

CITY OF LA PALMA, CALIFORNIA

Comprehensive Annual Financial Report Year Ended June 30, 2010



CITY OF LA PALMA, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

Prepared by

**Finance Department
Keith D. Neves
Finance Director**

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CITY OF LA PALMA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Office of the City Manager

November 19, 2010

To the Members of the City Council and Citizens of the City of La Palma:

State law requires that all general-purpose local governments publish within six months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of La Palma (City) for the fiscal year ending June 30, 2010.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2010 were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of Federal, State, and County financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. Under Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, which was revised June 24, 1997, the City did not meet the criteria for periodic evaluation and, therefore, was not required to and did not have a single audit performed for fiscal year ending June 30, 2010.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1955, is located in north Orange County. The City currently occupies a land area of approximately 2 square miles and serves a population of 16,205. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City has operated under the council-manager form of government since 1955. Policy making and legislative authority are vested in a City Council consisting of the mayor and four other councilmembers. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms. The mayor serves a one-year term and is selected for the position annually by the City Council as a whole.

The City provides a full range of services, including police protection; the construction and maintenance of highways, streets and other infrastructure; recreational and cultural activities; and building and safety, land use planning, and zoning control services. The City is financially accountable for the La Palma Community Development Commission, which is reported separately within the City's financial statements. Additional information regarding both of these legally separate entities can be found in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in March of each year. The City Manager uses these requests as the starting point for developing a proposed budget. After a series of scoping sessions with the community and the City Council, the City Manager formally presents this proposed

budget to the City Council for review in May. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget on or around June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Manager. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the General Fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

While the health of the general economy of the area has tended to be strong over the last several years, and the City's overall revenues have either grown or remained stable over this period, this past year saw a decrease in overall revenues due to the negative economy and its impact to the City. It is anticipated that further revenue decreases will continue into the fiscal year that is currently upon us. Prior to the fiscal year ended June 30, 2010, new businesses and the strong real estate market were able to offset any revenue declines associated with the departures and/or cutbacks associated with established businesses. However with the downturns in both the real estate and financial markets during the past year, forecast for the local and regional economies continued to be filled with uncertainties. These factors are expected to have negative impacts on many of the businesses located in the City and the associated revenues that are generated by these businesses.

Another issue that the City continues to deal with, and will have to continue into the future, relates to the adverse impacts of revenue takeaways by the State. Even with the passage of Proposition 1A several years ago which was supposed to protect local government funding, it appears that the takeaways (i.e. borrowing of property taxes by the State at the expense of local governments or additional takeaways from Redevelopment Agencies) has occurred again. Additionally the impact of the fall in the financial markets will have a direct impact on some City cost, most significantly the pension cost associated with being a member of the California Public Employees' Retirement System (PERS). Large losses associated with PERS assets will be passed on (in the form of higher contribution rates) to all member Cities over the next several years.

Despite all these negative issues, the City has effectively managed its budget and used the positive results of solid economic growth within the City to build up its fund balance reserves to a level such that the City will be able to withstand any short-term negative economic impacts without affecting the primary service levels currently provided to its residents and businesses.

Long-term Financial Planning

The La Palma City Council has adopted a series of Financial Policy Statements over the years to guide budgetary decisions. These Financial Policy Statements are not cast in stone, and change as economic conditions, both internal and external to the La Palma organization, impact City finances.

Policy Statement Number 9 states: *The City should strive to budget for the “normal costs” of certain ongoing expenditures. When actual costs are less than normal costs, the City should reserve the difference to build up reserves. When actual costs exceed normal costs, the City should use reserves to bridge the gap.*

This financial policy is being applied to Vehicle Replacement, Computer Replacement, Building Maintenance Replacement, and Employee Retirement costs, in addition to insurance. As an example, budgeting for the “normal cost” of vehicle replacement will prevent the General Fund from having to absorb a dramatic upswing in expenditures when a large number of vehicles must be replaced.

This planned “smoothing” of resources increases the City’s long-term resiliency to changing economic conditions – whether they are caused by State budgetary actions, the loss of a top sales tax-generating business, or other unpredictable factors. As of June 30, 2010, the General Fund unreserved, undesignated fund balance was \$18,019,420 or 183% of total General Fund expenditures.

Cash Management

Cash temporarily idle during the year was invested in the State Treasurer’s investment pool, U.S. agency securities, and money market mutual funds. Cash resources of the individual funds are combined to form a pool of cash and investments. Investment income includes the change in the fair value of investments. Changes in fair value do not necessarily represent trends that will continue; nor will such changes necessarily be realized, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk Management

The City is a member of the California Joint Powers Insurance Authority (Authority) to provide for the transfer of risk for general liability. The Authority is a pool of cities, which has formed an insurance group. Each member city pays an annual deposit into the

pool. In addition, various risk control techniques, including annual safety audits and employee accident prevention training, have been implemented to minimize losses.

The limit of general liability insurance provided on June 30, 2010, was \$50 million, combined single limit occurrence. The City has all risk property insurance, as indicated on a list of scheduled property. The City purchases Special Event insurance on an as-needed basis for City-sponsored events.

The City is also enrolled in the Authority's Workers' Compensation Insurance Program. The coverage provides statutory benefits for all City employees and volunteers.

All claims are investigated, valued, reserved, defended, and/or settled in accordance with generally accepted insurance industry practices. In previous years the City has received Risk Management Awards from the California Joint Powers Insurance Authority (CJPIA), for Best Overall Performance, Most Improved in the General Liability Program and for the Lowest Five-Year Average in the cost of Liability Claims. There are no known existing claims that would exceed the City's applicable coverage.

Pension and Other Post-Employment Benefits

The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates that amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over 20 years as part of the annual required contribution calculated by the actuary.

The City also provides post-retirement health and dental care benefits for certain retirees. As of the end of the current fiscal year, there were 23 retired employees receiving these benefits, which are financed on a pay-as-you-go basis.

Additional information regarding the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

Awards and Acknowledgements

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 for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the eleventh consecutive year that the City has achieved this prestigious award.

Members of the City Council and Citizens of the City of La Palma
November 19, 2010

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 GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the City's entire management team and staff of the Finance Division. Special thanks are due to Lori Rake, Accountant, and Susan Baker, Senior Accounting Technician. Their dedicated efforts in the preparation of the final financial documents are reflected in the quality of this report. Credit also must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,


Dominic Lazzaretto
City Manager


Keith D. Neves
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of La Palma
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

City of La Palma

Directory of Officials

June 30, 2010

CITY COUNCIL

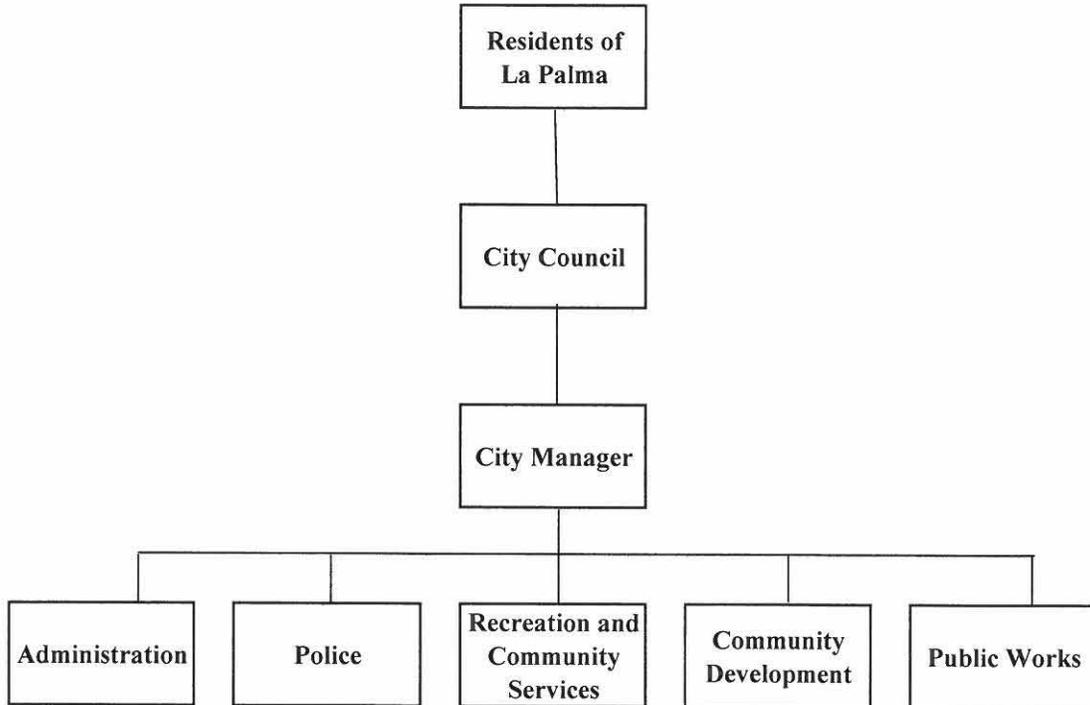
Steve Shanahan, Mayor
Ralph D. Rodriguez, Mayor Pro Tem
G. Henry Charoen, Councilmember
Larry A. Herman, Councilmember
Mark I. Waldman, Councilmember

ADMINISTRATION

Dominic Lazzaretto, City Manager
Keith D. Neves, Finance Director
Douglas D. Dumhart, Community Development Director
Laurie A. Murray, Administrative Services Manager/City Clerk
Edward O. Ethell, Chief of Police
Jeff Moneda, Director of Public Works/City Engineer
Janice L. Hobson, Director of Recreation & Community Services



City of La Palma



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INDEPENDENT AUDITORS' REPORT

The Honorable City Council of
The City of La Palma

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 Palma, California, (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of La Palma, California. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Palma, California, as of June 30, 2010, and the respective changes in the financial position and cash flows, where applicable, of the City of La Palma, California 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, 2010, on our consideration of the City of La Palma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The information identified in the accompanying table of contents as management's discussion and analysis and required supplementary information are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Palma's basic financial statements. The introductory section, supplementary schedules as listed in the table of contents, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary 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 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.

Vawter, Tami, Day, Co., LLP

Rancho Cucamonga, California
November 19, 2010

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

The following discussion and analysis of the financial performance of the City of La Palma (the "City") provides an overview of the City's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the basic financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *other supplementary schedules* in the form of combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates like businesses, such as the water and sewer system.
 - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes to the basic financial statements* that further explain the information in the basic financial statements. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

The following table summarizes the major features of the City's basic financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide <u>Statements</u>	Fund Statements		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fund net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets that are available to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

Reporting the City as a Whole

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

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

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds.
- Component unit – The City includes one separate legal entity in its report – the City Community Development Commission (CDC). Although legally separate, the blended "component unit" is important because the City is financially accountable for it.

Reporting the City's Major Funds

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

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

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that primarily provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

- The City's net assets decreased as a result of this year's operations. Net assets of the City's governmental activities decreased \$1,545,851 (3.1%) and business-type activities net assets decreased by \$594,342 (3.1%).
- At the close of the current fiscal year, the City's governmental funds reported a total ending fund balance of \$32,113,413, a decrease of \$1,952,028 (5.7%).
- At the close of the current fiscal year, the unreserved undesignated fund balance for the General Fund was \$18,032,721 or 183% of the total General Fund expenditures.
- The City's total long-term liabilities decreased by \$396,502 (4.9%) during the current fiscal year.

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the government-wide *Statement of Net Assets* for the fiscal years ending June 30, 2010, and 2009 are as follows:

Condensed Statement of Net Assets
(In Millions)

	Business-			Business-		
	Governmental	Type	Total	Governmental	Type	Total
	Activities	Activities		Activities	Activities	
	June 30, 2010			June 30, 2009		
Current and other assets	\$ 38.5	\$ 12.4	\$ 50.9	\$ 39.4	\$ 12.7	\$ 52.1
Capital assets	19.4	7.0	26.4	19.6	7.3	26.9
Total Assets	57.9	19.4	77.3	59.0	20.0	79.0
Long-term debt outstanding	8.1	-	8.1	8.0	-	8.0
Other liabilities	2.0	0.7	2.7	1.6	0.7	2.3
Total Liabilities	10.1	0.7	10.8	9.6	0.7	10.3
Net Assets:						
Invested in capital assets, net of related debt	12.3	7.0	19.3	12.2	7.3	19.5
Restricted	8.7	6.2	14.9	9.8	-	9.8
Unrestricted	26.8	5.5	32.3	27.4	12.0	39.4
Total Net Assets	\$ 47.8	\$ 18.7	\$ 66.5	\$ 49.4	\$ 19.3	\$ 68.7

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

A summary of the government-wide *statement of activities* for the fiscal years ending June 30, 2010 and 2009 follows:

Changes in Net Assets
(In Millions)

	Business- Type			Business- Type		
	Governmental Activities	Activities	Total	Governmental Activities	Activities	Total
	June 30, 2010			June 30, 2009		
Revenues						
Program revenues:						
Charges for services	\$ 0.8	\$ 2.5	\$ 3.3	\$ 0.8	\$ 2.7	\$ 3.5
Operating contributions and grants	1.1	-	1.1	1.0	-	1.0
Capital contributions and grants	0.4	-	0.4	0.8	-	0.8
General revenues:						
Property taxes	4.9	-	4.9	6.0	-	6.0
Sales Taxes	2.6	-	2.6	5.4	-	5.4
Utility user's taxes	1.0	-	1.0	1.1	-	1.1
Other taxes	0.5	-	0.5	0.6	-	0.6
Other general revenues	0.9	0.1	1.0	1.6	0.3	1.9
Total Revenues	<u>\$ 12.2</u>	<u>\$ 2.6</u>	<u>\$ 14.8</u>	<u>\$ 17.3</u>	<u>\$ 3.0</u>	<u>\$ 20.3</u>
Program expenses:						
General government	2.3	-	2.3	6.1	-	6.1
Public safety	5.2	-	5.2	5.6	-	5.6
Public works	1.6	-	1.6	2.6	-	2.6
Recreation	3.2	-	3.2	1.4	-	1.4
Community development	1.0	-	1.0	1.0	-	1.0
Interest on long-term debt	0.7	-	0.7	0.8	-	0.8
Water	-	2.4	2.4	-	2.0	2.0
Sewer	-	0.5	0.5	-	0.5	0.5
Total Program Expenses	<u>14.0</u>	<u>2.9</u>	<u>16.9</u>	<u>17.5</u>	<u>2.5</u>	<u>20.0</u>
Increase (decrease) in net assets before transfers	(2.0)	(0.2)	(2.2)	(0.2)	0.5	0.3
Transfers	0.4	(0.4)	-	0.4	(0.4)	-
Increase (decrease) in net assets	(1.6)	(0.6)	(2.2)	0.2	0.1	0.3
Beginning net assets	49.4	19.3	68.7	49.2	19.2	68.4
Ending net assets	<u>\$ 47.8</u>	<u>\$ 18.7</u>	<u>\$ 66.5</u>	<u>\$ 49.4</u>	<u>\$ 19.3</u>	<u>\$ 68.7</u>

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

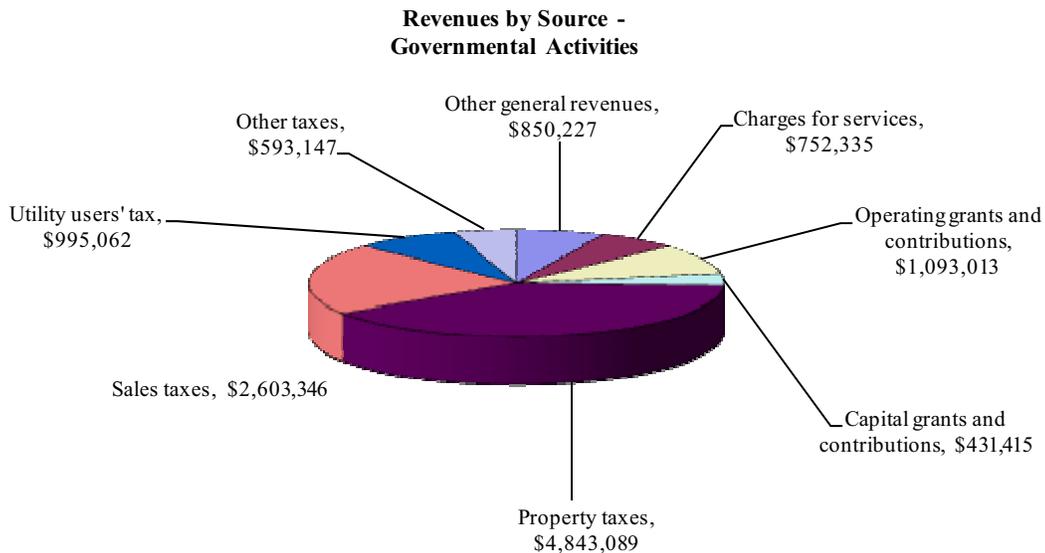
JUNE 30, 2010

The City's total revenues, including transfers, for governmental and business-type activities were \$12,531,334 and \$2,274,807, respectively, while the total cost of all programs and services were \$14,077,185 and \$2,869,149, respectively. The result was a decrease in net assets for governmental and business-type activities of \$1,545,851 (3.1%) and \$594,342 (3.1%), respectively.

Governmental Activities

The reasons for significant changes in the revenues and expenses of the City's governmental activities are as follows:

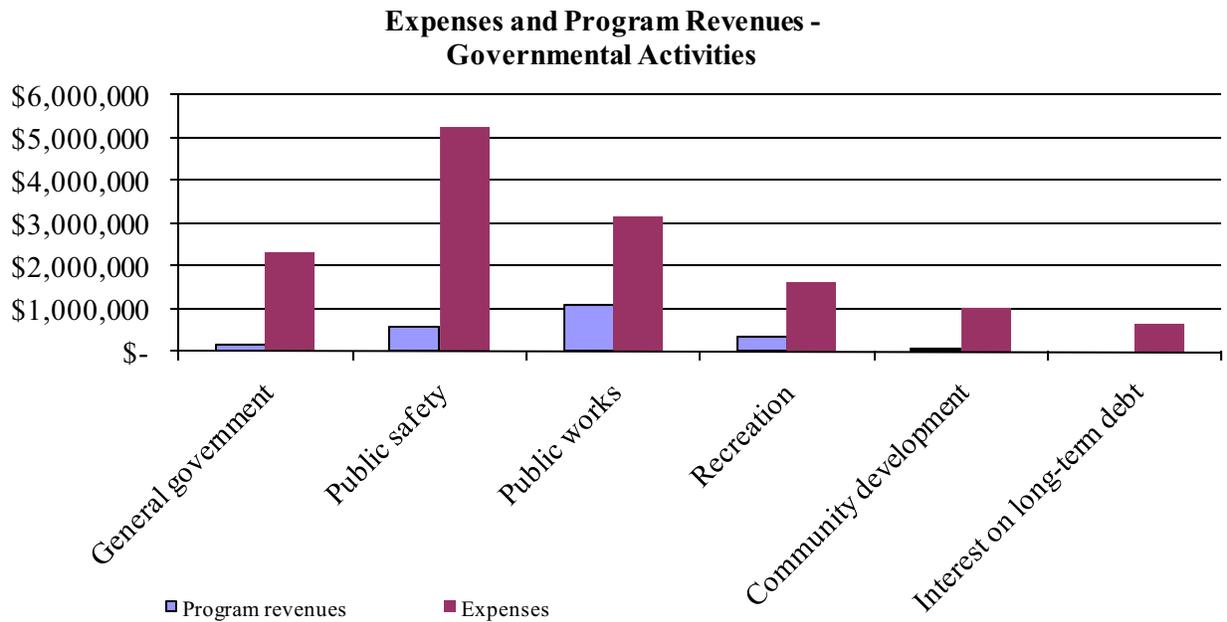
- Revenues decreased by approximately \$5.1 million when compared to the previous fiscal year. The decrease is related to significant decreases in sales tax, property tax, and investment income. Sales taxes in fiscal year 2009-10 totaled approximately \$2.6 million, a decrease of \$2.8 million over the prior fiscal year. The second largest decrease was approximately \$1.1 million in property taxes resulting from a decrease in assessed valuation over the prior fiscal year. The decrease in investment earnings of \$653,693 was the result of a decrease in the amount available to invest coupled with a decrease in the investment rates of the State investment pool.
- Expenses decreased by approximately \$3.5 million (19%) when compared to the previous fiscal year. This was due to a one time transfer in FY 2008-09 to pay off a side fund from CalPERS.



CITY OF LA PALMA, CALIFORNIA

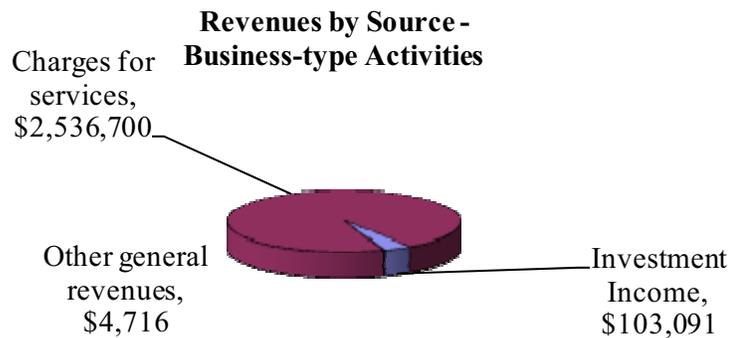
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010



Business-type Activities

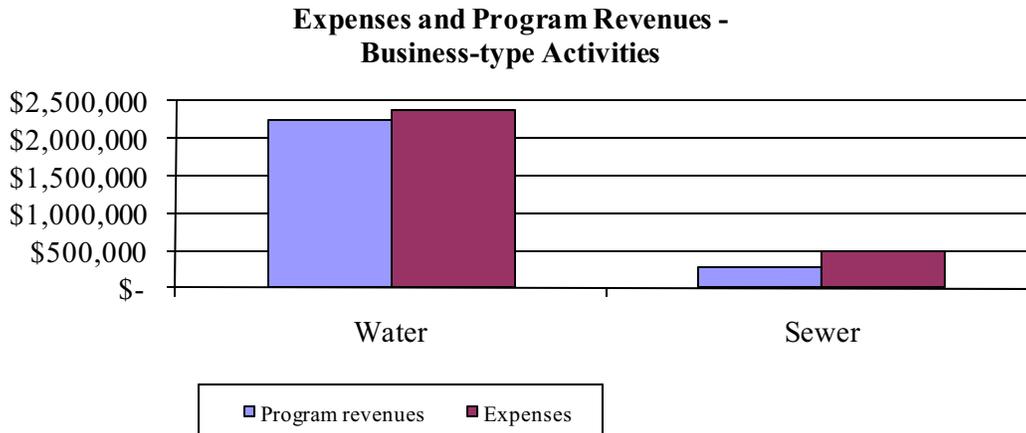
During the fiscal year ended June 30, 2010, program expenses exceeded program revenues by approximately \$332,449. This was a result of utilizing accumulated reserves. As a result, net assets decreased by approximately \$594,342.



CITY OF LA PALMA, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$18,032,721, while the total fund balance was \$20,173,405. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 183% of total General Fund expenditures, while total fund balance represents 206% of that same amount.

The City's General Fund expenditures decreased during the current fiscal year by \$114,026 (1.2%). This decrease was primarily due to the one time capital expenditures in FY 2008-09 from various departments.

The **Low and Moderate Income Housing Fund** accounts for 20% of the tax increment received, and is used to develop housing for citizens that meet the affordable housing criteria. This fund has a fund balance of \$4,513,170. The net increase in fund balance during the current year was \$406,802. Revenues decreased by \$195,111 (19.1%) due to the decrease of \$26,902 in tax increment associated with a decrease in assessed value, and a decrease in investment income of \$162,700 (52%) due to the amount available to invest, and a decrease in investment rates in the State investment pool. Expenditures were essentially the same as the previous year.

The **CDC Debt Service Fund** has a fund balance of \$3,503,408. The net decrease in fund balance during the current year in the debt service fund was approximately \$798,317. Revenues decreased by approximately \$212,489 as the result of a decrease in assessed valuation and investment income. Expenditures increased approximately \$933,550 because of Assembly Bill No. 26 Chapter 21 which enacted a shift of \$1,000,210 of the Commission’s tax increment to the County’s “Supplemental” Educational Augmentation Fund (SERAF).

Major Enterprise Funds. Unrestricted fund net assets of the **Water Fund** at the end of the year amounted to \$2,984,646 and those for the **Sewer Fund** amounted to \$2,383,639. The total decrease in fund net assets for both funds was \$585,271, as previously addressed in the discussion of the City's business-type activities.

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the original budget was amended to increase appropriations by \$3,900 (0.0003%) to arrive at a final budget for General Fund expenditures of \$10,228,200. The additional appropriations were funded from reserves.

General Fund revenues of \$8,375,778 were less than the budgeted revenues of \$11,042,500 by \$2,666,722 (24.1%). The most significant reason was that taxes were down \$2,184,376 (24.3%) over the budget estimate. This was due to two factors: 1) a borrowing of property taxes (\$277,500) by the State under Proposition 1A; 2) the City's sales tax revenue was down considerable because of the economic downturn.

General Fund expenditures of \$9,820,425 were less than budgeted expenditures of \$10,228,200 by \$407,775 (3.9%). General government expenditures were \$63,898 (2.9%) less than the budget due to personnel vacancies, and other operating cost savings throughout the year. Public Safety expenditures were \$99,982 (2.1%) less than budgeted, also due to personnel vacancies throughout the year and other operating cost savings. Additionally, capital outlay expenditures were \$171,693 (3.1%) less than budgeted primarily due to building improvements that were not started during the year. There were no other significant variances.

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
(Net of Accumulated Depreciation)
(In Millions)

	Business-			Business-		
	Governmental	Type	Total	Governmental	Type	Total
	Activities	Activities		Activities	Activities	
	June 30, 2010			June 30, 2009		
Land	\$ 6.7	\$ 0.8	\$ 7.5	\$ 6.7	\$ 0.8	\$ 7.5
Construction in progress	0.3	0.1	0.4	4.0	0.1	4.1
Buildings and improvements	5.9	1.8	7.7	2.2	2.0	4.2
Equipment	0.4	1.4	1.8	0.4	1.4	1.8
Vehicles	0.5	-	0.5	0.6	-	0.6
Furniture and fixtures	0.1	-	0.1	0.1	-	0.1
Infrastructure	5.5	2.9	8.4	5.7	3.0	8.7
Total Capital Assets	<u>\$ 19.4</u>	<u>\$ 7.0</u>	<u>\$ 26.4</u>	<u>\$ 19.7</u>	<u>\$ 7.3</u>	<u>\$ 27.0</u>

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to \$26,358,212 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, buildings and improvements, equipment, vehicles, furniture and fixtures, and infrastructure. The total decrease in the City's capital assets during the year was \$541,726 (2.1%).

Additional information on the City's capital assets can be found in Note 6 of the notes to the basic financial statements.

Long-term Liabilities
(In Millions)

	Business-			Business-		
	Governmental	Type	Total	Governmental	Type	Total
	Activities	Activities		Activities	Activities	
	June 30, 2010			June 30, 2009		
Tax allocation bonds	\$ 7.0	\$ -	\$ 7.0	\$ 7.5	\$ -	\$ 7.5
Compensated absences	0.6	-	0.6	0.6	-	0.6
Total Long-term Liabilities	<u>\$ 7.6</u>	<u>\$ -</u>	<u>\$ 7.6</u>	<u>\$ 8.1</u>	<u>\$ -</u>	<u>\$ 8.1</u>

CITY OF LA PALMA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

JUNE 30, 2010

The City's outstanding long-term liabilities, including tax allocation bonds and compensated absences, totaled \$7,634,187 as of June 30, 2010. The City's outstanding long-term liabilities decreased \$396,502 (4.9%) primarily due to the repayment of principal on tax allocation bonds.

Additional information on the City's long-term liabilities can be found in Note 7 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While the health of the general economy of the area has tended to be strong over the last several years, and the City's overall revenues have either grown or remained stable over this period, this past year saw a decrease in overall revenues due to the negative economy and its impact to the City. It is anticipated that further revenue decreases will continue into the fiscal year that is currently upon us. Prior to the fiscal year ended June 30, 2009, new businesses and the strong real estate market were able to offset any revenue declines associated with the departures and/or cutbacks associated with established businesses. However with the downturns in both the real estate and financial markets during the past two years, forecast for the local and regional economies continue to be filled with uncertainties. These factors are expected to have negative impacts on many of the businesses located in the City and the associated revenues that are generated by these businesses.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City's citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office, City of La Palma, 7822 Walker Street, La Palma, California 90623.

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

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CITY OF LA PALMA, CALIFORNIA

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 31,306,357	\$ 10,588,105	\$ 41,894,462
Cash and investments with fiscal agent	904,314		904,314
Receivables:			
Accounts	243,724	627,585	871,309
Interest	53,166	14,066	67,232
Loans	4,861,505		4,861,505
Internal balances	(1,124,703)	1,124,703	
Due from other governments	1,614,153		1,614,153
Prepaid items	33,100		33,100
Property held for development	669,405		669,405
Capital assets:			
Capital assets not being depreciated	6,957,328	851,781	7,809,109
Capital assets being depreciated, net of accumulated depreciation	12,399,029	6,150,074	18,549,103
Total Assets	<u>57,917,378</u>	<u>19,356,314</u>	<u>77,273,692</u>
LIABILITIES			
Accounts payable	1,541,941	644,009	2,185,950
Salaries payable	102,025	17,064	119,089
Retentions payable	133,793		133,793
Other accrued liabilities	156,417		156,417
Interest payable	33,391		33,391
Due to other governments	150,974		150,974
Long-term liabilities:			
Net OPEB obligation	354,141		354,141
Portion due within one year:			
Compensated absences	148,547		148,547
Tax allocation bonds	465,000		465,000
Portion due beyond one year:			
Compensated absences	445,640		445,640
Tax allocation bonds	6,575,000		6,575,000
Total Liabilities	<u>10,106,869</u>	<u>661,073</u>	<u>10,767,942</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,316,357	7,001,855	19,318,212
Restricted for:			
Low and moderate income housing	4,513,170		4,513,170
Debt service	3,503,408		3,503,408
Specific projects and programs	656,629	6,200,398	6,857,027
Unrestricted	26,820,945	5,492,988	32,313,933
Total Net Assets	<u>\$ 47,810,509</u>	<u>\$ 18,695,241</u>	<u>\$ 66,505,750</u>

See accompanying notes to financial statements.

CITY OF LA PALMA, CALIFORNIA

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ 2,335,966	\$ 165,290	\$ 17,687	
Public safety	5,236,026	181,453	412,846	
Public works	1,633,353	13,469	662,480	\$ 431,310
Recreation	3,164,164	339,012		
Community development	1,034,199	53,111		105
Interest on long-term debt	673,477			
Total Governmental Activities	14,077,185	752,335	1,093,013	431,415
Business-Type Activities:				
Water	2,374,000	2,258,779		
Sewer	495,149	277,921		
Total Business-Type Activities	2,869,149	2,536,700		
Total	\$ 16,946,334	\$ 3,289,035	\$ 1,093,013	\$ 431,415

General Revenues:

Taxes:

Property tax

Sales tax

Utility users tax

Franchise tax

Transient occupancy taxes

Intergovernmental - unrestricted

Investment income

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

See accompanying notes to financial statements.

Net Revenue (Expense) and Change in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,152,989)		\$ (2,152,989)
(4,641,727)		(4,641,727)
(526,094)		(526,094)
(2,825,152)		(2,825,152)
(980,983)		(980,983)
(673,477)		(673,477)
<u>(11,800,422)</u>		<u>(11,800,422)</u>
	\$ (115,221)	(115,221)
	(217,228)	(217,228)
	<u>(332,449)</u>	<u>(332,449)</u>
<u>(11,800,422)</u>	<u>(332,449)</u>	<u>(12,132,871)</u>
4,843,089		4,843,089
2,603,346		2,603,346
995,062		995,062
347,316		347,316
198,230		198,230
47,601		47,601
484,854	103,091	587,945
365,373	4,716	370,089
369,700	(369,700)	-
<u>10,254,571</u>	<u>(261,893)</u>	<u>9,992,678</u>
(1,545,851)	(594,342)	(2,140,193)
49,356,360	19,289,583	68,645,943
<u>\$ 47,810,509</u>	<u>\$ 18,695,241</u>	<u>\$ 66,505,750</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The following has been classified as a major Special Revenue Fund:

Low and Moderate Income Housing - To account for revenues and expenditures related to the development of housing within the City for citizens of low or moderate means.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The City maintains only one debt service fund, which is classified as a major fund as follows:

Community Development Commission (CDC) Debt Service - To account for that portion of the Community Development Commission's tax increment revenues required to be set aside for future debt service and related investment income. The fund is used to repay principal, interest and related costs on indebtedness of the CDC.

NON-MAJOR GOVERNMENTAL FUNDS

Non-major governmental funds include all Special Revenue Funds except for the Low/Moderate Income Housing Fund. Assets, liabilities, revenues or expenditures of these funds do not exceed 10% of total governmental funds and 5% of total governmental and enterprise funds, and thus, do not meet the criteria to be classified as major funds.

CITY OF LA PALMA, CALIFORNIA

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

	General Fund	Special Revenue Low and Moderate Income Housing	Debt Service CDC Debt Service
ASSETS			
Cash and investments	\$ 17,788,143	\$ 3,949,512	\$ 3,943,407
Cash and investments with fiscal agent			904,314
Receivables:			
Accounts	219,287	20,914	
Interest	23,979	5,188	16,407
Loans		4,855,455	
Due from other governments	664,709	247	987
Due from other funds	13,301		
Prepaid items	33,100		
Property held for development			
Advances from other funds	2,107,584		
Total Assets	<u>\$ 20,850,103</u>	<u>\$ 8,831,316</u>	<u>\$ 4,865,115</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 312,452	\$ 19,624	\$ 158,629
Salaries payable	80,008	3,033	
Retentions payable			
Due to other funds			
Due to other agencies			150,974
Deferred revenue	284,238	140,009	
Advances from other funds		4,155,480	1,052,104
Total Liabilities	<u>676,698</u>	<u>4,318,146</u>	<u>1,361,707</u>
FUND BALANCES			
Reserved for:			
Advances to other funds	2,107,584		
Prepaid items	33,100		
Property held for development			
Loans receivable		4,715,446	
Unreserved, reported in:			
General fund	18,032,721		
Special revenue funds		(202,276)	
Debt service fund			3,503,408
Capital projects funds			
Total Fund Balances	<u>20,173,405</u>	<u>4,513,170</u>	<u>3,503,408</u>
Total Liabilities and Fund Balances	<u>\$ 20,850,103</u>	<u>\$ 8,831,316</u>	<u>\$ 4,865,115</u>

See accompanying notes to financial statements.

Non-major Governmental		
Funds		Total
\$ 3,748,997	\$	29,430,059
		904,314
3,499		243,700
5,172		50,746
		4,855,455
522,594		1,188,537
		13,301
		33,100
669,405		669,405
500,000		2,607,584
<u>\$ 5,449,667</u>	<u>\$</u>	<u>39,996,201</u>

\$ 1,043,690	\$	1,534,395
17,578		100,619
133,793		133,793
13,301		13,301
		150,974
317,875		742,122
		5,207,584
<u>1,526,237</u>		<u>7,882,788</u>

500,000		2,607,584
		33,100
669,405		669,405
		4,715,446
		18,032,721
656,629		454,353
		3,503,408
2,097,396		2,097,396
<u>3,923,430</u>		<u>32,113,413</u>
<u>\$ 5,449,667</u>	<u>\$</u>	<u>39,996,201</u>

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CITY OF LA PALMA, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund Balances of Governmental Funds	\$ 32,113,413
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 not being depreciated	6,957,328
Capital Assets being depreciated, net of accumulated depreciation	12,399,029
Post employment benefits are paid on a pay-as-you-go basis which differs from the actuarially determined Annual Required Contribution (ARC).	
	(354,141)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets.	
Compensated absences	(594,187)
Tax allocation bonds	(7,040,000)
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	
Accrued interest-tax allocation bonds	(33,391)
Deferred revenue balances relating to certain loans receivable are not reported as liabilities in the Statement of Net Assets since recognition is not based upon measurable and available criteria.	
Deferred revenue-low and moderate income housing loans	742,122
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds must be added to the Statement of Net Assets.	
Fund Net Assets of Internal Service Funds	3,620,336
Net Assets of Governmental Activities	<u>\$ 47,810,509</u>

See accompanying notes to financial statements.

CITY OF LA PALMA, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Low and Moderate Income Housing	Debt Service CDC Debt Service
REVENUES:			
Taxes	\$ 6,798,224	\$ 665,283	\$ 2,661,133
Intergovernmental	147,894		
Licenses and permits	194,070		
Fines and forfeitures	166,408		
Investment income	267,640	152,438	55,676
Charges for services	391,932		
Rental income	156,533		
Miscellaneous	253,077	7,789	
Total Revenues	8,375,778	825,510	2,716,809
EXPENDITURES:			
Current:			
General government	2,076,802		
Public safety	4,664,718		
Public works	775,900		
Recreation	1,494,922		
Community development	428,376	277,151	58,674
Capital outlay	379,707		
Debt Service:			
Principal			435,000
Interest		138,157	537,234
Pass-through payments			409,038
Payment to state education fund			1,000,210
Total Expenditures	9,820,425	415,308	2,440,156
Excess (deficiency) of revenues over (under) expenditures	(1,444,647)	410,202	276,653
Other Financing Sources (Uses):			
Transfers in	423,400		
Transfers out		(3,400)	(1,074,970)
Total Other Financing Sources (Uses)	423,400	(3,400)	(1,074,970)
Net Change in Fund Balances	(1,021,247)	406,802	(798,317)
Fund Balances at Beginning of Year	21,194,652	4,106,368	4,301,725
Fund Balances at End of Year	\$ 20,173,405	\$ 4,513,170	\$ 3,503,408

See accompanying notes to financial statements.

Non-major Governmental		
Funds		Total
		\$ 10,124,640
\$ 944,596		1,092,490
		194,070
		166,408
105,514		581,268
		391,932
		156,533
13,149		274,015
<u>1,063,259</u>		<u>12,981,356</u>
		2,076,802
276,177		4,940,895
261,432		1,037,332
		1,494,922
255,593		1,019,794
1,833,993		2,213,700
		435,000
		675,391
		409,038
		<u>1,000,210</u>
<u>2,627,195</u>		<u>15,303,084</u>
(1,563,936)		(2,321,728)
1,072,470		1,495,870
(47,800)		(1,126,170)
<u>1,024,670</u>		<u>369,700</u>
(539,266)		(1,952,028)
4,462,696		34,065,441
<u>\$ 3,923,430</u>		<u>\$ 32,113,413</u>

CITY OF LA PALMA, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds	\$ (1,952,028)
Amounts reported for the governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.	
Capital outlay	\$ 312,243
Depreciation expense	<u>(599,008)</u>
	(286,765)
Post employment benefits are paid on a pay-as-you-go basis which differs from the actuarially determined Annual Required Contribution (ARC).	(180,514)
Repayment of bond principal is an expenditure in the governmental funds and thus, has the effect of reducing the fund balances because current financial resources have been used. As a whole, the principal payments reduce the liabilities in the Statement of Net Assets and do not result in an expense in the Statement of Activities.	
Debt Service principal-tax allocation bonds	435,000
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.	
Compensated absences-current year accruals	(591,788)
Compensated absences-current year retirements	553,290
Accrued interest for long-term debt. This is the net change in accrued interest for the current period.	1,914
Revenue is deferred in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the government-wide financial statements, and therefore, the revenue is not deferred.	589,526
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the Internal Service Funds are reported with governmental activities.	
Changes in Fund Net Assets of Internal Service Funds	(114,486)
Change in Net Assets of Governmental Activities	<u><u>\$ (1,545,851)</u></u>

See accompanying notes to financial statements.

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public be financed or recovered primarily through user charges. The following have been classified as major Enterprise Funds:

Water - To account for revenues and expenses of the operations for the City's water utility. All activities necessary to provide this service are accounted for in this fund, including administration, operations, maintenance, billing collection and depreciation.

Sewer - To account for the revenues and expenses for the maintenance, repair and depreciation of the sewers within the City.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of the City to other departments or agencies on a cost reimbursement basis.

CITY OF LA PALMA, CALIFORNIA

**PROPRIETARY FUNDS
STATEMENT OF FUND NET ASSETS
JUNE 30, 2010**

	Business-Type Activities			Governmental
	Enterprise Fund			Activities
	Water	Sewer	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and investments	\$ 5,657,360	\$ 4,930,745	\$ 10,588,105	\$ 1,876,298
Receivables:				
Accounts	559,820	67,765	627,585	24
Interest	7,492	6,574	14,066	2,420
Loans				6,050
Due from other governments				425,616
Total Current Assets	<u>6,224,672</u>	<u>5,005,084</u>	<u>11,229,756</u>	<u>2,310,408</u>
Non-current assets:				
Capital assets				
Capital assets not being depreciated	851,781		851,781	
Capital assets being depreciated, net of accumulated depreciation	4,458,219	1,691,855	6,150,074	
Advances to other funds	500,000	500,000	1,000,000	1,600,000
Total Non-Current Assets	<u>5,810,000</u>	<u>2,191,855</u>	<u>8,001,855</u>	<u>1,600,000</u>
Total Assets	<u>12,034,672</u>	<u>7,196,939</u>	<u>19,231,611</u>	<u>3,910,408</u>
LIABILITIES				
Current liabilities:				
Accounts payable	589,930	54,079	644,009	7,546
Salaries payable	16,061	1,003	17,064	1,406
Other accrued liabilities				156,417
Total Current Liabilities	<u>605,991</u>	<u>55,082</u>	<u>661,073</u>	<u>165,369</u>
Total Liabilities	<u>605,991</u>	<u>55,082</u>	<u>661,073</u>	<u>165,369</u>
Fund Net Assets:				
Invested in capital assets	5,310,000	1,691,855	7,001,855	
Restricted	3,134,035	3,066,363	6,200,398	
Unrestricted	2,984,646	2,383,639	5,368,285	3,745,039
Total Fund Net Assets	<u>\$ 11,428,681</u>	<u>\$ 7,141,857</u>	<u>18,570,538</u>	<u>\$ 3,745,039</u>
Amounts reported in the Statement of Net Assets are different because of the adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				
			<u>124,703</u>	
Net Assets of Business-Type Activities			<u>\$ 18,695,241</u>	

See accompanying notes to financial statements.

CITY OF LA PALMA, CALIFORNIA

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2010**

	Business-type Activities- Enterprise Fund			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Operating revenues:				
Charges for services	\$ 2,258,779	\$ 277,921	\$ 2,536,700	\$ 2,617,944
Miscellaneous	4,716		4,716	1,045
Total Operating Revenues	<u>2,263,495</u>	<u>277,921</u>	<u>2,541,416</u>	<u>2,618,989</u>
Operating expenses:				
Personnel services	450,049	30,101	480,150	1,579,871
Maintenance and operations	1,444,447	328,179	1,772,626	29,137
Contractual services	111,689	39,538	151,227	25,309
Depreciation	306,663	92,462	399,125	
Settlement claims and insurance	36,200	3,000	39,200	1,170,158
Administration	16,500	1,250	17,750	
Total Operating Expenses	<u>2,365,548</u>	<u>494,530</u>	<u>2,860,078</u>	<u>2,804,475</u>
Operating Income (Loss)	<u>(102,053)</u>	<u>(216,609)</u>	<u>(318,662)</u>	<u>(185,486)</u>
NON-OPERATING REVENUES				
Investment income	53,222	49,869	103,091	61,929
Total Non-operating Revenues	<u>53,222</u>	<u>49,869</u>	<u>103,091</u>	<u>61,929</u>
Income before transfers	(48,831)	(166,740)	(215,571)	(123,557)
Transfers out	<u>(344,100)</u>	<u>(25,600)</u>	<u>(369,700)</u>	
Change in Fund Net Assets	<u>(392,931)</u>	<u>(192,340)</u>	<u>(585,271)</u>	<u>(123,557)</u>
Fund Net Assets at Beginning of Year	<u>11,821,612</u>	<u>7,334,197</u>		<u>3,868,596</u>
Fund Net Assets at End of Year	<u>\$ 11,428,681</u>	<u>\$ 7,141,857</u>		<u>\$ 3,745,039</u>

Amounts reported in the Statement of Activities are different because Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds

(9,071)

Change in Net Assets of Business-Type Activities

\$ (594,342)

See accompanying notes to financial statements.

CITY OF LA PALMA, CALIFORNIA

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

	Business-type Activities- Enterprise Fund			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Cash flows from operating activities:				
Cash received from customers	\$ 2,290,190	\$ 285,078	\$ 2,575,268	
Cash received from internal users				\$ 2,674,694
Cash payments to suppliers for goods and services	(1,363,834)	(594,619)	(1,958,453)	23,737
Cash payments for employee services	(486,249)	(33,101)	(519,350)	(2,749,953)
Net Cash Provided By (Used By) Operating Activities	440,107	(342,642)	97,465	(51,522)
Cash flows from non-capital financing activities:				
Cash payments to other funds	(344,100)	(25,600)	(369,700)	
Net Cash Provided By (Used For) Non-Capital Financing Activities	(344,100)	(25,600)	(369,700)	
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(144,164)		(144,164)	
Net Cash (Used For) Capital and Related Financing Activities	(144,164)		(144,164)	
Cash flows from investing activities:				
Interest income received	66,698	62,891	129,589	66,088
Net Cash Provided By Investing Activities	66,698	62,891	129,589	66,088
Net Increase (Decrease) in Cash and Cash Equivalents	18,541	(305,351)	(286,810)	14,566
Cash and cash equivalents at beginning of year	5,638,819	5,236,096	10,874,915	1,861,732
Cash and cash equivalents at end of year	\$ 5,657,360	\$ 4,930,745	\$ 10,588,105	\$ 1,876,298
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss):	\$ (102,053)	\$ (216,609)	\$ (318,662)	\$ (185,486)
Adjustments to reconcile operating income to net income provided by operating activities:				
(Increase) decrease in accounts receivable	26,695	7,157	33,852	1,019
(Increase) decrease in loans receivable				(1,311)
(Increase) decrease in due from other governments				55,997
Increase (decrease) in accounts payable	207,084	(225,607)	(18,523)	(71,126)
Increase (decrease) in salaries payable	1,718	(45)	1,673	(4,124)
Increase (decrease) in accrued liabilities				153,509
Total Adjustments	542,160	(126,033)	416,127	133,964
Net Cash Provided By (Used By) Operating Activities	\$ 440,107	\$ (342,642)	\$ 97,465	\$ (51,522)

See accompanying notes to financial statements.

FIDUCIARY FUNDS

AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

CITY OF LA PALMA, CALIFORNIA

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2010**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 15,240
Total Assets	<u>\$ 15,240</u>
LIABILITIES	
Deposits payable	\$ 15,240
Total Liabilities	<u>\$ 15,240</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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CITY OF LA PALMA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of La Palma, California was incorporated on October 26, 1955 under the general laws of the State of California. The City operates under an elected Council/City Manager form of government.

As required by GAAP, these financial statements present the City of La Palma and its component unit, an entity for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e. it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. A brief description of the City's component unit is as follows:

The La Palma Community Development Commission (CDC) was established in April 1983, pursuant to the State of California Health and Safety Code Section 33000 entitled, "Community Redevelopment Law." Although it is a legally separate entity from the City, the CDC is reported as if it were part of the City because of its purpose to prepare and execute plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City.

Since the City Council serves as the governing board for this component unit, the City's component unit is considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. The La Palma Community Development Commission issues separate component unit financial statements that may be obtained through written request to the City Department of Finance or the City Clerk's office at City Hall, 7822 Walker Street, La Palma, California 90623.

B. Fund Accounting

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein the operations of each fund are accounted for in a separate set of self-balancing accounts that records resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Fund Accounting, (Continued)

The following is a summary of the fund types utilized by the City:

Governmental Fund Types

- The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and capital improvement costs which are not paid through other funds.
- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are usually required by law or administrative regulation to be accounted for in separate funds.
- Debt Service Funds are used to account for the accumulation of resources for and the payment of long-term debt principal and interest.
- Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Fund Types.

The City reports the following major governmental funds:

General Fund – To account for all of the general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.

Low and Moderate Income Housing – To account for revenues and expenditures related to the development of housing within the City for citizens of low and moderate means.

Community Development Commission (CDC) Debt Service – To account for that portion of the CDC's tax increment revenues and related investment income required to be set aside for future debt service. The fund is used to repay principal, interest and related costs on indebtedness of the CDC.

Proprietary Fund Types –

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

Water – To account for revenues and expenses of the operations for the City's water utility. All activities necessary to provide this service are accounted for in this fund, including administration, operations, maintenance, billing collection and depreciation.

Sewer – To account for the revenues and expenses for the maintenance, repair and depreciation of the sewers within the City.

CITY OF LA PALMA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Fund Accounting, (Continued)

The City's Fund structure also includes the following fund types:

Internal Service Funds are used to account for the financing of goods or services provided by one department of the City to other departments on a cost-reimbursement basis. The City's Internal Service Funds account for certain insurance activity and for costs of the City's employee benefit plan and workers' compensation insurance.

Agency Funds are used to account for assets held by the City as an agent for individuals or private organizations and other governmental units. These include Community Center deposits, water construction meter deposits, Orange County sanitation fees, and donations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The City's Agency Fund accounts for assets held for other governments and various deposits held for individuals or private organizations.

C. Measurement Focus and Basis of Accounting

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

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component unit). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non exchange transaction were recognized in accordance with the requirements of GASB Statement No. 33.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus and Basis of Accounting, (Continued)

Program revenues include charges for services, special assessments, and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Tax Increment for the Community Development Commission is reported at gross (prior to deducting Pass-through payments) at the Statement of Revenues, Expenditures, and Changes in Fund Balances and is netted with pass-through payments at the Statement of Activities.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

This underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major fund in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City considers all revenues available if they are collected within 60 days after year end. Significant revenues subject to accrual under the measurable and available criteria include property taxes, sales taxes and utility user taxes.

CITY OF LA PALMA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus and Basis of Accounting, (Continued)

Governmental Funds, (Continued)

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met, and the resources are available.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

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

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures. When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds

The City's Enterprise and Internal Service Funds are proprietary funds. In the fund financial statements, proprietary funds and agency funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus and Basis of Accounting, (Continued)

Proprietary Funds, (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenue of the City's proprietary funds is charges for service. Operating expenses include the cost of services provided, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Amounts paid to acquire capital assets are capitalized as assets in the proprietary funds financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the proprietary funds financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as an expenditure.

D. Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. The fair value of the investments is generally based on published market prices and quotations from major investment firms.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except investment income for the Internal Service Funds and the Capital Outlay Reserve Capital Projects Fund is allocated to the General Fund.

E. Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Capital Assets

Acquisitions of capital assets (including infrastructure) are recorded at historical cost at the time of purchase. Donated capital assets are recorded at their fair market value at the time received.

Generally, capital asset acquisitions in excess of \$5,000 (general capital assets) and \$25,000 (infrastructure) are capitalized if they have an expected useful life of one year or more. Capital assets include public domain (infrastructure) capital assets consisting of certain improvements, including streets (pavement, medians, curbs/gutters, sidewalks, traffic signals, monument signs and bridges), storm drains and water/sewer systems and improvements.

Capital assets used in operations are depreciated in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation of such assets is computed using the straight-line method over the estimated useful lives noted below and charged to operations:

Assets	Years
Buildings and improvements	50
Machinery and equipment	5 to 10
Vehicles	5
Furniture and fixtures	5
Infrastructure-streets network	
Pavement	80
Medians	50
Curbs and gutters	75
Sidewalks	75
Traffic signals	30
Monument signs	50
Bridges	75
Infrastructure-storm drains	
Storm drain lines	75
Water system and other improvements	
Water pipes	75
Water hydrants	75
Water services	75
Sewer system and other improvements	
Sewer pipes	75
Sewer manholes	75
Sewer services	75

G. Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for compensated absences (unpaid vacation, sick leave and compensatory time) since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

H. Deferred Revenue

Deferred revenue in the fund financial statements represents receivables at year end that will not be collected soon enough to finance current year expenditures.

I. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas.

Accordingly, the City accrues only those taxes which are received from the county within 60 days after year-end:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

The City participates in a program called the "Teeter Plan," whereby the County distributes 100% of the City's portion of the secured tax levy during each fiscal year. In exchange, the City waives the right to collect interest and penalties on any delinquent tax collections received by the County on the secured rolls in future years.

J. Interfund Transfers

In the fund financial statements, transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as transfers out in the reimbursing fund and as transfers in the fund that is reimbursed.

Nonrecurring or non-routine permanent transfers of equity are also reported as transfers.

K. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported in the fund financial statements as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

L. Net Assets Restricted by Enabling Legislation

The government-wide statements of net assets reports \$18,695,241 of business-type net assets, of which \$6,200,398 is restricted by City Code.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

M. Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including incurred but not reported) has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. In the fund financial statements, these liabilities are recorded in the Internal Service Funds that account for the City's insurance activities.

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period, actual results could differ from those estimates.

O. Use of Restricted Resources

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

P. Prepaid Items

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. The consumption method is used by the City to report prepaids.

Q. Land Held for Resale

Land Held for Resale is recorded at the lower of historical cost or estimated net realizable value.

R. New GASB Pronouncements

Implemented during 2009-2010

GASB Statement No. 51 – In June 2008, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This statement did not significantly impact the financial statements of the City.

GASB Statement No. 53 – In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement did not significantly impact the financial statements of the City.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

R. New GASB Pronouncements, (Continued)

GASB Statement No. 58 – In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditor by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The statement is effective for periods beginning after June 15, 2009, which would require the City to implement this statement in Fiscal Year 2009-2010. This statement did not impact the financial statements of the City.

Effective in Future Years

GASB Statement No. 54 – In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is not effective until June 30, 2011. The City has not determined its effect on the financial statements.

GASB Statement No. 57 – In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*. The objective of this statement is to address issues related to the use of alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple employers other postemployment benefit plans. The statement is effective for periods beginning after June 15, 2011. This statement is not expected to have a material impact on the financial statements of the City.

GASB Statement No. 59 – In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement is not effective until June 30, 2011. The City has not determined its effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Statement of Net Assets

Cash and investments	\$ 41,894,462
Cash and investments with fiscal agent	904,314
Fiduciary Fund	15,240
Total Cash and Investments	<u>\$ 42,814,016</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 7,725
Deposits with financial institutions	787,685
Investments	42,018,606
Total Cash and Investments	<u>\$ 42,814,016</u>

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	No	180 days	40%	40%
Commercial Paper	Yes	180 days	15%	5%
Negotiable Certificates of Deposit	No	5 years	30%	None
Repurchase Agreements	Yes	30 days	None	None
Reverse Repurchase Agreements	No	30 days	20% of base value	None
Medium-Term Notes	No	92 days	30%	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	No	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	\$40,000,000 per Agency	None
JPA Pools (other investment pools)	No	N/A	None	None

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

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	None	None
Money Market Mutual Funds	N/A	None	5%
Repurchase Agreements	30 days	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

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

For purposes of the schedule shown below, any callable securities are assumed to be held to maturity. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Totals	<i>Remaining Maturing (In Months)</i>		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
LAIF	\$ 41,035,024	\$ 41,035,024		
Money Market Mutual Funds	77,623	77,623		
U.S. Agency Securities				
GNMA	1,645			\$ 1,645
Held by fiscal agent:				
U.S. Agency Securities				
FHLB	872,289		\$ 872,289	
Money Market Mutual Funds	32,025	32,025		
Total	<u>\$ 42,018,606</u>	<u>\$ 41,144,672</u>	<u>\$ 872,289</u>	<u>\$ 1,645</u>

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Totals	Minimum Legal Rating	Rating as of Year End	
			AAA	Not Rated
LAIF	\$ 41,035,024	N/A		\$ 41,035,024
Money Market Mutual Funds	77,623	N/A	\$ 77,623	
U.S. Agency Securities				
GNMA	1,645	AAA	1,645	
Held by fiscal agent				
U.S. Agency Securities:				
FHLB	872,289	N/A	872,289	
Money Market Mutual Funds	32,025	N/A	32,025	
Total	<u>\$ 42,018,606</u>		<u>\$ 983,582</u>	<u>\$ 41,035,024</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2010, \$588,076 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

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

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2 – CASH AND INVESTMENTS, (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF's total medium-term and short-term structured notes and asset-backed securities as a percent of their portfolio were equal to 14.71%. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Short-term interfund balances consisted of the following at June 30, 2010:

Receivable Fund	Payable Fund	Amount
General Fund	Non-major governmental funds	\$ 13,301

Long-term interfund receivables and payables at June 30, 2010 are as follows:

Advances to /from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	CDC Debt Service	\$ 1,052,104 (B)
		<u>1,052,104</u>
General Fund	Low and Moderate Income Housing	1,055,480 (A)
Non-Major Fund Capital Outlay Reserve	Low and Moderate Income Housing	500,000 (A)
Water	Low and Moderate Income Housing	500,000 (A)
Sewer	Low and Moderate Income Housing	500,000 (A)
Internal service funds	Low and Moderate Income Housing	1,600,000 (A)
		<u>4,155,480</u>
	Total Advances	<u>\$ 5,207,584</u>

- A. During the year ended June 30, 2001, the City Council authorized a \$4,933,000 advance to the CDC. The CDC then used the proceeds to make a loan to a developer for the construction of a senior citizens affordable rental housing project. Interest on the advance accrues at a rate equal to the rate of return on City investments in LAIF plus 2.375%. Annual principal and interest payments are due from the CDC over 30 years. The outstanding balance on the loan at June 30, 2010 is \$4,155,480 and is recorded as an advance from various City funds to the Low and Moderate Income Housing Special Revenue Fund.
- B. In July 2002, the City loaned \$1,500,000 to the CDC for the purpose of assisting the CDC in meeting certain contractual obligations pertaining to the redevelopment of its project area. Interest accrues on the advance at a rate of 10% compounded annually. The loan plus accrued interest are repaid to the City out of the CDC's tax increment. All amounts must be repaid no later than June 30, 2018. The outstanding balance on the loan at June 30, 2010 is \$1,052,104 and is recorded as an advance from the City's General Fund to the CDC's Debt Service Fund.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2010 are as follows:

Transfers In	Transfers Out	Amount
Non-Major Fund CDC Capital		
Projects Fund	CDC Debt Service	\$ 1,072,470 (C)
General Fund	CDC Low/Moderate Income Housing	3,400 (A)
General Fund	CDC Debt Service	2,500 (A)
General Fund	Non-Major Funds	47,800 (A)
General Fund	Water	344,100 (B)
General Fund	Sewer	25,600 (B)
	Total Interfund Transfers	<u>\$ 1,495,870</u>

Purpose of Interfund Transfers

- A. The General Fund charged various major and non-major governmental funds for building, vehicle and computer maintenance and replacement.
- B. The General Fund charged the Water and Sewer Funds \$344,100 and \$25,600, respectively, for administrative costs.
- C. The CDC Capital Projects Fund charged the CDC Debt Service Fund \$1,072,470 for administrative and Capital Improvement Project costs.

NOTE 5 – LOANS RECEIVABLE

Loans receivable consists of the following at June 30, 2010:

	Amount
During the year ended June 30, 2001, the City loaned \$4,933,000 to a developer for the construction of a senior citizens affordable rental housing project. Interest on the loan accrued at a rate equal to the rate of return on City investments in LAIF plus 2.375%. The developer makes monthly payments to the City based on its operating income. The loan is not expected to be collected by the City within one year	\$ 4,715,446
Deferred low and moderate income housing loans	<u>140,009</u>
Total	<u>\$ 4,855,455</u>

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the year ended June 30, 2010 follows:

Governmental Activities:	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Capital Assets Not Being Depreciated:				
Land	\$ 1,602,281			\$ 1,602,281
Land rights related to streets	5,104,472			5,104,472
Construction in progress	4,009,681	\$ 317,468	\$(4,076,574)	250,575
Total Capital Assets Not Being Depreciated	10,716,434	317,468	(4,076,574)	6,957,328
Capital Assets, Being Depreciated:				
Buildings and improvements	4,263,234	3,821,625		8,084,859
Equipment	1,131,838	139,247	(172,226)	1,098,859
Vehicles	1,873,652	164,008	(207,410)	1,830,250
Furniture and fixtures	142,498		(18,860)	123,638
Infrastructure-streets network	10,774,454			10,774,454
Infrastructure-storm drains	676,184			676,184
Total Capital Assets Being Depreciated	18,861,860	4,124,880	(398,496)	22,588,244
Less Accumulated Depreciation for:				
Buildings and improvements	(2,068,872)	(103,983)		(2,172,855)
Equipment	(749,959)	(68,440)	144,806	(673,593)
Vehicles	(1,271,899)	(222,645)	196,387	(1,298,157)
Furniture and fixtures	(85,389)	(10,950)	3,772	(92,567)
Infrastructure-streets network	(5,427,479)	(183,974)		(5,611,453)
Infrastructure-storm drains	(331,574)	(9,016)		(340,590)
Total Accumulated Depreciation	(9,935,172)	(599,008)	344,965	(10,189,215)
Total Capital Assets, Being Depreciated, Net	8,926,688	3,525,872	(53,531)	12,399,029
Governmental Activities Capital Assets, Net	\$ 19,643,122	\$ 3,843,340	\$(4,130,105)	\$ 19,356,357

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6 – CAPITAL ASSETS, (Continued)

Business-type Activities	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Capital Assets Not Being Depreciated:				
Land	\$ 754,000			\$ 754,000
Construction in progress	31,891	\$ 65,890		97,781
Total Capital Assets Not Being Depreciated	785,891	65,890		851,781
Capital Assets, Being Depreciated:				
Buildings and improvements	7,839,661			7,839,661
Machinery and equipment	1,851,765	78,274		1,930,039
Water system and other improvements	2,867,808			2,867,808
Sewer system and other improvements	3,211,542			3,211,542
Total Capital Assets Being Depreciated	15,770,776	78,274		15,849,050
Less Accumulated Depreciation for:				
Buildings and improvements	(5,822,110)	(169,372)		(5,991,482)
Machinery and equipment	(412,920)	(148,709)		(561,629)
Water system and other improvements	(1,440,205)	(38,242)		(1,478,447)
Sewer system and other improvements	(1,624,616)	(42,802)		(1,667,418)
Total Accumulated Depreciation	(9,299,851)	(399,125)		(9,698,976)
Total Capital Assets, Being Depreciated, Net	6,470,925	(320,851)		6,150,074
Business-type Activities Capital Assets, Net	\$ 7,256,816	\$ (254,961)	\$ -	\$ 7,001,855

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6 – CAPITAL ASSETS, (Continued)

Depreciation expense was charged to functions for the year ended June 30, 2010 as follows:

Governmental Activities:		
General government		\$ 12,716
Public safety		184,478
Public works		278,789
Recreation		102,610
Community development		20,415
Total Depreciation Expense - Governmental Activities		<u>\$ 599,008</u>
Business-type Activities:		
Water		\$ 306,663
Sewer		92,462
Total Business-type Activities		<u>\$ 399,125</u>

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

<u>Governmental Activities</u>	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>	<u>Portion Due Within One Year</u>
1993 Tax Allocation Bonds	\$ 2,780,000		\$ (205,000)	\$ 2,575,000	\$ 220,000
2001 Tax Allocation Bonds	4,695,000		(230,000)	4,465,000	245,000
Subtotal	<u>7,475,000</u>		<u>(435,000)</u>	<u>7,040,000</u>	<u>465,000</u>
Compensated absences	555,689	\$ 591,788	(553,290)	594,187	148,547
Total long-term liabilities	<u>\$ 8,030,689</u>	<u>\$ 591,788</u>	<u>\$ (988,290)</u>	<u>\$ 7,634,187</u>	<u>\$ 613,547</u>

Compensated absences are generally liquidated by the General Fund.

NOTE 8 – BONDS PAYABLE

1993 Tax Allocation Bonds

On December 1, 1993, the CDC issued tax allocation bonds in the amount of \$5,100,000 to finance a portion of the cost of the redevelopment area known as the Community Development Commission Project Area. The bonds are in denominations of \$5,000 each and bear interest at rates ranging from 3.30% to 6.10%. Principal is payable annually on June 1. Interest is payable semiannually on June 1 and December 1.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 8 – BONDS PAYABLE, (Continued)

Debt service requirements on the 1993 tax allocation bonds at June 30, 2010, are as follows:

Year Ending June 30	Principal	Interest
2011	\$ 220,000	\$ 157,075
2012	230,000	143,655
2013	240,000	129,625
2014	255,000	114,985
2015	265,000	99,430
2016-2020	1,165,000	239,120
2021-2023	200,000	24,400
Total	\$ 2,575,000	\$ 908,290

2001 Refunding Tax Allocation Bonds

On December 1, 2001, the CDC issued tax allocation bonds in the amount of \$6,200,000 to refund \$5,760,000 of 1991 tax allocation bonds previously issued and outstanding by the CDC. The refunding bonds are in denominations of \$5,000 each and bear interest at rates ranging from 2.50% to 5.50%. Principal is payable annually on June 1. Interest is payable semiannually on June 1 and December 1. Bonds maturing on or before June 1, 2011 are not subject to call or redemption prior to maturity. Bonds maturing on or after June 1, 2012 may be redeemed at par plus a premium. As of June 30, 2010, \$4,465,000 of 2001 refunding tax allocation bonds were outstanding.

Debt service requirements on the 2001 refunding tax allocation bonds at June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest
2011	\$ 245,000	\$ 243,615
2012	260,000	232,100
2013	275,000	217,800
2014	290,000	202,675
2015	310,000	186,725
2016-2020	2,270,000	652,300
2021-2022	815,000	44,825
Total	\$ 4,465,000	\$ 1,780,040

The CDC has pledged a portion of future tax increment revenues to repay the \$5.1M and the \$6.2M Tax Allocation Bonds issued in 1993 and 2001 respectively, as the source of repayment of the bonds are tax increment revenues. Tax increment revenues were projected to produce 100 percent and 100 percent, respectively, of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds are \$3,483,290 for the 1993 bonds and \$6,245,040 for the 2001 bonds, payable through 2022. For the current year, principal and interest paid and total incremental tax revenues were \$858,660 and \$3,326,416, respectively.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 8 – BONDS PAYABLE, (Continued)

1993 and 2001 Tax Allocation Bonds Reserve Requirement

The required reserve for the 1993 and 2001 Tax Allocation Bonds is \$872,025 as of June 30, 2010; the reserve amount was \$883,137 at cost, with market value of \$904,314.

NOTE 9 – ARBITRAGE REBATE

The Tax Reform Act instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not paid to the federal government at least every five years.

During the current year, the City performed calculations of excess investment earnings on various bonds and financings in accordance with arbitrage regulations. The City has determined that no arbitrage rebate liability exists as of June 30, 2010.

NOTE 10 – POST RETIREMENT BENEFITS

Post-Employment Health Care Benefits

During the year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions by State and Local Governmental Employers*.

Plan description

The City provides post-employment benefits to retired employees in the form of a contribution towards their medical premiums under the CalPERS health plan which provides medical insurance benefits to eligible retirees in accordance with various labor agreements. The minimum required retiree contributions are established by CalPERS. Survivor benefits are not provided. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled), with five years of service and are eligible for a PERS pension and are enrolled in a CalPERS retiree health plan. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at June 30, 2010:

	<u>General</u>	<u>Management</u>	<u>Police</u>	<u>Police Management</u>	<u>Professional</u>	<u>Total</u>
Retirees Receiving Benefits	1	2	19	3	0	25
Eligible Active Employees	24	6	27	3	5	65

The above table does not reflect current retirees not enrolled in the CalPERS health plan who may be eligible to enroll in the plan at a later date.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 10 – POST RETIREMENT BENEFITS, (Continued)

Funding Policy

The City’s current contribution is based on pay-as-you-go. As of July 1, 2008, the City’s monthly contribution rate was \$101 for the Management, General, and Professional groups; \$417 for the Police and Safety Management groups. For the year ended June 30, 2010, the City paid \$109,409 directly to CalPERS towards their post-employment health care benefits. Current active employees are not required to contribute any portion towards these benefits.

Annual OPEB Cost and Net OPEB Obligation. The City’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

	General	Management	Police	Police Management	Professional	Total June 30, 2010
Annual required contribution	\$ 23,718	\$ 9,538	\$220,725	\$ 33,464	\$ 4,403	\$ 291,848
Interest on net OPEB Obligation	8,681					8,681
Adjustment to annual required contribution	(10,605)					(10,605)
Annual OPEB cost (expense)	21,794	9,538	220,725	33,464	4,403	289,924
Contributions made	(1,236)	(1,236)	(91,944)	(14,994)		(109,410)
increase in net OPEB Obligation	20,558	8,302	128,781	18,470	4,403	180,514
Net OPEB Obligation, Beginning of Year	21,839	7,474	122,544	17,495	4,275	173,627
Net OPEB Obligation, End of Year	\$ 42,397	\$ 15,776	\$251,325	\$ 35,965	\$ 8,678	\$ 354,141

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$283,347	38.7%	\$173,627
6/30/2010	\$289,924	37.7%	\$354,141

Funding Status and Progress

As of July 1, 2008, the most recent valuation date, the actuarial accrued liability for benefits was \$3.5 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.5 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent. The covered payroll (annual payroll of active employees) was \$4.4 million and the ratio of the UAAL to the covered payroll was 78 percent. No estimate to the actuarial accrued liability at June 30, 2010 has been made. The City is still using the “pay as you” and is evaluating its options in developing a funding policy for its OPEB obligations.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 10 – POST RETIREMENT BENEFITS, (Continued)

Funding Status and Progress, (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions included a 5 percent investment rate of return, which is based on assumed long-term investment returns on the City's assets, as appropriate, and an annual healthcare cost trend rate of 4 percent annual. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years with an open amortization period. It is assumed the City's payroll will increase 3% per year.

NOTE 11 – LIABILITY, PROPERTY, AND WORKERS COMPENSATION PROTECTION

Description of self insurance pool pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (CJPIA). The CJPIA is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500, et seq. The purpose of the CJPIA 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 CJPIA'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.

CITY OF LA PALMA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 11 – LIABILITY, PROPERTY, AND WORKERS COMPENSATION PROTECTION, (Continued)

Self-insurance programs of the CJPIA

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

Workers' compensation – The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Associate of Counties – Excess Insurance Authority members. Costs in excess of \$3,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

Purchased Insurance

Environmental insurance – The City participates in the pollution legal liability and remediation legal liability insurance which is available through CJPIA. This program covers sudden and gradual pollution of scheduled property, streets and storm drains owned by the City. Coverage is on a claims-made basis and has been underwritten by a private insurance company. There is a \$50,000 deductible. Each member of CJPIA has a \$10,000,000 limit.

Property insurance – The City participates in the all-risk property protection program of the CJPIA. 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 CJPIA. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and flood insurance – The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the CJPIA which is underwritten by several insurance companies.

There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 11 – LIABILITY, PROPERTY AND WORKERS COMPENSATION PROTECTION, (Continued)

Fidelity bonds – The City purchases blanket fidelity bond coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through CJPIA.

Premiums are paid annually and are not subject to retroactive adjustments.

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 coverage from coverage in the prior year

NOTE 12 – DEFINED BENEFIT PENSION PLAN (PERS)

A. Plan Description

The City of La Palma contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

B. Funding Policy

Participants are required to contribute 8% (9% for safety) of their annual covered payroll. The City makes this contribution on behalf of the employees. The City of La Palma is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contractually required employer contribution rate for fiscal year 2009-2010 was 11.557% for miscellaneous employees and 20.115% for the safety plan which was determined by an actual valuation of the plan as of June 30, 2007. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (PERS), (Continued)

C. Annual Pension Cost

Safety

Fiscal Year Ending	Annual Pension Cost (Employer- Contribution)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 790,880	100%	-
6/30/2009	882,667	100%	-
6/30/2010	456,255	100%	-

Miscellaneous

Fiscal Year Ending	Annual Pension Cost (Employer- Contribution)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 281,014	100%	-
6/30/2009	317,812	100%	-
6/30/2010	300,855	100%	-

NOTE 13 – DEFINED CONTRIBUTION PENSION PLAN (PARS)

PARS is a defined contribution pension plan. On April 18, 2000, the City Council authorized the City to become a member of the Public Agency Retirement System (PARS) Trust, a governmental trust, effective July 1, 2000 for its eligible part-time, seasonal and temporary employees. The City Manager is the Plan Administrator and has the authority for establishing or amending the plan's provision. This is an alternative retirement system for those not covered by a retirement plan other than social security. Under PARS, the City and the employee each contribute 3.75% of compensation for a total annual contribution of 7.5%. For the year ended June 30, 2010, the amount contributed by the City was \$9,627. Employees are fully vested at all times. The City has entered into an agreement with Phase II Systems to provide trust administrator services.

NOTE 14 – LITIGATION

The City is presently involved in other matters of litigation that have arisen in the normal course of the City's business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to have a material adverse financial impact on the City. Additionally, City management believes that sufficient reserves are available to the City to cover any potential losses, should an unfavorable outcome materialize.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 15 – JOINT VENTURE –ORANGE COUNTY FIRE AUTHORITY

The City entered into a joint powers agreement with 17 other cities and the County of Orange in January 1995, and subsequently amended on September 23, 1999, to create the Orange County Fire Authority (the Authority). Since 1995, other cities within the County have also joined the Authority to bring the total members in the Authority to 23. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, hazardous materials regulation, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each city and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through either the property tax roll or with cash contributions based on the Authority's annual budget. The County pays all structural fire fees it collects to the Authority.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2010. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. Separate audited financial statements may be obtained from the Authority at 180 South Water Street, Orange, California 92866.

NOTE 16 – OWNER PARTICIPATION AGREEMENTS

The City entered into an Owner Participation Agreement in May 2002 with a business enterprise whereby the City disbursed \$1,500,000 to the enterprise for the purpose of rehabilitating certain real property within the City. Under the terms of the agreement, the cost of the project is expected to be recovered by the City through increased sales tax revenues. At the end of the project's fifteenth year, the business enterprise must pay the City any portion of the cost not recovered. During the current fiscal year ended June 30, 2010, \$150,684 was recovered, bringing the total recovered to date of \$64,236 and ending balance of \$856,764.

The City has determined that the agreement does not constitute a current receivable per the definition of GASB 34. The City believes it was a loan to the business enterprise in the form of an advance against future cash flow from a portion of the sales tax generated at the site. It will only become a receivable if an amount remains to be recovered at the end of the project's fifteenth operating year.

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 17 – FUND BALANCES

The City establishes "reserves" of fund equity to segregate fund balances which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use. Fund "designations" are established to indicate tentative plans for financial resource utilization in a future period. Each of the City's reserves and designations is described below:

	General Fund	Special Revenue Low and Moderate Income Housing	Debt Service CDC Debt Service	Non-major Governmental Funds	Total
Reserved for:					
Advances to other funds	\$ 2,107,584			\$ 500,000	\$ 2,607,584
Prepaid items	33,100				33,100
Property held for development				669,405	669,405
Loans receivable		\$ 4,715,446			4,715,446
	<u>2,140,684</u>	<u>4,715,446</u>		<u>1,169,405</u>	<u>8,025,535</u>
Unreserved, undesignated	<u>18,032,721</u>	<u>(202,276)</u>	<u>\$ 3,503,408</u>	<u>2,754,025</u>	<u>24,087,878</u>
Total Fund Balance	<u>\$ 20,173,405</u>	<u>\$ 4,513,170</u>	<u>\$ 3,503,408</u>	<u>\$ 3,923,430</u>	<u>\$ 32,113,413</u>

NOTE 18 – OTHER REQUIRED FUND DISCLOSURES

The following funds had expenditures in excess of budget in the following amounts for the year ended June 30, 2010:

Major Funds:	
CDC Debt Service Fund	\$ 1,050,256
Non-Major Funds:	
Special Revenue Funds:	
Park Development Fund	71
Urban Park Grant	6
Supplemental Law Enforcement	5,508

Additionally, the following funds had a negative fund balance at June 30, 2010:

Non-Major Funds:	
Justice Assistance Grant	\$ 668
Traffic Congestion Relief	183,200

CITY OF LA PALMA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 19 – COMMITMENTS

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county “Supplemental” Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State’s Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Commission made a payment of \$1,000,210 during fiscal year 2009-2010. The Commission’s share of this revenue shift is approximately \$205,726 in fiscal year in 2010-2011. Payments are to be made by May 10 of each respective fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LA PALMA, CALIFORNIA

**OTHER POST EMPLOYMENT BENEFITS (OPEB)
YEAR ENDED JUNE 30, 2010**

The following schedule summarizes the City of La Palma’s funding progress for OPEB:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	\$ -	\$ 3,453,207	\$ 3,453,207	0%	\$ 4,399,575	78%

CITY OF LA PALMA, CALIFORNIA

**MAJOR FUNDS
YEAR ENDED JUNE 30, 2010**

GENERAL FUND

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

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The following has been classified as a major Special Revenue Fund and the budget and actual comparison for this fund has been presented in the accompanying financial statements as required supplementary information.

Low and Moderate Income Housing – To account for revenues and expenditures related to the development of housing within the City for citizens of low or moderate means.

CITY OF LA PALMA, CALIFORNIA

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010**

NOTE 1 – BUDGETARY CONTROL AND ACCOUNTING

The City adheres to the following general procedures in establishing its annual budget, which is reflected in the accompanying schedules:

- Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General, Special Revenue and Debt Service Funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.
- Reported budget amounts represent the original legally adopted budget as amended. Individual amendments were not material in relation to the original adopted budget amounts. The City Council may amend the budget to increase appropriations only by a duly adopted minute resolution during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIII B of the State Constitution. Management can transfer, without City Council approval, budgeted amounts provided that they do not increase or decrease total fund appropriations adopted by City Council.
- Unexpended budgeted amounts lapse at the end of the budget year. Spending control for the funds is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line item levels.

Expenditures may not legally exceed overall budgeted appropriations. Reserves for encumbrances are not recorded by the City.

- The budgets of the City's capital projects are primarily "long-term" budgets which emphasize major programs and capital outlay plans extending over a number of fiscal periods. Therefore, no budget-to-actual schedules are presented for the Capital Projects Funds.

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,982,600	\$ 8,982,600	\$ 6,798,224	\$ (2,184,376)
Intergovernmental	172,900	172,900	147,894	(25,006)
Licenses and permits	239,400	239,400	194,070	(45,330)
Fines and forfeitures	175,200	175,200	166,408	(8,792)
Investment income	735,300	735,300	267,640	(467,660)
Changes for services	401,200	401,200	391,932	(9,268)
Rental income	155,700	155,700	156,533	833
Miscellaneous	180,200	180,200	253,077	72,877
Total Revenues	<u>11,042,500</u>	<u>11,042,500</u>	<u>8,375,778</u>	<u>(2,666,722)</u>
EXPENDITURES				
Current:				
General government	2,140,700	2,140,700	2,076,802	63,898
Public safety	4,764,700	4,764,700	4,664,718	99,982
Public works	775,800	775,800	775,900	(100)
Recreation	1,517,200	1,521,100	1,494,922	26,178
Community development	474,500	474,500	428,376	46,124
Capital outlay	551,400	551,400	379,707	171,693
Total Expenditures	<u>10,224,300</u>	<u>10,228,200</u>	<u>9,820,425</u>	<u>407,775</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>818,200</u>	<u>814,300</u>	<u>(1,444,647)</u>	<u>(2,258,947)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	423,400	423,400	423,400	
Total Other Financing Sources (Uses)	<u>423,400</u>	<u>423,400</u>	<u>423,400</u>	
Net Change in Fund Balance	<u>1,241,600</u>	<u>1,237,700</u>	<u>(1,021,247)</u>	<u>(2,258,947)</u>
Fund Balance, Beginning of Year	<u>21,194,652</u>	<u>21,194,652</u>	<u>21,194,652</u>	
Fund Balance, End of Year	<u>\$ 22,436,252</u>	<u>\$ 22,432,352</u>	<u>\$ 20,173,405</u>	<u>\$ (2,258,947)</u>

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOW AND MODERATE INCOME HOUSING FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 689,000	\$ 689,000	\$ 665,283	\$ (23,717)
Investment income	383,000	383,000	152,438	(230,562)
Miscellaneous	5,400	5,400	7,789	2,389
Total Revenues	<u>1,077,400</u>	<u>1,077,400</u>	<u>825,510</u>	<u>(251,890)</u>
EXPENDITURES				
Current				
Community development	338,500	338,500	277,151	61,349
Debt Service				
Interest	220,000	220,000	138,157	81,843
Total Expenditures	<u>558,500</u>	<u>558,500</u>	<u>415,308</u>	<u>143,192</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	518,900	518,900	410,202	(108,698)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(3,400)</u>	<u>(3,400)</u>	<u>(3,400)</u>	
Net Change in Fund Balance	515,500	515,500	406,802	(108,698)
Fund Balance, Beginning of Year	<u>4,106,368</u>	<u>4,106,368</u>	<u>4,106,368</u>	
Fund Balance, End of Year	<u>\$ 4,621,868</u>	<u>\$ 4,621,868</u>	<u>\$ 4,513,170</u>	<u>\$ (108,698)</u>

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SUPPLEMENTARY SCHEDULES

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NON-MAJOR FUNDS

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CITY OF LA PALMA, CALIFORNIA

NON-MAJOR SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS YEAR ENDED JUNE 30, 2010

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City of La Palma has twelve Special Revenue Funds classified as non-major:

Streets – To account for receipts and expenditures of money apportioned under the Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5 of the State of California. Expenditures are used for the maintenance, rehabilitation and improvements of public streets.

Measure M – To account for receipts and expenditures of money apportioned under Measure M of the County of Orange. Expenditures are used for maintaining and improving public transportation projects.

Traffic Congestion Relief – To account for revenues and expenditures of the City's share of specified funds allocated by the State of California for street or road maintenance or reconstruction.

Park Development – To account for revenues and expenditures relating to the development and renovation of City parks.

Air Quality Improvement – To account for receipts and expenditures of motor vehicle registration fees collected in accordance with California Assembly Bill 2766. This fee was levied to fund programs to reduce air pollution from mobile sources such as cars, trucks and buses.

Supplemental Law Enforcement Service – To account for state monies received in accordance with California Assembly Bill 3229 to be used as a supplement for law enforcement systems.

Public Safety Augmentation – To account for special tax augmentation funds generated by a ½ cent sales tax under Proposition 172 of the State of California. These funds are used for public safety programs.

Abandoned Vehicles – To account for monies received for vehicle abatement. The monies are used for public safety.

Justice Assistance Grant – To account for Federal Grant monies received for public safety programs.

Urban Park Grant – To account for grant monies received from the State of California. The monies are used for capital outlay expenditures for a parks and recreation facility.

PEG Fund – To account for public education and governmental funds.

Community Development Commission (CDC) Projects – To account for financial resources segregated for the acquisition or construction of major capital facilities or for the rehabilitation of commercial and public property located within the Community Development Commission Project Area. The City has elected to treat this fund as a major governmental fund.

Capital Outlay Reserve – To account for financial resources segregated for City capital improvement projects.

CITY OF LA PALMA, CALIFORNIA

**NON-MAJOR GOVERNMENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Special Revenue Funds					Supplemental Law Enforcement Service
	Streets	Measure M	Traffic	Park	Air Quality	
			Congestion Relief	Development	Improvement	
ASSETS						
Cash and investments	\$ 355,665	\$ 625,952	\$ 46,308	\$ 26	\$ 27,247	
Receivables:						
Accounts						
Interest	458	826	127		33	
Due from other governments	13,714	36,240	358,705		4,928	\$ 33,737
Property held for resale						
Advances to other funds						
Total Assets	<u>\$ 369,837</u>	<u>\$ 663,018</u>	<u>\$ 405,140</u>	<u>\$ 26</u>	<u>\$ 32,208</u>	<u>\$ 33,737</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 33,477	\$ 304,743	\$ 220,500			
Salaries payable	4,900					\$ 4,391
Retentions payable	4,234	35,317	49,965			
Due to other funds						11,000
Deferred revenue			317,875			
Total Liabilities	<u>42,611</u>	<u>340,060</u>	<u>588,340</u>			<u>15,391</u>
FUND BALANCES						
Reserved for:						
Advances to other funds						
Property held for development						
Unreserved, reported in:						
Special revenue funds	327,226	322,958	\$ (183,200)	\$ 26	\$ 32,208	18,346
Capital projects funds						
Total Fund Balances	<u>327,226</u>	<u>322,958</u>	<u>(183,200)</u>	<u>26</u>	<u>32,208</u>	<u>18,346</u>
Total Liabilities and Fund Balances	<u>\$ 369,837</u>	<u>\$ 663,018</u>	<u>\$ 405,140</u>	<u>\$ 26</u>	<u>\$ 32,208</u>	<u>\$ 33,737</u>

Special Revenue Funds				Capital Projects Funds			
Public Safety Augmentation	Abandoned Vehicles	Justice Assistance Grant	Urban Park Grant	PEG Funds	CDC Projects	Capital Outlay Reserve	Total
\$ 24,661	\$ 10,055			\$ 97,104	\$ 351,016	\$ 2,210,963	\$ 3,748,997
				3,499			3,499
34	12			128	505	3,049	5,172
9,890		\$ 2,168				63,212	522,594
					669,405		669,405
						500,000	500,000
<u>\$ 34,585</u>	<u>\$ 10,067</u>	<u>\$ 2,168</u>	<u>\$ -</u>	<u>\$ 100,731</u>	<u>\$ 1,020,926</u>	<u>\$ 2,777,224</u>	<u>\$ 5,449,667</u>
\$ 1,740					\$ 80,081	\$ 403,149	\$ 1,043,690
3,910		\$ 535			3,842		17,578
		2,301				44,277	133,793
							13,301
							317,875
<u>5,650</u>		<u>2,836</u>			<u>83,923</u>	<u>447,426</u>	<u>1,526,237</u>
						500,000	\$ 500,000
					669,405		669,405
28,935	\$ 10,067	(668)		\$ 100,731			656,629
					267,598	1,829,798	2,097,396
<u>28,935</u>	<u>10,067</u>	<u>(668)</u>		<u>100,731</u>	<u>937,003</u>	<u>2,329,798</u>	<u>3,923,430</u>
<u>\$ 34,585</u>	<u>\$ 10,067</u>	<u>\$ 2,168</u>	<u>\$ -</u>	<u>\$ 100,731</u>	<u>\$ 1,020,926</u>	<u>\$ 2,777,224</u>	<u>\$ 5,449,667</u>

CITY OF LA PALMA, CALIFORNIA

**NON-MAJOR GOVERNMENT FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds					Supplemental Law Enforcement Service
	Streets	Measure M	Traffic Congestion Relief	Park Development	Air Quality Improvement	
REVENUES						
Intergovernmental	\$ 256,132	\$ 203,337	\$ 146,791		\$ 19,006	\$ 124,254
Investment income	2,102	3,680	1,325	\$ 98	107	
Miscellaneous						
Total Revenues	<u>258,234</u>	<u>207,017</u>	<u>148,116</u>	<u>98</u>	<u>19,113</u>	<u>124,254</u>
EXPENDITURES						
Current:						
Public safety						105,908
Public works	236,284	25,148				
Community development						
Capital outlay	32,572	396,685	578,491	24,406		
Total Expenditures	<u>268,856</u>	<u>421,833</u>	<u>578,491</u>	<u>24,406</u>		<u>105,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,622)</u>	<u>(214,816)</u>	<u>(430,375)</u>	<u>(24,308)</u>	<u>19,113</u>	<u>18,346</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(39,100)	(1,000)				
Total Other Financing Sources (Uses)	<u>(39,100)</u>	<u>(1,000)</u>				
Net Change in Fund Balances	(49,722)	(215,816)	(430,375)	(24,308)	19,113	18,346
Fund Balances at Beginning of Year	376,948	538,774	247,175	24,334	13,095	
Fund Balances at End of Year	<u>\$ 327,226</u>	<u>\$ 322,958</u>	<u>\$ (183,200)</u>	<u>\$ 26</u>	<u>\$ 32,208</u>	<u>\$ 18,346</u>

Special Revenue Funds					Capital Project Funds		
Public Safety Augmentation	Abandoned Vehicles	Justice Assistance Grant	Urban Park Grant	PEG Funds	CDC Projects	Capital Outlay Reserve	Total
\$ 127,702	\$ 6,154	\$ 5,997				\$ 55,223	\$ 944,596
216	61		\$ 7	\$ 578	\$ 1,728	95,612	105,514
				13,149			13,149
<u>127,918</u>	<u>6,215</u>	<u>5,997</u>	<u>7</u>	<u>13,727</u>	<u>1,728</u>	<u>150,835</u>	<u>1,063,259</u>
149,604	14,000	6,665					276,177
							261,432
					255,593		255,593
			3,275		41,295	757,269	1,833,993
<u>149,604</u>	<u>14,000</u>	<u>6,665</u>	<u>3,275</u>		<u>296,888</u>	<u>757,269</u>	<u>2,627,195</u>
(21,686)	(7,785)	(668)	(3,268)	13,727	(295,160)	(606,434)	(1,563,936)
					1,072,470		1,072,470
					(7,700)		(47,800)
					1,064,770		1,024,670
(21,686)	(7,785)	(668)	(3,268)	13,727	769,610	(606,434)	(539,266)
50,621	17,852		3,268	87,004	167,393	2,936,232	4,462,696
<u>\$ 28,935</u>	<u>\$ 10,067</u>	<u>\$ (668)</u>	<u>\$ -</u>	<u>\$ 100,731</u>	<u>\$ 937,003</u>	<u>\$ 2,329,798</u>	<u>\$ 3,923,430</u>

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
STREETS FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 297,500	\$ 297,500	\$ 256,132	\$ (41,368)
Investment income	5,000	5,000	2,102	(2,898)
Total Revenues	<u>302,500</u>	<u>302,500</u>	<u>258,234</u>	<u>(44,266)</u>
EXPENDITURES				
Current:				
Public works	242,700	242,700	236,284	6,416
Capital outlay	110,500	110,500	32,572	77,928
Total Expenditures	<u>353,200</u>	<u>353,200</u>	<u>268,856</u>	<u>84,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,700)</u>	<u>(50,700)</u>	<u>(10,622)</u>	<u>40,078</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(39,100)	(39,100)	(39,100)	
Total Other Financing Sources (Uses)	<u>(39,100)</u>	<u>(39,100)</u>	<u>(39,100)</u>	
Net Change in Fund Balance	(89,800)	(89,800)	(49,722)	40,078
Fund Balance, Beginning of Year	376,948	376,948	376,948	
Fund Balance, End of Year	<u>\$ 287,148</u>	<u>\$ 287,148</u>	<u>\$ 327,226</u>	<u>\$ 40,078</u>

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
MEASURE M FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 217,446	\$ 217,446	\$ 203,337	\$ (14,109)
Investment income	10,000	10,000	3,680	(6,320)
Total Revenues	<u>227,446</u>	<u>227,446</u>	<u>207,017</u>	<u>(20,429)</u>
EXPENDITURES				
Current:				
Public works	36,000	36,000	25,148	10,852
Capital outlay	390,000	487,369	396,685	90,684
Total Expenditures	<u>426,000</u>	<u>523,369</u>	<u>421,833</u>	<u>101,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(198,554)</u>	<u>(295,923)</u>	<u>(214,816)</u>	<u>81,107</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000)	(1,000)	(1,000)	
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	
Net Change in Fund Balance	(199,554)	(296,923)	(215,816)	81,107
Fund Balance, Beginning of Year	538,774	538,774	538,774	
Fund Balance, End of Year	<u>\$ 339,220</u>	<u>\$ 241,851</u>	<u>\$ 322,958</u>	<u>\$ 81,107</u>

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
TRAFFIC CONGESTION RELIEF FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 745,800	\$ 745,800	\$ 146,791	\$ (599,009)
Investment income	2,500	2,500	1,325	(1,175)
Total Revenues	<u>748,300</u>	<u>748,300</u>	<u>148,116</u>	<u>(600,184)</u>
EXPENDITURES				
Capital outlay	748,300	748,300	578,491	169,809
Total Expenditures	<u>748,300</u>	<u>748,300</u>	<u>578,491</u>	<u>169,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>(430,375)</u>	<u>(430,375)</u>
Net Change in Fund Balance			(430,375)	(430,375)
Fund Balance, Beginning of Year	247,175	247,175	247,175	
Fund Balance, End of Year	<u>\$ 247,175</u>	<u>\$ 247,175</u>	<u>\$ (183,200)</u>	<u>\$ (430,375)</u>

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
PARK DEVELOPMENT FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 500	\$ 500	\$ 98	\$ (402)
Total Revenues	500	500	98	(402)
EXPENDITURES				
Capital outlay		24,335	24,406	(71)
Total Expenditures		24,335	24,406	(71)
Net Change in Fund Balance	500	(23,835)	(24,308)	(473)
Fund Balance, Beginning of Year	24,334	24,334	24,334	
Fund Balance, End of Year	\$ 24,834	\$ 499	\$ 26	\$ (473)

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
AIR QUALITY IMPROVEMENT FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 17,500	\$ 17,500	\$ 19,006	\$ 1,506
Investment income	100	100	107	7
Total Revenues	17,600	17,600	19,113	1,513
EXPENDITURES				
Capital outlay	18,000	18,000		
Total Expenditures	18,000	18,000		
Net Change in Fund Balance	(400)	(400)	19,113	19,513
Fund Balance, Beginning of Year	13,095	13,095	13,095	
Fund Balance, End of Year	\$ 12,695	\$ 12,695	\$ 32,208	\$ 19,513

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SERVICE FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 124,254	\$ 24,254
Total Revenues	100,000	100,000	124,254	24,254
EXPENDITURES				
Current:				
Public safety	100,400	100,400	105,908	(5,508)
Total Expenditures	100,400	100,400	105,908	(5,508)
Net Change in Fund Balance	(400)	(400)	18,346	18,746
Fund Balance, Beginning of Year	-	-	-	
Fund Balance, End of Year	\$ (400)	\$ (400)	\$ 18,346	\$ 18,746

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
PUBLIC SAFETY AUGMENTATION FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 148,500	\$ 148,500	\$ 127,702	\$ (20,798)
Investment income	1,000	1,000	216	(784)
Total Revenues	<u>149,500</u>	<u>149,500</u>	<u>127,918</u>	<u>(21,582)</u>
EXPENDITURES				
Current:				
Public safety	<u>191,400</u>	<u>191,400</u>	<u>149,604</u>	<u>41,796</u>
Total Expenditures	<u>191,400</u>	<u>191,400</u>	<u>149,604</u>	<u>41,796</u>
Net Change in Fund Balance	<u>(41,900)</u>	<u>(41,900)</u>	<u>(21,686)</u>	<u>20,214</u>
Fund Balance, Beginning of Year	<u>50,621</u>	<u>50,621</u>	<u>50,621</u>	
Fund Balance, End of Year	<u>\$ 8,721</u>	<u>\$ 8,721</u>	<u>\$ 28,935</u>	<u>\$ 20,214</u>

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
ABANDONED VEHICLES FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,000	\$ 6,000	\$ 6,154	\$ 154
Investment income	250	250	61	(189)
Total Revenues	6,250	6,250	6,215	(35)
EXPENDITURES				
Current:				
Public safety	14,000	14,000	14,000	
Total Expenditures	14,000	14,000	14,000	
Excess (deficiency) of revenues over (under) expenditures	(7,750)	(7,750)	(7,785)	(35)
Net Change in Fund Balance	(7,750)	(7,750)	(7,785)	(35)
Fund Balance, Beginning of Year	17,852	17,852	17,852	
Fund Balance, End of Year	\$ 10,102	\$ 10,102	\$ 10,067	\$ (35)

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
URBAN PARK GRANT FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 100	\$ 100	\$ 7	\$ (93)
Total Revenues	100	100	7	(93)
EXPENDITURES				
Capital outlay		3,269	3,275	(6)
Total Expenditures		3,269	3,275	(6)
Excess (deficiency) of revenues over (under) expenditures	100	(3,169)	(3,268)	(99)
Net Change in Fund Balance			(3,268)	(3,268)
Fund Balance, Beginning of Year	3,268	3,268	3,268	
Fund Balance, End of Year	\$ 3,268	\$ 3,268	\$ -	\$ (3,268)

CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –BUDGET AND ACTUAL
PEG FUND – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 1,000	\$ 1,000	\$ 578	\$ (422)
Miscellaneous	10,000	10,000	13,149	3,149
Total Revenues	11,000	11,000	13,727	2,727
EXPENDITURES				
Current				
General government	42,000	42,000		42,000
Total Expenditures	42,000	42,000		42,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,000)	(31,000)	13,727	44,727
Net Change in Fund Balance	(31,000)	(31,000)	13,727	44,727
Fund Balance, Beginning of Year	87,004	87,004	87,004	
Fund Balance, End of Year	\$ 56,004	\$ 56,004	\$ 100,731	\$ 44,727

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CITY OF LA PALMA, CALIFORNIA

**MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2010**

The Debt Service Fund accounts for the accumulation of resources for and the payment of long-term debt principal and interest.

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CITY OF LA PALMA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CDC DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,755,700	\$ 2,755,700	\$ 2,661,133	\$ (94,567)
Investment income	107,700	107,700	55,676	(52,024)
Total Revenues	<u>2,863,400</u>	<u>2,863,400</u>	<u>2,716,809</u>	<u>(146,591)</u>
EXPENDITURES				
Current:				
Community development	46,600	46,600	58,674	(12,074)
Debt Service:				
Principal	435,000	435,000	435,000	
Interest	537,300	537,300	537,234	66
Pass-through payments	371,000	371,000	409,038	(38,038)
Payment to state education fund			1,000,210	(1,000,210)
Total Expenditures	<u>1,389,900</u>	<u>1,389,900</u>	<u>2,440,156</u>	<u>(1,050,256)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,473,500</u>	<u>1,473,500</u>	<u>276,653</u>	<u>(1,196,847)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(452,500)	(1,082,500)	(1,074,970)	7,530
Total Other Financing Sources (Uses)	<u>(452,500)</u>	<u>(1,082,500)</u>	<u>(1,074,970)</u>	<u>7,530</u>
Net Change in Fund Balance	1,021,000	391,000	(798,317)	(1,189,317)
Fund Balance, Beginning of Year	<u>4,301,725</u>	<u>4,301,725</u>	<u>4,301,725</u>	
Fund Balance, End of Year	<u>\$ 5,322,725</u>	<u>\$ 4,692,725</u>	<u>\$ 3,503,408</u>	<u>\$ (1,189,317)</u>

CITY OF LA PALMA, CALIFORNIA

**INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010**

Internal Service Funds are used to account for the financing of goods for services provided by one department or agency of the City to other departments or agencies on a cost reimbursement basis.

The city of La Palma has two Internal Service Funds:

Insurance – To account for certain insurance activity of the City including general liability claims, legal and other expenses.

Employee Benefits – To account for costs of the City's employee benefit plan, as well as worker's compensation insurance costs and claims.

CITY OF LA PALMA, CALIFORNIA

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010**

	Insurance	Employee Benefits	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,339,255	\$ 537,043	\$ 1,876,298
Receivables:			
Accounts		24	24
Interest	1,766	654	2,420
Loans		6,050	6,050
Due from other governments		425,616	425,616
Total Current Assets	<u>1,341,021</u>	<u>969,387</u>	<u>2,310,408</u>
NONCURRENT ASSETS			
Advances to other funds	<u>600,000</u>	<u>1,000,000</u>	<u>1,600,000</u>
Total Assets	<u>1,941,021</u>	<u>1,969,387</u>	<u>3,910,408</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,177	6,369	7,546
Salaries payable		1,406	1,406
Other accrued liabilities	153,433	2,984	156,417
Total Liabilities	<u>154,610</u>	<u>10,759</u>	<u>165,369</u>
Total Net Assets-Unrestricted	<u>\$ 1,786,411</u>	<u>\$ 1,958,628</u>	<u>\$ 3,745,039</u>

CITY OF LA PALMA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010**

	Insurance	Employee Benefits	Total
OPERATING REVENUES			
Charges for services	\$ 159,800	\$ 2,458,144	\$ 2,617,944
Miscellaneous	350	695	1,045
Total Operating Revenues	<u>160,150</u>	<u>2,458,839</u>	<u>2,618,989</u>
OPERATING EXPENSES			
Personnel services		1,579,871	1,579,871
Maintenance and operations		29,137	29,137
Contractual services		25,309	25,309
Settlement, claims and insurance	308,337	861,821	1,170,158
Total Operating Expenses	<u>308,337</u>	<u>2,496,138</u>	<u>2,804,475</u>
Operating Income (Loss)	<u>(148,187)</u>	<u>(37,299)</u>	<u>(185,486)</u>
NON OPERATING REVENUES			
Investment income	27,336	34,593	61,929
Total Non Operating Revenues	<u>27,336</u>	<u>34,593</u>	<u>61,929</u>
Income (Loss) Before Transfers	<u>(120,851)</u>	<u>(2,706)</u>	<u>(123,557)</u>
Change in net assets	<u>(120,851)</u>	<u>(2,706)</u>	<u>(123,557)</u>
Net Assets at Beginning of Year	<u>1,907,262</u>	<u>1,961,334</u>	<u>3,868,596</u>
Net Assets at End of Year	<u>\$ 1,786,411</u>	<u>\$ 1,958,628</u>	<u>\$ 3,745,039</u>

CITY OF LA PALMA, CALIFORNIA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

	Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from internal users	\$ 160,150	\$ 2,514,544	\$ 2,674,694
Cash payments to suppliers for goods and services	152,826	(129,089)	23,737
Cash payments for employee services	(308,337)	(2,441,616)	(2,749,953)
Net Cash Provided By (Used For) Operating Activities	<u>4,639</u>	<u>(56,161)</u>	<u>(51,522)</u>
Cash flows from investing activities:			
Interest income received	30,154	35,934	66,088
Net Cash Provided By Investing Activities	<u>30,154</u>	<u>35,934</u>	<u>66,088</u>
Net Increase (Decrease)In Cash and Cash Equivalents	34,793	(20,227)	14,566
Cash and Cash Equivalents at Beginning of Year	<u>1,304,462</u>	<u>557,270</u>	<u>1,861,732</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,339,255</u>	<u>\$ 537,043</u>	<u>\$ 1,876,298</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (148,187)	\$ (37,299)	\$ (185,486)
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:			
(Increase) decrease in accounts receivable		1,019	1,019
(Increase) decrease in loans receivable		(1,311)	(1,311)
(Increase) decrease in due from other governments		55,997	55,997
Increase (decrease) in accounts payable	(607)	(70,519)	(71,126)
Increase (decrease) in other accrued liabilities	153,433	76	153,509
Increase (decrease) in salaries payable		(4,124)	(4,124)
Total adjustments	<u>152,826</u>	<u>(18,862)</u>	<u>133,964</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 4,639</u>	<u>\$ (56,161)</u>	<u>\$ (51,522)</u>

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CITY OF LA PALMA, CALIFORNIA

**AGENCY FUND
YEAR ENDED JUNE 30, 2010**

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

The City of La Palma has one Agency Fund as Follows:

City Agency – To account for assets held by the City as an agent for other governments and/or other funds.

CITY OF LA PALMA, CALIFORNIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2010**

	<u>City Agency</u>
ASSETS	
Cash and investments	\$ 15,240
Total Assets	<u>\$ 15,240</u>
LIABILITIES	
Deposits payable	\$ 15,240
Total Liabilities	<u>\$ 15,240</u>

CITY OF LA PALMA, CALIFORNIA

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED JUNE 30, 2010**

<u>City Agency</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>
ASSETS				
Cash and investments	\$ 17,338	\$ 39,067	\$ (41,165)	\$ 15,240
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Deposits payable	\$ 17,338	\$ 35,268	\$ (37,366)	\$ 15,240
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF LA PALMA, CALIFORNIA

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
YEAR ENDED JUNE 30, 2010**

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 1,602,281
Land rights related to streets	5,104,472
Construction in progress	250,575
Building and improvements	8,084,859
Equipment	1,098,859
Vehicles	1,830,250
Furniture and fixtures	123,638
Infrastructure	11,450,638
Total Governmental Funds Capital Assets	<u>29,545,572</u>

Investments in governmental funds capital assets by source

General fund and other sources	28,916,698
Federal and state grants	628,874
Total Governmental Funds Capital Assets	<u>\$ 29,545,572</u>

CITY OF LA PALMA, CALIFORNIA

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2010**

	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
General government	\$ 1,218,281		\$ 239,554	\$ 255,581		\$ 56,550	\$ 1,769,966
Public safety			1,046,390	465,533	\$ 816,336	12,338	2,340,597
Public works	79,000	\$ 168,655	269,740	213,775	842,676		1,573,846
Recreation	305,000	81,920	6,529,175	147,965	85,167	54,750	7,203,977
Community development				16,005	86,071		102,076
	<u>\$ 1,602,281</u>	<u>\$ 250,575</u>	<u>\$ 8,084,859</u>	<u>\$ 1,098,859</u>	<u>\$ 1,830,250</u>	<u>\$ 123,638</u>	<u>12,990,462</u>
Land rights related to streets							<u>5,104,472</u>
Infrastructure							<u>11,450,638</u>
Totals							<u>\$ 29,545,572</u>

CITY OF LA PALMA, CALIFORNIA

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
General government	\$ 1,647,416	\$ 137,581	\$ 15,030	\$ 1,769,967
Public safety	2,416,162	162,662	238,228	2,340,596
Public works	1,801,933	211,253	439,340	1,573,846
Recreation	7,055,597	4,059,091	3,910,711	7,203,977
Community development	102,076			102,076
	<u>13,023,184</u>	<u>4,570,587</u>	<u>4,603,309</u>	<u>12,990,462</u>
Cash received from other operating activities				
Land rights related to streets	5,104,472			5,104,472
Infrastructure	11,450,638			11,450,638
Totals	<u>\$ 29,578,294</u>	<u>\$ 4,570,587</u>	<u>\$ 4,603,309</u>	<u>\$ 29,545,572</u>

STATISTICAL SECTION

City of La Palma

Overview of the Statistical Section

The Statistical Section provides a context for understanding information in the financial statements, note disclosures and required supplementary information and how that information relates to the City of La Palma's overall financial health. The detailed schedules presented in the Statistical Section are grouped into five sections pertaining to financial trends, revenue capacity, debt capacity, demographic, and economic information and operating information.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source of property taxes.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

CITY OF LA PALMA, CALIFORNIA

**NET ASSETS BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)**

LAST EIGHT FISCAL YEARS

	Fiscal year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	\$ 12,316,357	\$ 12,168,122	\$ 10,292,969	\$ 15,445,604	\$ 14,689,033	\$ 14,120,989	\$ 15,224,957	\$ 15,228,957
Restricted	8,673,207	9,767,164	8,660,967	7,031,682	5,883,122	5,602,615	5,509,202	5,799,782
Unrestricted	26,820,945	27,421,074	30,268,838	13,114,541	12,340,588	12,675,389	7,841,233	4,387,686
Total governmental activities	<u>\$ 47,810,509</u>	<u>\$ 49,356,360</u>	<u>\$ 49,222,774</u>	<u>\$ 35,591,827</u>	<u>\$ 32,912,743</u>	<u>\$ 32,398,993</u>	<u>\$ 28,575,392</u>	<u>\$ 25,416,425</u>
Business-type activities								
Invested in capital assets	\$ 7,001,855	\$ 7,256,816	\$ 7,494,712	\$ 6,731,548	\$ 6,880,596	\$ 6,976,373	\$ 7,116,944	\$ 7,271,330
Restricted	6,200,398	6,135,261	5,699,473	5,699,473			9,053,719	8,523,609
Unrestricted	5,492,988	5,897,506	6,003,835	6,010,671	10,577,872	9,484,814		
Total business-type activities	<u>\$ 18,695,241</u>	<u>\$ 19,289,583</u>	<u>\$ 19,198,020</u>	<u>\$ 18,441,692</u>	<u>\$ 17,458,468</u>	<u>\$ 16,461,187</u>	<u>\$ 16,170,663</u>	<u>\$ 15,794,939</u>
Primary government								
Invested in capital assets	\$ 19,318,212	\$ 19,424,938	\$ 17,787,681	\$ 22,177,152	\$ 21,569,629	\$ 21,097,362	\$ 22,345,901	\$ 22,500,287
Restricted	14,873,605	15,902,425	14,360,440	12,731,155	5,883,122	5,602,615	5,509,202	5,799,782
Unrestricted	32,313,933	33,318,580	36,272,673	19,125,212	22,918,460	22,160,203	16,894,952	12,911,295
Total primary government	<u>\$ 66,505,750</u>	<u>\$ 68,645,943</u>	<u>\$ 68,420,794</u>	<u>\$ 54,033,519</u>	<u>\$ 50,371,211</u>	<u>\$ 48,860,180</u>	<u>\$ 44,750,055</u>	<u>\$ 41,211,364</u>

The City of La Palma implemented Governmental Accounting Standards Board (GASB) Statement No. 34 for the fiscal ended June 30, 2003. Information prior to the implementation of GASB Statement No. 34 is not available.

CITY OF LA PALMA, CALIFORNIA

**CHANGES IN NET ASSETS
(ACCRUAL BASIS OF ACCOUNTING)**

LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental activities:								
General government	\$ 2,335,966	\$ 6,056,130	\$ 1,738,607	\$ 1,620,494	\$ 1,489,396	\$ 1,430,933	\$ 1,570,183	\$ 1,349,364
Public safety	5,236,026	5,555,994	4,892,593	4,577,283	4,491,758	4,332,350	3,742,786	4,052,154
Public works	3,175,821	2,616,566	1,233,230	1,618,354	1,353,344	1,079,258	1,618,280	1,663,734
Recreation	1,621,696	1,427,599	1,269,199	1,192,648	1,215,837	1,256,861	1,145,119	1,223,252
Community development	1,034,199	1,014,666	883,184	881,167	798,299	744,627	772,864	2,292,314
Interest on long-term debt	673,477	769,850	890,561	956,237	561,699	561,503	568,863	588,396
Total governmental activities	<u>14,077,185</u>	<u>17,440,805</u>	<u>10,907,374</u>	<u>10,846,183</u>	<u>9,910,333</u>	<u>9,405,532</u>	<u>9,418,095</u>	<u>11,169,214</u>
Business-type activities:								
Water	2,374,000	2,038,531	1,992,491	1,869,033	1,831,349	1,764,673	1,614,319	1,757,144
Sewer	495,149	454,780	156,265	173,746	246,959	237,912	162,447	170,907
Total business-type activities	<u>2,869,149</u>	<u>2,493,311</u>	<u>2,148,756</u>	<u>2,042,779</u>	<u>2,078,308</u>	<u>2,002,585</u>	<u>1,776,766</u>	<u>1,928,051</u>
Total primary government expenses	<u>16,946,334</u>	<u>19,934,116</u>	<u>13,056,130</u>	<u>12,888,962</u>	<u>11,988,641</u>	<u>11,408,117</u>	<u>11,194,861</u>	<u>13,097,265</u>
Program revenues:								
Governmental activities:								
Charges for services:								
General government	165,290	177,829	175,399	162,811	156,524	146,628	156,835	154,620
Public safety	181,453	185,561	14,351	17,144	157,301	150,439	162,169	184,865
Public works	13,469	10,254	20,171	12,917	8,461	9,256	6,682	14,299
Recreation	339,012	317,082	473,574	542,008	333,045	356,075	394,778	341,868
Community development	53,111	108,927	132,257	114,422	112,704	203,138	154,418	179,913
Operating grants and contributions	1,093,013	955,223	940,219	1,123,017	931,703	808,942	764,447	823,999
Capital grants and contributions	431,415	764,518	934,216	11,273	36,043	11,789	86,722	312,831
Total governmental activities	<u>2,276,763</u>	<u>2,519,394</u>	<u>2,690,187</u>	<u>1,983,592</u>	<u>1,735,781</u>	<u>1,686,267</u>	<u>1,726,051</u>	<u>2,012,395</u>
Business-type activities:								
Charges for services:								
Water	2,258,779	2,370,708	2,437,494	2,424,453	2,523,032	1,947,296	2,103,529	1,687,094
Sewer	277,921	299,729	315,548	317,785	328,934	361,915	331,976	203,680
Operating grants and contributions				65,253	40,606	23,744		
Capital grants and contributions					119,747			
Total business-type activities	<u>2,536,700</u>	<u>2,670,437</u>	<u>2,753,042</u>	<u>2,807,491</u>	<u>3,012,319</u>	<u>2,332,955</u>	<u>2,435,505</u>	<u>1,890,774</u>
Total primary government program revenues	<u>4,813,463</u>	<u>5,189,831</u>	<u>5,443,229</u>	<u>4,791,083</u>	<u>4,748,100</u>	<u>4,019,222</u>	<u>4,161,556</u>	<u>3,903,169</u>

(Continued on next page)

CITY OF LA PALMA, CALIFORNIA

**CHANGES IN NET ASSETS, (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)**

LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Net revenues (expenses):								
Governmental activities	\$ (11,800,422)	\$ (14,921,411)	\$ (8,217,187)	\$ (8,862,591)	\$ (8,174,552)	\$ (7,719,265)	\$ (7,692,044)	\$ (9,156,822)
Business-type activities	(332,449)	177,126	604,286	764,712	934,011	330,370	658,739	(37,280)
Total primary government net revenues (expenses)	<u>(12,132,871)</u>	<u>(14,744,285)</u>	<u>(7,612,901)</u>	<u>(8,097,879)</u>	<u>(7,240,541)</u>	<u>(7,388,895)</u>	<u>(7,033,305)</u>	<u>(9,194,102)</u>
General revenues and other changes in net assets:								
Governmental activities:								
Taxes:								
Property taxes	4,843,089	5,998,799	5,840,076	5,150,143	4,501,460	3,129,238	3,127,876	3,049,918
Sales Taxes	2,603,346	5,370,758	11,493,446	1,493,439	1,138,789	1,266,727	1,212,829	1,165,104
Utility users tax	995,062	1,149,151	1,332,177	1,383,922	826,331	4,398,978	4,453,950	2,857,987
Franchise taxes	347,316	361,387	345,924	370,960	318,679	306,192	306,413	296,180
Transient occupancy taxes	198,230	238,815	291,340	279,406	244,976	212,624	164,178	143,148
Intergovernmental - unrestricted	47,601	54,991	71,636	94,819	104,895	1,291,482	730,327	914,383
Investment income	484,854	1,138,547	1,757,446	1,808,537	1,137,651	520,348	333,835	474,346
Other general revenues	365,373	360,649	353,089	598,549	80,621	88,577	82,603	101,188
Transfers	369,700	381,900	363,000	361,900	334,900	324,700	443,000	445,000
Total governmental activities	<u>10,254,571</u>	<u>15,054,997</u>	<u>21,848,134</u>	<u>11,541,675</u>	<u>8,688,302</u>	<u>11,538,866</u>	<u>10,855,011</u>	<u>9,447,254</u>
Business-type activities:								
Investment income	103,091	289,455	515,042	569,759	397,845	281,972	158,033	261,945
Other general revenues	4,716	6,882		10,653	325	2,882	1,952	4,039
Transfers	(369,700)	(381,900)	(363,000)	(361,900)	(334,900)	(324,700)	(443,000)	(445,000)
Total business-type activities	<u>(261,893)</u>	<u>(85,563)</u>	<u>152,042</u>	<u>218,512</u>	<u>63,270</u>	<u>(39,846)</u>	<u>(283,015)</u>	<u>(179,016)</u>
Total primary government general revenues and other changes in net assets	<u>9,992,678</u>	<u>14,969,434</u>	<u>22,000,176</u>	<u>11,760,187</u>	<u>8,751,572</u>	<u>11,499,020</u>	<u>10,571,996</u>	<u>9,268,238</u>
Changes in net assets:								
Governmental activities	(1,545,851)	133,586	13,630,947	2,679,084	513,750	3,819,601	3,162,967	290,432
Business-type activities	(594,342)	91,563	756,328	983,224	997,281	290,524	375,724	(216,296)
Total primary government changes in net assets	<u>\$ (2,140,193)</u>	<u>\$ 225,149</u>	<u>\$14,387,275</u>	<u>\$ 3,662,308</u>	<u>\$ 1,511,031</u>	<u>\$ 4,110,125</u>	<u>\$ 3,538,691</u>	<u>\$ 74,136</u>

The City of La Palma implemented Governmental Accounting Standards Board (GASB) Statement No. 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB Statement No. 34 is not available.

Source: City of La Palma Finance Department

CITY OF LA PALMA, CALIFORNIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:								
Reserved	\$ 2,140,684	\$ 2,354,906	\$ 2,527,584	\$ 2,674,702	\$ 2,792,661	\$ 2,925,199	\$ 3,068,541	\$ 3,570,307
Unreserved	18,032,721	18,839,746	21,735,394	11,342,958	10,757,902	11,311,064	8,159,673	5,562,220
Total General Fund	<u>\$20,173,405</u>	<u>\$21,194,652</u>	<u>\$24,262,978</u>	<u>\$14,017,660</u>	<u>\$13,550,563</u>	<u>\$14,236,263</u>	<u>\$11,228,214</u>	<u>\$9,132,527</u>
All other governmental funds:								
Reserved	\$ 5,884,851	\$ 5,404,370	\$ 5,419,100	\$ 5,527,395	\$ 5,343,068	\$ 5,345,437	\$ 5,474,469	\$ 5,455,078
Unreserved, reported in:								
Special Revenue Funds	454,353	561,069	410,434	(880,054)	(1,229,687)	(1,826,602)	(2,401,009)	(2,498,726)
Debt Service Funds	3,503,408	4,301,725	3,331,433	1,925,285	944,512	424,265	(116,609)	(470,951)
Non-major Governmental Funds	2,097,396	2,603,625	1,983,038	4,315,537	5,097,871	5,568,247	5,994,452	6,151,542
Total all other governmental funds	<u>\$11,940,008</u>	<u>\$12,870,789</u>	<u>\$11,144,005</u>	<u>\$10,888,163</u>	<u>\$10,155,764</u>	<u>\$9,511,347</u>	<u>\$8,951,303</u>	<u>\$8,636,943</u>

The City of La Palma has elected to show only eight years of data for this schedule.

CITY OF LA PALMA, CALIFORNIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:								
Taxes	\$ 10,124,640	\$ 13,594,506	\$ 19,667,879	\$ 8,907,178	\$ 7,434,294	\$ 9,678,212	\$ 9,603,741	\$ 7,766,905
Intergovernmental	1,092,490	1,640,127	1,787,334	1,043,558	979,822	2,083,781	1,489,853	1,747,794
Licenses and permits	194,070	253,277	257,525	229,219	218,911	251,721	247,974	268,441
Fines and forfeitures	166,408	171,489	188,171	219,283	139,338	136,056	146,619	164,329
Investment income	581,268	1,284,478	1,939,278	1,999,787	1,540,813	870,677	721,190	688,933
Charges for services	391,932	392,681	376,921	435,390	415,913	477,759	480,289	447,673
Rental income	156,533	155,806	155,099	156,464	150,225	149,427	145,556	148,219
Miscellaneous	274,015	183,373	250,132	401,797	383,244	298,675	370,319	592,006
Total revenues	12,981,356	17,675,737	24,622,339	13,392,676	11,262,560	13,946,308	13,205,541	11,824,300
Expenditures:								
Current:								
General government	2,076,802	1,991,818	1,716,544	1,647,011	1,592,297	1,598,803	1,909,436	1,500,769
Public safety	4,940,895	5,209,488	4,833,254	4,681,761	4,442,134	4,365,839	4,002,515	3,915,915
Public works	1,037,332	960,353	907,617	885,951	887,029	861,020	811,906	1,085,032
Recreation	1,494,922	1,297,689	1,197,766	1,168,805	1,149,790	1,164,230	1,131,298	1,137,569
Community development	1,019,794	973,365	869,581	882,759	900,053	846,348	837,729	2,339,821
Capital outlay	2,213,700	3,484,660	3,300,662	1,723,247	977,600	275,710	973,863	1,214,791
Debt service:								
Principal	435,000	415,000	400,000	380,000	360,000	350,000	330,000	320,000
Interest	675,391	771,640	893,839	956,237	925,782	876,512	903,252	801,984
Pass-through payments	409,038	475,596	364,916	229,309	227,054	176,597	229,722	178,101
Payment to State education fund	1,000,210				177,004	187,856	108,773	76,467
Total expenditures	15,303,084	15,579,609	14,484,179	12,555,080	11,638,743	10,702,915	11,238,494	12,570,449
Excess (deficiency) of revenues over (under) expenditures	(2,321,728)	2,096,128	10,138,160	837,596	(376,183)	3,243,393	1,967,047	(746,149)
Other financing sources (uses):								
Transfers in	1,495,870	2,624,290	402,400	394,800	364,700	356,100	470,200	1,997,000
Transfers out	(1,126,170)	(6,061,960)	(39,400)	(32,900)	(29,800)	(31,400)	(27,200)	(1,552,000)
Total other financing sources (uses)	369,700	(3,437,670)	363,000	361,900	334,900	324,700	443,000	445,000
Net change in fund balances	\$ (1,952,028)	\$ (1,341,542)	\$ 10,501,160	\$ 1,199,496	\$ (41,283)	\$ 3,568,093	\$ 2,410,047	\$ (301,149)
Debt service as a percentage of noncapital expenditures	23.8%	15.9%	17.4%	16.0%	18.1%	18.0%	18.1%	13.8%

The City of La Palma has elected to show only eight years of data for this schedule.

Source: City of La Palma Finance Department

CITY OF LA PALMA, CALIFORNIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Secured Value</u>	<u>Public Utility</u>	<u>Unsecured Value</u>	<u>Total Assessed Value</u>	<u>Direct Rate</u>
2001	\$ 991,204,095	\$ 63,654	\$ 80,209,496	\$1,071,477,245	0.29110%
2002	1,085,181,827	69,689	66,361,068	1,151,612,584	0.28634%
2003	1,095,014,297	67,095	61,121,959	1,156,203,351	0.26777%
2004	1,159,356,062	76,623	59,856,009	1,219,288,694	0.26593%
2005	1,240,404,682	95,611	64,155,753	1,304,656,046	0.26161%
2006	1,326,706,875	80,315	70,476,731	1,397,263,921	0.26354%
2007	1,437,911,603	66,032	71,465,702	1,509,443,337	0.26430%
2008	1,567,502,830	-	68,704,370	1,636,207,200	0.28561%
2009	1,589,872,220	-	84,098,046	1,673,970,266	0.28575%
2010	1,610,058,636	-	84,996,407	1,695,055,043	0.29886%

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

Source: County of Orange Assessor's Office

CITY OF LA PALMA, CALIFORNIA

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$100 OF ASSESSED VALUATION)**

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	Overlapping Rates							Total
		Anaheim Union High School District Bonds	Buena Park School District Bonds	Centralia School District Bonds	Cypress School District Bonds	Fullerton High School District Bonds	Metropolitan Water District Bonds	North Orange County Joint Community College District Bonds	
2001	1.00000	0.00000	0.01432	0.00000	0.00000	0.00000	0.00880	0.00000	1.02312
2002	1.00000	0.00000	0.01441	0.00000	0.00000	0.00000	0.00770	0.00000	1.02211
2003	1.00000	0.02567	0.02050	0.00000	0.00000	0.02088	0.00670	0.01573	1.08948
2004	1.00000	0.02370	0.02015	0.02053	0.00000	0.01750	0.00610	0.01597	1.10395
2005	1.00000	0.02770	0.01778	0.02490	0.00000	0.01554	0.00580	0.01441	1.10613
2006	1.00000	0.02444	0.01751	0.01895	0.00000	0.01503	0.00520	0.01666	1.09779
2007	1.00000	0.02355	0.01495	0.01763	0.00000	0.01540	0.00470	0.01444	1.09067
2008	1.00000	0.02516	0.01743	0.02090	0.00000	0.01346	0.00450	0.01502	1.09647
2009	1.00000	0.02363	0.01444	0.02190	0.00000	0.01431	0.00430	0.01493	1.09351
2010	1.00000	0.02617	0.01768	0.02531	0.02195	0.01529	0.00430	0.01662	1.12732

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

Source: County of Orange Tax Rate, Tax Rate Area 16-020

CITY OF LA PALMA, CALIFORNIA

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Property Owner's Name	2010			2001		
	Revenue	Rank	Percentage of Net AV	Revenue	Rank	Percentage of Net AV
Realty Associates Fund IX LP	\$ 105,350,000	1	6.22%	\$ -		0.00%
Kaiser Foundation Health Plan	31,555,312	2	1.86%	-		0.00%
ADP Inc.	20,359,518	3	1.20%	15,752,089	2	1.47%
MPT of La Palma LP Prime Healthcare	19,819,620	4	1.17%	-		0.00%
La Palma Paper	19,667,389	5	1.16%	-		0.00%
BRE LQ Properties LLC	19,068,501	6	1.12%	-		0.00%
AL United States La Palma Senior Housing	15,334,455	7	0.90%	-		0.00%
Fresca Industrial Park	13,709,028	8	0.81%	-		0.00%
Huntington-Humboldt	13,658,062	9	0.81%	11,443,382	7	1.07%
Casa La Veta Associates	12,900,999	10	0.76%	10,809,077	9	1.01%
Arden Realty Finance	-		0.00%	84,078,369	1	7.85%
GIP California LLC	-		0.00%	15,697,800	3	1.47%
E-HWA Synthetic International	-		0.00%	15,467,849	4	1.44%
Anahiem Memorial Medical	-		0.00%	15,011,200	5	1.40%
Sepulveda Zombar Royale	-		0.00%	12,200,000	6	1.14%
Wallace Computer Services	-		0.00%	10,910,436	8	1.02%
La Quinta Development Partners	-		0.00%	9,946,845	10	0.93%
	<u>\$ 271,422,884</u>		<u>16.01%</u>	<u>\$ 201,317,047</u>		<u>18.80%</u>

The amounts shown above include assessed value data for both the City of La Palma and the La Palma Community Development Commission.

Source: County of Orange Assessor's Office

CITY OF LA PALMA, CALIFORNIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Amount Collected⁽¹⁾</u>
2001	\$ 3,119,070	\$ 3,119,070
2002	3,297,527	3,297,527
2003	3,095,966	3,095,966
2004	3,242,454	3,242,454
2005	3,413,111	3,413,111
2006	3,682,349	3,682,349
2007	3,989,459	3,989,459
2008	4,673,171	4,673,171
2009	4,783,370	4,783,370
2010	5,065,842	5,065,842

The amounts presented include City property taxes and the Community Development Commissions tax increment. This schedule also includes amounts collected and passed-through to other agencies.

⁽¹⁾Through an agreement with the County of Orange, effective for fiscal years beginning in 1994, the City of La Palma will receive 100% of its property tax levy in the current fiscal year.

Source: County of Orange Auditor-Controller

CITY OF LA PALMA, CALIFORNIA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Total Primary Government	Population	Debt Per Capita	Bonded Debt Per Capita	Bonded Debt as a Percentage of Personal Income
	Tax Allocation Bonds	Note Payable					
2001	\$ 9,850,000	\$ -	\$ 9,850,000	15,545	\$ 633.64	\$ 633.64	0.2612%
2002	10,030,000	-	10,030,000	15,855	632.61	632.61	0.2604%
2003	9,710,000	-	9,710,000	15,954	608.62	608.62	0.2701%
2004	9,380,000	-	9,380,000	16,028	585.23	585.23	0.2876%
2005	9,030,000	-	9,030,000	16,034	563.18	563.18	0.3161%
2006	8,670,000	-	8,670,000	16,028	540.93	540.93	0.3467%
2007	8,290,000	-	8,290,000	16,028	517.22	517.22	0.3897%
2008	7,890,000	-	7,890,000	16,091	490.34	490.34	0.4284%
2009	7,475,000	-	7,475,000	16,187	461.79	461.79	0.4567%
2010	7,040,000	-	7,040,000	16,205	434.43	434.43	0.4696%

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

Sources: State of California Finance Department and City of La Palma Finance Department

CITY OF LA PALMA, CALIFORNIA

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT

AS OF JUNE 30, 2010

2009-10 Assessed Valuation: \$1,695,126,085 (after deducting \$355,259,426 redevelopment incremental valuation)

<u>Direct and Overlapping Tax and Assessment Debt:</u>	<u>% Applicable</u>	<u>6/30/09 Debt</u>
Metropolitan Water District	0.074	\$ 195,523
North Orange County Joint Community College District	1.710	3,789,428
Anaheim Union High School District	3.638	4,269,701
Fullerton Joint Union High School District	1.377	816,050
Buena Park School District	9.091	965,463
Centralia School District	21.124	3,415,676
Cypress School District	9.465	2,271,382
City of La Palma	100.000	-
Total Direct and Overlapping Tax and Assessment Debt		<u>\$ 15,723,223</u>
<u>Overlapping General Fund Obligation Debt:</u>		
Orange County General Fund Obligations	0.358	\$ 1,399,877
Orange County Pension Obligations	0.358	212,414
Orange County Board of Education Certificates of Participation	0.358	68,843
Municipal Water District of Orange County Water Facilities Corporation	0.423	67,532
North Orange County ROP Certificates of Participation	1.77	203,907
Anaheim Union High School District Certificates of Participation	3.638	1,469,752
Fullerton Joint Union High School District Certificates of Participation	1.377	306,451
Centralia School District Certificates of Participation	21.124	309,467
Orange County Fire Authority General Fund Obligations	0.698	25,058
Total Gross Overlapping General Fund Obligation Debt		<u>4,063,301</u>
Less: MWDOC Water Facilities Corporation		<u>67,532</u>
Total Net Overlapping General Fund Obligation Debt		<u>\$ 3,995,769</u>
Gross Combined Total Debt		\$ 19,786,524 ⁽¹⁾
Net Combined Total Debt		\$ 19,718,992

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

Ratios to 2009-10 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.93%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt	1.48%
Net Combined Total Debt	1.47%

State School Building Aid Repayable as of 6/30/10: \$0

Source: California Municipal Statistics, Inc.

CITY OF LA PALMA, CALIFORNIA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Debt Limit Percentage</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to Debt Limit</u>	<u>Legal Debt Margin</u>
2001	\$ 1,071,477,245	3.750%	\$ 40,180,397	-	\$ 40,180,397
2002	1,151,612,584	3.750%	43,185,472	-	43,185,472
2003	1,156,203,351	3.750%	43,357,626	-	43,357,626
2004	1,219,288,694	3.750%	45,723,326	-	45,723,326
2005	1,304,656,046	3.750%	48,924,602	-	48,924,602
2006	1,397,263,921	3.750%	52,397,397	-	52,397,397
2007	1,509,443,337	3.750%	56,604,125	-	56,604,125
2008	1,636,207,200	3.750%	61,357,770	-	61,357,770
2009	1,673,970,266	3.750%	62,773,885	-	62,773,885
2010	1,695,055,043	3.750%	63,564,564	-	63,564,564

Sources: County of Orange Tax Assessor's Office and City of La Palma Finance Department

CITY OF LA PALMA, CALIFORNIA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Tax Allocation Bonds			Total Debt Service	Coverage
	Tax Increment	Principal	Interest		
2001	\$ 2,092,899	\$ 235,000	\$ 669,330	\$ 904,330	2.31
2002	1,912,815	260,000	400,617	660,617	2.90
2003	1,995,301	320,000	544,320	864,320	2.31
2004	2,071,959	330,000	531,387	861,387	2.41
2005	2,157,912	350,000	517,258	867,258	2.49
2006	2,372,410	360,000	501,423	861,423	2.75
2007	2,594,461	380,000	484,473	864,473	3.00
2008	3,267,265	400,000	465,573	865,573	3.77
2009	3,460,927	415,000	445,150	860,150	4.02
2010	3,326,416	435,000	423,660	858,660	3.87

Source: City of La Palma Finance Department

CITY OF LA PALMA, CALIFORNIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>City of La Palma Personal Income (In Thousands)</u>	<u>City of La Palma Per Capita Personal Income</u>	<u>City of La Palma Unemployment Rate</u>
2000	15,408	\$ 396,369	\$ 25,725	3.6%
2001	15,545	405,960	26,115	4.1%
2002	15,855	415,840	26,228	5.1%
2003	15,954	430,441	26,980	4.9%
2004	16,028	457,557	28,547	4.4%
2005	16,034	481,962	30,059	4.2%
2006	16,028	517,776	32,304	3.8%
2007	16,028	541,698	33,797	4.3%
2008	16,091	549,378	34,142	5.9%
2009	16,187	535,163	33,061	10.0%

Sources: State of California Department of Finance, U.S. Department of Commerce - Bureau of Economic Analysis, State of California Employment Development Department

CITY OF LA PALMA, CALIFORNIA

OPERATING INDICATORS BY FUNCTION

LAST EIGHT FISCAL YEARS

Function:	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Public safety:								
Calls for service	33,923	28,130	27,837	26,085	15,564	13,455	14,209	13,909
Crime reports	2,295	1,931	2,062	2,142	2,023	1,845	1,912	1,804
Arrests	1,383	1,031	1,056	1,034	859	698	759	596
Traffic citations	3,702	2,800	2,826	3,873	1,840	2,105	20,714	2,496
Parking citations	1,997	2,569	2,672	2,010	1,901	1,874	1,781	1,469
Other citations	119	113	130	117	75	145	118	85
Public works:								
Traffic signals maintained	18	18	18	18	18	*	*	*
Infrastructure improvement projects administered	21	20	10	3	4	*	*	*
Private development plans reviewed	1	2	5	5	5	*	*	*
Graffiti removal (square feet)	2,600	4,100	4,000	4,800	2,000	*	*	*
Street sweeping (miles)	62	62	62	62	62	*	*	*
Trees pruned	2,572	2,000	1,000	2,000	2,200	*	*	*
Recreation:								
Recreation classes	528	540	632	564	878	727	613	*
Recreation classes enrollment	3,794	3,748	3,455	3,790	4,094	4,343	4,556	*
Indoor facility rentals	222	100	23	431	382	325	316	*
Indoor facility rental hours	956	386	83	1,289	1,187	1,239	1,356	*
Outdoor facility rentals	239	223	236	390	381	339	464	*
Outdoor facility rental hours	787	683	760	964	1,154	1,022	1,409	*
Community development:								
Planning entitlements processed	16	16	20	12	10	13	11	16
Building permits issued	409	404	394	400	324	442	486	428
Estimated valuation of building permits	\$ 3,288,866	\$ 3,767,935	\$ 3,684,791	\$ 3,875,679	\$ 2,255,459	\$ 6,216,964	\$ 3,014,475	10,932,140
Code enforcement cases	589	503	323	501	450	583	683	*
Water:								
Average monthly consumption per household (cubic feet)	2,000	2,000	2,000	2,000	2,000	1,600	1,600	1,600
Customer accounts	4,374	4,374	4,323	4,323	4,323	*	*	*
Water samples taken	2,216	1,600	1,600	1,300	508	*	*	*

* Information not available.

Source: City of La Palma

CITY OF LA PALMA, CALIFORNIA

CAPITAL ASSETS STATISTICS BY FUNCTION

LAST FOUR FISCAL YEARS

Function:	Fiscal Year			
	2010	2009	2008	2007
Public safety:				
Police stations	1	1	1	1
Public works:				
Streets (miles)	31	31	31	31
Streetlights	972	972	972	972
Traffic signals	18	18	18	18
Recreation:				
Community centers	1	1	1	1
Parks	2	2	2	2
Water:				
Water mains (miles)	38	38	38	38
Maximum daily capacity (millions of gallons)	2.65	2.65	2.65	2.65
Fire hydrants	343	343	343	343
Water wells	2	2	2	2
Storage capacity (millions of gallons)	4.50	4.50	4.50	4.50
Reservoirs	2	2	2	2
Wastewater:				
Sanitary sewers (miles)	28	28	28	28
Storm drains (miles)	5	5	5	5
Manholes	631	631	631	631

The City of La Palma has elected to show only four years of data for this schedule.

* Information not available.

Source: City of La Palma

CITY OF LA PALMA, CALIFORNIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2010		2001	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
ADP Inc.	600	12.71%	800	20.00%
La Palma Intercommunity Community Hospital	480	10.17%	450	11.25%
BP West Coast Products	300	6.35%	300	7.50%
Unisource Worlwide	300	6.35%	0	0.00%
Anaheim Union High School District	205	4.34%	140	3.50%
Kellogg's Snacks	200	4.24%	300	7.50%
Performance Machine Inc.	205	4.34%	0	0.00%
Arcadia	150	3.18%	0	0.00%
Honeywell	100	2.12%	0	0.00%
C and D Zodiac	80	1.69%	0	0.00%
Forms Engineering	0	0.00%	130	3.25%
Thrifty Corporation	0	0.00%	100	2.50%
Orchid Paper Company	0	0.00%	300	7.50%
Mc Donald's	68	1.44%	58	1.45%

"Total employment" as used above represents the total employment of all employees located within City limits.

Source: City of La Palma Finance Department

CITY OF LA PALMA, CALIFORNIA

FULL-TIME BUDGETED POSITIONS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Recreation</u>	<u>Community Development</u>	<u>Water</u>	<u>Total</u>
2001	11.0	34.0	8.0	10.0	2.0	4.0	69.0
2002	11.0	34.0	8.0	10.0	2.0	4.0	69.0
2003	9.0	34.0	8.0	10.0	5.0	4.0	70.0
2004	9.0	33.0	7.0	10.0	4.0	3.0	66.0
2005	9.0	32.0	7.0	10.0	4.0	3.0	65.0
2006	9.0	33.0	7.0	9.0	4.0	4.0	66.0
2007	9.0	32.0	7.0	9.0	4.0	4.0	65.0
2008	9.0	32.0	7.0	9.0	4.0	4.0	65.0
2009	9.0	32.0	7.0	9.0	4.0	4.0	65.0
2010	9.0	32.0	7.0	9.0	4.0	4.0	65.0

Source: City of La Palma Finance Department