CITY OF LA MIRADA

DEDICATED TO SERVICE

FISCAL YEAR ENDED JUNE 30, 2008

City Council

Hal Malkin, Mayor
Susan Tripp, Mayor Pro Tem
Bob Chotiner, Councilmember
Pete Dames, Councilmember
Steve Jones, Councilmember

Administrative Personnel

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

Prepared by:
Kevin D. Prelgovisk, Administrative Services Director
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
- Finance
- Personnel
- Risk Management
- Information Technology
- Support Services
- Legal Services
- Investments
- Business License
- Transit Administration

Community Development
- Economic Development
- Redevelopment
- Business Attraction & Retention
- Planning
- Building & Safety
- Code Enforcement
- CDBG Program Management
- CDBG Rehabilitation

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

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, 2008

TABLE OF CONTENTS

	Page Number
Elected Officials and Administrative Personnel	
Organizational Chart	
INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	x
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet-Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Budgetary Comparison Statement-General Fund	21
Statement of Net Assets-Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	23
Statement of Cash Flows- Proprietary Funds	24
Notes to Financial Statements	25
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Combining Balance Sheet- Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Nonmajor Governmental Funds	61

TABLE OF CONTENTS

	Page Number
Budgetary Comparison Schedules- Special Revenue Funds	
Gas Tax	65
Local Transportation	66
Traffic Congestion Relief	67
Transit	68
Proposition A	69
Proposition C	70
Park Grant Fund	71
Housing and Community Development	72
Air Quality Management Distribution	73
Used Oil Recycling Grant	74
Federal Grants	75
State Public Safety Grants	76
Budgetary Comparison Schedules-Capital Project Fund	
Capital Improvement	77
Capital Project-Redevelopment Agency	78
Budgetary Comparison Schedule- Debt Service Fund	
Debt Service Fund	79
Debt Service Fund- Redevelopment Agency	80
Descriptions of Internal Service Funds	81
Combining Statement of Net Assets-Internal Service Funds	82
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets-Internal Service Funds	83
Combining Statement of Cash Flows-Internal Service Funds	84
STATISTICAL SECTION	
Net assets by Component, Last Five Fiscal Years	85
Changes in Net Assets, Last Five Fiscal Years	86
Fund Balance of Governmental Funds, Last Ten Fiscal Years	90
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	92
Principal Property Tax Payers, Current Year and Nine Years Ago	95
Property Tax Levies and Collections, Last Five Fiscal Years	96
Assessed Value of Taxable Property, Last Ten Fiscal Years	97
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	98
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	99
Direct and Overlapping Governmental Activities Debt, June 30, 2008	100
Legal Debt Margin Information, Last Ten Fiscal Years	101

TABLE OF CONTENTS

	Page Number
Pledged-Revenue Coverage, Last Ten Fiscal Years	102
Demographic and Economic Statistics, June 30, 2008	103
Building Valuation and Bank Deposits, Last Ten Fiscal Years	105
Principal Employers, Current Year and Nine Years Ago	106
Full-Time Equivalent City Government Employees by Function/Program, Last Five Fiscal Years	107
Operating Indicators by Function/Program, Last Five Fiscal Years	108
Capital Asset Statistics by Function/Program, Last Five Fiscal Years	109

CITY OF LA MIRADA
1960
STATE OF CALIFORNIA

CITY OF LA MIRADA
DEDICATED TO SERVICE

13700 La Mirada Boulevard
La Mirada, California 90638
P.O. Box 828
La Mirada, California 90637-0828
Phone: (562) 943-0131 Fax: (562) 943-1464
www.cityoflamirada.org

December 9, 2008

To the Citizens, Honorable Mayor, Members of the City Council and City Manager 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, 2008. 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, enable the reader to gain maximum understanding of the City's financial activities.

This report marks the eigth 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.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this Letter of Transmittal and the City's prior year CAFR award from the Government Finance Officers Association. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis, audited Basic Financial Statements, Notes, Required Supplementary Information, supporting statements and schedules necessary to fairly present the financial position and the changes in financial position of the City in conformity with accounting principles generally accepted in the United States. The audited basic financial statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental, fiduciary and other funds. The Statistical Section

HAL MALKIN Mayor | SUSAN TRIPP Mayor Pro Tem | BOB CHOTINER Councilmember | PETE DAMES Councilmember | STEVE JONES Councilmember | THOMAS E. ROBINSON City Manager

includes selected pertinent financial and demographic information, generally presented on a multi-year basis.

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 as well as public safety (excluding fire, which is provided by the Los Angeles County Fire District). The City operates a Theatre for the Performing Arts under an enterprise fund system.

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 2007-08, and had no assets, liabilities or fund balance at June 30, 2008.

ECONOMIC CONDITION AND OUTLOOK

California experienced relatively slow growth in the 2007-08 Fiscal Year mainly due to the decline in the national housing sector, with declines in residential construction, rising mortgage rates, and rising energy costs.

Due to the decline in the housing sector in the last year, the median selling price declined 24% for Los Angeles County from $545,000 to $415,000. The median sale price of all single family residences sold in La Mirada in the first nine months of 2008 was recorded at $397,500 in comparison to $506,000 for the same period a year ago, a decrease of 21%.

At the local level (the Greater Los Angeles Area) unemployment continued to slowly rise from the June 2007 levels of 5% to approximately 7.8% as of September 2008. La Mirada fared far better than the Greater Los Angeles area, with a 4.7% unemployment rate.

Economic conditions, combined with the State's fiscal situation, have imposed financial constraints on the City. These constraints have forced City staff to carefully evaluate programs and services offered by the City. Staff conscientiously recommended those

programs and services that are of the greatest need to the community and provide broad assistance throughout the City. Although these financial constraints have eased, the effort to maintain and improve upon our mission to provide excellent customer service to our community through the best use of available resources will continue. Due to a healthy General Fund reserve, La Mirada is better positioned than most cities to help soften the impact of volatility in revenues. However, we remain cautious in our spending, and actively seek ways to protect revenues and attract and retain quality businesses to sustain and increase our local tax base.

MAJOR INITIATIVES

The City continued its aggressive program of maintaining public safety, providing significant improvements in recreational facilities and services, and generally improving the liability of the community. The City invested in numerous programs and projects to enhance the quality of life that La Mirada citizens expect and enjoy. A recent community Assessment Survey indicated 93% of La Mirada residents are satisfied with the City's services. Also, the City was named the 34th Best Place to Live in America and third Best in California by CNN Money Magazine in 2007. Contributing to this high rating were the City's safe environment, the variety of cultural and recreational opportunities for citizens of all ages, and the quality of the City's physical infrastructure.

Redevelopment – The Redevelopment Agency expanded its aggressive marketing program to attract private development to La Mirada. This marketing effort included the preparation of materials to assist developers, brokers, and national retail tenants in selecting La Mirada as a place to do business. Currently, the Redevelopment Agency is taking preliminary steps to remove blight by redeveloping aging commercial centers. In addition, the Redevelopment Agency is focusing on increasing housing opportunities and improving retail business attraction and retention.

The Foster Park residential neighborhood was included into a Redevelopment Project Area in 2003. The City's Foster Park Neighborhood Enhancement/Restoration Program attends to social, family, and safety concerns, promotes community pride and identity, and plans for future infrastructure improvements for the neighborhood. This comprehensive enhancement effort includes providing home improvement grant, loan, and rebate programs, neighborhood clean-up days, parkway tree planting, streetlight installation, increased law enforcement presence, comprehensive traffic study and improvements, and proactive residential code enforcement efforts. Future major infrastructure improvement plans include the storm drain system, roadway reconstruction and/or rehabilitation, the addition of signage, striping, sidewalk, curbs and gutter, and drainage improvements throughout the neighborhood. Recently, the City completed a major streetlight project involving the installation of 90 concrete overhead streetlights. The project was a cooperative effort with Southern California Edison and the Los Angeles County Department of Public Works. The City is committed to this ongoing effort future projects.

The Redevelopment Agency neared completion of the acquisition of the Alondra Center

North project with final negotiations underway for the remaining ARCO site.

Housing – Twenty eight (28) home improvement loans and grants were funded by the City and the Redevelopment Agency to assist low-to-moderate income households. A total of $440,300 was funded for various interior and exterior home improvements; $8,324 in grants for lead and asbestos abatement was also provided in Fiscal Year 2007-08. The City and the Agency received a total of $362,677 in loan and grant repayments. To preserve and provide the affordable housing opportunities in the City, the Redevelopment Agency is also in the process of reselling three two-bedroom condominium units to median- to moderate-income households at an affordable price.

To remove blight and to provide additional housing opportunities, the Agency is working with a housing developer on a proposed new development to provide single-family detached homes at the Alondra Center North site. While the majority of these homes will be sold at the market rate, a number will be sold to median- to moderate-income first-time homebuyers at an affordable price.

The City continues to utilize redevelopment housing set-aside funds and federal monies from the Department of Housing and Urban Development to provide grants and deferred rehabilitation home loans to the community. Working in conjunction with the City's housing improvement programs, the City's ongoing code enforcement program ensures residential and commercial properties are maintained in compliance with the City's municipal code. The City's attention to its code enforcement program fosters La Mirada's reputation as an attractive, safe and appealing community.

Municipal Services - The City provides a wide range of quality services to its residents designed to improve the quality of life in the City of La Mirada. These services include the following:

Public Safety - Public Safety remains the City's service priority accounting for 28% of all general governmental expenditures. La Mirada continues to be the one of the safest communities in the region and has the lowest crime rate when compared to ten neighboring cities.

The expansion of the La Mirada Community Sheriff's Station was completed in Fiscal Year 2007-08. Sheriff's Deputies, Detectives, Public Safety Assistances, Public Safety Officers, the Deputy District Attorney, Probation Officers and administrative personnel are now all located in the same facility. The new station centralizes services, enhances communication and enables Sheriff's Deputies to be more visible in the community.

The Public Safety Team also implemented the use of new tools to enhance the safety of the community. Platescan, a license plate recognition program that alerts deputies to vehicles with outstanding warrants, or reported as lost or stolen, was implemented. Two "T3" personal mobility units were purchased to assist with community based policing and patrolling at parks, shopping centers, and City events. The City also purchased new software that tracks crime incidents in the community and enables staff

to identify trends.

Culture and Leisure - Beautiful parks, well-maintained athletic fields, a community Gymnasium, a Resource Center and Activity Center, and the renowned La Mirada Theatre for the Performing Arts are among the many recreation and cultural facilities available to residents.

La Mirada's cultural and leisure programs and services are designed to improve residents' quality of life and include programs for senior citizens, adults and children. Each year the City provides an increased level of leisure and recreational services and programs including contract classes, sports, facility usage, community events, teen programs and family services. Classes in arts and crafts, music and dance, sports and fitness, educational topics and special interest are offered to residents of all ages. La Mirada also provides a variety of family services to meet the needs of residents. Services include social services information and referral, youth employment services, homework club and computer resources. All of the City's facilities are programmed broadly with wide usage by residents of all ages.

Additionally, the City maintains its strong partnerships with various community groups including Meals on Wheels and SASSFA to provide services to its citizens. The City coordinates a variety of senior citizen services in the areas of volunteer opportunities, educational programs, including computer training, as well as nutrition, safety and health, counseling, and social activities. City staff coordinated over 37,000 hours of volunteer service to enhance municipal services to the community.

Over 200,000 visitors have experienced the delight and wonder of the region's newest Splash! Aquatic Center. The "family fun" portion of Splash!, known as Buccaneer Bay, features three towering slides, spray areas, play structures, a zero depth beach entry, and a flowing river channel. Themed elements of Buccaneer Bay include a marooned ship, a dramatic skull rock, and turret walls with cannons, wharf plank benches, and shade canopies that resemble sails.

The City's award winning La Mirada Theatre for the Performing Arts enjoyed another successful season, with record March Madness revenues, numerous sold-out performances and strong customer satisfaction. La Mirada Theatre was also specifically mentioned as a significant factor in La Mirada being named the 34th Best Place to Live in America.

Infrastructure and Facilities – The City of La Mirada provides regular upgrading and maintenance of the City street system, including the resurfacing of portions of major arterials and the slurry sealing of residential streets. In the past year, sidewalks were added, roadside landscape improvements were made, and over one million square feet of residential roadways were slurry sealed.

Replacement of major street and arterial street signs continued throughout the community. This ongoing program is improving the readability and consistency of

signage for improved direction and public safety. Other street improvements included Imperial Highway median improvements, the La Mirada Boulevard resurfacing project and traffic signal improvements. The public Works Department also removed or replaced 20,854 square feet of sidewalk and 797 linear feet of curb and gutter. In addition, slurry seal was placed on 2,223,516 square feet of City streets and 170 trees were planted throughout the City.

PROSPECTS FOR THE FUTURE

During these uncertain economic times, the City has maintained its conservative financial approach. The quality of life in La Mirada continues to be enhanced through the work of the Redevelopment Agency. Local businesses such as Holiday Inn Select, U.S. Foodservice, Corporate Express, Camping World, Shaw Carpet, 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 with adequate cash reserves. The City maintains its strong financial position based on the following guidelines:

- The City's basic philosophical view of government - to provide quality municipal services at a level consistent with available resources.
- The City has always operated on a balanced budget.
- The City's mix of providing services, both by City employees and through contracts with private companies and other governmental agencies, has allowed it greater flexibility in how to deliver 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 continues to experience population growth and economic expansion, its municipal services are constantly being improved to serve residential and business needs. This growth in 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.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The City's management staff is responsible for establishing and maintaining internal control 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 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.

CASH MANAGEMENT

The City of La Mirada invests its temporarily idle cash in investments permitted by the State of California and in accordance with its own investment policy. The City's investment policy is submitted annually to the City Council, along with monthly Treasurer's Reports reporting investment activity and portfolio balances during the Fiscal Year. The City invests in the Local Agency Investment Fund (LAIF), as well as governmental and corporate investments. In May 2008, the City retained the services of Chandler Asset Management to assist with portfolio management.

The objectives of the City's investment policy are safety, liquidity and yield. Most investments are highly liquid. Maturities are selected to anticipate cash needs, thereby avoiding the need for forced liquidations. These investments are detailed in Note III A of the Notes to the Financial Statements included in this report.

All investment transactions of the City shall be conducted using standard delivery versus payment procedures. To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the City shall be held in safekeeping by a third party bank trust department, acting as agent for the City under the terms of a custody agreement executed by the bank and by the City.

Cash is invested on a pooled basis and the related income is allocated to funds on the

basis of cash provided for investment. The yield earned on investments at year-end was 3%. Interest earned on all investments, including those funds held by fiscal agents, totaled $1.6 million.

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 $220,312,343 (105.6% funded). The City fully funds the City's retiree health benefits and retiree pension enhancement plans. The City's unfunded accrued liability for the postretirement health benefit was $11.7 million as of the January 1, 2008 valuation. The City also contributes toward a retirement plan for all hourly employees through a trustee, Public Agency Retirement System (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, 2008, 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.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of La Mirada for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2007. This was the nineteenth 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 our current Comprehensive Annual Financial Report continues to meet 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,

Kevin D. Prelgovisk
Director of Administrative Services

KDP/mlp

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, 2007

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

President

Executive Director

Lance Soll & Lunghard LLP
Certified Public Accountants

Brandon W. Burrows
Donald L. Parker
Michael K. Chu
David E. Hale
A Professional Corporation
Donald G. Slater
Richard K. Kikuchi

Retired
Robert C. Lance
1914-1994
Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

INDEPENDENT AUDITORS' 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, the business-type activities, each major fund and the aggregate remaining fund information of the City of La Mirada, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2008, 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.

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

203 N. Brea Blvd., Suite 203 • Brea, CA 92821-4056 • (714) 672-0022 • Fax (714) 672-0331 • www.lslcpas.com

Lance Soll & Lunghard LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Lance, Soll & Lunghard, LLP

November 19, 2008

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, 2008. 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 $7 million to $72.7 million. The governmental net assets increased by $7.5 million or 12.3%, and the business-type assets decreased by $312,221 or 5.4%. The construction of the La Mirada Aquatics Center and Sheriff Station was completed in Fiscal Year 2008 and the City purchased the "Sparr Property" located on Phoebe Avenue.

- The City's Governmental Funds reported a combined ending fund balance of $56.1 million a decrease of $15.4 million or 21.5% over the prior year due to an increase in Capital Outlay.

- The General Fund, which is included in the combined Governmental Funds, on the current financial resources basis, reported a decrease in fund balance of $15.4 million. In Fiscal Year 2008, there was an increase in transfers out to the Capital Projects Fund for the construction of the La Mirada Aquatics Center and Sheriff Station and the purchase of the Sparr Property.

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 La Mirada Theatre for the Performing Arts is the City's sole business-type activity.

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 fund 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, 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. In Fiscal Year 2004, the City contracted its transit services with the City of Norwalk, and now only operates the Theatre as a proprietary fund.

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, 2008
(In millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2007	2008	2007	2008	2007	2008
Current & other assets	$100.8	$82.5	$2.9	$2.7	$103.7	$85.3
Capital assets	64.0	85.2	4.1	4.0	68.1	89.2
Total assets	153.0	167.7	7.0	6.7	171.8	174.4
Long-term debt liabilities	94.2	92.8	0.1	0.1	94.3	92.8
Other liabilities	10.8	7.7	1.1	1.2	11.9	8.9
Total liabilities	103.4	100.4	1.2	1.3	106.2	101.7
Net assets:						
Invested in capital assets	49.2	69.6	4.2	3.7	53.4	73.3
Restricted	38.2	34.6	-	-	38.2	34.6
Unrestricted	(27.6)	(36.9)	1.5	1.7	(26.1)	(35.2)
	$59.8	$67.3	$5.7	$5.4	$65.5	$72.7

At the close of Fiscal Year 2008, assets exceed liabilities by $72.7 million with 100% of the net assets in the City's investments in Capital Assets. This represents a $7.2 million increase from Fiscal Year 2007.

Governmental activities increased net assets by $7.5 million, or 12.5%, thereby accounting for 100% of the total growth in the net assets of the City. The increase is attributable to the City's Capital Projects with the construction of the Aquatics Center and Sheriff Station financed mainly with the City's General Fund, and a $15 million Lease Revenue Bond, and the General Fund purchase of the Sparr Property.

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, 2008
(In millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Fiscal Year 2007	2008	Fiscal Year 2007	2008	Fiscal Year 2007	2008
REVENUES						
Program Revenues:						
Charges for services	$3.9	$4.8	$3.1	$2.7	$7.0	$7.5
Operating grants and contributions	2.2	2.3	-	-	2.2	2.3
Capital grants and contributions	2.0	3.2	0.3	-	2.3	3.2
General Revenues:						
Property taxes	18.4	20.3	-	-	18.4	20.3
Sales and use tax	12.2	11.9	-	-	12.2	11.9
Transient occupancy taxes	0.9	0.9	-	-	0.9	0.9
Franchise taxes	1.4	1.6	-	-	1.4	1.6
Other taxes	0.2	0.5	-	-	0.2	0.5
Intergovernmental	0.3	0.2	-	-	0.3	0.2
Use of money and property	6.3	4.1	-	0.0	6.3	4.1
Miscellaneous	0.1	1.3	0.1	0.0	0.2	1.3
Total revenues	47.8	51.1	3.5	2.8	51.3	53.8
EXPENSES						
Governmental Activities:						
General government	5.9	7.2	-	-	5.9	7.2
Public safety	7.9	8.5	-	-	7.9	8.5
Community development	4.4	4.2	-	-	4.4	4.2
Public works	9.0	11.2	-	-	9.0	11.2
Leisure and cultural	3.8	5.4	-	-	3.8	5.4
Interest on long-term debt	6.0	6.3	-	-	6.0	6.3
Business-type activities:						
Theatre	-	-	4.0	4.0	4.0	4.0
Total expenses	37.0	42.8	4.0	4.0	41.0	46.8
Excess (deficit) before transfers	10.8	8.3	(0.5)	(1.2)	10.3	7.0
Transfers	(0.7)	(1.0)	0.7	1.0	-	-
INCREASE IN NET ASSETS	10.1	7.3	0.2	(0.3)	10.3	7.0
Net assets - beginning	49.7	59.9	5.6	5.7	55.3	65.6
Net assets - ending	$59.8	$67.2	$5.8	$5.4	$65.6	$72.6

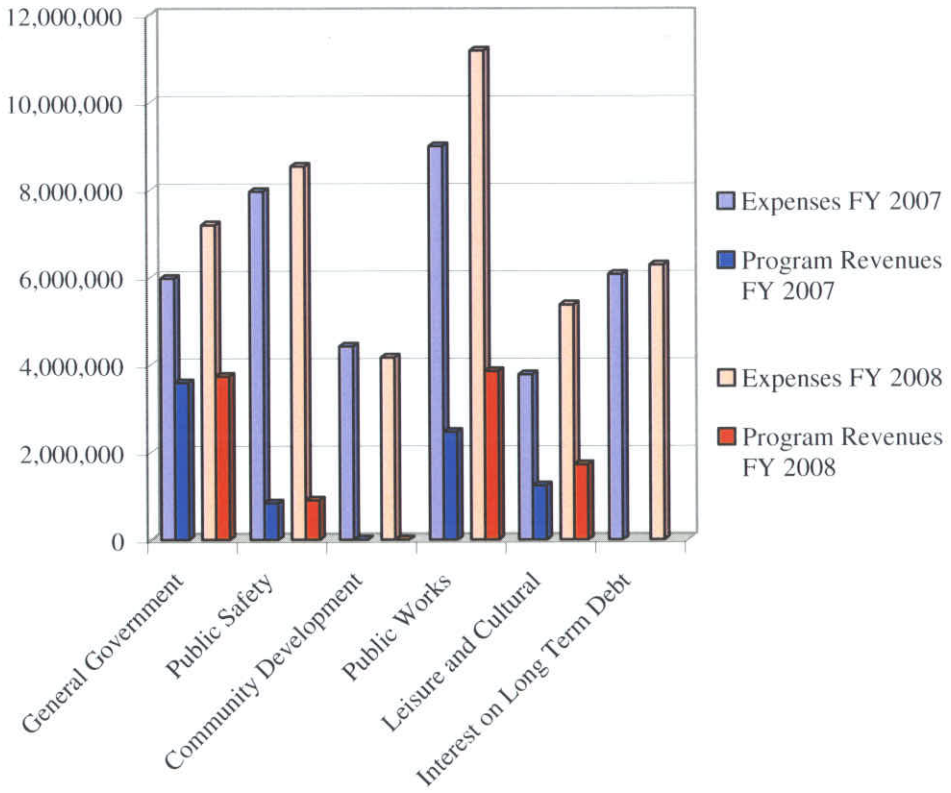
The City's revenues totaled $53.8 million for the Fiscal Year ended June 30, 2008. Revenues from governmental activities totaled $51.1 million and revenues from business-type activities totaled $2.8 million. The composition of revenues was: Program Revenues 24.16%, Property Taxes 37.7% of total revenues and 57.6% of general revenues, Sales Taxes comprise 22% of

total revenues and 33.8% of general revenues. The increase in revenues is attributable to the City's efforts to obtain grants and contributions to fund major projects, the City's property tax growth and the revenue generated from the Aquatics Center. The City experienced a slight decline in the Sales Tax revenue and Use of Money and Property.

Expenses of the City for the year totaled $46.8 million. Expenses increased $5.8 million from the prior year due to the purchase of the Sparr Property, construction completion of the Aquatics Center and Sheriff Station and operating expenditures of the Aquatics Center.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

Governmental activity revenues totaled $51.1 million or 95% of total revenues. Governmental activity expenses totaled $42.8 million or 91% of total expenses. As noted above, the increase in revenues is attributable to the City's efforts to obtain grants and contributions to fund major projects, the City's property tax growth and the revenue generated from the Aquatics Center. The following chart shows a graphical comparison of expenses and program revenues by Function for governmental activities for Fiscal Year 2007 and 2008:



NET COST OF GOVERNMENTAL ACTIVITIES

As of June 30, 2008
(In millions)

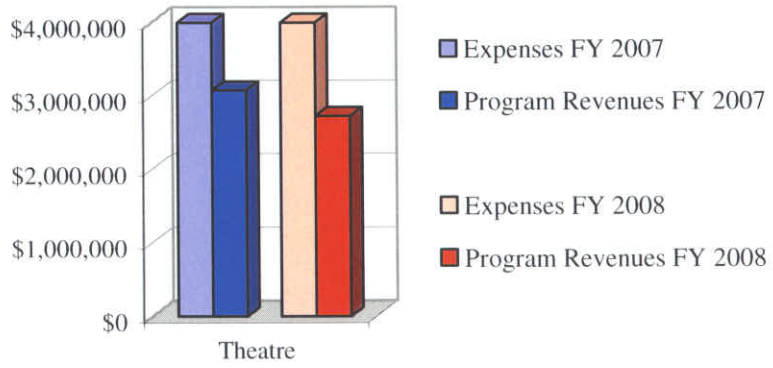
	Total Cost of Services		Net Cost of Services	
	Fiscal Year		Fiscal Year	
	2007	2008	2007	2008
Governmental Activities:				
General Government	$5.9	$7.2	$2.4	$3.5
Public Safety	7.9	8.5	7.1	7.6
Community Development	4.4	4.2	4.4	4.2
Public Works	9.0	11.2	6.5	7.3
Leisure and Cultural	3.8	5.4	2.5	3.7
Interest on Long Term Debt	6.0	6.3	6.1	6.3
Total	$37.0	$42.8	$29.0	$32.6

EXPENSES AND PROGRAM REVENUES-BUSINESS TYPE ACTIVITIES

The Theatre represents the City's sole business-type program. Fiscal Year 2008 business-type program revenue activities totaled $2.7 million. Business-type activities incurred $4.0 million of expenses during the year. Net loss, including contributed capital but before transfers, was $1.27 million in Fiscal Year 2008. Net loss, including contributed capital but before transfers, was $672,188 in Fiscal Year 2007.

Revenues are attributable to the Broadway Series produced by McCoy Rigby Entertainment. The Theatre also produced a full season of Performances for Young Audiences and featured single-night events in the successful month long "March Madness."

The Theatre Fund's Transfers In from the General Fund for Fiscal Year 2008 was $963,690.



The following chart shows a graphical comparison of expenses and program revenues by Function for business-type activities for Fiscal Year 2007 and 2008:

NET COST OF BUSINESS-TYPE ACTIVITIES
As of June 30, 2008
(In millions)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2007	2008	Fiscal Year 2007	2008
Business-type Activities:				
Theatre	$4.0	$4.0	$1.0	$1.3
Total	$4.0	$4.0	$1.0	$1.3

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, 2008 of $56.1 million, a decrease of $15.4 million or 21.5%, over the previous Fiscal Year. The majority of this decrease is a result of the following:

- Decrease in the General Fund's fund balance in the amount of $15.4 million primarily due to an increase in transfers out to the Capital Projects Fund of $18.1 million. Fiscal Year 2007 began the construction phase of the Aquatics Center and Sheriff's Station and completed in November 2007. The City purchased the Sparr Property located on Phoebe Avenue for $3.48 million.

- The net decrease of $3 million in the Redevelopment Agency Capital Projects is due to the Redevelopment Agency's $6 million loan repayment to the City.

GENERAL FUND BUDGETARY HIGHLIGHTS

The net difference between the final amended budget and actual amounts was a positive variance of $3.1 million. Note 2, Stewardship, Compliance and Accountability provides more details regarding budgeting policies and practice.

Budgetary highlights are summarized as follows:

- Use of money and property variance of $6 million is due to the classification of the Redevelopment Agency's loan payment of $6 million.
- Contributions variance of $1.1 million is due to the one-time donation from the La Mirada Armada for the Aquatics Center.
- Transfers to other funds variance of $5.3 million is due to ongoing Capital Improvements Projects for Fiscal Year 2008.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of June 30, 2008, amounts to $85.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings,

equipment and infrastructure. This is an increase of $21 million or 33% from Fiscal Year 2007. Note 4 – Changes in Capital Assets provides more detailed information on the capital assets.

The City's investment in capital assets for its business-type activities, as of June 30, 2008, amounts to $3.9 million (net of accumulated depreciation). This is a decrease of $155,286 or 3.7% from Fiscal Year 2007.

LONG-TERM DEBT

At June 30, 2008, the City had $94 million in long-term debt outstanding, with $94 million for governmental activities, as shown in the following table. More detailed information is included in Note 6, Long-Term Debt.

OUTSTANDING DEBT
As of June 30, 2008
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2007	2008	2007	2008	2007	2008
Tax Allocation Bonds	$64.6	$63.4	$0.0	$0.0	$64.6	$63.4
Special Tax Bonds	12.0	11.4	-	-	12.0	11.4
Lease Revenue Bonds	14.7	14.3	-	-	14.7	14.3
Loan Payable	3.7	4.0	-	-	3.7	4.0
Lease Payable	0.0	0.0	-	-	-	-
Claims and Judgments	0.2	0.4	-	-	0.2	0.4
Compensated Absences	0.5	0.5	-	-	0.5	0.5
Total	$95.7	$94.0	$0.0	$0.0	$95.7	$94.0

All of the Tax Allocation Bonds and Special Tax Bonds are insured. The Tax Allocation Refunding Bonds, 2005 Series A, received a Standard and Poor's AAA rating.

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. The non-farm employment constitutes 99% of the work force, comprised of manufacturing (11%), trade, transportation and utilities (19.9%), financial activities (6%), professional and business services (14.5%), education and health services (11.7%), and leisure and hospitality (9.5%). The June 2008 unemployment rate in the Greater Los Angeles area was 7.1%. These factors were considered in making modifications to the City's operating budget for Fiscal Year 2008-2009. The State of California's budget deficit, the decline in the housing sector and consumer spending are also expected to have a significant impact on local government resources. Sales taxes, interest rates, and revenues from building permits and fees are broad indicators of economic health, and these revenue sources are currently trending downward. These downward trends are conservatively projected through Fiscal Year 2008-09 with General Fund revenues estimated at $28.9 million. 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 Director of Administrative Services, City of La Mirada, 13700 La Mirada Boulevard, La Mirada, California 90638.

CITY OF LA MIRADA

STATE OF CALIFORNIA

1960

CITY OF LA MIRADA

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 47,939,698	$ 1,160,375	$ 49,100,073
Receivables:			
Accounts	1,550,014	200,945	1,750,959
Taxes	3,677,933	-	3,677,933
Notes and loans	8,136,725	-	8,136,725
Accrued interest	216,420	7,007	223,427
Internal balances	(1,032,698)	1,032,698	-
Prepaid costs	199,801	327,225	527,026
Due from other governments	1,363,048	-	1,363,048
Deferred charges	1,923,771	-	1,923,771
Land held for resale	13,480,286	-	13,480,286
Restricted assets:			
Cash and investments	743,815	-	743,815
Cash with fiscal agent	4,336,185	-	4,336,185
Capital assets not being depreciated	5,446,489	178,276	5,624,765
Capital assets, net of depreciation	79,758,491	3,816,585	83,575,076
Total Assets	**167,739,978**	**6,723,111**	**174,463,089**
Liabilities:			
Accounts payable	5,102,480	57,263	5,159,743
Accrued liabilities	267,207	31,865	299,072
Accrued interest	1,320,584	-	1,320,584
Unearned revenue	269,842	1,089,187	1,359,029
Deposits payable	112,994	62,736	175,730
Due to other governments	646,590	-	646,590
Noncurrent liabilities:			
Due within one year	2,943,213	2,978	2,946,191
Due in more than one year	89,822,367	60,064	89,882,431
Total Liabilities	**100,485,277**	**1,304,093**	**101,789,370**
Net Assets:			
Invested in capital assets, net of related debt	70,755,443	3,994,861	74,750,304
Restricted for:			
Public works	1,221,414	-	1,221,414
Transportation	2,937,354	-	2,937,354
Capital projects	29,340,829	-	29,340,829
Debt service	1,083,885	-	1,083,885
Unrestricted	(38,084,224)	1,424,157	(36,660,067)
Total Net Assets	**$ 67,254,701**	**$ 5,419,018**	**$ 72,673,719**

See Notes to Financial Statement

CITY OF LA MIRADA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 7,198,083	$ 2,628,062	$ 1,103,507	$ -
Public safety	8,540,381	750,230	151,671	-
Community development	4,160,494	-	-	-
Community services	5,371,609	1,323,407	163,560	229,842
Public works	11,183,479	42,442	881,701	2,922,894
Interest on long-term debt	6,283,570	-	-	-
Total Governmental Activities	**42,737,616**	**4,744,141**	**2,300,439**	**3,152,736**
Business-Type Activities:				
Theatre	4,041,246	2,724,885	-	-
Total Business-Type Activities	**4,041,246**	**2,724,885**	**-**	**-**
Total Primary Government	**$ 46,778,862**	**$ 7,469,026**	**$ 2,300,439**	**$ 3,152,736**

General Revenues:
Taxes:
Property taxes, levied for general purpose
Transient occupancy taxes
Sales taxes
Franchise taxes
Business licenses taxes
Other taxes
Motor vehicle in lieu - unrestricted
Use of money and property
Other
Transfers

Total General Revenues, Contributions, Special Items and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See Notes to Financial Statement

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (3,466,514)	$ -	$ (3,466,514)
(7,638,480)	-	(7,638,480)
(4,160,494)	-	(4,160,494)
(3,654,800)	-	(3,654,800)
(7,336,442)	-	(7,336,442)
(6,283,570)	-	(6,283,570)
(32,540,300)	**-**	**(32,540,300)**
-	(1,316,361)	(1,316,361)
-	**(1,316,361)**	**(1,316,361)**
(32,540,300)	**(1,316,361)**	**(33,856,661)**
20,268,927	-	20,268,927
889,777	-	889,777
11,938,398	-	11,938,398
1,628,317	-	1,628,317
436,931	-	436,931
91,891	-	91,891
223,724	-	223,724
4,124,483	28,010	4,152,493
1,289,394	12,440	1,301,834
(963,690)	963,690	-
39,928,152	**1,004,140**	**40,932,292**
7,387,852	(312,221)	7,075,631
59,866,849	5,731,239	65,598,088
$ 67,254,701	**$ 5,419,018**	**$ 72,673,719**

See Notes to Financial Statement

CITY OF LA MIRADA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects Funds	
		Capital Improvement	Redevelopment Agency
Assets:			
Pooled cash and investments	$ 12,818,929	$ -	$ 9,005,824
Receivables:			
Accounts	1,439,928	-	6,967
Taxes	2,849,416	-	-
Notes and loans	-	-	6,966,740
Accrued interest	91,825	-	59,730
Prepaid costs	163,258	-	-
Due from other governments	516,348	-	-
Due from other funds	877,955	1,032,131	233,598
Advances to other funds	31,258,939	-	-
Land held for resale	-	528,436	12,951,850
Restricted assets:			
Cash and investments	-	421,635	-
Cash and investments with fiscal agents	-	-	-
Total Assets	**$ 50,016,598**	**$ 1,982,202**	**$ 29,224,709**
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	$ 2,754,085	$ 980,059	$ 122,141
Accrued liabilities	202,802	-	-
Deferred revenues	1,090,376	-	-
Unearned revenues	117,876	-	-
Deposits payable	112,994	-	-
Due to other governments	-	-	-
Due to other funds	811,566	549,601	214,281
Advances from other funds	-	-	-
Total Liabilities	**5,089,699**	**1,529,660**	**336,422**
Fund Balances:			
Reserved:			
Reserved for encumbrances	39,647	143,950	-
Reserved for prepaid costs	163,258	-	-
Reserved for land held for resale	-	528,436	12,951,850
Reserved for notes and loans	-	-	6,966,740
Reserved for advances to other funds	31,258,939	-	-
Reserved for debt service	-	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Designated for capital improvement projects	-	-	8,969,697
Designated for economic uncertainty	6,625,000	-	-
Undesignated	6,840,055	(219,844)	-
Total Fund Balances	**44,926,899**	**452,542**	**28,888,287**
Total Liabilities and Fund Balances	**$ 50,016,598**	**$ 1,982,202**	**$ 29,224,709**

See Notes to Financial Statement

CITY OF LA MIRADA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	$ 5,992,828	$ 3,856,956	$ 31,674,537
Receivables:			
Accounts	-	-	1,446,895
Taxes	697,533	130,984	3,677,933
Notes and loans	-	1,169,985	8,136,725
Accrued interest	42,901	21,964	216,420
Prepaid costs	-	36,543	199,801
Due from other governments	-	814,904	1,331,252
Due from other funds	-	60,423	2,204,107
Advances to other funds	-	-	31,258,939
Land held for resale	-	-	13,480,286
Restricted assets:			
Cash and investments	-	-	421,635
Cash and investments with fiscal agents	3,252,300	1,083,885	4,336,185
Total Assets	**$ 9,985,562**	**$ 7,175,644**	**$ 98,384,715**
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	$ 1,068,714	$ 152,025	$ 5,077,024
Accrued liabilities	-	2,624	205,426
Deferred revenues	-	1,169,985	2,260,361
Unearned revenues	-	100,301	218,177
Deposits payable	-	-	112,994
Due to other governments	646,590	-	646,590
Due to other funds	344,656	508,540	2,428,644
Advances from other funds	31,258,939	-	31,258,939
Total Liabilities	**33,318,899**	**1,933,475**	**42,208,155**
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	183,597
Reserved for prepaid costs	-	36,543	199,801
Reserved for land held for resale	-	-	13,480,286
Reserved for notes and loans	-	-	6,966,740
Reserved for advances to other funds	-	-	31,258,939
Reserved for debt service	-	1,083,885	1,083,885
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	4,121,741	4,121,741
Designated for capital improvement projects	-	-	8,969,697
Designated for economic uncertainty	-	-	6,625,000
Undesignated	(23,333,337)	-	(16,713,126)
Total Fund Balances	**(23,333,337)**	**5,242,169**	**56,176,560**
Total Liabilities and Fund Balances	**$ 9,985,562**	**$ 7,175,644**	**$ 98,384,715**

See Notes to Financial Statement

CITY OF LA MIRADA

GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Fund balances of governmental funds		$ 56,176,560
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	$ 99,747,233	
Accumulated depreciation	(15,671,927)	
		84,075,306
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 debt		(91,818,402)
Accrued Claims and Judgments		(153,290)
Compensated Absences		(530,895)
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.		1,923,771
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(1,320,584)
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.		2,260,361
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		16,641,874
Net assets of governmental activities		**$ 67,254,701**

See Notes to Financial Statement

CITY OF LA MIRADA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

		Capital Projects Funds	
	General	Capital Improvement	Redevelopment Agency
Revenues:			
Taxes	$ 22,563,370	$ -	$ -
Licenses and permits	488,475	-	-
Intergovernmental	351,206	-	-
Charges for services	2,517,099	-	-
Use of money and property	2,574,786	36,541	521,611
Fines and forfeitures	641,787	-	-
Contributions	1,120,000	2,114,384	-
Miscellaneous	62,400	990,609	103,673
Total Revenues	**30,319,123**	**3,141,534**	**625,284**
Expenditures:			
Current:			
General government	3,563,090	-	1,603,199
Public safety	7,958,773	-	-
Community development	1,558,895	-	291,844
Leisure and cultural	5,081,551	-	-
Public works	6,477,059	-	-
Capital outlay	3,541,664	22,471,963	990,609
Debt service:			
Principal retirement	12,473	-	-
Interest and fiscal charges	591	-	-
Total Expenditures	**28,194,096**	**22,471,963**	**2,885,652**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,125,027	(19,330,429)	(2,260,368)
Other Financing Sources (Uses):			
Transfers in	588,027	18,104,317	3,818,849
Transfers out	(18,158,748)	-	(4,558,850)
Capital leases	41,640	-	-
Long-term debt issued	-	-	-
Total Other Financing Sources (Uses)	**(17,529,081)**	**18,104,317**	**(740,001)**
Net Change in Fund Balances	(15,404,054)	(1,226,112)	(3,000,369)
Fund Balances, Beginning of Year	60,330,953	1,678,654	31,888,656
Fund Balances, End of Year	**$ 44,926,899**	**$ 452,542**	**$ 28,888,287**

See Notes to Financial Statement

CITY OF LA MIRADA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 11,707,316	$ 1,456,574	$ 35,727,260
Licenses and permits	-	-	488,475
Intergovernmental	-	3,248,067	3,599,273
Charges for services	-	-	2,517,099
Use of money and property	393,414	182,248	3,708,600
Fines and forfeitures	-	-	641,787
Contributions	-	-	3,234,384
Miscellaneous	2,432	889	1,160,003
Total Revenues	**12,103,162**	**4,887,778**	**51,076,881**
Expenditures:			
Current:			
General government	511,704	1,055,145	6,733,138
Public safety	-	33,482	7,992,255
Community development	1,741,891	438,893	4,031,523
Leisure and cultural	-	32,116	5,113,667
Public works	-	77,853	6,554,912
Capital outlay	-	-	27,004,236
Debt service:			
Principal retirement	2,175,000	375,000	2,562,473
Interest and fiscal charges	5,048,529	624,071	5,673,191
Total Expenditures	**9,477,124**	**2,636,560**	**65,665,395**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,626,038	2,251,218	(14,588,514)
Other Financing Sources (Uses):			
Transfers in	4,558,850	1,822,195	28,892,238
Transfers out	(3,818,849)	(3,471,770)	(30,008,217)
Capital leases	-	-	41,640
Long-term debt issued	258,801	-	258,801
Total Other Financing Sources (Uses)	**998,802**	**(1,649,575)**	**(815,538)**
Net Change in Fund Balances	3,624,840	601,643	(15,404,052)
Fund Balances, Beginning of Year	(26,958,177)	4,640,526	71,580,612
Fund Balances, End of Year	**$ (23,333,337)**	**$ 5,242,169**	**$ 56,176,560**

See Notes to Financial Statement

CITY OF LA MIRADA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008

Net change in fund balances - total governmental funds		$ (15,404,052)
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	$ 22,833,063	
Depreciation	(1,612,136)	
		21,220,927
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.		
Tax allocation bonds repayments	$ 1,590,000	
Special tax bonds repayments	585,000	
Lease revenue bonds repayments	375,000	
Capital leases repayments	12,473	
Bond discount amortization	(10,540)	
Bond premium amortization	2,240	
Bond issuance cost amortization	(107,371)	
Amortization of deferred loss on refunding	(79,140)	
Changes in claims payable	4,052	
Accreted interest on tax allocation bonds	(449,661)	
Loan payable issued	(258,801)	
Capital leases issued	(41,640)	
		1,621,612
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		34,093
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		(51,076)
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.		(628,635)
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		594,983
Change in net assets of governmental activities		**$ 7,387,852**

See Notes to Financial Statement

CITY OF LA MIRADA

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 60,330,953	$ 60,330,953	$ 60,330,953	$ -
Resources (Inflows):				
Taxes	21,702,280	21,702,280	22,563,370	861,090
Licenses and permits	600,000	600,000	488,475	(111,525)
Intergovernmental	302,000	302,000	351,206	49,206
Charges for services	2,763,011	2,743,011	2,517,099	(225,912)
Use of money and property	8,583,690	8,583,690	2,574,786	(6,008,904)
Fines and forfeitures	553,000	553,000	641,787	88,787
Contributions	-	-	1,120,000	1,120,000
Miscellaneous	1,000	1,000	62,400	61,400
Transfers in	472,400	472,400	588,027	115,627
Capital leases	-	-	41,640	41,640
Amounts Available for Appropriation	**95,308,334**	**95,288,334**	**91,279,743**	**(4,008,591)**
Charges to Appropriation (Outflow):				
General government	3,568,064	3,572,064	3,563,090	8,974
Public safety	8,325,848	8,325,848	7,958,773	367,075
Community development	1,929,394	1,838,160	1,558,895	279,265
Leisure and cultural	5,505,077	5,722,389	5,081,551	640,838
Public works	7,087,914	7,087,914	6,477,059	610,855
Capital outlay	-	3,480,400	3,541,664	(61,264)
Debt service:				
Principal retirement	12,473	12,473	12,473	-
Interest and fiscal charges	4,311	591	591	-
Transfers out	23,447,337	23,447,337	18,158,748	5,288,589
Total Charges to Appropriations	**49,880,418**	**53,487,176**	**46,352,844**	**7,134,332**
Budgetary Fund Balance, June 30	**$ 45,427,916**	**$ 41,801,158**	**$ 44,926,899**	**$ 3,125,741**

See Notes to Financial Statement

CITY OF LA MIRADA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities	Governmental Activities
	Theatre	Internal Service Funds
Assets:		
Current:		
Cash and investments	$ 1,160,375	$ 16,265,161
Receivables:		
Accounts	200,945	-
Accrued interest	7,007	103,119
Prepaid costs	327,225	-
Due from other governments	-	31,796
Due from other funds	-	235,698
Restricted:		
Cash and investments	-	322,180
Total Current Assets	**1,695,552**	**16,957,954**
Noncurrent:		
Capital assets - net of accumulated depreciation	3,994,861	1,129,674
Total Noncurrent Assets	**3,994,861**	**1,129,674**
Total Assets	**$ 5,690,413**	**$ 18,087,628**
Liabilities and Net Assets:		
Liabilities:		
Current:		
Accounts payable	$ 57,263	$ 25,456
Accrued liabilities	31,865	61,781
Unearned revenues	1,089,187	51,665
Deposits payable	62,736	-
Due to other funds	11,161	-
Accrued compensated absences	2,978	-
Accrued claims and judgments	-	65,748
Total Current Liabilities	**1,255,190**	**204,650**
Noncurrent:		
Accrued compensated absences	60,064	-
Accrued claims and judgments	-	197,245
Total Noncurrent Liabilities	**60,064**	**197,245**
Total Liabilities	**1,315,254**	**401,895**
Net Assets:		
Invested in capital assets, net of related debt	3,994,861	1,129,674
Restricted for future employee benefits	-	13,684,069
Unrestricted	380,298	2,871,990
Total Net Assets	**4,375,159**	**17,685,733**
Total Liabilities and Net Assets	**$ 5,690,413**	**$ 18,087,628**

Reconciliation of Net Assets to the Statement of Net Assets

Net Assets per Statement of Net Assets - Proprietary Funds	$ 4,375,159
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	1,093,414
Current years' internal service funds activity adjustment	(49,555)
Net Assets per Statement of Net Assets	$ 5,419,018

See Notes to Financial Statement

CITY OF LA MIRADA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS JUNE 30, 2008

	Business-Type Activities	Governmental Activities
	Theatre	Internal Service Funds
Operating Revenues:		
Sales and service charges	$ 2,724,885	$ 3,684,688
Miscellaneous	12,440	-
Total Operating Revenues	**2,737,325**	**3,684,688**
Operating Expenses:		
Supplies	33,837	-
Maintenance and operations	129,587	-
Utilities	142,897	-
Advertising and promotion	383,313	-
Contractual services	1,647,452	-
Other	83,612	-
Personal services	1,415,707	3,644,678
Depreciation expense	155,286	287,783
Total Operating Expenses	**3,991,691**	**3,932,461**
Operating Income (Loss)	(1,254,366)	(247,773)
Nonoperating Revenues (Expenses):		
Interest revenue	28,010	640,912
Total Nonoperating Revenues (Expenses)	**28,010**	**640,912**
Income (Loss) Before Transfers	(1,226,356)	393,139
Transfers in	963,690	152,289
Changes in Net Assets	(262,666)	545,428
Net Assets:		
Beginning of Year	4,637,825	17,140,305
End of Fiscal Year	**$ 4,375,159**	**$ 17,685,733**

Reconciliation of Changes in Net Assets to the Statement of Activities:

Changes in net assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	$ (262,666)
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	(49,555)
Changes in Net Assets of Business-Type Activities per Statement of Activities	$ (312,221)

See Notes to Financial Statement

CITY OF LA MIRADA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities	Governmental Activities
	Theatre	Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers and users	$ 2,773,373	$ 3,704,557
Cash paid to suppliers for goods and services	(2,462,492)	205,398
Cash paid to employees for services	(1,407,227)	(3,527,078)
Net Cash Provided (Used) by Operating Activities	**(1,096,346)**	**382,877**
Cash Flows from Non-Capital Financing Activities:		
Cash transfers in	963,690	-
Cash transfers out	-	152,289
Cash paid due to/from other funds	2,739	(166,738)
Cash received due to/from other funds	60,911	-
Net Cash Provided (Used) by Non-Capital Financing Activities	**1,027,340**	**(14,449)**
Cash Flows from Investing Activities:		
Interest received	31,601	686,167
Net Cash Provided (Used) by Investing Activities	**31,601**	**686,167**
Net Increase (Decrease) in Cash and Cash Equivalents	**(37,405)**	**852,455**
Cash and Cash Equivalents at Beginning of Year	1,197,780	15,734,886
Cash and Cash Equivalents at End of Year	**$ 1,160,375**	**$ 16,587,341**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ (1,254,366)	$ (247,773)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	155,286	287,783
(Increase) decrease in accounts receivable	(91,844)	-
(Increase) decrease in due from other governments	-	(31,796)
(Increase) decrease in prepaid costs	470	182,015
Increase (decrease) in accounts payable	(44,260)	23,383
Increase (decrease) in accrued liabilities	6,527	(54,793)
Increase (decrease) in deposits payable	1,996	-
Increase (decrease) in unearned revenue	127,892	51,665
Increase (decrease) in claims and judgments	-	172,393
Increase (decrease) in compensated absences	1,953	-
Total Adjustments	**158,020**	**630,650**
Net Cash Provided (Used) by Operating Activities	**$ (1,096,346)**	**$ 382,877**

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

See Notes to Financial Statement

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, cultural and recreation, 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 La Mirada Finance 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 2007-2008 fiscal year, and has no assets, liabilities or fund balance at June 30, 2008.

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide 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, with the exception of gas tax which has an availability period of 90 days. 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 is used 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)

Proprietary Funds:

- The Theatre Fund is used to account for the activities associated with the La Mirada Theatre for the Performing Arts. Operating revenues consist primarily of ticket sales and rental fees. Operating expenses for the Theatre Fund include contract services, administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

- Debt Service Funds are governmental funds used to account for debt service payments and related costs on long-term debt.

- 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 Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise 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.

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

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.

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 are deferred loans of $1,169,985 in the Housing and Community Development Fund.

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 and business-type funds, are reported in the applicable governmental or business-type activities columns 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.

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

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.

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

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

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.

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 2007-2008, supplemental budget appropriations were approved by the City Council. The effects of the supplemental appropriations were minor, with exception to $3,480,400 for the purchase of property out of the General Fund, $642,510 for the purchase of property and Prop 1B funded project out of the Capital Improvement Fund, and $150,000 for rehabilitation project costs out of the Housing and Community Development Fund.

b. Other Individual Fund Disclosures

1. The following fund had a deficit fund balance at June 30, 2008:

Fund	Amount
Debt Service Fund - Redevelopment Agency	$ (23,333,337)
Federal Grants	(484)

This deficit is expected to be recovered with transfers from the General Fund.

2. The following funds exceeded their appropriations:

Fund	Budget	Actual	Over
Non-major Governmental Funds:			
Air Quality Management Distribution	$ 48,000	$ 55,600	$ (7,600)
Used Oil Recycling Grant	16,000	22,253	(6,253)

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and Investments

As of June 30, 2008, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	$ 53,019,698
Business-Type activities	1,160,375
Total Cash and Investments	$ 54,180,073

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, 2008, the carrying amount of the City's deposits was $3,847,631 and the bank balance was $3,926,105. The $78,474 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 $100,000 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.

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

Note 3: Cash and Investments (Continued)

- State of California Local City 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 rating services at time of purchase. As of June 30, 2008, the City's investment in medium term notes consisted of investments with Bellsouth Corp., Heller Financial Inc., Wal-Mart Stores, US Bancorp, Wells Fargo Corp, Toyota Motor Corp., and HSBC Financial Corporation. At June 30, 2008, all MTNs were rated "A" or higher by Moody's. As of June 30, 2008, the City's investments in Federal Agency Securities consisted of investments with Federal Home Loan Mortgage Corp., Federal Home Loan Banks, Federal National Mortgage Association, Federal Farm Credit, and Tennessee Valley Authority. At June 30, 2008, all Federal Agency Securities 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 are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2008, the City's investments in external investment pools and money market mutual funds are unrated.

Note 3: Cash and Investments (Continued)

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, 2008, 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. The limitation is 30% of the City's total investment portfolio. As of June 30, 2008, 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, 2008, the City has invested more than 5% of its total investment value with the following issuers:

Investment Agreements	$	2,618,545	5%

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

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, 2008, the City had the following investments and original maturities:

	Investment Maturities					
Investment Type:	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	$35,065,008	$ -	$ -	$ -	$ -	$35,065,008
Medium Term Notes	-	-	3,899,700	-	-	3,899,700
US Treasury Notes	-	-	-	924,030	-	924,030
Tennessee Valley Authority	-	-	210,196	-	-	210,196
Federal National Mortgage Assoc.	-	2,028,125	-	-	-	2,028,125
Federal Home Loan Mortgage Corp.	1,000,090	-	527,797	-	-	1,527,887
Federal Home Loan Bank	1,002,500	633,938	-	103,437	-	1,739,875
Federal Farm Credit Banks	-	-	397,625	203,813	-	601,438
Investments with Fiscal Agent:						
US Treasury Securities	1,717,638	-	-	-	-	1,717,638
Investment Agreements	-	-	-	-	2,618,545	2,618,545
	$38,785,236	$ 2,662,063	$ 5,035,318	$ 1,231,280	$ 2,618,545	$50,332,442

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	$ 4,362,713	$ -	$ -	$ -	$ 4,362,713
Construction-in-progress	31,057,706	19,402,752	87,149	(49,289,533)	1,083,776
Total Capital Assets, Not Being Depreciated	35,420,419	19,402,752	87,149	(49,289,533)	5,446,489
Capital assets, being depreciated:					
Buildings and improvements	25,432,514	3,500,025	-	46,566,010	75,498,549
Furniture and equipment	5,637,479	229,700	22,500	-	5,844,679
Infrastructure	14,574,770	-	-	2,723,523	17,298,293
Total Capital Assets, Being Depreciated	45,644,763	3,729,725	22,500	49,289,533	98,641,521
Less accumulated depreciation:					
Buildings and improvements	5,984,179	1,049,065	-	-	7,033,244
Furniture and equipment	4,076,922	416,507	12,375	-	4,481,054
Infrastructure	6,934,385	434,347	-	-	7,368,732
Total Accumulated Depreciation	16,995,486	1,899,919	12,375	-	18,883,030
Total Capital Assets, Being Depreciated, Net	28,649,277	1,829,806	10,125	49,289,533	79,758,491
Governmental Activities Capital Assets, Net	$ 64,069,696	$ 21,232,558	$ 97,274	$ -	$ 85,204,980

Note 4: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 178,276	$ -	$ -	$ 178,276
Total Capital Assets, Not Being Depreciated	178,276	-	-	178,276
Capital assets, being depreciated:				
Buildings and improvements	6,178,119	-	-	6,178,119
Furniture and equipment	628,621	-	-	628,621
Total Capital Assets, Being Depreciated	6,806,740	-	-	6,806,740
Less accumulated depreciation:				
Buildings and improvements	2,307,294	123,562	-	2,430,856
Furniture and equipment	527,575	31,724	-	559,299
Total Accumulated Depreciation	2,834,869	155,286	-	2,990,155
Total Capital Assets Being Depreciated, Net	3,971,871	(155,286)	-	3,816,585
Business-Type Activities Capital Assets, Net	$ 4,150,147	$ (155,286)	$ -	$ 3,994,861

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

Governmental Activities	
General Government	$ 209,578
Community Development	548,126
Public Safety	128,971
Public Works	257,942
Leisure and Culture	467,519
Internal Service Funds	287,783
	$ 1,899,919
Business - Type Activities	
Theatre	$ 155,286

Note 5: Interfund Receivables, Payables, and Transfers

a. Due To/From Other Funds

Receivable Funds	Payable Funds	
General Fund	Capital Improvement	$ 549,601
	Redevelopment Agency – Debt Service	146,040
	Non-major governmental	182,314
		877,955
Internal Service Funds	Non-major governmental	224,537
	Theatre	11,161
		235,698
Capital Improvement		
	General Fund	776,584
	Non-major governmental	41,931
	Redevelopment Agency - Capital Projects	213,616
		1,032,131
Redevelopment Agency – Capital Projects	General Fund	34,982
	Redevelopment Agency – Debt Service	198,616
		233,598
Non-major governmental	Redevelopment Agency – Capital Projects	665
	Non-major governmental	59,758
		60,423
	Total Due To/From Other Funds	$ 2,439,805

The General Fund has a receivable from the Capital Improvement fund and Non-major governmental funds as result of a temporary cash deficit balance in those funds. The Internal Service Funds has a receivable from Non-major governmental funds and the Theatre Fund for $224,537 and $11,161, respectively, for employee benefit accrual. Receivables and payables within the Redevelopment Agency Funds were primarily made to cover administrative costs. The receivable and payable between Non-major governmental funds of $60,423 was a result of an operating shortfall.

b. Advances To/From Other Funds

Receivable Funds	Payable Funds	
General Fund	Redevelopment – Debt Service Fund	$ 31,258,939

The Advances are loans made from the City to the Redevelopment Agency to assist in various Redevelopment projects.

Note 5: Interfund Receivables, Payables, and Transfers (Continued)

c. Transfers In/Out

	Transfers Out				
	General	Redevelopment Agency - Capital Project	Redevelopment Agency - Debt Service	Nonmajor Governmental	Totals
Transfers In:					
General Fund	$ -	$ -	$ -	$ 588,027	$ 588,027
Capital Improvement	16,175,453	-	-	1,928,864	18,104,317
Redevelopment Agency - Capital Project	-		3,818,849	-	3,818,849
Debt Service	-	4,558,850		-	4,558,850
Nonmajor Governmental	1,019,605	-	-	802,590	1,822,195
Theatre Fund	963,690	-	-	-	963,690
Internal Service	-	-	-	152,289	152,289
Totals	$ 18,158,748	$ 4,558,850	$ 3,818,849	$ 3,471,770	$ 30,008,217

Interfund transfers from the General Fund were used to:

- Fund capital improvements in the Capital Improvement Project Fund
- Fund non-major funds for debt service activity and community development expenditures
- Fund the Theatre Fund for an operation shortfall
- Fund capital asset purchases in the Equipment Replacement Fund

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

Non-major governmental interfund transfers primarily were used to fund capital improvement projects in the Capital Improvement Fund, fund operational shortfall in non-major funds, and fund public right of way activities and public safety expenditures in the General Fund.

Note 6: 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, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year
Governmental Activities:					
Tax Allocation Bonds	$ 64,531,394	$ 449,661	* $ 1,590,000	$ 63,391,055	$ 620,000
Special Tax Bonds	12,025,000	-	585,000	11,440,000	1,760,000
Lease Revenue Bonds	14,735,000	-	375,000	14,360,000	390,000
Loan Payable	3,697,150	258,801	-	3,955,951	-
Lease Payable	9,607	41,640	12,473	38,774	9,631
Claims and Judgments	247,942	179,394	11,053	416,283	104,071
Compensated Absences	479,819	104,863	53,787	530,895	59,511
Total	$ 95,725,912	$ 1,034,359	$ 2,627,313	94,132,958	$ 2,943,213
Plus:					
Bond premium				50,763	
Less:					
Bond discount				(179,182)	
Deferral on refunding				(1,238,959)	
				$ 92,765,580	

* Additions to Tax Allocation Bonds were for the accretion of interest.

Tax Allocation Bonds:

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

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

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. Tax increment revenues are projected to produce 340% of the debt service requirements over the life of the bonds. At June 30, 2008, the total principal and interest requirements for the bonds is $20,463,744 ($14,090,000 principal, $6,369,744 interest), payable semiannually through August 2024. For the current year, principal and interest paid and tax increment revenues received were $1,292,909 and $8,055,299.

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.

$ 14,090,000

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2001 Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2008 - 2009	$ 610,000	$ 679,204
2009 - 2010	635,000	653,907
2010 - 2011	660,000	626,785
2011 - 2012	690,000	597,580
2012 - 2013	745,000	563,775
2013 - 2018	4,310,000	2,207,000
2018 - 2023	5,120,000	973,809
2023 - 2028	1,320,000	67,684
Totals	$ 14,090,000	$ 6,369,744

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

Auth/Issued	Description	Principal	Date	Rate
$ 670,000	Serial	$ 160,000 / 175,000	2003 - 2006	3.10% 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 987 Tax Allocation Bonds. The bonds are payable solely from tax increment revenue generated as a result of redevelopment activities. Tax increment revenues are projected to produce 115% of the debt service requirements over the life of the bonds. At June 30, 2008, the total principal and interest requirement for the bonds is $2,349,033 ($1,895,000 principal, $452,034 interest), payable semiannually through August 2015. For the current year, principal and interest paid and tax increment revenues received were $294,178 and $499,398.

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. $1,895,000

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2002 Tax Allocation Refunding Bonds	
	Principal	Interest
2008 - 2009	$ 195,000	$ 99,108
2009 - 2010	205,000	88,508
2010 - 2011	215,000	77,378
2011 - 2012	230,000	65,240
2012 - 2013	240,000	121,800
2013 - 2018	810,000	-
Totals	$ 1,895,000	$ 452,034

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

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

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. Housing tax revenues are projected to produce 692% of the debt service requirements over the life of the bonds. At June 30, 2008, the total principal and interest requirement for the bonds is $5,553,163 ($3,860,000 principal, $1,693,163 interest), payable semiannually through August 2024. For the current year, principal and interest paid and tax increment revenues received were $331,245 and $2,904,342.

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. $ 3,860,000

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2003 Housing Tax Allocation Bonds, Series A	
	Principal	Interest
2008 - 2009	$ 165,000	$ 164,770
2009 - 2010	170,000	159,745
2010 - 2011	175,000	154,133
2011 - 2012	180,000	147,470
2012 - 2013	185,000	140,170
2013 - 2018	1,060,000	577,695
2018 - 2023	1,310,000	318,055
2023 - 2028	615,000	31,125
Totals	$ 3,860,000	$ 1,693,163

$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. Housing tax revenues are projected to produce 180% of the debt service requirements over the life of the bonds. At June 30, 2008, the total principal and interest requirement for the bonds is $21,403,329 ($13,415,000 principal, $7,988,329 interest), payable semiannually through August 2024. For the current year, principal and interest paid and tax increment revenues received were $1,280,583 and $2,904,342.

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. $ 13,415,000

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2003 Housing Tax Allocation Bonds, Series B	
	Principal	Interest
2008 - 2009	$ 500,000	$ 771,748
2009 - 2010	520,000	748,353
2010 - 2011	545,000	720,663
2011 - 2012	575,000	691,543
2012 - 2013	605,000	660,863
2013 - 2018	3,560,000	2,744,168
2018 - 2023	4,770,000	1,503,266
2023 - 2028	2,340,000	147,725
Totals	$ 13,415,000	$ 7,988,329

$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. Tax increment revenues are projected to produce 516% of the debt service requirements over the life of the bonds. At June 30, 2008, the total principal and interest requirement for the bonds is $20,417,259 ($13,350,000 principal, $7,067,259 interest), payable semiannually through August 2024. For the current year, principal and interest paid and tax increment revenues received were $686,838 and $11,617,369.

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. $ 13,350,000

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2004 Tax Allocation Bonds, Series A	
	Principal	Interest
2008 - 2009	$ 115,000	$ 569,681
2009 - 2010	105,000	565,556
2010 - 2011	135,000	561,056
2011 - 2012	130,000	556,088
2012 - 2013	210,000	549,713
2013 - 2018	1,940,000	2,558,793
2018 - 2023	7,530,000	1,557,526
2023 - 2028	3,185,000	148,846
Totals	$ 13,350,000	$ 7,067,259

$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. Tax increment revenues are projected to produce 1130% of the debt service requirements over the life of the bonds. At June 30, 2008, the total principal and interest requirement for the bonds is $9,431,160 ($6,170,000 principal, $3,134,765 interest), payable semiannually through August 2024. For the current year, principal and interest paid and tax increment revenues received were $433,045 and $11,617,369.

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. $ 6,170,000

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2005 Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2008 - 2009	$ 175,000	$ 250,170
2009 - 2010	185,000	244,308
2010 - 2011	155,000	238,358
2011 - 2012	165,000	232,758
2012 - 2013	170,000	226,895
2013 - 2018	960,000	1,034,063
2018 - 2023	2,015,000	804,416
2023 - 2028	2,345,000	103,797
Totals	$ 6,170,000	$ 3,134,765

$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 / 1,766,067	$ 560,000 / 4,230,000	2013 / 2028	4.00% / 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. Tax increment revenues are projected to produce 697% of the debt service requirements over the life of the bonds. Total principal and interest requirement for the bonds is $20,239,660 ($10,611,055 principal, $9,628,605 interest), payable semiannually through August 2028. For the current year, principal and interest paid and tax increment revenues received were $0 and $11,617,369.

The bonds are not subject to redemption prior to maturity. Capital Appreciation Bonds shall compound in accreted value from date of delivery. The reserves are fully funded. The outstanding balance includes initial bond and the accreted value of $9,609,007 and $1,002,048 respectively. $ 10,611,055

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2006 Tax Allocation Bonds, Series A	
	Principal	Interest
2008 - 2009	$ -	$ -
2009 - 2010	-	-
2010 - 2011	-	-
2011 - 2012	-	-
2012 - 2013	-	-
2013 - 2018	3,471,023	1,312,838
2018 - 2023	1,623,284	1,206,191
2023 - 2028	4,996,754	6,306,733
2028 - 2033	519,994	802,843
Totals	$ 10,611,055	$ 9,628,605

Total Tax Allocation Bonds $ 63,391,055

Special Tax Bonds

$15,685,000 1998 Special Tax Bonds:

Auth/Issued	Description	Principal	Date	Rate
$ 3,660,000	Serial	$ 275,000 / 555,000	2000-2006	4.37% 5.20%
12,025,000	Term	12,025,000	2020	5.70%

The City has pledged a portion of future tax increment revenues to repay $15,685,000 in special tax refunding bonds issued in July of 1998. The bonds were issued to refund the 1990 Special Tax Bonds (Civic Theatre Project). After fiscal year 2007-2008, the bonds are payable solely from tax increment revenue generated as result of redevelopment activities. Tax increment revenues are projected to produce 323% of the debt service requirements over the life of the bonds. At June 30, 2008, the total principal and interest requirement for the bonds is $16,177,841 ($11,440,000 principal, $4,737,841 interest), payable semiannually through October 2020. For the current year, principal and interest paid and tax increment revenues received were $1,253,753 and $8,055,299.

The term bonds are subject to mandatory redemption from sinking account payments under the indenture. The bonds maturing on or after October 1, 2008, are subject to redemption prior to maturing on any interest payment date beginning October 1, 2008, at redemption prices ranging from 100.0% to 102.0% of principal. The reserves are fully funded. $ 11,440,000

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	1998 Special Tax Bonds	
	Principal	Interest
2008 - 2009	$ 620,000	$ 634,410
2009 - 2010	655,000	598,073
2010 - 2011	690,000	559,740
2011 - 2012	730,000	519,270
2012 - 2013	770,000	476,520
2013 - 2018	4,565,000	1,651,148
2018 - 2023	3,410,000	298,680
Totals	$ 11,440,000	$ 4,737,841

Taken as a whole, the City has pledged $88,946,303 ($57,556,055 for principal and $31,390,248 for interest) for future tax increment revenues resulting in a coverage ratio of tax increment revenues to debt of159%. In addition, the agency has pledged $26,956,492 ($17,275,000 for principal and $9,681,492 for interest) of future housing tax revenues resulting in a coverage ratio of housing tax revenues to debt of 143%.

Lease Revenue Bonds

$15,145,000 2006 Lease Revenue Bonds:

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

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. $ 14,360,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2006 Lease Revenue Bonds	
	Principal	Interest
2008 - 2009	$ 390,000	$ 609,071
2009 - 2010	405,000	593,471
2010 - 2011	420,000	577,271
2011 - 2012	435,000	560,471
2012 - 2013	455,000	543,071
2013 - 2018	2,550,000	2,428,356
2018 - 2023	3,120,000	1,868,401
2023 - 2028	3,840,000	1,141,908
2028 - 2033	2,745,000	250,650
Totals	$ 14,360,000	$ 8,572,670

Note 6: Long-Term Debt (Continued)

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 $258,801. The Agency's share of tax increment revenue was $17,908,456 as of June 30, 2008. 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, 2008, was: $ 3,955,951

Lease Payable

On October 2005, the City entered into a five-year lease with Danka Financial Services for a copy machine for $10,394 at in an interest rate of 11.34% per annum. The General Fund services the lease obligation. At June 30, 2008 the outstanding balance on the lease was $1,335.

On March 3, 2003, the City entered into a five-year lease agreement with Danka Financial Services for a copy machine for $22,500 at an interest rate of 9.81% per annum. At June 30, 2008, the lease obligation was paid off during the fiscal year.

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, 2008, the outstanding balance on the lease was $22,048.

On March 20, 2008, 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, 2008, the outstanding balance on the lease was $15,391. $ 38,774

At June 30, 2008, the annual requirements to repay the outstanding indebtedness were as follows:

	Lease Payable	
	Principal	Interest
2008 - 2009	$ 9,664	$ 32
2009 - 2010	8,328	-
2010 - 2011	8,328	-
2011 - 2012	8,328	-
2012 - 2013	4,126	-
Totals	$ 38,774	$ 32

Note 6: Long-Term Debt (Continued)

Claims and judgments

The City's liability regarding self insurance is described in Note 8 of the Notes to Financial Statements. The liability will be paid in future years from the Self Insurance Fund. $ 416,283

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. $ 530,895

b. Business-Type Activities:

The following is a summary of the changes in the business-type long-term debt, for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year
Compensated Absences	$ 61,089	$ 4,839	$ 2,886	$ 63,042	$ 2,978

IV. OTHER INFORMATION

Note 7: 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 8.161% 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.

Note 7: Pension Plan (Continued)

Annual Pension Cost

For 2008 the City's annual pension cost of $898,270 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, 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% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the 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, 2008, was 30 years.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2006	$ 829,490	100%
6/30/2007	853,501	100%
6/30/2008	898,270	100%

For fiscal year 2007-2008, 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.

Note 7: Pension Plan (Continued)

For the year ended June 30, 2008, the City's payroll covered by the plan was $2,715,122. The City made employer contributions of $67,878 (2.5% of current covered payroll), and employees contributed $135,756 (5.0% 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, this plan provides the employees with 1% times their years of service times their highest annual salary. Eligibility requires 15 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.

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.

For the purpose of establishing actuarial equivalence, the mortality assumptions shall be 1983 GAM and the interest assumption shall be 6% per annum. 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, 2008, is $322,180.

Note 8: 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 (the "Authority"). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage's. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Note 8: Liability, Property and Workers Compensation Protection (Continued)

b. Self-Insurance Programs of the Authority

General Liability

The City pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first $30,000 of each occurrence is charged directly to the member's primary deposit; costs from $30,000 to $750,000 and the loss development reserves associated with losses up to $750,000 are pooled based on the member's share of losses under $30,000. Losses from $750,000 to $5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from $5,000,000 to $50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from $15,000,000 to $25,000,000 are paid by excess insurance. The protection for each member is $50,000,000 per occurrence and $50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

The protection for each member is $50,000,000 per occurrence and $50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings. Changes in the aggregate liabilities for general liability for the years ended June 30, 2007 and June 30, 2008, are as follows:

Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
June 30, 2007	$ 298,399	$ (141,057)	$ -	$ 157,342
June 30, 2008	157,342	(4,052)	-	153,290

Worker's Compensation

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

Note 8: Liability, Property and Workers Compensation Protection (Continued)

Changes in the aggregate liabilities for workers' compensation liability for the years ended June 30, 2007 and June 30, 2008, are as follows:

Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
June 30, 2007	$ 54,533	$ 43,264	$ (7,197)	$ 90,600
June 30, 2008	90,600	179,394	(7,001)	262,993

c. Purchased Insurance

Environmental Insurance

City of La Mirada participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by City of La Mirada. Coverage is on a claims-made basis. There is a $50,000 deductible. The Authority has a limit of $50,000,000 for the 3-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has a $10,000,000 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. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is $88,675,939. There is a $5,000 deductible per occurrence except for non-emergency vehicle insurance which has a $1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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. The City's property currently has earthquake protection in the amount of $12,345,670 . There is a deductible of 5% of value with a minimum deductible of $100,000. Premiums for the coverage are paid annually and are not subject to retroactive 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 retroactive adjustments.

d. Adequacy of Protection

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

Note 9: Transportation Development Act

The City contracts out with the City of Norwalk for Dial-A-Ride services.

Note 10: Post-Retirement Health Care Benefits

Employees who retire from the City after becoming vested in PERS are eligible to receive health care benefits covering themselves and any qualified family members. These benefit provisions are established by City Council action. The City pays 100% of all premiums charged under a health benefit plan administered by the Public Employees' Retirement System (PERS) in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. Contributions are funded in advance on an actuarially determined basis. Expenditures for post-retirement health care benefits for fiscal year 2007-2008 were $357,400. As of June 30, 2008, 42 participants were eligible to receive benefits. The City used the Reserve Initial Actuarial liability method. Under this method the City reserves the full amount of the actuarial liability in the initial year. In future years, the reserve is increased for service cost plus interest income and reduced for benefit payments.

The amounts to reserve under this method were determined by an actuarial study and are shown below:

Fiscal Year Ending June 30,	Beginning Reserve Balance	Addition to Reserve	Benefit Payments	Ending Reserve Balance
2006	$ 7,543,908	$ 855,180	$ 327,837	$ 8,071,251
2007	8,071,251	855,180	337,506	8,588,925
2008	8,588,925	3,489,974	357,400	11,721,499

The reserve has been accounted for in the Employee Benefits Internal Service Fund as unrestricted net assets.

Note 11: 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, 2008, the outstanding balance was $100,000.

Note 12: Defeased Bonds

In prior years, the Agency defeased certain other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2008, $4,515,000 of bonds outstanding are considered defeased.

Note 13: Litigation

The City of La Mirada lost the 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. Commencing in Fiscal Year 2004, payment by the City of La Mirada Redevelopment Agency will be made annually. At the conclusion of the 10 year agreement, Fiscal Year 2013, the total payment is estimated to be approximately $6.4 million.

Note 14: Subsequent events

ERAF Tax Increment Revenue Shift

On September 30, 2008, the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the State Educational Revenue Augmentation Fund (ERAF). It is estimated that the Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately $1,000,000.

Subsequent Events – Financial Concerns Relating to the California Economy

As indicated in the State of California's 2008-2009 Proposed Budget Summary – Economic Outlook:

> "The California and national economies faced considerable headwinds -a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to record levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally."

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City operates. Therefore, the projection of the financial data for the City into future periods must recognize these factors and consider the effect of these on its operations and costs.