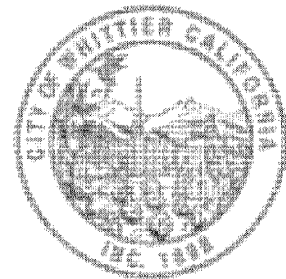
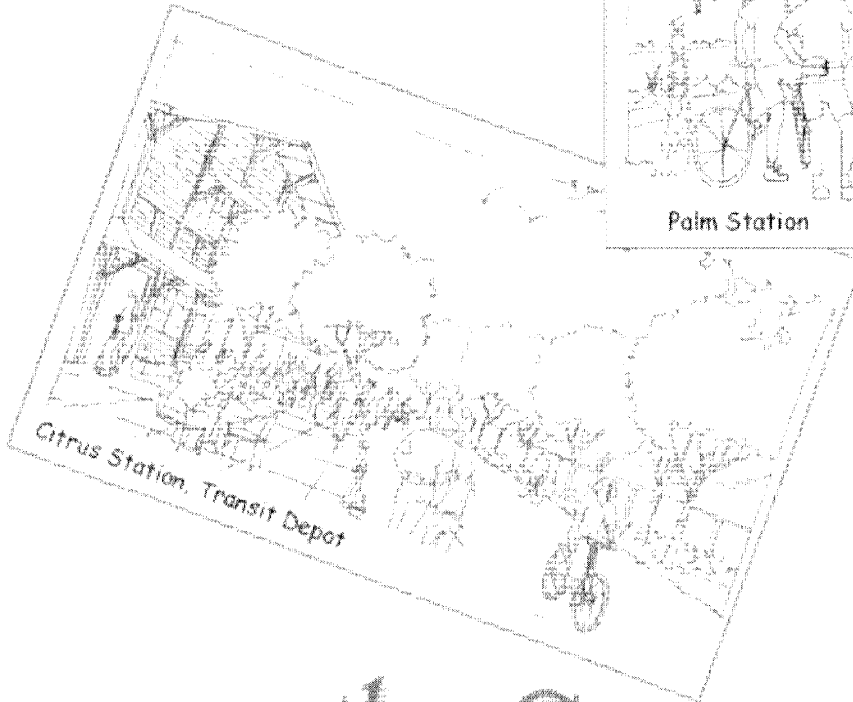
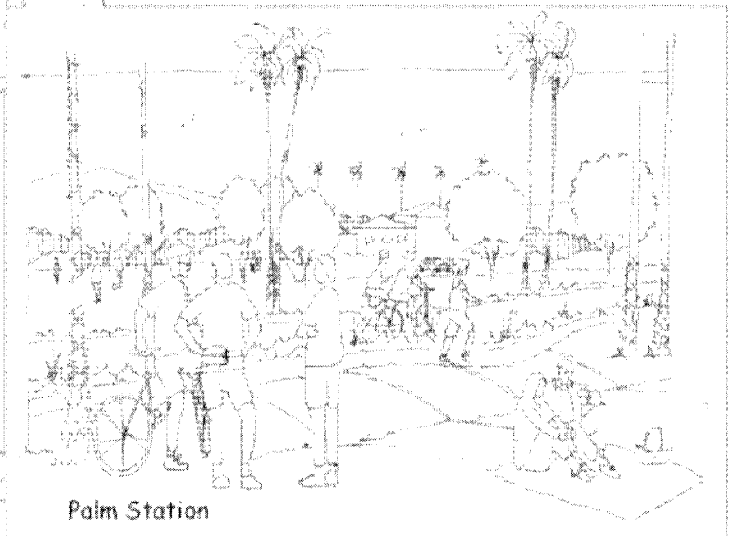
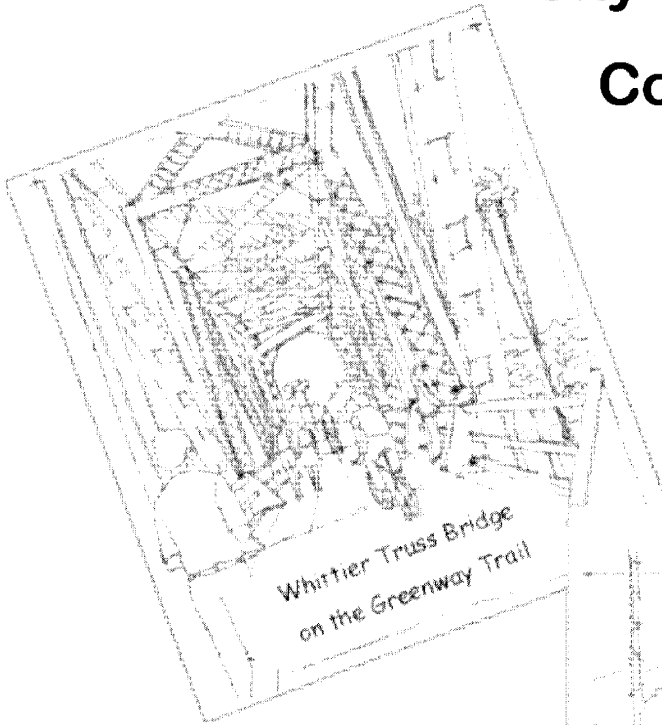


City of Whittier, California

Comprehensive Annual Financial Report

Year Ended
June 30, 2008



On the Greenway Trail...

**City of Whittier, California
Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2008



City Council

Joe Vinatieri
Mayor

Bob L. Henderson
Mayor Pro Tem

Council Members
J. Greg Nordbak
Cathy Warner
Owen Newcomer

Stephen W. Helvey
City Manager

Prepared by
City Controller's Office
Rod C. Hill
City Controller



City of Whittier

Introductory Section

CITY OF WHITTIER, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Table of Content	i
Letter of Transmittal.....	v
Organization Chart	xxii
Principal Officials.....	xxiii
GFOA Certificate of Achievement for Excellence in Financial Reporting	xxiv
II. FINANCIAL SECTION	
A. Independent Auditors' Report.....	1
B. Management's Discussion and Analysis	3
C. Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Balance Sheet to the Statement of	
Net Assets	20
Statement of Revenues, Expenditures, and Changes in	
Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances to the Statement of	
Activities	23
Statement of Revenues, Expenditures, and Changes in	
Fund Balance – Budget and Actual – General Fund.....	24
Statement of Revenues, Expenditures, and Changes in	
Fund Balance – Budget and Actual – Transit Special	
Revenue Fund	26
Statement of Revenues, Expenditures, and Changes in	
Fund Balance – Budget and Actual – Redevelopment Agency	
Low/Mod Housing	27
Statement of Revenues, Expenditures, and Changes in	
Fund Balance – Budget and Actual – Subventions and Grants.....	28

CITY OF WHITTIER, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 (Continued)

TABLE OF CONTENTS

	<u>Page</u>
II. FINANCIAL SECTION (Continued)	
Proprietary Funds:	
Statement of Net Assets	29
Statement of Revenues, Expenses, and Changes in Net Assets	31
Statement of Cash Flows	32
Fiduciary Funds:	
Statement of Fiduciary Net Assets	33
Notes to the Basic Financial Statements	34
SUPPLEMENTARY INFORMATION	
D. Major Debt Service Fund	87
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Debt Service Fund	
Redevelopment Agency Debt Service Fund	88
Public Financing Authority Debt Service Fund	89
E. Nonmajor Governmental Funds	90
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	96
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
HOME Grant Special Revenue Fund	100
Street Lighting District 1-91 Special Revenue Fund	101
Asset Seizure Forfeiture Special Revenue Fund	102
SB 358 Library Grant Special Revenue Fund	103
State COPS Grant Special Revenue Fund	104
Air Quality Improvement Special Revenue Fund	105
Business Improvement Area Special Revenue Fund	106
Earthquake Relief Special Revenue Fund	107
State Gas Tax Special Revenue Fund	108
Traffic Safety Special Revenue Fund	109
Traffic Offender Special Revenue Fund	110
Traffic Congestion Special Revenue Fund	111
HUD Grants Special Revenue Fund	112
Whittier Uptown Parking District No. 1 Special Revenue Fund	113

CITY OF WHITTIER, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 (Continued)

TABLE OF CONTENTS

	<u>Page</u>
II. FINANCIAL SECTION (Continued)	
SUPPLEMENTARY INFORMATION, CONTINUED	
Whittier Uptown Parking District No. 2 Special Revenue Fund	114
Uptown Village Maintenance District Special Revenue Fund	115
Redevelopment Agency Capital Projects Fund	116
Capital Outlay Capital Projects Fund.....	117
F. Internal Service Funds	118
Combining Statement of Net Assets	119
Combining Statement of Revenues, Expenses and Changes in Net Assets	120
Combining Statement of Cash Flows.....	121
G. Agency Funds	122
Combining Statement of Assets and Liabilities	123
Combining Statement of Changes in Assets and Liabilities	124
III. STATISTICAL SECTION	
FINANCIAL TRENDS	
Net Assets by Component – Last Five Fiscal Years.....	127
Changes in Net Assets – Last Five Fiscal Years.....	128
Fund Balances of Governmental Funds – Last Five Fiscal Years	129
Changes in Fund Balances of Governmental Funds – Last Four Fiscal Years.....	130
REVENUE CAPACITY	
Assessed Value and Estimated Actual of Taxable Property-	
Last Ten Fiscal Years.....	131
Direct and Overlapping Property Tax Rates	132
Ten Principal Property Taxpayers.....	133
Property Tax Levies and Collections	134

CITY OF WHITTIER, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 (Continued)

TABLE OF CONTENTS

	<u>Page</u>
IV. STATISTICAL SECTION, CONTINUED	
DEBT CAPACITY	
Taxable Sales by Category – Last Ten Calendar Years	135
Ratios of Outstanding Debt by Type.....	136
Ratios of General Bonded Debt Outstanding.....	138
Direct and Overlapping Debt	139
Legal Debt Margin - Last Ten Fiscal Years.....	140
Pledged-Revenue Coverage - Water Revenue Bonds-	
Last Ten Fiscal Years.....	141
Pledged-Revenue Coverage – Solid Waste Revenue Bonds –	
Last Ten Fiscal Years.....	142
DEMOGRAPHIC and ECONOMIC INFORMATION	
Demographic and Economic Statistics –	
Last Ten Fiscal Years.....	143
Demographic and Economic Statistics –	
2008 Ten Largest Employers	144
OPERATING INFORMATION	
Full-time and Part-time City Employees by Function –	
Last Ten Fiscal Years.....	145
Operating Indicators by Function –	
Last Ten Fiscal Years.....	146
Capital Asset Statistics by Function	147



City of Whittier

13230 Penn Street, Whittier, California 90602-1772
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December 15, 2008

The Honorable Mayor, Members of the City Council,
and City Manager
City of Whittier, California

It is my pleasure to submit the Comprehensive Annual Financial Report of the City of Whittier (“City”) for the fiscal year ending June 30, 2008. This report is prepared in accordance with local ordinance and state law requirements that financial statements be presented in conformity with accounting principles generally accepted in the United States of America, as well as the opinion of Conrad Government Services Division of Mayer Hoffman McCann P.C., an independent firm of licensed certified public accountants. This financial report includes the closely related Whittier Redevelopment Agency, the Whittier Public Financing Authority, and the Whittier Utility Authority, for which the City is considered to be financially accountable. In accordance with the Governmental Accounting Standards Board, management is required to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditors’ report.

Background

Whittier is located in Los Angeles County, about 12 miles southeast of the City of Los Angeles. A five Member City Council under the Council – Manager Form of government, governs the City. Whittier is a charter law city and was incorporated in 1898. The Charter form of City government was ratified in 1955. The City covers 14.8 square miles and has an estimated population of 86,945. Businesses and industries in the area include 465 professional services, 550 retail stores, 182 family type restaurants, 46 manufacturing plants, 10 hotels and motels, 12 automobile dealerships and over 239 specialty shops and boutiques, predominantly located in Uptown Whittier, the Quad shopping mall, as well as the Whittwood Town Center.

Founded in 1887 as a Quaker colony, Whittier's strong sense of history and vision for the future has made it an up-scale and dynamic residential community. Throughout the years, the City of Whittier has striven to provide a healthy and safe community and a well-maintained infrastructure enhanced by planned patterns of growth and development. Through a balance of economic, social, political, cultural and recreational opportunities, the City Council has encouraged an atmosphere conducive to community spirit and active participation in the affairs and progress of the community. Such efforts have been made to ensure a visually pleasing community in which the City's identity and character are preserved and enhanced.

Services Provided by the City

The City provides a full range of services normally associated with a municipality including police protection, parks, maintenance of streets and infrastructure, planning and zoning, building and engineering, library services, recreational activities and cultural events, public Dial-A-Ride transit, public information, and general administration. The Los Angeles County Fire Protection District supplies fire services to City residents and businesses. In addition, the City provides police services to the neighboring city of Santa Fe Springs. The City also operates various enterprise operations that provide water utility, sewer and solid waste collection and disposal services. A portion of solid waste collection, along with the City's cable broadcasting, is provided through franchise arrangements with vendors in the private sector. The City provides transit administration services to the neighboring city of La Habra Heights and contracts out the Dial-A-Ride transit services. The City also provides fixed route transit services through Norwalk Transit Systems, the Whittier Transit fixed-route contractor.

In addition to the usual City services, Whittier offers a variety of programs to help local residents and businesses. The City operates a redevelopment agency that encompasses 1,524 acres. The Agency provides housing assistance to low and moderate income families, assists in the rehabilitation of commercial properties, and seeks to eliminate blight. The Community Development Block Grant program provides loans for the rehabilitation of low and moderate-income residential properties. Whittier's residents also receive assistance through the City's senior citizen programs.

Financial Statement Format

The City of Whittier is responsible for the accuracy, completeness and fairness of the Comprehensive Annual Financial Report's presentation, including all disclosures. Management believes the data presented is accurate in all material respects and fairly present the financial position and the results of operations of the City's various funds. Informative disclosures are sufficient to enable the report's readers to gain an understanding of the City's financial affairs. The auditor's opinions included in this report reflect our belief.

Economic Condition and Outlook

During the fiscal year of 2007-2008 there were no changes in the city's financial policies. Thus there was not a significant impact on the current period's financial statements. However, the World, the U.S. and California economies continue to encounter economic challenges. The extreme slowdown in the nation's housing sector, and the collapse of the sub-prime mortgage market, is now spilling over to affect almost every measure of the national and the world economy. Mortgage rates have been on a roller coaster. The confidence of consumers, homebuyers and sellers has been eroded by the volatility of the stock market, the government's Wall Street bailout due to the collapse of the mortgage markets, the closure of major banks and failings of major U.S. businesses. The major risk facing the economy is whether or not the consumer will buckle under the weight of falling house prices, high energy prices, slow wage growth, and increasing unemployment.

On an overall basis however, State Controller John Chiang has reported that the state's fiscal year-to-date cash collections of sales tax are four percent below last year's and predictions for the remaining fiscal year are becoming increasingly pessimistic. In most cases, the downturn has been more severe than previously anticipated and the decline is expected to stretch out longer.

Over all, the future condition of the local economy is hard to predict. There are many factors where it is unclear exactly what types of adjustments will be occurring over the next few months. A large part of this is the current housing market. The full implications of the mortgage market's problems and the credit crisis, both nationally and for California, are still unfolding and will not be known for some time. Many forecasters now expect the beginning of the housing recovery to be delayed at least until the end of 2010. Additionally it is expected that it will take a full five years into the future to fully regain the level of prices on housing. The City is cautious about future economic conditions and will adapt as they unfold.

The City values its unique history and strives to maintain the character of the community while recognizing the importance of being flexible to accommodate the changing economy in Southern California. Economic development is a top priority for the Council as it plays an integral role in the community. Prosperous business owners, high-paying jobs, and an increased tax base produce a healthy city. With an economic vitality, the City can continue to provide a high quality of life for workers, business owners, property owners and all residents.

The City's economic development efforts include redevelopment of commercial and residential properties, and construction of affordable housing. The expansion of existing businesses and the attraction of new businesses have not only increased the property tax increment for the Redevelopment Agency but also the sales tax base for the City.

The City continues to actively promote Whittier through the Redevelopment and Housing Division of the Community Development Department. The City has a Business Development Manager and continues to promote the City's "Shop Whittier" campaign. They also represent the City at the annual International Council of Shopping Centers' convention and coordinate the implementation of the Economic Development Strategy.

These and other efforts will contribute to the stability and continued growth of Whittier's economy. The involved citizens, an active business sector, and a sense of community have served Whittier well in the past and will continue to do so into the future.

The unemployment rate in the City has been consistently lower than the state and regional levels. In October of 2008, the City's unemployment rate was 5.8% compared with 8.2% for Los Angeles County and 8.2% statewide. The City's unemployment rate also compares favorably with neighboring cities of comparable size.

Taxable retail transactions in Whittier for the 2nd quarter 2008 have decreased from 2nd quarter 2007 by 5.0%. Receipts for all of Los Angeles County dropped 2.6% over the comparable time period while the State, as a whole, declined 4.0%

Long-Term Financial Planning

The City's General Fund accounts for the majority of vital services for its citizens, such as police services, community services, parks and library facilities, and the General fund is subjected to various economic conditions from year to year. The City utilizes a Five-Year Plan ("Plan") as a tool to project future expenditures and revenues for the General Fund and their effect on its year-end fund balance. This Plan takes into account projections for salary increases, benefits increases, maintenance costs of new construction projects and accounts for new businesses coming on-line in the City, which would be adding sales tax to the City's revenue base. This Plan is updated annually.

Starting in December 2008 the City will commence building a new Police Facility, which will greatly enhance the workability of the Police Department, by giving them a new modern facility with jail capacity. This structure does not replace a capital facility that is already in place, thus operation and maintenance costs must be taken into consideration when forecasting costs for the Plan. Costs to maintain and operate this new facility are estimated to be approximately \$300,000 a year to start with completion in 2010-11.

It is also forecasted that in 2010-11 that two police officer salaries, which are currently being supported by Traffic Offender Impound fees and COPS grants from the State, will diminish to the point that they will no longer be able to solely support those positions. At that time the General Fund will have to contribute funds in order to retain the positions. Those costs are estimated to be approximately \$90,000 starting 2010-11 in the Plan.

Major Initiatives

For the Year. In carrying out the 2007-08 budget, staff worked diligently to implement the new programs and policies that the City Council has brought to the forefront. Although some of these activities are not necessarily reflected in the financial statements, they are significant to the future of the City. Some of the more important activities are summarized below.

The City continued providing administrative services for the Executive Director of the Puente Hills Landfill Native Habitat Preservation Authority through the Inter-Agency Agreement for the eleventh year. The Authority continued reimbursing the City 100% of the direct costs paid on behalf of the Authority.

The City Manager works under the direction of the City Council to oversee and implement City policies and programs set forth in the annual budget and those resulting from the City Council actions. Priority efforts for this fiscal year include providing oversight to the police facility construction and budget; assessing funding options for library expansion or replacement; supporting maintenance, operation and improvement of the Whittier Greenway Trail, including seeking grant funds for the project; soliciting state and federal funding for local and regional projects; supporting the redevelopment of key commercial sites; implementing the Uptown Specific Plan; working with the State, the Whittier community and developers regarding reuse of the Nelles School property; upgrading television equipment for the government access channel; collaborating on graffiti enforcement and abatement programs; and continuing the oversight of

the Whittier/Santa Fe Springs policing contract. Other programs have been initiated by the City Manager's Department but are being implemented through the efforts of the various departments and are discussed below.

The Police Department is in the second year of a two-year grant from the California Office of Traffic Safety which provides funding for an additional traffic officer. Additionally, overtime funding is provided for DUI checkpoints, speed enforcement, etc. The addition of a full-time traffic officer brought the Bureau's compliment to five and significantly enhanced our ability to respond to traffic concerns as identified by citizen complaints and collision reports throughout the City. Based on concerns voiced by residents and business owners regarding lack of parental involvement and ineffective punishment for graffiti offenders, the Department began participation in A.T.A.G (Aware Teens Against Graffiti). A.T.A.G. is a juvenile diversion program for first time graffiti taggers and vandals. The Police Department also initiated a new off-road motorcycle unit that was designed to provide security and patrol access along the Greenway Trail. Equipment for this new unit was funded by transportation funds from the Los Angeles County Metropolitan Transportation Authority. The Department also reached full officer staffing levels during the fiscal year, which was the first time that has occurred in more than seven years. In addition, all report taking officers and civilian staff transitioned to digital voice recorders in order to enhance efficiency in report transcription.

The Redevelopment and Housing Division of the Community Development Department's efforts have been focused on the redevelopment of key sites in the City. The City developed an Economic Development Strategy that was approved and adopted by the City Council. In West Whittier, efforts continued with Los Angeles County to eliminate code enforcement violations and graffiti issues. Further along Whittier Boulevard at "Five Points," the Agency is working with Fountainhead Development at the "Ricker Motors" site. Fountainhead is working to attract a hotel for this important location. Plans include the incorporation of the "Skateland" site that is currently undergoing environmental remediation efforts. The Skateland site would be used for parking. The Agency entered into a Purchase and Sale Agreement that would take effect in the event that Fountainhead does not secure a hotel, medical or office space for the site. Efforts continued with the State at the legislative level for the sale of the 73.8-acre Fred C. Nelles site. While it is not being considered for a prison at this time, it is now under review as a site to locate a prison hospital along with other sites within California. The Whittwood Town Center completed its construction with the development of Johnny Carinos. Construction began in FY 06-07 on 114 town homes called Ravello at the Whittwood Town Center. In FY 07-08, phase 1 was sold and construction on phase 2 began. Due to the slowing economy, lower demand for large trucks and SUVs, along with corporate decisions, three automobile dealers closed their doors, Whittier Chrysler/Jeep/Dodge, Whittier Mitsubishi, and Board Ford closed. The closures are linked to corporate decisions. While the decline in sales tax negatively impacts the City, the Agency is optimistic that they will present new opportunities for redevelopment. One of the main goals of the strategy is to promote a strong, diversified and sustainable local economy and enhance the quality of life in the community. The Agency continues to market the City to potential retail and housing developers at regional and international events hosted by the International Council of Shopping Centers (ICSC) and the Urban Land Institute (ULI).

The Housing Division continued to pursue and meet the goals outlined in the City/Redevelopment Agency Housing Strategy that is outlined in the Five Year Implementation Plan and also in the HUD-required 2007-08 Action Plan. These plans seek to address the housing and community needs of the City with CDBG, HOME, tax increment, and General Fund sources. Low-income families were able to rehabilitate their homes with loans (12) or grants (1) through the City's Home Rehabilitation program. The Minor Home Repair Grant Program completed 51 projects. A rental rehabilitation of 3 units was completed in FY 07-08. Using HOME funds, the City purchased a triplex on Comstock Avenue. This piece will be combined with other parcels owned by the Agency to create an affordable ownership housing project. The City also used HOME funds for a transitional housing project being developed by First Day. First Day bought a triplex with the assistance of the County and will rehabilitate it. The City is assisting with its relocation and lead based paint abatement. Environmental remediation was completed and grading started for 96-flats and town homes east of the Whittwood Town Center, on Whittier Boulevard. This housing project is called The Gables. The Agency entered into an Affordable Housing Agreement with the developer HDS Group to allocation 15 units as affordable ownership housing units that will be available to moderate income homebuyers.

The Planning Division of the Community Development Department is responsible for implementing the City's General Plan and Whittier Municipal Code regulations for such planning related activities as the design and development of new buildings, subdivisions, and historic preservation of existing structures over 50 years old. During fiscal year 2007-08, the Division received approximately 1260 new planning applications ranging from zoning code amendments to development review applications. The Planning Division has been active processing a variety of development projects, including the environmental review for the Police facility and associated parking, the Amber Blu restaurant in Uptown and the Boys & Girls Club Teen Center expansion. There were 1,117 development review applications submitted to the Planning Division, which includes those that are handled at the counter. Staff has processed the Presbyterian Intercommunity Hospital (PIH) sign program and 17 other sign applications, as well as numerous clean-air separator applications submitted in conjunction with existing gasoline station uses. Post entitlement projects, such as the Whittier Area Community Church and the Whittier College projects, have consumed a significant amount of staff's time due to site visits, inspections and client meetings. With respect to Advanced Planning matters, the Community Development completed a dozen Zoning Code Amendments during FY2007-2008. Many of these Code Amendments related to implementing State legislative directives ranging from reasonable accommodation for the disabled to adopting a Density Bonus Ordinance pursuant to the requirements of AB 1818. Some of the other major Zoning Code Amendments included the development of a Vacant Lot Ordinance in addition to updating the City's Sign and Parking Ordinances. During FY2007-08, the Department also revised and updated its local California Environmental Quality Act procedures to comply with current law. Finally, the Department accomplished the adoption of the comprehensive amendment to the Uptown Whittier Specific Plan in November 2008. The Specific Plan update is unique to Whittier and it will launch the City's the first Form Based Code to regulate future development in Uptown Whittier.

The Building & Safety Division of the Community Development Department continues to proactively maintain a cooperative working relationship with the building public. The primary elements of this effort continue to be customer service, technical education for staff, and a close

interaction with Planning, Code Enforcement, Public Works Engineering and other City agencies and outside authorities having jurisdiction over projects. Maintaining a customer-friendly atmosphere without compromising building standards has been accomplished through the delivery of accurate information in a timely and non-confrontational manner. The Division performs the mandated function of assuring compliance with the City's building regulations, coordinating the requirements of other departments and agencies, identifying and abating illegal dwelling units throughout the City, and facilitating City sponsored projects. Major accomplishments during FY 07-08 included adoption of the 2007 California Building Standards Code (CBSC) series, training with staff on the extensive changes contained in the 12 new code manuals that are part of the CBSC, and also participating in meetings and discussions with CALFIRE and Los Angeles County Fire Department representatives related to changes proposed to the 2008 Los Angeles County Fire Code and Fire Hazard Severity Zone (FHSV) maps in preparation for adoption of the Code and FHSV maps. The division provided assistance to the Whittier Police Facility development team and performed and coordinated plan review services for the facility and parking area and also developed new public information handouts and updated existing handouts in accordance with the new CBSC requirements

The Parks Department has been working on the designs for the Citrus, Oak and Sycamore Stations along the Greenway Trail, as well as a bike path from Pio Pico Mansion to the San Gabriel River Trail. Each Station will depict a specific element of Whittier's rich history through beautifully illustrated interpretive panels. The Citrus Station will identify the importance of water and its influence on the citrus industry in Whittier, the Sycamore Station will depict the history of transportation along Whittier Boulevard, and the Oak Station will recognize those, who historically, made a significant contribution toward the development of early Whittier. Staff has also been redesigning, overseeing and inspecting the irrigation and landscape of the Greenway Trail and plan check/inspection of a number of large commercial developments such as, Whittier College student center, Ravelo and Presbyterian Hospital.

In the Public Works Department, the Engineering Division completed the first year of the City's Five-Year Pavement Management System Surface Treatment Program, an ongoing preventive maintenance program extending the service life of the City's local street pavement infrastructure. Funds from Community Development Block Grant (CDBG), Traffic Congestion Relief, and Gas Tax were utilized. The CDBG funds were used to resurface several local streets within one of the low and moderate-income areas of the City. The Whittier Greenway Trail (Class 1 Bike and Walking Path) along the abandoned Union Pacific Railroad right-of-way from Pioneer Boulevard to Mills Avenue is due to be completed. New bike lanes were added to Mar Vista Street between Painter Avenue and Whittier Boulevard to provide connectivity to the Greenway Trail and to be in conformance with the City's Bike Master Plan. In addition, the Engineering Division accomplished the following projects and capital improvements: 1) two high-traffic volume collector and arterial roadways in the City of Whittier have been rehabilitated in conformance with the Pavement Management System program. Curb, gutters and sidewalks were repaired due to uplifted tree roots. This helps street drainage and to be in compliance with the Americans with Disabilities Act (ADA). 2) in a joint effort between Code Enforcement, and the Solid Waste and Engineering Divisions of Public Works, the alley clean-up, weed spraying and removal projects are underway to create a cleaner alleys. 3) in order to comply with the ADA and improve the appearance of neighborhoods, the Department embarked on a large-scale City sidewalk repair

project. The project cost was approximately \$500,000 and city contractors repaired over five hundred locations throughout three large neighborhood areas. The Civic Center Maintenance Division continued to improve the facilities with respect to ADA by designing, building, and obtaining approval for the construction of a new counter in the lobby of City Hall. The top floor of City Hall was re-carpeted as part of a three year plan to re-carpet the entire building. New boilers were installed in the basement of City Hall. The stagecraft storage area in the Center Theatre at the Community Center was replaced to make it safer for storage, bring it into conformance with the building code, and allowing for proper ADA accessibility.

The Fleet Division purchased a compressed natural gas (CNG) street sweeper and currently has an additional refuse collection vehicle on order utilizing reimbursable grant funding from 2006-07 (\$20,000) and 2007-08 (\$32,000). Also, we are seeking grant opportunities to subsidize the procurement of three additional CNG powered vehicles and to install non-open flamed heaters in the maintenance garage to complete the CNG shop retrofit in 2008-09. Construction of the compressed natural gas (CNG) vehicle refueling station was completed in November 2008. Thirty-three percent of the CNG refueling station construction cost was reimbursed by grants. Fleet has installed additional equipment as requested by the Los Angeles County Fire Department, as part of the CNG shop retrofit. In compliance with the California Air Resources Board (CARB) requirements, the Fleet Division has placed an additional ten (10) particulate matter (PM) emission control devices on existing City on-road heavy-duty diesel-powered vehicles. Currently, Fleet is working to upgrade the City Yard gasoline refueling station to comply with the CARB requirements, Enhanced Vapor Recovery Phase II, due in April of 2009. Fleet Division plans also include upgrading the City Yard security system, making repairs to the employee restroom/locker room, and installing material racks. In conjunction with Human Resources, Fleet has acquired an additional radio frequency to assist City employees during emergencies. Fleet has replaced both existing 2-way radio system mobile relays to meet the FCC requirements for 2013 and installed an additional two (2) mobile relays to support the new radio frequency.

The Sewer Division replaced three sewer mains in FY 07/08 with partial funding from the Environmental Protection Agency (EPA). The State implemented new waste Discharge Requirements (WDRs) for sanitary sewer systems in May 2006. Mandatory compliance requires completion of a Sewer System Management Plan (SSMP) over the next three years. The video inspection of sewer mains needed for the SSMP and to determine future sewer replacement projects has begun. Since January 2007, staff has been reporting on-line to the State Sanitary Sewer Overflows (SSOs) occurrences in the City. The Flomar Storm Drain Project, which is a joint project between the City, the County of Los Angeles and the Army Corps of Engineers, was completed in May 2008.

The Public Works Department Water Division replaced the undersized water mains in Honolulu Terrace from Pickering Avenue to the end of Honolulu Terrace and in Acacia Drive from Beverly Drive to Acacia Avenue. Piping changes to Pumping Plant II were also completed. Fifty of the fifty-four portable water sampling stations, required by the State Department of Health Services, were completed. The Water Master Plan has also been completed. The Water Division continues to operate the EPA Water Treatment Plant.

The Public Works Department Solid Waste Division completed a landfill tipping fee rate study. A consultant has been hired to assist the City in petitioning the California Regional Water Quality Control Board to revise the additional down-gradient requirements, and approve the City's groundwater monitoring program.

The Community Services Department successfully presented a full range of leisure, cultural arts and social services programs for the Whittier community. The Cultural Arts Commission and the Art in Public Places Advisory Committee completed two projects this year with the installation of "Community Spirit" at the Whittier Community Center by artist Nancy Mooslin and the "Storyteller" piece at the branch Library by artist Carol Gold. Annual special event programs were well received as thousands of participants enjoyed the Summer Concert Series, Halloween Spooktacular, Easter Eggxtravaganza and Founders' Day. A major event that returned with great success to the Community Services line up was the "Celebrate Safe Fireworks Spectacular." This year a very successful Halloween Costume Party and Dance was held for over 600 participants. The classes division has added a number of new courses and a variety of new instructors this year. Classes ranged from cooking in French Pastries, Mediterranean and Armenian cuisine to a full line-up of soccer skills classes for ages 2 – 12 years presented by Kidz Love Soccer and martial arts classes including Brazilian Jiu-Jitsu at the Frazier Martial Arts Academy. The Youth Services Division continued to operate Club Dexter, WYN Club, five day camp programs and two new after-school programs. One of the new sites is Club Orchard Dale, which along with Club Dexter is sponsored by the SKILLS Foundation. In October, the annual Teen Jam program, sponsored by the Southern California Teen Coalition was conducted at Parnell Park with over 850 teens enjoying an evening of games, dancing, karaoke, socializing and food. The youth Cross Country program continues to grow with participation up to 40 runners per practice and the potential of competing in several sponsored 5k runs. Parnell Park Senior and Community Center has continued to be a popular place to rent for private parties. The facility books rentals six months in advance with Saturday evenings being the most popular. The Parnell Senior Center program increased attendance with a variety of activities, such as the Birthday Celebrations, Café Parnell, Tai Chi, Art and Computer classes, and various lectures and health screenings. The Uptown Center recognized over 80 volunteers at the annual Volunteers Luncheon and staff secured 62 vendors attracting approximately 300 patrons to the annual Information Fair/Open House. We also added a variety of classes in the evening to accommodate older adults who are still working. The Palm Park Aquatics and Tennis Division hired a total of sixteen new lifeguards during the 2007 – 2008 year. Several of these lifeguards were taken directly from our successful Lifeguard Training Course offered in February and March. The annual Mid-Winter Junior Tennis Tournament continues to be successful and has increased in participation expanding to 15 sites for this popular event. We also increased our tennis lesson programs and offered more classes for adults as well as for beginners. The Sports and Facilities Division again operated a very successful adult softball program with 210 teams. In addition, support services were provided to the ten Youth Sports Affiliate groups with sports enrollment of over 5,000 youth. The Whittier Community Center continued to enhance the buildings amenities while creating a "user friendly" facility designed for accessibility for the disabled community. The Whittier Center Theatre expanded its Junior Theatre programs to offer a larger variety of activities.

The Transit Division of the Community Services Department successfully completed several major projects this year. Primary in importance was the smooth transition to a new Dial-A-Ride contractor, MV Transportation, in August 2007. Other Dial-A-Ride projects which came to fruition in FY 07-08 included extending DAR service until 9 p.m. every day of the week (excluding holidays); the purchase of three new vans to replace three aging vans, thus making all vehicles ADA accessible; the addition of a second van for our specialized door-to-door service for our passengers who need a bit more assistance to ride DAR independently; and the May 2008 implementation of a Taxi Voucher program, which will allow our passengers to travel to specific locations outside the City for medical and dental appointments, as well as to Rose Hills Cemetery. Another highlight of the Fiscal Year was the Grand Opening of the Whittier Historic Depot Surface Transportation Museum, which was well attended by City officials and interested residents. In the area of public transportation, ADA-standard concrete pads were installed at bus stops throughout the City and 15 solar lighting panels were installed in bus shelters to provide more safety and security at night.

The Library circulated over 530,200 items, 452,823 patrons used the services, 7,291 new library cards were issued and approximately 138,600 reference questions were answered. The library signed up over 4,000 children and youth during the Summer Reading Program. Total of 40,800 children participated in variety of programs also 1,839 adult participated in many quality programs offered by the Library. The staff successfully completed the first IMLS grant for Homework Center. The Homework Center has provided valuable services to the students with access to variety of educational databases and live online homework help through Tutor.com. Students can access the library's online tutoring service from any computer, at library, home or school. The Community Read Program, Whittier Read, completed its 5th annual program successfully and provided a variety of high quality cultural and educational programs. The library has completed its digitization of newspaper, Whittier Daily News, and series of historical photographs dealing with the history of Whittier. These resources will be available through the Library's Web site and will assist in historical research. Library secured LSTA (Library Services and Technology Act) grant to assist and implement an early Childhood and Family Literacy program. Free Wi-Fi is now available at both Central and Whittwood Branch. Free Online reference service is offered around the clock with AskNow, on the library's website. The Library's passport program continues to be successful and generates additional revenue for the Library.

The City Clerk-Treasurer Department continued to produce and safeguard quality official records on behalf of the City, Redevelopment Agency, Housing Authority, Public Financing Authority, and Utility Authority. The Department administered the City's General Municipal Election which resulted in the reelection of three Council Members to four-year terms. The Department administered the City Council's Advisory Board appointment process resulting in the appointment of 14 City Board and Commission members as well as the annual recognition event for current and outgoing advisory board members. The Business License Division processed over 8,100 licenses and, with specialized software, was able to improve processing and business license record maintenance capabilities. The Department's Records and Information Technology Division (IT) continued to provide a variety of information services to citizens and staff and completed the merger of the Police Department IT staff into the citywide IT unit. The Division has three main functional units: Records Management, Information Technology (including

Telecommunications) and Geographic Information Systems. IT Unit staff also played key roles in assisting with the deployment of the Police Department's new CAD/RMS system and upgrading the Water Department's data infrastructure. The IT Unit continues to maintain the City's website. The website now has 123 main pages and is a total of 232 megabytes of information. The GIS unit continues to team with the Los Angeles Region Imagery Acquisition Consortium (LAR-IAC) to acquire and maintain up-to-date high-resolution aerial images of Whittier and its surrounding area. Working with a priority list developed by a City Council Subcommittee, map layers created and made available to staff include zoning, parcels, addresses, street center lines, specific plans, and redevelopment project areas. The City Treasurer invests available funds in accordance with the Government Code and an investment policy approved by the City Council.

Human Resources staff collaborated with City departments on a number of key personnel initiatives to achieve the City's goals and provide quality services to the community. New employees were selected throughout the organization to ensure the continuity of quality services delivered to our customers. This fiscal year, the Whittier City Employees' Association (WCEA) and Whittier Police Officers' Association (WPOA) MOU's were administered and applicable provisions were implemented. HR Staff coordinated multiple Non-Harassment training and Positive Image/Customer Service Program (PIP) training sessions. An expanded Employee Expo was held, highlighting Career Development, Wellness and Ridesharing. The department coordinated the Annual Employee Service Award Program at the Holiday Breakfast to recognize employees' accomplishments and service to the community. Department staff continued the implementation of the online job application process by developing a brochure to assist applicants seeking City employment. Group health insurance plan rates were negotiated below market trends to provide the City with cost-effective coverage to eligible employees and retirees. Human Resources coordinated the City's Employee Safety Program to safeguard employees, conserve City funds and comply with OSHA regulations. This included conducting Employee Injury and Illness Prevention Plan (EIIPP) training, Fire Prevention and Safety, and CPR/AED/First Aid training for all employees, and Traffic Control and Flagger training for those who work in the field. This fiscal year also included training classes for the Lockout/Blockout/Tagout (LOTO) and Bloodborne Pathogens (BBP) Programs. Department staff enhanced the City's Emergency Management Program by continuing to coordinate the Whittier Emergency Preparedness Planning Committee, comprised of representatives from local hospitals, school districts, utilities, non-profit agencies, and first responder agencies such as fire, law enforcement, and ambulance service. Staff conducted disaster preparedness workshops for employees and Decontamination drill involving outside agencies such as the L.A. County Fire Department and Presbyterian Intercommunity Hospital.

The Controller's Department continues to manage the accounting, auditing, and budgeting requirements of the City. In addition, the Department continues to oversee the risk management responsibilities of the City for both Workers' Compensation and Liability Risk Management. Staff also co-chairs the City's Employee Safety Program and provides in-service training.

For the Future. To assist the City in planning for the future, the City has a five-year capital improvement plan that provides a framework for the development and maintenance of infrastructure to meet current and future needs.

The Police Department continues to provide outstanding law enforcement service using a geographical model called Public Service Area Policing. In the future, the Police Department intends to deploy technological advancements such as portable remote video surveillance systems, in high crime areas, to enhance detection of criminal activity and apprehension of violators. Also, the construction of a new police station will provide the Department with a new and advanced emergency operations center to better manage large scale law enforcement, terrorism and disaster incidents.

The long anticipated opening of the Greenway Trail this December will redirect the Park Staff from “construction” to “maintenance”. The Department will secure a contractor for landscape maintenance. The contractor will report to a designated Trail Manager in the future, who will be responsible for contract compliance. The Department will also be responsible for implementing the new vacant lot ordinance. Park staff will be improving numerous facilities based on the Park Needs Study funded by fees collected from developers. The Department will also be replacing the play equipment and surfacing at J.G. Whittier Park as well as redesigning the rest room building at Joe Miller Field.

The Planning Division of the Community Development Department has an aggressive strategy for Fiscal Year 2008-09 as it includes the processing of development entitlements and an Environmental Impact Report (EIR) for the determining the feasibility of oil drilling and production on various City-owned sites within the Whittier Hills. Staff will continue to monitor post-entitlement projects as well, and continue to work with applicants to address their concerns prior to the formal submittal of their projects. The work program for the Advanced Planning side of the division includes the adoption of a Telecommunication Ordinance, Massage Ordinance, and Dining and Entertainment Ordinance to mention a few. Other notable projects include the development and implementation of the Tiering System for historic preservation, updating the City’s Historic Preservation Ordinance, conducting a new historic resource survey of approximately 350 buildings, and State certification of the City’s Housing Element Update for the Planning Period 2006-2014.

In the Public Works Department, the Engineering Division will install a new traffic signal at the intersection of Starbuck Street and Santa Gertrudes Avenue and a traffic signal modification will be built at the intersection of Lambert Road and Santa Gertrudes Avenue. It is anticipated to reduce the number of collisions at this intersection related to left turning vehicles. Funds utilized from Community Development Block Grant (CDBG), Traffic Congestion Relief, and Gas Tax. The CDBG money will be used to resurface several local streets within one of the low and moderate-income areas. Several roads are scheduled for large scale pavement rehabilitation. These major collector and arterial roadways will utilize Proposition 1B funding as one of the funding sources, in addition to the previous earmarked funds. The Engineering Division will oversee the undergrounding of the utilities along Whittier Boulevard between Santa Gertrudes and Valley Home Avenue and the installation of street lights in accordance with Underground Utility District No. 12 and the Whittier Boulevard Specific Plan streetscape design plans. The Engineering Division will work with Community Development and a consultant to develop the locations of parking meters and a planned parking structure Uptown Whittier in accordance with the anticipated revised Uptown Specific Plan. Alley sweeping and alley rehabilitation will begin

to complement the alley code enforcement and weed spraying efforts. As part of the Whittier Boulevard Specific Plan, future streetscape improvements, and conformance with the Whittier Boulevard Specific Plan Environmental Impact Report, the Engineering Division has a request for authorization to proceed with preliminary engineering to CalTrans for the Whittier Boulevard reconstruction and parkway drainage improvements between Philadelphia Street and the Five-points intersection. In 2008-09, the Civic Center Maintenance Division will replace the balance of the Senior Center air conditioning system units, the main electrical panel for City Hall, the City Hall elevator jack, and the lower level of City Hall carpeting.

The Public Works Sewer Division will comply with the State implemented Waste Discharge Requirements (WDRs) for sanitary sewer systems. This requires mandatory compliance and completion of a Sewer System Management Plan (SSMP) over the next three years. As part of the compliance with this program, video inspection of the entire sewer system began in FY 07/08 and is scheduled for completion in 2010. The Master Plan report includes evaluating the sewer system condition to determine needed repairs and improvements of the system and provide guidance to comply with the State's WDR Program

The Public Works Department Water Division has the following projects scheduled. The backwash and flush lining piping modification at the Whittier Narrows Operable Unit will be completed per the agreement with EPA. The 2" water main on El Rancho Road is scheduled for replacement with a 6" diameter pipe. The remaining four Sampling Stations will be completed by August 2008 bringing this project to a conclusion. Well #7 demolition is under way. The Water Division will continue to operate the EPA Water Treatment Plant.

The Public Works Solid Waste Division will prepare a Request for Proposal for design of the Phase IIC lateral landfill expansion. Solid Waste will continue to provide an optimal level of refuse service to Whittier's customers and evaluate service levels for service area customers.

For Community Services, the classes division will continue to monitor trends and work to provide for the needs of residents with a variety of interesting and fun classes for all ages. The Senior Division will continue to expand its course offerings at both centers including such classes as Scrapbooking, Gardening and Creative Arts. In the coming year the Special Events Division looks forward to presenting the Greenway Trail Dedication and enhancing the current line up of community events. The Aquatic and Tennis Division will continue to expand on its water aerobics program which was highly successful this past year. We will also continue to offer our popular "Tenniscise" class, aimed at adult players who love tennis and at the same time are looking for an active workout. The Sports and Facilities Division will continue to enhance community services facilities to meet any changes in the Americans with Disabilities Act. The Cultural Arts Commission and the Art in Public Places Advisory Committee will finalize plans for upcoming projects, including the installation of the "Rocket Robin" piece at the Parnell Park Community and Senior Center by artist Tom Askman titled and the kinetic wind sculptures along the Greenway Trail by artist Lyman Whitaker.

Plans for 2008-09 include beginning the implementation of a multi-year Bus Stop Improvement Plan, which will include standardization of bus stop amenities designed to maximize passenger

comfort, safety and security. The Whittier Historic Depot is scheduled to have its exterior repainted, part of the ongoing maintenance necessary to preserve an historic building and keep it looking its best. The Depot and grounds will also be fenced for additional security during the evening, night and weekend hours. Transit staff will continue to monitor the various fixed-route bus services that come into Whittier, and make recommendations for service improvements. Staff will also continue to participate in discussions and have input into the proposed Gold Line eastern expansion.

Library staff continues to seek outside funding to complement the programs offered by the Library. The Library continues the assessment for planning new and expanded library facilities. Library staff is working with the architect to develop plans for expansion and remodeling of the Whittwood Branch and continue planning for a new Central library. Although both buildings have served their purpose well they have now become outdated and/or require much needed expansion. Once funding sources are identified, these exciting new projects will result in the construction of state-of-the-art facilities that will carry the City well into the new century.

The Controller's Department will continue to provide a high level of service to all other departments. The department will strive to improve control over the financial data of the City, as well as keep up to date on all new reporting requirements.

Financial Information

Management of the City of Whittier is responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft, or misuse and to ascertain that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

This report includes all funds of the City of Whittier, as well as the opinion of our independent certified public accountants, Mayer Hoffman McCann P.C. This financial report includes the closely related Whittier Redevelopment Agency, the Whittier Public Financing Authority, and the Whittier Utility Authority, for which the City is considered to be financially accountable. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have also been included.

The City is required to contract for an annual single audit in conformity with the provisions of the federal Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. As a recipient of federal, state and county financial assistance, the City is also responsible for providing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the City of Whittier's single audit, tests are made to determine the adequacy of the internal control structure and the degree of compliance with applicable laws and regulations, including those portions related to federal financial assistance programs. The City's independent auditors informed staff that the results of the City's single audit for the fiscal year ended June 30, 2008 disclosed no material weakness in the internal control structure or significant violations of applicable laws and regulations.

The budgetary controls maintained by the City of Whittier ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Budgetary control is primarily maintained at the budget code level for the general, special revenue, capital project and debt service funds. However, budgetary control is upheld at the object level account for the Capital Outlay-General Fund through the use of object level account appropriations compared to actual expenditures. Encumbrances for unperformed contracts for goods and services are recorded for budgetary control purposes in the governmental and fiduciary fund types. Encumbrances outstanding at year-end are reported as a reservation of fund balance.

Cash Management

The City Treasurer invests available City, Agency and Utility Authority funds in accordance with the Government Code and an investment policy approved by the City Council and Agency and Authority Boards. During 2007-08, funds were invested in U.S. Treasury bills and notes, U.S. government agency securities, the California Local Agency Investment Fund (LAIF), commercial paper, and certificates of deposit purchased from local banks. Investments controlled by the City Treasurer for the City and Authority had average days to maturity of 234 days. Average yield decreased from 5.17% in 2006-07 to 3.03% in 2007-08. The average total investment increased for the City/Authority from \$101 million in 2006-07 to \$103 million in 2007-08. Total interest earned in the governmental funds decreased from \$3.1 million in 2006-07 to \$2.9 million in 2007-08. Redevelopment Agency funds were invested in U.S. Treasury Bills and U.S. Government agency securities. The average total investment increased from \$10 million in 2006-07 to \$15 million in 2007-08. Total interest earned in governmental funds decreased from \$198,000 in 2006-07 to \$188,000 in 2007-08.

Risk Management

The City of Whittier has an aggressive and comprehensive risk management program for workers' compensation and liability exposures. The City is self-insured for workers' compensation with retention of \$500,000 and purchases excess coverage. The City is also self-insured for liability risks with retention of \$500,000 and excess coverage to \$42 million. The City is in a risk-sharing pool for workers' compensation and liability excess insurance. Staff participates on a claims committee to evaluate large exposure claims for the pool to ensure continuity in handling and settlement of claims for the pool members.

The City has an accumulation of resources in the self-insurance funds to pay potential losses. Various loss control techniques that are on-going include drivers' training, pre-trip safety inspection for all vehicles, the right-to-know training, respiratory apparatus safety, confined

spaces training, employee injury and illness prevention program (EIIPP), Citywide program for use of safety belts and shoes. The City's standing Employee Safety Committee and Accident Review Committee continually monitors the potential hazards and has implemented a Citywide report form in an effort to mitigate hazards, as well as, an on-going safety inspection of the City facilities by the committee members. A safety incentive program for drivers' safety is ongoing, and City staff participates in training sessions for employee safety, worker's compensation, and liability control. Staff has implemented an ergonomic policy of purchasing ergonomic furniture and equipment as the need for replacement presents itself. Also, staff evaluates workstations for ergonomically sound practices and compliance.

Defined Benefit Pension Plan

The City has contracted with the California Public Employees Retirement System (PERS) to provide retirement, disability, death and survivor benefits for all eligible full and part-time City employees. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. The total underfunded pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 2005. The total Present Value of Projected Benefits as of June 30, 2005 annual actuarial valuation is \$234,536,063 compared to the Actuarial Value of Assets of \$175,556,472. Since the Present Value of Projected Benefits exceeds the Actuarial Value of Assets as of the June 30, 2005 actuarial valuation, the plan is unfunded for the fiscal year ending June 30, 2008. The City's annual pension cost was \$5,481,931 for 2007-08. This is equal to the City's required and actual contributions.

The City's contribution to the system was determined as part of the June 30, 2005. PERS actuarial valuation using the entry age normal actuarial cost method. The actuarial investment loss for 2003/2004 impacted CalPERS plans by causing employer contribution rates to increase. The City's contribution rate for miscellaneous members increased from 5.908% in fiscal year 2006-07 to 6.428% and safety members increased from 27.457% in fiscal year 2006-07 to 29.700% in fiscal year 2007-08. The City implemented a new retirement plan of 2.5% at 55, for miscellaneous employees, effective February 26, 2006. As a result of the new plan, the City's required contribution rate for miscellaneous members increased dramatically. However, the miscellaneous employees started contributing 3.4% of their gross wages to make up the difference in rates.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Whittier for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twentieth consecutive year that the City has achieved this prestigious award since fiscal year 1987-88. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Staff believes that the City's current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

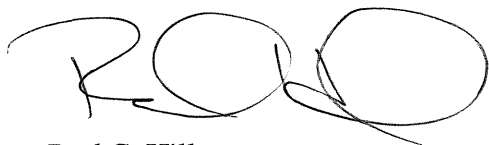
Also, the City of Whittier received the Meritorious Budget Award from the California Society Municipal Finance Officers (CSMFO) for the 2007-08 Whittier Budget Publication. This was the first time Whittier had been awarded such an award from this organization. Staff has submitted the 2008-09 budget publication to the CSFMO for consideration again.

Other Information and Acknowledgments

Section 1116 of the Whittier Municipal Charter requires an annual audit by independent certified public accountants. The City selected the accounting firm of Mayer Hoffman McCann P.C. In addition to meeting the requirements of the charter, an annual audit is designed to meet the requirements of the Single Audit Act of 1984 and related federal Office of Management and Budget Circular A-133. The auditors' report on the general purpose financial statements and schedules is included in the financial section of this report.

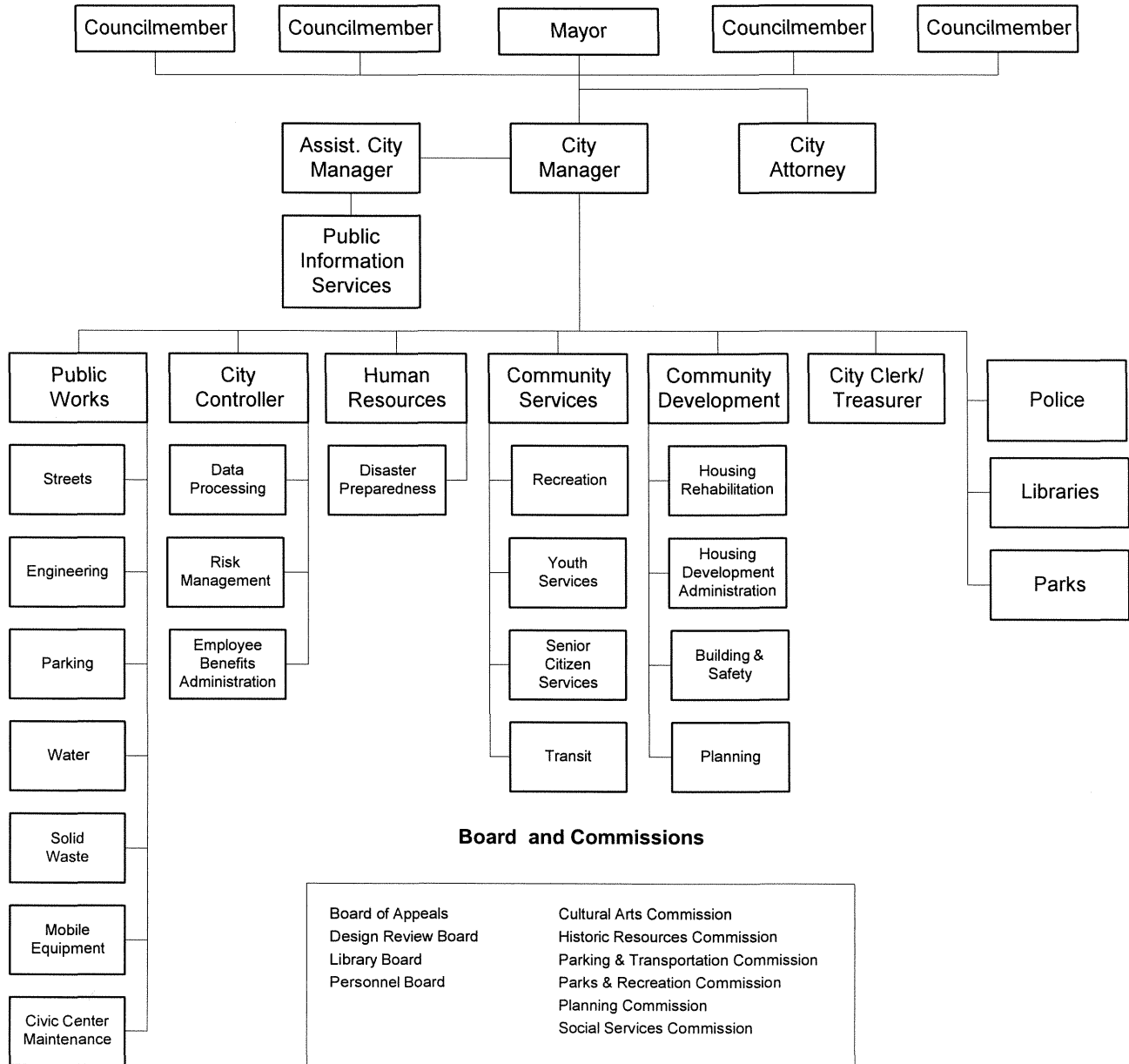
The preparation of this comprehensive annual financial report was accomplished on a timely basis by the dedicated staff of the City Controller's Office. I wish to express my appreciation to them, and all City staff who have assisted in and contributed to the preparation of this comprehensive annual financial report. Appreciation is also expressed to the audit staff of Mayer Hoffman McCann P.C. for their advice and assistance in preparation of this report. Finally, I would like to thank the Mayor, members of City Council, and the City Manager for their continuing support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "ROD", with a stylized flourish extending from the end.

Rod C. Hill
City Controller

ELECTORATE



Principal Officers
June 30, 2008

Stephen W. Helvey
City Manager

Nancy L. Mendez
Assistant City Manager

Jeffrey W. Collier
Community Development Director

David M. Singer
Chief of Police

Richard D. Jones
City Attorney

Kathryn A. Marshall
City Clerk/Treasurer

Rod C. Hill
City Controller

Fran Shields
Community Services Director

Fred M. Weiner
Human Resources Director

Paymaneh Maghsoudi
Library Director

James E. Kurkowski
Parks Director

David Pelser
Public Works Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Whittier
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

City of Whittier

Financial Section



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INDEPENDENT AUDITORS' REPORT

The Members of the City Council
City of Whittier, California

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Whittier, California ("City") as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2008, the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison information for the general fund and major special revenue fund of the City for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical tables, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information as listed in the table of contents 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 introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



The Members of the City Council
City of Whittier, California
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over 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.

Mayer Hoffman McCann P.C.

Irvine, California
December 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City's Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the 2007-08 fiscal year by \$220.7 million (net assets). Of this amount, \$118.2 million is invested in capital assets, net of related debt; \$63.2 million is restricted for community development; \$19.9 million is restricted for various projects, and \$19.4 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$12.2 million or 5.8 percent from prior fiscal year. The increase was a result of this year's business-type activities operations; increase in property taxes, sales taxes, franchise taxes and motor vehicle in lieu tax revenues.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$124.4 million, an increase of \$14.9 million in comparison with the prior year as a main result of issuance of new bonds.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$19.8 million, or 37.7 percent of the total general fund expenditures.
- During the year, the general fund's actual inflows (revenues and other financing sources) exceeded final budget by \$2.2 million and actual outflows (expenditures and other financing uses) were \$2.6 million less than budget. This results in the total positive budget and actual variance of \$4.8 million in the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of a series of financial statements and notes to the basic financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the City as a Whole

The statement of net assets and the statement of activities

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

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

The *statement of net assets* and the *statement of activities*, present information about the following:

- Governmental activities—All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, libraries, local transit, parks and recreation and redevelopment. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.
- Component units—The City's governmental activities include the blending of three separate legal entities—the Whittier Redevelopment Agency, the Whittier Public Financing Authority and the Whittier Utility Authority. Although legally separate, these “component units” are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund financial statements

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

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

Budgetary comparison statements have been provided for the general and major special revenue funds to demonstrate compliance with the City's annual budget as adopted and amended.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

- *Proprietary funds*—The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City used enterprise funds to account for its Water Utilities Authority. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions—such as the City's self-insurance fund and its fleet of vehicles.

The proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Reporting the City's Fiduciary Responsibilities

Fiduciary funds

The City is the trustee, or *fiduciary*, for certain amounts held on behalf of developers, property owners, and others. The City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. We exclude these activities from the City's other financial statements because the resources of those funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The statement of fiduciary net assets can be found immediately following the proprietary fund financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the statement of fiduciary net assets.

The combining and individual fund statements and schedules can be found immediately following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities. The City reports its sewer, water and solid waste activities as business type activities and reports these activities in the government-wide statements.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Whittier, assets exceeded liabilities by \$220.7 million at the close of the most recent fiscal year. The largest portion of the City's net assets (53.5 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Assets
(in Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$152,191	139,696	45,259	43,488
Capital assets	102,387	96,882	36,126	35,540
Total assets	254,578	236,578	81,385	79,028
Noncurrent liabilities	78,247	68,565	30,889	30,442
Other liabilities	4,131	5,434	1,989	2,703
Total liabilities	82,378	73,999	32,878	33,145
Net assets:				
Invested in capital assets, net of related debt	91,640	84,557	26,607	22,700
Restricted	82,987	72,205	120	48
Unrestricted	(2,427)	5,817	21,780	23,135
Total net assets	\$172,200	162,579	48,507	45,883

A portion of the City's net assets (37.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$19.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Capital assets had net increase of \$5.5 million in the governmental activities as a result of capital assets addition of \$12.8 million and depreciation of \$6.9 million during fiscal year 2007-08. The main capital projects during the fiscal year were Greenway Trail Improvement of \$3.9 million, and 13 catch basins addition on Flomar Drive of \$1.6 million. Capital assets increased \$0.6 million in the business-type activities as a result of capital assets addition of \$1.6 million and depreciation of \$1.0 million during the fiscal year.

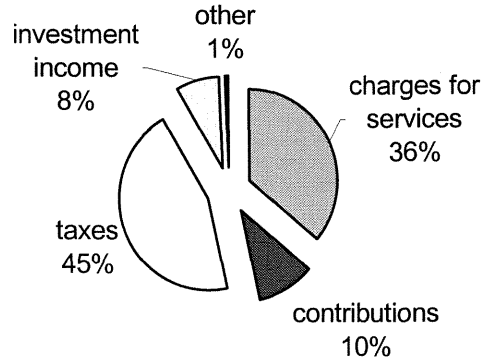
Long-term debt in governmental activities increased \$9.7 million mainly due to the issuance of 2007 series A revenue bonds in Whittier Public Financing Authority. The proceeds were advanced to Whittier Redevelopment Agency to refund 1998 tax allocation bonds and finance redevelopment activities. Long-term debt had a net increase in the current year of \$0.4 million in the business-type activities was due to \$0.9 million increase in accumulative amount reported as landfill closure and postclosure care liability, \$0.5 million in revenue bonds repayment during the year, and net change of \$89 thousand in compensated absences.

The following table indicates the changes in net assets for governmental and business-type activities:

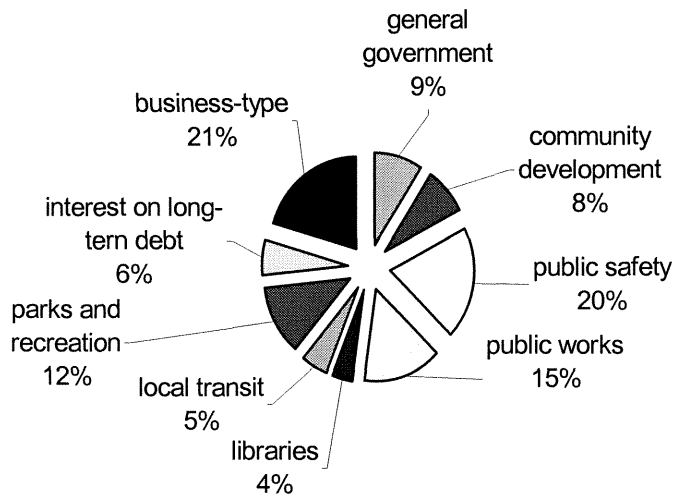
Table 2
Changes in Net Assets
(in Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:				
Program revenues:				
Charges for services	\$18,319	15,119	19,115	19,024
Operating contributions and grants	5,665	6,874	991	134
Capital contributions and grants	4,033	585	337	-
General revenues:				
Taxes:				
Property taxes	12,501	12,191	-	-
Transient occupancy taxes	715	719	-	-
Sales taxes	10,379	10,009	-	-
Franchise taxes	2,036	1,778	-	-
Business licenses and tax	2,019	2,057	-	-
Utility users tax	7,806	7,872	-	-
Motor vehicle in lieu,unrestricted	8,786	8,403	-	-
Transit tax	2,544	2,560	-	-
Investment income	6,438	6,051	1,924	2,115
Other	444	802	-	-
Total revenues	81,685	75,020	22,367	21,273
Program Expenses:				
General government	8,443	7,588	-	-
Public safety	18,146	22,765	-	-
Public works	13,790	10,726	-	-
Community development	7,608	5,596	-	-
Libraries	3,412	3,394	-	-
Transit	4,671	3,373	-	-
Parks and recreation	11,373	11,747	-	-
Sewer	-	-	1,282	1,170
Water	-	-	8,688	7,672
Solid waste	-	-	8,950	8,305
Interest on long-term debt	5,445	2,406	-	-
Total expenses	72,888	67,595	18,920	17,147
Increase / (decrease) in net assets before transfers	8,797	7,425	3,447	4,126
Transfers	824	112	(824)	(112)
Increase (decrease) in net assets	9,621	7,537	2,623	4,014
Net assets, beginning of year	162,579	155,042	45,883	41,869
Net assets at end of year	\$172,200	162,579	48,506	45,883

FY 2007-08 Total Revenues by Sources



FY 2007-08 Total Expenses



The City's total revenues for the fiscal year ended June 30, 2008 were \$104.1 million. Of the City's total revenues, \$37.4 million (35.9 percent) were derived from fees charged for services and \$46.8 million (44.9 percent) were received in taxes.

The City's total expenses were \$91.8 million, including \$18.1 million (19.7 percent) for public safety mainly resulting from employee services costs, \$13.8 million (15.0 percent) for public works mainly from street improvement projects, and \$18.9 million (20.6 percent) for business-type activities.

Governmental Activities

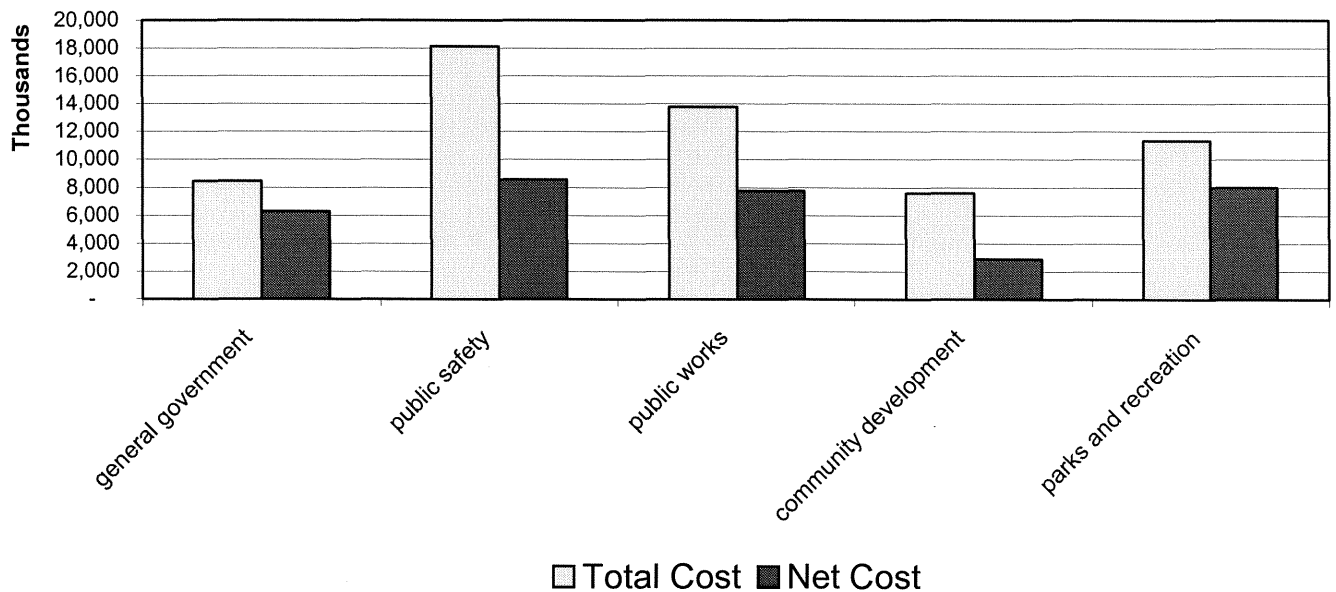
Table 3 presents the cost of each of the City’s five largest programs—general government, public safety, public works, community development, and parks and recreation—as well as each program’s *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

Table 3
Governmental Activities
(in Thousands)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General government	\$8,443	7,588	6,295	4,893
Public safety	18,146	22,765	8,586	14,103
Public works	13,790	10,726	7,760	9,020
Community development	7,608	5,596	2,892	534
Parks and recreation	11,373	11,747	8,009	8,094
Total	\$59,360	58,422	33,542	36,644

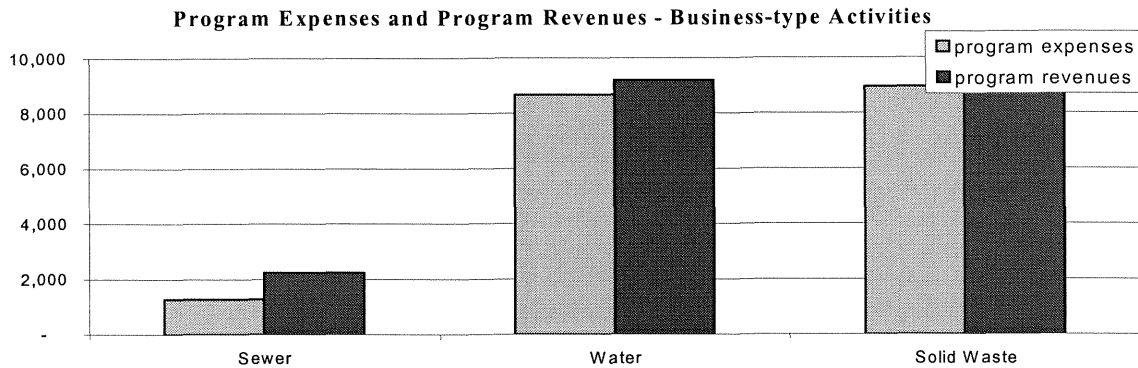
- The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. See the Statement of Activities for further detail on program revenues and general revenues.

Net Cost of Services



Business-type Activities

Business-type activities increased the City’s net assets by \$2.6 million. Revenues of the City’s business-type activities were \$22.4 million, approximately 4.3 percent increase over the prior year. It resulted from the slight increase in charges for services by \$0.3 million, and increase in contributions by \$1.2 million from prior fiscal year.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$124.4 million, an increase of \$14.9 million in comparison with the prior year. \$9.6 million of this increase reflected the net 2007 bond proceeds after 1998 tax allocation bond refunding. \$27.5 million of this total amount constitutes *unreserved fund balances*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has been committed: 1) to reflect long-term advances and notes of \$19.2 million; 2) for employees retirement of \$6.2 million; 3) for projects in the amount of \$37.5 million; 4) for public safety in the amount of \$1.9 million; 5) for restricted cash in the amount of \$20.1 million 6) for a variety of other reserved purposes totaling \$12.0 million.

Revenues for governmental funds overall totaled \$83.7 million for the current fiscal year, an increase of \$10.8 million or 14.7 percent over the prior fiscal year, mainly resulting from the increase of \$6.2 million in intergovernmental revenues. Expenditures for governmental funds totaled \$79.6 million, increased by 17.5 percent over the prior fiscal year. In the fiscal year ended June 30, 2008, governmental funds had surplus revenues of \$4.1 million, mainly as a result of increases in taxes revenues and investment earnings.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$19.8 million, while total fund balance reached \$47.1 million. As a measure of the general fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Unreserved fund balance represents 37.6 percent of total general fund expenditures, while total fund balance represents 89.3 percent of that same amount.

The fund balance of the City's general fund increased by \$0.9 million during the current fiscal year, a decrease of \$3.2 million from prior fiscal year. Key factors for this change are as follows:

- An increase of \$0.3 million in property tax revenues from prior fiscal year as the results of increase assessed property valuation.
- An increase of \$0.5 million in motor vehicle in-lieu tax revenues from prior year due to the "Triple-Flip".
- A decrease of \$0.1 million in interest earnings from prior year due to lower interest rate compared to last fiscal year.
- An increase of \$1.8 million public safety expenditures from prior fiscal year mostly due to the increase of employee services costs.
- Transfer out of \$2.1 million from general fund to capital outlay for new police station construction.

The transit special revenue fund had a total fund balance of \$4.4 million, a slight decrease of \$0.7 million over the prior year. This was mainly the result of higher local transit expenditures.

The redevelopment agency low/moderate housing special revenue fund had a total fund balance of \$24.8 million, a net increase of \$1.2 million. The main results were from tax increment of \$1.9 million, and interest on investments of \$0.8 million due to interest earning on unexpended bond proceeds.

The subventions and grants special revenue fund had a deficit of \$3.2 million, an increase of \$2.0 million in fund balance from prior year. The main reason was the result of reimbursements from governmental agencies for prior year and current year expenditures.

The redevelopment agency debt services fund had a fund balance of \$24.7 million. The fund balance increased by \$11.3 million during the current fiscal year. The key factors were the increase in tax increment revenues, and the proceeds of new issuance bonds of \$15.1 million.

The public financing authority debt services fund had a fund balance of \$6.9 million. The fund balance decreased by \$0.3 million due to the debt service payments during the fiscal year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City maintains two types of proprietary funds. The City uses an enterprise fund to account for sewer maintenance, water utility and solid waste operations. The City uses internal service fund to account for services provided to other funds, departments of the City and its component units.

Enterprise funds

The City used enterprise funds to account for sewer maintenance, water utility and solid waste operations or the Whittier Utilities Authority. Unrestricted net assets of the Authority at the end of the year amounted to \$21.8 million. The total growth in net assets was \$2.6 million.

Internal service funds

The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, including liability insurance, and workers' compensation insurance, vehicle operations and maintenance, vehicles and other equipment replacement. As of June 30, 2008, unrestricted net assets of the internal service funds were \$6.0 million, and total increase in net assets for these funds was \$10.7 million. The information technology/telecommunications fund was reported as a combining fund with other equipment replacement fund in CAFR. The services provided by the internal service funds have been allocated to governmental functions, based on user percentages, in the government-wide financial statements.

General Fund Budgetary Highlights

In the General Fund differences between the original adopted budget and the final budget for expenditures resulted in an increase in appropriation of \$4.2 million that can be briefly summarized as follows:

- \$84,447 increase allocated to the city clerk and treasurer department
- \$157,600 increase allocated to non-departmental
- \$1,387,988 increase allocated to the police and code enforcement department
- \$488,575 increase allocated to the park and recreation departments
- \$63,512 increase allocated to the human resources department
- \$1,263,836 increase allocated to the public works department
- \$717,214 increase allocated to other departments

The budget to actual variance in appropriations was principally due to conservative estimates at mid-year by management and the City's continued efforts to control expenditures. Actual total revenues exceeded the final budget by \$1.8 million or 0.3 percent, mainly due to favorable variances of \$1.4 million in investment income and use of property, \$0.1 million in taxes, \$0.2 million in licenses, permits and other fees, and \$0.1 million in fines and forfeits. Budget amendments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the City had \$138.5 million (net of accumulated depreciation of \$140.0 million) invested in a broad range of capital assets, including police equipment, buildings, land, right-of-way, trees, park facilities, machinery and equipment and roads. (See Table 4 below and relevant disclosures in the note 7 to the financial statements.) This amount represents a net increase (including additions and deductions) of \$6.1 million, or 4.5 percent, over last year. The total depreciation for the year was \$8.0 million.

Table 4
Capital Assets at Year-end
(net of depreciation, in Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land and trees	\$32,241	32,234	2,827	2,827
Rights of way	5,326	5,326	-	-
Construction in progress	1,897	710	82	312
Buildings and improvements	16,353	13,092	32,917	32,061
Machinery and equipment	6,559	5,121	300	340
Infrastructure	40,011	40,399	-	-
Total	\$102,387	96,882	36,126	35,540

The City's five-year Capital Improvement Plan projects spending another \$27.1 million through fiscal year 2012-2013. Typically, larger projects are funded and completed over several fiscal years. No debt financing is required for these projects. Funding will come from current fund balances and projected revenues over the next five years. The most significant projects include upgrading and maintaining the City's landfill \$4.2 million, alley improvement program \$1.8 million, water main and other water related improvements \$1.3 million, sewer maintenance \$1.0 million, mobile equipment replacement \$1.5 million, and various pavement and street improvements of \$10.0 million principally from special revenue funds.

Long-term debt

At year-end of the current fiscal year, the City had \$109.1 million in tax allocation and revenue bonds, developer loans, claims payable, compensated absences and landfill closure and postclosure outstanding versus \$99.0 million last year— a increase of 10.2 percent—as shown in Table 5 and note 8 to the basic financial statements. Of this amount, \$75.9 million represents total bonded debt outstanding, \$6.6 million represents claims payable, \$4.3 million represents developer loans payable, \$4.2 million represents compensated absences, and \$18.1 million represents landfill closure and postclosure. Deductions include repayment of outstanding principal totaling \$12.4 million. Of this amount, \$5.8 million was placed to trust to refund the 1998 Tax Allocation Refunding Bonds.

Table 5
Outstanding Debt, at Year-end
(in Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Compensated absences	\$3,763	3,762	477	388
Developer loans payable	4,310	4,230	-	-
Tax allocation bonds	41,800	47,735	-	-
Revenue bonds	21,735	6,565	12,330	12,840
Landfill closure and postclosure	-	-	18,082	17,214
Claims payable	6,639	6,273	-	-
Total	\$78,247	68,565	30,889	30,442

Standard & Poor's Corporation and Moody's Investors Service have assigned the tax allocation bonds ratings of "AAA" and "Aaa" upon their issuance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy of the City is based on the citizens as well as the shopping malls. Over 27% of the City's General Fund revenues come from property tax and sales tax.

The City's budget (2008-09) takes into account the historical consumer trends and current economic factors. An overall increase of 7.1 million or 13.8% over the General Fund's operating revenue budgeted in 2007-08 is forecasted. For fiscal year 2008-09, sales tax revenue is estimated to decrease 4.0% over the 2007-08 adopted budget due to a downturn in the economy. Property tax revenue has estimated revenue of \$4.5 million represents a 2.3% increase over the 2007-08 projected revenue. Operating expenditures have been projected to \$53.8 million in General Fund. The City's General Fund is projected to generate a net operating surplus of \$0.6 million for fiscal year 2008-09. It is estimated that the General Fund will have a balance of approximately \$15.5 million at the end of fiscal year 2008-09.

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 questions about this report or need additional financial information, contact the City's Controller's Department, at the City of Whittier, 13230 E. Penn Street, Whittier, California 90602-1772.

CITY OF WHITTIER
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments (note 3)	\$ 76,693,301	\$ 31,138,706	\$ 107,832,007
Restricted assets (note 3):			
Cash and investments	20,129,944	7,519,230	27,649,174
Cash and investments with fiscal agents	36,862,091	1,647,015	38,509,106
Accounts receivable	-	29,302	29,302
Interest receivable	-	77,276	77,276
Receivables:			
Intergovernmental	7,659,913	114,222	7,774,135
Accounts	831,929	2,956,172	3,788,101
Notes and loans (note 5)	5,088,075	-	5,088,075
Interest	1,149,628	287,752	1,437,380
Inventory	-	297,223	297,223
Due from other funds (note 6)	42,197	(42,197)	-
Prepaid items	10,058	69,961	80,019
Deferred charges, net of accumulated amortization	1,181,790	1,163,693	2,345,483
Land held for resale (note 4)	2,542,284	-	2,542,284
Capital assets not being depreciated (note 7)	39,463,620	2,908,967	42,372,587
Capital assets being depreciated, net (note 7)	62,922,932	33,217,163	96,140,095
Total assets	<u>254,577,762</u>	<u>81,384,485</u>	<u>335,962,247</u>
Liabilities:			
Accounts payable	2,896,642	1,538,711	4,435,353
Accrued liabilities	445,983	168,662	614,645
Accrued interest payable	484,016	96,958	580,974
Deposits payable	76,665	69,961	146,626
Unearned revenue	228,082	114,222	342,304
Noncurrent liabilities (note 8):			
Due within one year	8,353,656	720,835	9,074,491
Due in more than one year	69,893,155	30,168,588	100,061,743
Total liabilities	<u>82,378,199</u>	<u>32,877,937</u>	<u>115,256,136</u>
Net assets:			
Invested in capital assets, net of related debt	91,640,421	26,606,838	118,247,259
Restricted for:			
Public safety	617,975	-	617,975
Library	147,087	-	147,087
Public works	14,626,924	-	14,626,924
Sewer	-	119,719	119,719
Transit	4,432,727	-	4,432,727
Community development	63,161,776	-	63,161,776
Unrestricted	(2,427,347)	21,779,991	19,352,644
Total net assets	<u>\$ 172,199,563</u>	<u>\$ 48,506,548</u>	<u>\$ 220,706,111</u>

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Activities
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary government:				
Governmental activities:				
General government	\$ (8,443,264)	2,020,634	127,874	-
Public safety	(18,146,104)	8,381,167	1,178,963	-
Public works	(13,789,957)	3,449,707	68,109	2,512,071
Community development	(7,608,243)	1,940,333	2,775,885	-
Libraries	(3,412,353)	725,885	384,746	-
Transit	(4,670,596)	241,442	847,230	-
Parks and recreation	(11,372,543)	1,559,696	282,188	1,521,345
Interest on long-term debt	(5,445,133)	-	-	-
Total governmental activities	<u>(72,888,193)</u>	<u>18,318,864</u>	<u>5,664,995</u>	<u>4,033,416</u>
Business-type activities:				
Sewer	(1,282,188)	1,913,059	-	337,239
Water	(8,687,652)	8,225,347	973,155	-
Solid waste	(8,949,653)	8,976,635	17,484	-
Total business-type activities	<u>(18,919,493)</u>	<u>19,115,041</u>	<u>990,639</u>	<u>337,239</u>
Total primary government	<u>\$ (91,807,686)</u>	<u>37,433,905</u>	<u>6,655,634</u>	<u>4,370,655</u>

General revenues and transfers:

- Taxes:
 - Property taxes
 - Transient occupancy taxes
 - Sales taxes
 - Franchise taxes
 - Business licenses tax
 - Utility users tax
 - Motor vehicle in lieu tax, unrestricted
 - Transit tax
- Investment income
- Other
- Gain on sale of capital assets
- Transfers (note 6)

Total general revenues and transfers

Change in net assets
Net assets, beginning of year

Net assets at end of year

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(6,294,756)	-	(6,294,756)
(8,585,974)	-	(8,585,974)
(7,760,070)	-	(7,760,070)
(2,892,025)	-	(2,892,025)
(2,301,722)	-	(2,301,722)
(3,581,924)	-	(3,581,924)
(8,009,314)	-	(8,009,314)
(5,445,133)	-	(5,445,133)
<u>(44,870,918)</u>	<u>-</u>	<u>(44,870,918)</u>
-	968,110	968,110
-	510,850	510,850
-	44,466	44,466
<u>-</u>	<u>1,523,426</u>	<u>1,523,426</u>
<u>(44,870,918)</u>	<u>1,523,426</u>	<u>(43,347,492)</u>
12,501,257	-	12,501,257
714,791	-	714,791
10,378,703	-	10,378,703
2,035,552	-	2,035,552
2,019,163	-	2,019,163
7,805,964	-	7,805,964
8,786,078	-	8,786,078
2,544,124	-	2,544,124
6,437,793	1,924,086	8,361,879
408,697	-	408,697
35,145	-	35,145
824,366	(824,366)	-
<u>54,491,633</u>	<u>1,099,720</u>	<u>55,591,353</u>
9,620,715	2,623,146	12,243,861
162,578,848	45,883,402	208,462,250
<u>\$ 172,199,563</u>	<u>\$ 48,506,548</u>	<u>\$ 220,706,111</u>

CITY OF WHITTIER
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Special Revenue Funds	
		Transit Fund	Redevelopment Agency Low/Mod Housing
Assets:			
Cash and investments	\$ 33,493,043	4,088,867	8,155,672
Restricted assets:			
Cash and investments	-	-	15,068,714
Cash and investments with fiscal agents	-	-	-
Receivables:			
Intergovernmental	3,405,399	593,291	120,515
Accounts	682,715	-	-
Notes and loans	341,987	-	1,186,054
Interest	359,996	47,504	107,336
Due from other funds (Note 6)	2,526,223	-	-
Advances to other funds (Note 6)	10,486,244	-	239,075
Prepaid items	10,058	-	-
Land held for resale	-	-	-
Total assets	\$ 51,305,665	4,729,662	24,877,366
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,001,771	110,415	49,857
Accrued liabilities	280,756	9,704	-
Due to other funds (Note 6)	-	94,208	-
Deferred revenue	2,909,003	81,833	-
Deposits payable	37,944	775	-
Advances from other funds (Note 6)	-	-	-
Total liabilities	4,229,474	296,935	49,857
Fund Balances (Deficit):			
Reserved:			
Reserved for transit vehicles	-	127,500	-
Reserved for judgements	1,100,000	-	-
Reserved for projects	9,025,911	175,453	-
Reserved for public safety	1,903,601	-	-
Reserved for public employees retirement	6,229,824	-	-
Reserved for restricted assets	-	-	15,068,714
Reserved for encumbrances	267,515	23,421	-
Reserved for prepaid items	10,058	-	-
Reserved for continuing appropriations	772,495	111,984	-
Reserved for long-term advances and notes	7,919,228	-	1,425,129
Reserved for land held for resale	-	-	-
Unreserved/undesignated reported in:			
General fund	19,847,559	-	-
Special revenue funds	-	3,994,369	8,333,666
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances (deficit)	47,076,191	4,432,727	24,827,509
Total liabilities and fund balances	\$ 51,305,665	4,729,662	24,877,366

See accompanying notes to the basic financial statements.

Subventions and Grants	Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	Redevelopment Agency Fund	Public Financing Authority		
-	5,343,057	-	8,534,133	59,614,772
-	-	-	5,061,230	20,129,944
-	36,241,595	620,496	-	36,862,091
2,142,895	250,250	-	1,147,563	7,659,913
-	-	-	5,098	687,813
-	-	-	3,560,034	5,088,075
291	331,820	2,361	185,325	1,034,633
-	-	-	-	2,526,223
-	-	6,310,000	-	17,035,319
-	-	-	-	10,058
-	-	-	2,542,284	2,542,284
<u>2,143,186</u>	<u>42,166,722</u>	<u>6,932,857</u>	<u>21,035,667</u>	<u>153,191,125</u>
561,560	387,101	-	567,924	2,678,628
5,289	-	-	38,568	334,317
1,269,704	-	-	381,648	1,745,560
3,504,868	-	-	462,838	6,958,542
-	-	-	37,946	76,665
-	17,035,319	-	-	17,035,319
<u>5,341,421</u>	<u>17,422,420</u>	<u>-</u>	<u>1,488,924</u>	<u>28,829,031</u>
-	-	-	-	127,500
-	-	-	-	1,100,000
-	28,344,954	-	-	37,546,318
-	-	-	-	1,903,601
-	-	-	-	6,229,824
-	-	-	5,061,230	20,129,944
1,932,924	-	-	2,465,365	4,689,225
-	-	-	-	10,058
1,962,910	-	-	529,046	3,376,435
-	-	6,310,000	3,560,034	19,214,391
-	-	-	2,542,284	2,542,284
-	-	-	-	19,847,559
(7,094,069)	-	-	2,615,962	7,849,928
-	(3,600,652)	622,857	-	(2,977,795)
-	-	-	2,772,822	2,772,822
<u>(3,198,235)</u>	<u>24,744,302</u>	<u>6,932,857</u>	<u>19,546,743</u>	<u>124,362,094</u>
<u>2,143,186</u>	<u>42,166,722</u>	<u>6,932,857</u>	<u>21,035,667</u>	<u>153,191,125</u>

CITY OF WHITTIER
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2008

Fund balances of governmental funds \$ 124,362,094

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds (Including internal service funds).

Capital assets - governmental funds	205,809,070
Capital assets - internal service funds	17,083,598
Accumulated depreciation - governmental funds	(108,145,081)
Accumulated depreciation - internal service funds	(12,361,035)

Long-term debt has not been included in the governmental funds

Compensated absences	(3,762,633)
Developer loans payable	(4,310,395)
Tax allocation bonds payable	(41,800,000)
Revenue bonds payable	(21,735,000)

Certain accounts and intergovernmental receivables are not available to pay for current-period expenditures and, therefore, are offset by deferred revenue in the governmental funds.

6,730,460

Deferred charges, net of accumulated amortization for debt issuance costs on long-term debt have not been reported in the governmental funds.

1,181,790

Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.

(484,016)

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net assets (Net of capital assets and long-term debt reported above).

Claims payable	(6,638,783)
Other asset and liabilities	16,269,494

Net assets of governmental activities	\$ 172,199,563
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See accompanying notes to the basic financial statements.



CITY OF WHITTIER
Statement of Revenues,
Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008

	General	Special Revenue Funds	
		Transit Fund	Redevelopment Agency Low/Mod Housing
Revenues:			
Taxes	\$ 25,768,636	2,544,124	1,954,819
Licenses and permits	1,823,315	-	-
Fines and forfeits	797,111	-	-
Use of money and property	2,804,170	212,107	836,707
Intergovernmental	7,997,315	847,230	-
Charges for services	14,047,658	175,234	-
Other	1,741,553	58,413	-
Total revenues	<u>54,979,758</u>	<u>3,837,108</u>	<u>2,791,526</u>
Expenditures:			
Current:			
General government	7,950,712	-	-
Public safety	27,286,040	-	-
Libraries	3,146,162	-	-
Parks and recreation	8,022,942	-	-
Public works	5,663,489	-	-
Local transit	-	4,525,796	-
Community development	645,479	-	793,956
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	832,822
Pass through agreements	-	-	-
Bond issue costs	-	-	-
Total expenditures	<u>52,714,824</u>	<u>4,525,796</u>	<u>1,626,778</u>
Excess of revenues over (under) expenditures	<u>2,264,934</u>	<u>(688,688)</u>	<u>1,164,748</u>
Other financing sources (uses):			
Issuance of debt	-	-	-
Payment to escrow agent	-	-	-
Loan additions	-	-	-
Transfers in (note 6)	1,338,300	-	-
Transfers out (note 6)	(2,664,198)	-	-
Total other financing sources (uses)	<u>(1,325,898)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	939,036	(688,688)	1,164,748
Fund balances (deficit), beginning	<u>46,137,155</u>	<u>5,121,415</u>	<u>23,662,761</u>
Fund balances (deficit), ending	<u>\$ 47,076,191</u>	<u>4,432,727</u>	<u>24,827,509</u>

See accompanying notes to the basic financial statements.

Subventions and Grants	Debt Service Funds		Non-major Governmental Funds	Total Governmental Funds
	Redevelopment Agency Fund	Public Financing Authority		
-	7,819,276	-	73,637	38,160,492
-	-	-	114,325	1,937,640
-	-	-	535,032	1,332,143
548	1,593,482	838,010	475,364	6,760,388
4,809,777	-	-	5,647,853	19,302,175
-	-	-	54,347	14,277,239
-	-	-	113,620	1,913,586
<u>4,810,325</u>	<u>9,412,758</u>	<u>838,010</u>	<u>7,014,178</u>	<u>83,683,663</u>
-	-	-	-	7,950,712
64,851	-	-	421,891	27,772,782
194,880	-	-	35,587	3,376,629
2,469,838	-	-	-	10,492,780
69,315	-	-	2,243,845	7,976,649
-	-	-	-	4,525,796
-	1,259,078	-	4,680,472	7,378,985
-	-	-	1,996,917	1,996,917
-	1,208,017	255,000	-	1,463,017
-	2,472,628	852,521	779	4,158,750
-	2,220,583	-	-	2,220,583
-	-	292,920	-	292,920
<u>2,798,884</u>	<u>7,160,306</u>	<u>1,400,441</u>	<u>9,379,491</u>	<u>79,606,520</u>
<u>2,011,441</u>	<u>2,252,452</u>	<u>(562,431)</u>	<u>(2,365,313)</u>	<u>4,077,143</u>
-	15,116,818	308,182	-	15,425,000
-	(5,790,000)	-	-	(5,790,000)
-	1,142,901	-	-	1,142,901
-	-	3,550	6,339,596	7,681,446
-	(1,440,000)	-	(3,490,692)	(7,594,890)
<u>-</u>	<u>9,029,719</u>	<u>311,732</u>	<u>2,848,904</u>	<u>10,864,457</u>
2,011,441	11,282,171	(250,699)	483,591	14,941,600
(5,209,676)	13,462,131	7,183,556	19,063,152	109,420,494
<u>(3,198,235)</u>	<u>24,744,302</u>	<u>6,932,857</u>	<u>19,546,743</u>	<u>124,362,094</u>

CITY OF WHITTIER
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Net Activities
Year Ended June 30, 2008

Net changes in fund balances - total governmental funds \$ 14,941,600

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. Includes internal service funds.

Depreciation expense	(6,945,826)
Reclass of expenditures for purchases of capital assets recorded in governmental funds	12,450,463

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bond principal	6,190,000
Notes payable	1,063,017

Issuance of tax allocation bonds and developer loan additions are reported as financial sources in governmental funds, which contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities

Issuance of debt	(15,425,000)
Loan additions	(1,142,901)

The statement of net assets includes accrued interest on long term debt. (92,066)

Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting. (361,491)

Change in deferred charges that has not been reported in the governmental funds. (1,009,334)

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,094)

Internal service funds are not governmental funds. However, they are used by management to charge the net costs of certain activities, such as insurance, maintenance and vehicle replacement, to individual government funds. The net revenue of the internal service funds is reported with governmental activities. (46,653)

Change in net assets of governmental activities	\$ 9,620,715
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See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 25,628,000	25,628,000	25,768,636	140,636
Licenses and permits	1,681,500	1,681,500	1,823,315	141,815
Fines and forfeits	692,500	692,500	797,111	104,611
Use of money and property	1,414,638	1,414,638	2,804,170	1,389,532
Intergovernmental	7,055,850	7,784,028	7,997,315	213,287
Charges for services	14,083,172	14,322,996	14,047,658	(275,338)
Other	1,565,643	1,654,643	1,741,553	86,910
Total revenues	<u>52,121,303</u>	<u>53,178,305</u>	<u>54,979,758</u>	<u>1,801,453</u>
Expenditures:				
General government:				
City council	41,578	41,578	32,078	9,500
City clerk	572,187	595,017	562,554	32,463
City attorney	290,967	290,967	451,540	(160,573)
Elections	55,662	110,662	114,172	(3,510)
City manager	635,552	661,019	630,555	30,464
City controller	1,386,976	1,427,646	1,200,506	227,140
City treasurer	274,075	275,848	312,581	(36,733)
Business license	205,249	210,093	175,035	35,058
Human resources	637,435	700,947	633,628	67,319
Civic center maintenance	1,172,748	1,190,418	1,154,229	36,189
Non-Departmental	1,118,991	1,276,591	1,186,322	90,269
City planning	992,921	1,137,322	767,161	370,161
Fireworks show	16,565	37,021	7,159	29,862
Chamber of commerce	45,000	45,000	45,000	-
Employee special events	14,000	14,000	16,047	(2,047)
Public information services	75,793	77,557	52,631	24,926
Graffiti removal program	318,499	370,962	380,445	(9,483)
Social services	186,660	188,210	184,400	3,810
Dial-a-ride	42,168	42,168	44,669	(2,501)
Total general government	<u>8,083,026</u>	<u>8,693,026</u>	<u>7,950,712</u>	<u>742,314</u>
Public safety:				
Police department	25,625,912	27,004,289	26,276,173	728,116
Disaster preparedness	42,570	84,087	61,856	22,231
Toxic waste disposal	17,504	17,504	12,013	5,491
Code enforcement	382,296	391,907	389,860	2,047
Building and safety	679,359	741,692	738,092	3,600
Total public safety	<u>26,747,641</u>	<u>28,239,479</u>	<u>27,477,994</u>	<u>761,485</u>
Libraries				
Total libraries	<u>3,130,333</u>	<u>3,434,196</u>	<u>3,146,162</u>	<u>288,034</u>
Parks and recreation				
Parks and recreation	4,727,638	4,854,405	4,508,738	345,667
Community Services	3,128,367	3,490,175	3,514,204	(24,029)
Total parks and recreation	<u>7,856,005</u>	<u>8,344,580</u>	<u>8,022,942</u>	<u>321,638</u>

(continued)

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Weed control	\$ 4,700	4,700	3,613	1,087
Street lighting	468,098	468,098	433,640	34,458
Street maintenance	3,726,232	4,933,566	4,481,082	452,484
Traffic signals	330,992	341,083	352,022	(10,939)
City engineering	344,881	373,622	393,132	(19,510)
Total public works	<u>4,874,903</u>	<u>6,121,069</u>	<u>5,663,489</u>	<u>457,580</u>
Community development:				
Community development	658,870	681,600	645,479	36,121
Total community development	<u>658,870</u>	<u>681,600</u>	<u>645,479</u>	<u>36,121</u>
Total expenditures	<u>51,350,778</u>	<u>55,513,950</u>	<u>52,906,778</u>	<u>2,607,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>770,525</u>	<u>(2,335,645)</u>	<u>2,072,980</u>	<u>4,408,625</u>
Other financing sources (uses):				
Loan additions	(2,267,000)	(2,268,287)	(1,889,777)	378,510
Transfers in	1,322,300	1,338,300	1,338,300	-
Transfers out	(293,275)	(2,629,250)	(2,664,198)	(34,948)
Total other financing sources (uses)	<u>(1,237,975)</u>	<u>(3,559,237)</u>	<u>(3,215,675)</u>	<u>343,562</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing sources (uses)	<u>(467,450)</u>	<u>(5,894,882)</u>	<u>(1,142,695)</u>	<u>4,752,187</u>
Adjustments:				
To adjust for encumbrances	-	-	267,515	267,515
To adjust for loan repayments	1,851,442	1,851,442	1,814,216	(37,226)
Total adjustments	<u>1,851,442</u>	<u>1,851,442</u>	<u>2,081,731</u>	<u>230,289</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (US GAAP basis)	1,383,992	(4,043,440)	939,036	4,982,476
Fund balance at beginning of year	46,137,155	46,137,155	46,137,155	-
Fund balance at end of year	<u>\$ 47,521,147</u>	<u>42,093,715</u>	<u>47,076,191</u>	<u>4,982,476</u>

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Transit Special Revenue Fund
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Taxes	\$ 2,505,000	2,505,000	2,544,124	39,124
Use of money and property	78,500	78,500	212,107	133,607
Intergovernmental	362,750	1,041,839	847,230	(194,609)
Charges for services	39,400	39,400	175,234	135,834
Other	60,000	60,000	58,413	(1,587)
Total revenues	<u>3,045,650</u>	<u>3,724,739</u>	<u>3,837,108</u>	<u>112,369</u>
Expenditures:				
Current:				
Local transit	3,419,246	5,289,164	4,556,220	732,944
Total expenditures	<u>3,419,246</u>	<u>5,289,164</u>	<u>4,556,220</u>	<u>732,944</u>
Excess (deficiency) of revenues over expenditures	<u>(373,596)</u>	<u>(1,564,425)</u>	<u>(719,112)</u>	<u>845,313</u>
Adjustments:				
To adjust for encumbrances	-	-	30,424	30,424
Total adjustments	<u>-</u>	<u>-</u>	<u>30,424</u>	<u>30,424</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (US GAAP basis)	<u>(373,596)</u>	<u>(1,564,425)</u>	<u>(688,688)</u>	<u>875,737</u>
Fund balance at beginning of year	<u>5,121,415</u>	<u>5,121,415</u>	<u>5,121,415</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,747,819</u>	<u>3,556,990</u>	<u>4,432,727</u>	<u>875,737</u>

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Redevelopment Agency Low/Mod Housing Special Revenue Fund
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 1,619,200	1,619,200	1,954,819	335,619
Use of money and property	424,100	424,100	836,707	412,607
Total revenues	<u>2,043,300</u>	<u>2,043,300</u>	<u>2,791,526</u>	<u>748,226</u>
Expenditures:				
Current:				
Community development	648,964	816,552	793,956	22,596
Debt service:				
Interest and fiscal charges	-	-	832,822	(832,822)
Total expenditures	<u>648,964</u>	<u>816,552</u>	<u>1,626,778</u>	<u>(810,226)</u>
Net change in fund balance	1,394,336	1,226,748	1,164,748	(62,000)
Fund balance at beginning of year	<u>23,662,761</u>	<u>23,662,761</u>	<u>23,662,761</u>	-
Fund balance at end of year	<u>\$ 25,057,097</u>	<u>24,889,509</u>	<u>24,827,509</u>	<u>(62,000)</u>

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Subventions and Grants Special Revenue Fund
Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ -	-	548	548
Intergovernmental	49,828	9,841,768	4,809,777	(5,031,991)
Total revenues	<u>49,828</u>	<u>9,841,768</u>	<u>4,810,325</u>	<u>(5,031,443)</u>
Expenditures:				
Current:				
Public safety	-	1,868,519	712,414	1,156,105
Libraries	-	421,424	216,744	204,680
Parks and recreation	-	4,384,216	3,727,484	656,732
Public works	49,828	403,629	75,166	328,463
Total expenditures	<u>49,828</u>	<u>7,077,788</u>	<u>4,731,808</u>	<u>2,345,980</u>
Excess (deficiency) of revenues over (under) expenditures		<u>2,763,980</u>	<u>78,517</u>	<u>(2,685,463)</u>
Adjustments:				
To adjust for encumbrances	-	-	1,932,924	1,932,924
Total adjustments	<u>-</u>	<u>-</u>	<u>1,932,924</u>	<u>1,932,924</u>
Net change in fund balance		2,763,980	2,011,441	(752,539)
Fund balance (deficit) at beginning of year	<u>(5,209,676)</u>	<u>(5,209,676)</u>	<u>(5,209,676)</u>	<u>-</u>
Fund balance (deficit) at end of fiscal year	<u>\$ (5,209,676)</u>	<u>(2,445,696)</u>	<u>(3,198,235)</u>	<u>(752,539)</u>

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Solid Waste
Assets			
Current assets:			
Cash and investments (Note 3)	\$ 1,718,298	18,268,479	11,151,929
Receivables:			
Intergovernmental	-	114,222	-
Accounts	147,729	1,212,644	1,595,799
Interest	9,753	169,760	108,239
Inventory	-	297,223	-
Prepaid items	-	-	69,961
Total current assets	<u>1,875,780</u>	<u>20,062,328</u>	<u>12,925,928</u>
Noncurrent assets:			
Restricted cash and investments (Note 3)	-	119,719	7,399,511
Restricted cash and investments with fiscal agents (Note 3)	-	796,644	850,371
Accounts receivable	-	-	29,302
Interest receivable	-	7,794	69,482
Deferred issuance costs	-	913,164	250,529
Advances to other funds (Note 6)	-	656,481	-
Capital assets not being depreciated	-	652,978	2,255,989
Capital assets being depreciated, net	2,743,330	21,531,208	8,942,625
Total noncurrent assets	<u>2,743,330</u>	<u>24,677,988</u>	<u>19,797,809</u>
Total assets	<u>4,619,110</u>	<u>44,740,316</u>	<u>32,723,737</u>
Liabilities			
Current liabilities:			
Accounts payable	233,577	386,807	918,327
Accrued liabilities	5,533	75,201	87,928
Accrued interest payable	-	37,618	59,340
Claims payable	-	-	-
Deposits payable	-	-	69,961
Unearned revenue	-	114,222	-
Due to other funds (Note 6)	-	42,197	-
Current portion of long-term obligations	6,420	317,849	396,566
Total current liabilities	<u>245,530</u>	<u>973,894</u>	<u>1,532,122</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Compensated absences	9,631	161,774	114,850
Advances from other funds (Note 6)	656,481	-	-
Revenue bonds payable	-	9,460,000	2,340,000
Landfill closure and postclosure payable	-	-	18,082,333
Total noncurrent liabilities	<u>666,112</u>	<u>9,621,774</u>	<u>20,537,183</u>
Total liabilities	<u>911,642</u>	<u>10,595,668</u>	<u>22,069,305</u>
Net Assets			
Invested in capital assets, net of related debt	2,743,330	14,223,993	9,639,515
Restricted for connection fees	-	119,719	-
Unrestricted	964,138	19,800,936	1,014,917
Total net assets	<u>3,707,468</u>	<u>34,144,648</u>	<u>10,654,432</u>

See accompanying notes to the basic financial statements

Business-type Activities - Enterprise Funds	Internal Service Funds
Totals	
31,138,706	17,078,529
114,222	-
2,956,172	32,095
287,752	114,995
297,223	-
69,961	60,459
<u>34,864,036</u>	<u>17,286,078</u>
7,519,230	-
1,647,015	-
29,302	-
77,276	-
1,163,693	-
656,481	-
2,908,967	17,083,597
<u>33,217,163</u>	<u>(12,361,035)</u>
<u>47,219,127</u>	<u>4,722,562</u>
<u>82,083,163</u>	<u>22,008,640</u>
1,538,711	218,014
168,662	51,207
96,958	-
-	4,315,209
69,961	-
114,222	-
42,197	626,445
720,835	1,693,185
<u>2,751,546</u>	<u>6,904,060</u>
286,255	4,393,022
656,481	-
11,800,000	-
18,082,333	-
<u>30,825,069</u>	<u>4,393,022</u>
<u>33,576,615</u>	<u>11,297,082</u>
26,606,838	4,722,562
119,719	-
21,779,991	5,988,996
<u>48,506,548</u>	<u>10,711,558</u>

CITY OF WHITTIER
Statement of Revenues, Expenses,
and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			Totals	Internal Service Funds
	Sewer	Water	Solid Waste		
Operating Revenues:					
Charges for services	\$ 1,913,059	8,225,347	8,976,635	19,115,041	14,158,430
Total operating revenues	<u>1,913,059</u>	<u>8,225,347</u>	<u>8,976,635</u>	<u>19,115,041</u>	<u>14,158,430</u>
Operating Expenses:					
Sewer operations	1,215,659	-	-	1,215,659	-
Water operations	-	7,568,924	-	7,568,924	-
Solid waste collection and disposal	-	-	7,492,480	7,492,480	-
Provision for landfill closure and postclosure	-	-	868,339	868,339	-
Self Insurance	-	-	-	-	4,204,902
Employee benefits	-	-	-	-	3,887,835
Maintenance	-	-	-	-	5,052,799
Depreciation	62,318	578,601	399,644	1,040,563	1,180,812
Total operating expenses	<u>1,277,977</u>	<u>8,147,525</u>	<u>8,760,463</u>	<u>18,185,965</u>	<u>14,326,348</u>
Operating income (loss)	<u>635,082</u>	<u>77,822</u>	<u>216,172</u>	<u>929,076</u>	<u>(167,918)</u>
Nonoperating Revenues (Expenses):					
Intergovernmental	337,239	973,155	17,484	1,327,878	-
Use of money and property	46,253	1,115,018	762,815	1,924,086	456,481
Interest expense	(4,211)	(460,222)	(147,435)	(611,868)	-
Amortization expense	-	(79,905)	(41,755)	(121,660)	-
Gain on sale of capital assets	-	-	-	-	35,015
Other	-	-	-	-	205,994
Total nonoperating revenues	<u>379,281</u>	<u>1,548,046</u>	<u>591,109</u>	<u>2,518,436</u>	<u>697,490</u>
Income (loss) before transfers	<u>1,014,363</u>	<u>1,625,868</u>	<u>807,281</u>	<u>3,447,512</u>	<u>529,572</u>
Transfers:					
Transfers in (note 6)	-	5,687	-	5,687	739,060
Transfers out (note 6)	(114,813)	(115,883)	(599,357)	(830,053)	(1,250)
Total contributions and transfers	<u>(114,813)</u>	<u>(110,196)</u>	<u>(599,357)</u>	<u>(824,366)</u>	<u>737,810</u>
Change in net assets	899,550	1,515,672	207,924	2,623,146	1,267,382
Net assets, beginning of the year	<u>2,807,918</u>	<u>32,628,976</u>	<u>10,446,508</u>	<u>45,883,402</u>	<u>9,444,176</u>
Net assets at end of the year	<u>\$ 3,707,468</u>	<u>34,144,648</u>	<u>10,654,432</u>	<u>48,506,548</u>	<u>10,711,558</u>

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Sewer	Water	Solid Waste	Totals	
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,885,820	8,956,822	9,154,429	19,997,071	14,159,566
Payments to suppliers	(770,042)	(5,296,439)	(5,227,136)	(11,293,617)	(13,354,440)
Payments to employees	(421,823)	(2,444,006)	(2,161,862)	(5,027,691)	8,147
Nonoperating rental income revenue received	-	345,819	7,061	352,880	205,994
Internal activity payments to/from other funds	-	-	-	-	193,475
Net cash provided by operating activities	693,955	1,562,196	1,772,492	4,028,643	1,212,742
Cash flows from noncapital financing activities:					
Receipts from other governmental agencies	337,239	973,155	17,484	1,327,878	-
Receipt from other funds	656,481	5,687	-	662,168	-
Transfers from other funds	(433,566)	(465,292)	(599,357)	(1,498,215)	739,060
Transfers to other funds	-	-	-	-	(1,250)
Net cash provided (used) in noncapital financing activities	560,154	513,550	(581,873)	491,831	737,810
Cash flows from capital and related financing activities:					
Sale of capital assets	-	-	-	-	2,763
Purchase of capital assets	(696,436)	(870,243)	(59,898)	(1,626,577)	(2,366,934)
Principal payments on long-term debt	-	(205,000)	(305,000)	(510,000)	-
Interest paid on long-term debt	(4,211)	(459,928)	(153,979)	(618,118)	-
Proceeds from disposal of capital assets	-	-	-	-	35,015
Net cash provided (used) in capital and related financing activities	(700,647)	(1,535,171)	(518,877)	(2,754,695)	(2,329,156)
Cash flows from investing activities:					
Interest on investments	44,125	812,756	799,137	1,656,018	508,985
Net cash provided by investing activities	44,125	812,756	799,137	1,656,018	508,985
Net increase (decrease) in cash and cash equivalents	597,587	1,353,331	1,470,879	3,421,797	130,381
Cash and cash equivalents, beginning of fiscal year	1,120,711	17,831,511	17,930,932	36,883,154	16,948,148
Cash and cash equivalents, end of fiscal year	\$ 1,718,298	19,184,842	19,401,811	40,304,951	17,078,529
Reconciliation of cash and cash equivalents to amounts reported on the balance sheet:					
Reported on the statement of net assets:					
Cash and investments	\$ 1,718,298	18,268,479	11,151,929	31,138,706	17,078,529
Cash and investments with fiscal agents - restricted	-	796,644	850,371	1,647,015	-
Cash and investments - restricted	-	119,719	7,399,511	7,519,230	-
Cash and cash equivalents - June 30, 2008	\$ 1,718,298	19,184,842	19,401,811	40,304,951	17,078,529
Reconciliation of operating income to net cash provided by operations:					
Operating income (loss)	\$ 635,082	77,822	216,172	929,076	(167,918)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	62,318	578,601	399,644	1,040,563	1,180,812
Nonoperating rental income revenue	-	345,819	7,061	352,880	205,994
(Increase) in prepaid items	-	-	38,080	38,080	(60,459)
Decrease (increase) in accounts receivable	(27,239)	731,475	177,794	882,030	572
Decrease (increase) in intergovernmental receivable	83,168	454,152	-	537,320	-
Increase (decrease) in accounts payable	19,828	(222,085)	46,357	(155,900)	(513,025)
Increase in accrued liabilities	1,283	8,267	14,250	23,800	6,457
Increase (decrease) in deposits payable	-	-	(38,080)	(38,080)	(530)
Increase (decrease) in deferred revenue	(83,168)	(454,152)	-	(537,320)	-
Increase (decrease) in claims payable	-	-	-	-	366,270
Decrease (increase) in inventories	-	(638)	-	(638)	-
Increase in landfill closure and postclosure costs	-	-	868,339	868,339	-
Increase (decrease) in compensated absences payable	2,683	42,935	42,875	88,493	1,094
Decrease in due to/from other funds	-	-	-	-	193,475
Total adjustments	58,873	1,484,374	1,556,320	3,099,567	1,380,660
Net cash provided by operating activities	\$ 693,955	1,562,196	1,772,492	4,028,643	1,212,742

Noncash investing, capital, and financing activities:

There were no significant noncash investing, capital, and financing activities for the year ended June 30, 2008.

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2008

Assets:

Cash and investments (Note 3)	\$ 1,346,117
Cash and investments with fiscal agents (Note 3)	1,075,212
Receivable:	
Accounts	152,081
Interest	4,518
	<hr/>
Total assets	<u><u>\$ 2,577,928</u></u>

Liabilities:

Accounts payable	\$ 38,613
Deposits payable	546,412
Due to other funds (Note 6)	112,021
Due to bondholders	1,880,882
	<hr/>
Total liabilities	<u><u>\$ 2,577,928</u></u>

See accompanying notes to the basic financial statements.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
Year ended June 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Whittier (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

a. Description of The Reporting Entity

The City of Whittier was incorporated in 1898, under the laws of the State of California.

The City of Whittier is a reporting entity which includes the following component units:

Whittier Redevelopment Agency
Whittier Public Financing Authority
Whittier Utility Authority

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is either 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 upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units because in all cases the City Council serves as the governing board for each component unit. Blended component units, although legally separate entities, are, in substance, part of the City's operations, therefore data from these units are reported with the interfund data of the primary government.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

a. Description of The Reporting Entity, (Continued)

The Whittier Redevelopment Agency and the Whittier Utility Authority issue separate component unit statements. Upon their completion, the financial statements of the component units can be obtained at City Hall. The following entities are considered to be component units of the City.

Whittier Redevelopment Agency

The Redevelopment Agency was established on September 21, 1971, pursuant to the State of California Health and Safety Code Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development of blighted areas within the territorial limits of the City of Whittier.

Whittier Public Financing Authority

The Whittier Public Financing Authority was formed on June 6, 1989, by a joint powers agreement between the City of Whittier and the Whittier Redevelopment Agency. It was created to acquire and finance the acquisition of public capital improvements necessary or convenient for the operation of the City or Agency.

Whittier Utility Authority

The Whittier Utility Authority (Authority) was established on February 1, 2002, by a joint powers agreement between the City of Whittier and the Whittier Public Financing Authority. The Authority was created to provide a legally binding framework for the relationship between the City's utility enterprise funds and the city's general fund, to address possible impacts of proposition 218, and to provide greater fiscal strength of the City's enterprise funds. The Authority is presented as Water, Sewer and Solid Waste enterprise funds in the accompanying financials.

b. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

b. Government-wide and Fund Financial Statements, (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Fiduciary funds (Agency) use the accrual basis of accounting, but have no measurement focus. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, therefore they have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Transit Special Revenue Fund - This fund accounts for the receipt and expenditure of Los Angeles County Prop A and C funds for transit and transit related costs and improvement projects.

Redevelopment Agency Low/Mod Housing Special Revenue Fund - This fund accounts for revenues and expenditures for the Greenleaf/Uptown, Whittier Boulevard, and Earthquake Recovery Redevelopment Project Area related to low and moderate income housing.

Subventions and Grants Special Revenue Fund – This fund accounts for activities of various State and Local monies.

Redevelopment Agency Debt Service Fund – This fund accounts for the property tax increment received by the Agency and also for the repayment of the Agency's indebtedness.

Whittier Public Financing Authority Debt Service Fund – This fund accounts for the proceeds of the 2002 and 2007A Revenue Bonds, loaned to the Whittier Redevelopment Agency, and for the debt service payments.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (Continued)

The City reports the following Whittier Utility Authority as major proprietary funds:

The Water Enterprise Fund – This fund accounts for the operation and maintenance of the City’s water distribution system.

The Sewer Enterprise Fund – This fund accounts for the operation and maintenance of the wastewater system within the City’s boundaries.

The Solid Waste Enterprise Fund – This fund accounts for the collection and disposal of solid waste from industrial, commercial, and residential users throughout the Whittier area, for landfill closure and post closure costs, and for funding of environmental liabilities caused by water contamination.

Additionally, the City reports the following fund types:

The Capital Project Funds are used to account for capital expenditures funded from general revenues and to account for the financing, construction, and administrative activities of the Agency

The Internal Service Funds account for financial transactions related to the City’s equipment maintenance, equipment replacement, and self-insurance programs. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

The Agency Funds are used to report resources held by the City in a purely custodial capacity, which includes assets held on behalf of employees for the City’s flexible reimbursement account program, refundable deposits, CFD bondholders, and the Habitat Joint Powers Authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise funds financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For enterprise funds activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service Funds are charges to customers for sales and services. Operating expenses for the Enterprises Funds and the Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, Liabilities, Net Assets or Equity

Cash and Cash Equivalents

For purpose of the statement of cash flows, the City considered cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

Cash and Cash Equivalents, (Continued)

City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures and funds for the Whittier Redevelopment Agency. Cash equivalents have an original maturity date of three months or less from the date of purchase.

Cash and Investments

Investments are reported in the accompanying financial statements at fair value, except for nonparticipating certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

In the fund financial statements, changes in fair value that occur during a fiscal year are recognized as *Use of money and property*. *Use of money and property* 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 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.

Receivables and Payables

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

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

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

d. Assets, Liabilities, Net Assets or Equity, (Continued)

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

Land held for resale

Land held for resale is capitalized at the lower of acquisition cost or estimated resale value. The fund balance is reserved in an amount equal to the carrying value of land held for resale because such assets are not available to finance the City's operations until sold.

Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations – are established by the Assessor of the County of Los Angeles for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies – are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation. The City's share of the \$1.00 varies depending on the tax rate area and it ranges from \$0.0730 to \$0.0125. The City accrues only those taxes that are received within 60 days after year end.

Lien date:	January 1
Levy date:	July 1
Due date:	November 1 – 1 st installment February 1 – 2 nd installment
Delinquent date:	December 11 – 1 st installment April 11 – 2 nd installment

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

d. Assets, Liabilities, Net Assets or Equity, (Continued)

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

December	40% advance
January	10% advance
February	Collection No. 1
April	Advance to 85%
May	Collection of 2 nd installment collected
July	Collection No. 2
August	Collection No. 3

Inventories

Inventories of materials and supplies are carried at cost on an average cost basis. The City uses the consumption method of accounting for inventories.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available resources and therefore are not available for appropriation.

Restricted Assets

Certain proceeds of the City's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the financial statements because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance; resolutions, and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

d. Assets, Liabilities, Net Assets or Equity, (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, fine art, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,500 (\$100,000 for infrastructure) or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2008.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30 to 75
Improvements other than buildings	25 to 50
Infrastructure	20 to 50
Utility systems	30 to 80
Vehicles	8 to 15
Other equipment and furnishings	10 to 25
Computer equipment	10

Periodic restoration and maintenance costs on particular items are charged to expense as incurred.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

d. Assets, Liabilities, Net Assets or Equity, (Continued)

Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund which accounts for the City's self-insurance activities.

Compensated Absences

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

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

The City utilizes an Internal Service Fund to account for its compensated absences. The short-term portion is determined to be the amount due to employees for future absences which is attributed to services already rendered and which is expected to be paid during the next fiscal year. The total amount of liability for compensated absences is segregated between short-term and long-term as indicated above and both portions are reflected in the Employee Benefits Fund.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee can not accrue more than one and one-half times their regular annual entitlement.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

d. Assets, Liabilities, Net Assets or Equity, (Continued)

Sick leave is payable when an employee is unable to work because of illness. Upon termination, an employee will be paid for any unused sick leave in excess of 500 hours up to a maximum of 340 or 360 hours. Any unused sick leave less than 500 hours, or more than 840 hours for safety employees, or 860 hours for other full-time employees are forfeited upon termination of employment. The vested portion of these compensated absences is accrued in the Employee Benefits Fund.

Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense in the Statement of Activities.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

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

d. Assets, Liabilities, Net Assets or Equity, (Continued)

Net Assets and Fund Equity

In the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, and laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

e. Estimates

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

(2) Stewardship, Compliance, and Accountability

General Budget Policies

The City Council approves each fiscal year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Budget transfers that affect the total

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(2) Stewardship, Compliance, and Accountability, (Continued)

General Budget Policies, (Continued)

appropriations for any fund require City Council approval. Budget transfers within a budget code with no change in appropriation within the budget code are approved by the City Manager only and do not require approval by the City Council. A budget code could be a program or a division of a department or a department. In most cases, expenditures may not legally exceed appropriations at the budget code level for the General fund, and fund level for Special Revenue, Capital Projects, and Debt Service Funds.

Legally adopted budgets for all governmental funds are established on a cash basis. At year end all operating budget appropriations lapse with the exception of encumbered and continuing appropriations. During the year, supplementary appropriations were immaterial. Budgets are adopted for all general, special revenue, capital project, and debt service funds.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at fiscal year-end are completed. They do not constitute expenditures or estimated liabilities.

Continuing Appropriations

The unexpended and unencumbered appropriations that are available and recommended for continuation are approved by the City Council for carryover to the following fiscal year. These commitments are reported as a reservation of fund balance.

Budgetary Basis of Accounting

Budgets for governmental funds (which includes encumbrances, land acquisition and disposition, advances to other funds, loan payments and proceeds, and escrow fund releases) are adopted on a basis which differs from accounting principles generally accepted in the United States of America (US GAAP).

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(2) Stewardship, Compliance, and Accountability, (Continued)

Budget Basis of Accounting, (Continued)

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis) – All Governmental Fund types present comparisons of the legally adopted budget with actual data on the budgetary basis. The differences between the budgetary basis and the US GAAP basis are presented on the same financial statements. Adjustments for the above budgetary differences were necessary to prepare statements on a US GAAP basis.

The following funds contained a deficit of fund balance as of June 30, 2008:

Special Revenue Fund:	
Subventions and Grants Fund	\$ 3,709,289

Non-Major Governmental Funds

Special Revenue Fund:	
Street Lighting District 1-91	75
Traffic Offender	146,016
Whittier Uptown Parking District No. 1	28,132
Uptown Village Maintenance District	28,980

The deficit in the Subventions and Grant Fund is a result of expenditures being incurred but has not been reimbursed by granting agencies due to stipulations of having projects completed prior to reimbursement.

The deficit in the Street Lighting District 1-91 fund is due to insufficient revenues to cover expenditures incurred.

The deficit in the Traffic Offender fund is due to expenditures being incurred before the revenue has been received.

The deficit in the Whittier Uptown Parking district No. 1 fund is due to insufficient property tax revenues to cover expenditures incurred.

The deficit in the Uptown Village Maintenance District Fund is due to insufficient tax revenues to cover expenditures incurred.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(2) Stewardship, Compliance, and Accountability, (Continued)

General Budget Policies, (Continued)

Excess of expenditures over appropriations in departments/cost centers of individual funds are as follows:

<u>Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Major Funds:</u>			
General Fund:			
City attorney	\$ 290,967	451,540	160,573
Elections	110,662	114,172	3,510
City treasurer	275,848	312,581	36,733
Employee special events	14,000	16,047	2,047
Graffiti removal program	370,962	380,445	9,483
Dial-a-ride	42,168	44,669	2,501
Community services	3,490,175	3,514,204	24,029
Traffic signals	341,083	352,022	10,939
City engineering	373,622	393,132	19,510
Transfers out	2,629,250	2,664,198	34,948
Redevelopment Agency Low/Mod Housing Special Revenue Fund:	816,552	1,626,778	810,226
Public Financing Authority Debt Service Fund:	890,893	1,400,441	509,548

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(2) Stewardship, Compliance, and Accountability, (Continued)
General Budget Policies, (Continued)

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Non-Major Governmental Funds:</u>			
State COPS Grant:	152,806	226,382	73,576
Business Improvement Area:	112,000	124,711	12,711
Traffic Congestion:	472,453	475,805	3,352
Whittier Uptown Parking District No. 1	61,452	75,531	14,079

(3) Cash and Investments

Cash and investments are reported as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 76,693,301	31,138,706	1,346,117	109,178,124
Restricted assets:				
Cash and investments	20,129,944	7,519,230	-	27,649,174
Cash and investments with fiscal agents	36,862,091	1,647,015	1,075,212	39,584,318
Totals	<u>\$ 133,685,336</u>	<u>40,304,951</u>	<u>2,421,329</u>	<u>176,411,616</u>

Cash and investments at June 30, 2008 consisted of the following:

Petty cash	\$ 10,661
Deposits with financial institutions	491,616
Investments	<u>175,909,339</u>
 Total	 <u>\$176,411,616</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.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(3) Cash and Investments, (Continued)

Authorized Investment Type	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	Yes	N/A	40%	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	60%	None
Passbook Savings (Insured) Deposits with				
Banks and Savings and Loans	Yes	N/A	None	None
Certificates of Deposits	Yes	5 years	15%	None
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Bankers Acceptance, Prime Quality	Yes	5 years	40%	10%
Commercial Paper, Prime Quality	Yes	270 days	20%	10%
Medium Term Corporate Notes	Yes	1-3 years	20%	None
Money Market Mutual Funds	Yes	N/A	None	10%
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
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
JPA Pools (other investment pools)	Yes	N/A	None	None

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

Investments Authorized by Debt Agreements

Investment of debt proceeds held by fiscal agents 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 bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Certificates of Deposit with Bank of Savings & Loans	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances, Prime Quality	5 years	None	None
Commercial Paper, Prime Quality	5 years	None	None
Money Market Mutual Funds - U.S. Treasury	N/A	None	None
Investment Contracts	30 years	None	None
Medium Term Corporate Notes, Prime Quality	1-3 years	None	None
Local Agency Investment Fund (State Pool)	None	None	None

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(3) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Totals	Remaining Maturity (in Months)					
		6 Months Or Less	7-12 Months	13-24 Months	25-42 Months	43-60 Months	More Than 60 Months
U.S. Treasury bills	\$ 8,939,760	7,471,800	1,467,960	-	-	-	-
Federal agency securities	61,169,752	27,716,627	12,515,390	8,974,275	11,963,460	-	-
Mortgage-backed securities	112	-	-	-	-	112	-
Local Agency Investment Fund (LAIF)	51,141,803	51,141,803	-	-	-	-	-
Held by fiscal agents:							
Money market funds	43,750,427	43,750,427	-	-	-	-	-
U.S. Treasury bills	1,078,918	1,078,918	-	-	-	-	-
U.S. Treasury bond	294,659	-	-	-	-	-	294,659
Federal agency securities	9,533,908	9,533,908	-	-	-	-	-
Totals	\$ 175,909,339	140,693,483	13,983,350	8,974,275	11,963,460	112	294,659

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(3) 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 of fiscal year end for each investment type.

Investment Type	Amount	Rating	Disclosure	AAA	AA	Rated
U.S. Treasury bills	\$ 8,939,760	N/A	8,939,760	-	-	-
Federal agency securities	61,169,752	N/A	-	61,169,752	-	-
Mortgage-backed securities	112	AA	-	-	112	-
Local Agency Investment Fund (LAIF)	51,141,803	N/A	-	-	-	51,141,803
Held by fiscal agents:						
Money market funds	43,750,427	N/A	-	43,750,427	-	-
U.S. Treasury bills	1,078,918	N/A	1,078,918	-	-	-
U.S. Treasury bond	294,659	N/A	294,659	-	-	-
Federal agency securities	9,533,908	N/A	-	9,533,908	-	-
Total	\$ 175,909,339		10,313,337	114,454,087	112	51,141,803

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. 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 are as follows:

Issuer	Investment Type	Reported Amount
FHLMC	Federal agency securities	\$ 13,383,836
FNMA	Federal agency securities	20,126,940
Federal Home Loan Bank	Federal agency securities	26,445,035
FFCB	Federal agency securities	11,473,140

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(3) Cash and Investments, (Continued)

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, business-type activities, major funds) are as follows:

\$20,776,282 and \$24,688,626 of cash and investments (including amounts held by fiscal agents) reported in the governmental activities are held in the form of Federal National Mortgage Association Securities, which matures in July 2008 through March 2009 and Federal Home Loan Bank Securities, respectively.

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 Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the bond trustee 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.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(4) Investment – Land Held For Resale

The City of Whittier and Whittier Redevelopment Agency have acquired several parcels of land as part of their primary purpose to develop or redevelop blighted properties. The City records these parcels as “land held for resale” in its financial records. The property is being carried at its net realizable value which is estimated to be equal to cost. At June 30, 2008, land held for resale totaled \$2,542,284.

(5) Notes and Loans Receivable

Outstanding
Balance
June 30, 2008

During the 2000-01 fiscal year, the City approved a Police Residence Incentive Program. Sworn Whittier police officers may apply for a forgivable loan toward the purchase of a single-family residence in the City. The loan shall be forgiven within 10 years for a \$10,000 loan applied before fiscal year 2005-06. During 2005-06, the City increased the loan amount to \$50,000 each and shall be forgiven within 15 years. The employee needs to maintain the property as his/her principal residence and remains an active sworn employee of the City. As of June 30, 2008, one loan of \$44,500, one loan of \$35,000, two loans of \$50,000 each, sixteen loans of \$10,000 each and one in the amount of \$8,000 have been provided and \$55,000 of principal has been forgiven and twelve loans have been repaid in the amount of \$96,000.

\$199,500

During the 1985-86 fiscal year, the Whittier Redevelopment Agency loaned the developer of the William Penn Manor Project, \$500,000 for the site acquisition. During 1989-90 William Penn Manor borrowed an additional \$103,401 (net of repayments) from the Whittier Redevelopment Agency, using Community Development Block Grant funds, for a total of \$603,401. This loan is non-interest bearing and is to be repaid to the Agency upon the recording of a construction loan to the developer for development of the site and the sale, transfer, conveyance or refinancing of the site, or any part, thereof, by developer, with the exception that such sale, transfer, conveyance, or refinancing must first be approved in writing by the Agency. The loan is evidenced by a promissory note and secured by a first deed of trust. The William Penn Manor project is the development of the William Penn Manor, a 75 dwelling unit project to be occupied by low income senior citizens.

603,401

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(5) Notes and Loans Receivable, (Continued)

Outstanding
Balance at
June 30, 2008

During the 2000-01 fiscal year, the Agency implemented the Whittier CARE loan program. The program provides non-interest bearing loans to eligible homeowners for improvements to their owner or tenant occupied residence located in a specified area. The loans range from \$2,000 to \$25,000, and are secured by an agreement and covenants and may be written off after 5 years if the homeowner is in compliance with the programs' requirements. Repayment occurs if the property is sold or the requirements are not complied with within the 5 year period. As of June 30, 2008, forty-four families have received CARE loans and thirty-five loans were either paid or forgiven.

\$187,962

The City has entered into an owner participation agreement with TMG Properties Inc. (TMG) for economic development purposes. On January 24, 2002, the City loaned TMG \$355,000 for the purpose of procuring a parcel of land where TMG will operate an automobile dealership for a 10 year period. The City holds a note secured by a trust deed in 3rd position at an interest rate of 5%. One tenth of the principal will be due every year starting one year after completion of the project. If sales tax generated by the business exceeds the interest due then that year's interest will be forgiven. Entire principal is due if the business ceases operation within 10 years.

142,487

During the 1997-98 fiscal year, the Agency approved the First-time Homebuyer Program. Since then the Agency has loaned \$1,585,000 to seventy-four families. The program provides "silent second" loans to homebuyers of low and moderate income. The loans are interest free with no payments for the first five years, after which the borrowers pay 5% per year. Starting in the sixth year, one-fifteenth of the loan is forgiven. If the Borrower ceases to be the owner-occupant, the loan becomes due and payable. During the fiscal year ended June 30, 2008, \$65,788 in loan principal was either paid or forgiven.

394,691

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(5) Notes and Loans Receivable, (Continued)

Outstanding
Balance
June 30, 2008

The City uses Community Development Block Grant funds and Federal HOME funds to issue loans to low and moderate income families and individuals. These loans are low interest or zero interest loans and can be fully amortized or deferred until the secured property is sold. The proceeds are used to rehabilitate residences and the loans are secured by a deed of trust on the property.

\$3,560,034

Total notes and loans receivable

\$5,088,075

(6) Interfund Activity

The following represents the interfund activity of the City for the year ended June 30, 2008:

Due From/To Other Funds:

Due from (receivable fund)	Due to (payable fund)	Amount
General Fund	Transit Fund	\$ 94,208 (A)
	Subventions and Grants Fund	1,269,704 (A)
	Non-Major Governmental Funds	381,648 (A)
	Water Fund	42,197 (A)
	Internal Service Fund	626,445 (A)
	Fiduciary Funds - Agency	<u>112,021 (A)</u>
	Total	<u><u>\$ 2,526,223</u></u>

Amounts due to/from other funds represents: (A) elimination of negative cash balances in the funds.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(6) Interfund Activity, (Continued)

Advances To/From Other Funds

Advances to (receivable fund)	Advances from (payable fund)	Amount
General Fund	Redevelopment Agency Debt Service Fund	\$ 10,486,244 (A)
Redevelopment Agency Low/ Mod Housing Fund	Redevelopment Agency Debt Service Fund	239,075
Public Financing Authority	Redevelopment Agency Debt Service Fund	6,310,000 (B)
	Total	\$ 17,035,319
Water	Sewer	\$656,481

Advance to/from other funds are as follows: (A) to subsidize expenditures incurred in the various project areas and (B) to reflect the amount owed to the Public Financing Authority Fund for the issuance of the 2002 Revenue Bonds.

Transfers To/From Other Funds

General Fund	Non-Major Governmental Funds	\$1,338,300(A)
Non-Major Governmental Funds	General Fund	2,469,246
	Redevelopment Agency Debt Service	1,440,000(B)
	Water Fund	76,414
	Solid Waste Fund	287,068
	Non-Major Governmental Funds	2,066,867
Public Financing Authority Debt Service	Non-Major Governmental Funds	3,550
	Total	\$7,681,445
Water Fund	Solid Waste Fund	\$ 5,687
Internal Service Funds	General Fund	194,951(C)
	Sewer Fund	114,813
	Water Fund	39,469
	Solid Waste Fund	306,602
	Internal Service Fund	1,250
	Non-Major Governmental Funds	81,976
	Total	\$ 744,748

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(6) Interfund Activity, (Continued)

Transfers are used to: (A) reimburse General Fund for cost incurred, (B) reimburse the Redevelopment Agency Capital Projects Fund for advance repayment made during the year, and (C) reimburse internal service funds for costs incurred.

(7) Capital Assets

Governmental Activities

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

	<u>Balance at</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2008</u>
Capital Assets, not being depreciated:				
Land	\$ 29,875,268	-	-	29,875,268
Rights of way	5,325,506	-	-	5,325,506
Trees	2,358,927	13,498	(6,600)	2,365,825
Construction in progress	<u>709,518</u>	<u>1,570,085</u>	<u>(382,582)</u>	<u>1,897,021</u>
Total	<u>38,269,219</u>	<u>1,583,583</u>	<u>(389,182)</u>	<u>39,463,620</u>
Capital Assets, being depreciated:				
Buildings	13,501,120	8,315	-	13,509,435
Improvements	12,980,147	4,105,061	(5,816)	17,079,392
Machinery and equipment	23,898,355	2,882,270	(969,719)	25,810,906
Infrastructure:				
Roadways	106,690,856	2,265,642	-	108,956,498
Storm drains	1,833,174	1,562,735	-	3,395,909
Other street appurtenances	<u>14,244,869</u>	<u>432,039</u>	<u>-</u>	<u>14,676,908</u>
Total	<u>173,148,521</u>	<u>11,256,062</u>	<u>(975,535)</u>	<u>183,429,048</u>
Less accumulated depreciation for:				
Buildings	(8,864,150)	(234,789)	-	(9,098,939)
Improvements	(4,524,416)	(618,717)	5,816	(5,137,317)
Machinery and equipment	(18,777,096)	(1,444,459)	969,719	(19,251,836)
Infrastructure:				
Roadways	(70,193,527)	(4,224,672)	-	(74,418,199)
Storm drains	(1,449,733)	(53,298)	-	(1,503,031)
Other street appurtenances	<u>(10,726,903)</u>	<u>(369,891)</u>	<u>-</u>	<u>(11,096,794)</u>
Total	<u>(114,535,825)</u>	<u>(6,945,826)</u>	<u>975,535</u>	<u>(120,506,116)</u>
Capital assets being depreciated, net	<u>58,612,696</u>	<u>4,310,236</u>	<u>-</u>	<u>62,922,932</u>
Capital Assets, net	<u>\$ 96,881,915</u>	<u>5,893,819</u>	<u>(389,182)</u>	<u>102,386,552</u>

**CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)**

(7) Capital Assets (Continued)

Governmental Activities (Continued)

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

	<u>Governmental Activities</u>
General government	\$ 300,490
Public safety	143,675
Public works	5,624,651
Community development	39,810
Parks and recreation	656,801
Libraries	35,670
Transit	144,729
Total	<u>\$ 6,945,826</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(7) Capital Assets (Continued)

Business-type activities

Capital asset business-type activity for the fiscal year ended June 30, 2008 was as follows:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
<u>Sewer Fund:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 167,358	-	(167,358)	-
Total capital assets, not being depreciated	167,358	-	(167,358)	-
Capital assets, being depreciated:				
Improvements	2,283,905	863,795	-	3,147,700
Machinery and equipment	40,435	-	-	40,435
Total sewer capital assets, being depreciated	2,324,340	863,795	-	3,188,135
Less - accumulated depreciation for:				
Improvements	(342,612)	(64,042)	-	(406,654)
Machinery and equipment	(39,875)	1,724	-	(38,151)
Total accumulated depreciation	(382,487)	(62,318)	-	(444,805)
Total sewer capital assets, being depreciated, net	1,941,853	801,477	-	2,743,330
Total sewer capital assets, net	\$ 2,109,211	801,477	(167,358)	2,743,330
<u>Water Fund:</u>				
Capital assets, not being depreciated:				
Land	\$ 598,955	-	-	598,955
B Construction in progress	116,805	-	(62,782)	54,023
Total	715,760	-	(62,782)	652,978
Capital assets, being depreciated:				
Improvements	31,139,962	927,071	-	32,067,033
Buildings	1,117,608	5,687	-	1,123,295
Machinery and equipment	547,004	-	(1,450)	545,554
Total water capital assets, being depreciated	32,804,574	932,758	(1,450)	33,735,882
Less - accumulated depreciation for:				
Improvements	(10,246,390)	(512,581)	-	(10,758,971)
Buildings	(924,954)	(42,807)	-	(967,761)
Machinery and equipment	(456,179)	(23,213)	1,450	(477,942)
Total accumulated depreciation	(11,627,523)	(578,601)	1,450	(12,204,674)
Total water capital assets, being depreciated, net	21,177,051	354,157	-	21,531,208
Total water capital assets, net	\$ 21,892,811	354,157	(62,782)	22,184,186

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(7) Capital Assets, (Continued)

Business-type Activities, (Continued)

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2008</u>
<u>Solid Waste Activity</u>				
Capital Assets, not being depreciated:				
Land	\$ 2,227,801	-	-	2,227,801
Construction in progress	28,188	-	-	28,188
Total capital assets, not being depreciated	<u>2,255,989</u>	<u>-</u>	<u>-</u>	<u>2,255,989</u>
Capital Assets, being depreciated:				
Improvements	13,378,364	59,897	-	13,438,261
Buildings	151,033	-	-	151,033
Machinery and equipment	2,195,015	-	(570)	2,194,445
Total Solid Waste Assets, being depreciated	<u>15,724,412</u>	<u>59,897</u>	<u>(570)</u>	<u>15,783,739</u>
Less - accumulated depreciation for:				
Improvements	(4,345,574)	(383,125)	-	(4,728,699)
Buildings	(147,309)	(393)	-	(147,702)
Machinery and equipment	(1,949,157)	(16,126)	570	(1,964,713)
Total accumulated depreciation	<u>(6,442,040)</u>	<u>(399,644)</u>	<u>570</u>	<u>(6,841,114)</u>
Total solid waste assets, being depreciated, net	<u>9,282,372</u>	<u>(339,747)</u>	<u>-</u>	<u>8,942,625</u>
Total solid waste assets, net	<u>\$ 11,538,361</u>	<u>(339,747)</u>	<u>-</u>	<u>11,198,164</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(7) Capital Assets, (Continued)

Business-type Activities, (Continued)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Total Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,826,756	-	-	2,826,756
Construction in progress	312,351	-	(230,140)	82,211
Total capital assets, not being depreciated	<u>3,139,107</u>	<u>-</u>	<u>(230,140)</u>	<u>2,908,967</u>
Capital assets, being depreciated:				
Improvements	46,802,230	1,850,763	-	48,652,994
Buildings	1,268,641	5,687	-	1,274,328
Machinery and equipment	2,782,455	-	(2,020)	2,780,434
Total capital assets, being depreciated	<u>50,853,326</u>	<u>1,856,450</u>	<u>(2,020)</u>	<u>52,707,756</u>
Less - Accumulated depreciation for:				
Improvements	(14,934,576)	(959,748)	-	(15,894,324)
Buildings	(1,072,263)	(43,200)	-	(1,115,463)
Machinery and equipment	(2,445,211)	(37,615)	2,020	(2,480,806)
Total accumulated depreciation	<u>(18,452,050)</u>	<u>(1,040,563)</u>	<u>2,020</u>	<u>(19,490,593)</u>
Total capital assets, being depreciated, net	<u>32,401,276</u>	<u>815,887</u>	<u>-</u>	<u>33,217,163</u>
Total capital assets, net	<u>\$ 35,540,383</u>	<u>815,887</u>	<u>(230,140)</u>	<u>36,126,130</u>

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-Type Activities:	
Sewer	\$ 62,318
Water	578,601
Solid Waste	<u>399,644</u>
Total	<u>\$1,040,563</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended June 30, 2008:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance at June 30, 2008</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 3,761,539	1,733,204	(1,732,110)	3,762,633	1,693,185
Developer loans payable	4,230,511	1,142,901	(1,063,017)	4,310,395	1,090,262
Tax Allocation bonds	47,735,000	-	(5,935,000)	41,800,000	620,000
Revenue bonds	6,565,000	15,425,000	(255,000)	21,735,000	635,000
Claims payable	<u>6,272,512</u>	<u>3,083,812</u>	<u>(2,717,541)</u>	<u>6,638,783</u>	<u>4,315,209</u>
Total	<u>\$ 68,564,562</u>	<u>21,384,917</u>	<u>(11,702,668)</u>	<u>78,246,811</u>	<u>8,353,656</u>
	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance at June 30, 2008</u>	<u>Due Within One Year</u>
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 225,967	109,197	(65,541)	269,623	107,849
Revenue refunding bonds	<u>9,875,000</u>	<u>-</u>	<u>(205,000)</u>	<u>9,670,000</u>	<u>210,000</u>
	<u>10,100,967</u>	<u>109,197</u>	<u>(270,541)</u>	<u>9,939,623</u>	<u>317,849</u>
Sewer Fund:					
Compensated absences	<u>13,368</u>	<u>7,358</u>	<u>(4,675)</u>	<u>16,051</u>	<u>6,420</u>
Solid Waste Fund:					
Compensated absences	148,541	123,936	(81,061)	191,416	76,566
Revenue refunding bonds	2,965,000	-	(305,000)	2,660,000	320,000
Landfill closure and postclosure	<u>17,213,994</u>	<u>868,339</u>	<u>-</u>	<u>18,082,333</u>	<u>-</u>
	<u>20,327,535</u>	<u>992,275</u>	<u>(386,061)</u>	<u>20,933,749</u>	<u>396,566</u>
Total	<u>\$30,441,870</u>	<u>1,108,830</u>	<u>(661,277)</u>	<u>30,889,423</u>	<u>720,835</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Governmental long-term debt at June 30, 2008 consisted of the following:

Whittier Public Financing Authority 2002 Revenue Bonds, Series A

On March 19, 2002, the Whittier Public Financing Authority issued \$7,505,000 of 2002 Series A Revenue Bonds. The proceeds for the bonds were loaned to the Whittier Redevelopment Agency pursuant to a loan agreement. The proceeds from the loans after payment of an underwriters discount of \$172,998, plus bond funds from the 1992 Revenue Bonds Series A in the amount of \$191,994 were used to pay costs of issuance, fund a reserve account, repay loans to the City, finance improvements, and to refund the Authority's 1992 Revenue Bonds Series A in the amount of \$2,835,000. Interest on the bonds is payable semi-annually each November 1 and May 1. The principal matures each November 1 beginning in 2003 and maturing in 2023. The bonds have varying interest rates ranging from 2.50% to 5.60%. The bonds are secured by loan payments made by the Agency and the loan is secured by tax increment revenues of the redevelopment project area. The reserve requirement was \$601,535 and the reserve as of June 30, 2008 was \$602,760. The outstanding balance of the bonds at June 30, 2008 is \$6,310,000.

Whittier Public Financing Authority 2007 Revenue Bonds, Series A

On August 1, 2007, the Whittier Public Financing Authority ("Authority") issued \$15,425,000 of its 2007 Revenue Bonds, Series A ("Bonds"). The proceeds of \$5,790,000 were used to advance refund the 1998 Tax Allocation Refunding Bonds ("1998 TABS"). The remaining net proceeds will be used to finance or refinance various redevelopment capital projects. The principal of the loan is payable in installments commencing on November 1, 2008 through November 1, 2038 and interest is payable semi-annually each November 1 and May 1 beginning November 1, 2008. Interest rates range from 4.00% to 5.00%. Principal and interest on the loan is payable by the Agency to the bond trustee, as assignee of the Authority under the indenture. The 1998 TABS were deposited in an irrevocable trust with an escrow agent. As a result, these 1998 TABS are considered to be defeased and the liability for those bonds has been removed from the statement of net assets.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Whittier Public Financing Authority 2007 Revenue Bonds, Series A (Continued)

The advance refunding resulted in a difference between the reacquisition price (amount placed in the escrow account) and the net carrying amount of the old debt of \$162,513. This difference, reported in the accompanying financial statements as a deferred refunding charge, is being charged to operations through the year 2038 using the straight line method. The Authority completed the advance refunding to reduce the cash flows associated with its debt service payments over the next 30 years by \$617,202 and to obtain a net economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$364,048. The amount of the Bonds outstanding at June 30, 2008 is \$15,425,000.

The following schedule represents the minimum debt service requirements of the bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 370,000	712,563	1,082,563
2010	360,000	697,963	1,057,963
2011	370,000	683,363	1,053,363
2012	375,000	668,463	1,043,463
2013	385,000	653,263	1,038,263
2014-2018	2,005,000	3,029,453	5,034,453
2019-2023	3,380,000	2,532,100	5,912,100
2024-2028	3,140,000	1,581,428	4,721,428
2029-2033	2,450,000	919,750	3,369,750
2034-2038	1,880,000	487,500	2,367,500
2039	710,000	17,750	727,750
	<u>\$ 15,425,000</u>	<u>11,983,596</u>	<u>27,408,596</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

2005 Tax Allocation Bonds

On June 14, 2005, the Whittier Redevelopment Agency issued \$7,730,000 of 2005 Series A Tax Allocation Bonds. Proceeds from the sale of bonds will be used to (i) finance redevelopment activities within or for the benefit of the Agency's Earthquake Recovery Project Area, (ii) purchase a reserve fund surety bond in-lieu of a cash reserve account; and (iii) provide for the costs of issuance.

The principal of the bonds is payable each November 1 commencing 2006 through 2035. Interest is payable semi-annually each May 1 and November 1 beginning November 2005. Interest rates on the bonds range from 3.0% to 5.0%. The reserve requirement was \$488,458. Payment of the principal and interest on the bonds is guaranteed by a municipal bond guaranty insurance policy. The principal amount outstanding at June 30, 2008 was \$7,445,000.

2007A Tax Allocation Bonds

On May 24, 2007, the Whittier Redevelopment Agency issued \$18,695,000 of Tax Allocation Bonds, 2007 Series A ("Bonds"). Proceeds from the sale of the Bonds will be used to (i) finance redevelopment activities within or *for* the benefit of the Agency's Commercial Corridor Redevelopment Project (the "Project Area.") in the City of Whittier, (ii) fund a reserve account for the Bonds, (iii) fund net capitalizable interest with respect to a position of the Bonds through May 1, 2010, and (iv) provide for the costs of issuing the Bonds. The principal of the Bonds is payable commencing on November 1, 2007 through November 1, 2038, and interest is payable semiannually each May 1. and November 1 beginning November 1, 2007. Interest rates range from 3.9% to 4.875%. The principal amount outstanding at June 30, 2008 is \$18,695,000.

2007 B Taxable Tax Allocation Bonds

On May 24, 2007, the Whittier Redevelopment Agency issued \$15,660,000 of Taxable Tax Allocation Bonds, 2007 Series B ("Bonds"). Proceeds from the sale of the Bonds will be used to (i) finance low and moderate income housing activities throughout the geographic boundaries of the City of Whittier, (ii) fund a reserve account for the Bonds; and (iii) provide for the costs of issuing the Bonds. The principal of the bonds is payable commencing on November 1, 2007 through November 1, 2038, and interest is payable semi-annually each May I and November 1 beginning November 1, 2007. Interest rates range from 5.50% to 6.09%. The principal amount outstanding at June 30, 2008 is \$15,660,000.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Claims Payable

The City is self insured for general liability and workers' compensation claims. The City records losses for claims incurred but not reported when the probable amount of loss can be reasonably estimated. Total amount of estimated claims outstanding at June 30, 2008 is \$6,638,783. The Internal Service Fund for self insurance has liquidated claims and judgments. Approximately 78% is funded by the general fund, 3% by Sewer fund, 11% by Water fund, and 8% by Solid Waste Fund.

Loans Payable

Quad Loan – the Whittier Redevelopment Agency has obligated an amount to GMS Realty, the owner of the Whittier Quad Shopping Center, pursuant to a Disposition and Development Agreement (DDA) dated October 20, 1988, a First Implementation Agreement dated November 16, 1990, a Second Implementation Agreement dated November 16, 1995, and an Amended and Restated DDA dated August 9, 1996.

The Agency originally entered into a Disposition and Development Agreement (DDA) with Ahmanson, a developer, for the development of the Whittier Quad, a retail and commercial shopping center. The Quad was sold to GMS Realty during the fiscal year 1996-97. The amended DDA states that the Agency has obligated 61.6% of gross property tax increment and 50% of sales tax revenues generated by the project. These two revenue sources will be used by the Agency to reimburse the developer for assessment district payments and City administrative costs on the Community Facilities District Bond 91-1 issued to finance the project less certain costs related to the December 1998 Refunding Bond.

In the event, however, that the tax increment and 50% of the sales tax generated by the Center are insufficient to cover the reimbursement, the balance becomes a loan from the owner of the Quad to the Agency at an annual interest rate of 8% from 1991-92 through 1993-94, 0% from 1994-95 through 1997-98, 3% from 1998-99 through 2001-02, 6% from 2002-03 through 2004-05 and 7% thereafter. Repayment of the remaining debt is still limited to the project's property tax increment and 50% of the sales tax. The balance outstanding at June 30, 2008 is \$2,868,888.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Loans Payable (Continued)

Urbatec Loan – In January 1989, the Agency entered into a Disposition and Development Agreement (DDA) with Urbatec, a developer, for the development of the Whittier Marketplace, a retail and commercial shopping center. The Agency obligated 80% of net tax increment and 50% of sales tax revenues generated by the project. The agreement was dated August 1988, amended in July 1991, and amended through court in June 1996. These two revenue sources will be used by the Agency to reimburse the developer for assessment district payments less \$50,000 and certain City administrative costs on the Community Facilities District Bond 89-1 issued to finance the project, refunded in August 1998.

In the event, however, that the tax increment and 50% of the sales tax generated by the center are insufficient to cover the reimbursement, the balance becomes a loan from Urbatec to the Agency at 2% annual interest (formerly at 8% prior to fiscal year 1996-97). Repayment of the remaining debt is still limited to the project's property tax increment and 50% of the sales tax. The balance outstanding at June 30, 2008 is \$1,441,507.

No minimum debt service requirements are presented due to the fact the repayments are calculated based on sales tax revenue generated from the projects as well as tax increment received on the property.

Business-type Activity long-term debt at June 30, 2008 consisted of the following:

Revenue Bonds Payable, Water Fund 2003 Series A

On March 4, 2003, the Whittier Utility Authority issued 2003 Series A Revenue Bonds in the amount of \$10,945,000 in order to advance refund the 1993 Water Revenue Refunding Bonds in the amount of \$6,610,000, pay for discounts and costs of issuance, and finance improvements to the water production and distribution systems. In lieu of a reserve account, the Authority used a portion of the proceeds of issuance to purchase a reserve fund surety bond.

The bonds consist of \$3,855,000 of serial bonds maturing in part each June 1 beginning in 2003 and ending in 2018. Interest rates on the serial bonds vary from 2.00% to 4.50%. The issue also consists of \$7,090,000 of term bonds with maturity dates beginning on June 1, 2023 and then each subsequent 5 year period until final maturity in 2033.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Revenue Bonds Payable, Water Fund 2003 Series A (Continued)

The bonds will be paid from the net revenues (pledged revenue) of the water fund operations. The Authority has covenanted, to provide net revenues equal to at least 1.25 times the annual amount of principal and interest due on the bonds. For the fiscal year ended June 30, 2008, the net revenues are equal to or greater than the required amount times the aggregate amount of principal and interest.

The outstanding amount of bonds at June 30, 2008 is \$9,670,000.

Solid Waste Revenue Bonds, 1993 Series A

In December of 1993, the City of Whittier issued \$5,935,000 of Solid Waste Revenue Bonds, 1993 Series A. The proceeds were used to refund the Solid Waste Revenue Bonds, 1987 Series A and make improvements to prior projects. These bonds have been assigned to the Authority upon creation.

Bonds maturing in the years 1994 to 2008 are serial bonds payable in annual installments of \$175,000 to \$320,000. The bonds bear interest at 2.5% to 5.2%. Bonds maturing on August 1, 2014, in the amount of \$2,340,000 are term bonds and bear interest at 5.375%. Bonds maturing on or before August 1, 2003, are not subject to optional redemption. Bonds maturing on or after August 1, 2004, are subject to redemption in whole or in part by lot prior to their stated maturities on any date commencing on or after August 1, 2003, at a premium ranging from 2% in 2003 to 0% in 2006. The term bonds are subject to mandatory redemption in whole or in part by lot, without premium, commencing August 1, 2009, and on each August 1 thereafter from sinking fund payments made by the Authority. The required reserve for the Solid Waste Revenue Bonds, 1993 Series A, is \$451,901. As of June 30, 2008, the reserve was fully funded. The bonds are payable from the net revenues of the existing solid waste collection and disposal enterprise of the Authority. Net revenues must be equal to at least 1.50 times the aggregate amount of principal and interest on the bonds. At June 30, 2008, the net revenues are equal to 5.95 times the aggregate amount of principal and interest. The amount of bonds outstanding as of June 30, 2008 is \$2,660,000.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Closure and Postclosure Payable, Continued Closure and Postclosure Payable

Federal and state laws and regulations require the City to place a final cover on its Savage Canyon landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The \$18,082,333 reported as landfill closure and postclosure care liability at June 30, 2008 represents the cumulative amount reported to date based on the use of 55.89% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$17,213,994 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The City expects to close the landfill in the year 2048. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City is required by federal and state laws and regulations to accumulate assets held in trust to finance closure and postclosure care. At June 30, 2008, assets of \$7,399,511 are held for these purposes. These are reported as restricted assets on the statement of net asset. The closure and postclosure care costs are primarily funded by a portion of the fee collected from landfill users. Postclosure costs will be covered from revenues of the Solid Waste Collection operation and interest earnings on the accumulated assets held in trust.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Governmental Long-Term Debt Amortization

The annual requirements to amortize long-term liabilities outstanding as of June 30, 2008 are as follows:

Year Ending June 30,	Public Financing Authority 2002 Revenue Bonds, Series A		
	Principal	Interest	Total
2009	\$ 265,000	328,134	593,134
2010	275,000	316,045	591,045
2011	290,000	302,833	592,833
2012	305,000	288,473	593,473
2013	320,000	273,000	593,000
2014-2018	1,855,000	1,088,490	2,943,490
2019-2023	2,430,000	505,865	2,935,865
2024	570,000	15,675	585,675
	<u>\$ 6,310,000</u>	<u>3,118,515</u>	<u>9,428,515</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Governmental Long-Term Debt Amortization, (Continued)

Year Ending June 30,	2005 Tax Allocation Bonds		
	Principal	Interest	Total
2009	\$ 150,000	328,420	478,420
2010	155,000	323,845	478,845
2011	160,000	319,120	479,120
2012	165,000	314,142	479,142
2013	170,000	308,801	478,801
2014-2018	955,000	1,447,250	2,402,250
2019-2023	1,175,000	1,238,284	2,413,284
2024-2028	1,420,000	953,541	2,373,541
2029-2033	1,790,000	558,750	2,348,750
2034-2036	1,305,000	99,875	1,404,875
	<u>\$ 7,445,000</u>	<u>5,892,028</u>	<u>13,337,028</u>

June 30,	2007 A Tax Allocation Bonds		
	Principal	Interest	Total
2009	\$ 190,000	916,953	1,106,953
2010	195,000	909,348	1,104,348
2011	300,000	898,846	1,198,846
2012	315,000	885,205	1,200,205
2013	330,000	870,658	1,200,658
2014-2018	1,895,000	4,101,308	5,996,308
2019-2023	2,395,000	3,584,978	5,979,978
2024-2028	3,050,000	2,912,319	5,962,319
2029-2033	3,895,000	2,045,026	5,940,026
2034-2038	4,980,000	937,670	5,917,670
2039	1,150,000	28,848	1,178,848
	<u>\$ 18,695,000</u>	<u>18,091,159</u>	<u>36,786,159</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Governmental Long-Term Debt Amortization, (Continued)

Year Ending June 30,	2007 B Tax Allocation Bonds		
	Principal	Interest	Total
2009	\$ 280,000	925,108	1,205,108
2010	295,000	909,296	1,204,296
2011	310,000	892,658	1,202,658
2012	325,000	875,196	1,200,196
2013-2017	1,890,000	4,081,590	5,971,590
2018-2022	2,445,000	3,467,109	5,912,109
2023-2027	3,230,000	2,610,174	5,840,174
2028-2032	3,030,000	1,638,819	4,668,819
2033-2037	2,600,000	798,354	3,398,354
2038-2039	1,255,000	77,495	1,332,495
	<u>\$ 15,660,000</u>	<u>\$ 16,275,799</u>	<u>\$ 31,935,799</u>

Business-Type Activity Long-Term Debt Amortization

Year Ending June 30,	2003 Water Revenue Bonds		
	Principal	Interest	Total
2009	\$ 210,000	451,413	661,413
2010	220,000	445,323	665,323
2011	225,000	438,063	663,063
2012	235,000	430,188	665,188
2013	245,000	421,375	666,375
2014-2018	1,445,000	1,944,780	3,389,780
2019-2023	1,820,000	1,585,163	3,405,163
2024-2028	2,315,000	1,097,250	3,412,250
2029-2033	2,955,000	457,750	3,412,750
	<u>\$ 9,670,000</u>	<u>7,271,305</u>	<u>16,941,305</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(8) Long-Term Liabilities, (Continued)

Business-type Activity Long-Term Debt Amortization, (Continued)

Year Ending June 30,	1993 Solid Waste Revenue Bonds		
	Principal	Interest	Total
2009	320,000	134,096	454,096
2010	340,000	116,638	456,638
2011	360,000	97,825	457,825
2012	375,000	78,072	453,072
2013	400,000	57,244	457,244
2014	865,000	47,165	912,165
	<u>\$ 2,660,000</u>	<u>531,040</u>	<u>3,191,040</u>

Defeasance of Debt

The City defeased or partially defeased the 1998 Tax Allocation Refunding Bonds and by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the defeased debt. Accordingly, the trusts' assets and the liability for the defeased debt issues are not included in the City's financial statements. The outstanding balances of the debt considered defeased as of June 30 was \$5,790,000.

(9) Debt Without Government Commitment

The following bond issues are not reflected in long-term debt because these debts are solely payable from and secured by the assets and revenues of other parties. Neither the faith and credit, nor the taxing power of the City, the Redevelopment Agency, the Public Financing Authority, the State of California or any political subdivision thereof, is pledged for the payment of these debts.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(9) Debt Without Government Commitment, (Continued)

Community Facilities District No. 1989-1 (Whittier Station Center) of the City of Whittier 1998 Special Tax Bonds

On July 23, 1998, the Community Facilities District issued \$5,470,000 of 1998 Special Tax Refunding Bonds. The bonds mature on September 1, 2024. The bonds have varying interest rates ranging from 5.1% to 6% and interest is payable semi-annually on March 1 and September 1 of each year. The bonds were authorized by Ordinance 2466 and were issued pursuant to Bonds, Article 5 of said Ordinance. The purpose of the bonds is to advance refund the outstanding Community Facilities District No. 1989-1 (Whittier Station Center) 1989 Special Tax Bonds. Funds for payment of bond principal and interest requirements, as they come due, are to be obtained from a special tax levied by the City on behalf of the District against lands within the District. These bonds are payable only from special assessment collections from the property owners and funds pledged under a Fiscal Agent Agreement. The City is in no way liable for repayment. The City is only acting as an agent for the property owners and bondholders in collecting and forwarding the special assessments toward bond debt service. The outstanding principal balance at June 30, 2008 is \$4,380,000.

Community Facilities District No. 1991-1 (Whittier Boulevard/Painter Avenue) 1998 Special Tax Bonds

On December 23, 1998, the Community Facilities District issued \$6,285,000 of 1998 Special Tax Refunding Bonds. The bonds mature on September 1 of each year from 1999 to 2012. The bonds have varying interest rates ranging from 3.6% to 5.4% and interest is payable semi-annually on March 1 and September 1, of each year, commencing September 1, 1999. The bonds were authorized by Ordinance 2466 and were issued pursuant to the provisions of the City of Whittier Special Tax Financing Improvement Code, enacted by the City on June 6, 1989. The purpose of the bonds is to advance refund the outstanding Community Facilities District No. 1991-1 (Whittier Boulevard/Painter Avenue) 1991 Special Tax Bonds. Funds for payment of bond principal and interest requirements, as they come due, are to be obtained from a special tax levied by the City on behalf of the District against lands within the District. These bonds are payable only from special assessment collections from the property owners. The City is in no way liable for repayment. The City is only acting as an agent for the property owners and bondholders in collecting and forwarding the special assessments toward bond debt service. The outstanding principal balance at June 30, 2008 is \$2,690,000.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(9) Debt Without Government Commitment, (Continued)

Health Facility Revenue Bonds (Presbyterian Intercommunity Hospital) Series 2007

The City of Whittier entered into a Loan Agreement dated January 1, 2007, and a Supplemental Master Indenture of Trust for Obligation No. 3 dated January 1, 2007, with Presbyterian Intercommunity Hospital, Inc. (“Hospital”), InterHealth Corp., and IHC Management Corp. pursuant to which the City has issued Bonds for \$292,000,000 on January 1, 2007, at the PARS rate. Bonds accruing at the PARS Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed if the PARS are in a daily, seven-day, 14-day, 28-day, 35-day, a three-month auction period or a special auction period of 182 days or less and on the basis of a 360-day year, consisting of twelve 30-day months, if the PARS are in a six-month auction period or a special auction period of greater than 182 days. The proceeds of the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C and the 2007D Bonds will be applied to finance and refinance the acquisition, construction, equipping and improvement of certain facilities owned or operated by the Hospital. In addition, to advance refund all of the outstanding principal amount of the \$80,000,000 City of Whittier Health Facility Revenue Bonds (Presbyterian Intercommunity Hospital), Series 2002. The Bonds mature in June 2036. The City is not obligated to pay the principal, premium and interest on the Bonds. Outstanding balance at June 30, 2008 is \$292,000,000.

Variable Rate Demand Revenue and Refunding Bonds (Whittier College) Series 2004

The City of Whittier entered into a Loan Agreement dated April 7, 2004 with Whittier College (“College”), pursuant to which the City has issued bonds for \$60,000,000 on April 7, 2004, at a Weekly Interest rate with a maximum rate of 12% per annum. The proceeds of the Series 2004 Bonds will be applied to finance the acquisition, construction, expansion, rehabilitation, remodeling, renovation, and/or equipping of certain educational facilities of the College. In addition, to provide for the current refunding of the City’s Educational Facility Revenue Refunding Bonds (Whittier College) Series 1993, to fund a debt service reserve fund for the Bonds and to pay costs incurred in connection with the issuance of the Bonds. The Bonds mature in December 1, 2033. The City is not obligated to pay the principal, premium and interest on the Bonds. Outstanding balance at June 30, 2008 is \$56,695,000.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(10) Defined Benefit Pension Plan

Plan Description

The City of Whittier contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. All full time employees other than Safety are in the 2.5% at age 55 plan, while Safety employees are in the 3% at age 50 plan with a maximum of 90% of their single highest year's pay. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions of 4.6% required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2008 was 29.70% for safety employees and 6.42% for miscellaneous employees. Separately funded plans have been established for each employee group. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

Annual Pension Cost

For the fiscal year ended June 30, 2008, the City's annual pension cost (employer contribution) of \$3,835,221 for safety employees and \$1,662,718 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of an actuarial valuation performed as of June 30, 2005 using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a three-year period (smoothed market value). PERS' unfunded actuarial accrued liability is being

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(10) Defined Benefit Pension Plan (Continued)

Annual Pension Cost, (Continued)

amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and the current service unfunded liability into a single initial unfunded liability. The single funding horizon for this initial unfunded liability is June 30, 2036 for the safety plan and the miscellaneous plan.

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2005	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date	32 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% depending on Age, Service, and type of employment	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(10) Defined Benefit Pension Plan (Continued)

The Schedule of Funding Progress presented below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information - Safety

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* As a % of Payroll
6/30/2005	\$ 102,179,897	\$ 80,120,356	\$ 22,059,541	78.4%	\$ 9,142,837	241.3%
6/30/2006	108,449,431	85,084,163	23,365,268	78.5%	8,814,969	265.1%
6/30/2007	115,397,938	90,358,049	25,039,889	78.3%	9,457,332	264.8%

Required Supplementary Information – Miscellaneous

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* As a % of Payroll
6/30/2005	\$ 91,083,799	\$ 95,436,116	\$ (4,352,317)	104.8%	\$ 14,088,282	(30.9)%
6/30/2006	97,890,413	101,431,047	(3,540,634)	103.6%	14,812,522	(23.9)%
6/30/2007	105,843,757	108,354,247	(2,510,490)	118.8%	15,063,179	(16.7)%

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$3,671,329	1,382,653	100%	-
6/30/2007	3,568,167	1,397,301	100%	-
6/30/2008	3,835,221	1,662,718	100%	-

*UAAL refers to unfunded actuarial accrued liability.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(11) Fund Balance Reservations

The City has established certain fund balance reserve accounts to report amounts which represent resources not available for appropriation.

- a. Amounts reserved for encumbrances are commitments for materials and services on purchase orders
- b. Amounts reserved for long-term advances indicate that repayments are not available as a resource to meet expenditures of the current year.
- c. Amounts reserved for continuing projects in governmental funds are unexpended appropriations on incomplete capital improvement projects which have been carried forward into the new fiscal year.
- d. The reserve for land held for resale in the capital projects funds is equal to the amount of land inventory available for sale to developers for development purposes in future years.
- e. The reserve for restricted assets represents cash and investments, interest receivable, and accounts receivable which are to be used for specific purposes in the future.
- f. The reserve for public employees' retirement represents amounts set aside to be used to fund employees' retirement in the future.
- g. the 20% housing set aside money in the Whittier Redevelopment Agency.
- h. The reserve for prepaid items is equal to the prepaid expenses which are not available as a resource to meet current year expenditures.

(12) Risk Management

The City adopted a self-insured workers' compensation program which is administered by a third party administrator. The City is self-insured for the first \$500,000 on each claim. Insurance coverage in excess of the self-insured amount is provided by CSAC-EIA, a Joint Powers Authority, at statutory amounts for workers' compensation. Also, the City is self-insured for the first \$500,000 on each general liability claim against the City. The insurance coverage in excess of the self-insured amount is provided by California Insurance Pool Authority (CIPA) up to a limit of \$42,000,000. According to City management, settled claims have not exceeded the commercial coverage since inception.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(12) Risk Management, (Continued)

While the ultimate amount of losses incurred through June 30, 2008, are dependent on future developments, based upon information from the City Attorney, outside counsel, third party administrators, and others involved with the administration of the programs, management believes that the designation is adequate to cover such losses. Costs relating to the litigation of claims are expensed as incurred. Losses for claims incurred but not reported are recorded when the probable amount of loss can be reasonably estimated.

The following is a schedule of changes in claims and judgments for the fiscal year ended June 30, 2008:

	<u>Worker's Compensation</u>	<u>General Liability</u>	<u>Total</u>
Claims and judgments at June 30, 2006	\$3,392,146	1,571,988	4,964,134
Claims payments	(1,139,853)	(1,343,119)	(2,482,972)
Claims incurred and changes in estimates	<u>2,507,896</u>	<u>1,281,999</u>	<u>3,789,895</u>
Claims and judgments at June 30, 2007	4,760,189	1,510,868	6,271,057
Claims payments	(1,941,865)	(775,677)	(2,717,542)
Claims incurred and changes in estimates	<u>709,812</u>	<u>2,375,456</u>	<u>3,085,268</u>
Claims and judgments at June 30, 2008	<u>\$3,528,136</u>	<u>3,110,647</u>	<u>6,638,783</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(13) Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan is available to full-time employees and the other plan is available to part-time employees only. The Omnibus Budget Reconciliation Act of 1990 mandates social security coverage for state and local government employees who are not covered by a retirement plan. The Internal Revenue Service regulations allow an employer to designate a 457(b) Deferred Compensation Plan as an alternative to social security. Since the City's PERS retirement plan is primarily available for full-time employees only, a deferred compensation plan was established in December 1991 to comply with the mandate. All part-time employees not covered under the PERS retirement plan contribute 7.5% of their salary to the plan. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by third party administrators for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

(14) Post Retirement Health Insurance

In addition to the pension benefits described in Note 10, the City provides certain health insurance benefits, in accordance with memorandum of understandings, to retired employees. Employees may become eligible for the benefits through age 65 if they reach normal retirement age while working for the City and have 15 years of service under the PERS system, including employment with another employer. For year June 30, 2008, the City contributed up to \$415 per month toward the cost of health insurance provided under the City's health insurance program. The City recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance premiums which totaled \$789,119 for retired employees, \$300,733 of which was paid by the City for the fiscal year. Currently, these benefits are provided for 102 retirees.

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(15) Litigation

The City is a defendant in eminent domain and other personal injury lawsuits of a nature common to many similar jurisdictions. City management believes that the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

(16) Commitments and Contingencies

The City has been named as a responsible party by the Environmental Protection Agency for clean up at a waste disposal facility located within the City. The City has already contributed to the clean up, however, assessments are continuing and the City may be liable for additional contributions. At the present time any amounts due are not known and City management believes that amounts due, if any, would not materially offset the financial statements of the City.

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

The Whittier Redevelopment Agency and the Whittier Public Financing Authority created the Whittier Utility Authority (Authority) on February 1, 2002. The Authority leases from the City, all of its utility enterprise funds. The Authority has also entered into a management agreement with the City for the operation and maintenance of the utility enterprises. The lease expires January 31, 2057 and all of the utility enterprise assets and activities revert back to the City. The minimum annual lease payments from the Authority to the City amount to \$878,743. The maximum amount of lease payments over the term of the lease cannot exceed \$143,609,173 (present value).

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(16) Commitments and Contingencies, (Continued)

Future minimum lease payment requirements are as follows:

<u>Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2009	878,743
2010	878,743
2011	878,743
2012	878,743
2013	878,743
2014-2018	4,393,715
2019-2023	4,393,715
2024-2028	4,393,715
2029-2033	4,393,715
2034-2038	4,393,715
2039-2043	4,393,715
2044-2048	4,393,715
2049-2053	4,393,715
2054-2057	3,514,972
	<u>\$ 43,058,407</u>

CITY OF WHITTIER
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

(17) Subsequent Events

On November 13, 2008, the City entered into a loan agreement with the Whittier College (“College”) dated November 13, 2008, pursuant to which the City has issued refunding bonds (“Bonds”) for \$56,000,000. The proceeds of the Series 2008 College Bonds will be used to (i) finance the planning, construction, renovation, remodeling and/or improving of certain athletic facilities, other facilities, classrooms and other miscellaneous capital projects at the College (ii) provide for current refunding of City’s Series 2004 College Bonds (iii) to pay for costs incurred associated with the issuance of the Series 2008 College Bonds. This Bond is not the debt of the City and is solely payable from and secured by the assets and revenues of other parties. The bond matures on December 1, 2038 that interest has been in a Weekly Interest Rate Period until converted to a Term Interest Rate Period. The Weekly Interest Rate cannot exceed 10% per annum.

On November 19, 2008, the City entered into an agreement with Bernards’ Bros. Inc. for the construction of the City’s police facility in the amount of \$20,714,000.

Supplementary Information

CITY OF WHITTIER

MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources and payment of the City's long-term debt.

The Whittier Redevelopment Agency Debt Service Fund – to account for the property tax increment received by the Agency and also for the repayment of the Agency's indebtedness.

Whittier Public Financing Authority Debt Service Fund – to account for the proceeds of the 2002 and 2007A Revenue Bonds, loaned to the Whittier Redevelopment Agency, and for the debt service payments.

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Redevelopment Agency Debt Service Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 6,476,800	7,819,276	1,342,476
Use of money and property	506,600	1,593,482	1,086,882
Total revenues	<u>6,983,400</u>	<u>9,412,758</u>	<u>2,429,358</u>
Expenditures:			
Current:			
Community development	1,084,415	1,259,078	(174,663)
Debt service:			
Principal	3,461,279	1,208,017	2,253,262
Interest and fiscal charges	1,580,046	2,472,628	(892,582)
Pass through agreements	1,754,675	2,220,583	(465,908)
Total expenditures	<u>7,880,415</u>	<u>7,160,306</u>	<u>720,109</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(897,015)</u>	<u>2,252,452</u>	<u>3,149,467</u>
Other financing sources (Uses):			
Issuance of debt	15,116,818	15,116,818	-
Payment to escrow agent	(5,790,000)	(5,790,000)	-
Loan additions	1,631,728	1,142,901	(488,827)
Transfers out	-	(1,440,000)	(1,440,000)
Total other financing sources (uses)	<u>10,958,546</u>	<u>9,029,719</u>	<u>(1,928,827)</u>
Net change in fund balance	10,061,531	11,282,171	1,220,640
Fund balance (deficit) at beginning of year	<u>13,462,131</u>	<u>13,462,131</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 23,523,662</u>	<u>24,744,302</u>	<u>1,220,640</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Public Financing Authority Debt Service Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 593,998	838,010	244,012
Total revenues	<u>593,998</u>	<u>838,010</u>	<u>244,012</u>
Expenditures:			
Debt service:			
Bond issue costs	292,920	292,920	-
Principal	255,000	255,000	-
Interest and fiscal charges	342,973	852,521	(509,548)
Total expenditures	<u>890,893</u>	<u>1,400,441</u>	<u>(509,548)</u>
Excess (deficiency) of revenues over expenditures	<u>(296,895)</u>	<u>(562,431)</u>	<u>(265,536)</u>
Other financing sources (Uses):			
Issuance of debt	308,182	308,182	-
Transfers in	3,975	3,550	(425)
Total other financing sources (uses)	<u>312,157</u>	<u>311,732</u>	<u>(425)</u>
Net change in fund balance	15,262	(250,699)	265,961
Fund balance at beginning of year	<u>7,183,556</u>	<u>7,183,556</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 7,198,818</u></u>	<u><u>6,932,857</u></u>	<u><u>265,961</u></u>

CITY OF WHITTIER
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue (other than those for major capital projects) that are restricted legally to expenditures for particular purposes.

Home Grant Fund – to account for the receipt and expenditures of the City’s Home Grant entitlement from the U.S. Department of Housing and Urban Development (HUD).

Street Lighting District 1-91 Fund – to account for street lighting assessment charges to provide for street lighting facilities for Foxley Drive between Santa Fe Springs Road and Villa Drive.

Asset Seizure – Forfeitures Fund – to account for the receipt of seized assets that were the proceeds from, or used in the sale or possession of, illegal narcotics trafficking, and the expenditure of such assets for law enforcement purposes.

SB 358 Library Grant Fund – to account for the receipt and expenditure of state funds received under the Public Library Grant Program.

State COPs Fund – to account for the receipt and expenditure of state funds received under the Citizens Option for Public Safety program.

Air Quality Improvement Fund – to account for motor vehicle registration fees received from the South Coast Air Quality Management District to reduce air pollution from motor vehicles pursuant to the California Clean Air Act of 1988.

Business Improvement Area fund – to account for special levy imposed on businesses in the Uptown Village area to promote various activities within the area.

Earthquake Relief Fund – to account for donations made to the Whittier Earthquake Relief Fund for providing earthquake relief grants to eligible establishments.

State Gas Tax Fund – to account for the construction and maintenance of the road network system of the City. Financing is provided by the City’s share of state gasoline taxes, which are required by state law to be used to maintain streets.

Traffic Safety Fund – to account for fines collected on vehicle code violations which can be expended only for traffic safety purposes.

Traffic Offender Fund – to account for revenues from the Vehicle Impound Program as well as court fines from traffic violations. This fund will support the Traffic Safety Program after a grant from the California Office of Traffic Safety has been exhausted.

CITY OF WHITTIER

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(Continued)

Traffic Congestion Fund – to account for the receipt and expenditures of State funds to relieve traffic congestion by supplementing the City’s Capital Improvement Program.

HUD Grants Fund – to account for the receipt and expenditure of the City’s entitlement under the federal Community Development Block Grant and the Rental Rehabilitation Grant programs of the U.S. Department of Housing and Urban Development (HUD).

Whittier Uptown Parking District No. 1 Fund – to account for the operation and maintenance of the multi-deck structure on Bright Avenue.

Whittier Uptown Parking District No. 2 Fund – to account for the operation and maintenance of the various surface parking lots in the Uptown Village area.

Uptown Village Maintenance District Fund – to account for benefit assessments against Uptown Village property owners for the maintenance of special street enhancements and litter control in the Uptown Village area.

CAPITAL PROJECTS FUND

The Whittier Redevelopment Agency Capital Projects Fund – to account for the financing, construction, and administrative activities of the Agency.

Capital Outlay Fund – to account for major capital projects funded from general revenues, as required by Section 1112 of the City Charter.

CITY OF WHITTIER
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds				
	HOME Grant	Street Lighting District 1-91	Asset Seizure Forfeiture	SB358 Library Grant	State COPS Grant
Assets:					
Cash and investments	\$ -	-	-	145,728	320,909
Restricted assets:					
Cash and investments	-	-	1,779,846	-	-
Receivables:					
Intergovernmental	21,691	-	-	-	-
Accounts	-	-	-	-	-
Notes and loans	1,426,482	-	-	-	-
Interest	24,197	-	26,268	1,359	3,454
Land held for resale	-	-	-	-	-
Total Assets	\$ 1,472,370	-	1,806,114	147,087	324,363
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 3,544	32	-	-	-
Accrued liabilities	2,302	-	3,581	-	8,289
Due to other funds	14,343	43	-	-	-
Deferred revenues	24,197	-	-	-	-
Deposits payable	1,500	-	3,148	-	-
Total Liabilities	45,886	75	6,729	-	8,289
Fund Balances (deficit):					
Reserved:					
Reserved for restricted assets	-	-	1,779,846	-	-
Reserved for encumbrances	-	-	-	-	-
Reserved for continuing appropriations	-	-	-	-	-
Reserved for long-term advances and notes	1,426,482	-	-	-	-
Reserved for land held for resale	-	-	-	-	-
Unreserved/undesignated reported in:					
Special revenue funds	2	(75)	19,539	147,087	316,074
Capital projects fund	-	-	-	-	-
Total fund balances (deficit)	1,426,484	(75)	1,799,385	147,087	316,074
Total liabilities and fund balances	\$ 1,472,370	-	1,806,114	147,087	324,363

<u>Air Quality Improvement</u>	<u>Business Improvement Area</u>	<u>Earthquake Relief</u>	<u>State Gas Tax</u>	<u>Traffic Safety</u>
180,069	10,458	4,800	671,980	96,263
-	-	-	-	-
27,600	-	-	970,282	20,763
-	-	-	-	-
2,319	-	-	8,862	-
-	-	-	-	-
<u>209,988</u>	<u>10,458</u>	<u>4,800</u>	<u>1,651,124</u>	<u>117,026</u>
12,865	10,458	-	42,358	11,066
1,182	-	-	-	-
-	-	-	162,902	-
-	-	-	382,183	-
-	-	-	-	-
<u>14,047</u>	<u>10,458</u>		<u>587,443</u>	<u>11,066</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
195,941	-	4,800	1,063,681	105,960
-	-	-	-	-
<u>195,941</u>	<u>-</u>	<u>4,800</u>	<u>1,063,681</u>	<u>105,960</u>
<u>209,988</u>	<u>10,458</u>	<u>4,800</u>	<u>1,651,124</u>	<u>117,026</u>

CITY OF WHITTIER
Combining Balance Sheet
Nonmajor Governmental Funds
(Continued)

	Special Revenue Funds				
	Traffic Offender	Traffic Congestion	HUD Grants	Whittier Uptown Parking District No.1	Whittier Uptown Parking District No.2
Assets:					
Cash and investments	-	-	286,428	35	647,222
Restricted assets:					
Cash and investments	-	-	-	-	-
Receivables:					
Intergovernmental	-	-	106,567	660	-
Accounts	-	-	-	4,320	778
Notes and loans	-	-	2,133,552	-	-
Interest	-	-	56,458	-	11,654
Land held for resale	-	-	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>2,583,005</u>	<u>5,015</u>	<u>659,654</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	-	-	61,349	850	473
Accrued liabilities	3,494	-	16,448	2,015	-
Due to other funds	142,522	-	-	30,282	-
Deferred revenues	-	-	56,458	-	-
Deposits payable	-	-	8,298	-	-
Total Liabilities	<u>146,016</u>	<u>-</u>	<u>142,553</u>	<u>33,147</u>	<u>473</u>
Fund Balances:					
Reserved:					
Reserved for restricted assets	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-
Reserved for continuing appropriations	-	-	-	-	-
Reserved for long-term advances and notes	-	-	2,133,552	-	-
Reserved for land held for resale	-	-	-	-	-
Unreserved/undesignated reported in:					
Special revenue funds	(146,016)	-	306,900	(28,132)	659,181
Capital projects fund	-	-	-	-	-
Total fund balances (deficit)	<u>(146,016)</u>	<u>-</u>	<u>2,440,452</u>	<u>(28,132)</u>	<u>659,181</u>
Total liabilities and fund balances	<u>-</u>	<u>-</u>	<u>2,583,005</u>	<u>5,015</u>	<u>659,654</u>

Uptown Village Maintenance District	Capital Projects Funds		Total Nonmajor Governmental Funds
	Redevelopment Agency	Capital Outlay	
-	1,668,903	4,501,338	8,534,133
-	3,281,384	-	5,061,230
-	-	-	1,147,563
-	-	-	5,098
-	-	-	3,560,034
-	28,580	22,174	185,325
-	2,542,284	-	2,542,284
-	7,521,151	4,523,512	21,035,667
-	74,494	350,435	567,924
-	-	1,257	38,568
28,980	2,576	-	381,648
-	-	-	462,838
-	25,000	-	37,946
28,980	102,070	351,692	1,488,924
-	3,281,384	-	5,061,230
-	-	2,465,365	2,465,365
-	-	529,046	529,046
-	-	-	3,560,034
-	2,542,284	-	2,542,284
(28,980)	-	-	2,615,962
-	1,595,413	1,177,409	2,772,822
(28,980)	7,419,081	4,171,820	19,546,743
-	7,521,151	4,523,512	21,035,667

CITY OF WHITTIER
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

	Special Revenue Funds				
	HOME Grant	Street Lighting District 1-91	Asset Seizure Forfeiture	SB358 Library Grant	State COPS Grant
Revenues:					
Taxes	\$ -	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and forfeits	-	-	134,426	-	20,000
Use of money and property	-	-	98,883	5,646	13,718
Intergovernmental	2,039,006	-	-	33,493	167,658
Charges for services	-	1,147	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>2,039,006</u>	<u>1,147</u>	<u>233,309</u>	<u>39,139</u>	<u>201,376</u>
Expenditures:					
Current:					
Public safety	-	-	143,368	-	226,382
Libraries	-	-	-	35,587	-
Public works	-	932	-	-	-
Community development	1,249,394	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>1,249,394</u>	<u>932</u>	<u>143,368</u>	<u>35,587</u>	<u>226,382</u>
Excess (deficiency) of Revenues Over (Under)					
Expenditures	<u>789,612</u>	<u>215</u>	<u>89,941</u>	<u>3,552</u>	<u>(25,006)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	<u>(825,934)</u>	<u>-</u>	<u>(1,240,933)</u>	<u>(725)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(825,934)</u>	<u>-</u>	<u>(1,240,933)</u>	<u>(725)</u>	<u>-</u>
Net Change in Fund Balances	<u>(36,322)</u>	<u>215</u>	<u>(1,150,992)</u>	<u>2,827</u>	<u>(25,006)</u>
Fund balances (deficit), beginning of year	<u>1,462,806</u>	<u>(290)</u>	<u>2,950,377</u>	<u>144,260</u>	<u>341,080</u>
Fund balances (deficit), end of year	<u>\$ 1,426,484</u>	<u>(75)</u>	<u>1,799,385</u>	<u>147,087</u>	<u>316,074</u>

Special Revenue Funds

Air Quality Improvement Area	Business Improvement Area	Earthquake Relief	State Gas Tax	Traffic Safety
-	-	-	-	-
-	114,325	-	-	-
-	10,386	-	-	330,220
8,016	-	-	27,941	-
105,035	-	-	1,654,910	-
-	-	-	-	-
-	-	-	-	-
<u>113,051</u>	<u>124,711</u>	<u>-</u>	<u>1,682,851</u>	<u>330,220</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	1,578,973	-
240,433	124,711	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>240,433</u>	<u>124,711</u>	<u>-</u>	<u>1,578,973</u>	<u>-</u>
(127,382)	-	-	103,878	330,220
-	-	-	-	-
-	-	-	(988,550)	(349,750)
-	-	-	(988,550)	(349,750)
(127,382)	-	-	(884,672)	(19,530)
323,323	-	4,800	1,948,353	125,490
<u>195,941</u>	<u>-</u>	<u>4,800</u>	<u>1,063,681</u>	<u>105,960</u>

(Continued)

CITY OF WHITTIER
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
(Continued)

	Special Revenue Funds				
	Traffic Offender	Traffic Congestion	HUD Grants	Whittier Uptown Parking District No. 1	Whittier Uptown District No.2
Revenues:					
Taxes	\$ -	-	-	6,530	66,869
Licenses and permits	-	-	-	-	-
Fines and forfeits	40,000	-	-	-	-
Use of money and property	-	2,431	-	36,143	24,663
Intergovernmental	-	-	1,647,671	66	14
Charges for services	30,200	-	-	4,800	18,200
Other	-	-	-	6,250	12,607
Total Revenues	<u>70,200</u>	<u>2,431</u>	<u>1,647,671</u>	<u>53,789</u>	<u>122,353</u>
Expenditures:					
Current:					
Public safety	52,141	-	-	-	-
Libraries	-	-	-	-	-
Public works	-	475,805	-	75,531	61,012
Community development	-	-	1,721,242	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>52,141</u>	<u>475,805</u>	<u>1,721,242</u>	<u>75,531</u>	<u>61,012</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>18,059</u>	<u>(473,374)</u>	<u>(73,571)</u>	<u>(21,742)</u>	<u>61,341</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(1,250)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,250)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	18,059	(473,374)	(74,821)	(21,742)	61,341
Fund balances (deficit), beginning of year	<u>(164,075)</u>	<u>473,374</u>	<u>2,515,273</u>	<u>(6,390)</u>	<u>597,840</u>
Fund balances (deficit), end of year	<u>\$ (146,016)</u>	<u>-</u>	<u>2,440,452</u>	<u>(28,132)</u>	<u>659,181</u>

Uptown Village Maintenance District	Capital Projects Fund		Total Nonmajor Governmental Funds
	Redevelopment Agency	Capital Outlay	
238	-	-	73,637
-	-	-	114,325
-	-	-	535,032
-	165,649	92,274	475,364
-	-	-	5,647,853
-	-	-	54,347
-	94,763	-	113,620
<u>238</u>	<u>260,412</u>	<u>92,274</u>	<u>7,014,178</u>
-	-	-	421,891
-	-	-	35,587
51,592	-	-	2,243,845
-	1,344,692	-	4,680,472
-	-	1,996,917	1,996,917
-	779	-	779
<u>51,592</u>	<u>1,345,471</u>	<u>1,996,917</u>	<u>9,379,491</u>
<u>(51,354)</u>	<u>(1,085,059)</u>	<u>(1,904,643)</u>	<u>(2,365,313)</u>
54,996	2,265,934	4,018,666	6,339,596
-	(3,550)	(80,000)	(3,490,692)
<u>54,996</u>	<u>2,262,384</u>	<u>3,938,666</u>	<u>2,848,904</u>
3,642	1,177,325	2,034,023	483,591
<u>(32,622)</u>	<u>6,241,756</u>	<u>2,137,797</u>	<u>19,063,152</u>
<u>(28,980)</u>	<u>7,419,081</u>	<u>4,171,820</u>	<u>19,546,743</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
HOME Grant Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,868,418	949,922	(1,918,496)
Total revenues	<u>2,868,418</u>	<u>949,922</u>	<u>(1,918,496)</u>
Expenditures:			
Current:			
Community development	2,868,418	1,249,394	1,619,024
Total expenditures	<u>2,868,418</u>	<u>1,249,394</u>	<u>1,619,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(299,472)</u>	<u>(299,472)</u>
Other financing sources (Uses):			
Transfers out	-	(825,934)	(825,934)
Total other financing sources (uses)	<u>-</u>	<u>(825,934)</u>	<u>(825,934)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (US GAAP basis)	<u>-</u>	<u>(1,125,406)</u>	<u>(1,125,406)</u>
Adjustments:			
To adjust for loan payments	-	1,143,934	1,143,934
To adjust for loan receipts	-	(54,850)	(54,850)
Total adjustments	<u>-</u>	<u>1,089,084</u>	<u>1,089,084</u>
Net change in fund balance	-	(36,322)	789,612
Fund balance at beginning of year	<u>1,462,806</u>	<u>1,462,806</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,462,806</u>	<u>1,426,484</u>	<u>789,612</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Street Lighting District 1-91 Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 20	-	(20)
Charges for services	1,380	1,147	(233)
Total revenues	<u>1,400</u>	<u>1,147</u>	<u>(253)</u>
Expenditures:			
Current:			
Public works	1,369	932	437
Total expenditures	<u>1,369</u>	<u>932</u>	<u>437</u>
Net change in fund balance	31	215	184
Fund balance (deficit) at beginning of year	<u>(290)</u>	<u>(290)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (259)</u>	<u>(75)</u>	<u>184</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Asset Seizure Forfeiture Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and forfeits	\$ 69,500	134,426	64,926
Use of money and property	20,100	98,883	78,783
Total revenues	<u>89,600</u>	<u>233,309</u>	<u>143,709</u>
Expenditures:			
Current:			
Public safety	632,992	443,869	189,123
Total expenditures	<u>632,992</u>	<u>443,869</u>	<u>189,123</u>
Excess (deficiency) of revenues over (under) expenditures (US GAAP basis)	<u>(543,392)</u>	<u>(210,560)</u>	<u>332,832</u>
Other financing sources (Uses):			
Transfers out	(1,240,933)	(1,240,933)	-
Total other financing sources (uses)	<u>(1,240,933)</u>	<u>(1,240,933)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (US GAAP basis)	<u>(1,784,325)</u>	<u>(1,451,493)</u>	<u>332,832</u>
Adjustments:			
To adjust for encumbrances	-	300,501	300,501
Total adjustments	<u>-</u>	<u>300,501</u>	<u>300,501</u>
Net change in fund balance	(1,784,325)	(1,150,992)	633,333
Fund balance at beginning of year	<u>2,950,377</u>	<u>2,950,377</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,166,052</u></u>	<u><u>1,799,385</u></u>	<u><u>633,333</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
SB 358 Library Grant Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 3,000	5,646	2,646
Intergovernmental	50,000	33,493	(16,507)
Total revenues	<u>53,000</u>	<u>39,139</u>	<u>(13,861)</u>
Expenditures:			
Current:			
Libraries	<u>35,587</u>	<u>35,587</u>	-
Total expenditures	<u>35,587</u>	<u>35,587</u>	-
Excess (deficiency) of revenues over expenditures	<u>17,413</u>	<u>3,552</u>	<u>(13,861)</u>
Other financing sources (uses):			
Transfers out	<u>(725)</u>	<u>(725)</u>	-
Total other financing sources (uses)	<u>(725)</u>	<u>(725)</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>16,688</u>	<u>2,827</u>	<u>(13,861)</u>
Net change in fund balance	16,688	2,827	(13,861)
Fund balances at beginning of year	<u>144,260</u>	<u>144,260</u>	-
Fund balances at end of year	<u>\$ 160,948</u>	<u>147,087</u>	<u>(13,861)</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
State COPS Grant Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeits	\$ 20,000	20,000	-
Use of money and property	2,500	13,718	11,218
Intergovernmental	150,000	167,658	17,658
Total revenues	<u>172,500</u>	<u>201,376</u>	<u>28,876</u>
Expenditures:			
Current:			
Public safety	152,806	226,382	(73,576)
Total expenditures	<u>152,806</u>	<u>226,382</u>	<u>(73,576)</u>
Net change in fund balance	19,694	(25,006)	(44,700)
Fund balance at beginning of year	<u>341,080</u>	<u>341,080</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 360,774</u></u>	<u><u>316,074</u></u>	<u><u>(44,700)</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
Year Ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 7,500	8,016	516
Intergovernmental	106,000	105,035	(965)
Total revenues	<u>113,500</u>	<u>113,051</u>	<u>(449)</u>
Expenditures:			
Current:			
Community development	437,382	327,133	110,249
Total expenditures	<u>437,382</u>	<u>327,133</u>	<u>110,249</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (US GAAP basis)	<u>(323,882)</u>	<u>(214,082)</u>	<u>109,800</u>
Adjustments:			
To adjust for encumbrances	-	86,700	86,700
Total adjustments	<u>-</u>	<u>86,700</u>	<u>86,700</u>
Net change in fund balance	(323,882)	(127,382)	196,500
Fund balance at beginning of year	<u>323,323</u>	<u>323,323</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (559)</u>	<u>195,941</u>	<u>196,500</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Business Improvement Area Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 112,000	114,325	2,325
Fines and forfeits	-	10,386	10,386
Total revenues	<u>112,000</u>	<u>124,711</u>	<u>12,711</u>
Expenditures:			
Current:			
Community development	<u>112,000</u>	<u>124,711</u>	<u>(12,711)</u>
Total expenditures	<u>112,000</u>	<u>124,711</u>	<u>(12,711)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Earthquake Relief Special Revenue Fund
Year Ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ -	-	-
Total revenues	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	4,800	4,800	-
Fund balance at end of year	\$ 4,800	4,800	-

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
State Gas Tax Special Revenue Fund
Year Ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 7,500	27,941	20,441
Intergovernmental	3,493,935	1,654,910	(1,839,025)
Total revenues	<u>3,501,435</u>	<u>1,682,851</u>	<u>(1,818,584)</u>
Expenditures:			
Current:			
Public works	3,454,084	1,578,973	1,875,111
Total expenditures	<u>3,454,084</u>	<u>1,578,973</u>	<u>1,875,111</u>
Excess (deficiency) of revenues over expenditures	<u>47,351</u>	<u>103,878</u>	<u>56,527</u>
Other financing sources (uses):			
Transfers out	(988,550)	(988,550)	-
Total other financing sources (uses)	<u>(988,550)</u>	<u>(988,550)</u>	<u>-</u>
Net change in fund balance	(941,199)	(884,672)	56,527
Fund balance at beginning of year	<u>1,948,353</u>	<u>1,948,353</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,007,154</u>	<u>1,063,681</u>	<u>56,527</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and forfeits	\$ 307,500	330,220	22,720
Total revenues	<u>307,500</u>	<u>330,220</u>	<u>22,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>307,500</u>	<u>330,220</u>	<u>22,720</u>
Other financing sources (uses):			
Transfers out	<u>(349,750)</u>	<u>(349,750)</u>	<u>-</u>
Total other financing sources (uses)	<u>(349,750)</u>	<u>(349,750)</u>	<u>-</u>
Net change in fund balance	(42,250)	(19,530)	22,720
Fund balance at beginning of year	<u>125,490</u>	<u>125,490</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 83,240</u></u>	<u><u>105,960</u></u>	<u><u>22,720</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Traffic Offender Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and forfeits	\$ 55,000	40,000	(15,000)
Charges for services	35,000	30,200	(4,800)
Total revenues	<u>90,000</u>	<u>70,200</u>	<u>(19,800)</u>
Expenditures:			
Current:			
Public safety	123,008	52,141	70,867
Total expenditures	<u>123,008</u>	<u>52,141</u>	<u>70,867</u>
Net change in fund balance	(33,008)	18,059	51,067
Fund balance (deficit) at beginning of year	<u>(164,075)</u>	<u>(164,075)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ (197,083)</u></u>	<u><u>(146,016)</u></u>	<u><u>51,067</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Traffic Congestion Special Revenue Fund
Year Ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	2,431	2,431
Intergovernmental	-	-	-
Total revenues	<u>-</u>	<u>2,431</u>	<u>2,431</u>
Expenditures:			
Current:			
Public works	472,453	475,805	(3,352)
Total expenditures	<u>472,453</u>	<u>475,805</u>	<u>(3,352)</u>
Net change in fund balance	(472,453)	(473,374)	(921)
Fund balance at beginning of year	<u>473,374</u>	<u>473,374</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 921</u></u>	<u><u>-</u></u>	<u><u>(921)</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)
HUD Grants Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,276,966	1,647,671	(629,295)
Total revenues	<u>2,276,966</u>	<u>1,647,671</u>	<u>(629,295)</u>
Expenditures:			
Current:			
Community development	<u>2,436,013</u>	<u>1,756,076</u>	<u>679,937</u>
Total expenditures	<u>2,436,013</u>	<u>1,756,076</u>	<u>679,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(159,047)</u>	<u>(108,405)</u>	<u>50,642</u>
Other financing sources (uses):			
Transfers out	<u>(1,250)</u>	<u>(1,250)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,250)</u>	<u>(1,250)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>(160,297)</u>	<u>(109,655)</u>	<u>50,642</u>
Adjustments:			
To adjust for encumbrances	<u>-</u>	<u>34,834</u>	<u>34,834</u>
Total adjustments	<u>-</u>	<u>34,834</u>	<u>34,834</u>
Net change in fund balance	(160,297)	(74,821)	85,476
Fund balance at beginning of year	<u>2,515,273</u>	<u>2,515,273</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 2,354,976</u></u>	<u><u>2,440,452</u></u>	<u><u>85,476</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Whittier Uptown Parking District No. 1 Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 6,950	6,530	(420)
Use of money and property	12,600	36,143	23,543
Intergovernmental	100	66	(34)
Charges for services	34,300	4,800	(29,500)
Other	-	6,250	6,250
Total revenues	<u>53,950</u>	<u>53,789</u>	<u>(161)</u>
Expenditures:			
Current:			
Public works	61,452	75,531	(14,079)
Total expenditures	<u>61,452</u>	<u>75,531</u>	<u>(14,079)</u>
Net change in fund balance	(7,502)	(21,742)	(14,240)
Fund balance (deficit) at beginning of year	<u>(6,390)</u>	<u>(6,390)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ (13,892)</u></u>	<u><u>(28,132)</u></u>	<u><u>(14,240)</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Whittier Uptown Parking District No. 2 Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 61,680	66,869	5,189
Use of money and property	3,000	24,663	21,663
Intergovernmental	25	14	(11)
Charges for services	40,000	18,200	(21,800)
Other	-	12,607	12,607
Total revenues	<u>104,705</u>	<u>122,353</u>	<u>17,648</u>
Expenditures:			
Current:			
Public works	<u>99,619</u>	<u>61,012</u>	<u>38,607</u>
Total expenditures	<u>99,619</u>	<u>61,012</u>	<u>38,607</u>
Net change in fund balance	5,086	61,341	56,255
Fund balance at beginning of year	<u>597,840</u>	<u>597,840</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 602,926</u></u>	<u><u>659,181</u></u>	<u><u>56,255</u></u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Uptown Village Maintenance District Special Revenue Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 3,000	238	(2,762)
Total revenues	<u>3,000</u>	<u>238</u>	<u>(2,762)</u>
Expenditures:			
Current:			
Public works	53,190	51,592	1,598
Total expenditures	<u>53,190</u>	<u>51,592</u>	<u>1,598</u>
Excess (deficiency) of revenues over expenditures	<u>(50,190)</u>	<u>(51,354)</u>	<u>(1,164)</u>
Other financing sources (uses):			
Transfers in	55,000	54,996	(4)
Total other financing sources (uses)	<u>55,000</u>	<u>54,996</u>	<u>(4)</u>
Net change in fund balance	4,810	3,642	(1,168)
Fund balance (deficit) at beginning of year	<u>(32,622)</u>	<u>(32,622)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (27,812)</u>	<u>(28,980)</u>	<u>(1,168)</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Redevelopment Agency Capital Projects Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 190,700	165,649	(25,051)
Other	-	94,763	94,763
Total revenues	<u>190,700</u>	<u>260,412</u>	<u>69,712</u>
Expenditures:			
Current:			
Community development	3,088,844	1,344,692	1,744,152
Debt Service:			
Interest and fiscal charges	-	779	(779)
Total expenditures	<u>3,088,844</u>	<u>1,345,471</u>	<u>1,743,373</u>
Excess (deficiency) of revenues over expenditures	<u>(2,898,144)</u>	<u>(1,085,059)</u>	<u>1,813,085</u>
Other financing sources (Uses):			
Transfers in	1,440,000	2,265,934	825,934
Transfers out	(3,975)	(3,550)	425
Total other financing sources (uses)	<u>1,436,025</u>	<u>2,262,384</u>	<u>826,359</u>
Net change in fund balance	(1,462,119)	1,177,325	2,639,444
Fund balance at beginning of year	<u>6,241,756</u>	<u>6,241,756</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,779,637</u>	<u>7,419,081</u>	<u>2,639,444</u>

CITY OF WHITTIER
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Capital Outlay Capital Projects Fund
Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 40,000	92,274	52,274
Intergovernmental	233,333	-	(233,333)
Other	-	-	-
Total revenues	<u>273,333</u>	<u>92,274</u>	<u>(181,059)</u>
Expenditures:			
Capital outlay	<u>4,992,930</u>	<u>4,462,282</u>	<u>530,648</u>
Total expenditures	<u>4,992,930</u>	<u>4,462,282</u>	<u>530,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,719,597)</u>	<u>(4,370,008)</u>	<u>349,589</u>
Other financing sources (uses):			
Transfers in	4,018,666	4,018,666	-
Transfers out	-	(80,000)	(80,000)
Total other financing sources (uses)	<u>4,018,666</u>	<u>3,938,666</u>	<u>(80,000)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	<u>(700,931)</u>	<u>(431,342)</u>	<u>269,589</u>
Adjustments:			
To adjust for encumbrances	-	2,465,365	2,465,365
Total adjustments	<u>-</u>	<u>2,465,365</u>	<u>2,465,365</u>
Net change in fund balance	(700,931)	2,034,023	2,734,954
Fund balance at beginning of year	<u>2,137,797</u>	<u>2,137,797</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,436,866</u>	<u>4,171,820</u>	<u>2,734,954</u>

CITY OF WHITTIER

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one City department to others, or to other agencies, on a cost-reimbursement basis (including depreciation).

Self Insurance Fund – to account for costs of operating self-insurance programs for general liability and workers compensation.

Employee Benefits Fund – to account for employee compensated absences.

Mobile Equipment Fund – to account for the costs of City vehicle and equipment maintenance.

Mobile Equipment Replacement Fund – to account for the acquisition costs of City motorized equipment and to accumulate funds for equipment replacement.

Other Equipment Replacement Fund – to account for major replacement/refurbishment of office equipment and the radio communications system.

CITY OF WHITTIER
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	<u>Self Insurance</u>	<u>Employee Benefits</u>	<u>Mobile Equipment</u>	<u>Mobile Equipment Replacement</u>	<u>Other Equipment Replacement</u>	<u>Totals</u>
Assets						
Current assets:						
Cash and investments	\$ 4,540,294	4,440,545	-	5,599,128	2,498,562	17,078,529
Accounts receivable, net	22,443	131	9,521	-	-	32,095
Interest receivable	37,047	3,487	-	51,777	22,684	114,995
Prepaid items	<u>-</u>	<u>60,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,459</u>
Total current assets	<u>4,599,784</u>	<u>4,504,622</u>	<u>9,521</u>	<u>5,650,905</u>	<u>2,521,246</u>	<u>17,286,078</u>
Capital assets:						
Improvements	-	-	300,879	-	-	300,879
Field and shop equipment	-	-	286,066	-	1,154,319	1,440,385
Furniture and fixtures	-	-	6,501	-	-	6,501
Office machines	-	-	31,360	-	1,794,434	1,825,794
Mobile equipment	-	-	-	13,510,038	-	13,510,038
Less-accumulated depreciation	<u>-</u>	<u>-</u>	<u>(492,308)</u>	<u>(10,222,194)</u>	<u>(1,646,533)</u>	<u>(12,361,035)</u>
Total capital assets, net	<u>-</u>	<u>-</u>	<u>132,498</u>	<u>3,287,844</u>	<u>1,302,220</u>	<u>4,722,562</u>
Total assets	<u>4,599,784</u>	<u>4,504,622</u>	<u>142,019</u>	<u>8,938,749</u>	<u>3,823,466</u>	<u>22,008,640</u>
Liabilities						
Current liabilities:						
Accounts payable	149,790	510	36,042	-	31,672	218,014
Accrued liabilities	300	-	34,659	-	16,248	51,207
Due to other funds	-	-	626,445	-	-	626,445
Claims payable	4,315,209	-	-	-	-	4,315,209
Compensated absences payable - current	<u>-</u>	<u>1,693,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,693,185</u>
Total current liabilities	<u>4,465,299</u>	<u>1,693,695</u>	<u>697,146</u>	<u>-</u>	<u>47,920</u>	<u>6,904,060</u>
Long-Term Liabilities: (note 4)						
Compensated absences payable - non-current	<u>2,323,574</u>	<u>2,069,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,393,022</u>
Total liabilities	<u>6,788,873</u>	<u>3,763,143</u>	<u>697,146</u>	<u>-</u>	<u>47,920</u>	<u>11,297,082</u>
Net assets						
Investment in capital assets	-	-	132,498	3,287,844	1,302,220	4,722,562
Unrestricted	<u>(2,189,089)</u>	<u>741,479</u>	<u>(687,625)</u>	<u>5,650,905</u>	<u>2,473,326</u>	<u>5,988,996</u>
Total net assets (deficit)	<u>\$ (2,189,089)</u>	<u>741,479</u>	<u>(555,127)</u>	<u>8,938,749</u>	<u>3,775,546</u>	<u>10,711,558</u>

CITY OF WHITTIER
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2008

	Self Insurance	Employee Benefits	Mobile Equipment	Mobile Equipment Replacement	Other Equipment Replacement	Totals
Operating revenues:						
Charges for services	\$ 3,998,838	3,967,001	2,418,538	2,955,735	818,318	14,158,430
Total operating revenues	<u>3,998,838</u>	<u>3,967,001</u>	<u>2,418,538</u>	<u>2,955,735</u>	<u>818,318</u>	<u>14,158,430</u>
Operating expenses:						
Self insurance	4,204,902	-	-	-	-	4,204,902
Employee benefits	-	3,887,835	-	-	-	3,887,835
Maintenance	-	-	2,698,354	1,742,286	612,159	5,052,799
Depreciation	-	-	23,561	945,445	211,806	1,180,812
Total operating expenses	<u>4,204,902</u>	<u>3,887,835</u>	<u>2,721,915</u>	<u>2,687,731</u>	<u>823,965</u>	<u>14,326,348</u>
Operating income (loss)	<u>(206,064)</u>	<u>79,166</u>	<u>(303,377)</u>	<u>268,004</u>	<u>(5,647)</u>	<u>(167,918)</u>
Nonoperating revenues (expenses):						
Gain on sale of capital assets	-	-	-	35,015	-	35,015
Use of money and property	159,381	13,139	-	189,343	94,618	456,481
Other revenue	200,174	5,820	-	-	-	205,994
Total non-operating revenues	<u>359,555</u>	<u>18,959</u>	<u>-</u>	<u>224,358</u>	<u>94,618</u>	<u>697,490</u>
Income (loss) before transfers	<u>153,491</u>	<u>98,125</u>	<u>(303,377)</u>	<u>492,362</u>	<u>88,971</u>	<u>529,572</u>
Other financing sources (uses):						
Transfers in	-	-	80,000	435,170	223,890	739,060
Transfers out	-	(1,250)	-	-	-	(1,250)
Total other financing sources (uses)	<u>-</u>	<u>(1,250)</u>	<u>80,000</u>	<u>435,170</u>	<u>223,890</u>	<u>737,810</u>
Change in net assets	153,491	96,875	(223,377)	927,532	312,861	1,267,382
Net assets (deficit), beginning of the year	<u>(2,342,580)</u>	<u>644,604</u>	<u>(331,750)</u>	<u>8,011,217</u>	<u>3,462,685</u>	<u>9,444,176</u>
Net assets at end of the year	<u>\$ (2,189,089)</u>	<u>741,479</u>	<u>(555,127)</u>	<u>8,938,749</u>	<u>3,775,546</u>	<u>10,711,558</u>

CITY OF WHITTIER
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2008

	Self Insurance	Employee Benefits	Mobile Equipment	Mobile Equipment Replacement	Other Equipment Replacement	Totals
Cash flows from operating activities:						
Receipts from customers and users	\$ 3,999,139	3,967,565	2,418,809	2,955,735	818,318	14,159,566
Payments to suppliers	(4,053,408)	(4,247,008)	(2,697,068)	(1,756,591)	(600,365)	(13,354,440)
Payments to employees	-	-	4,860	-	3,287	8,147
Nonoperating rental income revenue received	200,174	5,820	-	-	-	205,994
Internal activity payments to/from other funds	-	2,905	190,636	-	(66)	193,475
Net cash provided by operating activities	<u>145,905</u>	<u>(270,718)</u>	<u>(82,763)</u>	<u>1,199,144</u>	<u>221,174</u>	<u>1,212,742</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	-	-	80,000	435,170	223,890	739,060
Transfers to other funds	-	(1,250)	-	-	-	(1,250)
Net cash provided (used) in noncapital financing activities	<u>-</u>	<u>(1,250)</u>	<u>80,000</u>	<u>435,170</u>	<u>223,890</u>	<u>737,810</u>
Cash flows from capital and related financing activities:						
Sale of capital assets	-	-	2,763	-	-	2,763
Purchase of capital assets	-	-	-	(2,036,062)	(330,872)	(2,366,934)
Proceeds from disposal of capital assets	-	-	-	35,015	-	35,015
Net cash provided (used) in capital and related financing activities	<u>-</u>	<u>-</u>	<u>2,763</u>	<u>(2,001,047)</u>	<u>(330,872)</u>	<u>(2,329,156)</u>
Cash flows from investing activities:						
Interest on investments	164,580	15,015	-	228,656	100,734	508,985
Net cash provided by investing activities	<u>164,580</u>	<u>15,015</u>	<u>-</u>	<u>228,656</u>	<u>100,734</u>	<u>508,985</u>
Net increase (decrease) in cash and cash equivalents	310,485	(256,953)	-	(138,077)	214,926	130,381
Cash and cash equivalents, beginning of fiscal year	4,229,809	4,697,498	-	5,737,205	2,283,636	16,948,148
Cash and cash equivalents, end of fiscal year	<u>\$ 4,540,294</u>	<u>4,440,545</u>	<u>-</u>	<u>5,599,128</u>	<u>2,498,562</u>	<u>17,078,529</u>
Reconciliation of operating income to net cash provided by operations:						
Operating income (loss)	\$ (206,064)	79,166	(303,377)	268,004	(5,647)	(167,918)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	-	-	23,561	945,445	211,806	1,180,812
Nonoperating rental income revenue	200,174	5,820	-	-	-	205,994
Internal activity payments to/from other funds	-	2,905	190,636	-	(66)	193,475
Decrease (increase) in accounts receivable	301	-	271	-	-	572
Decrease (increase) in prepaid items	-	(60,459)	-	-	-	(60,459)
Increase (decrease) in accounts payable	(213,086)	(298,714)	1,286	(14,305)	11,794	(513,025)
Increase (decrease) in accrued liabilities	(1,690)	-	4,860	-	3,287	6,457
Increase (decrease) in deposits payable	-	(530)	-	-	-	(530)
Increase (decrease) in claims payable	366,270	-	-	-	-	366,270
Increase (decrease) in compensated absences payable	-	1,094	-	-	-	1,094
Total adjustments	<u>351,969</u>	<u>(349,884)</u>	<u>220,614</u>	<u>931,140</u>	<u>226,821</u>	<u>1,380,660</u>
Net cash provided by operating activities	<u>\$ 145,905</u>	<u>(270,718)</u>	<u>(82,763)</u>	<u>1,199,144</u>	<u>221,174</u>	<u>1,212,742</u>

Noncash investing, capital, and financing activities:

There were no significant noncash investing, capital, and financing activities for the fiscal year ended June 30, 2008.

CITY OF WHITTIER

AGENCY FUNDS

Agency Funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units or funds.

Flex-RAP Fund – to account for employee contributions and related reimbursements for the City’s Flexible Reimbursement Account Program in accordance with Section 125 of the Internal Revenue Code.

Special Deposits Fund – to account for refundable deposits being held by the City.

Community Facilities District 1989-1 Fund – to account for funds set aside by the City, on behalf of the CFD 89-1 bondholders, for debt service payments and reserves.

Community Facilities District 1991-1 Fund – to account for funds set aside by the city, on behalf of the CFD 91-1 bondholders, for debt service payments and reserves.

Habitat JPA Fund – to account for funds used and subsequently reimbursed by the Habitat JPA for operations.

CITY OF WHITTIER
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2008

	<u>Flex-RAP</u>	<u>Special Deposits</u>	<u>Community Facilities District 1989-1</u>	<u>Community Facilities District 1991-1</u>	<u>Habitat JPA</u>	<u>Totals</u>
Assets:						
Cash and investments	\$ -	544,965	289,819	511,333	-	1,346,117
Cash and investments with fiscal agents	-	-	414,855	660,357	-	1,075,212
Receivable:						
Accounts	45,032	12,067	-	-	94,982	152,081
Interest	-	-	1,511	3,007	-	4,518
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 45,032</u>	<u>557,032</u>	<u>706,185</u>	<u>1,174,697</u>	<u>94,982</u>	<u>2,577,928</u>
Liabilities:						
Accounts payable	\$ 15,639	10,620	-	-	12,354	38,613
Deposits payable	-	546,412	-	-	-	546,412
Due to other funds	29,393	-	-	-	82,628	112,021
Due to bondholders	-	-	706,185	1,174,697	-	1,880,882
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 45,032</u>	<u>557,032</u>	<u>706,185</u>	<u>1,174,697</u>	<u>94,982</u>	<u>2,577,928</u>

CITY OF WHITTIER
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2008

Flex-Rap	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Assets				
Cash and investments	\$ 18,938	613,094	(632,032)	-
Accounts receivable	-	45,032	-	45,032
Total assets	\$ 18,938	658,126	(632,032)	45,032
Liabilities				
Accounts payable	\$ 18,938	15,639	(18,938)	15,639
Due to other funds	-	29,393	-	29,393
Total Liabilities	\$ 18,938	45,032	(18,938)	45,032
Special Deposits				
Assets				
Cash and investments	\$ 513,454	304,064	(272,553)	544,965
Accounts receivable	9,516	12,067	(9,516)	12,067
Total Assets	\$ 522,970	316,131	(282,069)	557,032
Liabilities				
Accounts payable	\$ 23,297	10,621	(23,298)	10,620
Deposits payable	499,673	305,510	(258,771)	546,412
Total Liabilities	\$ 522,970	316,131	(282,069)	557,032
Community Facilities District 1989-1				
Assets				
Cash and investments	\$ 306,081	380,149	(396,411)	289,819
Cash and investments with fiscal agent	421,135	414,907	(421,187)	414,855
Interest receivable	6,758	1,511	(6,758)	1,511
Total Assets	\$ 733,974	796,567	(824,356)	706,185
Liabilities				
Due to bondholders	\$ 733,974	796,567	(824,356)	706,185
Total Liabilities	\$ 733,974	796,567	(824,356)	706,185

(Continued)

CITY OF WHITTIER
Combining Statement of Changes in Assets and Liabilities
Agency Funds
(Continued)

<u>Community Facilities District 1991-1</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Assets				
Cash and investments	\$ 225,711	899,415	(613,793)	511,333
Cash and investments with fiscal agent	646,343	627,482	(613,468)	660,357
Accounts receivable	301,877	-	(301,877)	-
Interest receivable	10,150	3,007	(10,150)	3,007
	<u>\$ 1,184,081</u>	<u>1,529,904</u>	<u>(1,539,288)</u>	<u>1,174,697</u>
Total assets				
	<u>\$ 1,184,081</u>	<u>1,529,904</u>	<u>(1,539,288)</u>	<u>1,174,697</u>
Liabilities				
Due to bondholders	\$ 1,184,081	1,529,904	(1,539,288)	1,174,697
	<u>\$ 1,184,081</u>	<u>1,529,904</u>	<u>(1,539,288)</u>	<u>1,174,697</u>
Total liabilities				
	<u>\$ 1,184,081</u>	<u>1,529,904</u>	<u>(1,539,288)</u>	<u>1,174,697</u>
 <u>Habitat JPA</u>				
Assets				
Accounts receivable	\$ 180,009	94,982	(180,009)	94,982
	<u>\$ 180,009</u>	<u>94,982</u>	<u>(180,009)</u>	<u>94,982</u>
Total assets				
	<u>\$ 180,009</u>	<u>94,982</u>	<u>(180,009)</u>	<u>94,982</u>
Liabilities				
Accounts payable	\$ 12,040	12,354	(12,040)	12,354
Due to other funds	167,969	82,628	(167,969)	82,628
	<u>\$ 180,009</u>	<u>94,982</u>	<u>(180,009)</u>	<u>94,982</u>
Total liabilities				
	<u>\$ 180,009</u>	<u>94,982</u>	<u>(180,009)</u>	<u>94,982</u>
 <u>Total Agency Funds</u>				
Assets				
Cash investments	\$ 1,064,184	2,196,722	(1,914,789)	1,346,117
Cash and investments with fiscal agent	1,067,478	1,042,389	(1,034,655)	1,075,212
Receivables:				
Accounts	491,402	152,081	(491,402)	152,081
Interest	16,908	4,518	(16,908)	4,518
	<u>\$ 2,639,972</u>	<u>3,395,710</u>	<u>(3,457,754)</u>	<u>2,577,928</u>
Total assets				
	<u>\$ 2,639,972</u>	<u>3,395,710</u>	<u>(3,457,754)</u>	<u>2,577,928</u>
Liabilities				
Accounts payable	\$ 54,275	38,614	(54,276)	38,613
Deposits payable	499,673	305,510	(258,771)	546,412
Due to bondholders	1,918,055	2,326,471	(2,363,644)	1,880,882
Due to other funds	167,969	112,021	(167,969)	112,021
	<u>\$ 2,639,972</u>	<u>2,782,616</u>	<u>(2,844,660)</u>	<u>2,577,928</u>
Total liabilities				
	<u>\$ 2,639,972</u>	<u>2,782,616</u>	<u>(2,844,660)</u>	<u>2,577,928</u>



City of Whittier

Statistical Section

Statistical Section

This section of the City of Whittier's Comprehensive Annual Report provides detailed information to better understand information presented within the financial statements, note disclosures, and required supplementary information say about the City's overall financial health. This has not been audited by the independent auditor.

<i>Financial Trends</i> Contain trend information to help the reader understand how the City's financial performance has changed over time.
<i>Revenue Capacity</i> Contain information to help the reader assess the City's most significant local revenue source, the property tax.
<i>Debt Capacity</i> 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.
<i>Demographic and Economic Information</i> Offer information to help the reader understand the environment within which the City's financial activities take place.
<i>Operating Information</i> Contain service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activites it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in the fiscal year ending June 30, 2003; schedules presenting government-wide information include information beginning in that year.



City of Whittier
Net Assets by Component - Last Five Fiscal Years
(in thousands)
(accrual basis of accounting)

	Fiscal Year ending June 30,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005 (1)</u>	<u>2004 (1)</u>
<i>Governmental Activities:</i>					
Invested in capital assets, net of related debt	\$ 91,640	84,556	84,382	84,755	90,639
Restricted	82,986	72,206	51,929	45,827	20,480
Unrestricted	(2,427)	5,817	18,731	22,136	43,152
Total Governmental Activities Net Assets	<u>172,199</u>	<u>162,579</u>	<u>155,042</u>	<u>152,718</u>	<u>154,271</u>
% change from prior year	5.9%	4.9%	1.5%	-1.0%	0.9%
<i>Business-type Activities:</i>					
Invested in capital assets, net of related debt	26,607	22,700	25,552	27,027	25,917
Restricted	120	48	34	24	117
Unrestricted	21,780	23,135	16,283	12,953	11,327
Total Business-Type Activities Net Assets	<u>48,507</u>	<u>45,883</u>	<u>41,869</u>	<u>40,004</u>	<u>37,361</u>
% change from prior year	5.7%	9.6%	4.7%	7.1%	5.5%
<i>Primary Government:</i>					
Invested in capital assets, net of related debt	118,247	107,256	109,934	111,782	116,556
Restricted	83,106	72,254	51,963	45,851	20,597
Unrestricted	19,353	28,952	35,014	35,089	54,479
Total Primary Government Net Assets	<u>\$ 220,706</u>	<u>208,462</u>	<u>196,911</u>	<u>192,722</u>	<u>191,632</u>
% change from prior year	5.9%	5.9%	2.2%	0.6%	1.8%

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

(1) Restated net assets to record rights of way \$5,325,506 and report internal service funds as governmental activities.

City of Whittier
Changes in Net Assets - Last Five Fiscal Years
(in thousands)
(accrual basis of accounting)

	Fiscal Year ending June 30,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:					
<i>Governmental activities:</i>					
General government	\$ 8,443	7,588	6,840	8,499	7,155
Public safety	18,146	22,765	25,477	24,789	23,010
Public works	13,790	10,726	11,583	10,262	9,582
Community development	7,608	5,596	5,668	5,342	5,720
Libraries	3,412	3,394	3,118	3,017	3,117
Transit	4,671	3,373	3,243	2,767	2,442
Parks and recreation	11,373	11,747	8,724	9,089	7,978
Interest on long-term debt	5,445	2,406	1,614	736	1,358
Total Governmental activities expenses	<u>72,888</u>	<u>67,595</u>	<u>66,267</u>	<u>64,501</u>	<u>60,362</u>
<i>Business-type activities:</i>					
Sewer	1,282	1,170	1,126	1,036	1,063
Water	8,688	7,672	7,469	6,146	5,772
Solid waste	8,950	8,305	8,601	7,918	7,642
Total Business-type activities expenses	<u>18,920</u>	<u>17,147</u>	<u>17,196</u>	<u>15,100</u>	<u>14,477</u>
Total primary government expenses	<u>91,808</u>	<u>84,742</u>	<u>83,463</u>	<u>79,601</u>	<u>74,839</u>
Program revenues:					
<i>Governmental activities:</i>					
Charges for services	18,319	15,119	17,446	14,548	12,334
Operating contributions and grants	5,665	6,874	5,051	6,211	2,554
Capital contributions and grants	4,033	585	3,920	2,645	4,078
Total governmental activities program revenues	<u>28,017</u>	<u>22,578</u>	<u>26,417</u>	<u>23,404</u>	<u>18,966</u>
<i>Business-type activities:</i>					
Sewer	2,250	1,837	1,469	1,525	1,133
Water	9,199	8,360	7,911	6,085	6,043
Solid waste	8,994	8,961	9,008	8,611	8,130
Total business-type activities program revenues	<u>20,443</u>	<u>19,158</u>	<u>18,388</u>	<u>16,221</u>	<u>15,306</u>
Total primary government program revenues	<u>48,460</u>	<u>41,736</u>	<u>44,805</u>	<u>39,625</u>	<u>34,272</u>
Net revenues (expenses):					
<i>Governmental activities</i>	(44,871)	(45,017)	(39,850)	(41,097)	(41,396)
<i>Business-type activities</i>	1,523	2,011	1,192	1,121	829
Total primary government net revenues (expenses)	<u>(43,348)</u>	<u>(43,006)</u>	<u>(38,658)</u>	<u>(39,976)</u>	<u>(40,567)</u>
General revenues and other changes in net assets					
<i>Governmental activities:</i>					
Taxes:					
Property taxes	12,501	12,191	7,337	8,108	8,482
Sales taxes	10,379	10,010	8,768	9,019	9,262
Franchise taxes	2,036	1,778	1,626	1,588	1,552
Utility users tax	7,806	7,872	7,529	7,253	7,175
Motor vehicle in lieu tax, unrestricted	8,786	8,403	8,219	7,123	5,862
Transit tax	2,544	2,560	2,610	2,304	2,176
Other taxes	2,734	2,776	1,542	1,459	2,613
Investment income	6,438	6,051	3,539	2,083	2,085
Other	444	801	656	449	3,840
Transfers	824	112	348	(74)	-
<i>Business-type activities:</i>					
Investment income	1,924	2,115	1,021	1,680	906
Transfers	(824)	(112)	(348)	74	-
Total general revenues and transfers	<u>55,592</u>	<u>54,557</u>	<u>42,847</u>	<u>41,066</u>	<u>43,953</u>
Change in net assets - total primary government	<u>\$ 12,244</u>	<u>11,551</u>	<u>4,189</u>	<u>1,090</u>	<u>3,386</u>

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

City of Whittier
Fund Balances of Governmental Funds (1)
Last Five Fiscal Years
(in thousands)

	Fiscal Year Ending June 30,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004 (2)</u>
General fund:					
Reserved	\$ 27,229	27,575	22,797	21,719	20,781
Unreserved	<u>19,847</u>	<u>18,562</u>	<u>19,236</u>	<u>17,013</u>	<u>13,002</u>
Total general fund	<u>47,076</u>	<u>46,137</u>	<u>42,033</u>	<u>38,732</u>	<u>33,783</u>
Other governmental funds:					
Reserved	69,641 (5)	62,013 (4)	31,800 (3)	35,888 (3)	30,299
Unreserved, reported in:					
Special revenue funds	7,850	2,806	8,793	3,880	4,553
Debt service funds	(2,978)	(4,412)	(14,014)	(14,652)	(15,805)
Capital projects funds	<u>2,773</u>	<u>2,877</u>	<u>2,215</u>	<u>2,833</u>	<u>2,631</u>
Total other governmental funds	<u>77,286</u>	<u>63,284</u>	<u>28,794</u>	<u>27,949</u>	<u>21,678</u>
Total governmental funds	<u>\$ 124,362</u>	<u>109,421</u>	<u>70,827</u>	<u>66,681</u>	<u>55,461</u>

The City of Whittier has elected to show only five years of data for this schedule.

- (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.
- (3) Reserved fund balance at June 30, 2005 and June 30, 2006 include \$7,582,289 unexpended bond proceeds from the 2005 Tax Allocation Bonds.
- (4) Reserved fund balance at June 30, 2007 include \$7,582,289 unexpended bond proceeds from the 2005 Tax Allocation Bonds, and \$25,929,113 from the 2007 Tax Allocation Bonds reserved for redevelopment projects.
- (5) Reserved fund balance at June 30, 2008 include \$10,280,054 unexpended proceeds from from the 2007 Public Financing Authority Revenue Bonds reserved for redevelopment projects and debt services.

City of Whittier
Changes in Fund Balances of Governmental Funds (1)
Last Four Fiscal Years
(in thousands)

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Taxes	\$ 38,161	36,163	35,056	30,487	30,167
Licenses and permits	1,938	3,037	2,622	1,935	1,572
Fines and forfeits	1,332	929	992	1,144	1,200
Use of money and property	6,760	5,442	3,841	3,092	1,175
Intergovernmental	19,302	13,081	12,572	13,239	11,849
Charges for services	14,277	13,589	13,148	12,697	13,227
Other	1,914	657	615	591	3,128
Total revenues	<u>83,684</u>	<u>72,898</u>	<u>68,846</u>	<u>63,185</u>	<u>62,318</u>
Expenditures:					
Current:					
General government	7,951	7,331	6,479	6,230	6,073
Public safety	27,773	26,778	25,074	24,330	23,506
Public works	7,976	5,762	6,369	5,769	7,515
Community development	7,379	5,440	5,460	5,622	5,228
Libraries	3,376	3,339	3,058	2,963	3,077
Local transit	4,526	3,148	3,012	2,555	2,532
Parks and recreation	10,493	11,038	10,304	8,675	7,543
Capital outlay	1,997	402	1,744	889	552
Debt service:					
Principal retirement	1,463	1,447	1,304	1,327	1,156
Interest and fiscal charges	4,159	1,997	1,628	1,386	1,195
Pass through agreements	2,220	778	1,574	821	597
Bond issuance costs	293	269		298	
Total expenditures	<u>79,606</u>	<u>67,729</u>	<u>66,006</u>	<u>60,865</u>	<u>58,974</u>
Excess of revenues over (under) expenditures	<u>4,078</u>	<u>5,169</u>	<u>2,840</u>	<u>2,320</u>	<u>3,344</u>
Other financing sources (uses):					
Proceeds from developer loans	1,143	1,158	1,303	1,153	1,148
Transfers in	7,681	3,530	2,380	2,950	2,903
Transfers out	(7,595)	(4,803)	(2,377)	(3,112)	(3,239)
Issuance of debt	15,425	34,355		7,730	
Payment to escrow agent	(5,790)				
Premium (discount) from bond issuance		(815)		179	
Total other financing sources (uses)	<u>10,864</u>	<u>33,425</u>	<u>1,306</u>	<u>8,900</u>	<u>812</u>
Net change in fund balances	<u>\$ 14,942</u>	<u>38,594</u>	<u>4,146</u>	<u>11,220</u>	<u>4,156</u>
 Debt service as a percentage of non-capital expenditures	 10.45%	 6.81%	 7.01%	 6.46%	 5.42%

The City of Whittier has elected to show only five years of data for this schedule.

(1) This schedule reports using the modified accrual basis of accounting.

City of Whittier
Assessed Value and Estimated Actual of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
1999	\$ 3,467,978	83,865	(191,258)	3,360,585	501,673	51,986	(26,784)	526,875	0.1500%
2000	3,556,260	84,925	(172,041)	3,469,144	517,798	47,443	(22,934)	542,307	0.1518%
2001	3,733,305	83,287	(169,240)	3,647,352	539,214	46,445	(28,000)	557,659	0.1453%
2002	3,966,903	93,202	(179,093)	3,881,012	557,562	49,604	(30,450)	576,716	0.1448%
2003	4,194,336	91,102	(148,158)	4,137,280	592,689	47,127	(28,996)	610,820	0.1466%
2004	4,244,395	83,824	(222,733)	4,105,486	911,965	45,720	(35,417)	922,268	0.2939%
2005	4,535,960	42,445	(201,089)	4,377,316	945,865	75,812	(38,515)	983,162	0.2979%
2006	4,925,787	52,803	(227,860)	4,750,730	1,022,370	81,577	(41,284)	1,062,663	0.3048%
2007	5,353,653	51,934	(241,980)	5,163,607	1,220,075	94,901	(48,068)	1,266,908	0.3156%
2008	5,764,223	44,770	(244,924)	5,564,069	1,385,732	100,310	(60,686)	1,425,356	0.3254%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of Los Angeles Auditor-Controller/Tax Division.

City of Whittier
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

Agency	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
001.53 Detention Facilities 1987 DS	0.00000	0.00066	0.00080	0.00092	0.00099	0.00103	0.00113	0.00131	0.00142	0.00145
030.60 La Co Fl Con Storm Dr DS #4	0.00000	0.00005	0.00002	0.00021	0.00043	0.00062	0.00066	0.00092	0.00097	0.00050
030.61 Flood Con. Ref. Bonds 1993 DS	0.00000	0.00000	0.00003	0.00003	0.00004	0.00026	0.00041	0.00064	0.00079	0.00145
284.42 Uptown Parking District #2	0.16666	0.16666	0.16666	0.16666	0.16666	0.16666	0.16666	0.16666	0.16666	0.16666
301.01 La Habra Hts Co Water Dist	0.00000	0.00000	0.00000	0.00000	0.02779	0.04061	0.03858	0.04316	0.04597	0.04488
315.05 Central Basin Mwd	0.00450	0.00470	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880	0.00890	0.00890
337.05 Orig Area Up S G Vy Mwd	0.00450	0.00470	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880	0.00890	0.00890
469.50 East Whittier DS 1997 Series A	0.00000	0.01736	0.01982	0.02164	0.02356	0.02487	0.02578	0.02817	0.02963	0.02405
469.51 East Whittier DS 1998 Series B	0.00382	0.00876	0.01009	0.01101	0.01209	0.01274	0.01340	0.01490	0.01443	0.01625
469.52 East Whittier DS 2007 Ref Bonds	0.02368	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
657.01 South Whittier School District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00350
657.51 S Whittier SD DS 1998 Series A	0.04288	0.04637	0.05015	0.05315	0.05629	0.05376	0.05666	0.06075	0.06644	0.04968
657.52 S Whittier Elem DS 2004 Series A	0.01301	0.01633	0.01864	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
695.53 Whittier City SD DS 2000 Series A	0.00201	0.00163	0.00728	0.00929	0.01030	0.01022	0.01041	0.01380	0.00000	0.00000
695.54 Whittier City SD DS 2000 Series B	0.00219	0.00182	0.00669	0.00844	0.00942	0.00977	0.01092	0.00000	0.00000	0.00000
695.55 Whittier City SD DS 2000 Series C	0.00653	0.00686	0.00645	0.00846	0.00955	0.01011	0.00000	0.00000	0.00000	0.00000
695.56 Whittier City SD DS 2000 Series D	0.01155	0.01231	0.01320	0.01591	0.01722	0.00000	0.00000	0.00000	0.00000	0.00000
695.57 Whittier City SD DS 2000 Series E	0.00598	0.00624	0.00562	0.00966	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
695.58 Whittier City SD DS 2006 Ref Bds	0.00756	0.01145	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
745.51 El Monte Un HSD DS 2002 Series A	0.00910	0.00616	0.03707	0.03928	0.03573	0.00000	0.00000	0.00000	0.00000	0.00000
745.52 El Monte Un HSD DS 2002 Series B	0.00000	0.03670	0.01718	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
745.53 El Monte Un HSD DS 2006 Ref Bds	0.01910	0.01560	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
753.52 Fullerton Un HSD DS 2002 Series A	0.00729	0.00834	0.00855	0.00770	0.01750	0.02088	0.00000	0.00000	0.00000	0.00000
753.53 Fullerton Un HSD DS 2002 Series B	0.00617	0.00706	0.00648	0.00784	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
789.52 Whittier Un HSD DS 1999 Series A	0.00000	0.00729	0.00729	0.00855	0.00924	0.00952	0.00999	0.01085	0.01390	0.00000
789.53 Whittier Un HSD DS 2000 Series B	0.00000	0.00439	0.00439	0.00510	0.00553	0.00567	0.00601	0.00774	0.00000	0.00000
789.54 Whittier Un HSD DS 1999 Series C	0.00000	0.00814	0.00814	0.00951	0.01029	0.01112	0.01327	0.00000	0.00000	0.00000
789.55 Whittier Un HSD DS 1999 Series D	0.00000	0.00798	0.00798	0.00769	0.01287	0.00000	0.00000	0.00000	0.00000	0.00000
789.56 Whittier Un HSD DS 1999 Series E	0.00000	0.01710	0.01710	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
789.57 Whittier Un HSD DS 2005 Ref Bds	0.04359	0.04428	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
809.50 Mt San Antonio CCD DS 2001 S-A	0.00200	0.00346	0.00346	0.00332	0.01525	0.01946	0.00000	0.00000	0.00000	0.00000
809.51 Mt San Antonio CCD DS 2004 S-B	0.00503	0.00146	0.01776	0.01141	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
809.52 Mt San Antonio CCD DS 05 Ref Bds	0.00781	0.01535	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
809.53 Mt San Antonio CCD DS 2006 S-C	0.00266	0.00503	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
811.50 N Orange Co CCD DS 2002 S-A	0.00260	0.00248	0.00112	0.01285	0.01364	0.01573	0.00000	0.00000	0.00000	0.00000
811.51 N Orange Co CCD DS 2002 S-04B	0.00349	0.00319	0.00354	0.00156	0.00233	0.00000	0.00000	0.00000	0.00000	0.00000
811.52 N Orange Co CCD DS 2002 S-05	0.00893	0.00877	0.01200	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
816.52 Rio Hondo CCD DS 2004 S-A	0.00644	0.00585	0.01802	0.02170	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
816.53 Rio Hondo CCD DS 2005 Ref Bds	0.00726	0.00884	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
870.50 Hac La Puente USD DS 2000 S-A	0.00545	0.00355	0.00081	0.02203	0.01965	0.05166	0.05521	0.05956	0.00000	0.00000
870.51 Hac La Puente USD DS 2000 S-03B	0.02848	0.02917	0.03072	0.03422	0.03594	0.00000	0.00000	0.00000	0.00000	0.00000
870.52 Hac La Puente USD DS 2005 Ref Bds	0.01710	0.01968	0.02359	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct & Overlapping Tax Rates	1.47737	1.57577	1.54105	1.50974	1.52451	1.47809	1.42449	1.42606	1.35801	1.32622
City's Share of 1% Levy Per Prop 13^	0.07325	0.07325	0.07325	0.07325	0.07325	0.07325	0.07325	0.07325	0.07325	0.07325
Redevelopment Rate**	1.00450	1.00541	1.00604	1.00697	1.00755	1.00861	1.00990	1.01167	1.01209	1.01230
Total Direct Rate**^	0.32539	0.31563	0.30480	0.29785	0.29390	0.14658	0.14480	0.14531	0.15176	0.15003

Notes:

*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 approved bonds.

^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.

**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.

^^Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical information.

City of Whittier
Ten Principal Property Taxpayers
Year Ended June 30, 2008

Taxpayer	No. of Parcels	Assessed Value	Percentage of Total City Property Assessed Value
PPF RTL 15603 Whittwood Lane LP	11	\$ 115,784,000	1.66%
GMS Five LLC	11	54,661,520	0.78%
Whittier Marketplace	1	26,862,581	0.38%
MGP XXXIII LLC	6	15,731,916	0.23%
CLPF Whittier Industrial Limited Partnership	3	38,619,645	0.55%
Monique E Cho	1	15,404,162	0.22%
New Albertsons Inc.	1	7,650,000	0.11%
Whittier Financial Center	4	28,779,000	0.41%
L & P Property Management	5	18,897,655	0.27%
ESS Prisa LLC	4	<u>7,544,063</u>	<u>0.11%</u>
Total taxable assessed value of ten largest taxpayers		329,934,542	4.72%
Total taxable assessed value of other taxpayers		<u>6,659,490,218</u>	<u>95.28%</u>
Total taxable assessed value of all taxpayers		<u>\$ 6,989,424,760</u>	<u>100.00%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.
Information is not available for nine years prior.

Source: The HdL Companies, Los Angeles County Assessor

City of Whittier
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collection within the Fiscal Year of Levy		Delinquent Tax Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	\$ 2,647,473	2,571,374	97.13%	165,030	2,736,404	103.36%
2000	2,729,680	2,604,178	95.40%	183,953	2,788,131	102.14%
2001	2,846,755	2,768,008	97.23%	109,799	2,877,807	101.09%
2002	3,016,548	2,880,488	95.49%	146,981	3,027,469	100.36%
2003	3,234,156	3,191,371	98.68%	198,723	3,390,094	104.82%
2004	3,451,229	3,361,573	97.40%	247,441	3,609,014	104.57%
2005	3,576,103	3,562,882	99.63%	443,453	4,006,335	112.03%
2006	3,911,717	3,767,850	96.32%	673,755	4,441,605	113.55%
2007	4,125,910	3,929,805	95.25%	635,568	4,565,373	110.65%
2008	4,353,503	4,139,659	95.09%	599,133	4,738,792	108.85%

Note: (1) The figures provided for property tax levies and collections are for the City of Whittier, special taxing districts (Uptown Parking District & Uptown Village Maintenance District) and property with weed abatement liens only. Do not include tax increments levied and collected on behalf of the Whittier Redevelopment Agency.

(2) Includes prior years secured supplemental collections.

Source: Los Angeles County Auditor Controller's Office

**City of Whittier
Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Apparel stores	\$ 44,665	45,169	44,534	42,522	42,035	45,376	45,949	45,902	36,061	29,161
General merchandise	107,074	99,377	66,397	56,722	56,305	58,124	62,141	61,648	59,531	58,757
Food stores	43,911	43,969	39,801	36,326	43,753	45,188	45,507	45,479	43,155	38,420
Eating and drinking places	118,271	109,832	104,037	97,486	90,047	87,065	84,388	82,215	74,653	71,273
Building materials	66,117	70,715	70,966	57,699	55,417	52,187	47,936	46,980	26,055	22,315
Auto dealers and supplies	185,079	208,911	209,526	228,289	226,981	203,185	183,477	191,183	183,484	179,660
Service stations	91,059	85,537	73,643	68,356	56,554	45,766	45,700	48,281	41,322	39,434
Other retail stores	123,851	122,554	113,721	104,152	108,930	108,747	112,574	109,069	106,418	97,028
All other outlets	232,955	221,813	208,085	200,392	186,346	202,436	203,867	190,093	188,967	175,921
Total	\$1,012,982	1,007,877	930,710	891,944	866,368	848,074	831,539	820,850	759,646	711,969

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Source: State of California Board of Equalization and the HdL Companies

City of Whittier
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	DDA Loans	PFA Revenue Bonds	Tax Allocation Bonds	Capital Lease Payable	Loans (1)	Total Governmental Activities (2)
1999	\$2,164,145	4,090,000	6,730,000 (5)	-	8,800,618	21,784,763
2000	2,477,736	3,510,000	6,630,000	203,203 (6)	9,377,233	22,198,172
2001	2,740,451	2,835,000	6,525,000	176,516	9,980,454	22,257,421
2002	2,895,324	7,505,000 (7)	6,415,000	148,304	10,191,888	27,155,516
2003	3,191,643	7,505,000	6,300,000	118,477	9,637,647	26,752,767
2004	3,528,162	7,280,000	6,180,000	86,945	9,896,983	26,972,090
2005	3,742,270	7,050,000	13,785,000 (9)	53,610	10,383,408	35,014,288
2006	3,981,417	6,810,000	13,655,000	18,369	10,540,893	35,005,679
2007	4,230,511	6,565,000	47,735,000 (10)	-	9,972,409	68,502,920
2008	4,310,395	21,735,000 (12)	41,800,000 (11)	-	10,486,245	78,331,640

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes operating and sales tax loans to the Whittier Redevelopment Agency from the City.

(2) Not includes noncommitment debt.

(3) Assessed property value has been used because personal income is not available.

(4) The ratio is calculated using population for the prior calendar year.

(5) The Whittier Redevelopment Agency issued \$6,795,000 of new tax allocation bonds to refund one of the Whittier Public Financing Authority revenue bonds.

(6) The City entered into a capital lease agreement with City National Bank.

(7) The Whittier Public Financing Authority issued \$7,505,000 of new revenue bonds and part of the proceeds to refund the existing revenue bonds.

(8) The Whittier Utility Authority issued new revenue bonds to refund the 1993 revenue bonds.

(9) The Whittier Redevelopment issued \$7,730,000 of 2005 tax allocation bonds.

(10) The Whittier Redevelopment issued \$34,355,000 of 2007 tax allocation bonds.

(11) The Whittier Redevelopment 1998 tax allocation bonds were refunded.

(12) The Whittier Public Financing Authority issued \$15,425,000 of new revenue bonds.

<u>Water Revenue Bonds</u>	<u>Solid Waste Revenue Bonds</u>	<u>Total Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Percent of Assessed Value (3)</u>	<u>Debt per Capita (4)</u>
7,375,000	4,920,000	12,295,000	34,079,763	0.83%	401
7,135,000	4,715,000	11,850,000	34,048,172	0.81%	395
6,880,000	4,500,000	11,380,000	33,637,421	0.76%	398
6,610,000	4,270,000	10,880,000	38,035,516	0.81%	444
10,595,000 (8)	4,035,000	14,630,000	41,382,767	0.84%	479
10,425,000	3,790,000	14,215,000	41,187,090	0.78%	474
10,255,000	3,530,000	13,785,000	48,799,288	0.87%	563
10,070,000	3,255,000	13,325,000	48,330,679	0.79%	556
9,875,000	2,965,000	12,840,000	81,342,920	1.21%	933
9,670,000	2,660,000	12,330,000	90,661,640	1.24%	1,043

City of Whittier
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value (1)	Per Capita
	PFA Revenue Bonds	Tax Allocation Bonds	Total		
1999	\$ 4,090	6,730	10,820	0.26%	127
2000	3,510	6,630	10,140	0.24%	118
2001	2,835	6,525	9,360	0.21%	111
2002	7,505	6,415	13,920	0.30%	163
2003	7,505	6,300	13,805	0.28%	160
2004	7,280	6,180	13,460	0.25%	155
2005	7,050	13,785	20,835	0.37%	240
2006	6,810	13,655	20,465	0.34%	235
2007	6,565	47,735	54,300	0.81%	623
2008	21,735	41,800	63,535	0.87%	731

Notes: General bonded debt is debt payable with government fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

City of Whittier
Direct and Overlapping Debt
June 30, 2008

City Assessed Valuation	\$ 5,564,069,026
Redevelopment Agency Incremental Valuation	1,425,355,734
Total 2007-2008 Assessed Valuation	\$ 6,989,424,760

	Percentage Applicable	Outstanding Debt 6/30/08	Estimated Share of Overlapping Debt
Overlapping Debt:			
Metropolitan Water District	0.775%	\$ 150,054,336	1,162,880
East Whittier DS 1998 Series B	63.582%	230,000	146,238
E Whittier City DS 2007 Ref Bonds	63.582%	16,960,000	10,783,484
S Whittier SD DS 1998 Series A	0.379%	11,608,567	43,979
S Whittier Elementary DS 2004 Series A	0.379%	7,499,788	28,413
Whittier City SD DS 2000 Series A	53.028%	100,000	53,028
Whittier City SD DS 2000 Series B	53.028%	220,000	116,663
Whittier City SD DS 2000 Series C	53.028%	4,625,000	2,452,565
Whittier City SD DS 2000 Series D	53.028%	9,340,000	4,952,856
Whittier City SD DS 2000 Series E	53.028%	4,810,000	2,550,668
Whittier City SD DS 2006 Ref Bonds	53.028%	9,270,000	4,915,736
Fullerton Union HSD DS 2002 Series A	25.547%	2,771,127	707,936
Fullerton Union HSD DS 2005 Series B	25.547%	2,333,814	596,216
Whittier Union HSD DS 2005 Ref Bonds	36.475%	93,857,133	34,234,361
N Orange Co CCD DS 2002 Series A	24.924%	313,075	78,030
N Orange Co CCD DS 2003 Series B	24.924%	1,361,342	339,297
N Orange Co CCD DS 2005	24.924%	3,816,434	951,197
Rio Hondo CCD DS 2004 Series A	23.374%	11,335,000	2,649,414
Rio Hondo CCD DS 2005 Ref Bonds	23.374%	46,482,244	10,864,639
 Total overlapping debt		\$ 376,987,860	77,627,601
City direct debt			7,070,000
Total direct and overlapping debt			(1) 84,697,601

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Debt to 2007-2008 City Assessed Valuation Ratios:

Direct Debt	0.13%
Overlapping Debt	1.40%
Total Debt	1.53%

Source: HdL Coren & Cone

**City of Whittier
Legal Debt Margin
Last Ten Fiscal Years**

Fiscal Year	Assessed Valuation	Conversion Percentage	Adjusted Assessed Valuation	Debt Limit Percentage	Debt Limit	Debt Applicable to Limit	Legal Debt Margin
1998-99	\$ 3,887,459,817	25%	971,864,954	15%	145,779,743	-	145,779,743
1999-00	4,011,451,082	25%	1,002,862,771	15%	150,429,416	-	150,429,416
2000-01	4,205,011,072	25%	1,051,252,768	15%	157,687,915	-	157,687,915
2001-02	4,457,727,668	25%	1,114,431,917	15%	167,164,788	-	167,164,788
2002-03	4,748,100,147	25%	1,187,025,037	15%	178,053,756	-	178,053,756
2003-04	5,027,753,728	25%	1,256,938,432	15%	188,540,765	-	188,540,765
2004-05	5,360,478,410	25%	1,340,119,603	15%	201,017,940	-	201,017,940
2005-06	5,813,393,289	25%	1,453,348,322	15%	218,002,248	-	218,002,248
2006-07	6,430,515,245	25%	1,607,628,811	15%	241,144,322	-	241,144,322
2007-08	6,989,424,760	25%	1,747,356,190	15%	262,103,429	-	262,103,429

Note: The Government Code of the State of California provides for a legal debt limit of 15% of assessed valuation.

However, this provision was enacted when assessed valuation was based upon 25% of market value.

Effective 1981-82, assessed value became equivalent to full market value. The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Controller's Office, City of Whittier

City of Whittier
Pledged-Revenue Coverage
Water Revenue Bonds
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30	Gross Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
1999	\$ 6,827	3,803	3,024	230	413	643	4.70
2000	6,908	3,961	2,947	240	402	642	4.59
2001	6,501	4,035	2,466	255	391	646	3.82
2002	6,180	4,608	1,572	270	379	649	2.42
2003	17,009 ⁽³⁾	4,698	12,311	6,960	355	7,315	1.68
2004	6,583	4,588	1,995	170	485	655	3.05
2005	6,828	5,177	1,651	170	479	649	2.54
2006	8,445	6,922	1,523	185	471	656	2.32
2007	9,459	6,642	2,817	195	464	659	4.27
2008	9,662	7,503	2,159	205	456	661	3.27

Note: The rate covenant of the 1993 and 2003 water bonds requires net revenue to equal at least 125 percent of the debt service requirements. The bond originally issued in 1987 was defeased in 1993, and was refunded in March 2003.

(1) Restated to exclude AB1600 Water Connection Fee.

(2) Excludes depreciation.

(3) Includes bond proceeds in the amount of \$10,777,584.

Source: Controller's Office, City of Whittier

City of Whittier
Pledged-Revenue Coverage
Solid Waste Revenue Bonds
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30	Gross Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
1999	\$ 6,373	5,170	1,203	200	256	456	2.64
2000	6,818	5,341	1,477	205	247	452	3.27
2001	7,111	5,406	1,705	215	238	453	3.76
2002	7,235	5,313	1,922	230	228	458	4.20
2003	6,507	5,611	896	235	217	452	1.98
2004	7,770	5,717	2,053	245	205	450	4.56
2005	8,361	5,892	2,469	260	193	453	5.45
2006	8,589	6,275	2,314	275	174	449	5.15
2007	8,826	6,358	2,468	290	159	449	5.50
2008	8,828	6,593	2,235	305	144	449	4.98

Note: The rate covenant of the 1993 solid waste bonds requires net revenue to equal at least 150 percent of the debt service requirements. The bond originally issued in 1989 was defeased in December 1993.

(1) Restated to exclude fees collected for the landfill expansion.

(2) Excludes depreciation.

Source: *Controller's Office, City of Whittier*

City of Whittier
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population (1)	Household Effective Buying Income Whittier (2)	**Per Capita Personal Income (3)	Unemployment Rate (4)
1998-99	84,948	\$ 38,170	\$ 28,469	3.8%
1999-00	83,639	39,348	29,402	3.5%
2000-01	84,602	44,260	32,155	3.9%
2001-02	85,593	44,951	32,155	3.7%
2002-03	86,414	42,743	32,544	4.4%
2003-04	86,919	43,930	33,435	3.9%
2004-05	86,736	44,816	35,170	4.1%
2005-06	86,841	45,591	37,441	3.3%
2006-07	87,190	47,546	39,880	3.6%
2007-08	86,945	49,210	41,875	5.8%

** Per Capita Personal Income in Los Angeles-Long Beach-Santa Ana metropolitan statistical area.

Sources: (1) *California Department of Finance, Demographic Research Unit*

(2) *Sales and Marketing Management Survey of Power, Claritas Inc.*

(3) *U.S Dept. of Commerce, Bureau of Economic Analysis*

(4) *State of California Employment Development Department, Labor Market Information Division*

City of Whittier
Demographic and Economic Statistics
2008 Ten Largest Employers

Rank	Name	Number of Employees	Type
1	Interhealth Corporation	2,600	Healthcare
2	Whittier Hospital Medical Center	850	Healthcare
3	City of Whittier	807	Municipality
4	Whittier Union HS District	412	Education
5	Whittier College	325	Education
6	U.S. Post Office	315	Postal Service
7	Integrated Medical Management	300	Healthcare
8	Leggett & Platt, Inc.	250	Manufacturing Plumbing & HVAC Corporate Headquarters
9	Johnson Controls Inc	250	Headquarters
10	Los Angeles College of Chiropractor	220	Education

Information is not available for nine years prior.

Source: ReferenceUSA.com

City of Whittier
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

As of June 30	Full-time and Part-time Employees by function									Total
	General government	Public safety	Public works	Community development	Library	Transit	Parks and recreation	Water / sewer	Solid waste	
1999	45	200	62	20	84	9	129	25	26	600
2000	58	196	74	20	84	7	123	26	33	621
2001	48	205	60	21	77	8	162	24	31	636
2002	61	203	62	17	85	10	175	24	28	665
2003	52	188	55	19	82	8	184	25	28	641
2004	50	204	57	17	72	7	174	24	35	640
2005	50	191	61	20	82	6	152	22	32	616
2006	52	179	60	24	76	3	159	27	33	613
2007	46	190	64	21	83	3	152	27	32	618
2008	53	208	58	22	101	4	300	27	34	807

Source: *City of Whittier Controller's Office*

**City of Whittier
Operating Indicators
Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<i>Public Safety</i>										
Sworn employees-full time	131	130	133	133	130	130	124	121	128	135
Civilian employees-full time	61	57	58	58	52	56	69	68	68	75
Physical arrests	3,042	3,073	3,265	3,246	3,378	3,660	3,391	3,558	3,321	2,923
Parking violations	14,488	16,044	17,638	14,703	18,220	13,474	13,305	10,480	11,263	13,635
Traffic violations	8,484	9,533	10,135	9,617	7,559	8,952	7,323	6,599	7,349	11,044
<i>Libraries</i>										
Total items	305,000	305,000	305,000	305,000	386,276	362,450	360,000	378,828	381,975	332,299
Volumes checked out	684,000	732,000	701,000	706,143	645,747	545,342	530,872	545,885	531,400	571,904
Library patrons	not available	-----	-----	498,445	509,181	473,564	465,784	431,078	473,510	452,823
New library cards	10,000	8,600	8,336	9,107	8,400	6,500	7,129	7,335	6,864	7,291
<i>Public Transit System</i>										
Fixed route:										
Routes	2	2	2	2	2	2	2	2	2	N/A
Revenue service miles	172,092	171,323	142,676	169,923	170,899	157,223	159,070	149,683	148,373	N/A
Riders	376,517	376,735	361,097	327,985	293,573	255,135	212,087	182,306	166,078	N/A
Dial-A-Ride:										
Revenue service miles	not available	-----	-----	-----	-----	-----	-----	172,072	167,881	176,830
Riders	not available	-----	-----	-----	-----	-----	-----	46,904	53,870	54,648
<i>Parks & Recreation</i>										
Senior center patrons	144,000	144,000	144,000	144,000	120,000	103,860	103,860	119,786	100,860	129,506
Aquatics program participants	88,000	88,000	88,000	88,000	62,500	61,654	61,654	58,172	55,720	61,300
Tennis program participants	78,000	78,000	78,000	78,000	55,000	47,300	47,300	26,560	26,000	31,400
Youth program participants	225,000	225,000	225,000	220,000	190,000	175,805	195,000	206,181	209,850	209,960
Community center patrons	248,000	248,000	248,000	260,000	245,000	217,000	230,000	223,825	235,810	236,105
Parnell community & senior center patrons	N/A	-----	-----	-----	-----	-----	-----	-----	74,563	80,576
York field patrons	N/A	-----	-----	-----	-----	-----	-----	-----	45,360	103,000
<i>Water Utility</i>										
Avg daily water consumption	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Maximum plant capacity per day	19,400,000	19,400,000	19,400,000	19,400,000	19,400,000	19,400,000	19,400,000	19,400,000	19,400,000	19,400,000
<i>Sanitary Landfill</i>										
Permitted limit tons per day	350	350	350	350	350	350	350	350	350	350
<i>Sewer System</i>										
Single-family sewer service	18,442	18,442	18,442	18,442	18,442	18,442	18,442	18,442	18,442	18,442
Multi-residential sewer service	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024
Commercial sewer service	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675	1,675

Source: City of Whittier Departments

City of Whittier
Capital Asset Statistics by Function
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<i>Public Safety</i>										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	27	27	29	29	29	29	29	29	32	32
Number of canine units	1	1	1	1	2	2	2	2	2	2
Number of motorcycle units	5	5	5	5	5	5	5	5	5	5
<i>Public Works:</i>										
Miles of streets	188	188	190	190	190	190	190	212	212	212
Traffic signals	55	55	93	97	97	97	97	98	99	99
Number of street lamps	2,138	2,138	3,235	3,240	3,240	3,248	3,248	3,248	3,262	3,262
<i>Libraries</i>										
Number of libraries	2	2	2	2	2	2	2	2	2	2
<i>Public Transit System</i>										
Number of fixed route vehicles	4	4	4	4	4	4	4	4	4	N/A
Number of dial-a-ride vehicles	3	3	3	5	5	6	5	7	7	9
<i>Parks & Recreation:</i>										
Number of parks	20	20	20	20	20	20	20	20	20	20
Acres of parks	411	411	411	411	411	411	411	411	411	411
Acres of designated open space	1,486	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
Number of tennis courts	13	13	13	13	13	13	13	13	13	13
Number of community centers	1	1	1	1	1	1	1	1	1	1
Number of senior centers	1	1	1	1	1	1	1	2	2	2
<i>Water Utility</i>										
Miles of mains	137	137	137	137	137	137	137	137	137	137
Number of hydrants	910	910	910	910	910	910	910	910	910	910
<i>Sanitary Landfill</i>										
Acres of landfill permitted	132	132	132	132	132	132	132	132	132	132
<i>Sewer System</i>										
Miles of sanitary sewer lines	214	214	214	214	214	214	214	214	214	214

Source: City of Whittier Departments



City of Whittier, California

2007-08 Comprehensive Annual Financial Report

13230 E. Penn Street, Whittier, California 90602-1772 (562) 945-8200