,898,435	3,951,322	
Special revenue funds	-	-	2,341,625	(90,897)	-	7,536,695	9,787,423	8,652,955	
Capital project fund	-	-	-	-	(814,569)	-	(814,569)	(1,455,842)	
Total fund balances (deficit)	10,968,267	3,201,353	2,341,625	(90,897)	685,431	7,536,695	24,642,474	22,329,504	
Total liabilities and fund balances	\$ 12,725,941	3,201,353	2,355,994	90,897	5,261,074	8,985,829	32,621,088	28,541,470	

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, 2008

Fund balances of governmental funds	\$ 24,642,474
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation of \$53,122,424, have not been included as financial resources in governmental fund activity.	33,419,097
Compensated absences have not been included in the governmental fund activity:	
Compensated absences	(1,880,217)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	298,042
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.	<u>(150,892)</u>
Net assets of governmental activities	<u>\$ 56,328,504</u>

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, 2008
(With Comparative Data for Prior Year)

	Special Revenue Funds				Capital Project Fund	Non-Major Governmental Funds	Totals	
	General Fund	Retirement	Proposition C Local Return	Community Development Block Grant	Redevelopment		2008	2007
Revenues:								
Taxes	\$ 12,589,525	4,691,413	-	-	892,495	223,124	18,396,557	17,819,605
Intergovernmental	3,645,173	-	561,952	812,528	-	3,079,624	8,099,277	6,674,651
Charges for services	2,529,219	-	-	-	-	1,025,153	3,554,372	3,378,104
Fines and forfeitures	975,935	-	-	-	-	-	975,935	1,134,103
Licenses and permits	1,999,600	-	-	-	-	-	1,999,600	1,804,288
Investment income	1,165,439	-	127,127	-	130,561	233,977	1,657,104	1,603,128
Other	339,413	-	-	-	-	-	339,413	196,614
Total revenues	23,244,304	4,691,413	689,079	812,528	1,023,056	4,561,878	35,022,258	32,610,493
Expenditures:								
Current:								
General government	4,714,945	-	-	133,906	-	-	4,848,851	4,653,839
Public safety	15,928,145	-	-	-	-	113,169	16,041,314	14,429,217
Community development	3,947,797	-	-	-	292,080	713,937	4,953,814	3,765,694
Culture and recreation	2,659,605	-	-	68,710	-	180,914	2,909,229	2,760,442
Transportation	-	-	49,700	-	-	713,062	762,762	714,778
Pass-throughs	-	-	-	-	76,085	-	76,085	60,905
Capital outlay	305,672	-	76,458	522,101	-	1,889,689	2,793,920	1,787,862
Total expenditures	27,556,164	-	126,158	724,717	368,165	3,610,771	32,385,975	28,172,737
Excess (deficiency) of revenues over (under) expenditures	(4,311,860)	4,691,413	562,921	87,811	654,891	951,107	2,636,283	4,437,756
Other financing sources (uses):								
Transfers in (note 3)	5,847,935	-	-	-	1,778	721,794	6,571,507	5,878,963
Transfers out (note 3)	-	(5,690,259)	(584,165)	-	(15,396)	(605,000)	(6,894,820)	(6,124,238)
Total other financing sources (uses)	5,847,935	(5,690,259)	(584,165)	-	(13,618)	116,794	(323,313)	(245,275)
Net change in fund balances	1,536,075	(998,846)	(21,244)	87,811	641,273	1,067,901	2,312,970	4,192,481
Fund balances (deficit) at beginning of year	9,432,192	4,200,199	2,362,869	(178,708)	44,158	6,468,794	22,329,504	18,137,023
Fund balances (deficit) at end of year	\$ 10,968,267	3,201,353	2,341,625	(90,897)	685,431	7,536,695	24,642,474	22,329,504

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, 2008

Changes in fund balances of governmental funds \$ 2,312,970

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 depreciation exceeded capital outlay in the current period.

Depreciation	(2,482,755)
Capital outlay	2,142,165

To record as an expense the net change in compensated absences in the statement of activities. (321,689)

Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting. (174,368)

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. (356,367)

Changes in net assets of governmental activities \$ 1,119,956

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Proprietary Funds
Statement of Net Assets
June 30, 2008
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
Assets:	2008	2007
Current assets:		
Cash and investments	\$ 1,589,238	1,933,491
Accounts receivable, net	235,967	231,783
Prepays	17,673	35,345
Total current assets	1,842,878	2,200,619
Noncurrent assets:		
Capital assets		
Building	115,780	115,780
Machinery and equipment	11,200	11,200
Accumulated depreciation	(90,936)	(89,736)
Capital assets, net	36,044	37,244
Total assets	1,878,922	2,237,863
Liabilities:		
Current liabilities:		
Accounts payable	61,664	45,889
Accrued payroll	5,932	3,002
Compensated absences	17,762	25,330
Claims payable - current portion (note 5)	583,337	587,450
Total current liabilities	668,695	661,671
Noncurrent liabilities:		
Claims payable, net of current portion (note 5)	1,361,119	1,370,717
Total liabilities	2,029,814	2,032,388
Net assets (deficit):		
Invested in capital assets	36,044	37,244
Unrestricted	(186,936)	168,231
Total net assets (deficit)	\$ (150,892)	205,475

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, 2008

(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for services	\$ 3,831,908	3,738,335
Total operating revenues	<u>3,831,908</u>	<u>3,738,335</u>
Operating expenses:		
Personnel services	226,865	263,512
Contractual services	30,252	8,130
Vehicle operating	282,535	254,323
Depreciation	1,200	1,201
Utilities	6,295	6,480
Uniforms	2,274	2,070
Operating expenses	2,362	-
Insurance premiums	1,272,630	782,163
Claims and judgments	<u>2,725,275</u>	<u>2,227,483</u>
Total operating expenses	<u>4,549,688</u>	<u>3,545,362</u>
Operating income (loss)	<u>(717,780)</u>	<u>192,973</u>
Non-operating revenues:		
Investment income	<u>38,100</u>	<u>71,523</u>
Income (loss) before transfers	<u>(679,680)</u>	<u>264,496</u>
Transfers in (note 3)	<u>323,313</u>	<u>245,275</u>
Change in net assets	(356,367)	509,771
Total net assets (deficit) at beginning of year	<u>205,475</u>	<u>(304,296)</u>
Total net assets (deficit) at end of year	<u>\$ (150,892)</u>	<u>205,475</u>

See accompanying notes to the basic financial statements.

CITY OF SAN GABRIEL
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2008
(With Comparative Data for Prior Year)

	Governmental Activities - Internal Service Funds	
	2008	2007
Cash flows from operating activities:		
Cash received from user departments	\$ 3,827,724	3,752,035
Cash payments to suppliers for goods and services	(4,301,887)	(3,234,197)
Cash payments to employees for services	(231,503)	(288,405)
Net cash provided by (used for) operating activities	(705,666)	229,433
Cash flows from noncapital financing activities:		
Cash received from other funds	323,314	245,275
Net cash provided by noncapital financing activities	323,314	245,275
Cash flows from investing activities:		
Interest received from investments	38,099	71,523
Net cash provided by investing activities	38,099	71,523
Net increase (decrease) in cash and cash equivalents	(344,253)	546,231
Cash and cash equivalents at beginning of year	1,933,491	1,387,260
Cash and cash equivalents at end of year	\$ 1,589,238	1,933,491
Reconciliation of net operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (717,780)	192,973
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,200	1,201
(Increase) decrease in prepaids	17,672	(35,345)
(Increase) decrease in accounts receivable	(4,184)	13,700
Increase (decrease) in accounts payable	15,775	(161,951)
Increase (decrease) in accrued payroll	2,930	(1,692)
Increase (decrease) in compensated absences	(7,568)	(23,201)
Increase (decrease) in claims payable	(13,711)	243,748
Total adjustments	12,114	36,460
Net cash provided by (used for) operating activities	\$ (705,666)	229,433

Supplemental information:

During the year ended June 30, 2008 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, 2008

	Deposits Fund	
	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash and investments (note 2)	\$ 597,517	401,076
Accounts receivable	<u>53,489</u>	<u>99,714</u>
Total assets	<u>\$ 651,006</u>	<u>500,790</u>
<u>Liabilities</u>		
Accounts payable	\$ 28,610	30,047
Deposits payable	<u>622,396</u>	<u>470,743</u>
Total liabilities	<u>\$ 651,006</u>	<u>500,790</u>

See accompanying notes to the basic financial statements.

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CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

Year ended June 30, 2008

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$26,962,589
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	<u>597,517</u>
Total cash and investments	<u>\$27,560,106</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 2,200
Deposits with financial institutions	18,895,308
Investments	<u>8,662,598</u>
Total cash and investments	<u>\$27,560,106</u>

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Mutual funds	\$ 204,516	204,516	-	-	-
LAIF	<u>8,458,082</u>	<u>8,458,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$8,662,598</u>	<u>8,662,598</u>	<u>-</u>	<u>-</u>	<u>-</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Mutual funds	\$ 204,516	N/A	204,516	-
LAIF	<u>8,458,082</u>	N/A	<u>-</u>	<u>8,458,082</u>
Total	<u>\$8,662,598</u>		<u>204,516</u>	<u>8,458,082</u>

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(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, 2008, none of the City's deposits or investments was exposed to custodial credit risk.

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, 2008 were as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Community Development Block Grant Fund	\$ 64,308 (A)
	Non-major governmental fund	<u>335,815 (A)</u>
		<u>\$400,123</u>

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

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

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

Noncurrent interfund receivables and payables as of June 30, 2008 were as follows:

<u>Advances to other funds</u>	<u>Advances from other funds</u>	<u>Amount</u>
General Fund	Redevelopment Capital Project Fund	<u>\$2,665,120</u> (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, 2008 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Retirement Fund	\$5,242,935 (C)
	Non-Major Governmental Funds	605,000 (D)
Redevelopment Fund	Retirement Fund	1,778 (C)
Internal Service Funds	Retirement Fund	323,313 (C)
Non-Major Governmental Funds	Redevelopment Fund	15,396
	Retirement Fund	122,233 (C)
	Proposition C local return	<u>584,165</u> (E)
		<u>\$6,894,820</u>

(C) To provide fundings for retirement costs.

(D) To provide fundings for gas tax and street maintenance qualified expenditures.

(E) To provide fundings for Proposition A local return expenditures.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(4) Capital Assets

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

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Capital assets being depreciated:				
Building and improvements	\$ 7,183,975	846,096	-	8,030,071
Machinery and equipment	6,995,567	527,029	-	7,522,596
Infrastructure	<u>65,920,803</u>	<u>769,040</u>	<u>-</u>	<u>66,689,843</u>
Total cost of depreciable assets	<u>80,100,345</u>	<u>2,142,165</u>	<u>-</u>	<u>82,242,510</u>
Less accumulated depreciation for:				
Building and improvements	2,852,209	152,942	-	3,005,151
Machinery and equipment	3,946,191	676,514	-	4,622,705
Infrastructure	<u>43,931,005</u>	<u>1,654,499</u>	<u>-</u>	<u>45,585,504</u>
Total accumulated depreciation	<u>50,729,405</u>	<u>2,483,955</u>	<u>-</u>	<u>53,213,360</u>
Net depreciable assets	29,370,940	(341,790)	-	29,029,150
Capital assets not depreciated:				
Land	<u>4,425,991</u>	<u>-</u>	<u>-</u>	<u>4,425,991</u>
Capital assets, net	<u>\$33,796,931</u>	<u>(341,790)</u>	<u>-</u>	<u>33,455,141</u>

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

General government	\$ 107,637
Public safety	570,869
Transportation	1,280,793
Community development	425,577
Culture and recreation	<u>99,079</u>
Total	<u>\$2,483,955</u>

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2008 were as follows:

	Balance at July 1, 2007	Additions	Retirement	Balance at June 30, 2008	Amount due within one year	Amount beyond one year
Compensated absences	\$1,583,858	1,708,272	1,394,151	1,897,979	379,596	1,518,383
Claims payable	<u>1,958,167</u>	<u>2,201,388</u>	<u>2,215,099</u>	<u>1,944,456</u>	<u>583,337</u>	<u>1,361,119</u>
	<u>\$3,542,025</u>	<u>3,909,660</u>	<u>3,609,250</u>	<u>3,842,435</u>	<u>962,933</u>	<u>2,879,502</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability amounting to \$1,897,979 at June 30, 2008 is expected to be paid in future years from future resources, typically liquidated from the General Fund.

Claims Payable/Self Insurance

A. Description of Self Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

B. Self-insurance Programs of the Authority

General Liability Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities, (Continued)

B. Self-insurance Programs of the Authority, (Continued)

\$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties — Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

C. Purchased Insurance

Property Insurance The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$18,829,757. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

D. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities, (Continued)

Reconciliation of the changes in the City's aggregate liabilities for the years ended June 30, 2008 and 2007 is as follows:

<u>2008</u>	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
Liability claims	\$ 237,920	969,573	838,196	369,297
Workers' compensation	<u>1,720,247</u>	<u>1,231,815</u>	<u>1,376,903</u>	<u>1,575,159</u>
	<u>\$1,958,167</u>	<u>2,201,388</u>	<u>2,215,099</u>	<u>1,944,456</u>
 <u>2007</u>	 <u>Liability Beginning of Year</u>	 <u>Claims and Changes in Estimates</u>	 <u>Claim Payments</u>	 <u>Liability End of Year</u>
Liability claims	\$ 71,773	589,100	422,953	237,920
Workers' compensation	<u>1,642,646</u>	<u>992,841</u>	<u>915,240</u>	<u>1,720,247</u>
	<u>\$1,714,419</u>	<u>1,581,941</u>	<u>1,338,193</u>	<u>1,958,167</u>

(6) Fund Deficits

At June 30, 2008, the following fund had deficit balance:

	<u>Amount</u>
Special Revenue:	
Community Development Block Grant	\$ 90,897 (A)
Other Grants	381,057 (A)
Office of Traffic Safety Grant	4,462 (A)

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

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(7) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2008 exceeded the appropriations of the following funds/departments:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General:			
General services	\$ 1,980,813	1,988,731	(7,918)
Disaster preparedness	17,192	17,197	(5)
Capital Project:			
Redevelopment	253,958	368,165	(114,207)
Special Revenue:			
Park and Recreation Activity	157,000	180,914	(23,914)
Local Law Enforcement Block Grant	89,442	92,535	(3,093)

(8) Defined Benefit Pension Plan (PERS)

Plan Description

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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

Contributions

Miscellaneous and safety participants are required to contribute 8% and 9%, respectively, of their annual covered salary. The City makes the contributions required of the 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.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer 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, 2007 to June 30, 2008 has been determined by an

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

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

Contributions, (Continued)

actuarial valuation of the plan as of June 30, 2005. The City's covered payroll for PERS was \$13,707,879 for the year ended June 30, 2008, while the City's total payroll for all employees was \$22,702,877 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

Three-Year Trend Information

Annual Pension cost (Safety)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	26.980%	\$2,054,832	100%	-
6/30/07	27.875%	2,179,274	100%	-
6/30/08	28.302%	2,363,214	100%	-

Annual Pension cost (Miscellaneous)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	12.171%	\$633,288	100%	-
6/30/07	12.268%	780,777	100%	-
6/30/08	17.066%	913,865	100%	-

(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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(9) Other Post Employment Benefits, (Continued)

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, 2008, \$272,988 of post-employment benefit expenditures were recognized. In addition, the termination benefits were considered immaterial as of and for the year ended June 30, 2008.

(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.

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.

CITY OF SAN GABRIEL

Notes to the Basic Financial Statements

(Continued)

(11) Construction Commitments

The following material construction commitments existed at June 30, 2008:

<u>Project Name</u>	<u>Expenditures as of June 30, 2008</u>	<u>Remaining Commitments</u>
Millennium Miles Street Improvements	\$113,708	144,850
Del Mar Wash/Bridge Rehabilitation	-	615,488
Vincent Lugo Park	624,148	882,797
San Gabriel Boulevard Rehabilitation	366,941	333,060
Roses Road Street Improvements	126,887	979,113
Live Oak Rehabilitation	127,835	432,973
Sewer Master Plan	60,928	239,073
Fairview Avenue Street Rehabilitation	313,679	86,321

(12) Operating Leases

During the year ended June 30, 2008, the City entered into several operating leases for certain office equipment. The leases provide for monthly payments, commencing date, and maturity date as follows:

	<u>Monthly Payments</u>	<u>Commencing Date</u>	<u>Maturity Date</u>
Copier/printer	\$1,052	November 2006	October 2009
Imaging system	800	November 2007	October 2010

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

2009	\$22,228
2010	8,461

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, 2008

(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, 2008, supplemental appropriations in the amount of \$14,094,735 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, 2008

	2008			Variance with Final Budget Positive (Negative)	2007
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
Taxes	\$ 12,740,000	12,640,000	12,589,525	(50,475)	12,534,902
Intergovernmental	3,566,000	3,616,000	3,645,173	29,173	3,574,098
Charges for services	2,509,751	2,702,125	2,529,219	(172,906)	2,152,329
Fines and forfeitures	1,100,000	1,125,500	975,935	(149,565)	1,134,103
Licenses and permits	2,053,785	2,053,785	1,999,600	(54,185)	1,804,288
Investment income	1,081,915	1,414,915	1,165,439	(249,476)	1,176,262
Other	217,000	222,000	339,413	117,413	196,614
Total revenues	<u>23,268,451</u>	<u>23,774,325</u>	<u>23,244,304</u>	<u>(530,021)</u>	<u>22,572,596</u>
Expenditures:					
General government:					
City Council	291,680	325,240	268,768	56,472	238,378
City Clerk	191,338	203,904	176,466	27,438	205,697
City Treasurer	107,299	116,124	110,962	5,162	103,502
City Manager	401,510	527,448	480,845	46,603	403,077
City Attorney	139,500	161,211	132,955	28,256	117,889
Finance	879,200	944,055	872,603	71,452	792,274
Information services	148,063	153,854	95,107	58,747	107,778
Personnel and purchasing	472,106	501,390	435,838	65,552	480,388
General services	1,969,858	1,980,813	1,988,731	(7,918)	1,913,815
Community promotion	137,583	168,431	135,473	32,958	115,696
Disaster preparedness	16,157	17,192	17,197	(5)	12,792
Total general government	<u>4,754,294</u>	<u>5,099,662</u>	<u>4,714,945</u>	<u>384,717</u>	<u>4,491,286</u>
Public safety:					
Police	9,909,600	11,075,870	9,838,612	1,237,258	8,906,532
Fire	5,743,333	6,237,528	6,089,533	147,995	5,415,918
Total public safety	<u>15,652,933</u>	<u>17,313,398</u>	<u>15,928,145</u>	<u>1,385,253</u>	<u>14,322,450</u>

CITY OF SAN GABRIEL
General Fund

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

(Continued)

	2008			Variance with Final Budget Positive (Negative)	2007
	Budgeted Amounts		Actual		Actual
	Original	Final			
Community development:					
Development services	1,855,407	2,223,149	2,019,112	204,037	1,785,813
Street services	1,337,459	1,414,322	1,299,055	115,267	1,175,254
Maintenance services	616,401	630,701	485,153	145,548	523,621
Code enforcement	154,413	163,231	144,477	18,754	-
Total community development	<u>3,963,680</u>	<u>4,431,403</u>	<u>3,947,797</u>	<u>483,606</u>	<u>3,484,688</u>
Culture and recreation:					
Mission playhouse	861,316	935,249	925,753	9,496	875,090
Park maintenance	751,344	801,892	769,392	32,500	748,151
Swimming pool	196,404	203,046	183,311	19,735	177,508
Facilities maintenance	165,056	189,236	150,833	38,403	131,766
Concessions	43,970	44,870	36,243	8,627	36,585
Recreation	622,599	648,681	594,073	54,608	566,182
Total culture and recreation	<u>2,640,689</u>	<u>2,822,974</u>	<u>2,659,605</u>	<u>163,369</u>	<u>2,535,282</u>
Capital outlay	<u>326,155</u>	<u>1,363,749</u>	<u>305,672</u>	<u>1,058,077</u>	<u>502,139</u>
Total expenditures	<u>27,337,751</u>	<u>31,031,186</u>	<u>27,556,164</u>	<u>3,475,022</u>	<u>25,335,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,069,300)</u>	<u>(7,256,861)</u>	<u>(4,311,860)</u>	<u>2,945,001</u>	<u>(2,763,249)</u>
Other financing sources:					
Transfers in	<u>4,871,441</u>	<u>5,967,583</u>	<u>5,847,935</u>	<u>(119,648)</u>	<u>5,092,255</u>
Total other financing sources	<u>4,871,441</u>	<u>5,967,583</u>	<u>5,847,935</u>	<u>(119,648)</u>	<u>5,092,255</u>
Net change in fund balances	802,141	(1,289,278)	1,536,075	2,825,353	2,329,006
Fund balance at beginning of year	<u>9,432,192</u>	<u>9,432,192</u>	<u>9,432,192</u>	<u>-</u>	<u>7,103,186</u>
Fund balance at end of year	<u>\$ 10,234,333</u>	<u>8,142,914</u>	<u>10,968,267</u>	<u>2,825,353</u>	<u>9,432,192</u>

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, 2008

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Taxes	\$ 4,600,000	4,600,000	4,691,413	91,413	4,391,668
Total revenues	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,691,413</u>	<u>91,413</u>	<u>4,391,668</u>
Other financing uses:					
Transfers out	(4,651,334)	(5,824,961)	(5,690,259)	134,702	(4,848,433)
Net change in fund balances	(51,334)	(1,224,961)	(998,846)	226,115	(456,765)
Fund balance at beginning of year	4,200,199	4,200,199	4,200,199	-	4,656,964
Fund balance at end of year	<u>\$ 4,148,865</u>	<u>2,975,238</u>	<u>3,201,353</u>	<u>226,115</u>	<u>4,200,199</u>

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, 2008

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Intergovernmental	\$ 550,000	550,000	561,952	11,952	563,424
Investment income	<u>100,000</u>	<u>100,000</u>	<u>127,127</u>	<u>27,127</u>	<u>128,602</u>
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>689,079</u>	<u>39,079</u>	<u>692,026</u>
Expenditures:					
Current:					
Transportation	50,000	50,000	49,700	300	20,000
Capital outlay	<u>67,127</u>	<u>192,599</u>	<u>76,458</u>	<u>116,141</u>	<u>287,994</u>
Total expenditures	<u>117,127</u>	<u>242,599</u>	<u>126,158</u>	<u>116,441</u>	<u>307,994</u>
Excess of revenues over expenditures	<u>532,873</u>	<u>407,401</u>	<u>562,921</u>	<u>155,520</u>	<u>384,032</u>
Other financing sources (uses):					
Transfers out	<u>(512,873)</u>	<u>(1,471,521)</u>	<u>(584,165)</u>	<u>887,356</u>	<u>(377,392)</u>
Net change in fund balances	20,000	(1,064,120)	(21,244)	1,042,876	6,640
Fund balance at beginning of year	<u>2,362,869</u>	<u>2,362,869</u>	<u>2,362,869</u>	-	<u>2,356,229</u>
Fund balance at end of year	<u>\$ 2,382,869</u>	<u>1,298,749</u>	<u>2,341,625</u>	<u>1,042,876</u>	<u>2,362,869</u>

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, 2008

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Intergovernmental	\$ 643,032	1,370,936	812,528	(558,408)	302,364
Total revenues	<u>643,032</u>	<u>1,370,936</u>	<u>812,528</u>	<u>(558,408)</u>	<u>302,364</u>
Expenditures:					
Current:					
General government	71,554	187,383	133,906	53,477	162,553
Culture and recreation	48,542	73,623	68,710	4,913	66,281
Capital outlay	<u>440,733</u>	<u>990,244</u>	<u>522,101</u>	<u>468,143</u>	<u>-</u>
Total expenditures	<u>560,829</u>	<u>1,251,250</u>	<u>724,717</u>	<u>526,533</u>	<u>228,834</u>
Excess of revenues over expenditures	<u>82,203</u>	<u>119,686</u>	<u>87,811</u>	<u>(31,875)</u>	<u>73,530</u>
Other financing sources (out):					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,238)</u>
Total other financing sources (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,238)</u>
Net change in fund balances	82,203	119,686	87,811	(31,875)	(178,708)
Fund balances (deficits) at beginning of year	<u>(178,708)</u>	<u>(178,708)</u>	<u>(178,708)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ (96,505)</u>	<u>(59,022)</u>	<u>(90,897)</u>	<u>(31,875)</u>	<u>(178,708)</u>

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.

Mission Playhouse/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, 2008

	<u>Special Gas Tax</u>	<u>Proposition A Local Return</u>	<u>Low and Moderate Income Housing</u>	<u>Citizens Option for Public Safety</u>	<u>Traffic Congestion Relief</u>	<u>Parks and Recreation Activitiy</u>	<u>Mission Playhouse/ Facility</u>
<u>Assets</u>							
Cash and investments	\$ 852,881	1,921,704	1,095,982	49,734	710,924	180,265	244,413
Accounts receivable, net	-	2,538	-	-	-	21,550	-
Due from other governments	<u>235,786</u>	<u>-</u>	<u>5,834</u>	<u>41,237</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,088,667</u>	<u>1,924,242</u>	<u>1,101,816</u>	<u>90,971</u>	<u>710,924</u>	<u>201,815</u>	<u>244,413</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 3,410	48,462	700,000	-	3,410	10,110	90
Accrued payroll	-	6,787	-	2,239	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,237</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,410</u>	<u>55,249</u>	<u>700,000</u>	<u>43,476</u>	<u>3,410</u>	<u>10,110</u>	<u>90</u>
Fund balances:							
Unreserved	<u>1,085,257</u>	<u>1,868,993</u>	<u>401,816</u>	<u>47,495</u>	<u>707,514</u>	<u>191,705</u>	<u>244,323</u>
Total fund balances	<u>1,085,257</u>	<u>1,868,993</u>	<u>401,816</u>	<u>47,495</u>	<u>707,514</u>	<u>191,705</u>	<u>244,323</u>
Total liabilities and fund balances	<u>\$ 1,088,667</u>	<u>1,924,242</u>	<u>1,101,816</u>	<u>90,971</u>	<u>710,924</u>	<u>201,815</u>	<u>244,413</u>

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	
								2008	2007
-	46,908	122,090	218,668	1,369,257	1,464,014	163,845	-	8,440,685	6,468,427
-	-	-	-	62,959	-	-	-	87,047	80,937
<u>143,440</u>	<u>-</u>	<u>13,324</u>	<u>14,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,464</u>	<u>458,097</u>	<u>363,414</u>
<u>143,440</u>	<u>46,908</u>	<u>135,414</u>	<u>232,680</u>	<u>1,432,216</u>	<u>1,464,014</u>	<u>163,845</u>	<u>4,464</u>	<u>8,985,829</u>	<u>6,912,778</u>
48,535	-	-	10,900	84,916	400	3,750	-	913,983	139,444
-	-	-	-	-	-	-	-	9,026	6,849
331,353	-	-	-	-	-	-	4,462	335,815	17,879
<u>144,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,464</u>	<u>190,310</u>	<u>279,812</u>
<u>524,497</u>	<u>-</u>	<u>-</u>	<u>10,900</u>	<u>84,916</u>	<u>400</u>	<u>3,750</u>	<u>8,926</u>	<u>1,449,134</u>	<u>443,984</u>
(381,057)	46,908	135,414	221,780	1,347,300	1,463,614	160,095	(4,462)	7,536,695	6,468,794
<u>(381,057)</u>	<u>46,908</u>	<u>135,414</u>	<u>221,780</u>	<u>1,347,300</u>	<u>1,463,614</u>	<u>160,095</u>	<u>(4,462)</u>	<u>7,536,695</u>	<u>6,468,794</u>
<u>143,440</u>	<u>46,908</u>	<u>135,414</u>	<u>232,680</u>	<u>1,432,216</u>	<u>1,464,014</u>	<u>163,845</u>	<u>4,464</u>	<u>8,985,829</u>	<u>6,912,778</u>

CITY OF SAN GABRIEL
Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2008

	Special Gas Tax	Proposition A Local Return	Low and Moderate Income Housing	Citizens Option for Public Safety	Traffic Congestion Relief	Parks and Recreation Activity	Mission Playhouse/ Facility
Revenues:							
Taxes	\$ -	-	223,124	-	-	-	-
Intergovernmental	806,381	675,980	-	100,000	686,656	-	-
Charges for services	-	-	-	-	-	174,017	56,144
Investment income	41,258	57,061	40,440	4,109	20,857	-	-
Total revenues	<u>847,639</u>	<u>733,041</u>	<u>263,564</u>	<u>104,109</u>	<u>707,513</u>	<u>174,017</u>	<u>56,144</u>
Expenditures:							
Current:							
Public safety	-	-	-	98,419	-	-	-
Community development	-	-	701,056	-	-	-	-
Culture and recreation	-	-	-	-	-	180,914	-
Transportation	-	713,062	-	-	-	-	-
Capital outlay	3,730	-	-	41,237	5,135	-	43,483
Total expenditures	<u>3,730</u>	<u>713,062</u>	<u>701,056</u>	<u>139,656</u>	<u>5,135</u>	<u>180,914</u>	<u>43,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>843,909</u>	<u>19,979</u>	<u>(437,492)</u>	<u>(35,547)</u>	<u>702,378</u>	<u>(6,897)</u>	<u>12,661</u>
Other financing sources (uses):							
Transfers in	-	648,827	15,396	20,548	-	-	-
Transfers out	(293,186)	-	-	-	(311,814)	-	-
Total other financing sources (uses)	<u>(293,186)</u>	<u>648,827</u>	<u>15,396</u>	<u>20,548</u>	<u>(311,814)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	550,723	668,806	(422,096)	(14,999)	390,564	(6,897)	12,661
Fund balances (deficit) at beginning of year	<u>534,534</u>	<u>1,200,187</u>	<u>823,912</u>	<u>62,494</u>	<u>316,950</u>	<u>198,602</u>	<u>231,662</u>
Fund balances (deficits) at end of year	<u>1,085,257</u>	<u>1,868,993</u>	<u>401,816</u>	<u>47,495</u>	<u>707,514</u>	<u>191,705</u>	<u>244,323</u>

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	
								2008	2007
-	-	-	-	-	-	-	-	223,124	178,607
680,910	-	38,228	45,101	-	-	23,725	22,643	3,079,624	2,234,765
-	-	-	-	509,657	285,335	-	-	1,025,153	1,225,775
<u>1,620</u>	-	<u>6,902</u>	<u>12,071</u>	-	<u>49,659</u>	-	-	<u>233,977</u>	<u>191,033</u>
<u>682,530</u>	-	<u>45,130</u>	<u>57,172</u>	<u>509,657</u>	<u>334,994</u>	<u>23,725</u>	<u>22,643</u>	<u>4,561,878</u>	<u>3,830,180</u>
-	-	-	-	-	-	-	14,750	113,169	106,767
12,881	-	-	-	-	-	-	-	713,937	18,797
-	-	-	-	-	-	-	-	180,914	158,879
-	-	-	-	-	-	-	-	713,062	694,778
<u>1,287,158</u>	<u>92,535</u>	<u>61,539</u>	<u>103,914</u>	<u>216,550</u>	<u>34,408</u>	-	-	<u>1,889,689</u>	<u>997,729</u>
<u>1,300,039</u>	<u>92,535</u>	<u>61,539</u>	<u>103,914</u>	<u>216,550</u>	<u>34,408</u>	-	<u>14,750</u>	<u>3,610,771</u>	<u>1,976,950</u>
<u>(617,509)</u>	<u>(92,535)</u>	<u>(16,409)</u>	<u>(46,742)</u>	<u>293,107</u>	<u>300,586</u>	<u>23,725</u>	<u>7,893</u>	<u>951,107</u>	<u>1,853,230</u>
37,023	-	-	-	-	-	-	-	721,794	784,914
-	-	-	-	-	-	-	-	(605,000)	(633,851)
<u>37,023</u>	-	-	-	-	-	-	-	<u>116,794</u>	<u>151,063</u>
(580,486)	(92,535)	(16,409)	(46,742)	293,107	300,586	23,725	7,893	1,067,901	2,004,293
<u>199,429</u>	<u>139,443</u>	<u>151,823</u>	<u>268,522</u>	<u>1,054,193</u>	<u>1,163,028</u>	<u>136,370</u>	<u>(12,355)</u>	<u>6,468,794</u>	<u>4,464,501</u>
<u>(381,057)</u>	<u>46,908</u>	<u>135,414</u>	<u>221,780</u>	<u>1,347,300</u>	<u>1,463,614</u>	<u>160,095</u>	<u>(4,462)</u>	<u>7,536,695</u>	<u>6,468,794</u>

CITY OF SAN GABRIEL
Special Gas Tax Fund

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

Year ended June 30, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 766,000	806,381	40,381	761,949
Investment income	55,000	41,258	(13,742)	33,107
Total revenues	<u>821,000</u>	<u>847,639</u>	<u>26,639</u>	<u>795,056</u>
Expenditures:				
Capital outlay	4,839	3,730	1,109	-
Excess of revenues over expenditures	<u>816,161</u>	<u>843,909</u>	<u>27,748</u>	<u>795,056</u>
Other financing sources (uses):				
Transfers out	(784,846)	(293,186)	491,660	(633,851)
Net change in fund balances	31,315	550,723	519,408	161,205
Fund balances at beginning of year	<u>534,534</u>	<u>534,534</u>	<u>-</u>	<u>373,329</u>
Fund balances at end of year	<u>\$ 565,849</u>	<u>1,085,257</u>	<u>519,408</u>	<u>534,534</u>

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, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 650,000	675,980	25,980	678,287
Investment income	<u>56,000</u>	<u>57,061</u>	<u>1,061</u>	<u>42,453</u>
Total revenues	<u>706,000</u>	<u>733,041</u>	<u>27,041</u>	<u>720,740</u>
Expenditures:				
Current:				
Transportation	848,679	713,062	135,617	694,778
Capital outlay	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>14,217</u>
Total expenditures	<u>873,679</u>	<u>713,062</u>	<u>160,617</u>	<u>708,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(167,679)</u>	<u>19,979</u>	<u>187,658</u>	<u>11,745</u>
Other financing sources:				
Transfers in	<u>644,369</u>	<u>648,827</u>	<u>4,458</u>	<u>631,153</u>
Net change in fund balances	476,690	668,806	192,116	642,898
Fund balances at end of year	<u>1,200,187</u>	<u>1,200,187</u>	<u>-</u>	<u>557,289</u>
Fund balances at end of year	<u>\$ 1,676,877</u>	<u>1,868,993</u>	<u>192,116</u>	<u>1,200,187</u>

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, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Taxes	\$ 250,000	223,124	(26,876)	178,607
Investment income	40,000	40,440	440	33,186
Total revenues	<u>290,000</u>	<u>263,564</u>	<u>(26,436)</u>	<u>211,793</u>
Expenditures:				
Current:				
Community development	923,486	701,056	222,430	-
Excess (deficiency) of revenues over (under) expenditures	<u>(633,486)</u>	<u>(437,492)</u>	<u>195,994</u>	<u>211,793</u>
Other financing sources:				
Transfers in	22,389	15,396	(6,993)	12,324
Net change in fund balances	(611,097)	(422,096)	189,001	224,117
Fund balances at beginning of year	<u>823,912</u>	<u>823,912</u>	<u>-</u>	<u>599,795</u>
Fund balances at end of year	<u>\$ 212,815</u>	<u>401,816</u>	<u>189,001</u>	<u>823,912</u>

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, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 100,000	100,000	-	100,000
Investment income	4,000	4,109	109	3,227
Total revenues	<u>104,000</u>	<u>104,109</u>	<u>109</u>	<u>103,227</u>
Expenditures:				
Current:				
Public safety	158,731	98,419	60,312	88,886
Capital outlay	17,386	41,237	(23,851)	31,349
Total expenditures	<u>176,117</u>	<u>139,656</u>	<u>36,461</u>	<u>120,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(72,117)</u>	<u>(35,547)</u>	<u>36,570</u>	<u>(17,008)</u>
Other financing sources:				
Transfers in	<u>32,301</u>	<u>20,548</u>	<u>(11,753)</u>	<u>18,041</u>
Net change in fund balances	(39,816)	(14,999)	24,817	1,033
Fund balances at beginning of year	<u>62,494</u>	<u>62,494</u>	<u>-</u>	<u>61,461</u>
Fund balances at end of year	<u>\$ 22,678</u>	<u>47,495</u>	<u>24,817</u>	<u>62,494</u>

CITY OF SAN GABRIEL
Traffic Congestion Relief Fund

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

Year ended June 30, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 685,665	686,656	991	167,779
Investment income	22,000	20,857	(1,143)	21,978
Total revenues	<u>707,665</u>	<u>707,513</u>	<u>(152)</u>	<u>189,757</u>
Expenditures:				
Capital outlay	1,034,068	5,135	1,028,933	203,294
Excess (deficiency) of revenues over (under) expenditures	<u>(326,403)</u>	<u>702,378</u>	<u>1,028,781</u>	<u>(13,537)</u>
Other financing sources (uses):				
Transfers in	-	-	-	89,852
Transfers out	-	(311,814)	(311,814)	-
Total other financing sources (uses)	<u>-</u>	<u>(311,814)</u>	<u>(311,814)</u>	<u>89,852</u>
Net change in fund balances	(326,403)	390,564	716,967	76,315
Fund balances at beginning of year	<u>316,950</u>	<u>316,950</u>	<u>-</u>	<u>240,635</u>
Fund balances (deficit) at end of year	<u>\$ (9,453)</u>	<u>707,514</u>	<u>716,967</u>	<u>316,950</u>

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, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Charges for services	\$ 157,000	174,017	17,017	165,138
Total revenues	157,000	174,017	17,017	165,138
Expenditures:				
Culture and recreation	157,000	180,914	(23,914)	158,879
Total expenditures	157,000	180,914	(23,914)	158,879
Excess (deficiency) of revenues over (under) expenditures	-	(6,897)	(6,897)	6,259
Net change in fund balances	-	(6,897)	(6,897)	6,259
Fund balances at beginning of year	198,602	198,602	-	192,343
Fund balances at end of year	\$ 198,602	191,705	(6,897)	198,602

CITY OF SAN GABRIEL
Mission Playhouse/Facility Fund

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

Year ended June 30, 2008

	2008			2007
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Charges for services	\$ 50,000	56,144	6,144	49,867
Total revenues	<u>50,000</u>	<u>56,144</u>	<u>6,144</u>	<u>49,867</u>
Expenditures:				
Capital outlay	<u>260,298</u>	<u>43,483</u>	<u>216,815</u>	<u>4,772</u>
Total expenditures	<u>260,298</u>	<u>43,483</u>	<u>216,815</u>	<u>4,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(210,298)</u>	<u>12,661</u>	<u>222,959</u>	<u>45,095</u>
Net change in fund balances	<u>(210,298)</u>	<u>12,661</u>	<u>222,959</u>	<u>45,095</u>
Fund balances at beginning of year	<u>231,662</u>	<u>231,662</u>	<u>-</u>	<u>186,567</u>
Fund balances at end of year	<u>\$ 21,364</u>	<u>244,323</u>	<u>222,959</u>	<u>231,662</u>

CITY OF SAN GABRIEL
Other Grants Fund

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

Year ended June 30, 2008

	2008		Variance with Final Budget Positive (Negative)	2007 Actual
	Final Budget	Actual		
Revenues:				
Intergovernmental	\$ 2,552,878	680,910	(1,871,968)	329,198
Investment income	2,000	1,620	(380)	-
Total revenues	2,554,878	682,530	(1,872,348)	329,198
Expenditures:				
Current:				
Community development	-	12,881	(12,881)	18,797
Capital outlay	2,744,875	1,287,158	1,457,717	550,638
Total expenditures	2,744,875	1,300,039	1,444,836	569,435
Excess (deficiency) of revenues over (under) expenditures	(189,997)	(617,509)	(427,512)	(240,237)
Other financing sources:				
Transfers in	52,417	37,023	(15,394)	33,544
Net change in fund balances	(137,580)	(580,486)	(442,906)	(206,693)
Fund balances at beginning of year	199,429	199,429	-	406,122
Fund balances (deficit) at end of year	\$ 61,849	(381,057)	(442,906)	199,429

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, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ -	-	-	39,359
Total revenues	-	-	-	39,359
Expenditures:				
Capital outlay	89,442	92,535	(3,093)	50,338
Total expenditures	89,442	92,535	(3,093)	50,338
Excess (deficiency) of revenues over (under) expenditures	(89,442)	(92,535)	(3,093)	(10,979)
Net change in fund balances	(89,442)	(92,535)	(3,093)	(10,979)
Fund balances at beginning of year	139,443	139,443	-	150,422
Fund balances at end of year	\$ 50,001	46,908	(3,093)	139,443

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, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 51,000	38,228	(12,772)	62,483
Investment income	7,500	6,902	(598)	6,238
Total revenues	58,500	45,130	(13,370)	68,721
Expenditures:				
Capital outlay	172,941	61,539	111,402	31,224
Total expenditures	172,941	61,539	111,402	31,224
Excess (deficiency) of revenues over (under) expenditures	(114,441)	(16,409)	98,032	37,497
Net change in fund balances	(114,441)	(16,409)	98,032	37,497
Fund balances at beginning of year	151,823	151,823	-	114,326
Fund balances at end of year	\$ 37,382	135,414	98,032	151,823

CITY OF SAN GABRIEL
Narcotic Seizure Fund

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

Year ended June 30, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 25,000	45,101	20,101	9,836
Investment income	<u>15,000</u>	<u>12,071</u>	<u>(2,929)</u>	<u>13,785</u>
Total revenues	<u>40,000</u>	<u>57,172</u>	<u>17,172</u>	<u>23,621</u>
Expenditures:				
Capital outlay	<u>123,592</u>	<u>103,914</u>	<u>19,678</u>	<u>52,647</u>
Total expenditures	<u>123,592</u>	<u>103,914</u>	<u>19,678</u>	<u>52,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,592)</u>	<u>(46,742)</u>	<u>36,850</u>	<u>(29,026)</u>
Net change in fund balances	(83,592)	(46,742)	36,850	(29,026)
Fund balances at beginning of year	<u>268,522</u>	<u>268,522</u>	<u>-</u>	<u>297,548</u>
Fund balances at end of year	<u><u>\$ 184,930</u></u>	<u><u>221,780</u></u>	<u><u>36,850</u></u>	<u><u>268,522</u></u>

CITY OF SAN GABRIEL
Waste Management Fund

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

Year ended June 30, 2008

	2008			2007
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:				
Charges for services	\$ 465,000	509,657	44,657	491,176
Total revenues	<u>465,000</u>	<u>509,657</u>	<u>44,657</u>	<u>491,176</u>
Expenditures:				
Capital outlay	1,290,784	216,550	1,074,234	52,184
Total expenditures	<u>1,290,784</u>	<u>216,550</u>	<u>1,074,234</u>	<u>52,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(825,784)</u>	<u>293,107</u>	<u>1,118,891</u>	<u>438,992</u>
Net change in fund balances	(825,784)	293,107	1,118,891	438,992
Fund balances at beginning of year	<u>1,054,193</u>	<u>1,054,193</u>	-	<u>615,201</u>
Fund balances at end of year	<u>\$ 228,409</u>	<u>1,347,300</u>	<u>1,118,891</u>	<u>1,054,193</u>

CITY OF SAN GABRIEL
Development Impact Fees Fund

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

Year ended June 30, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Charges for services	\$ 275,000	285,335	10,335	519,594
Investment income	50,000	49,659	(341)	37,059
Total revenues	<u>325,000</u>	<u>334,994</u>	<u>9,994</u>	<u>556,653</u>
Expenditures:				
Capital outlay	<u>319,844</u>	<u>34,408</u>	<u>285,436</u>	<u>7,066</u>
Total expenditures	<u>319,844</u>	<u>34,408</u>	<u>285,436</u>	<u>7,066</u>
Excess of revenues over expenditures	<u>5,156</u>	<u>300,586</u>	<u>295,430</u>	<u>549,587</u>
Net change in fund balances	5,156	300,586	295,430	549,587
Fund balances at beginning of year	<u>1,163,028</u>	<u>1,163,028</u>	-	<u>613,441</u>
Fund balances at end of year	<u>\$ 1,168,184</u>	<u>1,463,614</u>	<u>295,430</u>	<u>1,163,028</u>

CITY OF SAN GABRIEL
Street Light Fund

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

Year ended June 30, 2008

	<u>2008</u>		Variance with Final Budget Positive (Negative)	<u>2007</u>
	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Intergovernmental	\$ 25,000	23,725	(1,275)	80,350
Total revenues	<u>25,000</u>	<u>23,725</u>	<u>(1,275)</u>	<u>80,350</u>
Excess of revenues over expenditures	<u>25,000</u>	<u>23,725</u>	<u>(1,275)</u>	<u>80,350</u>
Net change in fund balances	25,000	23,725	(1,275)	80,350
Fund balances at beginning of year	<u>136,370</u>	<u>136,370</u>	-	<u>56,020</u>
Fund balances at end of year	<u><u>\$ 161,370</u></u>	<u><u>160,095</u></u>	<u><u>(1,275)</u></u>	<u><u>136,370</u></u>

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, 2008

	2008		Variance with Final Budget Positive (Negative)	2007
	Final Budget	Actual		Actual
Revenues:				
Intergovernmental	\$ 30,000	22,643	(7,357)	5,524
Total revenues	30,000	22,643	(7,357)	5,524
Expenditures:				
Current:				
Public safety	14,994	14,750	244	17,881
Total expenditures	14,994	14,750	244	17,881
Excess (deficiency) of revenues over (under) expenditures	15,006	7,893	(7,113)	(12,357)
Net change in fund balances	15,006	7,893	(7,113)	(12,357)
Fund balances (deficits) at beginning of year	(12,355)	(12,355)	-	2
Fund balances (deficits) at end of year	\$ 2,651	(4,462)	(7,113)	(12,355)

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, 2008

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Taxes	\$ 1,000,000	1,000,000	892,495	(107,505)	714,428
Investment income	<u>85,000</u>	<u>125,000</u>	<u>130,561</u>	<u>5,561</u>	<u>107,231</u>
Total revenues	<u>1,085,000</u>	<u>1,125,000</u>	<u>1,023,056</u>	<u>(101,944)</u>	<u>821,659</u>
Expenditures:					
Current:					
Community development	251,190	253,958	292,080	(38,122)	262,209
Pass-throughs	<u>-</u>	<u>-</u>	<u>76,085</u>	<u>(76,085)</u>	<u>60,905</u>
Total expenditures	<u>251,190</u>	<u>253,958</u>	<u>368,165</u>	<u>(114,207)</u>	<u>323,114</u>
Excess of revenues over expenditures	<u>833,810</u>	<u>871,042</u>	<u>654,891</u>	<u>(216,151)</u>	<u>498,545</u>
Other financing sources (uses):					
Transfers in	3,055	3,544	1,778	(1,766)	1,794
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>(15,396)</u>	<u>184,604</u>	<u>(12,324)</u>
Total other financing sources (uses)	<u>3,055</u>	<u>(196,456)</u>	<u>(13,618)</u>	<u>182,838</u>	<u>(10,530)</u>
Net change in fund balances	836,865	674,586	641,273	(33,313)	488,015
Fund balances (deficit) at beginning of year	<u>44,158</u>	<u>44,158</u>	<u>44,158</u>	<u>-</u>	<u>(443,857)</u>
Fund balances at end of year	<u>\$ 881,023</u>	<u>718,744</u>	<u>685,431</u>	<u>(33,313)</u>	<u>44,158</u>

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, 2008

	<u>Self- Insurance</u>	<u>Automotive Maintenance</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
<u>Assets</u>				
Current assets:				
Cash and investments	\$ 1,468,394	120,844	1,589,238	1,933,491
Accounts receivable, net	235,967	-	235,967	231,783
Prepays	<u>17,673</u>	<u>-</u>	<u>17,673</u>	<u>35,345</u>
Total current assets	<u>1,722,034</u>	<u>120,844</u>	<u>1,842,878</u>	<u>2,200,619</u>
Noncurrent assets:				
Capital assets:				
Building	-	115,780	115,780	115,780
Machinery and equipment	-	11,200	11,200	11,200
Accumulated depreciation	<u>-</u>	<u>(90,936)</u>	<u>(90,936)</u>	<u>(89,736)</u>
Capital assets, net	<u>-</u>	<u>36,044</u>	<u>36,044</u>	<u>37,244</u>
Total assets	<u>1,722,034</u>	<u>156,888</u>	<u>1,878,922</u>	<u>2,237,863</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	36,657	25,007	61,664	45,889
Accrued payroll	-	5,932	5,932	3,002
Compensated absences	-	17,762	17,762	25,330
Claims payable - current portion	<u>583,337</u>	<u>-</u>	<u>583,337</u>	<u>587,450</u>
Total current liabilities	<u>619,994</u>	<u>48,701</u>	<u>668,695</u>	<u>661,671</u>
Noncurrent liabilities:				
Claims payable, net of current portion	<u>1,361,119</u>	<u>-</u>	<u>1,361,119</u>	<u>1,370,717</u>
Total liabilities	<u>1,981,113</u>	<u>48,701</u>	<u>2,029,814</u>	<u>2,032,388</u>
<u>Net assets</u>				
Unrestricted	<u>(259,079)</u>	<u>108,187</u>	<u>(150,892)</u>	<u>205,475</u>
Total net assets (deficit)	<u>\$ (259,079)</u>	<u>108,187</u>	<u>(150,892)</u>	<u>205,475</u>

CITY OF SAN GABRIEL
Internal Service Funds

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

Year ended June 30, 2008

	<u>Self- Insurance</u>	<u>Automotive Maintenance</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
Operating revenues:				
Charges for services	\$ 3,212,140	619,768	3,831,908	3,738,335
Total operating revenues	<u>3,212,140</u>	<u>619,768</u>	<u>3,831,908</u>	<u>3,738,335</u>
Operating expenses:				
Personnel services	-	226,865	226,865	263,512
Contractual services	-	30,252	30,252	8,130
Vehicle operating	-	282,535	282,535	254,323
Depreciation	-	1,200	1,200	1,201
Utilities	-	6,295	6,295	6,480
Uniforms	-	2,274	2,274	2,070
Operating expenses	-	2,362	2,362	-
Insurance premiums	1,272,630	-	1,272,630	782,163
Claims and judgments	<u>2,725,275</u>	<u>-</u>	<u>2,725,275</u>	<u>2,227,483</u>
Total operating expenses	<u>3,997,905</u>	<u>551,783</u>	<u>4,549,688</u>	<u>3,545,362</u>
Operating income (loss)	<u>(785,765)</u>	<u>67,985</u>	<u>(717,780)</u>	<u>192,973</u>
Non-operating revenues:				
Investment income	<u>35,152</u>	<u>2,948</u>	<u>38,100</u>	<u>71,523</u>
Income (loss) before transfers	<u>(750,613)</u>	<u>70,933</u>	<u>(679,680)</u>	<u>264,496</u>
Transfers in	<u>272,988</u>	<u>50,325</u>	<u>323,313</u>	<u>245,275</u>
Net change in net assets	(477,625)	121,258	(356,367)	509,771
Total net assets (deficits) at beginning of year	<u>218,546</u>	<u>(13,071)</u>	<u>205,475</u>	<u>(304,296)</u>
Total net assets (deficits) at end of year	<u>\$ (259,079)</u>	<u>108,187</u>	<u>(150,892)</u>	<u>205,475</u>

CITY OF SAN GABRIEL
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2008

	Self- Insurance	Automotive Maintenance	Totals	
			<u>2008</u>	<u>2007</u>
Cash flows from operating activities:				
Cash received from user departments	\$ 3,207,956	619,768	3,827,724	3,752,035
Cash payments to suppliers for goods and services	(3,973,535)	(328,352)	(4,301,887)	(3,234,197)
Cash payments to employees for services	-	(231,503)	(231,503)	(288,405)
Net cash provided by (used for) operating activities	<u>(765,579)</u>	<u>59,913</u>	<u>(705,666)</u>	<u>229,433</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	<u>272,988</u>	<u>50,325</u>	<u>323,313</u>	<u>245,275</u>
Net cash provided by noncapital financing activities	<u>272,988</u>	<u>50,325</u>	<u>323,313</u>	<u>245,275</u>
Cash flows from investing activities:				
Interest received from investments	<u>35,152</u>	<u>2,948</u>	<u>38,100</u>	<u>71,523</u>
Net cash provided by investing activities	<u>35,152</u>	<u>2,948</u>	<u>38,100</u>	<u>71,523</u>
Net increase (decrease) in cash and cash equivalents	(457,439)	113,186	(344,253)	546,231
Cash and cash equivalents at beginning of year	<u>1,925,833</u>	<u>7,658</u>	<u>1,933,491</u>	<u>1,387,260</u>
Cash and cash equivalents at end of year	<u>\$ 1,468,394</u>	<u>120,844</u>	<u>1,589,238</u>	<u>1,933,491</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (785,765)	67,985	(717,780)	192,973
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	1,200	1,200	1,201
(Increase) decrease in accounts receivable	(4,184)	-	(4,184)	13,700
(Increase) decrease in prepaids	17,672	-	17,672	(35,345)
Increase (decrease) in accounts payable	20,409	(4,634)	15,775	(161,951)
Increase (decrease) in accrued payroll	-	2,930	2,930	(1,692)
Increase (decrease) in compensated absences	-	(7,568)	(7,568)	(23,201)
Increase (decrease) in claims payable	(13,711)	-	(13,711)	243,748
Total adjustments	<u>20,186</u>	<u>(8,072)</u>	<u>12,114</u>	<u>36,460</u>
Net cash provided by (used for) operating activities	<u>\$ (765,579)</u>	<u>59,913</u>	<u>(705,666)</u>	<u>229,433</u>

Supplemental information:

During the fiscal year ended June 30, 2008, 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, 2008

	<u>Balance at</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2008</u>
<u>DEPOSIT FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 401,076	1,581,377	1,384,936	597,517
Accounts receivable	<u>99,714</u>	<u>56,480</u>	<u>102,705</u>	<u>53,489</u>
Total assets	<u>\$ 500,790</u>	<u>1,637,857</u>	<u>1,487,641</u>	<u>651,006</u>
<u>Liabilities</u>				
Accounts payable	\$ 30,047	28,610	30,047	28,610
Deposits payable	<u>470,743</u>	<u>1,460,891</u>	<u>1,309,238</u>	<u>622,396</u>
Total liabilities	<u>\$ 500,790</u>	<u>1,489,501</u>	<u>1,339,285</u>	<u>651,006</u>

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 I

CITY OF SAN GABRIEL

Net Assets by Component
Last Six Fiscal Years

(accrual basis of accounting)

	2008	2007	2006	2005	2004	2003
Primary government						
Invested in capital assets, net of related debt	\$ 33,455,141	33,796,931	32,625,226	34,550,210	34,584,514	34,987,701
Restricted	-	-	-	-	-	-
Unrestricted	<u>22,873,363</u>	<u>21,411,617</u>	<u>16,489,547</u>	<u>13,185,700</u>	<u>13,181,974</u>	<u>13,018,335</u>
Total primary government net assets	<u>\$ 56,328,504</u>	<u>55,208,548</u>	<u>49,114,773</u>	<u>47,735,910</u>	<u>47,766,488</u>	<u>48,006,036</u>

TABLE 2

CITY OF SAN GABRIEL

Changes in Net Assets
Last Six Fiscal Years (1)

(accrual basis of accounting)

	Fiscal Year					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses						
Governmental activities:						
General Government	\$ 5,226,785	3,202,488	4,629,928	3,632,467	3,471,388	3,135,735
Public Safety	17,229,072	14,685,584	14,278,926	14,394,449	12,168,593	10,326,967
Transportation	2,063,459	2,153,567	4,607,455	6,072,509	4,161,676	3,712,609
Community Development	6,067,911	3,902,507	3,386,808	697,797	2,331,649	2,142,391
Culture & Recreation	3,102,722	2,855,572	2,737,045	2,784,195	2,625,740	2,182,577
Total primary government expenses	<u>33,689,949</u>	<u>26,799,718</u>	<u>29,640,162</u>	<u>27,581,417</u>	<u>24,759,046</u>	<u>21,500,279</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	697,239	673,429	204,187	3,505,044	1,202,766	2,168,926
Public safety	1,843,374	2,008,412	1,938,757	1,343,392	1,371,383	1,335,946
Culture and recreation	799,899	739,107	517,130	506,565	409,709	553,364
Community development	2,417,507	2,099,574	2,592,783	2,919,783	2,570,863	1,942,160
Transportation	5,500	6,000	5,500	6,500	6,000	26,485
Operating grants and contributions	5,097,352	4,561,119	5,149,940	4,026,667	3,184,871	4,358,304
Capital grants and contributions	2,602,237	2,019,336	1,497,228	1,040,705	1,966,768	702,835
Total governmental activities	<u>13,463,108</u>	<u>12,106,977</u>	<u>11,905,525</u>	<u>13,348,656</u>	<u>10,712,360</u>	<u>11,088,020</u>
Net revenue/(expenses)						
Total primary government net expense	<u>\$ (20,226,841)</u>	<u>(14,692,741)</u>	<u>(17,734,637)</u>	<u>(14,232,761)</u>	<u>(14,046,686)</u>	<u>(10,412,259)</u>

TABLE 2
Continued

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

	Fiscal Year					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 8,193,765	7,765,406	6,810,825	5,408,729	5,406,831	4,801,327
Sales Taxes	4,051,011	4,146,868	3,951,558	3,924,613	3,783,872	3,626,265
Franchise taxes	625,398	668,599	581,641	565,710	556,582	608,215
Transient occupancy tax	645,892	565,719	492,500	367,974	53,631	64,535
Utility users tax	3,570,013	3,542,633	3,436,485	3,259,972	3,204,161	2,937,247
Property transfer tax	194,860	237,345	225,367	198,064	213,818	164,342
Major vehicle in lieu(unrestricted)	3,300,106	3,174,911	3,014,702	-	-	-
Investment income	600,514	616,772	521,702	353,378	292,887	269,883
Miscellaneous	165,238	68,263	78,720	123,743	295,356	609,230
Total governmental activities	<u>21,346,797</u>	<u>20,786,516</u>	<u>19,113,500</u>	<u>14,202,183</u>	<u>13,807,138</u>	<u>13,081,044</u>
Total primary government	<u>21,346,797</u>	<u>20,786,516</u>	<u>19,113,500</u>	<u>14,202,183</u>	<u>13,807,138</u>	<u>13,081,044</u>
Changes in Net Assets						
Total primary government	<u>\$ 1,119,956</u>	<u>6,093,775</u>	<u>1,378,863</u>	<u>(30,578)</u>	<u>(239,548)</u>	<u>2,668,785</u>

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 Six Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year					
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General fund						
Reserved	\$ 7,069,832	5,480,870	4,272,486	3,129,445	1,923,998	1,845,580
Unreserved	3,898,435	3,951,322	2,830,700	1,547,760	1,549,942	2,349,402
Total general fund	<u>\$ 10,968,267</u>	<u>9,432,192</u>	<u>7,103,186</u>	<u>4,677,205</u>	<u>3,473,940</u>	<u>4,194,982</u>
All other governmental funds						
Reserved	\$ 4,701,353	5,700,199	4,656,964	5,154,535	6,157,919	5,758,216
Unreserved, reported in:						
Special revenue funds	9,787,423	8,652,955	6,820,730	5,323,606	4,910,204	3,833,019
Capital projects funds	<u>(814,569)</u>	<u>(1,455,842)</u>	<u>(1,943,857)</u>	<u>(761,763)</u>	<u>(802,329)</u>	<u>(792,414)</u>
Total all other governmental funds	<u>\$ 13,674,207</u>	<u>12,897,312</u>	<u>9,533,837</u>	<u>9,716,378</u>	<u>10,265,794</u>	<u>8,798,821</u>

(1) Sixth year GASB 34 implementation.

TABLE 4

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Revenues						
Tax	\$ 18,396,557	17,819,605	16,357,216	14,279,916	13,350,237	12,502,126
Licenses and permits	1,999,600	1,804,288	1,751,879	1,522,070	1,466,456	1,095,066
Intergovernmental	8,099,277	6,674,651	7,376,681	6,645,842	5,745,683	6,331,359
Charges for services	3,554,372	3,378,104	3,172,456	3,433,174	3,017,850	2,556,007
Fines	975,935	1,134,103	935,568	505,031	589,054	653,878
Investment income	1,657,104	1,603,128	1,201,027	543,184	421,241	384,816
Miscellaneous	339,413	196,614	964,280	124,063	295,366	609,655
Total revenues	<u>35,022,258</u>	<u>32,610,493</u>	<u>31,759,107</u>	<u>27,053,280</u>	<u>24,885,887</u>	<u>24,132,907</u>
Expenditures						
General government	4,848,851	4,653,839	4,488,526	3,484,375	3,348,343	3,056,428
Police	9,951,781	9,013,299	8,651,059	8,129,980	7,037,866	6,145,663
Fire	6,089,533	5,415,918	5,165,018	4,955,281	4,433,485	3,731,959
Community development	5,029,899	3,826,599	3,778,788	3,923,588	3,342,852	3,120,389
Culture and recreation	2,909,229	2,760,442	2,599,376	2,477,786	2,434,397	2,061,358
Capital outlay	2,793,920	1,787,862	1,418,409	2,637,308	2,358,160	2,943,895
Transportation	762,762	714,778	1,688,142	621,934	1,050,263	921,018
Total expenditures	<u>32,385,975</u>	<u>28,172,737</u>	<u>27,789,318</u>	<u>26,230,252</u>	<u>24,005,366</u>	<u>21,980,710</u>
Excess of revenues over expenditures	2,636,283	4,437,756	3,969,789	823,028	880,521	2,152,197
Other financing sources(uses)						
Transfers in	6,571,507	5,878,963	5,497,386	4,880,058	3,040,877	3,136,576
Transfers out	<u>(6,894,820)</u>	<u>(6,124,238)</u>	<u>(5,723,735)</u>	<u>(5,049,237)</u>	<u>(3,175,467)</u>	<u>(3,252,745)</u>
Total other financing sources (uses)	<u>(323,313)</u>	<u>(245,275)</u>	<u>(226,349)</u>	<u>(169,179)</u>	<u>(134,590)</u>	<u>(116,169)</u>
Net change in fund balances	<u>\$ 2,312,970</u>	<u>4,192,481</u>	<u>3,743,440</u>	<u>653,849</u>	<u>745,931</u>	<u>2,036,028</u>

(1) Sixth year GASB 34 implementation.

TABLE 5

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

Fiscal Year	Last Ten Fiscal Years					Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	
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%
2007-2008	2,536,813,542	720,257,939	75,044,285	14,927,928	3,332,115,766	0.2648%

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)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
City Direct Rates:										
City Basic Rate	0.24803	0.24803	0.24803	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800
Total City Direct Rate	0.24803	0.24803	0.24803	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800	0.21800
Overlapping Rates:										
Water District	0.00510	0.00530	0.00580	0.00580	0.00670	0.00730	0.00830	0.00940	0.00950	0.00950
Flood Control District	0.01216	0.01221	0.01221	0.01235	0.01256	0.01298	0.01257	0.01365	0.01387	0.01405
Sanitary District	0.01391	0.01390	0.01391	0.01391	0.01390	0.01390	0.01390	0.01390	0.01390	0.01390
Unified School District	0.28710	0.27898	0.28252	0.28729	0.28224	0.28803	0.23000	0.23000	0.23000	0.23000
County Library	0.02434	0.02434	0.02434	0.02434	0.02400	0.02400	0.02400	0.02400	0.02400	0.02400
County	0.62007	0.64059	0.62637	0.63052	0.63234	0.62713	0.62862	0.61281	0.61142	0.61145
Total Direct Rate	1.21071	1.22335	1.21318	1.19221	1.18974	1.19134	1.13539	1.12176	1.12069	1.12090

Source: Los Angeles County Assessor 2007/08 Tax Rate Table.

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

Taxpayer	2008			2007			2006			2005			2004		
	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	\$ 103,422	1	2.93%	\$ 56,225	2	1.79%	54,439	2	1.97%	\$ 53,372	2	2.05%	\$ 52,394	2	2.10%
Tony C. Chu Trust	23,481	2	0.66%	20,072	3	0.64%	19,799	3	0.72%	19,292	3	0.74%	15,639	3	0.63%
Life Plaza Center LLC	19,078	3	0.54%							6,963	10	0.27%	6,835	10	0.27%
C & B Limited Partnership	18,973	4	0.54%												
Maria W. Shiau	11,970	5	0.34%				8,102	8	0.29%	10,153	5	0.39%	11,195	5	0.45%
Hawaii Property Inc.	11,657	6	0.33%												
De Marco Parties Partnership	11,276	7	0.33%				18,372	4	0.66%	14,247	4	0.55%	13,986	4	0.56%
Demer Properties Inc.	10,889	8	0.32%	16,658	4	0.53%									
China Times Inc.	10,058	9	0.29%	9,077	9	0.29%									
San Gabriel Valley Medical Center	9,002	10	0.26%	60,296	1	1.92%	76,240	1	2.68%	77,185	1	2.96%	74,893	1	3%
San Gabriel Medical Plaza LLC Lessee				13,938	5	0.44%									
Landwin Hospitality LLC				13,609	6	0.43%	13,079	5	0.47%						
Setiawan & Dharmawan Trust				10,889	7	0.35%									
Anson Realty LLC				10,500	8	0.33%									
Grand Valley LLC				8,490	10	0.27%	8,324	7	0.30%						
King Summer Star LLC							11,014	6	0.40%	10,798	6	0.41%	10,600	6	0.42%
Lucky Center LLC							8,089	9	0.29%	7,930	9	0.30%	7,785	9	0.31%
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%

Source: Los Angeles County Assessor

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

Taxpayer	2003			2002			2001			2000			1999		
	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	\$ 51,366	2	2.23%	\$ 50,359	1	2.43%	\$ 49,277	1	2.47%	\$ 48,311	1	2.54%	\$ 47,432	1	2.64%
Tony C. Chu Trust	15,352	3	0.67%	12,352	2	0.60%	11,430	2	0.58%	11,013	2	0.58%	10,707	2	0.60%
Life Plaza Center LLC				6,570	7	0.32%	6,441	7	0.32%	6,328	5	0.33%	8,750	4	0.49%
C & B Limited Partnership	7,034	9	0.31%	9,221	5	0.44%	9,040	3	0.45%	8,863	4	0.47%	8,702	5	0.48%
Maria W. Shiau							4,907	9	0.25%	5,115	8	0.27%	5,489	7	0.31%
Hawaii Property Inc.	11,140	5	0.51%	9,878	3	0.48%	7,020	6	0.35%	6,190	6	0.32%	5,315	8	0.30%
De Marco Parties Partnership				5,475	10	0.26%	5,570	8	0.28%	5,955	7	0.31%	5,202	9	0.29%
Demer Properties Inc.	11,657	4	0.51%	9,602	4	0.46%	9,012	4	0.45%	9,012	3	0.47%	9,012	3	0.50%
China Times Inc.							4,606	10	0.23%	4,429	9	0.23%			
San Gabriel Valley Medical Center	71,702	1	3.11%												
Landwin Hospitality LLC	9,868	6	0.43%	6,376	8	0.31%									
Archdiocese of LA Educ & Welfare	8,472	7	0.37%										7,843	6	0.44%
Lucky Center LLC	7,632	8	0.33%	7,483	6	0.36%	7,336	5	0.37%						
Shih Properties Inc.															
Thomas K. & Hsui Y. Wong	6,800	10	0.30%												
Charter Communication				5,627	9	0.27%									
San Gabriel Club													5,189	10	0.29%

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
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	7,487,101	100%	268,406	7,755,507	104%
2008-2009	7,820,367	7,663,787	98%	323,702	7,987,489	102%

(1) Includes collection of prior years delinquent 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, 2008

	Percent Applicable to City of San Gabriel	Outstanding Debt 6/30/08	Amount Applicable to City of San Gabriel
Overlapping bonded debt:			
METROPOLITAN WATER DISTRICT	0.408	\$ 150,054,336	\$ 611,800
GARVEY SCHOOL DISTRICT DS 2000 SERIES A	12.653	7,039,903	890,754
GARVEY SCHOOL DISTRICT DS 2000 SERIES B	12.653	6,394,519	809,094
GARVEY SCHOOL DISTRICT 2004 SERIES 2005	12.653	9,333,736	1,180,991
GARVEY SCHOOL DISTRICT 2004 SERIES 2006	12.653	10,999,898	1,391,810
GARVEY SCHOOL DISTRICT 2004 SERIES C	12.653	8,997,964	1,138,506
ROSEMEAD SCHOOL DISTRICT DS 2000 SERIES A	11.518	6,945,000	799,906
ROSEMEAD SCHOOL DISTRICT DS 2000 SERIES B	11.518	9,540,000	1,098,791
ROSEMEAD SCHOOL DISTRICT DS 2000 SERIES C	11.518	7,000,000	806,241
EL MONTE UN HSD DS 2002 SERIES A	2.324	5,285,000	122,836
EL MONTE UN HSD DS 2002 SERIES B	2.324	7,540,000	175,248
EL MONTE UN HSD DS 2006 REFUNDING BONDS	2.324	68,543,264	1,593,114
L.A. CCD DS 2001 SERIES A	0.570	34,590,000	197,014
L.A. CCD DS 2003 TAXABLE SERIES 2004B	0.570	79,545,000	453,065
L.A. CCD DS 2001 TAXABLE SERIES 2004A	0.570	101,235,000	576,605
L.A. CCD DS REFUNDING 2001 SERIES 2005A	0.570	432,950,000	2,465,956
L.A. CCD DS 2001, 2006 SERIES B	0.570	322,500,000	1,839,734
L.A. CCD DS 2003, 2006 SERIES C	0.570	400,000,000	2,278,283
PASADENA AREA CCD DS 2002 SERIES A	0.441	4,570,000	20,170
PASADENA AREA CCD DS 2006 SERIES B	0.441	58,840,000	259,696
PASADENA AREA CCD DS 2006 REF BD SERIES C	0.441	21,705,552	95,799
SAN GABRIEL USD DS 2002 SERIES A	73.487	11,427,600	8,397,768
SAN GABRIEL USD DS 2002 SERIES B	73.487	6,723,892	4,941,168
SAN GABRIEL USD DS 2005 REFUNDING BONDS	73.487	17,360,000	12,757,294
SAN GABRIEL USD DS 2002 SERIES 2007 C	73.487	10,832,878	7,960,727
ALHAMBRA USD DS 1999 SERIES A	0.012	7,635,561	923
ALHAMBRA USD DS 1999 SERIES B	0.012	9,013,640	1,090
ALHAMBRA USD DS 2005 REFUNDING BONDS	0.012	8,825,000	1,067
ALHAMBRA USD DS 2004 SERIES A	0.012	47,150,000	5,702
Total Overlapping Debt:			<u>\$ 52,871,152</u>

Source: Los Angeles County Assessor

TABLE 10

CITY OF SAN GABRIEL

Legal Debt Margin Information

Last Ten Fiscal Years

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Assessed value	3,332,115,766	3,136,693,839	2,782,000,612	2,550,004,866	2,394,149,638	2,198,896,771	2,074,780,057	1,944,757,083	1,853,720,244	1,796,464,368
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	833,028,942	784,173,460	695,500,153	637,501,214	598,537,410	549,724,193	518,695,014	486,189,271	463,430,061	449,116,092
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	124,954,341	117,626,019	104,325,023	95,625,182	89,780,611	82,458,629	77,804,252	72,928,391	69,514,509	67,367,414
Total net debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
Legal debt margin	124,954,341	117,626,019	104,325,023	95,625,182	89,780,611	82,458,629	77,804,252	72,928,391	69,514,509	67,367,414
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

<u>Fiscal Year</u>	<u>City Population (1)</u>	<u>Personal Income (amounts expressed in thousands) (2)</u>	<u>Per Capita Personal income (2)</u>	<u>Unemployment Rate (2)</u>
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	369,174,348	37362	4.70%
2007	42,691	N/A	N/A	5.20%
2008	42,762	N/A	N/A	7.10%

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

TABLE 12

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

Employer	2008		2007		2006		2005		2004		2003	
	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	No. of Emp	% of Total City Emp
99 RANCH MARKET	180	2.53%	180	2.58%	171	2.53%	171	2.59%	161	2.48%	161	2.68%
SAN GABRIEL SUPERSTORE	154	2.17%	154	2.21%	144	2.13%	106	1.61%	112	1.73%	106	1.77%
LANDWIN HOSPITALITY LLC	184	2.59%	137	1.96%	18	0.27%	-	0.00%	-	0.00%	-	0.00%
HAWAII SUPERMARKET	139	1.96%	125	1.79%	121	1.79%	121	1.83%	121	1.87%	136	2.27%
LIVE OAK REHABILITATION CENTER	119	1.68%	111	1.59%	92	1.21%	87	1.32%	81	1.25%	88	1.25%
ALDERWOOD MANOR	103	1.45%	105	1.50%	103	1.52%	100	1.51%	101	1.56%	70	1.17%
MISSION LODGE SANITARIUM	110	1.55%	105	1.50%	98	1.45%	106	1.61%	116	1.79%	111	1.85%
PARK UNIFORM RENTAL	98	1.38%	100	1.43%	71	1.05%	59	0.89%	62	0.96%	80	1.33%
VISTA COVE CARE CENTER	87	1.23%	95	1.36%	109	1.61%	97	1.47%	93	1.43%	92	1.53%
FERNVIEW CONVALESCENT HOSPITAL	92	1.30%	90	1.29%	90	1.33%	97	1.47%	87	1.34%	74	1.23%
MARCO'S AUTO BODY, INC.	97	1.37%	89	1.28%	76	1.12%	73	1.11%	76	1.17%	76	1.27%
SAN GABRIEL NURSERY & FLORIST	60	0.84%	82	1.18%	82	1.21%	92	1.39%	96	1.48%	93	1.55%
A G SAN GABRIEL, LLC	69	0.97%	76	1.09%	57	0.84%	54	0.82%	52	0.80%	-	0.00%
O'DONNELL CHEVROLET-GEO-BUICK	71	1.00%	72	1.03%	74	1.09%	81	1.23%	82	1.27%	93	1.55%
CHINA TIMES PRINTING INC.	66	0.93%	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

Function/Program	Full-time Equivalent Employees									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government	7	7	7	7	7	6	6	6	6	6
Management services	8	8	8	7	7	7	6	5	5	5
Finance	4	4	4	4	4	4	3	2	3	3
Planning	2	2	2	2	1	2	1	1	1	1
Building	5	6	4	5	5	5	3	3	2	2
Other										
Police										
Officers	60	54	53	54	53	50	54	52	53	53
Civilians	13	14	14	12	15	15	13	13	14	13
Fire										
Firefighters and officers	33	31	33	32	34	33	32	33	33	33
Civilians	2	2	2	2	2	2	2	1	1	2
Highways and streets										
Engineering	2	2	2	1	1	1	-	-	-	-
Maintenance	16	16	19	19	19	17	18	19	18	19
Redevelopment	2	0	1	1	1	1	1	1	-	-
Parks and recreation	22	20	21	21	21	21	22	21	20	20
Total	176	166	170	167	170	164	161	157	156	157

Source: City Finance Department

TABLE 14

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

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government										
Building permits issued	1773	1,648	1,293	1,868	1,998	2,026	1,539	1,396	N/A	N/A
Building inspections conducted	5956	5,947	4,671	6,868	9,002	6,723	4,095	3,545	N/A	N/A
Police										
Physical arrests	652	598	868	907	727	664	787	826	860	1,064
Parking violations	12731	13,836	12,432	8,599	9,919	12,288	12,205	15,068	11,858	10,346
Traffic violations	7136	4,865	7,456	7,008	9,078	7,632	9,045	10,756	11,310	9,985
Fire										
Emergency responses	2173	2,331	1,805	2,234	2,177	2,127	2,074	2,157	2,161	2,025
Inspections	2448	2,420	2,423	2,062	1,877	2,423	2,411	1,943	1,798	1,932
Highways and streets										
Street resurfacing (miles)	0.76	0.00	0.00	3.05	1.45	1.50	2.06	3.23	0.56	0.45
Potholes repaired	1880	1,920	2,304	2,112	1,920	1,728	2,024	1,980	1,824	1,536
Culture and recreation										
Classes offered	294	285	289	362	383	323	321	325	319	341
Facility rentals	50	45	35	33	41	30	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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	27	27	27	27	27	26	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	800	780	765	750	730	715	700	680
Traffic signals	915	915	915	915	915	915	915	915	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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