



CITY OF LA MIRADA

DEDICATED TO SERVICE
FISCAL YEAR ENDED JUNE 30, 2007

City Council

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

Administrative Personnel

Andrea M. Travis, City Manager
Jeffrey C. Brown, Theatre Director
Steve S. Forster, Public Works Director
Thomas E. Robinson, Community Services Director
Kevin D. Prelgovisk, Administrative Services Director
Reuben Arceo, Community Development Director
Susan Ramos, City Clerk
Cristina L. Cota, Personnel Manager
Anne Haraksin, Assistant to the City Manager

Prepared by:

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City of La Mirada
Organizational Chart

CITIZENS OF LA MIRADA

CITY COUNCIL

CITY ATTORNEY
CITY MANAGER
CITY CLERK



CITY OF LA MIRADA, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED JUNE 30, 2007

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CITY OF LA MIRADA

DEDICATED TO SERVICE

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December 11, 2007

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, 2007. 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.

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 2006-07, and had no assets, liabilities or fund balance at June 30, 2007.

ECONOMIC CONDITION AND OUTLOOK

California has experienced relatively slow growth in the 2006-07 Fiscal Year mainly due to the decline in the national housing sector with declines in the residential construction and rising mortgage rates.

Due to the decline in the housing sector, the median selling price declined from 20% to approximately 6.7% for Los Angeles County. The median sale price of all single family residences sold in La Mirada in the first eight months of 2006 was recorded at \$560,000 in comparison to \$525,000, an increase of 6.6%.

At the local level (the Greater Los Angeles Area) unemployment continued to fall from the recent high of 8% in July 2003, to the June 2007 level of 4.9%. La Mirada fared far better than the Greater Los Angeles area, a 3% 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

Continuing the City's efforts in the areas of Redevelopment, Economic Development, Affordable Housing, and Municipal Services, the following major accomplishments were completed in Fiscal Year 2006-07:

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 to bring about housing opportunities and 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 and has earmarked funds for future programming and projects.

Economic Development – La Mirada is committed to attracting new businesses to the community. Businesses are attracted to La Mirada because of the community's strategic location, low crime rate and business friendly reputation, which includes low project development costs, expedited schedules and shorter construction times.

The City's Redevelopment Agency facilitated the development of the former Century 21 Real Estate building by adding 1,798 square feet of space. It is now leased to Starbucks Coffee and Panera Bread.

Stein Mart, Inc. and A.B.E Office Furniture have located to the community. Stein Mart is located in the Greenhills Plaza Northwest. This upscale, off-price specialty store chain sells current-season, brand-name fashion for women and men, accessories, home décor, linens and shoes. A.B.E. Office Furniture carries the largest selection of new and pre-owned office furniture in Southern California.

In the Spring of 2006, Living Spaces opened a location on Artesia Blvd. This 281,000 square foot warehouse distribution center and retail showroom offers a large selection of top brand furnishings for every room in the home. Living Spaces currently provides over 300 job employment opportunities for the City and additional tax revenue.

Housing – Seventy five (75) home improvement loans and grants were funded by the City and the Redevelopment Agency to assist low-to-moderate income households. A total of \$987,665 was funded for various interior and exterior home improvements, \$24,248 in grants for lead and asbestos abatement was also provided in Fiscal Year 2006-07. The City and the Agency received a total of \$590,780 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 in the City, the Agency is working with a housing developer on a proposed new development to provide 44 single-family detached homes at the Alondra Center North site. While the majority of these homes will be sold at the market rate, seven 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 efforts and 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 33% 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 City has strived to make public safety more responsive and is continuing efforts to enhance the quality of service and effectiveness of enforcement and prosecution efforts. The crime analysis unit has improved evidence collection and analysis efforts which resulted in a reduction in the number of unresolved cases. New law enforcement and data collection technology is also being implemented to ensure deputies and public safety personnel have the tools to effectively address crime issues. The Public Safety Team continues to provide a proactive presence in the community to deter crime and encourage community participation in the crime prevention efforts through the Neighborhood Watch, Business Watch and HAM Watch Programs. The Positive Alternatives Gang and Drug Education Program and Positive Alternatives and Recreation for Kids (PARK) programs continue to be an area of focus as the Public Safety Team strives to educate young people on the dangers of participating in delinquent behaviors, instill safe practices, and build self-esteem and confidence.

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 designed to improve residents' quality of life include programs for senior citizens, adults and children. Each year the City provides an increased level of improved leisure and recreational services and programs for the community including programs such as: 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.

The City's award-winning La Mirada Theatre for the Performing Arts continues to be a source of great pride. McCoy Rigby Entertainment is in its 13th year of producing a quality Broadway series for the Theatre. The Theatre produces Programs for Young Audiences, a full season of shows for children and families, and also continues to feature single-night events in its successful month-long "March Madness." This year's festival included several nearly sold-out houses and a completely sold-out performance of "The Man in Black- A Tribute to Johnny Cash." Resident groups include La Mirada Symphony and Phantom projects. In Fiscal Year 2006-07, there were 142 performances for seven Ovation Awards for excellence in theatre. Next year, La Mirada Theatre will celebrate its 30th anniversary season.

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.

In Fiscal Year 2006-07, twenty-six handicap accessible curb ramps were installed throughout the City. Advanced warning beacons were installed on Santa Gertrudes Avenue at Avenida Santa Tecla. Construction was completed for a new elevator in the La Mirada Resource Center. New street entryway and directional signs were installed, and work continued on the removal and installation of street identification signs. Sidewalk and landscape improvements were completed along Santa Gertrudes Avenue from Avenida Santa Tecla to Foster Road. Street resurfacing and traffic signal improvements were completed on La Mirada Boulevard from Oakwood Lane to Alondra Boulevard. A Sidewalk Inspection Policy was approved. Construction was completed on center median landscape, sidewalk, and parkway improvements on Beach Boulevard from Rosecrans Avenue to the north City Limit. Slurry seal was placed on over two-million square feet of residential streets.

In Fiscal Year 2005-06, construction began for the Aquatics Center and the Sheriff Station Expansion project. The Sheriff Station expansion at the Civic Center will place all public safety functions in the center of the City and near the other major City facilities, events and programs. With the recent completion of the La Mirada Resource Center and the Activity Center, there has been a dramatic increase in the number of residents participating in programs, classes, activities and events in the Civic Center. Closing the Public Safety Annex facility and relocating a portion of the Public Safety functions from the industrial area to the Civic Center will provide greater visibility and safety in the Civic Center as well as in the residential areas of the community. This

relocation will also enhance the communication between the members of the Public Safety Team and coordination with other City departments and promote greater efficiency.

The Aquatic Center, currently under construction, will include four major components: a “family-fun” area offering a variety of water features; a 25-yard lesson and instructional pool; a 50-meter competition pool; and a spa for therapeutic purposes. The design of these facilities has been carefully balanced to provide for an aesthetically pleasing environment and fiscally sound operation. There will also be the necessary peripheral buildings and infrastructure to support the main components of the facility, and ensure a safe, fun, and healthy environment for the public.

PROSPECTS FOR THE FUTURE

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 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. As a result of the Agency’s economic development efforts, the City of La Mirada has not needed to enact additional locally assessed taxes to fund governmental services. 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 attract 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 new methods of obtaining financial resources and/or delivery of services.

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 legally permissible 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.

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.

The City has adopted the operational practice of having all purchased securities physically delivered versus payment to its safekeeping account with a major bank. The City, through this contractual agreement, recognizes the bank as an independent third party custodian.

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 4.5%. Interest earned on all investments, including those funds held by fiscal agents, totaled \$3.1 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 PERS Risk Pool with other small cities. This Risk Pool's most recent actuarial valuation reflects a liability of \$262,170,432 (95% 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 \$5.5 million as of June 30, 2004 valuation. The City also contributes toward a retirement plan for all hourly employees through a trustee.

Spending Limitation - Under Article XIII B 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, 2007, based on calculations by City Management, proceeds of taxes did not exceed appropriations.

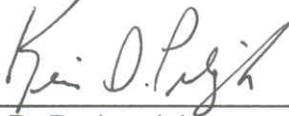
AUDIT AND FINANCIAL REPORTING

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, 2006. This was the eighteenth 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. Pregovisk
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, 2006

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

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, 2007, 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, 2007, 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, 2007, 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.



To the Honorable Mayor and Members of the City of 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, 2007

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, 2007. This 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 follows this discussion.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased over the course of the Fiscal Year by \$10,238,026 to \$65,598,088. The governmental net assets increased by \$10,164,610 or 20%, and the business-type assets increased by \$73,416 or 1.3%. The major construction phase of the Aquatics Center and Sheriff Station began in Fiscal Year 2006-07.
- The City's Governmental Funds reported a combined ending fund balance of \$71,580,612, a decrease of \$21,364,485 or 22.9% 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 \$6,595,591. In Fiscal Year 2007, there was an increase in transfers out to the Capital Projects Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis 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 themselves.

Government-wide Financial Statements

The government-wide financial statements provide both short and long-term information about the City's over-all financial status in a manner similar to a private sector business.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, 2007 (In millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2007
Current & other assets	\$118.1	\$100.8	\$2.8	\$2.9	\$120.9	\$103.7
Capital assets	34.9	64.0	4.1	4.1	38.9	68.1
Total assets	153.0	164.8	6.8	7.0	159.8	171.8
Long-term debt liabilities	95.8	94.2	0.1	0.1	95.9	94.3
Other liabilities	7.5	10.8	1.1	1.1	8.7	11.9
Total liabilities	103.4	105.0	1.2	1.2	104.5	106.2
Net assets:						
Invested in capital assets	34.9	49.2	4.1	4.2	39.0	53.4
Restricted	12.8	38.2			12.8	38.2
Unrestricted	1.9	(27.6)	1.6	1.5	3.5	(26.1)
	\$49.6	\$59.8	\$5.7	\$5.7	\$55.3	\$65.5

In Fiscal Year 2007 for the City of La Mirada, assets exceed liabilities by \$65.5 million at the close of the Fiscal Year. The largest portion of the City's net assets, net of related debt, (81%) reflects the City's investment in capital assets.

Governmental activities in the City of La Mirada increased net assets by \$10.2 million, or 21%, thereby accounting for 99% 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.

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

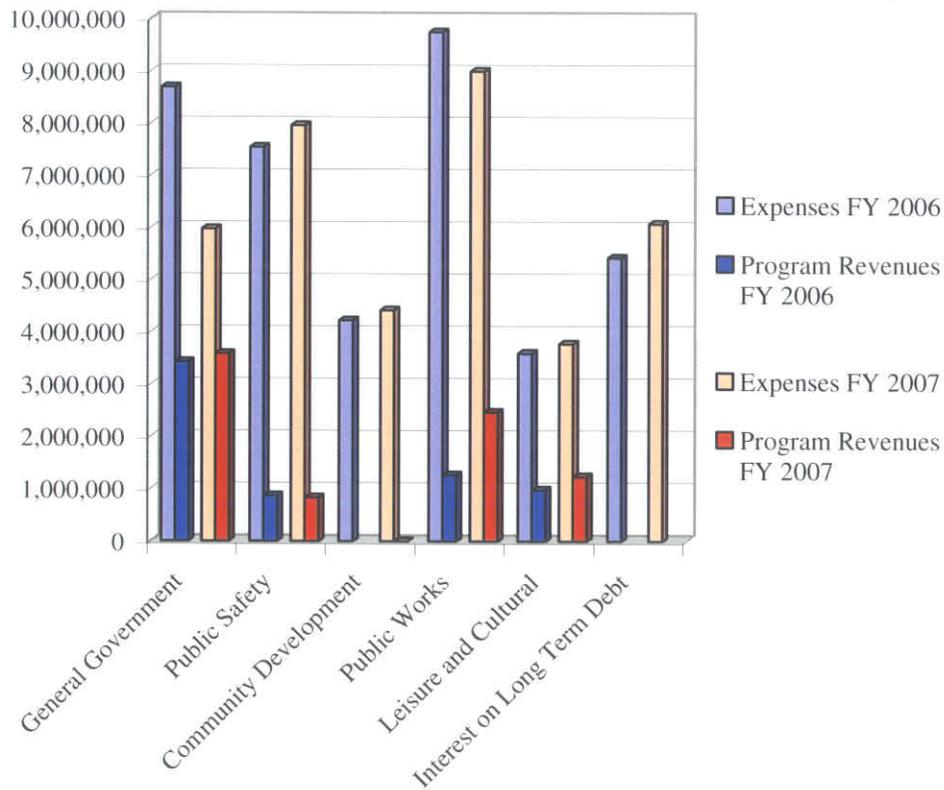
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

revenues, Sales Taxes comprise 24% of total revenues and 26% of general revenues. The increase in revenues is attributable to the City's efforts to obtain grants to fund major projects, the City's efforts to attract new businesses to generate Sales Tax Revenue, and the City's Investment Income.

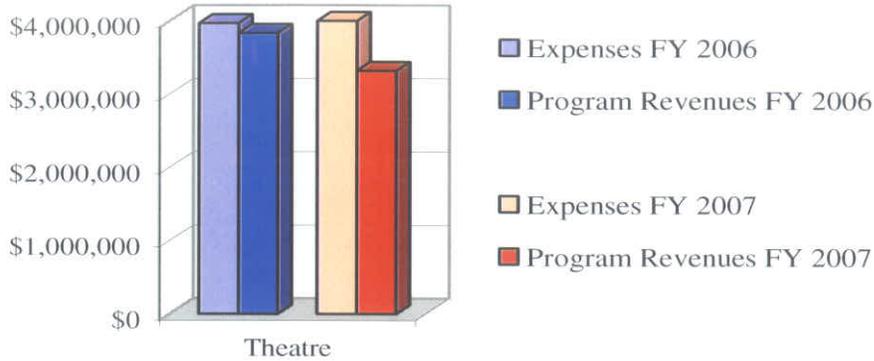
Expenses of the City for the year totaled \$41 million. Expenses decreased \$2 million from the prior year due to the Redevelopment Agency's settlement costs related to the Alondra Center Project in Fiscal Year 2005-06.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

Governmental activity revenues totaled \$47.8 million or 93% of total revenues. Governmental activity expenses totaled \$37 million or 90% of total expenses. As noted above, the increase in revenues is attributable to the City's efforts to obtain grants to fund major projects, the City's efforts to attract new businesses to general Sales Tax revenue, and the City's Investment Income. The following chart shows a graphical comparison of expenses and program revenues by Function for governmental activities for Fiscal Year 2006 and 2007:



MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)



The following chart shows a graphical comparison of expenses and program revenues by Function for business-type activities for Fiscal Year 2006 and 2007:

NET COST OF BUSINESS-TYPE ACTIVITIES

As of June 30, 2007

(In millions)

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2007
Business-type Activities: Theatre	\$4.0	\$4.0	\$0.1	\$0.7
Total	\$4.0	\$4.0	\$0.1	\$0.7

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, 2007 of \$71.5 million, a decrease of \$21.3 million, 22.9%, 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 \$6,595,591, primarily due to an increase in transfers out to the Capital Projects Fund of \$13.5

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

OUTSTANDING DEBT

As of June 30, 2007
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2006	2007	2006	2007	2006	2007
Tax Allocation Bonds	\$65.5	\$64.6			\$65.5	\$64.6
Special Tax Bonds	12.6	12.0			12.6	12.0
Lease Revenue Bonds	15.1	14.7			15.1	14.7
Loan Payable	3.5	3.7			3.5	3.7
Lease Payable	0.0	0.0			0.0	0.0
Claims and Judgments	0.4	0.2			0.4	0.2
Compensated Absences	0.5	0.5			0.5	0.5
Total	\$97.6	\$95.7	\$0.0	\$0.0	\$97.6	\$95.7

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 (11.3%), 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 2007 unemployment rate in the Greater Los Angeles area was 5%. These factors were considered in making modifications to the City's operating budget for Fiscal Year 2007-2008. 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. For Fiscal Year 2007-08, the City's primary operating fund, the General Fund, conservatively estimates revenues at \$34.5 million. Sales tax is projected to slightly increase from Fiscal Year 2006-07 at less than 1%. Detailed information regarding the City of La Mirada's economic factors and next year's budget 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

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 69,059,356	\$ 1,197,780	\$ 70,257,136
Receivables:			
Accounts	166,044	109,101	275,145
Taxes	3,858,014	-	3,858,014
Notes	6,840,949	-	6,840,949
Accrued interest	689,115	10,600	699,715
Deferred loans	1,077,542	-	1,077,542
Internal balances	(1,145,903)	1,145,903	-
Prepaid costs	710,210	327,695	1,037,905
Unamortized debt issuance costs	2,031,141	-	2,031,141
Due from other governments	530,994	-	530,994
Land held for resale	10,798,924	-	10,798,924
Restricted assets:			
Cash and investments	1,604,379	-	1,604,379
Cash with fiscal agent	4,578,072	-	4,578,072
Capital assets not being depreciated	35,420,419	178,276	35,598,695
Capital assets, net of depreciation	28,649,277	3,971,871	32,621,148
Total Assets	164,868,533	6,941,226	171,809,759
Liabilities:			
Accounts payable	8,287,165	101,523	8,388,688
Accrued liabilities	283,667	25,338	309,005
Accrued interest	1,354,677	-	1,354,677
Deposits payable	72,277	60,740	133,017
Due to other governments	521,005	-	521,005
Unearned revenue	211,800	961,297	1,173,097
Noncurrent liabilities:			
Due within one year	2,692,026	5,060	2,697,086
Due in more than one year	91,579,067	56,029	91,635,096
Total Liabilities	105,001,684	1,209,987	106,211,671
Net Assets:			
Invested in capital assets, net of related debt	49,272,086	4,150,147	53,422,233
Restricted for:			
Public works projects	1,610,563	-	1,610,563
Transportation	1,998,404	-	1,998,404
Capital projects	33,567,310	-	33,567,310
Debt service	1,032,043	-	1,032,043
Unrestricted	(27,613,557)	1,581,092	(26,032,465)
Total Net Assets	\$ 59,866,849	\$ 5,731,239	\$ 65,598,088

CITY OF LA MIRADA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,976,250	\$ 2,392,792	\$ 1,191,709	\$ -
Public safety	7,962,390	695,311	137,353	-
Community development	4,419,179	-	-	-
Leisure and cultural	3,776,332	732,955	-	500,000
Public works	8,994,633	55,120	910,508	1,498,127
Interest on long-term debt	6,072,121	-	-	-
Total Governmental Activities	37,200,905	3,876,178	2,239,570	1,998,127
Business-Type Activities:				
Theatre	4,036,284	3,073,897	-	247,323
Total Business-Type Activities	4,036,284	3,073,897	-	247,323
Total Primary Government	\$ 41,237,189	\$ 6,950,075	\$ 2,239,570	\$ 2,245,450

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Intergovernmental, unrestricted:

Motor vehicle in lieu

Use of money and property

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net Assets
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (2,391,749)	\$ -	\$ (2,391,749)
(7,129,726)	-	(7,129,726)
(4,419,179)	-	(4,419,179)
(2,543,377)	-	(2,543,377)
(6,530,878)	-	(6,530,878)
(6,072,121)	-	(6,072,121)
(29,087,030)	-	(29,087,030)
-	(715,064)	(715,064)
-	(715,064)	(715,064)
(29,087,030)	(715,064)	(29,802,094)
18,417,288	-	18,417,288
907,549	-	907,549
12,228,463	-	12,228,463
1,446,091	-	1,446,091
40,833	-	40,833
248,182	-	248,182
292,713	-	292,713
6,323,127	29,616	6,352,743
101,376	13,260	114,636
(745,604)	745,604	-
39,260,018	788,480	40,048,498
10,172,988	73,416	10,246,404
49,702,239	5,657,823	55,360,062
(8,378)	-	(8,378)
\$ 59,866,849	\$ 5,731,239	\$ 65,598,088

CITY OF LA MIRADA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Capital Projects Funds	
		Capital Improvement	Redevelopment Agency
Assets:			
Cash and investments	\$ 27,080,057	\$ 480,519	\$ 14,085,474
Receivables:			
Accounts	154,501	-	-
Taxes	3,402,657	-	-
Contract and notes	-	-	6,840,949
Accrued interest	267,869	4,252	151,322
Deferred loans	-	-	-
Prepaid costs	401,453	-	7,201
Due from other governments	51,813	-	-
Due from other funds	233,088	5,654,020	138,952
Advances to other funds	37,258,939	-	-
Land held for resale	-	-	10,798,924
Restricted assets:			
Cash and investments	-	1,193,883	-
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 68,850,377	\$ 7,332,674	\$ 32,022,822
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,709,165	\$ 5,654,020	\$ 89,508
Accrued liabilities	164,863	-	-
Due to other funds	4,643,132	-	44,658
Deferred revenues	1,811,454	-	-
Unearned revenues	118,533	-	-
Advances from other funds	-	-	-
Deposits payable	72,277	-	-
Due to other governments	-	-	-
Total Liabilities	8,519,424	5,654,020	134,166
Fund Balances:			
Reserved:			
Reserved for encumbrances	130,077	427,857	-
Reserved for prepaid costs	401,453	-	7,201
Reserved for land held for resale	-	-	10,798,924
Reserved for notes receivable	-	-	6,840,949
Reserved for advances to other funds	37,258,939	-	-
Reserved for debt service	-	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Designated for capital improvement projects	-	1,250,797	14,241,582
Designated for economic uncertainty	6,625,000	-	-
Undesignated	15,915,484	-	-
Total Fund Balances	60,330,953	1,678,654	31,888,656
Total Liabilities and Fund Balances	\$ 68,850,377	\$ 7,332,674	\$ 32,022,822

See Notes to Financial Statements

CITY OF LA MIRADA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>Debt Service Fund</u>		<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>
	<u>Redevelopment Agency</u>		<u>Governmental Funds</u>		<u>Governmental Funds</u>
Assets:					
Cash and investments	\$ 7,557,799		\$ 4,531,117		\$ 53,734,966
Receivables:					
Accounts	-		11,543		166,044
Taxes	455,357		-		3,858,014
Contract and notes	-		-		6,840,949
Accrued interest	81,854		35,444		540,741
Deferred loans	-		1,077,542		1,077,542
Prepaid costs	-		119,541		528,195
Due from other governments	-		479,181		530,994
Due from other funds	-		68,011		6,094,071
Advances to other funds	-		-		37,258,939
Land held for resale	-		-		10,798,924
Restricted assets:					
Cash and investments	-		-		1,193,883
Cash and investments with fiscal agents	3,546,029		1,032,043		4,578,072
Total Assets	\$ 11,641,039		\$ 7,354,422		\$ 127,201,334
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 687,848		\$ 144,551		\$ 8,285,092
Accrued liabilities	-		2,230		167,093
Due to other funds	131,424		1,396,306		6,215,520
Deferred revenues	-		1,077,542		2,888,996
Unearned revenues	-		93,267		211,800
Advances from other funds	37,258,939		-		37,258,939
Deposits payable	-		-		72,277
Due to other governments	521,005		-		521,005
Total Liabilities	38,599,216		2,713,896		55,620,722
Fund Balances:					
Reserved:					
Reserved for encumbrances	-		-		557,934
Reserved for prepaid costs	-		119,541		528,195
Reserved for land held for resale	-		-		10,798,924
Reserved for notes receivable	-		-		6,840,949
Reserved for advances to other funds	-		-		37,258,939
Reserved for debt service	-		1,032,043		1,032,043
Unreserved:					
Unreserved, reported in nonmajor:					
Special revenue funds	-		3,488,942		3,488,942
Designated for capital improvement projects	-		-		15,492,379
Designated for economic uncertainty	-		-		6,625,000
Undesignated	(26,958,177)		-		(11,042,693)
Total Fund Balances	(26,958,177)		4,640,526		71,580,612
Total Liabilities and Fund Balances	\$ 11,641,039		\$ 7,354,422		\$ 127,201,334

See Notes to Financial Statements

CITY OF LA MIRADA

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Fund balances of governmental funds \$ 71,580,612

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	\$ 76,926,546	
Accumulated depreciation	<u>(14,072,167)</u>	
		62,854,379

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		(93,452,732)
Accrued Claims and Judgments		(247,942)
Compensated absences		(479,819)

Governmental funds report the effect of issuance costs when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. 2,031,141

Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds. (1,354,677)

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. 2,888,996

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. 16,046,891

Net assets of governmental activities \$ 59,866,849

CITY OF LA MIRADA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Capital Projects Funds		
	General	Capital Improvement	Redevelopment Agency
Revenues:			
Taxes	\$ 21,626,038	\$ -	\$ -
Licenses and permits	456,641	-	-
Intergovernmental	323,182	-	-
Charges for services	1,883,198	-	-
Use of money and property	3,356,021	50,734	1,420,338
Fines and forfeitures	579,120	-	-
Contributions	510,000	218,566	-
Miscellaneous	316,581	42,168	10,390
Total Revenues	29,050,781	311,468	1,430,728
Expenditures:			
Current:			
General government	3,033,375	-	1,655,822
Public safety	7,588,813	-	-
Community development	1,687,575	-	278,400
Leisure and cultural	3,571,867	-	-
Public works	6,367,769	-	-
Capital outlay	-	32,562,849	-
Debt service:			
Principal retirement	8,319	-	-
Interest and fiscal charges	1,497	-	1,200
Total Expenditures	22,259,215	32,562,849	1,935,422
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,791,566	(32,251,381)	(504,694)
Other Financing Sources (Uses):			
Transfers in	2,068,093	31,493,515	4,136,373
Transfers out	(15,455,250)	-	(7,519,021)
Long-term debt issued	-	-	-
Total Other Financing Sources (Uses)	(13,387,157)	31,493,515	(3,382,648)
Net Change in Fund Balances	(6,595,591)	(757,866)	(3,887,342)
Fund Balances, Beginning of Year	66,926,544	2,436,520	35,775,998
Fund Balances, End of Year	\$ 60,330,953	\$ 1,678,654	\$ 31,888,656

CITY OF LA MIRADA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 10,434,825	\$ 1,477,038	\$ 33,537,901
Licenses and permits	-	-	456,641
Intergovernmental	-	3,615,009	3,938,191
Charges for services	-	-	1,883,198
Use of money and property	626,145	744,422	6,197,660
Fines and forfeitures	-	-	579,120
Contributions	-	-	728,566
Miscellaneous	25,952	2,348	397,439
Total Revenues	11,086,922	5,838,817	47,718,716
Expenditures:			
Current:			
General government	242,071	1,003,388	5,934,656
Public safety	-	17,218	7,606,031
Community development	2,032,362	336,993	4,335,330
Leisure and cultural	-	36,766	3,608,633
Public works	-	60,144	6,427,913
Capital outlay	-	-	32,562,849
Debt service:			
Principal retirement	2,080,000	410,000	2,498,319
Interest and fiscal charges	4,856,336	588,878	5,447,911
Total Expenditures	9,210,769	2,453,387	68,421,642
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,876,153	3,385,430	(20,702,926)
Other Financing Sources (Uses):			
Transfers in	7,519,021	1,717,917	46,934,919
Transfers out	(5,714,777)	(19,149,300)	(47,838,348)
Long-term debt issued	241,870	-	241,870
Total Other Financing Sources (Uses)	2,046,114	(17,431,383)	(661,559)
Net Change in Fund Balances	3,922,267	(14,045,953)	(21,364,485)
Fund Balances, Beginning of Year	(30,880,444)	18,686,479	92,945,097
Fund Balances, End of Year	\$ (26,958,177)	\$ 4,640,526	\$ 71,580,612

CITY OF LA MIRADA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds \$ (21,364,485)

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	\$ 30,295,848	
Depreciation	<u>(1,048,115)</u>	
		29,247,733

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 revenue 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	\$ 1,525,000	
Special tax bonds repayments	555,000	
Lease revenue bonds repayments	410,000	
Capital leases repayments	8,319	
Bond discount amortization	(10,540)	
Bond premium amortization	2,240	
Bond issuance cost amortization	(71,303)	
Amortization of deferred loss on refunding	(79,140)	
Changes in claims payable	104,990	
Accrued interest on tax allocation bonds	(431,481)	
Loan payable issued	<u>(241,870)</u>	
		1,771,215

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 2,081

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. 47,039

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. (105,975)

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. 575,380

Change in net assets of governmental activities \$ 10,172,988

CITY OF LA MIRADA

BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 66,926,544	\$66,926,544	\$66,926,544	\$ -
Resources (Inflows):				
Taxes	20,681,385	20,681,385	21,626,038	944,653
Licenses and permits	624,000	624,000	456,641	(167,359)
Intergovernmental	283,050	283,050	323,182	40,132
Charges for services	1,845,222	1,845,222	1,883,198	37,976
Use of money and property	8,308,050	8,308,050	3,356,021	(4,952,029)
Fines and forfeitures	574,200	574,200	579,120	4,920
Contributions	-	-	510,000	510,000
Miscellaneous	308,900	308,900	316,581	7,681
Transfers from other funds	480,159	480,159	2,068,093	1,587,934
Amounts Available for Appropriation	100,031,510	100,031,510	98,045,418	(1,986,092)
Charges to Appropriation (Outflow):				
General government	3,344,408	3,359,408	3,033,375	326,033
Public safety	8,036,320	8,042,865	7,588,813	454,052
Community development	1,867,252	1,852,252	1,687,575	164,677
Leisure and cultural	4,559,564	4,611,564	3,571,867	1,039,697
Public works	6,754,753	6,754,753	6,367,769	386,984
Debt service:				
Principal	8,319	8,319	8,319	-
Interest and fiscal charges	1,497	1,497	1,497	-
Transfers to other funds	21,819,310	22,226,018	15,455,250	6,770,768
Total Charges to Appropriations	46,391,423	46,856,676	37,714,465	9,142,211
Budgetary Fund Balance, June 30	\$ 53,640,087	\$53,174,834	\$60,330,953	\$ 7,156,119

CITY OF LA MIRADA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-Type Activities	Governmental Activities
	Theatre	Internal Service Fund
Assets:		
Current:		
Cash and investments	\$ 1,197,780	\$ 15,324,390
Receivables:		
Accounts	109,101	-
Accrued interest	10,600	148,374
Due from other funds	60,911	68,960
Prepaid costs	327,695	182,015
Restricted:		
Cash and investments	-	410,496
Cash with fiscal agent	-	-
Total Current Assets	1,706,087	16,134,235
Noncurrent:		
Capital assets - net of accumulated depreciation	4,150,147	1,215,317
Total Noncurrent Assets	4,150,147	1,215,317
Total Assets	\$ 5,856,234	\$ 17,349,552
Liabilities and Net Assets:		
Liabilities:		
Current:		
Accounts payable	\$ 101,523	\$ 2,073
Accrued liabilities	25,338	116,574
Unearned revenue	961,297	-
Deposits payable	60,740	-
Due to other funds	8,422	-
Compensated absences	5,060	-
Claims payable	-	11,957
Total Current Liabilities	1,162,380	130,604
Noncurrent:		
Compensated absences	56,029	-
Claims payable	-	78,643
Total Noncurrent Liabilities	56,029	78,643
Total Liabilities	1,218,409	209,247
Net Assets:		
Invested in capital assets	4,150,147	1,215,317
Restricted for future employee benefits	-	13,589,221
Unrestricted	487,678	2,335,767
Total Net Assets	4,637,825	17,140,305
Total Liabilities and Net Assets	\$ 5,856,234	\$ 17,349,552
Reconciliation of Net Assets to the Statement of Net Assets:		
Net assets per Statement of Net Assets - Proprietary Funds	\$ 4,637,825	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	1,115,714	
Current year internal service funds activity adjustment	(22,300)	
Net Assets: business - type activities	\$ 5,731,239	

See Notes to Financial Statements

CITY OF LA MIRADA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	Business-Type Activities	Governmental Activities
	Theatre	Internal Service Funds
Operating Revenues:		
Sales and service charges	\$ 3,073,897	\$ 3,493,639
Miscellaneous	13,260	-
Total Operating Revenues	3,087,157	3,493,639
Operating Expenses:		
Supplies	89,588	-
Maintenance and operations	75,143	-
Utilities	130,196	-
Advertising and promotion	397,417	-
Contractual services	1,674,119	-
Other	153,012	-
Personal Services	1,337,678	3,310,486
Depreciation	156,831	294,654
Total Operating Expenses	4,013,984	3,605,140
Operating Income (Loss)	(926,827)	(111,501)
Nonoperating Revenues (Expenses):		
Interest revenue	29,616	506,756
Total Nonoperating Revenues (Expenses)	29,616	506,756
Income (Loss) Before Contributions and Transfers	(897,211)	395,255
Capital contributions	247,323	-
Transfers in	745,604	157,825
Changes in Net Assets	95,716	553,080
Net Assets:		
Beginning of Year	4,542,109	16,587,225
End of Fiscal Year	\$ 4,637,825	\$ 17,140,305
Reconciliation of Changes in Net Assets to the Statement of Activities		
Changes in net assets, enterprise funds	\$ 95,716	
Adjustment to reflect the consolidation of the current fiscal year internal service funds activities related to enterprise funds	(22,300)	
Changes in Net Assets of Business-Type Activities	\$ 73,416	

CITY OF LA MIRADA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2007

	Business-Type Activities	Governmental Activities
	Theatre	Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 3,013,609	\$ 3,493,639
Cash paid to suppliers for goods and services	(2,410,278)	(2,884,861)
Cash paid to employees for services	(1,320,340)	(255,764)
Net Cash Provided (Used) by Operating Activities	(717,009)	353,014
Cash Flows from Non-Capital Financing Activities:		
Cash transfers in	745,604	157,825
Cash paid due to/from other funds	(60,911)	-
Cash received due to/from other funds	1,973	8,557,047
Net Cash Provided (Used) by Non-Capital Financing Activities	686,666	8,714,872
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	247,323	-
Purchases of capital assets	(241,949)	(157,823)
Net Cash Provided (Used) by Capital and Related Financing Activities	5,374	(157,823)
Cash Flows from Investing Activities:		
Interest received	28,722	495,419
Net Cash Provided (Used) by Investing Activities	28,722	495,419
Net Increase (Decrease) in Cash and Cash Equivalents	3,753	9,405,482
Cash and Cash Equivalents at Beginning of Year	1,194,027	6,329,404
Cash and Cash Equivalents at End of Year	\$ 1,197,780	\$ 15,734,886
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (926,827)	\$ (111,501)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	156,831	294,654
(Increase) decrease in accounts receivable	9,222	-
(Increase) decrease in prepaid costs	(1,259)	112,206
Increase (decrease) in accounts payable	74,113	(8,601)
Increase (decrease) in accrued liabilities	6,811	30,189
Increase (decrease) in deposits payable	36,343	-
Increase (decrease) in unearned revenue	(82,770)	-
Increase (decrease) in claims and judgments	-	36,067
Increase (decrease) in compensated absences	10,527	-
Total Adjustments	209,818	464,515
Net Cash Provided (Used) by Operating Activities	\$ (717,009)	\$ 353,014

Non-Cash Investing, Capital, and Financing Activities:

During fiscal year 2006-2007, there was no noncash investing, capital or financing activities.

See Notes to Financial Statements

CITY OF LA MIRADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 2006-2007 fiscal year, and has no assets, liabilities or fund balance at June 30, 2007.

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. 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.

City of La Mirada
Notes to Financial Statements (Continued)

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 \$1,077,542 in the Housing and Community Development Fund.

Prepays

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.

**City of La Mirada
Notes to Financial Statements (Continued)**

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:

<u>Capital Asset Type</u>	<u>Useful Lives</u>	<u>Capitalization Threshold</u>
Buildings and Improvements	50 years	\$5,000
Furniture and Equipment	5-10 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 2006-2007, supplemental budget appropriations were approved by the City Council. The effects of the supplemental appropriations were minor.

b. Other Individual Fund Disclosures

1. The following fund had a deficit fund balance at June 30, 2007:

Fund	Amount
Debt Service Fund - Redevelopment Agency	\$ (26,958,177)
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
Major Governmental Funds:			
Debt Service - Redevelopment Agency	\$ 14,825,602	\$ 14,925,546	\$ (99,944)
Non-major Governmental Funds:			
Local Transportation	25,000	28,828	(3,828)
Federal Grants	13,885	37,436	(23,551)
Debt Service Fund	13,801,241	15,374,833	(1,573,592)

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and Investments

As of June 30, 2007, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 75,241,807
Business-Type activities	<u>1,197,780</u>
Total Cash and Investments	<u><u>\$ 76,439,587</u></u>

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, 2007, the carrying amount of the City's deposits was \$5,822,554 and the bank balance was \$8,741,750. The \$2,919,196 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:

- United States Treasury Issues
- Instruments issued by a Federal Agency or United States Government-Sponsored Enterprise
- Bankers Acceptances with a maturity of 180 days or less
- Prime Commercial Paper with a maturity of 270 days or less
- Negotiable Certificates of Deposit
- Repurchase Agreements with Primary dealers of the Federal Reserve Bank of New York
- Medium-Term Notes (5-yr maturity or less) of domestic Corporations or Depository Institutions

City of La Mirada
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

- Shares Diversified Management Companies Investing in Permitted Securities (Mutual Funds)
- State of California Local Agency Investment Fund
- California County Investment Pools

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, 2007, the City's investment in medium term notes consisted of investments with Computer Sciences Corp., United Health Group, Inc., CIT Group Inc., Countrywide Home Loans, General Electric, Lehman Brothers, Merrill Lynch & Co., SLM Corp., Toyota Motor Corp., and HSBC Financial Corporation. At June 30, 2007, all MTNs were rated "A" or higher by Moody's. As of June 30, 2007, 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 Home Loan Mortgage, and Federal Farm Credit. At June 30, 2007, 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, 2007, the City's investments in external investment pools and money market mutual funds are unrated.

City of La Mirada
Notes to Financial Statements (Continued)

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, 2007, 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, 2007, the City is in compliance with the restrictions of its investment policy.

GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. The City has invested more than 5% of its total investment value with the following issuers:

Federal Home Loan Bank	\$	10,056,657	14%
Federal National Mortgage Assoc.		4,475,469	6%

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, 2007, the City had the following investments and original maturities:

Investment Type:	Investment Maturities					Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More Than 5 years	
Local Agency Investment Fund	\$ 34,791,189	\$ -	\$ -	\$ -	\$ -	\$ 34,791,189
Medium Term Notes	497,045	5,412,285	2,934,506	2,924,680	-	11,768,516
Federal National Mortgage Assoc.	998,438	-	3,477,031	-	-	4,475,469
Federal Home Loan Mortgage Corp.	1,988,300	-	977,580	-	-	2,965,880
Federal Home Loan Bank	3,965,938	3,118,219	2,972,500	-	-	10,056,657
Federal Farm Credit Banks	-	1,981,250	-	-	-	1,981,250
Investments with Fiscal Agent:						
Money Market	1,959,527	-	-	-	-	1,959,527
Investment Agreements	-	-	-	-	2,618,545	2,618,545
	<u>\$ 44,200,437</u>	<u>\$ 10,511,754</u>	<u>\$ 10,361,617</u>	<u>\$ 2,924,680</u>	<u>\$ 2,618,545</u>	<u>\$ 70,617,033</u>

City of La Mirada
Notes to Financial Statements (Continued)

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	3,323,690	29,396,150	4,234	(1,657,900)	31,057,706
Total Capital Assets, Not Being Depreciated	7,686,403	29,396,150	4,234	(1,657,900)	35,420,419
Capital assets, being depreciated:					
Buildings and improvements	23,494,446	280,168	-	1,657,900	25,432,514
Furniture and equipment	5,565,798	154,746	83,065	-	5,637,479
Infrastructure	13,947,929	626,841	-	-	14,574,770
Total Capital Assets, Being Depreciated	43,008,173	1,061,755	83,065	1,657,900	45,644,763
Less accumulated depreciation:					
Buildings and improvements	5,482,044	502,135	-	-	5,984,179
Furniture and equipment	3,731,004	428,983	83,065	-	4,076,922
Infrastructure	6,522,734	411,651	-	-	6,934,385
Total Accumulated Depreciation	15,735,782	1,342,769	83,065	-	16,995,486
Total Capital Assets, Being Depreciated, Net	27,272,391	(281,014)	-	1,657,900	28,649,277
Governmental Activities Capital Assets, Net	<u>\$ 34,958,794</u>	<u>\$ 29,115,136</u>	<u>\$ 4,234</u>	<u>\$ -</u>	<u>\$ 64,069,696</u>

City of La Mirada
Notes to Financial Statements (Continued)

Note 4: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 178,276	\$ -	\$ -	\$ -	\$ 178,276
Construction-in-progress	164,267	-	-	(164,267)	-
Total Capital Assets, Not Being Depreciated	342,543	-	-	(164,267)	178,276
Capital assets, being depreciated:					
Buildings and improvements	5,771,903	241,949	-	164,267	6,178,119
Furniture and equipment	628,621	-	-	-	628,621
Total Capital Assets, Being Depreciated	6,400,524	241,949	-	164,267	6,806,740
Less accumulated depreciation:					
Buildings and improvements	2,185,547	121,747	-	-	2,307,294
Furniture and equipment	492,491	35,084	-	-	527,575
Total Accumulated Depreciation	2,678,038	156,831	-	-	2,834,869
Total Capital Assets Being Depreciated, Net	3,722,486	85,118	-	164,267	3,971,871
Business-Type Activities Capital Assets, Net	<u>\$ 4,065,029</u>	<u>\$ 85,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,150,147</u>

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

Governmental Activities	
General Government	\$ 136,254
Community Development	83,849
Public Safety	356,359
Public Works	303,954
Leisure and Culture	167,699
Internal Service Funds	294,654
	<u>\$ 1,342,769</u>
Business - Type Activities	
Theatre	<u>\$ 156,831</u>

City of La Mirada
Notes to Financial Statements (Continued)

Note 5: Interfund Receivables, Payables, and Transfers

a. Due To/From Other Funds

<u>Receivable Funds</u>	<u>Payable Funds</u>	
General Fund	Non-major governmental	\$ <u>233,088</u>
Internal Service Funds	General Fund	59,540
	Non-major governmental	998
	Theatre	<u>8,422</u>
		<u>68,960</u>
Capital Improvement	General Fund	4,527,201
	Non-major governmental	1,084,651
	Redevelopment Agency - Capital Projects	<u>42,168</u>
		<u>5,654,020</u>
Redevelopment Agency – Capital Projects	General Fund	6,228
	Non-major governmental	1,300
	Redevelopment Agency – Debt Service	<u>131,424</u>
		<u>138,952</u>
Theatre Fund	General Fund	50,163
	Non-major governmental	<u>10,748</u>
		<u>60,911</u>
Non-major governmental	Redevelopment Agency – Capital Projects	2,490
	Non-major governmental	<u>65,521</u>
		<u>68,011</u>
Total Due To/From Other Funds		\$ <u>6,223,942</u>

The General Fund has a receivable from Non-major governmental funds as result of a temporary cash deficit balance in those funds. The Internal Service Funds has a receivable from General Fund, Non-major governmental and the Theatre Fund for \$59,540, \$998, and \$8,422, respectively, for employee benefit accrual. Receivables and payables within the Redevelopment Agency Funds were primarily made to cover administrative costs. The Theatre Fund has a receivable from General Fund and Non-major governmental funds as a result of an operating shortfall. The receivable and payable between Non-major governmental funds of \$65,521 was a result of a operating shortfall.

b. Advances To/From Other Funds

<u>Receivable Funds</u>	<u>Payable Funds</u>	
General Fund	Redevelopment – Debt Service Fund	\$ <u>37,258,939</u>

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

City of La Mirada
 Notes to Financial Statements (Continued)

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

c. Transfers In/Out

	Transfers Out				Totals
	General	Redevelopment Agency - Capital Project	Redevelopment Agency - Debt Service	Nonmajor Governmental	
Transfers In:					
General Fund	\$ -	\$ -	\$ 1,578,404	\$ 489,689	\$ 2,068,093
Capital Improvement	13,538,889	-	-	17,954,626	31,493,515
Redevelopment Agency - Capital Project	-	-	4,136,373	-	4,136,373
Debt Service	-	7,519,021	-	-	7,519,021
Nonmajor Governmental	1,012,932	-	-	704,985	1,717,917
Enterprise Funds	745,604	-	-	-	745,604
Internal Service	157,825	-	-	-	157,825
Totals	\$ 15,455,250	\$ 7,519,021	\$ 5,714,777	\$ 19,149,300	\$ 47,838,348

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. The Redevelopment Debt Service Fund also transferred \$1,578,404 to the General Fund to reimburse the City for prior year payments made to the City of Carson as part of a participation agreement.

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.

City of La Mirada
Notes to Financial Statements (Continued)

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, 2007:

	Balance July 1, 2006	Adjustments	Adjusted Beg. Balance	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Governmental Activities:							
Tax Allocation Bonds	\$ 65,624,913	\$ -	\$ 65,624,913	\$ 431,481 *	\$ 1,525,000	\$ 64,531,394	\$ 1,590,000
Special Tax Bonds	12,580,000	-	12,580,000	-	555,000	12,025,000	585,000
Lease Revenue Bonds	15,145,000	-	15,145,000	-	410,000	14,735,000	375,000
Loan Payable	3,455,280	-	3,455,280	241,870	-	3,697,150	-
Lease Payable	9,548	8,378	17,926	-	8,319	9,607	8,271
Claims and Judgments	352,932	-	352,932	43,264	148,254	247,942	11,957
Compensated Absences	526,858	-	526,858	86,700	133,739	479,819	121,798
Total	\$ 97,694,531	\$ 8,378	\$ 97,702,909	\$ 803,315	\$ 2,780,312	\$ 95,725,912	\$ 2,692,026
Plus:							
Bond premium						53,003	
Less:							
Bond discount						(189,722)	
Deferral on refunding						(1,318,100)	
						\$ 94,271,093	

* 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	Rate
\$ 17,310,000	Serial	\$ 480,000 / 1,380,000	2003 - 2024	3.00% 5.25%

The term bonds maturing on or after August 15, 2011, are subject to redemption prior to maturity on any payment dates beginning August 15, 2010, at prices ranging from 100.0% to 102.0% of principal.

\$ 14,680,000

City of La Mirada
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	2001 Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2007 - 2008	\$ 590,000	\$ 702,909
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 - 2017	4,105,000	2,417,375
2017 - 2022	5,460,000	1,245,084
2022 - 2027	1,930,000	149,809
Totals	<u>\$ 14,680,000</u>	<u>\$ 7,072,653</u>

\$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 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.

\$ 2,080,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	2002 Tax Allocation Refunding Bonds	
	Principal	Interest
2007 - 2008	\$ 185,000	\$ 109,178
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 - 2017	1,050,000	121,800
Totals	<u>\$ 2,080,000</u>	<u>\$ 561,212</u>

City of La Mirada
Notes to Financial Statements (Continued)

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

<u>Auth/Issued</u>	<u>Description</u>	<u>Principal</u>	<u>Date</u>	<u>Rate</u>
\$ 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 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.

\$ 4,020,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	2003 Housing Tax Allocation Bonds, Series A	
	<u>Principal</u>	<u>Interest</u>
2007 - 2008	\$ 160,000	\$ 169,245
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 - 2017	1,015,000	620,400
2017 - 2022	1,255,000	377,645
2022 - 2027	900,000	69,000
Totals	<u>\$ 4,020,000</u>	<u>\$ 1,862,408</u>

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

<u>Auth/Issued</u>	<u>Description</u>	<u>Principal</u>	<u>Date</u>	<u>Rate</u>
\$ 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 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.

\$ 13,895,000

City of La Mirada
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	2003 Housing Tax Allocation Bonds, Series B	
	Principal	Interest
2007 - 2008	\$ 480,000	\$ 791,103
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 - 2017	3,370,000	2,942,040
2017 - 2022	4,495,000	1,787,432
2022 - 2027	3,410,000	326,550
Totals	<u>\$ 13,895,000</u>	<u>\$ 8,779,432</u>

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

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

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	2004 Tax Allocation Bonds, Series A	
	Principal	Interest
2007 - 2008	\$ -	\$ 571,838
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 - 2017	1,720,000	2,628,485
2017 - 2022	6,470,000	1,857,104
2025 - 2030	4,675,000	329,289
Totals	<u>\$ 13,350,000</u>	<u>\$ 7,639,097</u>

City of La Mirada
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

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

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

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.

\$ 6,345,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	<u>2005 Tax Allocation Refunding Bonds, Series A</u>	
	<u>Principal</u>	<u>Interest</u>
2007 - 2008	\$ 175,000	\$ 255,420
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 - 2017	925,000	1,069,013
2017 - 2022	1,120,000	870,117
2022 - 2027	3,445,000	230,041
Totals	<u>\$ 6,345,000</u>	<u>\$ 3,390,185</u>

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

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

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 \$552,387 respectively.

\$ 10,161,394

City of La Mirada
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	2005 Tax Allocation Refunding Bonds, Series A	
	Principal	Interest
2007 - 2008	\$ -	\$ -
2008 - 2009	-	-
2009 - 2010	-	-
2010 - 2011	-	-
2011 - 2012	-	-
2012 - 2017	2,734,511	995,489
2017 - 2022	1,863,386	1,246,614
2022 - 2027	4,465,782	5,684,218
2027 - 2032	1,097,715	1,702,285
Totals	<u>\$ 10,161,394</u>	<u>\$ 9,628,606</u>

Total Tax Allocation Bonds \$ 64,531,394

Special Tax Bonds

\$15,685,000 1998 Special Tax Bonds:

<u>Auth/Issued</u>	<u>Description</u>	<u>Principal</u>	<u>Date</u>	<u>Rate</u>
\$ 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 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, 2007, at redemption prices ranging from 100.0% to 102.0% of principal. The reserves are fully funded.

\$ 12,025,000

City of La Mirada
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	1998 Special Tax Bonds	
	Principal	Interest
2007 - 2008	\$ 585,000	\$ 668,753
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 - 2017	4,320,000	1,904,370
2017 - 2022	4,425,000	521,978
Totals	<u>\$ 12,025,000</u>	<u>\$ 5,406,594</u>

Lease Revenue Bonds

\$15,145,000 2006 Lease Revenue Bonds:

<u>Auth/Issued</u>	<u>Description</u>	<u>Principal</u>	<u>Date</u>	<u>Rate</u>
\$ 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. \$ 14,735,000

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2007, including interest, are as follows:

	2006 Lease Revenue Bonds	
	Principal	Interest
2007 - 2008	\$ 375,000	\$ 624,071
2008 - 2009	390,000	609,071
2009 - 2010	405,000	593,471
2010 - 2011	420,000	577,271
2011 - 2016	2,360,000	2,620,956
2016 - 2021	2,875,000	2,108,806
2021 - 2026	3,530,000	1,455,045
2025 - 2030	4,380,000	608,050
Totals	<u>\$ 14,735,000</u>	<u>\$ 9,196,741</u>

City of La Mirada
Notes to Financial Statements (Continued)

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 \$241,870. The Agency's share of tax increment revenue was \$16,214,823 as of June 30, 2007. 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, 2007, was:

\$ 3,697,150

Lease Payable

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. The General Fund services the lease obligation. In October 2005, the City entered into another 5-year lease with Danka Financial Services for another copy machine for \$10,394 at in an interest rate of 11.34% per annum.

\$ 9,607

At June 30, 2007, the annual requirements to repay the outstanding indebtedness were as follows:

	Lease Payable	
	Principal	Interest
2007 - 2008	\$ 8,271	\$ 591
2008 - 2009	1,336	32
Totals	<u>\$ 9,607</u>	<u>\$ 623</u>

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.

\$ 247,942

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.

\$ 479,819

City of La Mirada
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

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, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Compensated Absences	\$ 50,562	\$ 14,715	\$ 4,188	\$ 61,089	\$ 5,060

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 statute 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.

Annual Pension Cost

For 2007, the City's annual pension cost of \$853,501 for PERS was equal to the City's required and actual contributions.

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 492,888	100%	\$ -
6/30/2006	829,490	100%	-
6/30/2007	853,501	100%	-

City of La Mirada
Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

For fiscal year 2006-2007, the City of La Mirada participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

b. Defined Contribution Plan

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

For the year ended June 30, 2007, the City's payroll covered by the plan was \$2,087,583. The City made employer contributions of \$52,190 (2.5% of current covered payroll), and employees contributed \$104,379 (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.

City of La Mirada
Notes to Financial Statements (Continued)

Note 7: Pension Plan (Continued)

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, 2007, is \$410,496.

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

b. Self-Insurance Programs of the Authority

General Liability

The City pays a primary deposit to cover estimated losses for fiscal year 2006. Six months 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. Loss development reserves are allocated by pool and by loss layer. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on a member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000, \$18,000,000 to \$23,000,000, and \$45,000,000 to \$50,000,000 and the loss development reserve associated loss development reserves are pooled based on payroll. Costs of covered claims from \$10,000,000 to \$18,000,000 and \$23,000,000 to \$45,000,000 are currently paid by excess insurance.

City of La Mirada
Notes to Financial Statements (Continued)

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

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, 2006 and June 30, 2007, are as follows:

Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
June 30, 2006	379,712	74,292	(155,605)	298,399
June 30, 2007	\$ 298,399	\$ (141,057)	\$ -	\$ 157,342

Workers Compensation

The City of La Mirada also participates in the workers' compensation pool administered by the Authority. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer. Members retain the first \$50,000 of each claim. 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 and \$2,000,000 and loss development reserves associated with those losses are pooled based on payroll. Costs from \$2,000,000 to \$5,000,000 are transferred to an excess insurance policy. Costs from \$2,000,000 to \$200,000,000 are transferred to reinsurance carriers. Costs in excess of \$200,000,000 are pooled among the members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

Changes in the aggregate liabilities for workers' compensation liability for the years ended June 30, 2006 and June 30, 2007, are as follows:

Year Ended	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
June 30, 2006	64,760	3,333	(13,560)	54,533
June 30, 2007	\$ 54,533	\$ 43,264	\$ (7,197)	\$ 90,600

c. Purchased Insurance

Environmental Insurance

The 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 schedule property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the three-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has a \$10,000,000 limit during the three-year term of 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.

City of La Mirada
Notes to Financial Statements (Continued)

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

Total all-risk property insurance coverage is \$66,716,944. 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.

Crime Insurance

The City of La Mirada purchases blanket fidelity bond 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 2006-2007 were \$337,506. As of June 30, 2007, 40 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
2005	\$ 6,988,421	\$ 924,387	\$ 368,900	\$ 7,543,908
2006	7,543,908	855,180	327,837	8,071,251
2007	8,071,251	855,180	337,506	8,588,925

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

**City of La Mirada
Notes to Financial Statements (Continued)**

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, 2007, the outstanding balance was \$115,000.

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, 2007, \$4,600,000 of bonds outstanding are considered defeased.

Note 13. Developer Guarantees

In February 1990, the Agency entered into a Disposition and Development Agreement with BSA Partners, a California general partnership. Among other matters, the agreement calls for the Agency to pay the developer \$150,000 of tax increment annually for a period of 15 years beginning in the fiscal year 1991-1992.

The La Mirada Redevelopment Agency has entered into various Participation Agreements. These agreements impose sales performance covenants, as well as maintenance covenants, on the specific entity involved and constitute an obligation to the Agency when those conditions are complied with.

Note 14. 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 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 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 15. Net Asset Restatements

Net assets have been restated as follows:

Governmental activities:	
To record capital lease balance at June 30, 2006	\$ (8,378)
Total net asset restatements	<u>\$ (8,378)</u>

DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects that are restricted by law or administrative action to expenditures for specified purposes).

The Gas Tax Fund was established to account for revenues received and expenditures made for general street improvement and maintenance. Financing is provided by the City's share of state gasoline taxes collected under sections 2105, 2106, 2107, and 2107.5 of the Street Highway Code. State law requires that gasoline taxes be established to maintain streets.

The Local Transportation Fund was established to account for revenues received and expenditures made for the installation and/or maintenance for bicycle and pedestrian paths. Financing is provided by the State of California under SB 821.

The Traffic Congestion Relief Fund was established to account for Traffic Congestion Relief Funds created through AB 2928 for new pavement maintenance projects.

The Transit Fund was established to account for revenues received and expenditures made for transit operation within the City.

The Proposition A Fund was established to account for the Prop A Local Return Funds provided on a population-share basis from the Los Angeles County Metropolitan Transportation Authority (MTA). These funds are derived from the half-cent sales tax approved by Los Angeles County voters. These funds can only be used for transportation services.

The Proposition C Fund was established to account for the Prop C Local Return Funds provided on a population-share basis from the Los Angeles County Metropolitan Transportation Authority (MTA). These funds are derived from the half-cent sales tax approved by the Los Angeles County voters. These funds are used for transportation improvement including certain street maintenance.

The Housing and Community Development Fund was established to account for revenues received and expenditures made for community development and housing assistance. Financing is provided under agreement with the County whereby the City is a secondary recipient with funds made available from the U.S. Department of Housing and Urban Development under the Housing and Community Development Acts of 1974 and 1977.

Air Quality Management Distribution – 40% of the additional vehicle registration fees are collected through the State Vehicle registration process and are passed to the City through the Air Quality Management District on a proportional population basis. These funds are restricted to vehicle emission reduction projects designed to improve air quality.

The Used Oil Recycling Grant Fund was established to account for funds awarded by the State of California as a result of the California Oil Recycling Enhancement Act. Revenue is generated from a \$.04 charge on every quart of motor oil sold and is awarded to programs that increase used oil recycling activity.

The Beverage Container Recycling Grant Fund was established to account for grants awarded by the County of Los Angeles for programs that increase beverage container recycling.

Federal Grants (Department of Justice Grants) was established to account for Federal Grants received for the purpose of providing local government with funds to underwrite projects to reduce crime and improve public safety.

State Public Safety Grants (The Citizens Option for Public Safety Grant) was established to account for State funding received for the purpose of providing units of local government with funds to underwrite projects to reduce crime and improve public safety.

DEBT SERVICE FUND

The Debt Service Fund was established to account for the debt service payments of the 2006 Lease Revenue Bond for the construction of the La Mirada Aquatics Center.