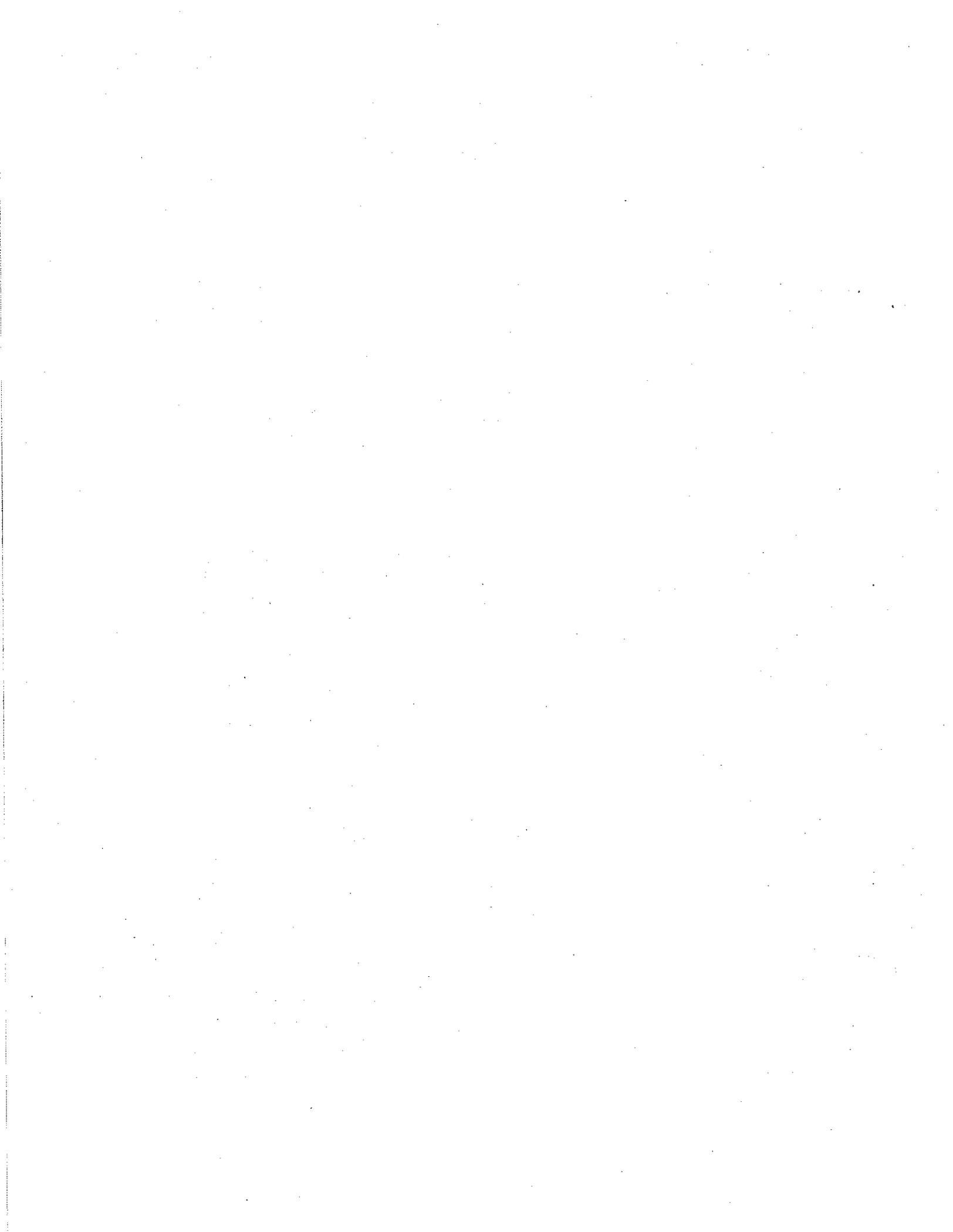


**Comprehensive Annual Financial Report  
City of Temple City, California  
Year ended June 30, 2011  
with Report of Independent Auditors**

***Prepared by: Finance Department***

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City of Temple City, California  
Year ended June 30, 2011  
with Report of Independent Auditors**

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CITY OF TEMPLE CITY

CITY OFFICIALS

June 30, 2011

City Council

Tom Chavez, Mayor

Vincent Yu, Mayor Pro Tempore

Carl Blum, Councilmember

Cynthia Sternquist, Councilmember

Fernando Vizcarra, Councilmember

Administration and Department Heads

City Manager	Jose E. Pulido
Economic Development Manager/Assistant to the City Manager	Brian S. Haworth
City Clerk	Mary R. Flandrick
Community Development Director	Steve M. Masura
Financial Services Manager	Vacant
Parks and Recreation Director	Cathy Burroughs

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**FINANCIAL SECTION**

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## REPORT OF INDEPENDENT AUDITORS

### The Honorable Mayor and the Members of the City Council City of Temple City, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Temple City, California (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 16, the California Supreme Court has upheld legislative bill ABX 1 26 which dissolves California redevelopment agencies (Agency) and establishes mechanisms for paying existing Agency debts and liquidating Agency assets. By operation of law, the Temple City Community Redevelopment Agency was dissolved on February 1, 2012 and its assets were transferred to the City, which is the designated successor agency.

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 Temple City, California, as of June 30, 2011, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year, the City of Temple City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund-type Definitions*, as discussed in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2012, under separate cover, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis, the budgetary comparison information, and the public employees retirement system schedule of funding progress as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

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

*Vergara + Company LLP*

**Los Angeles, California**  
**February 1, 2012**

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The following discussion and analysis of the City of Temple City's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2011. Readers are encouraged to consider the information presented here in conjunction with the accompanying basic financial statements.

### Financial Highlights

- The City's net assets increased by \$3,287,802 as a result of this year's operations.
- The total revenue from all sources was \$16,300,825.
- The total cost of all City programs was \$14,799,190.
- The City's total debt increased by \$621,804 during the current fiscal year. The key factors in this increase is the net of the addition of OPEB obligation (\$924,972), the increase in the compensated absences liability (\$11,832) and the decrease of the 2005 Refunding Revenue Bonds payment (\$305,000).

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Temple City's basic financial statements. The City of Temple City's Comprehensive Annual Financial Report (CAFR) is comprised of three components: Introduction, Financial Section and Statistical Section.

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

The *government-wide financial statements* include not only the City, but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the Temple City Redevelopment Agency is included as an integral part of the City's financial statements and reported as a blended component unit.

The *statement of net assets* presents information on all of the City of Temple City's assets and liabilities, with the difference between the two reported as *total net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements report on functions of the City of Temple City that are principally supported by taxes and inter-governmental revenues (*governmental activities*). The governmental activities of the City of Temple City include general government, community development, public safety, public works and community services.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Temple City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Temple City are governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Temple City maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the statement of revenues, expenditures, and changes in fund balances for the CRA capital improvements fund, the CRA debt service fund and the low and moderate housing fund, all of which are considered to be major funds.

The City of Temple City adopts an annual appropriated budget. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

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

### **Government-wide Financial Analysis**

Our analysis focuses on the net assets and changes in net assets of the City's governmental activities for the fiscal year ending June 30, 2011.

City of Temple City  
Condensed Statement of Net Assets

	Governmental Activities
Current and other assets	\$ 42,174,786
Capital assets	<u>28,131,357</u>
Total assets	<u>\$ 70,306,143</u>
Current and other liabilities	\$ 3,279,790
Long-term liabilities	<u>6,504,879</u>
Total liabilities	<u>9,784,669</u>
Net Assets:	
Invested in capital assets, net of related debt	28,131,357
Restricted	14,736,865
Unrestricted	<u>17,653,253</u>
Total net assets	<u>\$ 60,521,475</u>

The City's net assets increased by \$3,287,802 during Fiscal Year (FY) 2010-11. This represents the degree to which ongoing revenues exceeded similar ongoing expenditures.

City of Temple City  
Changes in Net Assets

	Governmental Activities
Revenues:	
Program revenues	
Charges for services	\$ 2,212,550
Operating Contributions and Grants	4,603,947
Capital Contributions and Grants	-
General revenues:	
Taxes	6,303,326
Licenses and permits	1,028,284
Intergovernmental	6,342,722
Charges for services	1,104,495
Fines	495,469
Investment income	504,748
Rental income	57,442
Low income grant and loan repayments	49,195
Other	<u>415,145</u>
Total revenues	<u>16,300,825</u>
Expenses:	
General government	3,072,847
Community development	1,657,399
Public safety	4,662,120
Public works	1,960,629
Community services	3,016,958
Interest on long-term debt	<u>429,238</u>
Total expenses	<u>14,799,190</u>
Special item	<u>1,786,167</u>
Increase in Net Assets	3,287,802
Net Assets – Beginning of Year	<u>57,233,673</u>
Net Assets – End of Year	<u>\$60,521,475</u>

The City of Temple City's total revenues are \$16,300,825 while the total cost of all programs and services are \$14,799,190. The following table represents the cost of each of the City's largest programs – general government, community development, public safety, public works, community services, and interest on long-term debt – as well as each program's net cost. The net cost is the total program expenses less the associated program revenues earned by that activity. The table also shows the financial cost that was incurred by the City for each activity.

**Statement of Activities**

	Total Cost of Services
<u>Governmental Activities</u>	
General government	\$ 3,072,847
Community development	1,657,399
Public safety	4,662,120
Public works	1,960,629
Community services	3,016,958
Interest on long-term debt	429,238
Total	<u>\$14,799,190</u>

The net cost of services indicates that the overall cost of the City of Temple City is more than the revenues generated to support it. However, general revenues, such as property taxes, sales taxes, motor vehicle in lieu and investment income, not associated with a particular activity, are not offset against the direct cost of services.

**Financial Analysis of the City's Funds**

The City of Temple City's governmental funds reported a combined fund balance of \$36,114,660 at the end of the fiscal year. The debt service funds and the capital project funds are not yet incurring a significant contribution to the reported Governmental fund balance.

The equity in the General fund balance increased by \$672,046. The General Fund revenues (\$10,644,685) exceeded General Fund expenditures (\$9,972,639). Primary revenue sources for this fund are sales tax, property tax and motor vehicle in lieu. The General Fund is responsible for general services of the City. This includes public safety, public works, community development, community services and administration. The largest expenditure is for law enforcement, which was \$3,543,197 for Fiscal Year 2010-11. During this fiscal year the City also had \$67,573 in Capital Improvement Projects paid with General Funds.

The equity in the CRA Debt Service fund balance increased by \$200,556. Revenue sources for this fund are 80% of tax increment and investment earnings. This fund is responsible for 80% of the semi-annual bond payments and debt service payments on City loans.

**General Fund Budgetary Highlights**

Revenues: Actual revenue received exceeded the final budget by \$317,544. The City maintained an operational surplus in the General Fund in FY 2010-11 of \$672,046.

Expenditures: Actual expenditures were less than the final budget by \$363,369 resulting from lower costs for most programs in FY 2010-11.

Ending Fund Balance: The total fund balance at the beginning of the fiscal year was \$24,700,378 and at the end of the year the fund balance was \$25,313,718. The operational surplus in the General Fund was \$672,046. During FY 2010-11, a total of \$67,573 in Capital Improvements Projects was paid with General Funds. The net General Fund impact was \$613,340, leaving a total increase of \$613,340 in the fund balance of the General Fund during FY 2010-11.

**Capital Assets and Debt Administration**

**Capital Assets.** As shown in the following table, as of June 30, 2011, the City of Temple City had \$28,131,357 invested in capital assets, including land, buildings, improvements, furniture and equipment, vehicles and infrastructure.

**Capital Assets At Year-End**

	Governmental Activities
Land	\$13,574,306
Construction in progress	1,544,169
Buildings	6,223,122
Improvements	5,290,172
Furniture and equipment	1,419,308
Vehicles	1,088,012
Infrastructure	<u>12,403,597</u>
Sub Total	\$41,542,686
Less Depreciation	<u>(13,411,328)</u>
Net Total, Capital Assets	<u>\$28,131,357</u>

**Long-Term Debt.** In December 1993, the Temple City Financing Authority (Authority) issued \$1,400,000 of Serial Bonds and two issues of Term Bonds totaling \$3,245,000 for a total amount of \$4,645,000. In September 2005, the Temple City Financing Authority issued \$5,780,000 of Serial Bonds and \$2,220,000 of Term Bonds to be paid from tax increment revenues. The Authority issued the 2005 Refunding Revenue Bonds to refund 1993 loan and make a new loan to the Agency. At June 30, 2011, the outstanding principal amount of loans payable from the City to the Temple City Financing Authority was \$6,595,000.

**Other Post Employment Benefits.** Based on GASB No. 45, the City of Temple City had to disclose the Net Other Post Employment Benefits (OPEB) obligation that is unfunded. The annual OPEB cost is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. During fiscal year 2010-11, the City annual OPEB cost was \$1,080,000. A total of \$155,028 in contributions was made during the fiscal year, leaving a net OPEB obligation of \$924,972.

**Outstanding Debt**

	<u>Governmental Activities</u>
2005 Refunding Revenue Bonds	\$ 6,595,000
Net OPEB Obligation	924,972
Compensated absences	<u>249,866</u>
Total	<u>\$ 7,769,838</u>

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Administrative Services Department, at the City of Temple City, 9701 Las Tunas Drive, Temple City, CA. 91780.

**City of Temple City**  
**Statement of Net Assets**  
**June 30, 2011**

<b>ASSETS</b>	Governmental Activities <u>2011</u>
Cash and investments	\$ 38,494,009
Cash and investments with fiscal agent	627,225
Accounts receivable	243,020
Interest receivable	33,330
Due from government agencies	1,122,907
Prepaid items	1,310
Loans receivable	1,652,985
Capital assets:	
Capital assets, not being depreciated	15,118,475
Capital assets, being depreciated, net of accumulated depreciation	<u>13,012,882</u>
<b>Total assets</b>	<u>70,306,143</u>
 <b>LIABILITIES</b>	
Accounts payable	1,388,921
Accrued payroll	142,581
Accrued interest	102,456
Due to other funds	118,133
Refundable deposits	137,140
Deferred revenue	125,600
OPEB liability	
Long-term liabilities:	
Portion due within one year:	
Compensated absences	24,987
Net OPEB obligation	924,972
Refunding revenue bonds payable	315,000
Portion due beyond one year:	
Compensated absences	224,879
Refunding revenue bonds payable	<u>6,280,000</u>
<b>Total liabilities</b>	<u>9,784,669</u>
 <b>NET ASSETS</b>	
Invested in capital assets	28,131,357
Restricted	14,736,865
Unrestricted	<u>17,653,253</u>
<b>Total net assets \$</b>	<u><u>60,521,475</u></u>

*See notes to financial statements.*

**City of Temple City  
Statement of Activities  
Year ended June 30, 2011**

	Program Revenues			Net Governmental Activities
	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities				
General government	\$ 3,072,847	82,910	44,773	(2,945,164)
Community development	1,657,399	1,007,719	273,917	(375,763)
Public safety	4,662,120	516,034	136,935	(4,009,151)
Public works	1,960,629	88,506	4,065,287	2,193,164
Community services	3,016,957	517,381	83,035	(2,416,541)
Interest on long-term debt	429,238			(429,238)
Total Governmental Activities	<u>\$ 14,799,190</u>	<u>2,212,550</u>	<u>4,603,947</u>	<u>(7,982,693)</u>

**General revenues**

**Taxes:**

Property taxes	3,259,485
Sales taxes	1,614,726
Transient occupancy taxes	34,221
Franchise taxes	542,523
Other taxes	99,701
Investment income	409,097
State motor vehicle in lieu	3,229,851
State revenue - other	8,844
Other revenue	285,880
Total general revenues	<u>9,484,328</u>

Change in net assets before special item

**Special item**

Change in net assets

Net asset - beginning  
Net asset - ending

	1,501,635
	<u>1,786,167</u>
	3,287,802
	<u>57,233,673</u>
	<u>\$ 60,521,475</u>

See notes to financial statements.

## **Major Governmental Funds**

### General Fund

The General Fund has been classified as a major fund and is used to account for all of the general revenues of the City not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by the City. The General Fund is used to account for all resources not required to be accounted for in another fund.

### Special Revenue Fund

#### CDBG

The CDBG Special Revenue Fund met the criteria to be classified as a major fund and is used to account for resources in managing the different programs under the Community Development Block Grant funded by the Housing and Urban Development.

### Debt Service Fund

The Debt Service Fund has been classified as a major fund and is used to account for resources set aside for repayment of long-term debt.

## **Nonmajor Governmental Funds**

Nonmajor governmental funds include the Special Revenue Funds, the Capital Projects Funds and the Permanent Fund. Since total assets, liabilities, revenues or expenditures of these funds do not exceed 10% of total governmental funds, they do not meet the criteria to be classified as major funds.

**City of Temple City  
Governmental Funds  
Balance Sheet  
June 30, 2011**

	General Fund	Special Revenue CDBG	CRA Debt Service	Non-Major Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 23,200,828	-	-	14,438,622	37,639,450
Cash and investments with fiscal agent	-	-	627,225	-	627,225
Accounts receivable	243,020	-	-	-	243,020
Interest receivable	32,191	-	-	1,139	33,330
Due from other funds	401,323	-	-	121,163	522,486
Due from other governments	494,537	16,820	214,067	397,483	1,122,907
Prepaid items	1,310	-	-	-	1,310
Loans receivables	604,171	1,036,154	-	12,660	1,652,985
Advances to other funds	3,892,715	-	-	-	3,892,715
<b>Total assets</b>	<b>\$ 28,870,095</b>	<b>1,052,974</b>	<b>841,292</b>	<b>14,971,067</b>	<b>45,735,428</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 922,936	80,988	-	384,998	1,388,922
Accrued payroll	133,790	-	-	8,791	142,581
Due to other funds	-	16,820	172,433	333,233	522,486
Due to other governments	-	-	-	-	-
Refundable deposits	137,140	-	-	-	137,140
Deferred revenue	2,362,511	1,036,154	-	138,260	3,536,925
Advances from other funds	-	-	3,892,715	-	3,892,715
<b>Total liabilities</b>	<b>3,556,377</b>	<b>1,133,962</b>	<b>4,065,148</b>	<b>865,282</b>	<b>9,620,769</b>
<b>FUND BALANCES</b>					
Nonspendable	1,771,165	-	-	-	1,771,165
Restricted	-	-	627,225	14,109,640	14,736,865
Unassigned	23,542,553	(80,988)	(3,851,081)	(3,855)	19,606,629
<b>Total fund balances (deficit)</b>	<b>25,313,718</b>	<b>(80,988)</b>	<b>(3,223,856)</b>	<b>14,105,785</b>	<b>36,114,659</b>
<b>Total liabilities and fund balances</b>	<b>\$ 28,870,095</b>	<b>1,052,974</b>	<b>841,292</b>	<b>14,971,067</b>	<b>45,735,428</b>

*See notes to financial statements.*

**City of Temple City**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2011**

---

Fund balance of governmental funds	\$	36,114,659
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets net of depreciation have not been included as financial resources in governmental fund activity.</p>		
Cost of capital assets, not being depreciated		15,118,475
Cost of capital assets, being depreciated		26,424,210
Accumulated depreciation		(13,411,328)
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets.</p>		
Compensated absences		(249,866)
Refunding revenue bonds payable		(6,595,000)
Net OPEB liability		(924,972)
<p>Accrued liabilities in the Statement of Net Assets differ from the amount reported in governmental funds due to accrued interest on revenue bond payable.</p>		
		(102,456)
<p>Deferred revenue balances relating to certain loans receivable are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.</p>		
		3,411,326
<p>The internal Service Fund is used by management to charge the costs of self insurance activities to individual funds. The cash and investments of the Internal Service Fund are included in governmental activities in the Statement of Net Assets because it primarily service governmental activities of the City.</p>		
		736,426
Net assets of governmental activities	\$	<u>60,521,475</u>

*See notes to financial statements.*

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**City of Temple City  
Governmental Funds**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year ended June 30, 2011**

	General Fund	Special Revenue CDBG	CRA Debt Service	Non-Major Governmental Funds	Total
<b>Revenues</b>					
Taxes	\$ 4,451,470	-	879,349	972,507	6,303,326
Licenses and permits	1,028,284	-	-	-	1,028,284
Intergovernmental	3,229,851	156,803	-	3,075,488	6,462,142
Charges for services	631,355	-	-	473,140	1,104,495
Fines	423,041	-	-	72,428	495,469
Investment income	409,097	-	29	95,621	504,747
Rental income	57,442	-	-	-	57,442
Low income grant and loan repayments	-	49,195	-	-	49,195
Other	414,145	-	-	1,000	415,145
<b>Total revenues</b>	<u>10,644,685</u>	<u>205,998</u>	<u>879,378</u>	<u>4,690,184</u>	<u>16,420,245</u>
<b>Expenditures</b>					
Current:					
General government	2,191,478	-	-	300,534	2,492,012
Community development	1,088,463	142,663	-	-	1,231,126
Public safety	4,352,010	-	-	1,864	4,353,874
Public works	410,636	-	-	1,254,870	1,665,506
Community services	1,930,052	-	28,531	774,577	2,733,160
Capital outlay	-	-	-	1,132,410	1,132,410
Debt service:					
Principal	-	-	244,000	61,000	305,000
Interest	-	-	369,958	63,092	433,050
Pass-through payments	-	-	36,333	-	36,333
SERAF payment to the State	-	-	-	67,974	67,974
<b>Total expenditures</b>	<u>9,972,639</u>	<u>142,663</u>	<u>678,822</u>	<u>3,656,321</u>	<u>14,450,445</u>
Excess (deficiency) of revenues over expenditures	<u>672,046</u>	<u>63,335</u>	<u>200,556</u>	<u>1,033,863</u>	<u>1,969,800</u>
<b>Other financing sources (uses)</b>					
Transfers in	441,129	-	-	1,299,511	1,740,640
Transfers out	(499,835)	(144,323)	-	(1,096,482)	(1,740,640)
<b>Net other financing sources (uses)</b>	<u>(58,706)</u>	<u>(144,323)</u>	<u>-</u>	<u>203,029</u>	<u>-</u>
Net change in fund balance	613,340	(80,988)	200,556	1,236,892	1,969,800
Fund balance, beginning of year	24,700,378	-	(3,424,412)	12,868,893	34,144,859
Fund balance, end of year	<u>\$ 25,313,718</u>	<u>(80,988)</u>	<u>(3,223,856)</u>	<u>14,105,785</u>	<u>36,114,659</u>

*See notes to financial statements.*

City of Temple City  
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, 2011

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Net change in Fund Balances - total governmental funds	\$	1,969,800
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expenses charged for the year.</p>		
Capital outlay		1,180,508
Depreciation expense		(591,613)
<p>Repayment of bond principal is an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the payments reduces the liability in the Statement of Net Assets and does not result in an expense in the Statement of Activities.</p>		
		305,000
<p>Expenses in the Statement of Activities are increased by the City's actuarially determined annual required contribution for its other postemployment benefits whereas the governmental funds only report the actual cash payments the City made for insurance premiums on behalf retirees and their eligible family members.</p>		
Other post employment benefits		(924,972)
<p>Compensated absences expense reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		(11,832)
<p>Accrued interest expenses related to long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest incurred on long-term liabilities.</p>		
		3,812
<p>Accrued but unpaid interest on loans is recorded as deferred revenue in the governmental funds but is recognized as income in the Statement of Activities.</p>		
		(82,096)
<p>Change in the accrued but unpaid retrospective insurance receivable due from other governmental is reflected in the Statement of Activities, but not reflected in governmental funds.</p>		
		(119,419)
<p>The Internal Service Fund is used by management to change the costs of self insurance activities to individual funds. The adjustments for the Internal Service Fund "close" the fund by charging additional amounts to participating governmental activities to completely cover the Internal Service Fund's costs for the year.</p>		
		<u>(227,553)</u>
Change in net assets of governmental activities	\$	<u>1,501,635</u>

*See notes to financial statements.*

**Internal Service Fund**

Self Insurance Fund

To account for goods and services relating to insurance premiums provided by one department to other departments on a cost reimbursement basis.

**City of Temple City  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011**

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	Self Insurance Internal Service Fund <u>Totals</u>
<b>ASSETS</b>	
Cash and investments	\$ 854,559
Total assets	<u>854,559</u>
<b>LIABILITIES</b>	
Due to other governments	<u>118,133</u>
Total liabilities	<u>118,133</u>
<b>NET ASSETS</b>	
Unrestricted	<u>736,426</u>
Total net assets	<u>\$ 736,426</u>

*See notes to financial statements.*

**City of Temple City**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2011**

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	Self Insurance Internal Service Fund <u>Totals</u>
Operating revenues:	
Other	\$ 44,773
Total operating revenues	<u>44,773</u>
Operating expenses:	
Insurance premiums	<u>272,326</u>
Total operating expenses	<u>272,326</u>
Change in net assets	(227,553)
Net assets at beginning of year	<u>963,979</u>
Net assets at end of year	<u>\$ 736,426</u>

*See notes to financial statements.*

**City of Temple City**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2011**

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	Self Insurance Internal Service Fund <u>Totals</u>
Cash flows from operating activities:	
Cash payments to suppliers for goods and services	\$ (272,326)
Cash received for other operating activities	44,773
Net cash provided by (used for) operating activities	<u>(227,553)</u>
Net decrease in cash and cash equivalents	(227,553)
Cash and cash equivalents at beginning of year	1,082,112
Cash and cash equivalents at end of year	<u>\$ 854,559</u>

Operating loss reconciles with the net cash used for operating activities at June 30, 2011.

Noncash transactions:

There were no significant noncash investing, capital or financing activities during the year ended June 30, 2011.

*See notes to financial statements.*

CRA Trust Fund

To account for maintenance fees held by the City as an agent for the Community Redevelopment Agency.

City of Temple City  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2011

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	<u>Totals</u>
<b>ASSETS</b>	
Cash and investments	\$ 772
Accounts receivable	9,309
Total assets	<u>\$ 10,081</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,165
Due to general fund	7,916
Total liabilities	<u>\$ 10,081</u>

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity**

The City of Temple City was incorporated on May 25, 1960 under the general laws of the State of California. On April 16, 1971 the City adopted resolution number 71-1084 declaring itself a charter city. The City operates under the Council - Manager form of government.

The City provides the following services as authorized by its general laws: Public Safety, Highways and Streets, Health and Sanitation, Cultural and Park Facilities, Public Improvements, Planning, Recreation and General Administrative Services.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government 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 if an 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 name 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.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are reported with the interfund data of the primary government. The following organizations are considered to be component units of the City:

Temple City Community Redevelopment Agency

The Temple City Community Redevelopment Agency (Agency) was established on May 16, 1972 pursuant to the State of California Health and Safety Code Section 33000 entitled "Community Redevelopment Law". Its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Temple City. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Upon completion, separate financial statements of the Agency can be obtained at City Hall.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

City of Temple City Public Financing Authority

The Temple City Public Financing Authority (Authority) was established pursuant to a Joint Exercise of Powers Agreement dated November 30, 1993, between the City and the Temple City Community Redevelopment Agency (the "Members"). The Authority was created for the purpose of providing financing for public capital improvements for the Members. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. No separate financial statements are issued for the Authority.

City of Temple City Housing Authority

The Temple City Housing Authority (Housing Authority) was established on November 1, 2005, pursuant to the State of California Health and Safety Code 34200 entitled, "Housing Authority Law." The purpose of the Housing Authority of Temple City is to provide safe and sanitary dwelling accommodations in the City to persons of low income. Even though it is legally separated, it is reported as if it were part of the City because the City Council also serves as the governing board of the Housing Authority. No separate financial statements are issued for the Housing Authority.

**Basis of Accounting and Measurement Focus**

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

- Government-wide financial statements
- Fund financial statements
- Notes to 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 are not followed in the preparation of the accompanying financial statements.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 Temple City 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 the 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 expenditures 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 transaction are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services, special assessments, and payments made by parties outside of 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 another 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 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.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 fiduciary funds and similar component units. 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 and agency funds are presented using the modified-accrual basis of accounting. The 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 generally considers revenues available if they are collected within ninety days after the fiscal year-end. Significant revenues subject to accrual under the measurable and available criteria include property taxes, sales taxes and motor vehicle in-lieu.

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 non-exchange 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 non-exchange 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.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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 sources 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 Funds

The City's Internal Service Fund is a proprietary fund. In the fund financial statements, proprietary funds 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 result from providing goods and services related to the funds' ongoing operations. The principal operating revenue of the City's Internal Service Fund is reimbursements relating to self-insurance. Operating expenses include the cost of insurance premiums relating to the services provided. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**Fund Types**

The basic accounting and reporting entity is a "fund." A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The accounting records of the City are organized on the basis of the various fund types as follows:

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and capital improvement costs which are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted by law or administrative action for specific purposes.

Debt Service Fund

The Debt Service Fund is used to account for resources set aside for repayment of long-term debt.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvements of major capital facilities and infrastructure.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Permanent Fund

The Permanent Fund is used to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the City or its citizenry.

The City reports the following major governmental funds:

- *General Fund* - To account for all of the general revenues of the City not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by the City.
- *Debt Service Fund* - To account for resources set aside for repayment of long-term debt.
- *City-Wide Capital Improvements Fund* - To account for all capital projects of the City.

PROPRIETARY FUND TYPE:

Internal Service Fund

The Internal Service Fund is used to account for goods and services provided by one department to other departments on a cost reimbursement basis.

FIDUCIARY FUND TYPE:

Agency Fund

The Agency Fund is used to account for assets that the City holds for others in an agency capacity. The Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**Reclassification and Eliminations**

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds are reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

**Advances to Other Funds**

Long-term interfund advances to component units are recorded in the fund financial statements as a receivable in the General Fund and as a liability in the component unit's Debt Service Fund.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Loans Receivable**

Certain loans receivable are not expected to be collected within one year. These loans receivable are offset by deferred revenue on the balance sheet of governmental funds.

**Cash and Investments**

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

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 funds, except for assets held by fiscal agents. 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 balance, except for approximately \$83,419 of interest income (associated with funds not legally required to receive pooled investment income) that has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

**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 significant 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 Temple City. Cash equivalents in the Permanent Fund include the fund's share in the cash and investments pool of the City of Temple City and a certificate of deposit.

**Employee Leave Benefits**

Vacation time begins to accumulate as of the first day of employment to a maximum of 240 hours. Sick leave accumulates at the rate of 8 hours per month without limit. Employees are not entitled to compensation for accrued sick time upon separation from the City.

**Claims and Judgments**

The City records a liability for material litigation, judgments, and claims (including incurred but not reported losses) when it is probable that an asset has been impaired or a material liability has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets (including infrastructure) are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Public domain (infrastructure) capital assets consist of streets, bridges, traffic signals, street lights, bus shelters and sewers. Generally, the City capitalizes capital asset purchases in excess of \$500 for general capital assets, \$50,000 for sewers (infrastructure) and \$10,000 for all other infrastructure.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation expense is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Assets. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Buildings and improvements	40 years
Furniture and equipment	5-7 years
Vehicles	5 years
Infrastructure:	
Streets	50-80 years
Bridges	50 years
Traffic signals	20 years

**Property Tax Calendar**

The County of Los Angeles assesses, levies, and collects property taxes for the City. Property taxes levied for the year ended June 30, 2011 were due and payable in two installments on November 1 and February 1 and became delinquent on December 10 and April 10, respectively. At the date of incorporation, the City elected to be a follow property tax city as an incentive for current and prospective residents to reside in the City.

The property tax calendar is as follows:

Lien Date:	March 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 10 Second Installment - April 10

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Taxes are collected by Los Angeles County and are remitted to the City periodically. Dates are percentages are as follows:

December 10	30% Advance
January 16	Collection No. 1
April 10	10% Advance
May 15	Collection No. 2
July 3 1	Collection No. 3

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 period. Actual results could differ from those estimates.

**Fund Balances**

In fiscal year ended June 30, 2011, the City implemented Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund-type Definitions*. This statement defines fund balance as the difference between the assets and liabilities reported in the City's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The five components of fund balance are as follows:

- **Nonspendable:** Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.
- **Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- **Committed:** Resources that are constrained to specific purposes by a formal action of the City Council such as an ordinance or resolution. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- **Assigned:** Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed.
- **Unassigned:** Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

**Net Assets**

The governmental and business-type activities in the government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.
- Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This category represents the City's net assets, which are not restricted for any project or other purpose.

**Statement of Cash Flows**

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations.

**NOTE 2      CASH AND INVESTMENTS**

Cash and investments at June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:		
Cash and investments	\$	38,494,010
Cash and investments with fiscal agents		627,225
Fiduciary Fund:		
Cash and investments		772
Total cash and investments	\$	<u>39,122,007</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$	2,200
Deposits with financial institutions		1,307,526
Investments		<u>37,812,281</u>
Total cash and investments	\$	<u>39,122,007</u>

**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 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
State of California Obligation	Yes	5 years	None	None
Local Agency Obligation	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase	Yes	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	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	\$40,000,000
JPA Pools (other investment pools)	Yes	N/A	None	None
Time Deposits	Yes	5 years	None	None

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

N/A - Not applicable

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	1 year	25%	10%
Certificates of Deposit	1 year	30%	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	None	None
Investment Agreements	N/A	None	None
Time Deposits	5 years	None	None

**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 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 (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturing (in Months)	
		12 Months or Less	12 to 60 Months
State Investment Pool (LAIF)	\$ 27,417,236	27,417,236	-
U.S. Agency Securities	1,695,000	-	1,695,000
Certificate of Deposit	7,508,000	2,933,000	4,575,000
Money Market Funds	564,820	564,820	-
Held by Fiscal Agent:			
Money Market Mutual Funds	627,225	627,225	-
Total	<u>\$ 37,812,281</u>	<u>31,542,281</u>	<u>6,270,000</u>

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**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, or debt agreements, and the actual rating, as reported by Standard & Poor's, as of year-end for each investment type:

Investment Type	Amount	Rating as of Year End	
		AAA	Not Rated
State Investment Pool (LAIF)	\$ 27,417,236	N/A	27,417,236
U.S. Agency Securities	1,695,000	N/A	1,695,000
Certificate of Deposit	7,508,432	N/A	7,508,432
Money Market Funds	564,388	N/A	564,388
Held by Fiscal Agent:			
Money Market Mutual Funds	627,225	N/A	627,225
Total	\$ 37,812,281		37,812,281

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2011, the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

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

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

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.

**NOTE 3 INTERFUND RECEIVABLES AND PAYABLES**

Current interfund receivables and payables balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Nonmajor governmental Funds	\$ 333,233	(a)
General Fund	CDBG Special Revenue Fund	16,820	(a)
CRA Capital Improvements Fund	CRA Debt Service	172,433	(a)
	Total	<u>\$ 522,486</u>	

(a) As of June 30, 2011, the nonmajor governmental and CDBG funds owed \$333,233 and \$16,820, respectively to the General Fund. Also, the CRA Debt Service Fund owed the CRA Capital Projects Fund \$172,433. These interfund advances were to fund temporary cash deficits.

**NOTE 4 INTERFUND ADVANCES**

Noncurrent interfund advances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	CRA Debt Service	<u>\$ 3,892,715</u>

No interfund advances are expected to be repaid within one year.

**NOTE 4 INTERFUND ADVANCES (CONTINUED)**

Prior to October 6, 1998, the City incurred various expenditures on behalf of the Agency that were accounted for as seven different loans. All seven loans plus the unpaid accrued interest on those loans through June 30, 1998 were consolidated on October 6, 1998 and accounted for as a single advance from the City to the Agency. Interest on the consolidated advance accrues at 7% annually and is paid if tax increment revenue exceeds the debt service requirements on the Series 2005 Refunding Revenue Bonds. If tax increment revenue is not available to make the annual interest payment, interest is accrued on the original amount of the cash advance, which increases the balance of the advance accordingly. The outstanding balance at June 30, 2011 is \$3,892,715, which includes \$2,185,735 of accrued interest.

**NOTE 5 INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2011 are as follows:

Transfers In	Transfers Out			Total
	General Fund	CDBG Fund	Nonmajor Governmental Funds	
General Fund	\$ -	144,323	296,806	441,129
Nonmajor Governmental Funds	499,835	-	799,676	1,299,511
Total	<u>\$ 499,835</u>	<u>144,323</u>	<u>1,096,482</u>	<u>1,740,640</u>

**NOTE 6      LOANS RECEIVABLE**

Loans receivable consist of the following at June 30, 2011:

Description	Amount
General Fund:	
Calabee's, Inc.	\$      541,296 (a)
Low and Moderate Income Housing	56,775
Temple City Chamber of Commerce	6,100
	604,171
Community Development Block Grant:	
Home improvement loans	1,036,154 (b)
CRA loans to Low and Moderate Income Housing Programs	
	12,660
Total	\$      1,652,985

(a) In August 2003, the City entered into a loan agreement with Calabee's, Inc. for up to \$1,105,000 with an annual interest rate of 4.50% in order to facilitate the construction and operation of a certain restaurant located within the City. Under the terms of the loan agreement, the City may disburse up to \$300,000 per month to Calabee's, Inc. during the construction phase of the project. The final disbursement date will be the earlier of (1) the first day of the first month following 100% disbursement of the loan or (2) the first day of the first month sixty days after the date of opening. Calabee's, Inc. will begin making monthly principal and interest payments of \$11,005 for a period of 132 months (11 years) commencing on the thirteenth month after the restaurant's opening date. Interest accrues on the loan at a rate of 4.50% per year from the final disbursement date until the first payment date.

During the first year of the restaurant's operation, Calabee's, Inc. will deposit with the City an amount equal to 10% of monthly net operating income for the establishment of a sinking fund. Funds deposited into the sinking fund become property of the City and may be applied to any amounts due to the City at the sole discretion of the City Manager. After three years of operation, the balance of the sinking fund will be disbursed to Calabee's, Inc.

(b) The City provides deferred payment loans to low and moderate income homeowners for repairs of building and zoning code violations through its Community Development Block Grant program. The maximum amount of each loan is \$25,000 with 3% interest. Loan repayment is deferred until the home is sold or changes title.

**NOTE 7 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 3,268,952	\$ -	\$ -	\$ 3,268,952
Land improvements	1,839,413	-	-	1,839,413
Construction in progress	445,273	1,098,896	-	1,544,169
Infrastructure:				
Land rights relating to streets	8,465,941	-	-	8,465,941
Total capital assets, not being depreciated	<u>14,019,579</u>	<u>1,098,896</u>	<u>-</u>	<u>15,118,475</u>
Capital assets, being depreciated:				
Buildings	6,223,122	-	-	6,223,122
Improvements	5,290,172	-	-	5,290,172
Furniture, fixtures and equipment	1,337,696	81,612	-	1,419,308
Vehicles	1,088,012	-	-	1,088,012
Infrastructure:				
Streets	10,255,200	-	-	10,255,200
Traffic signals	1,190,394	-	-	1,190,394
Bridges	958,003	-	-	958,003
Total capital assets, being depreciated	<u>26,342,599</u>	<u>81,612</u>	<u>-</u>	<u>26,424,211</u>
Less accumulated depreciation for:				
Buildings	1,407,291	149,977	-	1,557,268
Improvements	1,661,811	130,071	-	1,791,882
Furniture, fixtures and equipment	1,154,220	70,543	-	1,224,763
Vehicles	873,637	88,281	-	961,918
Infrastructure:				
Streets	5,663,199	137,777	-	5,800,976
Traffic signals	1,101,554	14,964	-	1,116,518
Bridges	958,003	-	-	958,003
Total accumulated depreciation	<u>12,819,715</u>	<u>591,613</u>	<u>-</u>	<u>13,411,328</u>
Net capital assets being depreciated	<u>13,522,883</u>	<u>(510,001)</u>	<u>-</u>	<u>13,012,882</u>
Governmental activities capital assets, net	<u>\$ 27,542,462</u>	<u>\$ 588,895</u>	<u>\$ -</u>	<u>\$ 28,131,357</u>

**NOTE 7 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the governmental activities as follows:

General Government	\$	87,271
Community Development		40,920
Public Safety		23,389
Public Works		223,765
Community Services		216,268
Total	\$	<u>591,613</u>

**NOTE 8 DEFERRED REVENUE**

Deferred revenue consisted of the following as of June 30, 2011:

	General Fund	CDBG Fund	Nonmajor Governmental Funds	Total
Amounts associated with long-term loans or advances:				
Accrued interest portion of City's advances to the Community Redevelopment Agency	\$ 1,821,215	\$ -	\$ -	\$ 1,821,215
Loans receivable	541,296	1,036,154	12,660	1,590,110
Unearned revenues	-	-	125,600	125,600
	<u>\$ 2,362,511</u>	<u>\$ 1,036,154</u>	<u>\$ 138,260</u>	<u>\$ 3,536,925</u>

**NOTE 9 LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2011 were as follows:

	Balance at July 1, 2010	Additions	Retirements	Adjustments (Note 18)	Balance at June 30, 2011	Amount Due Within One Year	Amount Due After One Year
2005 Refunding Revenue Bonds	\$ 6,900,000	\$ -	\$ (305,000)	\$ -	6,595,000	\$ 315,000	\$ 6,280,000
Net OPEB Obligation	1,786,167	1,080,000	(155,028)	(1,786,167)	924,972	924,972	-
Compensated Absences	238,034	52,394	(40,562)	-	249,866	24,987	224,879
	<u>\$ 8,924,201</u>	<u>\$ 1,132,394</u>	<u>\$ (500,590)</u>	<u>\$ (1,786,167)</u>	<u>7,769,838</u>	<u>\$ 1,264,959</u>	<u>\$ 6,504,879</u>

**NOTE 9 REFUNDING REVENUE BONDS, SERIES 2005**

In September 2005, the Temple City Community Redevelopment Agency (Agency) issued \$5,780,000 of Serial Bonds and \$2,220,000 of Term Bonds for a total amount of \$8,000,000 to be paid from future tax increment revenues. The Series 2005 bonds were issued to refund \$3,600,000 of outstanding Temple City Financing Authority (Authority) 1993 Revenue Bonds and to provide the Agency with additional funds for redevelopment activities. Interest is payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2006. Interest rates range from 3.0% to 4.9% on the serial bonds and 4.875% on the term bonds in amounts ranging from \$240,000 to \$495,000. The bonds maturing on or after September 1, 2015 are subject to redemption prior to maturity in whole or in part at the option of the Agency in amount of 100% of the principal amount. The Term Bonds maturing on September 1, 2025 will be subject to mandatory redemption, on September 1, 2022 and each September 1 thereafter at a redemption price equal to the principal amount thereof together with accrued interest thereon to the redemption date without premium. Under terms of the issue, a minimum of \$627,225 is to be set aside in reserve funds. The balance in the reserve account at June 30, 2011 was \$627,225. The outstanding balance on June 30, 2011 is \$6,595,000.

Annual debt service requirements to maturity for the refunding revenue bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 315,000	\$ 301,096	\$ 616,096
2013	330,000	286,575	616,575
2014	345,000	271,080	616,080
2015	360,000	256,095	616,095
2016	375,000	240,105	615,105
2017-2021	2,155,000	920,521	3,075,521
2022-2026	2,715,000	343,136	3,058,136
Total	\$ 6,595,000	\$ 2,618,608	\$ 9,213,608

**NOTE 10 FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Special Revenue CDBG	CRA Debt Service	Non-Major Governmental Funds	Total
<b>Fund Balances:</b>					
<b>Nonspendable</b>					
Prepaid items	\$ 1,310	\$ -	\$ -	\$ -	\$ 1,310
Loans receivable, net of deferred revenues	62,875	-	-	-	62,875
Advances to other funds, net of deferred revenues	1,706,980	-	-	-	1,706,980
<b>Restricted for</b>					
Special revenue	-	-	-	14,109,640	14,109,640
Debt service fund	-	-	627,225	-	627,225
<b>Unassigned</b>	<b>23,542,553</b>	<b>(80,988)</b>	<b>(3,851,081)</b>	<b>(3,855)</b>	<b>19,606,629</b>
<b>Total Fund Balances</b>	<b>\$ 25,313,718</b>	<b>\$ (80,988)</b>	<b>\$ (3,223,856)</b>	<b>\$ 14,105,785</b>	<b>\$ 36,114,659</b>

*Assigned Fund Balance*

The City's Fund Balance Policy delegates authority to the Finance Services Director to assign amounts, which are neither restricted nor committed, to be used for specific purposes for annual financial statement reporting. These amounts are referred to as Assigned Fund Balances. The City has no Assigned Fund Balances as of June 30, 2011.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

**NOTE 11 OTHER REQUIRED DISCLOSURES**

**Deficit Unassigned Fund Balances/ Unrestricted Net Assets**

The following funds reported deficit fund balance/net assets at June 30, 2011:

<b>Major Funds:</b>	
CDBG	\$ 80,988
CRA Debt Service	3,223,856
<b>Special Revenue Fund:</b>	
Traffic Safety Grant	3,855

**NOTE 11      OTHER REQUIRED DISCLOSURES (CONTINUED)**

The deficit in the Debt Service Fund was due to the reporting of interfund advances, which were accounted for in the General Long-Term Debt Account Group prior to the implementation of GASB 34. Management expects to eliminate the deficits with subsequent revenues or transfers from the General Fund.

**NOTE 12      DEFINED BENEFIT PENSION PLAN (PERS)**

The City of Temple City 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 from its executive office at 400 "P" Street, Sacramento, California 95814.

Miscellaneous participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

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, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The City's covered payroll for PERS was \$2,020,781 for the year ended June 30, 2008, while the City's total payroll for all employees was \$2,638,146 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2011, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2010 to June 30, 2011.

**NOTE 13      LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION**

**Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

City of Temple City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 121 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 manage for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member

**NOTE 13      LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION  
(CONTINUED)**

government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

**Self-insurance Programs of the Authority**

A revised cost allocation methodology was introduced in fiscal year 2010-11, however, it retains many elements of the previous cost allocation methodology. Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability. In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all fiscal year 2010-11 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

**NOTE 13      LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION  
(CONTINUED)**

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers' Compensation. In the workers' compensation program, claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members.

**Purchased Insurance**

Pollution Legal Liability Insurance. The City of Temple City participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Temple City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

**NOTE 13      LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION  
(CONTINUED)**

Property Insurance. The City of Temple City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Temple City property is currently insured according to a schedule of covered property submitted by the City of Temple City to the Authority. City of Temple City property currently has all-risk property insurance protection in the amount of \$38,436,747. 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 retrospective adjustments.

Earthquake and Flood Insurance. The City of Temple City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Temple City property currently has earthquake protection in the amount of \$32,526,324. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance. The City of Temple City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2010-11.

**NOTE 14      POST-EMPLOYMENT BENEFIT PLAN**

Employees who retire from the City are eligible to receive health care benefits covering themselves and any qualified family members. The City pays 100% of the cost of the medical insurance premiums of the retired employees and one-half of the cost of the medical insurance premiums of their family members. The City also pays 100% of the cost of dental and vision insurance premiums of the retired employees. Expenditures for post-retirement health care benefits for fiscal year 2011 amounted to \$155,028 which included 26 participants.

**NOTE 15      NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)  
PRONOUNCEMENTS**

**GASB No. 55** - GASB has issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The Board does not expect that this Statement will result in a change in current practice.

**GASB No. 56** - GASB has issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes *accounting* principles - related-party transactions, going concern considerations, and subsequent events. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards.

**GASB No. 57** - GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. In addition, it clarifies requirements of Statements 43 and 45 related to the coordination of the timing and frequency of OPEB measurements by agent employers and the agent multiple-employer OPEB plans in which they participate.

The requirements of this Statement apply to all state and local governmental agent multiple-employer OPEB plans that are administered as trusts, or equivalent arrangements, and to state and local governmental employers that participate in such plans. The provisions of this Statement related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

NOTE 15      **NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)  
PRONOUNCEMENTS (CONTINUED)**

**GASB No. 58** - GASB has issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement establishes accounting and financial reporting standards for all governments that have petitioned for relief under Chapter 9 of the U.S. Bankruptcy Code or have been granted relief under the provisions of Chapter 9, including governments that enter into bankruptcy and are not expected to emerge as a going concern. This Statement does not apply to troubled debt restructurings that occur outside of bankruptcy. The disclosures required by this Statement cease to apply for periods following the fiscal year in which the bankruptcy case is closed or the government has its petition dismissed. The requirements of this Statement are effective for periods beginning after June 15, 2009. Retroactive application is required for all prior periods presented during which a government was in bankruptcy.

**GASB No. 59** - GASB has issued Statement No. 59, *Financial Instruments Omnibus*. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. Applying the reporting provisions of Statement 31 for interest-earning investment contracts to unallocated insurance contracts improves consistency of investment measurements that are reported by pension and other postemployment benefit plans. Emphasizing the applicability of SEC requirements to 2a7-like external investment pools provides practitioners with improved guidance. Limiting interest rate risk disclosures for investments in mutual funds, external investment pools, and other pooled investments to debt investment pools provides better guidance regarding the applicability of interest rate risk disclosures. Finally, addressing the applicability of Statement 53 to certain financial instruments refines which financial instruments are within the scope of that Statement. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**GASB No. 60** - GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement establishes guidance for accounting and financial reporting for SCAs. As used in this Statement, an SCA is an arrangement between a government (the transferor) and an operator in which all of the following criteria are met:

- a. The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of a capital asset (referred to in this Statement as a "facility") in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
- b. The operator collects and is compensated by fees from third parties.
- c. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services.
- d. The transferor is entitled to significant residual interest in the service utility of the facility at the end of the arrangement.

**NOTE 15      NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)  
PRONOUNCEMENTS (CONTINUED)**

The provisions of this Statement should be applied in financial statements of state and local governments that are prepared using the economic resources measurement focus. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**GASB No. 61** - GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments, and to the separately issued financial statements of governmental component units. In addition, this Statement should be applied to nongovernmental component units when they are included in a governmental financial reporting entity. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

**GASB No. 62** - GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement establishes accounting and financial reporting standards for the financial statements of state and local governments. The requirements of this Statement apply to accounting and financial reporting for governmental activities, business-type activities, and proprietary funds. The requirements in this Statement are effective for financial statements for periods beginning after December 15, 2011.

**NOTE 16      REDEVELOPMENT AGENCY**

On December 29, 2011, the Supreme Court filed its opinion ruling that Assembly Bill (AB) X1 26 is constitutional and valid and that AB X1 27 is unconstitutional and invalid. Consequently, all redevelopment agencies were dissolved on February 1, 2012 in accordance with that bill. The City of Temple City currently serves as the successor agency that is responsible for all the remaining obligations of the dissolved Agency.

**NOTE 17      CONTINGENT LIABILITIES**

The City is a defendant in various litigations arising in the normal course of operations. In the opinion of management and counsel, the outcome is not expected to materially adversely affect the financial position of the City.

**NOTE 17      CONTINGENT LIABILITIES (CONTINUED)**

**Deferred Low/Moderate Set Aside**

Under State law, the Agency is required to set aside a portion of its property tax increment revenue for low and moderate income housing. The Agency has made findings that, for fiscal years ended 1986 through 1996, it was exempt from funding any of the set-aside. As of June 30, 2011, the accumulated set-aside amount not yet funded was approximately \$754,000. The law requires the Agency to devise a plan to fund the accumulated deferred set-aside amount. Such a plan was adopted for deferrals made through the 1995-96 fiscal year.

On March 29, 2007, the LA Community College District filed a lawsuit (as a writ of mandate) against the City, its Community Redevelopment Agency, and numerous other public entities contending that for the previous twenty years it did not receive its correct share of pass-through payments of property tax increments under CA Health & Safety Code Section 33607.5. The District claimed that the underpayment resulted from the County Controller's failure to consider payments from the Educational Revenue Augmentation Fund.

On January 14, 2009, the court ruled in favor of the defendants and the District appealed the decision. On January 27, 2010, the appellate court reversed the lower court ruling and determined the County used the wrong formula in making the allocation. The parties are awaiting the court's determination as to the proper formula and allocations. Agency management does not expect the ultimate outcome of this case to have a material adverse effect on the financial statements.

**NOTE 18      SPECIAL ITEM**

In fiscal year 2010-11, the City had a second actuarial report for Other Post-employment Benefits (OPEB) prepared by the Consultants. This report concluded a change in the City's annual required contribution (ARC) and a change in the beginning balance of the OPEB accrued liability. The report assumes zero-based pre-funding or no OPEB accrued liability as of July 1, 2010. This is construed as a change in estimate, thus, reported in the fiscal year 2010-11 financial statements as Special Item.

**NOTE 19      SUBSEQUENT EVENTS**

The City has evaluated events subsequent to June 30, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through February 1, 2012, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

The General Fund has been classified as a major fund and is used to account for all of the general revenues of the City not specifically levied or collected for some special purpose, and for the expenditures related to the rendering of general services by the City. The General Fund is used to account for all resources not required to be accounted for in another fund. The budget-to-actual comparison for this fund has been presented in the accompanying financial statements as required supplementary information.

**City of Temple City**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2011**

	Budgetary Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 3,897,000	\$ 3,897,000	\$ 4,451,470	\$ 554,470
Licenses and permits	1,022,000	1,022,000	1,028,284	6,284
Intergovernmental	3,001,750	3,001,750	3,229,851	228,101
Charges for services	569,340	569,340	631,355	62,015
Fines, forfeitures and penalties	580,000	580,000	423,041	(156,959)
Investment income	365,000	365,000	409,097	44,097
Rental income	60,000	60,000	57,442	(2,558)
Other	391,250	391,250	414,145	22,895
<b>Total revenues</b>	<u>9,886,340</u>	<u>9,886,340</u>	<u>10,644,685</u>	<u>758,345</u>
<b>Expenditures</b>				
Current				
General government	2,301,935	2,513,560	2,191,478	322,082
Community development	1,184,200	1,333,600	1,088,463	245,137
Public safety	4,540,250	4,548,950	4,352,010	196,940
Public works	1,961,570	480,060	410,636	69,424
Community services	3,247,340	2,165,830	1,930,052	235,778
<b>Total expenditures</b>	<u>13,235,295</u>	<u>11,042,000</u>	<u>9,972,639</u>	<u>1,069,361</u>
Excess (deficiency) of revenues over expenditures	<u>(3,348,955)</u>	<u>(1,155,660)</u>	<u>672,046</u>	<u>1,827,706</u>
<b>Other financing sources (uses)</b>				
Transfers in	616,395	616,395	441,130	175,265
Transfers out	(926,840)	(926,840)	(499,835)	(427,005)
<b>Net other financing sources (uses)</b>	<u>(310,445)</u>	<u>(310,445)</u>	<u>(58,705)</u>	<u>(251,740)</u>
<b>Net change in fund balances</b>	<u>(3,659,400)</u>	<u>(1,466,105)</u>	<u>613,340</u>	<u>2,079,445</u>
<b>Fund balance - beginning of year</b>	<u>24,700,378</u>	<u>24,700,378</u>	<u>24,700,378</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 21,040,978</u>	<u>\$ 23,234,273</u>	<u>\$ 25,313,718</u>	<u>\$ 2,079,445</u>

**City of Temple City**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant (CDBG)**  
**Year Ended June 30, 2011**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 322,505	\$ 322,505	\$ 156,803	\$ (165,702)
Low income grant and loan repayments	-	-	49,195	49,195
<b>Total revenues</b>	<u>322,505</u>	<u>322,505</u>	<u>205,998</u>	<u>(116,507)</u>
<b>Expenditures</b>				
Current:				
Community development	322,505	322,505	142,663	179,842
<b>Total expenditures</b>	<u>322,505</u>	<u>322,505</u>	<u>142,663</u>	<u>179,842</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>63,335</u>	<u>63,335</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	-	144,323	(144,323)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>144,323</u>	<u>(144,323)</u>
<b>Net change in fund balances</b>	-	-	(80,988)	(80,988)
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,988)</u>	<u>\$ (80,988)</u>

**City of Temple City**  
**Budgetary Comparison Schedule**  
**CRA Debt Service Fund**  
**Year Ended June 30, 2011**

	Budgetary Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Tax Increment	\$ 718,930	\$ 718,930	\$ 879,349	\$ 160,419
Interest LAIF	200	200	29	(171)
<b>Total revenues</b>	<u>719,130</u>	<u>719,130</u>	<u>879,378</u>	<u>160,248</u>
<b>Expenditures</b>				
Administration	17,000	17,000	15,802	1,198
Professional fees	16,250	16,250	12,729	3,521
Debt service:				
Principal payment	544,000	544,000	244,000	300,000
Interest payment	372,125	372,125	369,958	2,167
Pass - through payments	40,000	40,000	36,333	3,667
<b>Total expenditures</b>	<u>989,375</u>	<u>989,375</u>	<u>678,822</u>	<u>310,553</u>
<b>Change in fund balances</b>	(270,245)	(270,245)	200,556	470,801
<b>Fund balance at beginning of year</b>	<u>(3,424,412)</u>	<u>(3,424,412)</u>	<u>(3,424,412)</u>	-
<b>Fund balance at end of year</b>	<u>\$ (3,694,657)</u>	<u>\$ (3,694,657)</u>	<u>\$ (3,223,856)</u>	<u>\$ 470,801</u>

**NOTE 1            BUDGETS AND BUDGETARY ACCOUNTING**

The City adopts an annual budget prepared on the modified accrual basis for all of its governmental funds. During the year, there were budget modifications and supplemental appropriations amounting to \$3,520,070. The City Manager or his designee is authorized to transfer budgeted amounts between the accounts of any program. Revisions that alter the total appropriations of any program or fund are approved by City Council. Prior year appropriations lapse unless they are appropriated through the formal budget process. Expenditures may not legally exceed appropriations at fund level. Reserves for encumbrances are not recorded by the City of Temple City.

City of Temple City  
 California Public Retirement System  
 Schedule of Funding Progress  
 Year ended June 30, 2011

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (c)/(b-a)
6/30/2008	n/a	n/a	n/a	n/a	n/a	n/a
6/30/2009	\$ -	1,015,702	1,015,702	0%	2,261,211	45%
6/30/2010	\$ -	1,080,000	1,080,000	0%	2,329,000	46%

**City of Temple City**  
**Other Post Employment Benefits**  
**Schedule of Funding Progress**  
**Year ended June 30, 2011**

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The City's annual Other Post-employment Benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010 and 2011 were:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 1,015,702	\$ 128,722	12.67%	\$ 886,980
6/30/2010	1,015,702	116,515	11.47%	1,786,167
6/30/2011 <sup>(1)</sup>	1,080,000	155,028	14.35%	924,972

- (1) The City had a second actuarial report prepared by Bartel Associates, LLC dated October 31, 2011 with a valuation date of June 30, 2011. The results of the report concluded a change in the city's annual required contribution (ARC) amount, starting at zero base (as in no prefunding). The financial statements reflect the new findings.

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**SUPPLEMENTARY SCHEDULES**

City of Temple City  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Year ended June 30, 2011

	Special Revenue Funds	Capital Projects		Permanent Camellia Trust Fund	Totals
		City-Wide Capital Project Fund	CRA Capital Improvements Fund		
<b>ASSETS</b>					
Cash and investments	\$ 12,052,325	120,646	2,084,118	181,533	14,438,622
Interest receivable	-	-	1,139	-	1,139
Due from other funds	-	-	121,163	-	121,163
Due from other governments	397,483	-	-	-	397,483
Loans receivables	12,660	-	-	-	12,660
<b>Total assets</b>	<b>\$ 12,462,468</b>	<b>120,646</b>	<b>2,206,420</b>	<b>181,533</b>	<b>14,971,067</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 257,609	120,646	6,743	-	384,998
Accrued payroll	8,791	-	-	-	8,791
Due to other funds	148,244	-	184,989	-	333,233
Deferred revenue	138,260	-	-	-	138,260
<b>Total liabilities</b>	<b>552,904</b>	<b>120,646</b>	<b>191,732</b>	<b>-</b>	<b>865,282</b>
<b>FUND BALANCES</b>					
Restricted:					
Education scholarship	-	-	-	181,533	181,533
Special revenue funds	11,913,419	-	-	-	11,913,419
Capital projects funds	-	-	2,014,688	-	2,014,688
Unassigned	(3,855)	-	-	-	(3,855)
<b>Total fund balances</b>	<b>11,909,564</b>	<b>-</b>	<b>2,014,688</b>	<b>181,533</b>	<b>14,105,785</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,462,468</b>	<b>120,646</b>	<b>2,206,420</b>	<b>181,533</b>	<b>14,971,067</b>

**City of Temple City**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2011**

	Special Revenue Funds	Capital Projects		Permanent Camellia Trust Fund	Totals
		City-Wide Capital Improvements Fund	CRA Capital Improvements Fund		
<b>Revenues</b>					
Taxes	\$ 972,507	-	-	-	972,507
Intergovernmental	3,075,488	-	-	-	3,075,488
Charges for services	473,140	-	-	-	473,140
Fines	72,428	-	-	-	72,428
Investment income	48,892	-	45,303	1,426	95,621
Other	-	-	1,000	-	1,000
<b>Total revenues</b>	<b>4,642,455</b>	<b>-</b>	<b>46,303</b>	<b>1,426</b>	<b>4,690,184</b>
<b>Expenditures</b>					
Current:					
General government	17,473	-	283,061	-	300,534
Public safety	1,864	-	-	-	1,864
Public works	1,254,870	-	-	-	1,254,870
Community services	771,978	-	-	2,599	774,577
Capital outlay	-	1,132,410	-	-	1,132,410
Debt service:					
Principal	61,000	-	-	-	61,000
Interest	62,660	-	432	-	63,092
SERAF payment to the State	-	-	67,974	-	67,974
<b>Total expenditures</b>	<b>2,169,845</b>	<b>1,132,410</b>	<b>351,467</b>	<b>2,599</b>	<b>3,656,321</b>
Excess (deficiency) of revenues over expenditures	2,472,610	(1,132,410)	(305,164)	(1,173)	1,033,863
<b>Other financing sources (uses)</b>					
Transfers in	167,101	1,132,410	-	-	1,299,511
Transfers out	(1,096,482)	-	-	-	(1,096,482)
<b>Net other financing sources (uses)</b>	<b>(929,381)</b>	<b>1,132,410</b>	<b>-</b>	<b>-</b>	<b>203,029</b>
Net change in fund balance	1,543,229	-	(305,164)	(1,173)	1,236,892
Fund balance, beginning of year	10,366,335		2,319,852	182,706	12,868,893
Fund balance, end of year	\$ 11,909,564	-	2,014,688	181,533	14,105,785

The following Special Revenue Funds have been classified as nonmajor funds in the accompanying financial statements:

Traffic Safety Fund - To account for the Vehicle Code fines which are expended for traffic safety enforcement.

High Tech Grant Fund - To account for California Law Enforcement Equipment Purchase - High Technology (CLEEP) funds distributed to the City which are used for law enforcement activities, including the development of the Los Angeles Regional Crime Information System (LARCIS).

Citizens Option for Public Safety (COPS) Fund - To account for the revenues received from the California Department of Justice to be used to enhance existing law enforcement services.

Public Transportation - Proposition A Fund - To account for the City's share of additional sales tax collected in the County of Los Angeles as a result of Proposition A. The fund is used to finance public transportation projects.

Public Transportation - Proposition C Fund - To account for the City's share of additional sales tax collected in the County of Los Angeles as a result of Proposition C. The fund is used to finance public transportation projects.

Used Oil Fund - To account for the revenues and expenditures of the Used Oil Recycling Block Grant.

Traffic Safety Grant Fund - To account for grant revenue received from the State of California Office of Traffic Safety to be used for the City's approved bicycle and pedestrian safety program.

State Gas Tax Fund - To account for the revenues and expenditures of the City's proportionate share of gas tax monies collected by the State of California which are used for street construction, street maintenance and engineering, and administrative expenses.

Traffic Congestion Relief Fund - To account for the revenues received from the State of California as part of the state's share of the sales tax on gasoline sales that is distributed to the City to be used for local transportation purposes and the relief of traffic congestion.

Asset Seizure Fund - To account for the revenues and expenditures from the seizure of properties.

Proposition 1B Fund - To account for revenues received from the State of California to maintain and improve local streets and roads.

American Recovery and Reinvestment Act (ARRA) Fund - To account for revenues received in accordance with the American Recovery Reinvestment Act of 2009.

**City of Temple City**  
**Description of Nonmajor Special Revenue Funds (Continued)**  
**June 30, 2011**

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Justice Assistance Grant Fund - To account for revenues received from the Justice Assistance Grant Program that are to be used exclusively for law enforcement programs.

Bicycle and Pedestrian Fund - To account for the revenues received from the State of California to maintain and improve the safety and practicality of bicycling and walking for everyday travel.

Air Quality Improvement District Fund - To account for the City's share of automobile registration fees collected from the State and distributed to the City by the South Coast Air Quality Management District. The funds are used to improve transportation systems and reduce the reliance on private vehicles.

Measure R Fund - These are similar to local return type funds to be used for traffic relief and transportation upgrades citywide over the next 30 years. These funds may be for projects such as pothole repairs, major street resurfacing, left-turn signals, bikeways, pedestrian improvements, streetscapes, traffic signal synchronization, local transit services and programs.

Sewer Reconstruction Fund - To account for special fees collected to be used for new sewer lines and sewer line replacement.

EECBG Fund - To account for Energy Efficiency and Conservation Block Grant revenues received from the federal government funded by the American Recovery & Reinvestment Act of 2009.

Congestion Management Fund - To account for the maintenance of specified levels of services on identified roadways of regional significance, as required by California Government Code Section 65088.

Surface Transportation Program Fund - To account for monies received from the Federal government to improve designated public right-of-ways.

1992/1996 Park Bond Fund - To account for revenues received from the Los Angeles County Regional Park and Open Space Grant. This grant was approved November 3, 1992 and November 5, 1996 to benefit property through the improvement of neighborhood parks and recreation facilities for youth and senior citizens.

State Recycling Fund - To account for revenues received from fiscal year ended June 30, 2002 through fiscal year ended June 30, 2003 from the State Department of Conservation under Section 14581(a)(4)(a) of the California Beverage Container Recycling and Litter Reduction Act for beverage container recycling and litter cleanup activities.

Park Acquisition Fund - To account for City imposed fees from the construction of new dwellings within the City. Expenditures are for the acquisition or improvement of neighborhood or community parks in conformance with the priorities established by the General Plan.

**City of Temple City**  
**Description of Nonmajor Special Revenue Funds (Continued)**  
**June 30, 2011**

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Lighting and Landscape District Fund - To account for assessments and ad valorem which are used for the operation and maintenance of street lights, traffic signals, and trees and parkways within the City.

Low and Moderate Income Housing Fund - To account for monies received and expended to assist low and moderate income households.

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	Traffic Safety	High Tech Grant	COPS
<b>ASSETS</b>			
Cash and investments	\$ -	8,784	-
Due from other funds	-	-	-
Due from other governments	4,026	-	12,706
Loans receivables	-	-	-
<b>Total assets</b>	<u>\$ 4,026</u>	<u>8,784</u>	<u>12,706</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	-	-
Accrued payroll	-	-	-
Due to other funds	4,026	-	11,997
Deferred revenue	-	-	-
<b>Total liabilities</b>	<u>4,026</u>	<u>-</u>	<u>11,997</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted			
Special revenue funds	-	8,784	709
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>8,784</u>	<u>709</u>
<b>Total liabilities and fund balances (deficits) \$</b>	<u>4,026</u>	<u>8,784</u>	<u>12,706</u>

City of Temple City  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2011

Public Transportation - Prop C	Used Oil	Traffic Safety Grant	State Gas Tax	Traffic Congestion Relief
4,071,338	6,159	-	1,011,776	-
-	-	-	-	-
-	917	9,927	108,051	-
-	-	-	-	-
<u>4,071,338</u>	<u>7,076</u>	<u>9,927</u>	<u>1,119,827</u>	<u>-</u>
-	-	-	49,932	-
-	-	-	1,987	-
-	-	13,782	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>13,782</u>	<u>51,919</u>	<u>-</u>
4,071,338	7,076	-	1,067,908	-
-	-	(3,855)	-	-
<u>4,071,338</u>	<u>7,076</u>	<u>(3,855)</u>	<u>1,067,908</u>	<u>-</u>
<u>4,071,338</u>	<u>7,076</u>	<u>9,927</u>	<u>1,119,827</u>	<u>-</u>

	Asset Seizure	Proposition 1B	ARRA
<b>ASSETS</b>			
Cash and investments	\$ 729	1,115,397	-
Due from other funds	-	-	-
Due from other governments	-	-	38,136
Loans receivables	-	-	-
<b>Total assets</b>	<b>\$ 729</b>	<b>1,115,397</b>	<b>38,136</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	-	-
Accrued payroll	-	-	-
Due to other funds	-	-	38,136
Deferred revenue	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>38,136</b>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted			
Special revenue funds	729	1,115,397	-
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b>729</b>	<b>1,115,397</b>	<b>-</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 729</b>	<b>1,115,397</b>	<b>38,136</b>

City of Temple City  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2011

Justice Assistance Grant	Bicycle and Pedestrian	Air Quality Improvement District	Measure R	Sewer Reconstruction
-	-	65,352	494,902	611,056
-	-	-	-	-
33,028	27,565	8,564	-	-
-	-	-	-	-
<u>33,028</u>	<u>27,565</u>	<u>73,916</u>	<u>494,902</u>	<u>611,056</u>
-	-	-	-	-
-	-	-	-	-
-	27,552	-	-	-
-	-	-	-	-
<u>-</u>	<u>27,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
33,028	13	73,916	494,902	611,056
-	-	-	-	-
<u>33,028</u>	<u>13</u>	<u>73,916</u>	<u>494,902</u>	<u>611,056</u>
<u>33,028</u>	<u>27,565</u>	<u>73,916</u>	<u>494,902</u>	<u>611,056</u>

	<u>EECBG</u>	<u>Congestion Management</u>	<u>Surface Transportation Program</u>
<b>ASSETS</b>			
Cash and investments	\$ 125,600	21,510	-
Due from other funds	-	-	-
Due from other governments	-	-	36,189
Loans receivables	-	-	-
<b>Total assets</b>	<b>\$ <u>125,600</u></b>	<b><u>21,510</u></b>	<b><u>36,189</u></b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	-	-
Accrued payroll	-	-	-
Due to other funds	-	-	36,189
Deferred revenue	125,600	-	-
<b>Total liabilities</b>	<b><u>125,600</u></b>	<b><u>-</u></b>	<b><u>36,189</u></b>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted			
Special revenue funds	-	21,510	-
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b><u>-</u></b>	<b><u>21,510</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ <u>125,600</u></b>	<b><u>21,510</u></b>	<b><u>36,189</u></b>

City of Temple City  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2011

1992/ 1996 Park Bond	State Recycling	Park Acquisition	Lighting and Landscape District	CRA Low Mod Housing Fund	Total
-	-	69,004	1,621,273	618,990	12,052,325
-	-	-	-	-	-
-	-	-	60,996	57,378	397,483
-	-	-	-	12,660	12,660
-	-	69,004	1,682,269	689,028	12,462,468
-	-	-	101,286	5,044	257,609
-	-	-	5,300	-	8,791
-	-	-	-	16,562	148,244
-	-	-	-	12,660	138,260
-	-	-	106,586	34,266	552,904
-	-	69,004	1,575,683	654,762	11,913,419
-	-	-	-	-	(3,855)
-	-	69,004	1,575,683	654,762	11,909,564
-	-	69,004	1,682,269	689,028	12,462,468

	Traffic Safety	High Tech Grant	COPS
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	-	-	100,000
Charges for services	-	-	-
Fines	72,428	-	-
Investment income	-	-	200
<b>Total revenues</b>	<u>72,428</u>	<u>-</u>	<u>100,200</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>72,428</u>	<u>-</u>	<u>100,200</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(99,159)	-	(100,000)
<b>Net other financing sources (uses)</b>	<u>(99,159)</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balance	(26,731)	-	200
<b>Fund balance, beginning of year</b>	<u>26,731</u>	<u>8,784</u>	<u>509</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>8,784</u>	<u>709</u>

City of Temple City  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year ended June 30, 2011**

Public Transportation - Prop A	Public Transportation - Prop C	Used Oil	Traffic Safety Grant	State Gas Tax	Traffic Congestion Relief
-	-	-	-	-	-
483,469	401,356	12,341	1,660	888,509	-
146,587	-	-	-	-	-
-	-	-	-	-	-
10,347	18,372	28	-	3,064	2,047
<u>640,403</u>	<u>419,728</u>	<u>12,369</u>	<u>1,660</u>	<u>891,573</u>	<u>2,047</u>
-	-	-	-	-	-
-	-	-	1,864	-	-
-	-	-	-	430,617	-
721,978	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>721,978</u>	<u>-</u>	<u>-</u>	<u>1,864</u>	<u>430,617</u>	<u>-</u>
(81,575)	419,728	12,369	(204)	460,956	2,047
-	-	-	-	71,143	-
-	-	(8,845)	(11,577)	(95,959)	(440,361)
-	-	(8,845)	(11,577)	(24,816)	(440,361)
(81,575)	419,728	3,524	(11,781)	436,140	(438,314)
2,189,179	3,651,610	3,552	7,926	631,768	438,314
<u>2,107,604</u>	<u>4,071,338</u>	<u>7,076</u>	<u>(3,855)</u>	<u>1,067,908</u>	<u>-</u>

	Asset Seizure	Proposition 1B	ARRA
<b>Revenues</b>	\$		
Taxes	-	-	-
Intergovernmental	-	530,758	130,271
Charges for services	-	-	-
Fines	-	-	-
Investment income	-	3,473	-
<b>Total revenues</b>	<u>-</u>	<u>534,231</u>	<u>130,271</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>534,231</u>	<u>130,271</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	(15,745)	(130,271)
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>(15,745)</u>	<u>(130,271)</u>
Net change in fund balance	-	518,486	-
<b>Fund balance, beginning of year</b>	729	596,911	-
<b>Fund balance, end of year</b>	<u>\$ 729</u>	<u>1,115,397</u>	<u>-</u>

City of Temple City  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (Continued)**  
**Year ended June 30, 2011**

Justice Assistance Grant	Bicycle and Pedestrian	Quality Improvement District	Measure R	Sewer Reconstruction	EECBG
-	-	-	-	-	-
33,028	27,565	39,362	299,755	-	14,500
-	-	-	-	-	-
-	-	-	-	-	-
-	13	192	1,638	-	-
<u>33,028</u>	<u>27,578</u>	<u>39,554</u>	<u>301,393</u>	<u>-</u>	<u>14,500</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,028</u>	<u>27,578</u>	<u>39,554</u>	<u>301,393</u>	<u>-</u>	<u>14,500</u>
-	-	-	-	-	-
-	(27,565)	-	(33,514)	-	(14,500)
-	(27,565)	-	(33,514)	-	(14,500)
33,028	13	39,554	267,879	-	-
-	-	34,362	227,023	611,056	-
<u>33,028</u>	<u>13</u>	<u>73,916</u>	<u>494,902</u>	<u>611,056</u>	<u>-</u>

	Congestion Management	Surface Transportation Program	1992/ 1996 Park Bond
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	-	36,189	62,725
Charges for services	1,496	-	-
Fines	-	-	-
Investment income	-	-	-
<b>Total revenues</b>	<u>1,496</u>	<u>36,189</u>	<u>62,725</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community services	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,496</u>	<u>36,189</u>	<u>62,725</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	(36,189)	(62,725)
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>(36,189)</u>	<u>(62,725)</u>
Net change in fund balance	1,496	-	-
<b>Fund balance, beginning of year</b>	<u>20,014</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 21,510</u>	<u>-</u>	<u>-</u>

City of Temple City  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (Continued)**  
**Year ended June 30, 2011**

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State Recycling	Park Acquisition	Lighting and Landscape District	CRA Low Mod Housing Fund	Total
-	-	752,670	219,837	972,507
-	14,000	-	-	3,075,488
-	-	325,057	-	473,140
-	-	-	-	72,428
-	-	6,194	3,324	48,892
-	14,000	1,083,921	223,161	4,642,455
-	-	-	17,473	17,473
-	-	-	-	1,864
-	-	824,253	-	1,254,870
-	-	-	50,000	771,978
-	-	-	61,000	61,000
-	-	-	62,660	62,660
-	-	824,253	191,133	2,169,845
-	14,000	259,668	32,028	2,472,610
-	-	95,958	-	167,101
(2,567)	(8,804)	(8,701)	-	(1,096,482)
(2,567)	(8,804)	87,257	-	(929,381)
(2,567)	5,196	346,925	32,028	1,543,229
2,567	63,808	1,228,758	622,734	10,366,335
-	69,004	1,575,683	654,762	11,909,564

This part of the City of Temple City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

#### Financial Trends

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

#### Revenue Capacity

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

#### Debt Capacity

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

#### Demographic and Economic Information

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

#### Operating Information

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

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

City of Temple City  
**Net Assets by Component – Last Nine Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Net of related debt	\$ 21,478,497	\$ 21,810,699	\$ 22,680,134	\$ 22,123,584	\$ 22,411,970	\$ 24,916,427	\$ 26,109,373	\$ 27,542,462	\$ 28,131,357
Restricted	5,535,110	5,130,591	6,207,393	10,094,196	10,569,111	8,637,170	9,924,588	10,961,386	14,736,865
Unrestricted	15,465,179	15,647,820	15,887,321	15,368,695	17,966,076	21,393,668	20,313,976	18,729,825	17,653,253
Total governmental activities net assets	\$ 42,478,786	\$ 42,589,110	\$ 44,774,848	\$ 47,586,475	\$ 50,947,157	\$ 54,947,265	\$ 56,347,937	\$ 57,233,673	\$ 60,521,475
% changes from prior year	0.00%	0.26%	5.13%	6.28%	7.06%	7.85%	2.55%	1.57%	5.74%

The City of Temple City implemented GASB34 for the fiscal year end June 30, 2003 information prior to the implementation of GASB34 is not available.

**City of Temple City**  
**Change in Net Assets -- Expenses and Program Revenues -- Last Nine Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>									
Governmental activities:									
General government	\$ 2,635,721	\$ 1,838,445	\$ 2,173,412	\$ 1,929,063	\$ 1,932,634	\$ 2,060,431	\$ 2,410,692	\$ 2,716,505	\$ 3,072,847
Public safety	3,218,326	3,245,750	3,340,097	3,477,139	3,773,419	4,197,010	4,528,763	4,484,281	4,662,120
Public works	3,561,793	3,566,452	2,715,305	3,012,664	3,422,014	4,624,945	2,827,551	2,969,555	1,960,629
Community development	1,069,952	1,385,106	1,194,837	1,297,393	1,181,969	1,277,870	1,620,525	1,480,064	1,657,399
Community Services	1,640,461	1,648,467	1,715,670	1,821,923	2,088,649	2,380,609	2,813,843	2,581,200	3,016,957
Decline in value of property held for resale	-	-	-	-	-	-	-	-	-
Pass through expenditures	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	251,110	245,678	239,760	714,252	352,823	343,561	333,209	321,043	429,238
Total governmental activities expenses	\$12,377,363	\$11,929,898	\$11,379,081	\$12,252,434	\$12,751,508	\$14,884,426	\$14,534,583	\$14,552,648	\$ 14,799,190
<b>Program revenues:</b>									
Governmental activities:									
Changes for services	\$ 169,126	\$ 175,288	\$ 171,523	\$ 164,010	\$ 165,695	\$ 149,281	\$ 149,576	\$ 151,245	\$ 82,910
General government	374,141	444,894	569,685	538,813	560,933	555,632	647,841	877,083	516,034
Public safety	5,020	53,478	8,720	699,729	208,002	87,170	61,068	56,906	88,506
Community development	1,318,276	1,320,416	1,195,003	1,178,687	1,251,314	1,469,402	927,150	1,056,657	1,007,719
Community Services	507,554	541,783	600,899	645,626	718,686	797,332	790,357	686,185	517,381
Operating grants and contributions									
General government	52,336	51,561	53,337	55,006	58,335	54,002	51,038	45,555	44,773
Public safety	134,638	123,099	102,313	130,764	113,801	103,176	100,589	133,272	136,935
Public works	1,120,511	786,122	721,799	890,949	981,538	1,299,422	928,018	1,886,781	4,065,287
Community development	356,649	442,749	151,668	202,457	178,948	104,763	717,302	349,299	273,917
Community Services	1,458,074	974,058	1,328,053	1,256,579	1,627,245	1,309,753	1,168,478	975,576	83,035
Capital grants and contributions									
Public safety	-	-	-	-	-	-	-	-	-
Public works	20,650	184,895	422,216	-	-	1,762,314	78,551	-	-
Community development	-	-	-	-	-	-	-	-	-
Total governmental activities revenue	\$ 5,517,015	\$ 5,098,343	\$ 5,325,216	\$ 5,762,620	\$ 5,864,497	\$ 7,692,247	\$ 5,619,968	\$ 6,218,559	\$ 6,816,497
<b>Net revenues (expenses):</b>									
Governmental activities:	\$ (6,860,348)	\$ (6,831,555)	\$ (6,053,865)	\$ (6,489,814)	\$ (6,887,011)	\$ (7,192,179)	\$ (8,914,615)	\$ (8,334,089)	\$ (7,982,693)



**City of Temple City  
Fund Balances of Governmental Funds -- Last Nine Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Restricted	\$ 2,316,791	\$ 2,459,397	\$ 3,497,914	\$ 9,065,656	\$ 3,187,512	\$ 2,966,122	\$ 2,751,507	\$ 2,563,065	\$ 2,360,171	\$ 1,771,165
Unassigned	15,636,329	16,277,702	15,427,852	10,249,544	18,253,707	20,906,179	22,063,783	22,052,532	22,340,207	23,542,553
Total General Fund	\$ 17,953,120	\$ 18,737,099	\$ 18,925,766	\$ 19,315,200	\$ 21,441,219	\$ 23,872,301	\$ 24,815,290	\$ 24,615,597	\$ 24,700,378	\$ 25,313,718
All other governmental fund:										
Restricted	\$ 634,486	\$ 2,611	\$ 1,180	\$ 5,539,337	\$ 1,598	\$ 6,074	\$ 10,129	\$ 10,931	\$ 22,706	\$ 14,736,865
Unassigned, reported in:										
Special revenue funds	6,404,725	5,980,438	5,078,633	6,048,251	11,038,120	11,636,875	11,944,610	12,495,281	12,846,187	(84,843)
Capital projects funds	208,961	-	-	-	-	-	-	-	-	-
Debt service funds	-	(3,763,765)	(3,736,547)	(9,301,492)	(3,391,240)	(3,357,488)	(3,352,088)	(3,314,129)	(3,424,412)	(3,851,081)
Total all other governmental funds	\$ 6,613,687	\$ 2,216,673	\$ 1,342,086	\$ (3,253,241)	\$ 7,646,880	\$ 8,279,387	\$ 8,592,522	\$ 9,181,152	\$ 9,421,775	\$ (3,935,924)
Total Governmental Funds	\$ 25,201,293	\$ 20,956,383	\$ 20,269,032	\$ 21,601,296	\$ 29,089,697	\$ 32,157,762	\$ 33,417,941	\$ 33,807,680	\$ 34,144,859	\$ 36,114,659

(1) This schedule reports using the modified accrual basis of accounting.  
(2) The City implemented GASB 34, the new reporting standard in fiscal year 2003.

Source: City of Temple City Basic Financial Statements

**City of Temple City**  
**Changes in Fund Balances of Governmental Funds – Last Nine Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	\$ 3,892,038	\$ 4,196,570	\$ 4,172,739	\$ 4,324,688	\$ 4,808,989	\$ 5,173,859	\$ 5,417,410	\$ 5,514,153	\$ 4,641,626	\$ 6,303,326
Licenses and Permits	930,184	1,163,070	1,225,266	1,144,414	1,092,015	1,200,311	1,385,267	950,216	1,096,347	1,028,284
Intergovernmental	4,383,722	5,130,811	3,992,507	5,618,423	5,075,515	5,710,223	6,135,863	5,792,744	6,923,107	6,462,142
Charges for services	1,353,590	1,361,318	1,472,450	1,545,748	2,381,260	1,981,477	1,966,285	1,968,828	1,781,384	1,104,495
Fines and forfeitures	291,193	284,384	332,579	406,187	361,278	365,335	347,871	399,053	631,064	495,469
Use of money and property	924,558	727,794	435,735	626,801	1,377,813	1,794,913	1,654,677	1,024,633	610,529	562,189
Grant and Loan Repayment (Low Income)	73,228	134,954	95,835	139,541	135,026	55,873	103,493	87,326	23,590	49,195
Others	268,831	249,720	328,247	222,882	265,039	277,738	288,075	306,020	349,851	415,145
Total revenues	12,117,344	13,248,621	12,055,358	14,028,684	15,496,935	16,559,729	17,298,941	16,042,973	16,057,498	16,420,245
<b>Expenditures</b>										
Current:										
General Government	1,377,031	1,529,111	1,679,001	1,888,078	1,727,929	1,759,354	1,879,166	2,012,604	2,263,820	2,492,012
Community development	1,006,739	1,240,037	1,597,743	1,196,840	1,277,887	1,128,219	1,208,947	1,708,161	1,323,870	1,231,126
Public Safety	3,023,195	3,183,162	3,209,933	3,296,099	3,450,236	3,679,592	4,147,359	4,358,517	4,285,919	4,353,874
Public works	3,005,663	4,858,252	4,026,589	3,768,556	2,954,906	3,846,473	5,373,030	3,790,966	2,376,038	1,665,506
Community Services	1,176,594	1,490,394	1,504,587	1,593,200	1,178,899	1,370,103	2,190,855	2,517,786	2,246,777	2,733,160
Capital outlay:	228,138	187,123	129,654	190,071	634,647	756,406	250,600	233,868	2,106,266	1,132,410
Debt services										
Principal retirement	285,000	90,000	95,000	100,000	3,705,000	240,000	280,000	285,000	295,000	305,000
Interest and fiscal charges	426,983	424,961	411,485	473,667	505,843	504,814	490,352	471,281	452,423	433,050
Bond Issuance Costs	-	-	-	-	320,500	-	-	-	-	-
Pass-Through payment	-	-	-	-	-	-	12,197	51,612	40,046	36,333
ERAF Payment	-	-	-	-	-	-	-	-	330,160	67,974
Total expenditures	10,529,343	13,003,040	12,653,992	12,506,511	15,765,847	13,284,961	15,832,506	15,429,795	15,720,319	14,450,445
Excess (deficiency) of revenues over (under) expenditures	1,588,001	245,581	(598,634)	1,522,173	(268,912)	3,274,768	1,466,435	613,178	337,179	1,969,800



**City of Temple City  
Assessed Value of Taxable Property – Last Nine Fiscal Years**

CATEGORY	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential	1,636,493,320	1,754,775,301	1,929,063,334	2,098,900,308	2,324,937,393	2,561,379,805	2,771,426,288	2,938,780,576	2,967,649,759	3,061,553,102
Commercial	151,422,656	163,524,700	167,372,370	172,013,034	164,839,402	202,110,656	215,663,103	224,186,414	233,159,971	235,240,642
Industrial	21,728,690	24,904,446	25,223,938	26,941,655	28,983,752	30,663,567	34,880,561	34,717,363	39,131,023	38,968,701
Govt. Owned	2,440,125									
Institutional	13,931,800	10,526,321	14,283,948	9,876,565	9,786,833	10,930,100	13,537,061	17,074,075	17,328,942	17,129,301
Irigated				450,000	458,999	468,178	477,541	487,091	496,832	495,652
Miscellaneous	117,683	120,033	122,429	80,767	467,444	476,791	53,351	586,417	55,504	55,370
Recreational	2,451,539	2,500,567	2,630,793	2,879,906	2,349,153	292,895	2,376,252	3,302,989	3,249,693	2,150,752
Vacant	2,002,741	2,462,762	6,141,097	7,855,564	12,008,853	3,471,329	16,948,158	16,184,780	16,715,213	16,387,602
SBE Nonunitary	758,937	754,246	771,483	764,320	752,690	724,004	591,361	362,891	362,891	252,011
Cross Reference	6,298,293	8,764,493	6,960,639	8,576,443	7,989,250	8,798,674	7,381,576	7,646,698	7,724,752	7,959,915
Unsecured	26,767,676	26,896,729	27,731,951	24,610,709	24,368,140	24,989,966	26,391,071	27,096,629	26,963,336	29,917,063
Exempt	(5,087,765)	(7,674,540)	(5,665,659)	(5,665,659)	(5,661,444)	(5,661,444)	(5,495,198)	(5,856,015)	(5,735,744)	(5,735,744)
Totals	1,864,413,460	1,995,229,618	2,182,302,042	2,352,749,291	2,596,941,909	2,844,505,965	3,089,726,323	3,270,425,923	3,312,837,916	3,410,110,131
Total Direct Rate	0.09546	0.07527	0.09576	0.09354	0.0941	0.08976	0.09254	0.09188	0.09197	0.09202

Note: Exempt values are not included in totals.

Source: L.A. County Assessor 2001/02 - 2010/11 Combined Tax Roll

**City of Temple City**

**Direct and Overlapping Government Property Tax Rates – Last Nine Fiscal Years**

Agency	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Arcadia Lighting	0.00493	0.00738	0.00397	0.00447	0.00230	0.00630	0.00326	0.00445	0.00472	0.00000
Arcadia Unified	0.03106	0.03129	0.03004	0.02908	0.02746	0.02831	0.03086	0.02911	0.02561	0.02458
County Detention Facilities 1987 Debt	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000
El Monte City School District	0.05196	0.06592	0.05072	0.07247	0.08057	0.06402	0.08068	0.09045	0.11907	0.12388
El Monte Union High School	0.00000	0.00000	0.03573	0.03928	0.05425	0.05847	0.02820	0.05160	0.09654	0.08475
LA Community College District	0.01600	0.01460	0.01986	0.01810	0.01429	0.02146	0.00879	0.02212	0.02311	0.04031
LA County Flood Control	0.00107	0.00088	0.00046	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370
Pasadena Community College District	0.00000	0.00000	0.00681	0.00879	0.00410	0.02080	0.01972	0.01742	0.02300	0.01986
Rosemead School District	0.08858	0.00540	0.04517	0.07095	0.07515	0.05420	0.08283	0.06875	0.11358	0.10743
San Gabriel Unified	0.00000	0.05803	0.05224	0.05729	0.05284	0.04930	0.05741	0.09294	0.10070	0.10190
Temple City Unified	0.05445	0.04842	0.04819	0.04778	0.04465	0.04977	0.04414	0.04661	0.04910	0.04950
<b>Total Direct &amp; Overlapping (2) Tax Rates</b>	<b>1.25687</b>	<b>1.23965</b>	<b>1.30028</b>	<b>1.35517</b>	<b>1.38165</b>	<b>1.35803</b>	<b>1.41039</b>	<b>1.47774</b>	<b>1.60973</b>	<b>1.60589</b>
City's Share of 1% Levy Per Prop 13 (3)	0.09370	0.09370	0.09370	0.09370	0.09370	0.09370	0.09370	0.09370	0.09370	0.09370
General Obligation Debt Rate										
Redevelopment Rate (4)	1.00990	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450	1.00430	1.00430	1.00370
<b>Total Direct Rate (5)</b>	<b>0.09546</b>	<b>0.07527</b>	<b>0.09576</b>	<b>0.09354</b>	<b>0.09410</b>	<b>0.08976</b>	<b>0.09254</b>	<b>0.09188</b>	<b>0.09197</b>	<b>0.09202</b>

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approval bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in the tax ratio figures.

(4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

(5) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: L.A. County Assessor 2001/02 - 2010/11 Tax Rate Table

**City of Temple City**  
**General Governmental Revenues – Last Nine Fiscal Years**

Fiscal year ended	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Investment Income	Rental Income	Other Revenues	Total Taxes
2002	3,201,626	930,184	2,068,378	475,139	140,554	672,122	38,019	210,434	7,736,456
2003	3,434,867	1,163,070	2,070,995	434,904	151,435	543,541	30,842	248,720	8,078,374
2004	3,517,904	1,225,266	1,684,796	466,752	189,510	312,025	31,462	327,247	7,754,962
2005	3,615,329	1,144,414	2,923,061	529,768	271,007	382,601	32,005	220,834	9,119,019
2006	3,970,043	1,092,015	2,721,891	585,885	256,879	897,594	33,698	264,039	9,822,044
2007	4,359,660	1,200,311	3,068,372	621,383	254,024	1,167,407	37,413	276,738	10,985,308
2008	4,578,801	1,385,267	3,482,229	674,154	242,337	1,034,417	90,108	287,075	11,774,388
2009	4,542,514	950,216	3,051,888	662,360	287,575	694,444	80,794	305,020	10,574,811
2010	3,830,602	1,096,347	3,549,571	542,976	534,287	442,363	65,928	348,851	10,410,925
2011	4,451,470	1,028,284	3,229,851	631,355	423,041	409,097	57,442	414,145	10,644,685

Source: City of Temple City Basic Financial Statements

**City of Temple City  
Principal Property Taxpayers – Current Fiscal Year and Nine Fiscal Years Ago**

RANKING	OWNER	SECURED		UNSECURED		COMBINED		PRIMARY USE AND AGENCY	
		Parcels	Value	% of Net AV	Value	% of Net AV	Value		% of Net AV
1	Calac Investment	2	20,466,231	0.61%			20,466,231	0.60%	Commercial Rosemead Boulevard RDA
2	TCD Enterprises, Inc. (Pending Appeals On Parcels)	1	13,094,990	0.39%			13,094,990	0.38%	Vacant Rosemead Boulevard RDA
3	Gradiazio Investment Company (Pending Appeals On Parcels)	4	10,313,027	0.31%			10,313,027	0.30%	Commercial Rosemead Boulevard RDA
4	Santa Anita Convalescent Hospital and Residence	2	6,727,472	0.20%	2	1,036,065	7,763,537	0.23%	Institutional Tax District #1
5	Ralph's Grocery Company	1	6,115,095	0.18%			6,115,095	0.18%	Commercial Tax District #1
6	James J and Sue Femino Trust	2	5,508,894	0.16%			5,508,894	0.16%	Commercial Rosemead Boulevard RDA
7	General Board of the Church of the Nazarine	6	5,101,580	0.15%			5,101,580	0.15%	Residential Tax District #1
8	Barchester Temple City	2	4,982,081	0.15%			4,982,081	0.15%	Commercial Rosemead Boulevard RDA
9	Christian Church Pacific Southwest Region	1	4,935,478	0.15%			4,935,478	0.14%	Institutional Tax District #1
10	Zou Xiaochyn and Chang Peiwen	5	4,609,690	0.14%			4,609,690	0.14%	Residential Tax District #1
	<b>Top Ten Total</b>	26	81,854,538	2.42%	2	1,036,065	82,890,603	2.43%	
	<b>City Total</b>	3,380	193,048		29,917,083		3,410,110,131		

Source: L.A. County Assessor 2010/11 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of Temple City

**Top 25 Sales Tax Producers – Current Fiscal Year and Nine Fiscal Years Ago**

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<u>Business Name</u>	<u>Business Category</u>
99 Cents Only	Variety Stores
American Gas	Service Stations
Applebees	Restaurants Liquor
AT & T Mobility	Electronics/Appliance Stores
Cheveron	Service Stations
CVS Pharmacy	Drug Stores
Hat	Restaurants No Alcohol
Hometown Buffet	Restaurants No Alcohol
In N Out Burgers	Restaurants No Alcohol
K Mart	Discount Department Stores
McDonalds	Restaurants No Alcohol
Modern Lighting	Plumbing/Electronics Supplies
Office Depot	Office Supplies/Furniture
Pep Boys	Automotive/Supply Stores
Peters Mobil Service	Service Stations
Ralphs	Grocery Stores Liquor
Rite Aid	Drug Stores
Seafood Village	Restaurants Beer and Wine
Star Maintenance Supply	Specialty Stores
Super A Foods	Grocery Stores Liquor
Super Pets	Specialty Stores
Temple City Powersports	Boats/Motorcycles
Temple City Shell	Service Stations
TJ Maxx	Family Apparel
Valu Mart	Grocery Stores Liquor

Note: Firms listed alphabetically. Period April 2010 Thru March 2011

Source: Hinderliter, de Llamas & Associates, State Board of Equalization

**City of Temple City  
Direct and Overlapping Debt**

		Gross bonded debt balance	Percent applicable to City	Net bonded debt
Direct debt				
270.01	Refunding Revenue Bonds	6,900,000	100.000	6,900,000
Total Direct Debt				6,900,000
Overlapping debt				
337.05	Metropolitan Water District (1)	107,259,876	0.390	418,761
473.51	El Monte City SD DS 1999 Ser A	1,595,000	10.154	161,955
473.52	El Monte City SD City DS 1999 Ser B	415,000	10.154	42,139
473.53	El Monte Dist DS 1999 Ser C	1,260,000	10.154	127,939
473.54	El Monte School District 2004 Refunding Bonds	5,845,000	10.154	593,496
473.55	El Monte School District 1999 Series D	14,660,000	10.154	1,488,563
473.56	El Monte City SD DS 2005 Ref Bonds	18,994,366	10.154	1,928,671
473.57	El Monte City SD DS 2004 Series B	14,610,532	10.154	1,483,540
473.59	El Monte City SD DS 2004 Series D(2009)	9,360,000	10.154	950,406
473.60	El Monte School District DS 2008 Series A	5,998,159	10.154	609,048
473.61	El Monte School Dist 2008 Series A-1	18,540,000	10.154	1,882,535
629.50	Rosemead School District DS 2000 Series A	6,410,000	2.708	173,612
629.51	Rosemead School District DS 2000 Series B	8,930,000	2.708	241,865
629.52	Rosemead School DS 2000 Series C	6,655,000	2.708	180,247
629.53	Rosemead School DS 2000 Series D	4,845,000	2.708	131,224
629.54	Rosemead School DS 2008 Series A	8,865,000	2.708	240,104
745.51	El Monte Union HS Dist 2002 Series A	2,870,000	5.901	169,366
745.52	El Monte Union HS Dist Series B	4,555,000	5.901	268,802
745.53	El Monte Union HS Dist 2006 Refund Bonds	36,572,828	5.901	2,158,252
745.54	El Monte Un Hr US 2002 Ser C	29,140,000	5.901	1,719,823
745.55	El Monte Union High DS 2008 Ser A	53,625,511	5.901	3,164,573
805.50	L.A. CCD DS 2001 Ser-A	10,590,000	0.019	1,975
805.52	L.A. CCD DS 2003 Series B	71,760,000	0.019	13,349
805.55	L.A. CCD DS 2003 Taxable Series 2004B	17,935,000	0.019	3,336
805.56	L.A. CCD DS 2001 Taxable Series 2004A	74,760,000	0.019	13,907
805.57	LACC DS Refunding 2001 Series 2005A	431,075,000	0.019	80,191
805.58	LA CCD DS 2001, 2006 Series B	382,830,000	0.019	71,216
805.59	LA CCD DS 2001, 2006 Series C	292,480,000	0.019	54,409
805.60	LACC DS 2001, 2008 Ser E-1	276,500,000	0.019	51,436
805.61	LACC DS 2001, 2008 Taxable Ser E-2	2,420,000	0.019	450
805.62	LACC DS 2003, 2008 Ser F-1	344,915,000	0.019	64,163
805.63	LACC DS 2003, 2008 Taxable Ser F-2	6,480,000	0.019	1,205
805.64	LACC DS 2008, 2009 Taxable Ser A	350,000,000	0.019	65,109
805.65	LACC DS 2008, 2009 Taxable Ser B	75,000,000	0.019	13,952
805.66	LACC Debt 2008, 2010 Tax Series D	175,000,000	0.019	32,558
805.67	LACC Debt 2010 Tax Ser E (BABS)	900,000,000	0.019	167,443
805.68	LACC DS 2008, 2010 Series C	125,000,000	0.019	23,256
812.50	Pasadena Area CCD DS 2002 S-A	1,925,000	5.555	106,925
812.51	Pasadena CCD DS 2006 Series B	48,955,000	5.555	2,719,236
812.52	Pasadena CCD DS 2006 Refunding Bond Series C	12,302,327	5.555	683,340
812.53	Pasadena CCD DS 2002, 2006 Ser D	26,705,000	5.555	1,483,346
812.54	Pasadena CCD 2002, 2009 Series E (BABS)	25,295,000	5.555	1,405,027
817.51	Arcadia Unified DS 1993 Series A	6,049,353	3.093	187,134
817.53	Arcadia Unified DS 1993 Series C	1,569,596	3.093	48,555
817.54	Arcadia Unified DS Ref. Bonds 1993 2005 Series A	3,670,000	3.093	113,530
817.55	Arcadia Unf DS 2006 Ser A	159,665,423	3.093	4,939,171
947.51	Temple City Unified DS 1998 Series A	3,008,249	70.791	2,129,576
947.52	Temple City USD DS 1998 Series B	5,031,501	70.791	3,561,861
947.53	Temple City USD DS 2005 Refunding Bond	10,625,000	70.791	7,521,566
Total overlapping debt				43,691,944
Total direct and overlapping debt				50,591,944

2010-2011 Assessed Valuation: 3,315,612,496

Debt to Assessed Valuation Ratios:

Direct debt	0.21%
Overlapping debt	1.32%
Total debt	1.53%

(1) This fund is a portion of a larger agency, and is responsible for debt in areas outside the City.

(2) Debt figures include general obligation debt which is being repaid through property taxes.

It excludes revenue, mortgage revenue, interim financing obligations, non-bonded capital lease obligations, and certificates of participation.

Source: HdL Coren & Cone, Los Angeles County Assessor Combined 2010/11 Lien Date Tax Rolls

**City of Temple City**  
**Demographic and Economic Statistics – Last Nine Fiscal Years**

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2001	33,773	\$689,401	\$20,413	3.6%			
2002	34,296	\$702,133	\$20,473	4.3%			
2003	34,629	\$722,827	\$20,873	4.4%			
2004	35,202	\$764,170	\$21,708	4.1%			
2005	35,396	\$796,872	\$22,513	3.4%			
2006	35,336	\$837,785	\$23,709	3.0%			
2007	35,360	\$866,460	\$24,504	3.2%			
2008	35,423	\$874,513	\$24,688	4.8%			
2009	35,615	\$858,744	\$24,112	7.5%	40.5	87.1%	32.4%
2010	35,892	\$1,000,992	\$27,889	8.2%	40.8	86.3%	32.2%

Notes and Data Sources:

Population: California State Department of Finance.

Unemployment Data: California Employment Development Department

2000-2009 Income, Age, and Education Data: ESRI- Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data release to date. Demographic Data is totalled from Census Block Groups that overlap the City's boundaries.

2010 - Income, Age, Education Data - US Census Bureau, most recent American Community Survey.

**City of Temple City  
Construction Activity**

<b>Calendar year ended</b>	<b>New Residential</b>	<b>New Commercial</b>	<b>Total</b>	<b>Demolitions</b>	<b>New value of Construction</b>
2002	11,139,289	802,720	11,942,009	N/A	N/A
2003	24,402,465	522,500	24,924,965	N/A	N/A
2004	13,648,309	1,046,700	14,695,009	N/A	N/A
2005	22,514,787	1,916,300	24,431,087	238,100	24,192,987
2006	21,957,999	1,980,100	23,938,099	258,150	23,679,959
2007	25,630,380	3,240,390	28,870,770	209,560	28,661,210
2008	20,980,153	1,340,500	22,320,653	123,390	23,537,763
2009	19,127,998	3,892,187	23,020,185	99,000	22,921,185
2010	20,200,934	2,156,535	22,357,469	162,000	22,195,469
2011	23,754,355	1,175,540	24,929,895	139,048	24,790,847

Source: City of Temple City Community Development Department

**City of Temple City**  
**Full-Time Equivalent City Employees by Function – Last Nine Fiscal Years**

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Full Time	10.86	10.86	10.86	10.86	8.85	7.85	7.80	7.80	7.80	7.80
Part Time	1.38	0.72	1.03	0.79	0.83	0.86	0.64	0.61	0.65	0.85
	12.24	11.58	11.89	11.65	9.68	8.71	8.44	8.41	8.45	8.65
Community Development										
Full Time	6.00	6.00	8.00	8.00	7.10	8.10	7.15	7.15	7.15	6.10
Part Time	0.00	1.14	1.20	0.00	0.00	0.01	0.44	0.16	0.26	0.06
	6.00	7.14	9.20	8.00	7.10	8.11	7.59	7.31	7.41	6.16
Parks & Recreation										
Full Time	14.19	15.19	15.19	15.09	14.70	12.70	11.70	11.70	11.70	12.15
Part Time	10.63	10.58	10.69	11.18	11.78	16.68	19.56	21.88	21.46	18.96
	24.82	25.77	25.88	26.27	26.48	29.38	31.26	33.58	33.16	31.11
Public Safety										
Full Time	5.70	5.70	5.70	5.60	4.40	4.40	5.40	5.40	5.40	7.05
Part Time	1.03	0.94	0.38	0.00	0.00	0.00	0.00	0.00	1.43	2.33
	6.73	6.64	6.08	5.60	4.40	4.40	5.40	5.40	6.83	9.38
Public Works										
Full Time	3.25	3.25	3.25	3.45	2.95	2.95	3.95	3.95	3.95	2.90
Part Time	0.28	0.36	0.16	0.07	0.00	0.03	0.04	0.00	0.34	0.00
	3.53	3.61	3.41	3.52	2.95	2.98	3.99	3.95	4.29	2.90
Full Time Total	40.00	41.00	43.00	43.00	38.00	36.00	36.00	36.00	36.00	36.00
Part Time Total (1)	13.32	13.74	13.46	12.04	12.61	17.58	20.68	22.65	24.14	22.20
TOTAL	53.32	54.74	56.46	55.04	50.61	53.58	56.68	58.65	60.14	58.20

Note: (1) 2,080 Hours of Part Time equals to 1 Full Time Equivalent

Source: City of Temple City Administrative Services Department

City of Temple City  
**Operating Indicators by Function – Last Nine Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety:										
Arrests	N/A	441	367	389	438	513	559	411	514	949
Parking Citations	N/A	112	4,102	8,190	6,385	7,089	6,947	6,879	12,681	9,024
Public Works:										
Sewers new connections	N/A	118	126	59	83	78	55	30	36	25
Parks & Recreation:										
Number of recreation classes	252	317	400	352	401	398	341	363	330	390
Number of facility rentals	N/A	N/A	N/A	N/A	N/A	904	1,050	1,076	1,179	1,083

Source: City of Temple City Community Development Department  
City of Temple City Parks & Recreation Department  
Los Angeles County Sheriff Department

