CITY OF LA MIRADA

DEDICATED TO SERVICE

FISCAL YEAR ENDED JUNE 30, 2011

City Council

Steve Jones, Mayor
Gabriel P. Garcia, Mayor Pro Tem
Pauline Deal, Councilmember
Steve De Ruse, Councilmember
Lawrence P. Mowles, Councilmember

Administrative Personnel

Thomas E. Robinson, City Manager
Kevin D. Prelgovisk, Assistant City Manager
Steve S. Forster, Public Works Director
Rueben Arceo, Community Development Director
Brian Kite, Theatre Director
Lori Thompson, Community Services Director
Anne Haraksin, City Clerk

Prepared by:
Kevin D. Prelgovisk, Assistant City Manager
Melissa Pascual, Accountant II
Judy G. Quiñonez, Accountant II

City of La Mirada
Organizational Chart

CITIZENS OF LA MIRADA

CITY COUNCIL

CITY ATTORNEY — CITY MANAGER — **CITY CLERK**

Administration and Support
- City Administration
- Economic Development
- Business Attraction & Retention
- Redevelopment
- Finance
- Personnel
- Risk Management
- Information Technology
- Support Services
- Legal Services
- Investments
- Business License
- Transit Administration

Community Development
- Planning
- Building & Safety
- Code Enforcement
- CDBG Program Management
- CDBG Rehabilitation
- Housing

Community Services
- Recreation
- Facilities Management
- Community Events
- Family Services
- Senior Services
- Youth Services
- Counseling
- Communications
- Aquatic Center

Public Works
- General Maintenance
- Public Facilities
- Parks
- Medians/Panels
- Mechanical
- Public Right-of-Way
- Resource Management
- AQMD
- Used Oil Recycling
- Beverage Container Recycling

Public Safety
- General Law Enforcement
- Traffic law Enforcement
- Special Services
- Alcohol & Narcotics Enforcement
- TASC
- Sheriff Station Annex
- Emergency Preparedness
- Helicopter Patrol
- Bicycle Patrol

Theatre for the Performing Arts
- Theatre Administration
- Productions
- Presentations
- Rentals

CITY OF LA MIRADA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2011

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CITY OF LA MIRADA

STATE OF CALIFORNIA

1960

CITY OF LA MIRADA
DEDICATED TO SERVICE

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December 13, 2011

TO THE CITIZENS, HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL OF THE CITY OF LA MIRADA:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2011. The CAFR has been prepared by the City's Administrative Services Department. Responsibility for both the accuracy and the completeness of the data and fairness of presentation, including all disclosures, rests with the City. We believe that the data as presented is accurate in all material aspects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City of La Mirada. We believe the data, as measured by the financial activities of the various funds and the appropriate disclosures, enables the reader to gain maximum understanding of the City's financial activities.

This report marks the ninth year the City has prepared the CAFR using the new financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments. Among other requirements, this new GASB Statement requires that management 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 MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY AND SERVICES PROVIDED

The City of La Mirada, located seventeen miles southeast of downtown Los Angeles in Los Angeles County and bordering Orange County, provides a full range of municipal services to the community through an efficient combination of direct and contract services. These include legislative, administrative and support services, planning and building, public works, community services, theatre as well as public safety (excluding fire, which is provided by the Los Angeles County Fire District). The City was incorporated March 23, 1960.

The La Mirada Redevelopment Agency was established in June 1973, pursuant to the State of California Health and Safety Codes, Section 33000 entitled, "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational and public facilities.

Steve Jones, Mayor | Gabriel P. Garcia, Mayor Pro Tem | Pauline Deal, Councilmember | Steve De Ruse, D. Min., Councilmember | Lawrence P. Mowles, Councilmember | Thomas E. Robinson, City Manager

The City and the La Mirada Redevelopment Agency formed the La Mirada Public Financing Authority on August 8, 1989. The La Mirada Financial Authority was established for the purpose of providing financing for the Redevelopment Agency.

This report combines the financial statements of the City of La Mirada, the La Mirada Redevelopment Agency and the La Mirada Public Financing Authority in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The financial operations of the City, the Redevelopment Agency and the Public Financing Authority, although legally separate, are closely related and the City Council has a continuing responsibility over each entity. City Council members, in separate sessions, serve as the governing board of the Redevelopment Agency and the Public Financing Authority. The financial activities of the Redevelopment Agency and the Public Financing Authority are included with the capital projects funds and debt service funds. The Public Financing Authority had no financial transactions during the Fiscal Year 2010-11, and had no assets, liabilities or fund balance at June 30, 2011.

ECONOMIC CONDITION AND OUTLOOK

The City of La Mirada sales tax group is composed of business and industry, fuel and service stations, general consumer goods, building and construction, restaurants and hotels, food and drugs and autos and transportation. The sales tax generated from all business groups (excluding transfers-in) accounts for 28% of total General Fund revenues. There have been signs of slow recovery in California's economy since the unprecedented loss over the last few years. The City's sales tax revenue experienced approximately 13% in sales tax growth over last fiscal year. Better performance from several business to business industries and higher service station fuel prices were primarily responsible for the increase. Sales tax revenues are, however, still 30% below peak receipts levels of Fiscal Year 2006-07.

The local housing market experienced some recovery in the first half of 2010, as home buying increased due to a federal home buyer's tax credit. With economic conditions likely to keep home prices and interest rates near historic lows, there appears to be little incentive for buyers to rush into the market. The median sale price of a single home in La Mirada from January through October 2010 was $366,250. This represents a $1,250 (.3%) increase in median sales price from 2009.

At the local level (the Greater Los Angeles Area) unemployment continued to stay at its record peak of 12.1% as of June 2011. La Mirada fared far better than the Greater Los Angeles area, with a 7.5% unemployment rate.

Actions by the State of California continue to be very damaging to La Mirada and other local governments. In recent years, the State inappropriately shifted many of its costs to cities. The negative impacts of bad State policies on La Mirada have been very significant, most notably, the taking of over $5.9 million in redevelopment funds in the last two fiscal years. Over a four year period, recent and pending State takes may

result in more than $10 million. These State takes are now being litigated by California Redevelopment Agency on behalf of its member agencies.

Economic conditions, combined with the State's fiscal situation, have continued to impose financial constraints on the City. These constraints have caused City staff to continue to carefully evaluate City programs and services. Despite these financial constraints, the City has continued efforts to maintain and improve excellent customer service to the community through prudent use of available resources. Due to healthy General Fund reserves, La Mirada is better positioned than most cities to absorb the impact of recent economic volatility. However, the City will continue to control spending, and actively seek ways to protect revenues. Through economic development efforts, the City will continue to attract and retain quality businesses to sustain and increase the local tax base.

MAJOR INITIATIVES

The City provides a wide range of quality services designed to improve its quality of life. The City continued its aggressive program of maintaining public safety, providing significant improvements in recreational facilities and services, and generally improving the livability of the community. The City also invested in numerous programs and projects to enhance the quality of life that La Mirada citizens expect and enjoy. The City has received high marks from its business community. The most recent survey of businesses indicated 79 percent perceived La Mirada as a business friendly city and 88 percent of those who interacted with staff reported receiving good customer service. Also, the City has been named the 34th Best Place to Live in America and third Best in California by CNN Money Magazine.

Public Safety

The City remained the safest city in southeast Los Angeles County and northern Orange County. In 2010, Public Safety worked cooperatively with other agencies to reduce crime and enhance the quality of life in La Mirada. The Public Safety Team continued to encourage community participation in the City's Neighborhood Watch, Business Watch, HAM Watch and Volunteers on Patrol programs. Through these programs, residents learned how to observe and report suspicious activity in their neighborhoods. The community's vigilance helped to further deter crime. With the recent development of E-Watch, residents became better informed of criminal incidents and crime prevention techniques. La Mirada's crime rate was its second lowest and has decreased 26 percent in the past 10 years. This excellent record is attributable to a strong partnership between residents, businesses and the City's Public Safety Team.

Community Services

Through a comprehensive evaluation of programming, facility hours, and staffing levels, Community Services reduced operation costs by an estimated $350,000. In addition, staff continued to develop partnerships with agencies and businesses that offset costs of citywide programs and special events. The Splash! La Mirada Regional Aquatics Center continued to set records for attendance, season pass sales and total revenues generated during the past year.

La Mirada Theatre for the Performing Arts

The La Mirada Theatre for the Performing Arts enjoyed another successful season with impressive revenue numbers, sold-out performances, critical acclaim, and a number of new programs. Audiences praised the addition of a direct from London high definition cinema series, a new Tribute Fridays concert series, and a new comedy summer Shakespeare series. McCoy Rigby Entertainment continued to produce a series of top quality, Broadway-style productions. Resident groups, a children's series, a world-class cabaret series, rentals, cultural performances, and holiday events continued to thrive.

Public Works

Public Works completed federally funded economic stimulus infrastructure improvements. These projects included resurfacing La Mirada Boulevard north of Oakwood Lane, and Stage Road from Alondra Boulevard to the east City limit. Street improvements were also completed on Alicante Road from La Mirada Boulevard to Santa Gertrudes Avenue and Biola Avenue from Stage Road to Rosecrans Avenue. Construction of the first phase of an underground storm drainage system, street renovation, and related improvements in the northeast Foster Park area was completed and two additional phases began construction. Public Works also continues to update the City's comprehensive infrastructure needs assessment, identifying more than $70 million of improvements needed in future years.

The Department was actively involved in planning and engineering efforts related to the I-5 Freeway improvement project, which is scheduled to begin construction in FY 2012-2013. In a related project, intersection, pavement, and traffic signal improvements were completed at Valley View Avenue and Alondra Boulevard using Federal funds through the I-5 Joint Powers Authority. Public Works also monitored planning for the State's proposed High Speed Rail system, and continued work on the Valley View Grade Separation Project by acquiring needed rights of way and finalizing plans. Public Works also completed kitchen improvements at Splash! "Shelf ready" project plans were developed for the realignment of Telegraph Road and nine additional projects. Five of those street improvement projects will be funded by the Metropolitan Transportation Authority, and will move into construction in FY 2011-2012. Those projects include resurfacing Valley View Avenue from Artesia Boulevard to Gannet Street, Firestone Boulevard South from Valley View Avenue to Artesia Boulevard, Trojan Way from Firestone Boulevard North to Alondra Boulevard, Alondra Boulevard from Trojan Way to Stage Road, and Stage Road from Alondra Boulevard to Castellon Road.

Community Development

Work was done throughout the year on the Imperial Highway Specific Plan funded by a $150,000 grant from the Southern California Association of Governments (SCAG). The Imperial Highway Specific Plan incorporates new land use and policy requirements that are intended to revitalize the corridor. Community Development also obtained another Compass Blueprint Grant in the amount of $175,000 to fund the preparation of a strategic Specific Plan to guide future commercial development along the I-5 Freeway Corridor.

Staff continues to improve and expand the Community Development "one-stop" permit system to help expedite the plan check process and shorten the time period required to obtain a building permit.

Administration

Administration successfully guided the City through a challenging economic time with minimal disruption to services. Administration executed the Disposition and Development Agreement with Brandywine for the development of "The Orchards" residential neighborhood on Alondra Boulevard. The City continued its business outreach efforts, including the Shop La Mirada campaign, and was recognized as a finalist for the Los Angeles County Economic Development Corporation's "Most Business Friendly Cities in Los Angeles County" Award for the third consecutive year. The City Clerk's Office successfully conducted the 2011 election.

Administrative Services

The Department developed and implemented the City's early retirement incentive plan, which resulted in significant savings from the reduction of eight full-time positions. The department explored alternatives to the current compensation and benefits model and will continue this effort through the next fiscal year. Staff continued to supervise the La Mirada Transit contract, revising the operating agreement to accommodate the acquisition of seven more environmentally friendly natural gas vehicles. Staff also devoted considerable time and effort to the revision and modernization of City safety policies, and the safety training program.

PROSPECTS FOR THE FUTURE

During these uncertain economic times, the City has maintained its conservative financial approach while maintaining quality programs, services and facilities. The City's quality of life continues to be enhanced through the work of the Redevelopment Agency, and by working with new businesses that meet the community's needs. Local businesses such as Holiday Inn Select, U.S. Foodservice, Beaulieu of America, Living Spaces and Home Depot provide local revenue to pay for municipal services and programs for the community. Today, with more than 15,000 residential units, La Mirada continues its tradition of developing quality new housing developments while improving its existing housing stock in established neighborhoods.

The City's financial position continues to be solid. The City maintains its strong financial position based on the following guidelines:

- The City's conservative fiscal philosophy calls for providing quality municipal services at a level consistent with available resources.
- The City has a tradition of operating on a balanced budget.
- The City's approach to delivering services through both City employees and contracts with private companies and other governmental agencies, has allowed it greater flexibility in managing these services.
- The City has developed and maintained a healthy cash reserve for unexpected events.

- The City has consistently communicated to its citizens the need to temper demand for services against available resources.
- The City supports and encourages a strong, viable business community.
- The City supports and encourages citizen volunteerism to help reduce dependence on City provided services.

As the City experiences modest population growth and limited economic expansion, its municipal services are constantly being reassessed to serve residential and business needs in the most efficient way possible. Growth in demand for City services presents the City with significant challenges. To maintain the current high level of service, the City will continue to explore ways to operate more efficiently, cut costs, and enhance its revenue base while planning to meet future infrastructure needs.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The City's management staff is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls safeguard assets and provide assurance of proper recording of financial transactions. Accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The City also maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriations budget, approved by the City Council. Activities of the General Fund, Special Revenue Funds, Enterprise Funds, Internal Service Funds, Debt Service Funds and Capital Projects Funds are included in the annual appropriations budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The City Manager is authorized to transfer budgeted amounts within and between funds as deemed necessary in order to meet the City's needs; however, revisions that alter the total budget must be approved by the City Council. Encumbrances may be reappropriated as part of the following year's budget.

OTHER FINANCIAL INFORMATION

Employee Retirement – The City contributes to the California Public Employees' Retirement System (CalPERS), a multiple-employer public retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. In Fiscal Year 2004 the City was folded into a CalPERS Risk Pool with other small cities. This Risk Pool's most recent actuarial valuation reflects a liability of $362,656,828 (89% funded).

The City fully funds the City's retiree health benefits and retiree pension enhancement plans. The accrued liability for the postretirement health benefit of $10.45 million was fully funded in Fiscal Year 2008-2009 with CalPERS CERBT trust.

The City funds a supplemental retirement program for qualifying full-time employees through the Public Agency Retirement System (PARS) for employees hired before July 1, 2011. The City also contributes toward a retirement plan for all hourly employees through PARS.

Spending Limitation – Under Article XIIIB of the California Constitution (the GANN Spending Limit Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements. For the Fiscal Year ended June 30, 2011, based on calculations by City Management, proceeds of taxes did not exceed appropriations.

AUDIT AND FINANCIAL REPORTING

Independent Audit – The City requires an annual audit of the financial statements of the City by an independent certified public accountant. All required reporting has been filed in a timely manner.

Award – 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 La Mirada for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2010. This was the twenty-second consecutive year that the City of La Mirada has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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. We believe this current Comprehensive Annual Financial Report again meets the Certificate of Achievement Program's requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,

Thomas E. Robinson
City Manager

Kevin D. Prelgovisk
Assistant City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of La Mirada
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

President

Executive Director

LSL
CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
  A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of La Mirada, California

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of La Mirada as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 16 – "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011 and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards,* we have also issued our report dated October 26, 2011, on our consideration of the City of La Mirada's internal control over financial reporting and our tests of its compliance with certain 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.

LSL
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and Members of the City Council
City of La Mirada, California

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Mirada, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lance, Soll & Lunghard, LLP

Brea, California
October 26, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the City of La Mirada for the Fiscal Year ended June 30, 2011. This MD&A should be read in conjunction with the transmittal letter that can be found in the introductory section of this report and with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased over the course of the Fiscal Year by $9 million to $85,977,854.

- In FY 2010, the City began construction on a number of major capital projects such as roadway repairs to La Mirada Boulevard, Biola Avenue, Alondra Boulevard, Stage Road, and resurfacing on Rosecrans Avenue. The first phase of the Foster Park Redevelopment project area was completed and construction and planning for Phases II through IV is currently in progress.

- In Fiscal Year 2010, the Redevelopment Agency contributed approximately $5 million to the State's Supplemental Education Revenue Augmentation Fund (SERAF) with another payment of $996,341 paid in Fiscal Year 2011. As permitted by budget legislation, the Agency borrowed the SERAF payment from the Low and Moderate Income Housing Fund, which must be repaid by 2015. The Redevelopment Agency is currently setting aside funds to ensure sufficient funds will be available to repay the Low and Moderate Income Fund.

- In FY 2010, the Redevelopment Agency refinanced the 1998 Special Tax Allocation Bond and issued 2010 Housing Tax Allocation Bonds, Series B and 2010 Tax Allocation Refunding Bonds, Series A. These actions contributed to improving the Agency's cash flows.

- The Agency made an additional principal payment of $2.75 million towards the City and Agency promissory note, a total of $3.5 million paid.

- The General Fund, which is included in the combined Governmental Funds, on the current financial resources basis, reported a fund balance increase of approximately $1 million due to City-wide operating efficiencies and cost controls, and a moderate revenue rebound.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City of La Mirada's basic financial statements. The City of La Mirada's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the City's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect function costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, leisure and cultural, public works, capital outlay and debt service.

The government-wide financial statements include not only the City, but also the legally separate La Mirada Redevelopment Agency and La Mirada Public Financing Authority for which the City is financially accountable.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations,

restrictions or limitations. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds statements tell how general government services such as public safety, public works, community development, and leisure and cultural were financed in the short term as well as what remains for future spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.

Proprietary funds are generally used to account for services for which the City charges customers, either outside customers, or internal units of City departments. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. In addition to these required elements, we have included supplemental statements and schedules that provide details about our non-major governmental funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. Additionally, the government-wide financial statements provide short and long-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

NET ASSETS
As of June 30, 2011

	Governmental Activities	
	Fiscal Year	
	2010	2011
Current & other assets	92,087,957	96,677,286
Capital assets	87,749,197	90,733,139
Total assets	179,837,154	187,410,425
Long-term debt liabilities	96,304,247	94,288,179
Other liabilities	6,595,702	7,144,392
Total liabilities	102,899,949	101,432,571
Net assets:		
Invested in capital assets	75,122,496	78,551,384
Restricted	54,395,377	44,396,590
Unrestricted	(52,580,668)	(36,970,120)
Total Net Assets	76,937,205	85,977,854

At the close of Fiscal Year 2011, assets exceed liabilities by $85.9 million with 100% of the net assets in the City's investments in Capital Assets. This represents a $9 million increase from Fiscal Year 2010 mainly due to major capital projects completed, the Redevelopment Agency's SERAF payments and bond refinancing.

The following table summarizes the total cost and net cost of the City's governmental activities by function type.

CHANGES IN NET ASSETS
As of June 30, 2011

	Governmental Activities	
	Fiscal Year 2010	2011
REVENUES		
Program Revenues:		
Charges for services	7,588,869	7,823,087
Operating grants and contributions	3,572,312	3,661,473
Capital grants and contributions	974,126	1,757,133
General Revenues:		
Property taxes	19,313,343	19,148,372
Sales and use tax	9,270,279	10,296,965
Transient occupancy taxes	803,425	1,024,679
Franchise taxes	2,493,098	2,630,099
Other taxes	784,799	1,144,448
Intergovernmental	148,048	256,058
Use of money and property	5,376,050	4,924,485
Miscellaneous	64,110	37,554
Total revenues	50,388,459	52,704,353
EXPENSES		
Governmental Activities:		
General government	10,264,609	7,669,085
Public safety	8,703,105	8,297,156
Community development	2,253,928	1,980,295
Public works	8,139,643	6,886,493
Leisure and cultural	10,944,535	10,330,598
Interest on long-term debt	8,596,585	8,500,077
Business-type activities:		
Theatre	-	-
Total expenses	48,902,405	43,663,704
Excess (deficit) before transfers	1,486,054	9,040,649
Transfers	4,906,400	-
INCREASE IN NET ASSETS	6,392,454	9,040,649
Net assets - beginning	70,544,751	76,937,205
Restatement of Net Assets	-	-
Net assets - ending	76,937,205	85,977,854

The City's revenues totaled $52,704,353 for the Fiscal Year ended June 30, 2011. The net increase in revenues is attributable to the moderate rebound in the City's sales tax revenue and one percentage point rate increase in transient occupancy tax which was

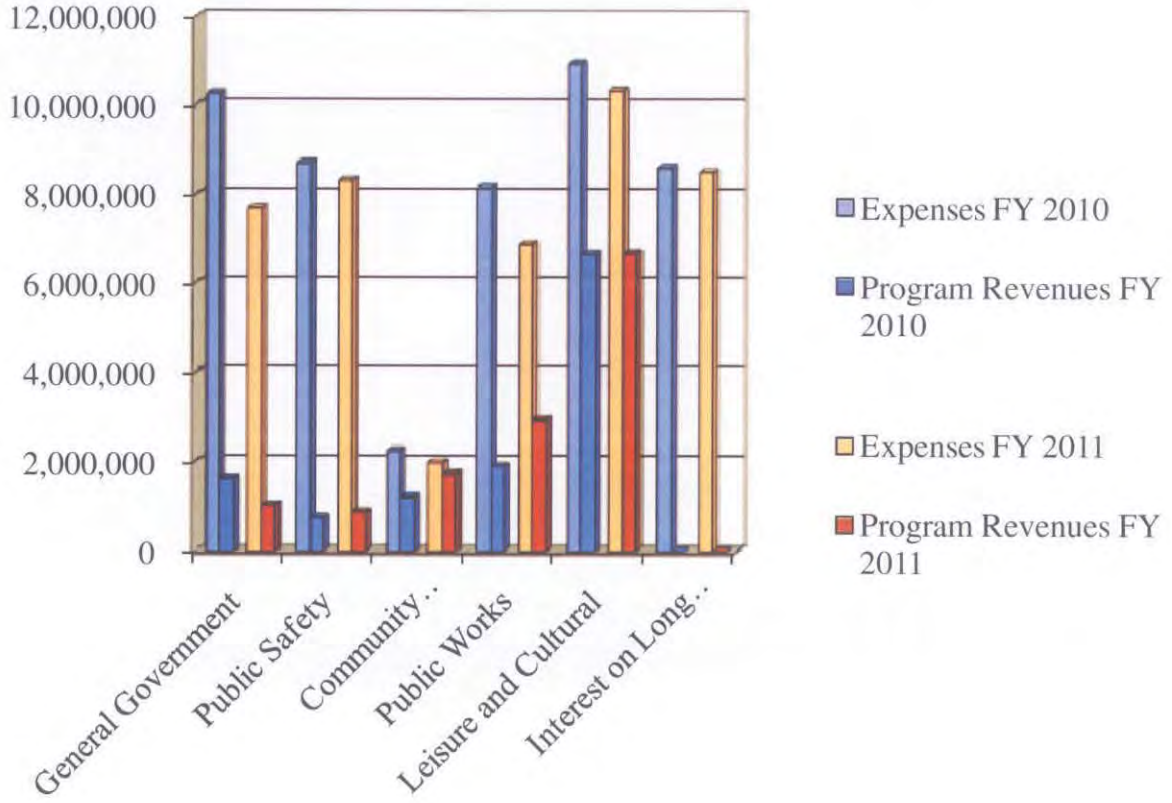
effective January 2010. In addition, the City received grant funding for major capital projects from CDBG, Federal ARRA funds, and other Federal Grants.

In Fiscal Year 2009-2010, the City's business-type activity, the Theatre Fund, was reclassified as a General Fund activity, reflected in the Transfers-In of $4,906,400.

City expenses for the year totaled $43,663,704. Expenses decreased $5.2 million from the prior year due to the Agency's Fiscal Year 2009-2010 SERAF payment.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

Governmental activity revenues totaled $52,704,353 or 100% of total revenues. Governmental activity expenses totaled $43,663,704 or 100% of total expenses. The following chart compares expenses and program revenues by Function for governmental activities for Fiscal Year 2010 and 2011:



NET COST OF GOVERNMENTAL ACTIVITIES

As of June 30, 2011

	Total Cost of Services		Net Cost of Services	
	Fiscal Year		Fiscal Year	
	2010	2011	2010	2011
Governmental Activities:				
General Government	10,264,609	7,669,085	8.6	6.6
Public Safety	8,703,105	8,297,156	8.0	7.4
Community Development	2,253,928	1,980,295	1.0	0.2
Public Works	8,139,643	6,886,493	6.2	4.0
Leisure and Cultural	10,944,535	10,330,598	4.3	3.7
Interest on Long Term Debt	8,596,585	8,500,077	8.6	8.5
Total	48,902,405	43,663,704	36.7	30.4

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The City's governmental funds provide information on near-term inflows, outflows and balance of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2011 of $64,017,556, a net increase of $69,448.

- The Capital Projects Fund was increased by $2 million to fund future capital projects.
- The Redevelopment Agency's Debt Service fund decreased $1,422,276 due to the Fiscal Year 2010-2011 SERAF payment in the amount of $996,341 and additional loan payment in the amount of $2,750,000.
- Other Governmental Funds decreased $1,003,729 due to grant revenues not received by June 30, 2011 and expected to be received during Fiscal Year 2011-2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The net difference between the final amended budget and actual amounts was a negative variance of $315,442. Note 2, Stewardship, Compliance and Accountability provides more details regarding budgeting policies and practice.

Budgetary highlights are summarized as follows:

- Taxes increased $2,301,224 in comparison to the budget due to a modest rebound in sales tax and transient occupancy tax.
- Use of money and property decreased $3,245,105 in comparison to the budget due to deferred interest on the Redevelopment Agency promissory note.
- General government appropriations increased $437,263 in comparison to the budget due to the changes in the City's insurance program. Other functions experienced an overall savings of $1,900,664 due to City-wide efficiencies.
- The Transfers out increased $1,224,520 in comparison to the budget for preparation of future identified capital projects.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of June 30, 2011, amounts to $90,733,139 (net of accumulated depreciation), an increase of $2,983,942 or 3.4% from Fiscal Year 2010. This investment in capital assets includes: land, construction in progress, buildings, improvements other than buildings, equipment and infrastructure. Note 4 – Changes in Capital Assets provides more detailed information on the capital assets.

LONG-TERM DEBT

At June 30, 2011, the City and Redevelopment Agency had $95,427,044 in long-term debt outstanding. All of the Tax Allocation Bonds are insured. More detailed information is included in Note 7, Long-Term Debt.

OUTSTANDING DEBT

As of June 30, 2011

	Governmental Activities	
	Fiscal Year	
	2010	2011
Tax Allocation Bonds	78,148,202	76,175,971
Lease Revenue Bonds	13,565,000	13,145,000
Loan Payable	4,613,225	4,936,151
Lease Payable	39,615	22,470
Claims and Judgments	528,962	587,834
Compensated Absences	637,202	559,618
Total	97,532,206	95,427,044

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of La Mirada is located in the Los Angeles-Long Beach-Santa Ana Area MSA labor market. Non-farm employment constitutes 99% of the work force, mostly comprised of manufacturing (9.8%), trade, transportation and utilities (19.3%), financial activities (5.7%), professional and business services (13.7%), education and health services (13.8%), and leisure and hospitality (10.3%). The June 2011 unemployment rate in the Greater Los Angeles area was 12.1%. La Mirada fared much better than the Greater Los Angeles area, with a 7.5% unemployment rate.

The adopted budget was developed using a conservative approach to revenue forecasting. Unprecedented revenue losses experienced in recent years due to the "Great Recession" now appear to have abated, and modest revenue growth is forecast for Fiscal Year 2011-2012; however, revenue items continue to be below the peak levels of Fiscal Year 2006-2007. Expenditures continue to be controlled by following the prudent financial course laid out in the City's Financial Contingency Options Plan, which was developed in 2009. The State of California's budget deficit continues to be a significant factor in the adopted budget. The City's General Fund Adopted Revenue and Expenditure Budget for Fiscal Year 2011-2012 are $35,631,102 and $35,236,873, respectively. Detailed information regarding the City of La Mirada's economic factors is provided in the Transmittal Letter.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of La Mirada's finances. Questions concerning any of the information provided in this report, or for additional financial information, should be addressed to the Assistant City Manager, City of La Mirada, 13700 La Mirada Boulevard, La Mirada, California 90638.

CITY OF LA MIRADA

STATE OF CALIFORNIA

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CITY OF LA MIRADA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Cash and investments	$ 48,739,609
Receivables:	
Accounts	319,733
Taxes	4,928,761
Notes and loans	8,188,742
Accrued interest	239,838
Prepaid costs	1,483,995
Due from other governments	2,539,133
Deferred charges	2,256,923
Land held for resale	13,060,086
Restricted assets:	
Cash and investments	485,159
Cash with fiscal agent	4,308,774
Net OPEB asset	10,126,533
Capital assets not being depreciated	11,148,430
Capital assets, net of depreciation	79,584,709
Total Assets	**187,410,425**
Liabilities:	
Accounts payable	3,418,449
Accrued liabilities	390,595
Accrued interest	1,385,288
Unearned revenue	1,298,699
Deposits payable	161,561
Due to other governments	489,800
Noncurrent liabilities:	
Due within one year	3,111,315
Due in more than one year	91,176,864
Total Liabilities	**101,432,571**
Net Assets:	
Invested in capital assets, net of related debt	78,551,384
Restricted for:	
Community development projects	9
Public works	4,350,060
Public safety	102,100
Capital projects	36,905,720
Debt service	1,076,315
Leisure and cultural	1,962,386
Unrestricted	(36,970,120)
Total Net Assets	**$ 85,977,854**

See Notes to Financial Statements

CITY OF LA MIRADA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities
Primary Government:					
Governmental Activities:					
General government	$ 7,669,085	$ 985,339	$ 46,409	$ -	$ (6,637,337)
Public safety	8,297,156	709,304	161,570	-	(7,426,282)
Community development	1,980,295	46,892	1,690,045	-	(243,358)
Leisure and cultural	10,330,598	6,081,552	392,016	193,730	(3,663,300)
Public works	6,886,493	-	1,371,433	1,563,403	(3,951,657)
Interest on long-term debt	8,500,077	-	-	-	(8,500,077)
Total Governmental Activities	**43,663,704**	**7,823,087**	**3,661,473**	**1,757,133**	**(30,422,011)**
Total Primary Government	**$43,663,704**	**$ 7,823,087**	**$ 3,661,473**	**$ 1,757,133**	**(30,422,011)**

General Revenues:	
Taxes:	
Property taxes, levied for general purpose	19,148,372
Transient occupancy taxes	1,024,679
Sales taxes	10,296,965
Franchise taxes	2,630,099
Business licenses taxes	314,324
Other taxes	830,124
Motor vehicle in lieu - unrestricted	256,058
Use of money and property	4,924,485
Other	37,554
Total General Revenues	**39,462,660**
Change in Net Assets	9,040,649
Net Assets at Beginning of Year	76,937,205
Net Assets at End of Year	**$ 85,977,854**

See Notes to Financial Statements

CITY OF LA MIRADA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

		Capital Projects Funds	
	General	Capital Improvement	Redevelopment Agency
Assets:			
Pooled cash and investments	$ 20,450,366	$ 2,000,000	$ 11,414,242
Receivables:			
Accounts	319,400	-	-
Taxes	3,881,555	-	-
Notes and loans	-	-	7,006,399
Accrued interest	116,002	-	25,576
Prepaid costs	998,882	-	-
Due from other governments	316,778	64,566	-
Due from other funds	1,882,760	975,374	201,351
Advances to other funds	29,172,621	-	5,835,713
Land held for resale	-	528,436	12,531,650
Restricted assets:			
Cash and investments	-	321,457	-
Cash and investments with fiscal agents	-	-	-
Total Assets	**$ 57,138,364**	**$ 3,889,833**	**$ 37,014,931**
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	$ 1,936,164	$ 1,193,805	$ 44,023
Accrued liabilities	275,146	-	-
Deferred revenues	4,579,401	-	-
Unearned revenues	1,144,490	-	-
Deposits payable	114,272	-	-
Due to other governments	10,057	-	65,188
Due to other funds	551,479	696,028	-
Advances from other funds	-	-	-
Total Liabilities	**8,611,009**	**1,889,833**	**109,211**
Fund Balances:			
Nonspendable:			
Prepaid costs	998,882	-	-
Land held for resale	-	528,436	12,531,650
Notes and loans	-	-	7,006,399
Advances to other funds	26,835,279	-	5,835,713
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Leisure and cultural	-	-	-
Public works	-	-	-
Capital projects	-	-	11,531,958
Debt service	-	-	-
Unassigned	20,693,194	1,471,564	-
Total Fund Balances	**48,527,355**	**2,000,000**	**36,905,720**
Total Liabilities and Fund Balances	**$ 57,138,364**	**$ 3,889,833**	**$ 37,014,931**

See Notes to Financial Statements

CITY OF LA MIRADA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	$ 1,448,258	$ 6,264,650	$ 41,577,516
Receivables:			
Accounts	-	-	319,400
Taxes	896,349	150,857	4,928,761
Notes and loans	-	1,182,343	8,188,742
Accrued interest	24,881	20,404	186,863
Prepaid costs	-	43,896	1,042,778
Due from other governments	-	2,157,789	2,539,133
Due from other funds	-	115,896	3,175,381
Advances to other funds	-	-	35,008,334
Land held for resale	-	-	13,060,086
Restricted assets:			
Cash and investments	-	-	321,457
Cash and investments with fiscal agents	3,284,337	1,024,437	4,308,774
Total Assets	**$ 5,653,825**	**$ 10,960,272**	**$ 114,657,225**
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	$ 107,684	$ 133,795	$ 3,415,471
Accrued liabilities	-	5,473	280,619
Deferred revenues	-	2,157,456	6,736,857
Unearned revenues	-	154,209	1,298,699
Deposits payable	-	-	114,272
Due to other governments	414,364	191	489,800
Due to other funds	201,351	1,846,759	3,295,617
Advances from other funds	35,008,334	-	35,008,334
Total Liabilities	**35,731,733**	**4,297,883**	**50,639,669**
Fund Balances:			
Nonspendable:			
Prepaid costs	-	43,896	1,042,778
Land held for resale	-	-	13,060,086
Notes and loans	-	-	7,006,399
Advances to other funds	-	-	32,670,992
Restricted for:			
Community development projects	-	9	9
Public safety	-	102,100	102,100
Leisure and cultural	-	1,918,490	1,918,490
Public works	-	4,350,060	4,350,060
Capital projects	-	-	11,531,958
Debt service	-	1,076,315	1,076,315
Unassigned	(30,077,908)	(828,481)	(8,741,631)
Total Fund Balances	**(30,077,908)**	**6,662,389**	**64,017,556**
Total Liabilities and Fund Balances	**$ 5,653,825**	**$ 10,960,272**	**$ 114,657,225**

See Notes to Financial Statements

CITY OF LA MIRADA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Fund balances of governmental funds		$ 64,017,556
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		
Capital assets	$ 115,173,557	
Accumulated depreciation	(25,734,082)	
		89,439,475
Governmental funds report the effect of issuance costs when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.		2,256,923
The issuance of long-term debt (e.g., bonds, leases, compensated absences, claims and judgments) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and deferral on loss of refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Long-term liabilities		(93,140,727)
Accrued claims and judgments		(167,528)
Compensated absences		(559,618)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(1,385,288)
Certain revenues in governmental funds are deferred because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis used in the government-wide statements.		6,736,857
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets		18,780,204
Net assets of governmental activities		**$ 85,977,854**

See Notes to Financial Statements

CITY OF LA MIRADA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

		Capital Projects Funds	
	General	Capital Improvement	Redevelopment Agency
Revenues:			
Taxes	$ 20,833,228	$ -	$ -
Licenses and permits	891,207	-	-
Intergovernmental	469,896	-	-
Charges for services	6,219,018	-	-
Use of money and property	2,166,685	-	237,275
Fines and forfeitures	641,179	-	-
Contributions	28,713	-	-
Miscellaneous	16,120	-	-
Total Revenues	**31,266,046**	**-**	**237,275**
Expenditures:			
Current:			
General government	5,013,990	-	1,140,392
Public safety	7,446,614	-	-
Community development	1,312,401	-	3,913
Leisure and cultural	8,583,044	-	-
Public works	5,889,874	340,035	-
Capital outlay	-	5,634,803	-
Debt service:			
Principal retirement	17,145	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	**28,263,068**	**5,974,838**	**1,144,305**
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,002,978	(5,974,838)	(907,030)
Other Financing Sources (Uses):			
Transfers in	1,695,432	7,974,838	3,665,503
Transfers out	(3,725,701)	-	(3,235,729)
Long-term debt issued	-	-	-
Total Other Financing Sources (Uses)	**(2,030,269)**	**7,974,838**	**429,774**
Net Change in Fund Balances	972,709	2,000,000	(477,256)
Fund Balances, Beginning of Year	48,268,163	-	37,382,976
Restatements	(713,517)	-	-
Fund Balances, Beginning of Year	47,554,646	-	37,382,976
Fund Balances, End of Year	**$ 48,527,355**	**$ 2,000,000**	**$ 36,905,720**

See Notes to Financial Statements

CITY OF LA MIRADA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 10,986,206	$ 2,901,881	$ 34,721,315
Licenses and permits	-	-	891,207
Intergovernmental	-	2,969,575	3,439,471
Charges for services	-	34,613	6,253,631
Use of money and property	117,062	124,350	2,645,372
Fines and forfeitures	-	-	641,179
Contributions	-	-	28,713
Miscellaneous	-	51,893	68,013
Total Revenues	**11,103,268**	**6,082,312**	**48,688,901**
Expenditures:			
Current:			
General government	1,299,589	-	7,453,971
Public safety	-	35,290	7,481,904
Community development	208,767	265,946	1,791,027
Leisure and cultural	-	1,363,352	9,946,396
Public works	-	52,270	6,282,179
Capital outlay	-	-	5,634,803
Debt service:			
Principal retirement	2,515,000	420,000	2,952,145
Interest and fiscal charges	7,023,239	613,371	7,636,610
Total Expenditures	**11,046,595**	**2,750,229**	**49,179,035**
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,673	3,332,083	(490,134)
Other Financing Sources (Uses):			
Transfers in	1,863,628	1,791,366	16,990,767
Transfers out	(3,665,503)	(6,127,178)	(16,754,111)
Long-term debt issued	322,926	-	322,926
Total Other Financing Sources (Uses)	**(1,478,949)**	**(4,335,812)**	**559,582**
Net Change in Fund Balances	(1,422,276)	(1,003,729)	69,448
Fund Balances, Beginning of Year	(28,655,632)	6,952,601	63,948,108
Restatements	-	713,517	-
Fund Balances, Beginning of Year	(28,655,632)	7,666,118	63,948,108
Fund Balances, End of Year	**$ (30,077,908)**	**$ 6,662,389**	**$ 64,017,556**

See Notes to Financial Statements

CITY OF LA MIRADA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds		$ 69,448
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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 5,680,487	
Depreciation	(2,452,136)	
		3,228,351
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Whereas, issuance of long-term debt is a current financial resource in the governmental funds, but the issuance increase long-term debt in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and deferral on loss of refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Long-term debt repayments	$ 2,952,145	
Bond discount/premium amortization	(9,954)	
Bond issuance cost amortization	(144,638)	
Amortization of deferred loss on refunding	(79,140)	
Changes in claims payable	221,813	
Accreted interest on tax allocation bonds	(542,769)	
Long-term debt issued	(322,926)	
		2,074,531
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		(86,966)
Compensated absences expenses 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		77,584
Certain revenues in governmental funds are deferred because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis used in the government-wide statements.		4,073,681
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities		(395,980)
Change in net assets of governmental activities		**$ 9,040,649**

See Notes to Financial Statements

CITY OF LA MIRADA

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1, as restated	$ 47,554,646	$47,554,646	$ 47,554,646	$ -
Resources (Inflows):				
Taxes	18,532,004	18,532,004	20,833,228	2,301,224
Licenses and permits	498,000	498,000	891,207	393,207
Intergovernmental	105,500	1,346,500	469,896	(876,604)
Charges for services	6,463,017	5,663,017	6,219,018	556,001
Use of money and property	2,661,790	5,411,790	2,166,685	(3,245,105)
Fines and forfeitures	565,000	565,000	641,179	76,179
Contributions	40,000	40,000	28,713	(11,287)
Miscellaneous	(788,000)	12,000	16,120	4,120
Transfers in	1,447,494	1,447,494	1,695,432	247,938
Amounts Available for Appropriation	**77,079,451**	**81,070,451**	**80,516,124**	**(554,327)**
Charges to Appropriation (Outflow):				
General government	4,538,591	4,576,727	5,013,990	(437,263)
Public safety	8,050,651	8,050,651	7,446,614	604,037
Community development	1,454,086	1,454,086	1,312,401	141,685
Leisure and cultural	8,685,467	8,647,331	8,583,044	64,287
Public works	6,980,529	6,980,529	5,889,874	1,090,655
Debt service:				
Principal retirement	17,149	17,149	17,145	4
Transfers out	1,260,181	2,501,181	3,725,701	(1,224,520)
Total Charges to Appropriations	**30,986,654**	**32,227,654**	**31,988,769**	**238,885**
Budgetary Fund Balance, June 30	**$ 46,092,797**	**$48,842,797**	**$ 48,527,355**	**$ (315,442)**

See Notes to Financial Statements

CITY OF LA MIRADA

STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Governmental Activities- Internal Service Funds
Assets:	
Current:	
Cash and investments	$ 7,162,093
Receivables:	
Accounts	333
Accrued interest	52,975
Prepaid costs	441,217
Due from other funds	120,236
Restricted:	
Cash and investments	163,702
Total Current Assets	**7,940,556**
Noncurrent:	
Net OPEB asset	10,126,533
Capital assets - net of accumulated depreciation	1,293,664
Total Noncurrent Assets	**11,420,197**
Total Assets	**$ 19,360,753**
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	$ 2,978
Accrued liabilities	109,976
Deposits payable	47,289
Accrued claims and judgments	105,077
Total Current Liabilities	**265,320**
Noncurrent:	
Accrued claims and judgments	315,229
Total Noncurrent Liabilities	**315,229**
Total Liabilities	**580,549**
Net Assets:	
Invested in capital assets	1,293,664
Unrestricted	17,486,540
Total Net Assets	**18,780,204**
Total Liabilities and Net Assets	**$ 19,360,753**

See Notes to Financial Statements

CITY OF LA MIRADA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2011

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Sales and service charges	$ 4,692,761
Total Operating Revenues	**4,692,761**
Operating Expenses:	
Administration and general	4,401,763
Depreciation expense	392,093
Total Operating Expenses	**4,793,856**
Operating Income (Loss)	(101,095)
Nonoperating Revenues (Expenses):	
Interest revenue	(58,229)
Total Nonoperating Revenues (Expenses)	**(58,229)**
Income (Loss) Before Transfers	(159,324)
Transfers in	26,280
Transfers out	(262,936)
Changes in Net Assets	(395,980)
Net Assets:	
Beginning of Year	19,176,184
End of Fiscal Year	**$ 18,780,204**

See Notes to Financial Statements

CITY OF LA MIRADA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	$ 4,692,648
Cash paid to suppliers for goods and services	(7,988)
Cash paid to employees for services	(4,231,102)
Net Cash Provided (Used) by Operating Activities	**453,558**
Cash Flows from Non-Capital Financing Activities:	
Cash transfers out	(262,936)
Cash transfers in	26,280
Cash paid due to/from other funds	445,832
Net Cash Provided (Used) by Non-Capital Financing Activities	**209,176**
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(147,684)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(147,684)**
Cash Flows from Investing Activities:	
Interest received	(71,754)
Net Cash Provided (Used) by Investing Activities	**(71,754)**
Net Increase (Decrease) in Cash and Cash Equivalents	**443,296**
Cash and Cash Equivalents at Beginning of Year	6,882,499
Cash and Cash Equivalents at End of Year	**$ 7,325,795**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (101,095)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	392,093
(Increase) decrease in accounts receivable	(113)
(Increase) decrease in prepaid expense	(55,825)
(Increase) decrease in Net OPEB asset	(129,470)
Increase (decrease) in accounts payable	548
Increase (decrease) in due to other governments	19,446
Increase (decrease) in deposits payable	47,289
Increase (decrease) in claims and judgments	280,685
Total Adjustments	**554,653**
Net Cash Provided (Used) by Operating Activities	**$ 453,558**

Non-Cash Investing, Capital, and Financing Activities:
There were no noncash investing, capital or financing activities.

See Notes to Financial Statements

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of La Mirada (City) was incorporated March 23, 1960, under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police), highway and streets, leisure and cultural, public improvements, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, the financial statements of the City of La Mirada include the financial activities of the City, the La Mirada Redevelopment Agency and the La Mirada Public Financing Authority. The La Mirada City Council acts as the Board of Directors for the Redevelopment Agency and the Public Financing Authority, so the City is considered to be the primary government and the other two entities are component units. The governing boards of the City and the component units are the same. The financial statements of the City and the two component units are blended. Blended component units, although legally separate entities, are part of the City's operations; data from these units are combined with data of the primary government. The financial statements of the Redevelopment Agency can be obtained from the Administrative Services Department.

The La Mirada Redevelopment Agency was established in June 1973, pursuant to the State of California Health and Safety Codes, Section 33000 entitled, "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational and public facilities.

The City and the La Mirada Redevelopment Agency formed the La Mirada Public Financing Authority on August 8, 1989, for the purpose of providing financing for the Redevelopment Agency. The Public Financing Authority had no financial transactions during the 2010-2011 fiscal year, and has no assets, liabilities or fund balance at June 30, 2011.

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 activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities that are normally 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year from which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year from which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are measurable and available as net current assets. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources susceptible to accrual are property, sales, highway user taxes, state gas tax subventions, investment income, and court fines and capital project financing sources. Primary sources not susceptible to accrual are licenses and permits and charges for current services. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

The City reports the following major funds:

Governmental Funds:

- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

- The Capital Improvement Fund was established to account for all of the City public improvement projects. Funding is provided by general and special revenue funds as well as the Redevelopment Agency.

- The Redevelopment Agency Capital Projects Fund is used to account for the acquisition, relocation, demolition and sale of land for those portions of the City earmarked as in need of redevelopment related activities. This fund is used to account for all four Redevelopment Agency project areas which were merged on July 2, 2003, and the Affordable Housing Fund. Financing is provided by property tax increment and bond proceeds.

- The Redevelopment Agency Debt Service Fund is used to account for the accumulation of resources and the payment of long-term debt principal, interest and related costs.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

- Special Revenue Funds are governmental funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- The Internal Service Funds account for employee benefits and replacement of equipment provided to other departments of the government, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

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 Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

d. Assets, Liabilities and Net Assets

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All cash and investments are held in the City's cash management pool. Therefore, all cash and investments in the Proprietary Funds are considered cash and cash equivalents.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Investments

Investments for the City as well as for its component units are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

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

The only receivables not expected to be collected within one year and are offset by deferred revenue are deferred loans of $1,182,343 in the Housing and Community Development Fund. The Redevelopment Agency –Capital Projects Fund also reports notes and loans receivable of $7,006,399.

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure used in the operation of the governmental funds, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. Donated capital assets are valued at their fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The estimated useful lives and capitalization thresholds are as follows:

Capital Asset Type	Useful Lives	Capitalization Threshold
Buildings and Improvements	50 years	$5,000
Furniture and Equipment	5-20 years	$5,000
Vehicles	5-15 years	$5,000
Infrastructure	20-50 years	$5,000 - $25,000

Compensated Absences

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30, from future resources rather than currently available financial resources. Accordingly, the entire unpaid liability for governmental funds is recorded as long-term liabilities in the applicable funds.

Property Taxes

The City of La Mirada has no City levied property taxes. The property taxes received are those levied by the County of Los Angeles for the City's share of maintenance and operations of the Southeast Park and Recreation District. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1, and are payable in two installments on December 10 and April 10. The County of Los Angeles bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when received except at year-end when property taxes received within 60 days are accrued as revenue. The County is permitted by state law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property-assessed value no more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

Fund Equity

The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted to him through a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During May of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenues and expenditures.

2. Public hearings are conducted at City Council meetings to obtain taxpayer comments prior to adoption of the budget in June.

3. Prior to July 1, the budget is legally adopted for all governmental fund types through passage of a resolution.

4. The City Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the City's needs; however, revisions that alter the total expenditures must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds. The legal level of control is the fund level.

5. Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council.

   During fiscal year, supplemental budget appropriations were approved by the City Council. The effects of the supplemental appropriations were minor, with exceptions to:
   - General Fund transfer out budget increased $1,241,000 for capital improvement projects.
   - Capital Improvement Fund public works budget increased $1,312,000 for capital improvement projects.
   - Redevelopment Agency – Debt Service principal retirement increased $2,750,000 for principal on loans.

b. Other Individual Fund Disclosures

1. The following funds had a deficit fund balance at June 30, 2011:

Fund	Amount
Debt Service Fund - Redevelopment Agency	$ (30,077,908)
Grant Fund	(828,481)

The deficit in the Redevelopment Agency Debt Service Fund is due to the advance between the City and the Redevelopment Agency and the advance from Low and Moderate Income Housing Fund for the SERAF payment. The SERAF advance is expected to be repaid by June 2015. The advance with the City is expected to be repaid in future years.

Note 2: Stewardship, Compliance and Accountability (Continued)

The deficit in the Grant Fund is due to the City not receiving grant monies by June 30, 2011. The grant monies are expected to be received during fiscal year 2011-2012.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and Investments

As of June 30, 2011, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	$ 53,533,542
Total Cash and Investments	$ 53,533,542

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest Income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits

At June 30, 2011, the carrying amount of the City's deposits was $3,196,235 and the bank balance was $4,509,418. The $1,313,183 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

Note 3: Cash and Investments (Continued)

Investments

Under provisions of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Securities issued by the US Treasury
- Securities issued and fully guaranteed as to payment by the US Government
- Bankers Acceptances with a maturity of 180 days or less
- Federally insured time deposits with a maturity of 180 days or less
- Bank deposits (non-negotiable certificates of deposit) with a maturity of 180 days or less
- Negotiable certificates of deposit with a maturity of two years or less
- Repurchase Agreements with a maturity of 30 days or less
- Commercial Paper with a maturity of 270 days or less
- State of California Local Agency Investment Fund (LAIF)
- Corporate medium term notes (5-yr maturity or less) of domestic Corporations or Depository Institutions
- Mortgage pass-through securities and asset-backed securities with a maturity of five years or less
- Money market mutual funds

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shared.

GASB Statement No. 31

The City adopted GASB Statement of No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium term notes (MTNs) to those rated in the top three rating categories by two of the three largest nationally recognized

Note 3: Cash and Investments (Continued)

rating services at time of purchase. As of June 30, 2011, the City's investment in medium term notes were rated "A1" or higher by Moody's. As of June 30, 2011, the City's investments in Federal Agency Securities, FDIC insured U.S. Corporate Notes, and money market fund were rated "Aaa" by Moody's. All securities were investment grade and were legal under State and City law. Investments in U.S. government securities including U.S. Treasuries are not considered to have credit risk; therefore, their credit quality is not disclosed. The City's investment in external investment pool is unrated.

On Aug. 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on Aug. 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. In addition, the ratings on 126 Federal Deposit Insurance Corp.–guaranteed debt issues from 30 financial institutions under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) have also been downgraded to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2011, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment with any one issuer. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities. As of June 30, 2011, the City is in compliance with the restrictions of its investment policy.

In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2011, the City has invested more than 5% of its total investment value with the following issuers:

Investment Agreements	$ 2,618,545	5.2%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Note 3: Cash and Investments (Continued)

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that the City's investment portfolio will not directly invest in securities maturing in more than five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2011, the City had the following investments and original maturities:

		Investment Maturities					
Investment Type:	Rating S&P/Moody's	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More Than 5 years	Fair Value
Local Agency Investment Fund	N/R	$ 18,270,359	$ -	$ -	$ -	$ -	$ 18,270,359
Money Market	AAA/Aaa	383,583	-	-	-	-	383,583
Medium Term Notes	AAA-A/Aaa-A1	351,514	1,267,447	4,547,028	2,393,301	-	8,559,290
FDIC Insured Notes	AAA-A/Aaa-A1	40,489	395,164	-	-	-	435,653
US Treasury Notes	N/R	787,227	-	3,811,627	1,044,422	-	5,643,276
Federal National Mortgage Assoc.	AAA/Aaa	-	534,876	2,628,792	693,232	-	3,856,900
Federal Home Loan Mortgage Corp	AAA/Aaa	-	586,380	1,678,376	1,012,656	-	3,277,412
Federal Home Loan Bank	AAA/Aaa	151,869	-	1,863,399	911,490	-	2,926,758
Federal Farm Credit Banks	AAA/Aaa	467,387	-	584,797	-	-	1,052,184
Tennessee Valley Authority	AAA/Aaa	-	-	1,049,108	574,012	-	1,623,120
Investments with Fiscal Agent:							
Money Market	N/R	1,690,227	-	-	-	-	1,690,227
Investment Agreements	N/R	-	-	-	-	2,618,545	2,618,545
		$ 22,142,655	$ 2,783,867	$ 16,163,127	$ 6,629,113	$ 2,618,545	$ 50,337,307

Note 4: Capital Assets:

Changes in Capital Assets

The City has reported all capital assets including its infrastructure in the Government-Wide Statement of Net Assets. A summary of changes in City capital assets is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 4,540,989	$ -	$ -	$ -	$ 4,540,989
Construction-in-progress	1,786,107	5,637,100	-	(815,766)	6,607,441
Total Capital Assets, Not Being Depreciated	6,327,096	5,637,100	-	(815,766)	11,148,430
Capital assets, being depreciated:					
Land Improvements	11,273,397	-	-	815,766	12,089,163
Buildings and Structures	70,506,616	141,783	-	-	70,648,399
Machinery and Equipment	5,495,571	49,288	-	-	5,544,859
Automotive Equipment	3,271,275	-	99,997	-	3,171,278
Infrastructure	17,799,890	-	-	-	17,799,890
Total Capital Assets, Being Depreciated	108,346,749	191,071	99,997	815,766	109,253,589
Less accumulated depreciation:					
Land Improvements	2,546,784	317,485	-	-	2,864,269
Buildings and Structures	10,043,390	1,412,207	-	-	11,455,597
Machinery and Equipment	3,631,739	368,060	-	-	3,999,799
Automotive Equipment	2,285,629	261,558	99,997	-	2,447,190
Infrastructure	8,417,106	484,919	-	-	8,902,025
Total Accumulated Depreciation	26,924,648	2,844,229	99,997	-	29,668,880
Total Capital Assets, Being Depreciated, Net	81,422,101	(2,653,158)	-	815,766	79,584,709
Governmental Activities Capital Assets, Net	$ 87,749,197	$ 2,983,942	$ -	$ -	$ 90,733,139

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

Governmental Activities:	
General Government	$ 343,299
Community Development	196,171
Public Safety	809,205
Public Works	711,119
Leisure and Culture	392,342
Internal Service Funds	392,093
	$ 2,844,229

Note 5: Loans Receivables

As of June 30, 2011, loans receivable consisted of the following:

Major Governmental Funds:	
Redevelopment Agency Capital Projects:	
Rehabilitation Loans:	
HIP Loans	$ 4,343,095
DPAP Loans	104,143
Promissory Loans:	
Grayville Limited Partnership Loan	1,126,595
Condominium Loans	1,432,566
Nonmajor Governmental Funds:	
HIP Loans	1,182,343
Total	$ 8,188,742

Home Improvement Program (HIP) is a home assistance program for low-to moderate-income La Mirada homeowners used to correct violations and repair deteriorating conditions in their homes. The assistance is provided through an emergency grant of up to $5,000 and low-interest deferred loans of up to $30,000 at 3% annual simple interest. The loan is secured by a deed of trust and does not need to be repaid until the property is sold, refinanced, no longer owner-occupied, or ownership transferred. At that time, the loan and interest is due and payable. Loans of $5,525,438 were outstanding as of June 30, 2011.

Down Payment Assistance Program (DPAP) is a deferred loan of up to 10% of the home purchase price at 3% simple interest for low-to moderate-income first time homebuyers used to purchase a single-family detached home in the City of La Mirada. Loans of $104,143 were outstanding as of June 30, 2011.

On November 7, 2000, the Agency entered into a loan agreement with Grayville Limited Partnership in connection with the development of a 122-unit affordable senior housing project. The loan amount is $847,064, and bearing non-compounding simple interest at the rate of 3% annually. No payments shall be due until the fifteenth anniversary date of the note. The payments shall be interest only payments in the amount of $25,412. Any amounts of interest not paid when due shall accrue with interest at the rate of 8% annually. All outstanding principal and any unpaid interest accrued thereon shall be due and payable in full upon expiration of the term. The loan shall mature and all outstanding principal and accrued interest thereon shall be due and payable the sooner of forty years or the date of maturity of the permanent loan. The balance at June 30, 2011, including accrued interest of $279,531, is $1,126,595.

The note receivables of $1,432,566 are a second trust deed on condominiums. The loan is paid off when the loan recipient sells the condo. On that date, the interest is then calculated. There is no established interest as it is considered a contingent deferred interest which is dependent on a variety of factors.

On April 22, 1998, the Agency entered into a loan agreement with Coyote Creek Housing Partners, LP in the amount of $300,000 to establish covenants to assure the affordability of the 161-unit development known as the Somerset Glen. The loan shall be for the term of 40 years and shall not bear interest. The balance at June 30, 2011, was paid in full.

Note 6: Interfund Receivables, Payables, and Transfers

a. Due To/From Other Funds

Receivable Funds	Payable Funds	
General Fund	Capital Improvement	$ 696,028
	Non-major governmental	1,186,732
		1,882,760
Capital Improvement	General Fund	433,887
	Non-major governmental	541,487
		975,374
Redevelopment Agency - Capital Projects	Redevelopment Agency - Debt Service	201,351
Non-major governmental	Non-major governmental	115,896
Internal Service	General Fund	117,592
	Non-major governmental	2,644
		120,236
	Total Due To/From Other Funds	$ 3,295,617

Due To/From amounts were short-term receivables and payables in order to cover negative cash balances, capital improvement projects, and benefit accrual.

b. Advances To/From Other Funds

Receivable Funds	Payable Funds	
General Fund	Redevelopment – Debt Service Fund	$29,172,621
Redevelopment-Capital Projects Fund	Redevelopment - Debt Service Fund	5,835,713
Total		$35,008,334

The Advances are loans made from the City to the Redevelopment Agency to assist in various Redevelopment projects. The advance between the Redevelopment-Capital Projects and Redevelopment-Debt Service was for the SERAF payment.

Note 6: Interfund Receivables, Payables, and Transfers (Continued)

c. Transfers In/Out

	Transfers Out					
	General	RDA Capital Project	RDA Debt Service	Nonmajor Governmental	Internal Service	Totals
Transfers In:						
General Fund	$ -	$ -	$ -	$ 1,432,496	$ 262,936	$ 1,695,432
Capital Improvement	2,692,293	1,372,101	-	3,910,444	-	7,974,838
RDA Capital Projects	-	-	3,665,503	-	-	3,665,503
RDA Debt Service	-	1,863,628	-	-	-	1,863,628
Nonmajor Governmental	1,033,408	-	-	757,958	-	1,791,366
Internal Service	-	-	-	26,280	-	26,280
Totals	$ 3,725,701	$ 3,235,729	$ 3,665,503	$ 6,127,178	$ 262,936	$ 17,017,047

Interfund transfers from the General Fund were used to fund non-major funds for debt service activity and capital improvements expenditures.

Interfund transfers from the Redevelopment Agency Capital Projects Fund and the Redevelopment Agency Debt Service Fund were for debt service payments, the 20% set aside of tax increment, and for administrative costs.

Non-major governmental interfund transfers primarily were used to fund capital improvement projects, capital asset purchases, and operations.

Note 7: Long-Term Debt

a. Governmental Activities:

The following is a summary of the changes in the governmental funds long-term debt except for advances, for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Governmental Activities:					
Tax Allocation Bonds	$ 78,148,202	* $ 542,769	$ 2,515,000	$ 76,175,971	$ 2,380,000
Lease Revenue Bonds	13,565,000	-	420,000	13,145,000	435,000
Loan Payable	4,613,225	322,926	-	4,936,151	-
Lease Payable	39,615	-	17,145	22,470	13,456
Claims and Judgments	528,962	1,197,930	1,139,058	587,834	146,959
Compensated Absences	637,202	77,130	154,714	559,618	135,900
Total	$ 97,532,206	$ 2,140,755	$ 4,245,917	95,427,044	$ 3,111,315
Plus:					
Bond premium				109,841	
Less:					
Bond discount				(247,168)	
Deferral on refunding				(1,001,538)	
				$ 94,288,179	

* Additions of $542,769 relate to Tax Allocation Bonds accretion of interest.

Note 7: Long-Term Debt (Continued)

The City has pledged, as security for certain bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. These bonds were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The City has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is $115,197,855 with annual debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was $10,945,824 and the debt service obligation on the bonds was $5,611,285.

Tax Allocation Bonds:

$17,310,000 2001 Tax Allocation Refunding Bonds, Series A:

Auth/Issued	Description	Principal	Date	Rate
$ 17,310,000	Serial	$ 480,000 /	2003 -	3.00%
		1,380,000	2024	5.25%

The City has pledged a portion of future tax increment revenues to repay $17,310,000 in tax allocation refunding bonds issued in May 2001. The bonds were issued to advance refund the 1992, Series A and 1995, Series C bonds as well as to partially refund the 1995 series B bonds. In addition, the bonds were used to finance additional redevelopment activities. The bonds are payable solely from tax increment revenue generated as a result of redevelopment activities. At June 30, 2011, the total principal and interest requirements for the bonds is $16,594,849 ($12,185,000 principal, $4,409,849 interest), payable semiannually through August 2024.

The term bonds maturing on or after August 15, 2001, are subject to redemption prior to maturity on any payment dates beginning August 15, 2010, at redemption prices ranging from 100.0% to 102.0% of principal. $12,185,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2001 Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2011-2012	$ 690,000	$ 597,580
2012-2013	745,000	563,775
2013-2014	785,000	525,525
2014-2015	825,000	485,275
2015-2016	855,000	443,275
2016-2021	4,975,000	1,509,491
2021-2026	3,310,000	284,928
Totals	$ 12,185,000	$ 4,409,849

Note 7: Long-Term Debt (Continued)

$2,750,000 2002 Tax Allocation Refunding Bonds:

Auth/Issued	Description	Principal	Date	Rate
$ 670,000	Serial	$ 160,000 /	2003 -	3.10%
		175,000	2006	4.50%
800,000	Term	800,000	2010	5.30%
1,280,000	Term	1,280,000	2015	5.60%

The City has pledged a portion of future tax increment revenues to repay $2,750,000 in tax allocation refunding bonds issued in May of 2002. The bonds were issued to refund the Valley View Redevelopment 1987 Tax Allocation Bonds. The bonds are payable solely from tax increment revenue generated as a result of redevelopment activities. At June 30, 2011, the total principal and interest requirement for the bonds is $1,467,040 ($1,280,000 principal, $187,040 interest), payable semiannually through August 2015.

The bonds are not subject to optional redemption prior to their stated maturity. The term bonds maturing on August 15, 2010 and August 15, 2015, are subject to mandatory redemption commencing August 15, 2007 and 2010, respectively, from sinking account payments at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption. The reserves are fully funded. $1,280,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2002 Tax Allocation Refunding Bonds	
	Principal	Interest
2011-2012	$ 230,000	$ 65,240
2012-2013	240,000	52,080
2013-2014	255,000	38,220
2014-2015	270,000	23,520
2015-2016	285,000	7,980
Totals	$ 1,280,000	$ 187,040

$4,450,000 2003 Housing Tax Allocation Bonds, Series A:

Auth/Issued	Description	Principal	Date	Rate
$ 3,275,000	Serial	$ 120,000 /	2004 -	1.05%
		260,000	2020	4.60%
1,175,000	Term	1,175,000	2024	5.00%

Note 7: Long-Term Debt (Continued)

The City has pledged a portion of future housing tax revenues to repay $4,450,000 in housing tax allocation bonds issued in October of 2003. The bonds were issued to refund the Housing Tax Allocation Bonds 1995 Series A and Housing Tax Allocation Bonds 1998 Series A Bonds. The bonds are payable solely from housing tax revenues. At June 30, 2011, the total principal and interest requirement for the bonds is $4,564,515 ($3,350,000 principal, $1,214,515 interest), payable semiannually through August 2024.

The bonds maturing August 15, 2004, are subject to mandatory redemption without premium, prior to their maturity date in part by lot on August 15, in each year commencing August 15, 2021, from Sinking Account payments under the indenture. Bonds maturing on or after August 15, 2014, are subject to optional redemption prior to maturity, in whole or in part, in a manner determined by the Agency. The reserves are fully funded. $3,350,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2003 Housing Tax Allocation Bonds, Series A	
	Principal	Interest
2011-2012	$ 180,000	$ 147,470
2012-2013	185,000	140,170
2013-2014	195,000	132,570
2014-2015	205,000	124,570
2015-2016	210,000	116,060
2016-2021	1,200,000	432,800
2021-2026	1,175,000	120,875
Totals	$ 3,350,000	$ 1,214,515

$15,470,000 2003 Housing Tax Allocation Bonds, Series B:

Auth/Issued	Description	Principal	Date	Rate
$ 2,555,000	Term	$ 2,555,000	2008	3.95%
2,888,000	Term	2,888,000	2013	5.20%
3,770,000	Term	3,770,000	2018	5.90%
6,265,000	Term	6,265,000	2024	6.22%

The City has pledged a portion of future housing tax revenues to repay $15,470,000 in housing tax allocation bonds issued in October of 2003. The bonds were issued to refund the Housing Tax Allocation Bonds 1995 Series A and Housing Tax Allocation Bonds 1998 Series A bonds. The bonds are payable solely from housing tax revenues. At June 30, 2011, the total principal and interest requirement for the bonds is $17,597,565 ($11,850,000 principal, $5,747,565 interest), payable semiannually through August 2024.

Note 7: Long-Term Debt (Continued)

The bonds maturing August 15, 2008, 2013, 2018 and 2024, are subject to mandatory redemption, without premium prior to their maturity date. The reserves are fully funded. $11,850,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2003 Housing Tax Allocation Bonds, Series B	
	Principal	Interest
2011-2012	$ 575,000	$ 691,543
2012-2013	605,000	660,863
2013-2014	635,000	628,623
2014-2015	670,000	592,348
2015-2016	710,000	551,638
2016-2021	4,235,000	2,052,487
2021-2026	4,420,000	570,063
Totals	$ 11,850,000	$ 5,747,565

$13,350,000 2004 Tax Allocation Bonds, Series A:

Auth/Issued	Description	Principal	Date	Rate
$ 13,350,000	Serial	$ 115,000 /	2008	3.75%
		1,630,000	2024	4.625%

The City has pledged a portion of future tax increment revenues to repay $13,350,000 in tax allocation bonds issued in November of 2004. The bonds were issued to finance redevelopment activities within or of benefit to the project area. The bonds are payable solely from tax increment revenues. At June 30, 2011, the total principal and interest requirement for the bonds is $18,365,966 ($12,995,000 principal, $5,370,966 interest), payable semiannually through August 2024.

The bonds maturing on or after August 15, 2015, are subject to redemption in whole or in part without premium prior to their maturity date. The reserves are fully funded. $12,995,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2004 Tax Allocation Bonds, Series A	
	Principal	Interest
2011-2012	$ 130,000	$ 556,088
2012-2013	210,000	549,713
2013-2014	340,000	539,400
2014-2015	360,000	526,275
2015-2016	280,000	514,275
2016-2021	5,560,000	2,110,279
2021-2026	6,115,000	574,936
Totals	$ 12,995,000	$ 5,370,966

Note 7: Long-Term Debt (Continued)

$6,510,000 2005 Tax Allocation Refunding Bonds, Series A:

Auth/Issued	Description	Principal	Date	Rate
$ 6,510,000	Serial	$ 165,000 /	2006	3.00%
		1,200,000	2024	4.375%

The City has pledged a portion of future tax increment revenues to repay $6,510,000 in tax allocation bonds issued in May 2005. The bonds were issued to finance redevelopment activities within or of benefit to the project area. The bonds are payable solely from tax increment revenues. At June 30, 2011, the total principal and interest requirement for the bonds is $8,056,928 ($5,655,000 principal, $2,401,928 interest), payable semiannually through August 2024.

The bonds maturing on or after August 15, 2016, are subject to redemption in whole or in part without premium prior to their maturity date. The reserves are fully funded. $5,655,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2005 Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2011-2012	$ 165,000	$ 232,758
2012-2013	170,000	226,895
2013-2014	180,000	220,770
2014-2015	185,000	214,267
2015-2016	195,000	207,258
2016-2021	1,075,000	914,946
2021-2026	3,685,000	385,034
Totals	$ 5,655,000	$ 2,401,928

$9,609,007 2006 Tax Allocation Bonds, Series A:

Auth/Issued	Description	Initial Principal	Final Maturity	Date	Rate
$ 9,609,007	Capital Appreciation Serial Bonds	$ 244,563 /	$ 560,000	2013	4.00%
		1,766,067	4,230,000	2028	4.60%

The City has pledged a portion of future tax increment revenues to repay $9,609,007 in tax allocation bonds issued in February of 2006. The bonds were issued to finance redevelopment activities within or of benefit to the project area. The bonds are payable solely from tax increment revenues. Total principal and interest requirement for the

Note 7: Long-Term Debt (Continued)

bonds is $19,790,000 ($11,080,959 principal, $8,709,041 interest), payable semiannually through August 2028.

The bonds are not subject to redemption prior to maturity. Capital Appreciation Bonds shall compound in accreted value from date of delivery. For the year ended June 30, 2011, the accreted amount of interest for the bond was $542,769. The reserves are fully funded. The outstanding balance at June 30, 2011, is $12,120,971, which includes initial bond and the accreted value of $9,609,007 and $2,511,964, respectively.

$12,120,971

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2006 Tax Allocation Bonds, Series A	
	Principal	Interest
2011-2012	$ -	$ -
2012-2013	-	-
2013-2014	818,187	71,814
2014-2015	780,845	104,155
2015-2016	807,911	147,089
2016-2021	2,664,181	885,819
2021-2026	3,582,935	2,897,065
2026-2031	3,466,912	3,563,088
Totals	$ 12,120,971	$ 7,669,030

$10,370,000 2010 Tax Allocation Refunding Bonds, Series A

Auth/Issued	Description	Principal		Date	Rate
$ 8,515,000	Serial	$ 410,000	/	2010	2.00%
		680,000		2025	4.50%
1,855,000	Term	1,855,000		2028	5.00%

During fiscal year 2009-2010, the 2010 Tax Allocation Refunding Series A bonds were issued to refund the 1998 Special Tax Bonds. The bonds are payable solely from tax increment revenue generated as a result of redevelopment activities. The reserves were fully funded. At June 30, 2011, the total principal and interest requirement for the bonds is $13,881,441, ($9,740,000 principal, $4,141,441 interest).

$9,740,000

Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2010 RDA Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2011-2012	$ 410,000	$ 387,956
2012-2013	420,000	375,506
2013-2014	435,000	362,681
2014-2015	445,000	348,369
2015-2016	465,000	332,444
2016-2021	2,580,000	1,393,813
2021-2026	3,130,000	817,047
2026-2031	1,855,000	123,625
Totals	$ 9,740,000	$ 4,141,441

$7,000,000 2010 Housing Tax Allocation Bonds, Series B

Auth/Issued	Description	Principal	Date	Rate
$ 7,000,000	Term	$ 7,000,000	2025 - 2029	7.00%

During fiscal year 2009-2010, the 2010 Housing Tax Allocation Series B Bonds were issued to fund low and moderate income housing activities of the Agency. The bonds are payable solely from and secured by a pledge of certain tax increment revenues generated as a result of redevelopment activities. The reserves are fully funded. At June 30, 2011, the total principal and interest requirement for the bonds is $14,879,550, ($7,000,000 principal, $7,879,550 interest).

$7,000,000

Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows

	2010 RDA Taxable Housing T/A Bonds, Series B	
	Principal	Interest
2011-2012	$ -	$ 490,000
2012-2013	-	490,000
2013-2014	-	490,000
2014-2015	-	490,000
2015-2016	-	490,000
2016-2021	-	2,450,000
2021-2026	1,665,000	2,391,725
2026-2031	5,335,000	587,825
Totals	$ 7,000,000	$ 7,879,550

Total Tax Allocation Bonds $76,175,971

Lease Revenue Bonds

$15,145,000 2006 Lease Revenue Bonds:

Auth/Issued	Description	Principal	Date	Rate
$ 15,145,000	Serial	$ 375,000 /	2006-	4.00%
		955,000	2019	4.50%

The bonds were issued to provide funds to pay for the construction of the La Mirada Aquatic Center. The bonds maturing on or before March 1, 2016, are not subject to redemption prior to maturity. The bonds maturing on or after March 1, 2017, are subject to redemption prior to maturity at the option of the Authority, on any date on or after March 1, 2016. $13,145,000

Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

	2006 Lease Revenue Bonds	
	Principal	Interest
2011-2012	$ 435,000	$ 560,471
2012-2013	455,000	543,071
2013-2014	470,000	524,871
2014-2015	490,000	506,071
2015-2016	510,000	486,471
2016-2021	2,875,000	2,108,806
2021-2026	3,530,000	1,455,045
2026-2031	4,380,000	608,050
Totals	$ 13,145,000	$ 6,792,856

Loan Payable

On April 11, 1989, the La Mirada Redevelopment Agency entered into an agreement with the County of Los Angeles pertaining to the reimbursement of tax increment funds for its Industrial-Commercial Redevelopment Project Area. The Agreement allows for a County loan of tax increment funds to the Agency at an annual interest rate of 7%. The current year had loan additions of $322,926. The Agency's share of tax increment revenue was $22,176,885 as of June 30, 2011. Repayment of the loan is due when the Agency's share of tax increment revenue exceeds $117 million. The outstanding balance as of June 30, 2011, was: $4,936,151

Lease Payable

On October 18, 2007, the City entered into a non-interest bearing five-year lease with Danka Financial Services for a copy machine for $25,440. The General Fund services the lease obligation. At June 30, 2011, the outstanding balance on the lease was $5,679.

On March 20, 2009, the City entered into a non-interest bearing five-year lease with Danka Financial Services for a copy machine for $16,189. The General Fund services the lease obligation. At June 30, 2011, the outstanding balance on the lease was $6,784.

On September 13, 2008, the City entered into a non-interest bearing five-year lease with CIT Technology Financing Services, Inc. for a copy machine for $19,503. The General Fund services the lease obligation. At June 30, 2011, the outstanding balance on the lease was $8,776.

Note 7: Long-Term Debt (Continued)

On September 9, 2008, the City entered into a non-interest bearing three-year lease for $14,767. The General Fund services the lease obligation. At June 30, 2011, the outstanding balance on the lease was $1,231. $22,470

At June 30, 2011, the annual requirements to repay the outstanding indebtedness were as follows:

Year Ending June 30,	Total
2012	$ 13,456
2013	8,037
2014	977
Total payments	22,470
Less amounts representing interest	-
Outstanding principal	$ 22,470

Claims and judgments

The City's liability regarding self insurance is described in Note 9 of the Notes to Financial Statements. The liability will be paid in future years from the Self Insurance Fund. $587,834

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. This liability will be paid in future years from future resources, typically from the General Fund. $559,618

Standard and Poor's Bond Rating Change

On October 25, 2010, Standard & Poor's changed the rating on the La Mirada Redevelopment Agency's bonds noted below from AAA (negative outlook) to AA+ (stable):

- 2001 Series A Tax Allocation Refunding Bonds
- 2004 Series A Tax Allocation Bonds
- 2005 Series A Tax Allocation Refunding Bonds
- 2010 Series A Tax Allocation Refunding Bonds
- 2010 Series B Taxable Housing Tax Allocation Bonds

IV. OTHER INFORMATION

Note 8: Pension Plan

a. Defined Benefit Plan

Plan Description

The City of La Mirada contributes to the California Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statue and city ordinance. Copies of PERS' annual financial report may be obtained from their office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 9.812% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2011 the City's annual pension cost of $920,446 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011, was 16 years.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2009	$ 919,775	100%
6/30/2010	954,893	100%
6/30/2011	920,446	100%

Note 8: Pension Plan (Continued)

For fiscal year 2010-2011, the City of La Mirada participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

b. Defined Contribution Plan

In accordance with the Federal Omnibus Budget Reconciliation Act of 1990, the City provides pension benefits for all of its hourly employees through a defined contribution plan provided and administered by the Public Agency Retirement System Alternate Retirement System Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All hourly employees are eligible to participate from the date of employment. Federal legislation requires contribution of at least 7.5% to a retirement plan. The plan is established by City ordinance. The City contributes 2.5% of the employee's salary as deferred compensation. Additionally, employees contribute 5.0% of salary towards this program on a pre-tax basis. The City's contribution for each employee (and interest earned by the accounts) is fully vested immediately.

For the year ended June 30, 2011, the City's payroll covered by the plan was $2,754,999. The City made employer contributions of $68,875 (2.5% of current covered payroll), and employees contributed $137,750 (5% of current covered payroll).

c. Public Agency Retirement System (PARS)

Retirement Enhancement Plan

Effective February 2001, the City of La Mirada entered into a multi-employer agreement with a Public Agency Retirement System (PARS) program. The City participates in CalPERS' 2% at 55 retirement plan for miscellaneous employees.

PARS provides an offset to CalPERS' benefit for a maximum of 3% retirement. Upon retirement at age 55, for employees hired before July 1, 2011, this plan provides the employees with 1% times their years of service times their highest annual salary. Eligibility requires 5 years of continual service, and retirement from the City and CalPERS concurrently at age 55 or greater.

The City's contract includes contributions based on a 20-year funding horizon at a rate of 4.12%. To advance fund this program, in February 2001 the City transferred $1,000,000 as an initial investment contribution. In February 2006, the City transferred $2,007,500 to fund the unfunded portion as of the July 2004, actuarial valuation.

Note 8: Pension Plan (Continued)

Excess Benefit Plan

Effective February 1, 2001, the City established a multi-employer defined benefit plan to supplement the benefits of certain employees under the PARS Retirement Enhancement Plan to the extent that such benefits are reduced by the limitations on benefits imposed by Section 415 of the Internal Revenue Code of 1986 as amended.

The plan shall be unfunded and benefits under the plan shall be paid from the general fund to the Employee Benefits Fund subject to the claims of the City's general creditors. In fiscal year 2001-2002, the City contributed $550,000 that was invested in a PARS pool in accordance with the City's agreement. The City's share of the fair value balance at June 30, 2011, is $163,702.

Note 9: Liability, Property and Workers' Compensation Protection

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of La Mirada is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 121 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

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

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

General Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which

Note 9: Liability, Property and Workers Compensation Protection (Continued)

establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $30,000 to $750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of $750,000 up to the reinsurance attachment point of $5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from $5 million to $10 million are paid under a reinsurance contract subject to a $2.5 million annual aggregate deductible. Costs of covered claims from $10 million to $15 million are paid under two reinsurance contracts subject to a combined $3 million annual aggregate deductible. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is $5.5 million. (6) Costs of covered claims from $15 million up to $50 million are covered through excess insurance policies.

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

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

Changes in the aggregate liabilities for general liability for the years ended June 30, 2010 and June 30, 2011, are as follows:

Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
June 30, 2010	$ 119,536	$ 633,267	$ (363,462)	$ 389,341
June 30, 2011	389,341	147,812	(369,625)	167,528

Workers' Compensation

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

Note 9: Liability, Property and Workers Compensation Protection (Continued)

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

Changes in the aggregate liabilities for workers' compensation liability for the years ended June 30, 2010 and June 30, 2011, are as follows:

Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
June 30, 2010	$ 235,381	$ 520,723	$ (616,483)	$ 139,621
June 30, 2011	139,621	1,050,118	(769,433)	420,306

c. Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City of La Mirada participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of La Mirada property is currently insured according to a schedule of covered property submitted by the City of La Mirada to the Authority. City of La Mirada property currently has all-risk property insurance protection in the amount of $82,118,390. There is a $5,000 deductible per occurrence except for non-emergency vehicle insurance which has a $1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of La Mirada purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of La Mirada property currently has earthquake protection in the amount of $12,381,074. There is a deductible of 5% per unit of value with a minimum deductible of $100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

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

Note 9: Liability, Property and Workers Compensation Protection (Continued)

Special Event Tenant User Liability Insurance

The City of La Mirada further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of La Mirada according to a schedule. The City of La Mirada then pays for the insurance. The insurance is arranged by the Authority.

d. Adequacy of Protection

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

Note 10: Transportation Development Act

The City contracts out with MV Transportation for Dial-A-Ride services.

Note 11: Post Employment Benefits

Plan Description

The City provides other postemployment benefits (OPEB) through the California Employers' Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS) by contributing 100% of all premiums charged under the health benefit plan for all eligible employees and qualified family members. These benefits are provided per contract between the City and the employee associations. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, CA 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. A contribution of $502,297 was made during the 2010-2011 fiscal year and was not included in the July 1, 2010, actuarial study. The purpose of the contribution was for the payment of benefits to current retirees.

As a result, the City calculated and recorded a Net OPEB Asset, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Note 11: Post Employment Benefits (Continued)

Annual required contribution (ARC)	$ 103,424
Interest on net OPEB obligation (asset)	(774,772)
Adjustment to ARC	645,302
Annual OPEB Cost	(26,046)
Contributions made	103,424
(Decrease) increase in Net OPEB obligation	(129,470)
Net OPEB obligation (asset) June 30, 2010	(9,997,063)
Net OPEB obligation (asset) June 30, 2011	$ (10,126,533)

The contribution rate of 7.75% is based on the ARC of $103,424, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2010-2011, the City's annual OPEB cost (expense) was ($26,046). The Net OPEB Obligation for the current and prior two fiscal years is presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	$ 413,210	$ 10,871,217	2631%	$ (10,458,016)
6/30/2010	841,867	380,914	45%	(9,997,063)
6/30/2011	(26,046)	103,424	-397%	(10,126,533)

Funded Status and Funding Progress

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

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This is presented for the periods beginning 7/1/2008 and 7/1/2010 as the City obtains a biennial actuarial valuation.

Note 11: Post Employment Benefits (Continued)

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as percent of Covered Payroll	Interest Rate	Salary Scale
Actual	7/1/2008	$ -	$ 9,319,335	0.0%	$ 5,723,597	163%	7.50%	3.25%
Actual	7/1/2010	13,437,218	4,165,024	0.0%	5,516,635	75%	7.75%	3.25%

Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation, the Entry Age normal cost method was used. The actuarial assumptions include a 7.75% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 8.5% beginning January 1, 2011, and reduced by decrements to an ultimate rate of 4.5% after six years. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2011, was twenty-eight years. As of the actuarial date, the City had 88 active participants and 44 retirees.

Note 12: Non-City Obligation Debt

The City of La Mirada issued $4,100,000 of Single Family Mortgage Revenue Bonds on April 10, 1990. These bonds, due April 1, 2024, are not included in the accompanying financial statements as neither the faith and credit nor the taxing power of the City of La Mirada or the Agency has been pledged to the payment of these obligations. At June 30, 2011, the outstanding balance was $30,000.

Note 13: Fund Equity and Net Asset Restatements

During the current fiscal year, beginning fund balances were restated in the General Fund in the amount of ($713,517), the Gas Tax fund was restated in the amount of $1,137,047 and the Traffic Congestions Relief Fund was restated in the amount of ($423,530). These adjustments were made to move expenditures incurred in prior years in the Gas Tax fund to the other funds to cover expenditures through funding sources received for specific projects by the General Fund and the Traffic Congestions Relief Fund.

Note 14: Litigation

In 2006, the City of La Mirada lost an appeal with the City of Carson regarding the sharing of sales tax revenues. The City of La Mirada Redevelopment Agency is to remit to the City of Carson 50% of the sales tax generated by Corporate Express for a period of 10 years up through and including fiscal year 2012/2013. In March 2010, the Redevelopment Agency stopped making payments as a result of a change in ownership with Corporate Express and the matter is now in litigation.

Note 15: SERAF Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the State adopted legislation requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation.

The payment of the SERAF due May 10, 2011 for fiscal year 2010-2011 was made in the amount of $996,341. The legislation allowed these payments to be made from any available monies present in any project area(s). Subsequent legislation was passed which even allowed the funding for these payments to be borrowed from the Low and Moderate Income Housing Fund with appropriate findings from its legislative body. Any amounts borrowed from Low and Moderate Income Housing (including any suspended set-aside amounts) are to be repaid by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency.

To accomplish these payments, the Agency borrowed $996,341 from the Low and Moderate Income Housing Fund (after adopting appropriate findings of necessity). In the accompanying financial statements, the amount paid to the County has been reported as a use of current year resources. Borrowings and/or suspended set-aside amounts relating to the Low and Moderate Income Housing Fund have been reflected as inter-fund advances between the accounting funds of the Agency.

Note 16: California Redevelopment Agency Uncertainty

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, gives redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of $1.7 billion. In 2012-13 and subsequent years, the payments total $400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

Note 16: California Redevelopment Agency Uncertainty (Continued)

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11th, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued its estimated payment amounts and the Agency filed an appeal regarding the calculation. The Department of Finance reviewed the Agency's appeal regarding the calculation and on October 15, 2011 determined the estimated payment will be revised, from $3,580,648 to $3,330,849.