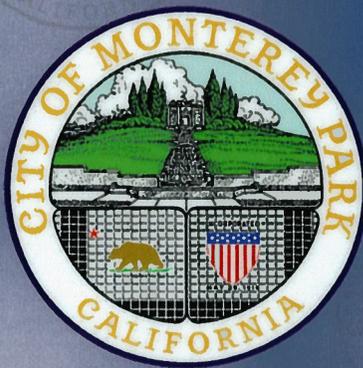


City of Monterey Park, California



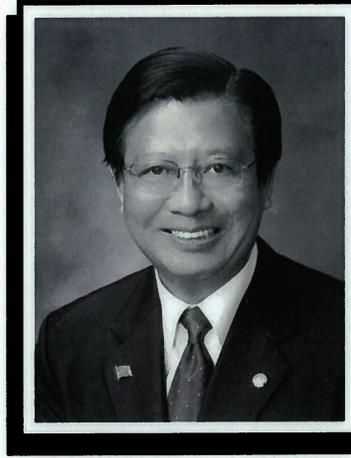
***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

Year ended June 30, 2011

City Council



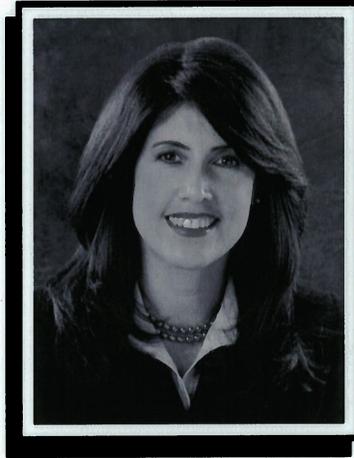
Mayor
Betty Tom Chu



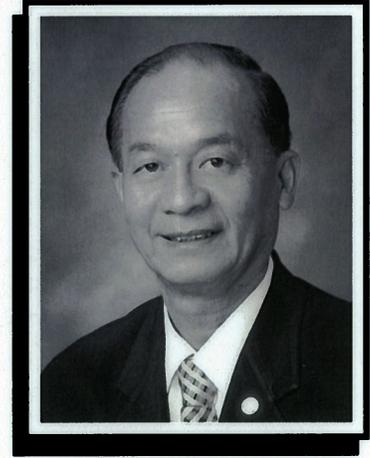
Mayor Pro Tem
David T. Lau



Council Member
Mitchell Ing



Council Member
Teresa Real Sebastian



Council Member
Anthony Wong

Joseph Leon - *City Treasurer*
David M. Barron - *City Clerk*

City Officials

Paul Talbot *City Manager*
 Jenkins & Hogin *City Attorney*
 Vacant *Director of Economic Development*
 Vacant *Director of Human Resources / Risk Management*
 Jim Basham *Director of Community Development*
 Elias Saykali *Director of Public Works*
 Dan Costley *Interim Director of Recreation/Community Services*
 Barbara Williams *City Librarian*
 James Birrell *Acting Fire Chief*
 Jim Smith *Interim Police Chief*
 Vacant *Director of Management Services*



City of Monterey Park, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year ended June 30, 2011

Prepared by the Management Services Department

Annie Yaung, CPFO
Financial Services Manager

CITY OF MONTEREY PARK
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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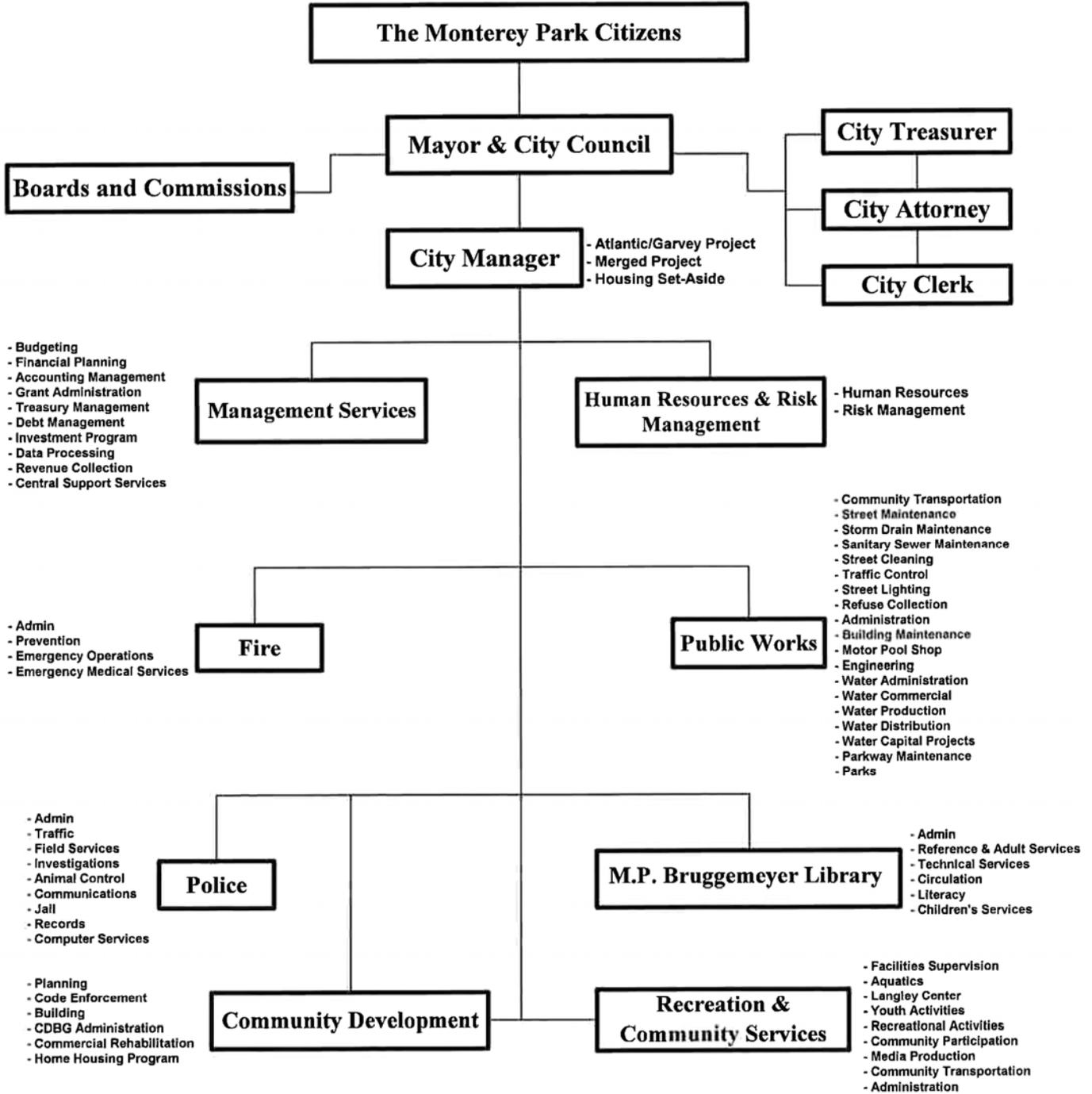
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City of Monterey Park Organization Chart



The City is a council-manager government, whose five council members are elected at a for four-year, overlapping terms of office.

CITY OF MONTEREY PARK

320 West Newmark Avenue • Monterey Park • California 91754-2896
www.ci.monterey-park.ca.us



City Council
Betty Tom Chu
Mitchell Ing
David T. Lau
Teresa Real Sebastian
Anthony Wong

City Clerk
David Barron

City Treasurer
Joseph Leon

November 23, 2011

Honorable Mayor and the City Council
City of Monterey Park, California

Re: 2010-11 Comprehensive Annual Financial Report

Monterey Park Municipal Code requires that the City annually publishes its financial statements audited by a firm of licensed certified public accountants. Pursuant to that requirement, we are presenting to you the Comprehensive Annual Financial Report of the City of Monterey Park for the fiscal year ended June 30, 2011.

The objective of the audit was to provide reasonable assurance that the City's financial statements are free of material misstatements. The audit involves examining the City's books and records supporting the amounts and disclosures in the financial statements, assessing the accounting principles used by City management, and evaluating the overall financial statement presentation. Based on the audit, the auditor issued an unqualified (or clean) opinion indicating that the City's 2010-11 financial statements are presented in conformity with generally accepted accounting principles. The auditor's report is included in the financial section of this report.

This report consists of management's representations concerning the finances of the City. Consequently, City Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, City Management has established an internal control system that is designed to protect City assets and to ensure that the accounting records provide a reliable basis for the preparation of the financial statements. Because the cost of internal controls should not exceed their benefits, the internal control has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As City Management, we assert that, to the best of our knowledge, this report is complete and reliable in all material respects.

Being a recipient of federal funds, the City is required to undergo an audit in accordance with the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133. Information relating to the single audit, including the grant expenditures and auditors' findings, will be issued in a separate report.

Discussions concerning the City's financial positions and activities for the 2010-11 fiscal year are included in Management's Discussion and Analysis and Notes to Financial Statements. We

encourage readers to read these sections in conjunction with this transmittal letter as well as the City's financial statements.

Profile of Monterey Park

The City of Monterey Park was incorporated in 1916 as a general law city. It operates under the council-manager form of municipal government. The City Council, which consists of five members, is elected at large and each serves a term of four years. The City Clerk and the City Treasurer are also elected by the citizens. The City Council appoints the City Manager, who has the responsibilities of overseeing City services and operations.

In addition to governing the City, the City Council serves as the governing board of the Monterey Park Community Redevelopment Agency, Public Financing Authority, and the Housing Authority. The financial information of these component units has been included with the City. Please see Notes to Financial Statements for discussion of the component units.

Monterey Park is a full service City, offering its residents a wide range of municipal services, including public safety, highways and streets, sanitation, water and sewer services, development and public infrastructure improvements, culture and leisure programming, general government functions, and others.

Budget

The annual budget serves as the foundation for the City's financial planning and control. The City starts its budget process in January with the publication of a midyear review report. The midyear review report includes revenue and expenditure estimates for the current and upcoming fiscal years, a five-year financial projection for all City funds, and a preliminary five-year capital improvement program.

Departments begin their budget preparation in March. After preliminary review by management, the Management Services Department compiles a proposed budget and submits to the City Council in May. In June, the City Council holds a public hearing to review and approve the proposed budget. The final budget, including adjustments by the City Council, is published in July.

Legal budgetary control for operating budgets is exercised at the department and fund level. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year for all funds. The City is required to adopt a balanced budget for its General Fund at the beginning of the fiscal year. A balanced budget means current revenues equal current expenditures.

Local Economy

The nation's economic recovery is proceeding at a moderate pace and overall conditions in the labor market are improving gradually. While there continue to be signs the economy is slowly

emerging from the severe economic downturn, State and local governments' fiscal conditions remain extremely weak.

Monterey Park is located six miles east of Los Angeles at the western gateway to the San Gabriel Valley. It encompasses an area of 7.73 square miles with a population of 61,000. Monterey Park is primarily a residential community, with 78% of its land zoned for single and multiple family housing. Major businesses include food and drug, auto sales, banking, restaurants, hospitals and medical offices, and light manufacturing. Like everyone else, Monterey Park is not immune and the budget has been seriously affected since 2009. Over the past three years, the City has experienced a major decline in sales tax revenue, interest income (from the weak investment market), and development related permits and service charges (from the weak construction activities). Overall, we anticipate a very slow recovery and there is potential for the City revenues to stay stagnant for a few years despite the City's stable property tax base that supports the City's property tax revenue and the new opening of the North Atlantic Times Square redevelopment project.

The City's economic development activities include redevelopment of commercial and residential properties, business support services, affordable housing, and preserving quality neighborhoods. Redevelopment agency funds, Community Development Block Grant, and Home Fund monies primarily finance the economic development activities and programs. In recent years, many large under-utilized residential lots are being combined and developed into multiple family housing. The City continues pursuing opportunities to develop affordable housing and has programs for residential maintenance, rental rehabilitation, and special needs housing.

Several major commercial development projects are currently underway. When completed, these projects will generate a large number of new jobs and tax revenues for the City. These major development projects are as follows:

Atlantic Times Square This is a retail/entertainment/residential center built on a seven-acre site at the intersection of North Atlantic Boulevard and Hellman Avenue. The project features 210 condominiums and approximately 200,000 square feet of commercial space anchored by a 14-screen AMC Theater. The Atlantic Times Square has now become the third largest property tax contributor for the City of Monterey Park and 30 new retailers have opened. Over 80% of the commercial portion is currently leased, but approximately two thirds of the residential still remains vacant in this difficult real estate market.

Towne Centre Towne Centre is a proposed mixed-use project at the southeast corner of Garvey and Garfield Avenues, in the downtown Monterey Park. Construction is scheduled to begin in 2012. Completion is expected within 18 to 24 months from start of construction.

Market Place This is a proposed 550,000 - 600,000 square feet retail center located on an Environmental Protection Agency Superfund site. The development of the shopping center includes the remediation of the site. Currently the City is negotiating with the developers and various agencies on development related issues. Construction is anticipated to begin in 2013 and completion is anticipated within 18 to 24 months from start of construction.

Financial Condition and Major Issues

The economic downturn that began more than four years ago has, indeed, proved to be among the most difficult challenges faced by the nation in many years. Despite conservative fiscal management, the City's end of year financial condition for the 2010-11 fiscal year was not strong due to economic weaknesses in many sectors, especially in sales tax, construction permits, and charges for services categories. However, as the City's development projects mentioned above continue to expand and move forward that will generate a large number of new jobs and tax revenues for the City.

The 2011-12 Budget includes a tightened spending plan and reflects modest personnel and operating budget reductions. The total budget presented, including funding for improvement to the City's infrastructure including street, sewer, park, and water systems, represents an approximately 2% reduction from last year. In addition, the City strives to improve efficiencies by aligning closely related programs as well as consolidating departments to achieve long-term financial stability.

Major financial issues of the City are summarized as follows.

Pension Funding The City provides its pension program through the California Public Employees' Retirement System (CalPERS). Funding of the City's pension cost comes from a special voter approved property tax. The current tax rate is 0.091175 per \$100 of assessed valuation. This rate is the same rate since 1983 and is also the maximum rate permitted under AB13. As a result, the City's retirement revenue can only increase as the property value increases and is insufficient to keep up with the increase in pension costs.

To close the gap, the City has taken various actions over the years including: extended funding period to reduce costs (1996, 1997, and 2004); established a Pension Liability Fund to create a pension reserve (2001); issued pension obligation bonds to save interest costs (2004); made annual budget transfers to build up pension reserves (2005 through present), and formed a Blue Ribbon Committee to assist the City in addressing the pension-funding shortfall. In Fiscal Year 2009-10, the City Council approved and adopted a resolution authorizing the pass-through of pension tax override collections that are distributed to the Redevelopment Agency as part of Tax Increment revenues to the Pension Retirement Fund. The transferred amount for 2010-11 was about \$900,000. There was no General Fund transfer to Retirement Fund in 2010-11. New MOU's adopted with our non-safety labor associations include employees picking up their full share of their PERS contribution, an additional 1.45% of payroll. We have also changed our rate for new hires to 2.5% at 55, instead of the previous 2.7% at 55.

The major losses PERS had experienced in 2009 due to the recession and the financial market crisis were factored into the June 30, 2009 valuation. This valuation is used to set local employers rates for the 2011/2012. In addition, layoffs or hiring freezes also affect the contribution rates. As a result, the rate increases are higher than what the City anticipated.

The City has another defined retirement plan, Massachusetts Mutual Retirement Plan (MMRP), which provides retirement benefits to miscellaneous employees who were employed prior to April 1, 1976. The MMRP has been fixed in place for 36 years. Of the 78 participants that remain in the plan as of the June 30, 2010 valuation date, all of whom are no longer employed by the City or are currently participating in PERS. The contribution for 2010-11 was \$801,000 for the City's obligations. Please refer to Note No. 10-A(b) of the Notes to Financial Statements for this pension plan details. It will be the City's efforts to continue to explore options to permanently resolve the pension funding issue.

Water Treatment Funding The City's water system serves 95% of the area in Monterey Park with 13,000 accounts. The water system has 12 wells, 13 reservoirs, 5 treatment plants, 11 pumping stations, and 134 miles of water mains. The City's water quality exceeds the current Federal and State standards and maintaining this high water quality is a priority of the water operation.

Due to the change in water quality standards, since 1999 the City has constructed five treatment plants with a total cost of \$10.2 million. The construction was funded by grants, settlements, loans from the City's Water Operation Fund, and loans from external sources. Additionally, the City has established a water treatment surcharge to pay for the ongoing treatment operation. The City is also continuing its efforts in seeking grants and legal actions to recover funds from the polluters.

Based on the 2010 annual water treatment surcharge report, which was reviewed by the City Council last November, barring from further changes to the water quality standards or new contaminations, the current water surcharge should provide sufficient revenue to support the water treatment operations, thus freeing up the water operation funds for capital improvements, primarily water main replacement.

National Pollutant Discharge Elimination System (NPDES) Funding The Federal Clean Water Act mandates governmental agencies to address pollutants that enter rivers and oceans. Monterey Park, like other Los Angeles County cities and the County, is required to establish programs to meet the conditions and requirements of the State's Regional Water Quality Control Board. These programs include inspections of restaurants and commercial establishments for discharges, field testing of the storm drain system to identify connections, the development and implementation of storm water management plans for new construction and development projects within the City, and the installation of physical controls at catch basins to comply with limits for pollutants. In 2001, the Water Quality Control Board issued a permit that imposed strict requirements for the elimination of trash and other pollutants from entering the storm drain system. If the City does not comply with the permit requirements it will be subject to fines and possible third-party lawsuits.

The City is working with coalitions of other cities to implement regional programs that are less costly and more efficient than city-based programs. Joining coalitions also allows for information sharing and providing a larger voice to the Water Board on requirements that are cost prohibitive or impractical.

Assessment District In 1993 the City created a citywide assessment district to finance the maintenance of lighting and landscaping of public streets. The assessment is \$40.97 for a single

family parcel. State law requires the City to annually renew the district to continue collecting the assessments. Since 1993, the City has renewed the assessment district each year. The City's balanced budget is predicated on the continued renewal of the assessment district in future years.

Infrastructure Improvements and Funding Continued investment in capital improvements is the key to a long-term economic success and better quality of life for our community. The City has made progress in updating its infrastructure through financing, maintenance fees, and grants. Examples include various street resurfacing, downtown pedestrian linkage plan, signage and wayfinding plan, evidence room storage system, zoning ordinance updates, monument signs replacement, online payment process payment system, and water main replacement. Technology development is also a priority of the City. As a result, network equipment and server grades are included in the budget to improve overall IT performance.

The City will continue seeking grants and financial assistances (for example Federal appropriations, Federal and State economic stimulus funding, and economic relief grants) to fund the City's capital improvements, including water capital improvements, sewer system upgrades, energy savings programs, and public safety equipment. At the same time, the City will explore financing options as well as self-funded projects that support the debt service payments with cost savings.

Other Post Employment Benefits (OPEB) The City provides retiree healthcare benefits for employees who retire from the City. Eligible retirees and dependents may elect lifetime coverage through the City's healthcare plans. The City makes contributions towards the retiree's premium up to specified caps that vary depending on bargaining unit and whether the participant has more or less than 20 years of service. Retirees pay the portion of premium not paid by the City. In addition to the direct City paid contribution, retirees also receive pre-65 benefits that are subsidized as they are eligible to receive coverage based on blended (active and retiree) premium rates instead of normally higher retiree rates. The City has implemented GASB 45 (Government Accounting Standards Board) and starting 2011-12, the City sets aside a budget of \$500,000 to pre-fund its OPEB (Other Post-Employment Benefits) costs. In addition, the City has negotiated with its non-safety labor units the discontinuance of OPEB funding for new hires and is working with existing employees to explore alternative plans as well.

Risk Management

Monterey Park is self-insured for general liability and workers' compensation. The City has acquired excess coverage for both from the Independent Cities Risk Management Authority, a joint power authority servicing 22 cities throughout Southern California.

To finance risk management, the City maintains internal service funds for general liability and workers' compensation insurances. The claims payable includes incurred-but-not-reported claims. The Human Resources and Risk Management Department, along with the City Safety Committee, actively administers various risk management programs including employee accident prevention training, claims review, and monthly safety meetings to reduce the City's exposure to loss.

Gann Spending Limitation

Article XIII B of the California Constitution (Gann Initiative), which was adopted in 1979 and amended in 1990 by Proposition 111, establishes a limit on government spending. The limit is calculated based on a government's 1978-79 appropriations adjusted each year by the change in California per capita income or the change in nonresidential assessed valuation combined with the change in city or county population. The City's 2010-11 appropriations limit was \$63.1 million and the City's actual appropriation subject to the limit was \$30.2 million.

Debt Administration

The primary objective of the City's debt administration is to maintain its accessibility to capital market at the lowest possible cost; i.e. interest cost, without endangering its ability to finance essential services. The City has been successful in obtaining financing for pension funding (Pension Obligation Bonds), redevelopment (tax allocation bonds), and various infrastructure improvements, including library expansion, water main replacement, and water treatment plants. The City's Other Post Employment Benefits Obligations are in compliance with GASB 45 and are reflected in its long-term debt. Please refer to Note No.8 of the Notes to Financial Statements for the City's outstanding debt.

Cash Management

While the City monitors its cash balance daily and invests temporarily idle funds in accordance with the Government Code and the City's Investment Policy, there is potential to further enhance our returns and cash management. The City's investment and cash management is through pooling of various City funds to maximize safe and efficient investment operations. Investment earnings are distributed based on average cash balance. In accordance with the City's Investment Policy, the City Treasurer oversees the City's investment activities. Investment Committee, which consists of the City Treasurer, City Manager, Director of Management Services (currently vacant for the past two years), and the Financial Services Manager, plans and develops investment strategies. The Management Services Department staff carries out the daily investment operations.

Each year the City Treasurer submits the City's investment policy to City Council for review. The City periodically submits its Investment Policy to the Municipal Treasurers Association of United States and Canada for certification to ensure the Policy meets the criteria established by the Association's Investment Policy Certification Program. The City's Investment Policy was last recertified in August 2010 and the latest certification award was received in February 2011.

During 2010-11, the City invested funds in the State of California Local Agency Investment Fund and certificates of deposit. Interest earnings were approximately \$262,000 for the City and \$142,000 for the Community Redevelopment Agency. The average yield was 0.50% for the City and 0.46% for the Redevelopment Agency. At June 30, 2011, the City and the Community Redevelopment Agency investment balances were \$56 million and \$22 million, respectively. Please refer to Note No. 2 of the Notes to the Financial Statements.

Awards

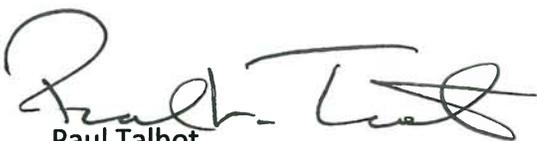
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. The City of Monterey Park has been awarded the Certificate of Achievement by GFOA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the 20th consecutive year the City received this award. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. Much credit for these awards goes to the Finance staff and the leadership of our Financial Services Manager, Annie Yaung, who has also been filling in for the vacant Management Services Director over the past few years.

The Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe this annual report continues to conform to the Certificate of Achievement program requirements and we will submit it to the GFOA for award consideration. In addition, the City's 2010-11 Budget has received awards for excellence in budgeting from both the Government Finance Officers Association of the United States and Canada and California Society of Municipal Finance Officers Association.

Acknowledgments

We would like to express our sincere appreciation to the staff of the Department of Management Services, especially to the professional finance staff whose efficient and dedicated services have made this timely preparation of this report possible. We would also like to thank the Mayor and City Council for your support of excellence in financial reporting and fiscal integrity.

Respectfully submitted,



Paul Talbot
City Manager



Annie Yaung, CPFO
Financial Services Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Monterey Park
California

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

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



A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Monterey Park
California**

For the Fiscal Year Beginning

July 1, 2010

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Monterey Park, CA** for its annual budget for the fiscal year beginning **July 1, 2010**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

California Society of Municipal Finance Officers

Certificate of Award

***Excellence in Operating Budget
Fiscal Year 2010-2011***

Presented to the

City of Monterey Park

For meeting the criteria established to achieve the Excellence Award in the Operating Budget.

February 24, 2011



Ronnie Campbell

Ronnie Campbell
CSMFO President

Chu Thai

Chu Thai, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Monterey Park
Monterey Park, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park, California (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Monterey Park for the year ended June 30, 2010, and in our report dated November 30, 2010, we expressed an unqualified opinion on those financial statements.

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 also 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

As explained further in Note 19 to the basic financial statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

As described in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

To the Honorable Mayor and Members of the City Council
of the City of Monterey Park
Monterey Park, California
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information, is not a required part of the basic financial statements, but is supplementary information required by the accounting standards 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 the Required Supplementary Information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
November 18, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Management Discussion and Analysis provides a narrative introduction, analysis, and overview that will assist in understanding of the City's financial statements. This analysis should be read in conjunction with the City's financial statements as of June 30, 2011, the transmittal letter, and notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide information of the City's financial activities in a manner similar to a private-sector company. Government-wide financial statements consist of the statement of net assets and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements provide both short-term and long-term information about the City's financial position, which is helpful in assessing the City's economic condition at the end of the fiscal year.

The statement of net assets presents all of the City's financial resources along with its capital assets and long-term obligations. The difference between the assets and the liabilities is reported as the net assets.

The statement of activities reports the gross and net costs of various activities carried out by the City and how the City's net assets changed during the fiscal year. This statement summarizes the cost of providing services by the City and includes all current year revenues and expenses.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e. governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e. business-type activities). The governmental activities of the City include general government, public safety, community development, culture and recreation, highways and streets, health, and debt service. The business-type activities reflect the City's water utility operations, waste management activities, and sanitary sewer activities.

The government-wide financial statements include not only the City but also those legally separate entities for which the City is financially accountable. These entities include the Monterey Park Community Redevelopment Agency, the Monterey Park Housing Authority, and the Monterey Park Public Financing Authority. Financial information for these component units is reported as an integral part of the City. Please refer to Note Number 1(a) of the Notes to Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts used to control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Governmental funds are accounted for using the modified accrual basis of accounting, which provides a detailed view of the City's current financial resources and the City's ability to meet its current expenditure needs. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental-wide activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, Debt Service Fund, and Capital Projects Fund, which are reported as major funds. Information for the other 14 governmental funds is combined into a single column under Nonmajor Special Revenue Governmental Funds. Data for the nonmajor governmental funds is provided in the combining statements in this report.

The City adopts an annual appropriated budget for its governmental funds. Budgeted expenditures are controlled at the fund level. Budgetary comparison statements have been provided to demonstrate compliance with this budget. Please refer to Note Number 1(e) of the Notes to Financial Statements.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, which is the same method used by private businesses. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The City maintains two different types of proprietary funds: enterprise fund and internal service fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account the operations for its water system, waste management activities, and sanitary sewer activities. Internal service fund is used to accumulate and allocate costs internally among the City's various functions, which include vehicle operation, workers compensation insurance, general liability insurance, separation benefits, and technology development. Because the internal service operations benefit both governmental and business-type functions, they have been proportionally allocated and included within the governmental and business-like activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.

Fiduciary Funds

Fiduciary funds are used to account for activities when the City acts as a trust or fiduciary to hold resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information further explains and supports the information in the financial statements. This section includes the schedules of the City's funding to employee pension program, other post-employment benefit program and the budgetary comparison for the General Fund, Special Revenue Grants Fund, and Special Revenue Retirement/Pension Liability Fund.

Other Supplementary Information

Other supplementary information includes combining and individual budgetary comparison for Governmental Funds, combining statements for Agency Funds and Internal Service Funds, and disclosure of the water operation activities and the water treatment activities of the Water Enterprise Fund, and the waste management activities of the Refuse Enterprise Fund.

Financial Highlights

- In Fiscal Year 2010-11, the City continued the transfer of the pass-through of pension tax override collections from Redevelopment Agency to Pension Liability Fund to strengthen its pension reserve.
- Total 2010-11 net assets increased by \$2.3 million (\$1.6 million decreases for governmental activities and offset by \$4 million increases for business-type activities) from 2009-10.
- As of June 30, 2011, the City's assets exceeded liabilities by \$86.6 million, of which \$62.4 million was related to investment in capital assets.
- At the 2010-11 year end, the General Fund total fund balance was \$13.1 million, decreased by \$617,000 from last year. In Fiscal Year 2010-11, the City Council adopted a fund balance policy and approved the City's definitions of reported fund balances as defined in the Governmental Accounting Standards Board Statement No. 54. Total unassigned General Fund balance was \$2.5 million at June 30, 2011.

Government-wide Financial Analysis

Net assets serve as an indicator of a government's financial position over time. As of June 30, 2011, the City's combined net assets (governmental and business-type activities) totaled \$86.6 million, up \$2.3 million over last year.

Net assets consist of three categories: invested in capital assets, restricted, and unrestricted. The largest portion of the City's net assets, approximately \$61.6 million, is the City's investment in capital assets including land, buildings, equipment, and infrastructure net of accumulated depreciation and related debt for acquiring these capital assets. Since the capital assets are used to provide services to citizens; therefore, they are not available to fund the City's day-to-day activities.

The City's restricted net assets totaled \$31.7 million at June 30, 2011. These are assets subject to external restrictions, constitutional provisions, or enabling legislation that limit how these assets may be used. The restricted assets include primarily community redevelopment debt service and housing set-aside funds and special revenue funds.

Unrestricted net assets are assets available for use by the City for any legal purpose. As of June 30, 2011, the City's total unrestricted net assets were a negative balance of \$7.5 million. The negative amount is a result of governments recognizing a liability, such as claims and judgments, compensated absences, other post employment benefits obligations, bonds, lease obligations, and loans, on the government-wide statement of net assets as soon as the obligation is incurred. As governments raise resources based on when liabilities are to be paid rather than when they are incurred, a negative balance in the unrestricted assets occurs. A deficit in unrestricted net assets provides a measure of how much the governments have already committed its future financial resources.

Net Assets
Fiscal Years Ended June 30, 2011 and June 30, 2010
(In thousands)

	Government Activities		Business-type Activities		Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Assets:						
Current	\$ 73,484	\$ 72,701	\$ 20,374	\$ 17,395	\$ 93,858	\$ 90,096
Non Current						
Capital Assets	45,845	46,963	26,309	25,772	72,154	72,735
Other Assets	40,677	41,960			40,677	41,960
Total Assets:	\$ 160,006	\$ 161,624	\$ 46,683	\$ 43,167	\$ 206,689	\$ 204,791
Liabilities:						
Current	\$ 10,491	\$ 12,930	\$ 3,204	\$ 2,830	\$ 13,695	\$ 15,760
Long-Term	100,032	97,564	6,354	7,165	106,386	104,729
Total liabilities:	\$ 110,523	\$ 110,494	\$ 9,558	\$ 9,995	\$ 120,081	\$ 120,489
Net Assets:						
Invested in Capital, Net of Related Debt	\$ 42,184	\$ 42,912	\$ 20,215	\$ 19,122	\$ 62,399	\$ 62,034
Restricted	31,741	51,501			31,741	51,501
Unrestricted	(24,442)	(43,283)	16,910	14,050	(7,532)	\$ (29,233)
Total Net Assets	\$ 49,483	\$ 51,130	\$ 37,125	\$ 33,172	\$ 86,608	\$ 84,302

Changes in Net Assets
Fiscal Years Ended June 30, 2011 and June 30, 2010
(In thousands)

	Government Activities		Business-type Activities		Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Revenues:						
<u>Program Revenues:</u>						
Charges for Services	\$ 7,512	\$ 8,401	\$ 19,560	\$ 16,707	\$ 27,072	\$ 25,108
Operation Grants & Contributions	4,953	5,394	225	337	5,178	5,731
Capital Grants & Contributions	1,646	2,930	74	80	1,720	3,010
<u>General Revenues:</u>						
Taxes	40,206	38,486	-	-	40,206	38,486
Other	1,148	1,939	1,405	445	2,553	2,384
Total Revenues:	<u>55,465</u>	<u>57,150</u>	<u>21,264</u>	<u>17,569</u>	<u>76,729</u>	<u>74,719</u>
Expenses:						
General Government	3,989	3,423	-	-	3,989	3,423
Public Safety	27,575	29,652	-	-	27,575	29,652
Comm. Development	11,028	13,428	-	-	11,028	13,428
Culture & Recreation	6,686	7,009	-	-	6,686	7,009
Highway/Streets	5,210	5,982	-	-	5,210	5,982
Health	120	89	6,122	5,974	6,242	6,063
Debt Services	2,785	2,909	-	-	2,785	2,909
Water	-	-	10,908	9,507	10,908	9,507
Total Expenses:	<u>57,393</u>	<u>62,492</u>	<u>17,030</u>	<u>15,481</u>	<u>74,423</u>	<u>77,973</u>
Increase in Net Assets						
Before Transfers	(1,928)	(5,318)	4,234	2,064	2,306	(3,254)
Transfer In (Out)	281	278	(281)	(278)	-	-
Increase in Net Assets	<u>(1,647)</u>	<u>(5,040)</u>	<u>3,953</u>	<u>1,786</u>	<u>2,306</u>	<u>(3,254)</u>
Net Assets – July 1	<u>51,130</u>	<u>56,170</u>	<u>33,172</u>	<u>31,386</u>	<u>84,302</u>	<u>87,556</u>
Net Assets – June 30	<u>\$ 49,483</u>	<u>\$ 51,130</u>	<u>\$ 37,125</u>	<u>\$ 33,172</u>	<u>\$ 86,608</u>	<u>\$ 84,302</u>

Governmental Activities Financial Analysis

Overall governmental activities decreased the City's net assets by \$1.6 million, due primarily to the economic downturn reflecting in the retail, real estate market, building activities, investment income, and other Post-Employment Health Benefit and Pension Obligation.

Governmental Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows and outflows during the fiscal year and balances of spendable resources at the end of the fiscal year. Such information is useful in assessing the City's financing requirements to meet the current needs. Unassigned fund balance may serve as a useful measure of the City's net resources available for appropriation.

As of June 30, 2011, the City's governmental funds reported a combined ending fund balance of \$78.9 million, an increase of \$2.3 million from the prior year. The fund balance categories of governmental fund displayed \$23 million nonspendable, \$29.4 million restricted, \$8.9 million committed, \$15.1 million assigned, and \$2.4 million as unassigned. Of the \$2.4 million unassigned, \$2.5 million was the General Fund portion, offset by a deficit of \$31,000 and \$75,000 unassigned portion in Public Safety Impact Fee Fund and Park Facilities Fund, respectively. These deficits will be eliminated in next year as the City receives revenues from development projects and reduces spending. Please refer to Note Number 14 of the Notes to Financial Statements for detailed breakdown.

There are five major fund types in the governmental funds; they are General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, Debt Service Fund, and Capital Projects Fund.

General Fund is the main operating fund of the City, which finances the majority of the police, fire, recreation, parks maintenance, public works, library, community development, and general administrative services. General Fund revenues for 2010-11 totaled \$29.4 million, an increase of \$362,000 over 2009-10. The increase mainly reflected in the property tax revenue category since in 2009-2010 the City recorded a \$1 million property tax state takeaway loan and in 2010-11, there was no such a takeaway from the State. General Fund expenditures for 2010-11 totaled \$30.3 million, down \$2.3 million from 2009-10.

As of June 30, 2011, the total fund balance of the General Fund was \$13.1 million, down by \$617,000 from last year. The unassigned portion of the fund balance was \$2.5 million.

Special Revenue Grants Fund reports the activities of various grants that the City received from the Federal, State, and County agencies. Unspent grant funds are accumulated for expenditures in the future years. Total grants received for governmental activities in 2010-11 were \$4.3 million, down \$2.1 million from last year. Total 2010-2011 grant funded expenditures were \$3.7 million, reflecting major decreases in community development and capital outlay, \$709,000 and \$2.2 million, respectively. The primarily decrease of expenditures was due to the completion of street improvement projects funded by the American Recovery and Reinvestment Act (ARRA) and the State Proposition 1B funds. Total fund balance of the Special Revenue Grants Fund as of June 30, 2011 was \$3.7 million.

Special Revenue Retirement/Pension Liability Fund accounts for revenue received from voter-approved property tax levied and authorized transfer of the pass-through of pension override from Redevelopment Agency to provide for employee retirement costs. Total revenues and transfers for 2010-11 were \$4.2 million and \$8.6 million, respectively. The \$8.6 million transfer included the current year (2010-11) portion and a recaptured portion of the pension override amounts covering

periods from 1982-83 to 2007-08. Total expenditures for 2010-11 were \$6.7 million, up \$284,000 from 2009-10. The increase in expenditures was due to higher PERS contribution rates for both the City's miscellaneous and safety retirement plans. Total fund balance in Retirement/Pension Liability Fund as of June 30, 2011 was \$10.3 million, which is restricted for employee retirement costs.

Debt Service Fund reflects the tax allocation bonds issued by the Monterey Park Community Redevelopment Agency. Total debt service revenues, primarily incremental property tax revenues, for 2010-11 were \$8.5 million, up \$53,000 from the prior fiscal year. The tax incremental revenue shows minimum increase despite the downturn of real estate market. The expenditures for 2010-11 were \$7.8 million, down \$2.6 million from 2009-10. The decrease in expenditures was because in 2009-10 there was a requirement of the State takeaway of \$2.6 million Redevelopment tax increment funds from us. Revenues in excess of debt service expenditures were transferred to the Capital Projects Fund for redevelopment activities. The fund balance in the Debt Service Fund of \$2.5 million, which is the money held by the fiscal agents. Please refer to Note Number 2 of the Notes to Financial Statements.

Capital Projects Fund accounts for the commercial and residential development activities of the Monterey Park Community Redevelopment Agency. Total revenues for 2010-11 were \$2.4 million, down \$85,000 from last year. The decrease was due mainly from the investment income. Total expenditures for 2010-11 were \$3.0 million, down \$709,000 from 2009-10. Total fund balance of the Capital Projects Fund as of June 30, 2011 was \$42.4 million. The fund balance is earmarked for redevelopment activities.

Non-major Special Revenue Funds accounts for various activities including street improvement, transportation, library expansion and services, air quality improvement, lighting and landscaping district, and public safety. Total revenues for 2010-11 were \$6.8 million, up \$941,000 from 2009-10. Total expenditures for 2010-11 were \$5.8 million, a decrease of \$940,000 over 2009-10. As of June 30, 2011, the fund balance of the Nonmajor Special Revenue Funds totaled \$6.9 million.

Business-type Activities Financial Analysis

The business-type activities reflect the City's water system, which includes water operation and water treatment; waste management activities; and sanitary sewer activities.

Total 2010-11 water revenues were \$14.9 million, an increase of \$3.5 million from 2009-10. Total 2010-11 expenses were \$10.8 million. The increased in water revenue was primarily due to sale of water rights to San Gabriel Valley Water Company which required additional water production. Overall, the net assets for the Water Fund increased by \$3.8 million. (Please refer to the Supplementary Information for the water operation and water treatment activities.)

General Fund Budgetary Highlights

The originally adopted General Fund budget for this fiscal year was \$30.4 million. There was a minor amendment of \$144,000 made by City Council during the year for the implementation of the police and fire salary adjustments.

Capital Asset Administration

The City's capital assets, net of accumulated depreciation, for its governmental and business type activities as of June 30, 2011, totaled \$72.2 million, decrease \$582,000 over the prior year. The

capital assets include land, buildings, improvements, machinery and equipment, parks, roads, traffic lights, and traffic signals. (Readers desiring more detailed information on capital asset activity should refer to Note 6 of the Notes to Financial Statements.)

Capital Assets Net of Depreciation
Fiscal Years Ended June 30, 2011 and June 30, 2010
(In thousands)

	Government		Business-type		Total	
	Activities		Activities			
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Land	\$ 7,445	\$ 7,445	\$ 500	\$ 500	\$ 7,945	\$ 7,945
Buildings	18,901	19,448	192	197	19,093	19,645
Improvements	7,784	7,264	23,329	22,549	31,113	29,813
Construction in Progress	14	526	342	349	356	875
Equipment	3,269	4,247	301	425	3,570	4,672
Infrastructure	8,433	8,033	1,645	1,754	10,078	9,787
	<u>\$ 45,846</u>	<u>\$ 46,963</u>	<u>\$ 26,309</u>	<u>\$ 25,774</u>	<u>\$ 72,155</u>	<u>\$ 72,737</u>

Major capital asset additions during the fiscal year include the following:

- Installed bus shelters and seating for various bus stop on Garfield Avenue.
- Completed Langley Center parking lot expansion which included installation of the new landscaped area, provided a new passive area for the residents.
- Completed Langley Center roof replacement.
- Continued various street resurfacing, alley improvements and sidewalk improvements.
- Continued water wells, water mains, and pumping station improvements according to the adopted Water Master Plan.
- Purchased 14 vehicles, including one ambulance, four police vehicles, four park utility trucks and five miscellaneous vehicles.

Debt Administration

As of June 30, 2011, the City's debt totaled \$111.3 million, an increase of \$3.2 million during the fiscal year. This is due to increases in tax increment deferred loan and Other Post Employment Benefits Obligations. Please refer to Note Number 8 of the Notes to the Financial Statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$809 million.

Outstanding Debt
Fiscal Years ended June 30, 2011 and June 30, 2010
(In thousands)

	Government Activities		Business-Type Activities		Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Capital Leases	\$ 1,326	\$ 1,430	\$ 6,095	\$ 6,651	\$ 7,421	\$ 8,081
Tax Allocation Bonds	26,975	28,095	-	-	26,975	28,095
Pension Obligation Bonds	16,345	16,855	-	-	16,345	16,855
Compensated Absences	4,952	5,538	453	469	5,405	6,007
Tax Increment						
Deferred Loans	34,611	30,835	-	-	34,611	30,835
Section 108 Loan	4,768	5,033	-	-	4,768	5,033
Library Special Tax						
Revenue Note	2,335	2,621	-	-	2,335	2,621
Claims and Judgments	5,992	5,714	-	-	5,992	5,714
Other Post Employment						
Benefits	7,078	4,595	413	255	7,491	4,850
	<u>\$ 104,382</u>	<u>\$ 100,716</u>	<u>\$ 6,961</u>	<u>\$ 7,375</u>	<u>\$ 111,343</u>	<u>\$ 108,091</u>

Economic Factors and Next Year's Budgets

- The City's assessed valuation is approximately \$5.6 billion, up \$113,000 from last year.
- The 2011-12 Budget represents an approximately 2% decrease from 2010-11. The 2011-12 adopted budget reflects organizational improvements in aligning closely related programs, strengthening the City's economic development function, and improving coordination and effectiveness of City's housing and community development services. Additionally, to overcome the financial challenges brought by the on-going recession, the 2011-12 Budget has been focused on adjusting the City's expenditures to the current economic conditions as well as striving to be more efficient with the resources we have.
- In 2009-10, the City adopted a resolution authorizing the transfer of tax increment revenues related to pension tax override collections from the Redevelopment Agency to the Pension Liability Special Revenue Fund. The projected amount for 2011-12 is \$900,000. The City will be continuously working on solutions to mitigate the future pension funding gap.
- The Atlantic Times Square development, which is a mixed-use commercial and residential project at North Atlantic Boulevard and Hellman Avenue, is 100% complete with most stores and the AMC Theater open now for business. The City expects to generate more sales tax and property tax revenues and job opportunities from this project since it has now become the third largest property tax contributor for the City of Monterey Park.

- The City continues to pursue opportunities to develop affordable housing and also maintains programs for residential maintenance, and rental rehabilitation. Major commercial developments include Towne Centre in the downtown area and Market Place at the south part of the town.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all interested persons and organizations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Management Services Department, City of Monterey Park, 320 West Newmark Avenue, Monterey Park, CA 91754.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Monterey Park
Statement of Net Assets
June 30, 2011**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 66,544,563	\$ 18,363,312	\$ 84,907,875
Cash and investments held by fiscal agent	2,472,491	-	2,472,491
Accounts receivable	4,301,139	2,069,026	6,370,165
Interest receivable	99,707	-	99,707
Inventory	701	-	701
Prepaid items	7,100	-	7,100
Internal balance	58,643	(58,643)	-
Total current assets	<u>73,484,344</u>	<u>20,373,695</u>	<u>93,858,039</u>
Noncurrent assets:			
Notes receivable, net	9,863,648	-	9,863,648
Deferred charges	877,300	-	877,300
Net pension asset	19,119,644	-	19,119,644
Land held for resale	10,815,327	-	10,815,327
Capital assets:			
Not being depreciated	7,458,865	842,323	8,301,188
Being depreciated, net	38,386,820	25,467,048	63,853,868
Total noncurrent assets	<u>86,521,604</u>	<u>26,309,371</u>	<u>112,830,975</u>
Total assets	<u>160,005,948</u>	<u>46,683,066</u>	<u>206,689,014</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	2,017,474	2,169,309	4,186,783
Accrued payroll	755,409	45,582	800,991
Interest payable	630,412	-	630,412
Deposits and advances	889,882	382,093	1,271,975
Due to other governmental agencies	796,372	-	796,372
Unearned revenue	163,746	-	163,746
Current bonds payable	1,660,000	-	1,660,000
Current loans and notes payable	578,030	-	578,030
Current compensated absences payable	495,195	45,329	540,524
Current claims and judgments payable	2,396,596	-	2,396,596
Current capital lease obligations	107,897	561,668	669,565
Total current liabilities	<u>10,491,013</u>	<u>3,203,981</u>	<u>13,694,994</u>
Noncurrent liabilities			
Net pension obligation	887,600	-	887,600
Long-term bonds payable	41,660,000	-	41,660,000
Long-term loans and notes payable	6,525,078	-	6,525,078
Long-term tax deferred loans payable	34,610,799	-	34,610,799
Long-term compensated absences payable	4,456,756	407,962	4,864,718
Long-term claims and judgments payable	3,594,895	-	3,594,895
Long-term capital lease obligations	1,218,566	5,533,108	6,751,674
Other post-employment health benefits liability	7,077,981	413,019	7,491,000
Total noncurrent liabilities	<u>100,031,675</u>	<u>6,354,089</u>	<u>106,385,764</u>
Total liabilities	<u>110,522,688</u>	<u>9,558,070</u>	<u>120,080,758</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	42,184,114	20,214,595	62,398,709
Restricted for:			
Nonexpendable Housing Fund land held for resale	2,292,090	-	2,292,090
Special revenues	20,999,393	-	20,999,393
Debt service	2,472,362	-	2,472,362
Housing set-aside	5,977,326	-	5,977,326
Unrestricted (deficits)	(24,442,025)	16,910,401	(7,531,624)
Total net assets	<u>\$ 49,483,260</u>	<u>\$ 37,124,996</u>	<u>\$ 86,608,256</u>

See accompanying Notes to Basic Financial Statements.

City of Monterey Park
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,989,032	\$ 626,842	\$ 216,000	\$ -
Public safety	27,575,013	3,186,391	420,671	-
Community development	11,027,820	1,567,774	1,967,279	-
Culture and recreation	6,685,623	770,602	419,031	150,000
Highway and streets	5,209,925	1,360,611	1,929,745	1,496,048
Health	120,000	-	-	-
Interest and fiscal charges	2,785,485	-	-	-
Total governmental activities	<u>57,392,898</u>	<u>7,512,220</u>	<u>4,952,726</u>	<u>1,646,048</u>
Business-type activities:				
Water	10,907,990	13,306,941	225,000	74,414
Refuse	5,812,305	5,980,597	-	-
Sewer	310,115	271,984	-	-
Total business-type activities	<u>17,030,410</u>	<u>19,559,522</u>	<u>225,000</u>	<u>74,414</u>
Total	<u>\$ 74,423,308</u>	<u>\$ 27,071,742</u>	<u>\$ 5,177,726</u>	<u>\$ 1,720,462</u>

See accompanying Notes to Basic Financial Statements.

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (3,146,190)	\$ -	\$ (3,146,190)
Public safety	(23,967,951)	-	(23,967,951)
Community development	(7,492,767)	-	(7,492,767)
Culture and recreation	(5,345,990)	-	(5,345,990)
Highway and streets	(423,521)	-	(423,521)
Health	(120,000)	-	(120,000)
Interest and fiscal charges	(2,785,485)	-	(2,785,485)
Total governmental activities	(43,281,904)	-	(43,281,904)
Business-type activities:			
Water	-	2,698,365	2,698,365
Refuse	-	168,292	168,292
Sewer	-	(38,131)	(38,131)
Total business-type activities	-	2,828,526	2,828,526
Total	(43,281,904)	2,828,526	(40,453,378)
General Revenues:			
Taxes:			
Property taxes	27,331,232	-	27,331,232
Sales taxes	4,803,406	-	4,803,406
Vehicle in-lieu taxes (Unrestricted, intergovernmental)	345,406	-	345,406
Utility user taxes	3,219,600	-	3,219,600
Franchise taxes	967,322	-	967,322
Business license taxes	944,837	-	944,837
Transient occupancy taxes	756,873	-	756,873
Other taxes	1,837,784	-	1,837,784
Revenues from use of money and property	891,671	-	891,671
Other	249,075	1,395,479	1,644,554
Gain on sale of capital assets	6,627	9,865	16,492
Transfers	281,400	(281,400)	-
Total general revenues and transfers	41,635,233	1,123,944	42,759,177
Changes in net assets	(1,646,671)	3,952,470	2,305,799
Net assets - beginning of year, as restated (Note 18)	51,129,931	33,172,526	84,302,457
Net assets - end of year	\$ 49,483,260	\$ 37,124,996	\$ 86,608,256

See accompanying Notes to Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Balance Sheet - Governmental Funds
June 30, 2011
(with comparative totals as of June 30, 2010)

	Major Funds			
	General	Special Revenue Grants	Special Revenue Retirement/Pension	Debt Service
<u>Assets</u>				
Cash and investments	\$ 12,592,609	\$ 3,814,003	\$ 10,272,702	\$ 2,220,247
Cash and investments held by fiscal agents	-	-	129	2,472,362
Accounts receivable	2,481,415	367,025	126,973	641,535
Interest receivable	56,103	1,291	-	13,580
Due from other funds	510,017	-	-	-
Notes receivable	163,746	796,372	-	-
Land held for resale	-	-	-	-
Advances to other funds	703,230	-	-	-
Prepaid items	7,100	-	-	-
Total Assets	\$ 16,514,220	\$ 4,978,691	\$ 10,399,804	\$ 5,347,724
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 672,102	\$ 127,614	\$ 750	\$ 258,159
Accrued payroll	612,134	5,798	81,670	-
Deposits and advances	878,077	3,000	-	-
Due to other funds	-	300,051	38,956	-
Due to other governmental agencies	-	796,372	-	-
Deferred revenue	1,206,671	-	-	-
Advances from other funds	-	-	-	2,617,203
Total Liabilities	3,368,984	1,232,835	121,376	2,875,362
Fund Balance:				
Nonspendable				
Notes receivable	-	-	-	-
Land held for resale	-	-	-	-
Advances to other funds	703,230	-	-	-
Prepaid items	7,100	-	-	-
Restricted				
Grants	-	3,745,856	-	-
Retirement	-	-	10,278,428	-
Debt service	-	-	-	2,472,362
Housing set-aside	-	-	-	-
Nonmajor special revenue funds	-	-	-	-
Committed				
General fund	5,340,000	-	-	-
Capital projects funds	-	-	-	-
Assigned				
General fund	4,589,465	-	-	-
Capital projects funds	-	-	-	-
Unassigned				
General fund	2,505,441	-	-	-
Nonmajor special revenue funds	-	-	-	-
Total Fund Balance	13,145,236	3,745,856	10,278,428	2,472,362
Total Liabilities and Fund Balance	\$ 16,514,220	\$ 4,978,691	\$ 10,399,804	\$ 5,347,724

See Accompanying Notes to Basic Financial Statements.

	Major Funds		Nonmajor	
	Capital Projects	Special Revenue Funds	Total Governmental Funds	
			2011	2010
<u>Assets</u>				
Cash and investments	\$ 20,104,340	\$ 7,545,131	\$ 56,549,032	\$ 55,389,669
Cash and investments held by fiscal agents	-	-	2,472,491	2,475,358
Accounts receivable	160,384	410,475	4,187,807	5,610,943
Interest receivable	23,570	5,163	99,707	112,547
Due from other funds	-	-	510,017	1,959,950
Notes receivable	8,903,530	-	9,863,648	10,035,550
Land held for resale	10,815,327	-	10,815,327	10,815,327
Advances to other funds	2,617,203	-	3,320,433	3,283,628
Prepaid items	-	-	7,100	14,200
Total Assets	\$ 42,624,354	\$ 7,960,769	\$ 87,825,562	\$ 89,697,172
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 250,313	\$ 196,218	\$ 1,505,156	\$ 3,239,804
Accrued payroll	4,347	20,694	724,643	1,493,038
Deposits and advances	8,805	-	889,882	1,096,099
Due to other funds	-	171,010	510,017	1,959,950
Due to other governmental agencies	-	-	796,372	783,907
Deferred revenue	-	-	1,206,671	1,231,587
Advances from other funds	-	703,230	3,320,433	3,283,628
Total Liabilities	263,465	1,091,152	8,953,174	13,088,013
Fund Balance:				
Nonspendable				
Notes receivable	8,903,530	-	8,903,530	9,062,980
Land held for resale	10,815,327	-	10,815,327	10,815,327
Advances to other funds	2,617,203	-	3,320,433	3,283,628
Prepaid items	-	-	7,100	14,200
Restricted				
Grants	-	-	3,745,856	3,183,818
Retirement	-	-	10,278,428	4,173,029
Debt service	-	-	2,472,362	2,474,892
Housing set-aside	5,977,326	-	5,977,326	4,843,594
Nonmajor special revenue funds	-	6,975,109	6,975,109	5,921,859
Committed				
General fund	-	-	5,340,000	5,340,000
Capital projects funds	3,524,270	-	3,524,270	3,524,270
Assigned				
General fund	-	-	4,589,465	5,221,333
Capital projects funds	10,523,233	-	10,523,233	16,305,820
Unassigned				
General fund	-	-	2,505,441	2,505,441
Nonmajor special revenue funds	-	(105,492)	(105,492)	(61,032)
Total Fund Balance	42,360,889	6,869,617	78,872,388	76,609,159
Total Liabilities and Fund Balance	\$ 42,624,354	\$ 7,960,769	\$ 87,825,562	\$ 89,697,172

See Accompanying Notes to Basic Financial Statements.

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CITY OF MONTEREY PARK
Reconciliation of the Statement of Net Assets
of Government Activities
For the Year Ended June 30, 2011

Total fund balance of governmental funds in fund statements	\$ 78,872,388
Internal service funds are used by management to charge the costs of separation benefits, workers' compensation, vehicle, technology and general liability to individual funds. The assets and liabilities of internal service funds are reported with governmental activities in the statement of net assets. Total net assets is \$4,958,700 plus the portion of the current year change in net assets allocated to Business-Type activities of \$(58,643).	5,017,343
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Total gov't assets of \$45,845,685 less ISF of \$1,552,662 which has already been accounted in the reconciliation of Internal Service Funds elimination).	44,293,023
Long-term liabilities \$104,381,793 are not due and payable in the current period and therefore are not reported in the funds, net of \$6,047,110 included in reconciliation of internal service funds.	(98,334,683)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(630,412)
Deferred Charges related to issuance of long term debt are recorded as expenditures in governmental fund statements.	877,300
Net pension asset is not available to pay for current period expenditures and therefore is not recorded in the governmental funds.	19,119,644
Net pension obligation is not due and payable in the current period and therefore is not reported in the governmental funds.	(887,600)
Proposition 1A and CDBG Revenue earned but unavailable is recorded as deferred revenue in governmental fund statements.	1,156,257
Net assets of governmental activities	\$ 49,483,260

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	Major Funds			
	General	Special Revenue Grants	Special Revenue Retirement/Pension	Debt Service
Revenues:				
Taxes	\$ 21,781,215	\$ -	\$ 4,175,348	\$ 8,465,048
Licenses and permits	1,661,496	-	-	-
Intergovernmental revenues	-	4,262,737	-	-
Charges for services	4,297,109	4,228	-	-
Revenues from use of money and property	591,777	5,097	129	31,092
Fines and forfeitures	786,734	-	-	-
Other	251,919	-	-	-
Total Revenues	29,370,250	4,272,062	4,175,477	8,496,140
Expenditures:				
Current:				
General government	2,674,233	-	952,104	144,748
Public safety	20,712,004	235,601	3,752,086	-
Community development	1,533,367	874,009	160,382	5,184,128
Culture and recreation	4,391,874	376,819	332,863	-
Highways and streets	913,979	16,178	23,851	-
Health	-	-	-	-
Capital outlay	59,552	1,547,102	-	-
Debt service:				
Principal retirement	-	368,241	510,000	1,120,000
Interest and fiscal charges	-	278,185	996,408	1,326,671
Total Expenditures	30,285,009	3,696,135	6,727,694	7,775,547
Excess (Deficiency) of Revenues Over Expenditures	(914,759)	575,927	(2,552,217)	720,593
Other Financing Sources (Uses):				
Transfers in	295,289	-	8,657,616	-
Transfers out	-	(13,889)	-	(4,498,847)
Proceeds from sale of property	2,002	-	-	-
Issuance of tax increment deferred loan	-	-	-	3,775,724
Total Other Financing Sources (Uses)	297,291	(13,889)	8,657,616	(723,123)
Net Change in Fund Balances	(617,468)	562,038	6,105,399	(2,530)
Fund Balances, Beginning of Year, as restated (Note 18)	13,762,704	3,183,818	4,173,029	2,474,892
Fund Balances, End of Year	\$ 13,145,236	\$ 3,745,856	\$ 10,278,428	\$ 2,472,362

See Accompanying Notes to Basic Financial Statements.

	Major Funds	Nonmajor	Total Governmental Funds	
	Capital Projects	Special Revenue Funds	2011	2010
Revenues:				
Taxes	\$ 2,116,262	\$ 6,030,737	\$ 42,568,610	\$ 38,619,421
Licenses and permits	-	-	1,661,496	2,419,414
Intergovernmental revenues	-	-	4,262,737	6,318,925
Charges for services	-	252,794	4,554,131	5,517,984
Revenues from use of money and property	119,547	20,010	767,652	939,476
Fines and forfeitures	-	485,683	1,272,417	1,393,098
Other	124,395	-	376,314	996,867
Total Revenues	2,360,204	6,789,224	55,463,357	56,205,185
Expenditures:				
Current:				
General government	-	-	3,771,085	3,633,847
Public safety	-	992,581	25,692,272	26,459,263
Community development	2,978,231	96,862	10,826,979	14,907,762
Culture and recreation	-	459,781	5,561,337	5,870,577
Highways and streets	-	3,480,802	4,434,810	4,721,343
Health	-	120,000	120,000	120,000
Capital outlay	16,204	218,842	1,841,700	5,537,986
Debt service:				
Principal retirement	-	286,028	2,284,269	2,229,221
Interest and fiscal charges	-	130,163	2,731,427	2,853,313
Total Expenditures	2,994,435	5,785,059	57,263,879	66,333,312
Excess (Deficiency) of Revenues Over Expenditures	(634,231)	1,004,165	(1,800,522)	(10,128,127)
Other Financing Sources (Uses):				
Transfers in	4,498,847	-	13,451,752	5,344,657
Transfers out	(8,657,616)	-	(13,170,352)	(5,066,657)
Proceeds from sale of property	-	4,625	6,627	599,751
Issuance of tax increment deferred loan	-	-	3,775,724	3,705,856
Total Other Financing Sources (Uses)	(4,158,769)	4,625	4,063,751	4,583,607
Net Change in Fund Balances	(4,793,000)	1,008,790	2,263,229	(5,544,520)
Fund Balances, Beginning of Year, as Restated (Note 18)	47,153,889	5,860,827	76,609,159	82,153,679
Fund Balances, End of Year	\$ 42,360,889	\$ 6,869,617	\$ 78,872,388	\$ 76,609,159

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

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

Net change in fund balance - total governmental funds	\$ 2,263,229
<p>Internal service funds are used by management to charge the costs of separation benefits, workers' compensation, vehicle, technology and general liability to individual funds. The net expense of certain activities of internal service fund of \$423,498 is reported with governmental activities. This amount includes \$22,757 charged to the Water Enterprise fund.</p>	
	423,498
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
<p>Capital outlay (\$480,008 of capital outlay expenditures was for current program expenditures and was not capitalized), net of internal service fund addition of \$634,219</p>	
	1,361,692
<p>Depreciation expense, net of internal service fund depreciation expense of \$626,636</p>	
	(2,486,233)
<p>In the fund statements, debt issuances in the amount of \$3,775,724 were recorded as Other Financing Sources. Also principal debt repayment of \$2,284,269 was recorded as an expenditure. However, these transactions are not recorded in the Statement of Activities. Instead, these transactions are recorded as long-term debt payable in the Statement of Net Assets.</p>	
	(1,491,455)
<p>Amortization of bond issuance costs, bond discounts, and reacquisition cost in excess of the carrying value of the refunded bonds is not recorded in governmental fund statements.</p>	
	(75,968)
<p>Change in net pension asset reported in the statements of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.</p>	
	232,788
<p>Changes in compensated absences which are not due and payable in the governmental funds are charged to expenses in the Statement of Activities.</p>	
	592,261
<p>OPEB obligation costs are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
	(2,483,235)
<p>Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
	21,910
<p>Deferred revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the fiscal year</p>	
	(5,158)
Change in net assets of governmental activities	\$ (1,646,671)

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Net Assets
Proprietary Funds
June 30, 2011
(with comparative totals as of June 30, 2010)

	Enterprise			
	Water Utility	Refuse	Nonmajor (Sewer)	Total
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 15,045,706	\$ 2,735,665	\$ 581,941	\$ 18,363,312
Accounts receivable	1,462,718	575,504	30,804	2,069,026
Inventory	-	-	-	-
Total Current Assets	<u>16,508,424</u>	<u>3,311,169</u>	<u>612,745</u>	<u>20,432,338</u>
Noncurrent Assets:				
Nondepreciable capital assets	842,323	-	-	842,323
Depreciable capital assets, net of accumulated depreciation	<u>23,755,866</u>	<u>5,829</u>	<u>1,705,353</u>	<u>25,467,048</u>
Total Capital Assets	<u>24,598,189</u>	<u>5,829</u>	<u>1,705,353</u>	<u>26,309,371</u>
Total Assets	<u>41,106,613</u>	<u>3,316,998</u>	<u>2,318,098</u>	<u>46,741,709</u>
<u>Liabilities and Net Assets</u>				
Current Liabilities:				
Accounts payable	1,758,669	410,263	377	2,169,309
Accrued payroll	38,801	5,497	1,284	45,582
Deposits and advances	382,093	-	-	382,093
Claims and judgments payable-current	-	-	-	-
Current capital lease obligations	561,668	-	-	561,668
Current compensated absences payable	<u>33,399</u>	<u>9,508</u>	<u>2,422</u>	<u>45,329</u>
Total Current Liabilities	<u>2,774,630</u>	<u>425,268</u>	<u>4,083</u>	<u>3,203,981</u>
Noncurrent Liabilities:				
Long-term claims and judgments payable	-	-	-	-
Long-term capital lease obligations	5,533,108	-	-	5,533,108
Compensated absences payable	300,594	85,572	21,796	407,962
OPEB obligations payable	<u>413,019</u>	<u>-</u>	<u>-</u>	<u>413,019</u>
Total Noncurrent Liabilities	<u>6,246,721</u>	<u>85,572</u>	<u>21,796</u>	<u>6,354,089</u>
Total Liabilities	<u>9,021,351</u>	<u>510,840</u>	<u>25,879</u>	<u>9,558,070</u>
Net Assets:				
Invested in capital assets, net of related debt	18,503,413	5,829	1,705,353	20,214,595
Unrestricted	<u>13,581,849</u>	<u>2,800,329</u>	<u>586,866</u>	<u>16,969,044</u>
Total Net Assets	<u>32,085,262</u>	<u>2,806,158</u>	<u>2,292,219</u>	<u>37,183,639</u>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund	<u>(96,282)</u>	<u>37,639</u>	<u>-</u>	<u>(58,643)</u>
Net Assets of Business-type Activities	<u>\$ 31,988,980</u>	<u>\$ 2,843,797</u>	<u>\$ 2,292,219</u>	<u>\$ 37,124,996</u>

See Accompanying Notes to Basic Financial Statements.

	Internal Service	Total Proprietary Funds	
		2011	2010
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 9,995,531	\$ 28,358,843	\$ 24,602,972
Accounts receivable	-	2,069,026	1,718,786
Inventory	701	701	17,025
Total Current Assets	<u>9,996,232</u>	<u>30,428,570</u>	<u>26,338,783</u>
Noncurrent Assets:			
Nondepreciable capital assets	-	842,323	865,672
Depreciable capital assets, net of accumulated depreciation	<u>1,552,662</u>	<u>27,019,710</u>	<u>26,453,197</u>
Total Capital Assets	<u>1,552,662</u>	<u>27,862,033</u>	<u>27,318,869</u>
Total Assets	<u>11,548,894</u>	<u>58,290,603</u>	<u>53,657,652</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities:			
Accounts payable	512,318	2,681,627	2,304,448
Accrued payroll	30,766	76,348	67,824
Deposits and advances	-	382,093	379,876
Claims and judgments payable-current	2,396,596	2,396,596	2,285,682
Current capital lease obligations	-	561,668	556,010
Current compensated absences payable	<u>5,562</u>	<u>50,891</u>	<u>46,931</u>
Total Current Liabilities	<u>2,945,242</u>	<u>6,149,223</u>	<u>5,640,771</u>
Noncurrent Liabilities:			
Long-term claims and judgments payable	3,594,895	3,594,895	3,428,523
Long-term capital lease obligations	-	5,533,108	6,094,778
Compensated absences payable	50,057	458,019	471,955
OPEB obligations payable	<u>-</u>	<u>413,019</u>	<u>255,254</u>
Total Noncurrent Liabilities	<u>3,644,952</u>	<u>9,999,041</u>	<u>10,250,510</u>
Total Liabilities	<u>6,590,194</u>	<u>16,148,264</u>	<u>15,891,281</u>
Net Assets:			
Invested in capital assets, net of related debt	1,552,662	21,767,257	20,668,081
Unrestricted	<u>3,406,038</u>	<u>20,375,082</u>	<u>17,098,290</u>
Total Net Assets	<u>\$ 4,958,700</u>	<u>\$ 42,142,339</u>	<u>\$ 37,766,371</u>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund			
Net Assets of Business-type Activities			

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Revenues, Expenses and Changes in
Net Assets - Proprietary Funds
For the Year Ended June 30, 2011
(with comparative total for the year ended June 30, 2010)

	Enterprise			Total
	Water Utility	Refuse	Nonmajor (Sewer)	
Operating Revenues:				
Charges for services	\$ 13,130,158	\$ 5,980,597	\$ 271,984	\$ 19,382,739
Meter installations	176,783	-	-	176,783
Grants	225,000	-	-	225,000
Other revenue	1,395,479	-	-	1,395,479
Total Operating Revenues	14,927,420	5,980,597	271,984	21,180,001
Operating Expenses:				
Water purchased	170,187	-	-	170,187
Administration	2,915,170	799,788	-	3,714,958
Commercial - water	667,871	-	-	667,871
Production - water	2,389,759	-	-	2,389,759
Distribution - water	1,067,767	-	-	1,067,767
Treatment plant	2,409,455	-	-	2,409,455
Street maintenance - refuse	-	31,020	-	31,020
Storm drain maintenance - refuse	-	86,411	-	86,411
Refuse collection	-	4,894,255	-	4,894,255
Sanitary sewer maintenance	-	-	156,768	156,768
Depreciation	1,191,022	3,487	153,347	1,347,856
Vehicle expense	-	-	-	-
Salaries and benefits	-	-	-	-
Materials and supplies	-	-	-	-
Insurance and claims	-	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	10,811,231	5,814,961	310,115	16,936,307
Operating Income (Loss)	4,116,189	165,636	(38,131)	4,243,694
Nonoperating Income:				
Interest expense	(116,860)	-	-	(116,860)
Gain (loss) on sale of surplus property	9,865	-	-	9,865
Total Nonoperating	(106,995)	-	-	(106,995)
Income (Loss)	(106,995)	-	-	(106,995)
Net Income (Loss) Before Transfers	4,009,194	165,636	(38,131)	4,136,699
and Capital Contributions	4,009,194	165,636	(38,131)	4,136,699
Capital contributions	74,414	-	-	74,414
Transfers in	-	-	-	-
Transfers out	(281,400)	-	-	(281,400)
Total Transfers and Capital Contribution	(206,986)	-	-	(206,986)
Changes in Net Assets	3,802,208	165,636	(38,131)	3,929,713
Net Assets, Beginning of Year, as restated	28,283,054	2,640,522	2,330,350	33,253,926
Net Assets, End of Year	<u>\$ 32,085,262</u>	<u>\$ 2,806,158</u>	<u>\$ 2,292,219</u>	<u>\$ 37,183,639</u>
Changes in Net Assets	3,802,208	165,636	(38,131)	3,929,713
Adjustment to reflect the consolidation of internal service fund activities to related enterprise fund	20,101	2,656	-	22,757
Changes in Net Assets of Business-type Activities	<u>\$ 3,822,309</u>	<u>\$ 168,292</u>	<u>\$ (38,131)</u>	<u>\$ 3,952,470</u>

See Accompanying Notes to Basic Financial Statements.

	Internal Service	Total Proprietary Funds	
		2011	2010
Operating Revenues:			
Charges for services	\$ 5,285,928	\$ 24,668,667	\$ 22,368,666
Meter installations	-	176,783	136,787
Grants	-	225,000	336,862
Other revenue	-	1,395,479	824,599
Total Operating Revenues	5,285,928	26,465,929	23,666,914
Operating Expenses:			
Water purchased	-	170,187	52,800
Administration	-	3,714,958	3,869,811
Commercial - water	-	667,871	701,991
Production - water	-	2,389,759	1,520,516
Distribution - water	-	1,067,767	945,738
Treatment plant	-	2,409,455	1,957,006
Street maintenance - refuse	-	31,020	23,485
Storm drain maintenance - refuse	-	86,411	78,056
Refuse collection	-	4,894,255	5,023,079
Sanitary sewer maintenance	-	156,768	193,979
Depreciation	626,636	1,974,492	1,933,945
Vehicle expense	14,072	14,072	16,706
Salaries and benefits	1,427,465	1,427,465	1,853,797
Materials and supplies	796,514	796,514	697,434
Insurance and claims	1,784,315	1,784,315	3,203,355
Miscellaneous	205,000	205,000	318,879
Total Operating Expenses	4,854,002	21,790,309	22,390,577
Operating Income (Loss)	431,926	4,675,620	1,276,337
Nonoperating Income:			
Interest expense	-	(116,860)	(122,862)
Gain (loss) on sale of surplus property	14,329	24,194	(4,276)
Total Nonoperating Income (Loss)	14,329	(92,666)	(127,138)
Net Income (Loss) Before Transfers and Capital Contributions	446,255	4,582,954	1,149,199
Capital contributions	-	74,414	80,322
Transfers in	-	-	-
Transfers out	-	(281,400)	(278,000)
Total Transfers and Capital Contribution	-	(206,986)	(197,678)
Changes in Net Assets	446,255	4,375,968	951,521
Net Assets, Beginning of Year, as restated	4,512,445	37,766,371	36,814,850
Net Assets, End of Year	\$ 4,958,700	\$ 42,142,339	\$ 37,766,371
Changes in Net Assets			
Adjustment to reflect the consolidation of internal service fund activities to related enterprise fund			
Changes in Net Assets of Business-type Activities			

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds
For the Year Ended June 30, 2011
(with comparative total for the year ended June 30, 2010)

	Enterprise Funds			
	Water Utility	Refuse	Nonmajor (Sewer)	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 14,513,350	\$ 6,025,672	\$ 271,799	\$ 20,810,821
Cash receipts from interfund services provided	-	-	-	-
Cash payments to suppliers for goods and services	(5,236,916)	(5,915,023)	(47,994)	(11,199,933)
Cash payments to employees for services	(3,501,940)	(659,469)	(109,691)	(4,271,100)
Cash payments for insurance premiums and self-insurance claims	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>5,774,494</u>	<u>(548,820)</u>	<u>114,114</u>	<u>5,339,788</u>
Cash Flows from Noncapital Financing Activities:				
Transfers out to other funds	<u>(281,400)</u>	<u>-</u>	<u>-</u>	<u>(281,400)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(281,400)</u>	<u>-</u>	<u>-</u>	<u>(281,400)</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions Acquisition and construction of capital assets	74,414	-	-	74,414
Proceeds from sale of surplus assets	(1,883,437)	-	-	(1,883,437)
Principal paid on lease financing	9,865	-	-	9,865
Interest paid on lease financing	(556,012)	-	-	(556,012)
Interest paid on lease financing	<u>(116,860)</u>	<u>-</u>	<u>-</u>	<u>(116,860)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,472,030)</u>	<u>-</u>	<u>-</u>	<u>(2,472,030)</u>
Net Increase in Cash and Cash Equivalents	3,021,064	(548,820)	114,114	2,586,358
Cash and investments, Beginning of Year	<u>12,024,642</u>	<u>3,284,485</u>	<u>467,827</u>	<u>15,776,954</u>
Cash and investments, End of Year	<u>\$ 15,045,706</u>	<u>\$ 2,735,665</u>	<u>\$ 581,941</u>	<u>\$ 18,363,312</u>

See Accompanying Notes to Basic Financial Statements.

	Internal Service	Total Proprietary Funds	
		2011	2010
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ -	\$ 20,810,821	\$ 17,883,659
Cash receipts from interfund services provided	5,307,085	5,307,085	6,156,873
Cash payments to suppliers for goods and services	(626,026)	(11,825,959)	(10,169,803)
Cash payments to employees for services	(1,413,290)	(5,684,390)	(5,614,247)
Cash payments for insurance premiums and self-insurance claims	(1,478,366)	(1,478,366)	(2,734,759)
Net Cash Provided by (Used for) Operating Activities	<u>1,789,403</u>	<u>7,129,191</u>	<u>5,521,723</u>
Cash Flows from Noncapital Financing Activities:			
Transfers out to other funds	-	(281,400)	(278,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>(281,400)</u>	<u>(278,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions	-	74,414	80,322
Acquisition and construction of capital assets	(634,219)	(2,517,656)	(888,755)
Proceeds from sale of surplus assets	14,329	24,194	1,915
Principal paid on lease financing	-	(556,012)	(421,760)
Interest paid on lease financing	-	(116,860)	(122,862)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(619,890)</u>	<u>(3,091,920)</u>	<u>(1,351,140)</u>
Net Increase in Cash and Cash Equivalents	1,169,513	3,755,871	3,892,583
Cash and investments, Beginning of Year	<u>8,826,018</u>	<u>24,602,972</u>	<u>20,710,389</u>
Cash and investments, End of Year	<u>\$ 9,995,531</u>	<u>\$ 28,358,843</u>	<u>\$ 24,602,972</u>

(Continued)

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds (Continued)
Year Ended June 30, 2011
(with comparative total for Year Ended June 30, 2010)

	Enterprise Funds			
	Water Utility	Refuse	Nonmajor	Nonmajor
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used for) Operating Activities:				
Operating income (Loss)	\$ 4,116,189	\$ 165,636	\$ (38,131)	\$ 4,243,694
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
by (Used for) Operating Activities:				
Depreciation	1,191,022	3,487	153,347	1,347,856
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(416,287)	45,075	(185)	(371,397)
Decrease in inventory	-	-	-	-
Increase (decrease) in accounts payable	739,960	(763,520)	(1,160)	(24,720)
Increase in accrued payroll	355	217	(186)	386
Increase in claims and judgments payable	-	-	-	-
Increase (decrease) in compensated absences payable	(16,727)	285	429	(16,013)
Increase in OPEB obligations payable	157,765	-	-	157,765
Increase in deposits and advances	2,217	-	-	2,217
Total Adjustments	1,658,305	(714,456)	152,245	1,096,094
Net Cash Provided by (Used by)				
Operating Activities	\$ 5,774,494	\$ (548,820)	\$ 114,114	\$ 5,339,788

See Accompanying Notes to Basic Financial Statements.

	Internal Service	<u>Total Proprietary Funds</u>	
		2011	2010
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by (Used for) Operating Activities:			
Operating income (Loss)	\$ 431,926	\$ 4,675,620	\$ 1,276,337
Adjustments to Reconcile Operating			
Income (Loss) to Net Cash Provided			
by (Used for) Operating Activities:			
Depreciation	626,636	1,974,492	1,933,945
Changes in assets and liabilities:		-	
(Increase) decrease in accounts receivable	21,157	(350,240)	373,606
Decrease in inventory	16,324	16,324	2,914
Increase (decrease) in accounts payable	401,899	377,179	1,178,771
Increase in accrued payroll	8,138	8,524	25,872
Increase in claims and judgments payable	277,286	277,286	564,475
Increase (decrease) in compensated absences payable	6,037	(9,976)	4,885
Increase in OPEB obligations payable	-	157,765	149,054
Increase in deposits and advances	-	2,217	11,864
Total Adjustments	<u>1,357,477</u>	<u>2,453,571</u>	<u>4,245,386</u>
Net Cash Provided by (Used by)			
Operating Activities	<u>\$ 1,789,403</u>	<u>\$ 7,129,191</u>	<u>\$ 5,521,723</u>

CITY OF MONTEREY PARK
Statement of Assets and Liabilities
All Agency Funds
June 30, 2011
(with comparative data as of June 30, 2010)

	June 30, 2011	June 30, 2010
Assets:		
Cash and investments	\$ 2,402,858	\$ 2,389,185
Liabilities:		
Accounts payable	\$ 56,611	\$ 52,766
Deposits payable	2,346,247	2,336,419
Total Liabilities	\$ 2,402,858	\$ 2,389,185

CITY OF MONTEREY PARK
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Reporting Entity

The City of Monterey Park, California (the "City") was incorporated May 29, 1916 under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City is governed by an elected five-member City Council. As required by generally accepted accounting principles in the United States of America, the financial statements include the financial activities of the City (the primary government), the Redevelopment Agency of Monterey Park, the Monterey Park Public Financing Authority, and the Monterey Park Housing Authority. These blended component units are discussed below and are included in the reporting entity because of the significance of their operational and financial relationship with the City.

Blended Component Units:

The Redevelopment Agency of Monterey Park

The Redevelopment Agency of Monterey Park (the "Agency") was formed in 1969 under provisions of the California Community Redevelopment Law. The primary purpose of the Agency is to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse. The Agency has two redevelopment project areas encompassing approximately 918 acres. The members of the City Council act as the governing body of the Agency. The Agency's financial data and activity are reported within the debt service and capital projects fund types. Separate financial statements of the Agency can be obtained at City Hall.

The Monterey Park Public Financing Authority

The Monterey Park Public Financing Authority (the "Financing Authority") was organized in May 1989 under a joint exercise of power agreement to provide for the financing of public capital improvements for the City and the Redevelopment Agency of Monterey Park. The members of the City Council act as the governing board of the Financing Authority. The Financing Authority does not issue separate financial statements.

The Monterey Park Housing Authority

The Monterey Park Housing Authority (the "Housing Authority") was established in September 1992 to provide affordable housing within the City. The members of the City Council act as the governing board of the Housing Authority. The Housing Authority does not issue separate financial statements.

(b) Governmental-Wide and Fund Financial Statements

The governmental-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Governmental-Wide and Fund Financial Statements, Continued

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

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

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

The governmental-wide and proprietary fund financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, sales taxes, highway user taxes, state gas tax subventions, franchise fees, transient occupancy tax, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City’s fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are reported using accrual basis of accounting.

The City reports the following major governmental funds:

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 funds are accounted for in this fund. General operating expenses and capital improvement costs which are not paid through other funds, are paid from this fund.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

The *Special Revenue Grants Fund* was established to account for the grants requiring segregated fund accounting. Financing is provided by federal, state and county agencies.

The *Special Revenue Retirement/Pension Liability Fund* was established to account for revenue received from voter-approved property tax levied to provide for employee retirement costs, as established pursuant to Monterey Park Municipal Code Section 2.40.060 and to account for the financial resources provided by the City in anticipation of estimated increases in retirement costs due to the improved employee pension plan benefits.

The *Debt Service Fund* was established to account for the accumulation of resources for, and the payment of debt principal, interest and related costs of the Community Redevelopment Agency.

The *Capital Projects Fund* was established to account for financial resources segregated for the acquisition of and rehabilitation of capital facilities within the redevelopment project areas.

The City reports the following major proprietary funds:

The *Water Utility Enterprise Fund* is used to account for operations that are financed and operated in a manner similar to private business enterprises and where the intent of the City is that the costs (expenses, including depreciation) of providing goods services to the general public on a continuing basis be financed or recovered primarily through user charges. The City accounts for its water utility in this fund.

The *Refuse Enterprise Fund* is used to account for receipts and expenditures relating to waste management activities including refuse collection, disposal and reduction.

Additionally, the City reports the following fund types:

Nonmajor Governmental Funds:

The *Special Revenue Funds* are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

Proprietary Fund (Internal Service Funds):

The *Internal Service Funds* are utilized to finance and account for activities involved in rendering services to departments within the City. Costs of services are accumulated in these funds and charged to user departments as such costs are incurred. The City maintains five internal service funds for general liability claims, workers compensation claims, auto shop operations, separation benefits and technology development.

Fiduciary Funds:

The *Agency Funds* are used to account for money and property held by the City as trustee or custodian.

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges paid by the government's water function to various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

(d) Property Taxes

Under California law, property taxes are assessed and collected by the counties at 1% of assessed value plus other increases approved by the voters. Property taxes collected go into a pool and are then allocated to the cities based on a predetermined formula. The City of Monterey Park accrues only those taxes which are received from the County of Los Angeles within 60 days after year-end.

Lien date:	January 1
Levy date:	June 30
Due dates:	November 1, February 1
Delinquent dates:	December 11, April 11

(e) Budgetary Control and Accounting

The City adheres to the following general procedures in establishing the budgetary data reflected in the financial statements:

The annual budget adopted by the City Council serves as a guideline for operations of the City. It includes proposed expenditures and estimated revenues and is legally adopted for all General, Special Revenue, Debt Service and Capital Projects Fund Types. Budgeted expenditures are controlled at the fund level. Council approval is required for an increase or decrease in total appropriations.

Appropriated amounts are as originally adopted or as adjusted by the City Council throughout the year. During 2010-11, the Council made several supplemental budgetary appropriations, including a \$3,843,531 increase in the Special Revenue Grants Fund related to various grants received during the year, such as Police, Fire, Education, Library, Transportation, and Parks Grants, a \$143,831 increase in the General Fund for MOU adjustments and a \$440,792 increase in the Special Revenue Retirement/Pension Liability Fund for safety retirement benefits and Mass Mutual retirement plan contributions.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(e) Budgetary Control and Accounting, Continued

Budgets for the General, Special Revenue, Debt Service and Capital Projects Fund Types are adopted on a basis consistent with generally accepted accounting principles. The modified-accrual basis of accounting is employed in the preparation of the budget for these fund types. In addition, an operating plan is adopted for the Proprietary Funds.

The budget is formally integrated into the accounting system and employed as a management control device during the year for all governmental funds. At fiscal year-end, unexpended and unencumbered budget appropriations lapse. Encumbrances outstanding at year-end are reappropriated and carried into the following year for continuing appropriation.

Under Article XIII-B of the California Constitution (The Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rate or revised fee schedules. For the fiscal year ended June 30, 2011, based on calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

(f) Cash and Cash Equivalents

For purposes of the statements of cash flows, the City considers cash and all highly liquid investments with original maturities of three months or less from date purchased as cash and cash equivalents. In addition, funds invested in the City's cash management pool are considered cash equivalents.

(g) Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. Investments are stated at fair value (the value at which financial instruments could be exchanged between willing parties other than in a forced liquidation sale).

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB No. 3)*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
 - ◆ Overall
 - ◆ Custodial Credit Risk
 - ◆ Concentration of Credit Risk
- Foreign Currency Risk

(h) Inventories

Inventories held by the Internal Service Fund are recorded at cost on a first-in, first-out basis. The inventories consist primarily of repair parts, fuel and oil. The City uses the consumption method for inventory control.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(i) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, sidewalks, drainage systems, lighting systems, etc.), are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. These assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The capitalization threshold for property, plant and equipment is \$5,000 and for infrastructure assets is \$200,000. Depreciation is recorded in the governmental-wide financial statements on a straight-line basis over the useful life of the assets as follows:

Depreciation is charged to operations, using a straight-line method based on the following average useful lives of the assets:

Equipment	5 to 20 years
Buildings	40 to 50 years
Improvements	10 to 50 years
Water meters	20 years
Water mains	40 to 75 years
Water hydrants	40 years
Wells	40 years
Other water equipment	5 to 40 years
Infrastructure:	
Roadway	25 years
Bridge	40 years
Sewer system	50 years
Streetlight	20 years
Traffic signal	20 years

(j) Land Held for Resale

Cost of land held for resale is reported in the Capital Projects Fund at lower of cost or fair market value.

(k) Compensated Absences

Compensated absences are accounted for in accordance with GASB Statement No. 16, "Accounting for Compensated Absences." The cost of earned but unused vacation and sick leave, for which the City has a future obligation to pay, is recognized in the governmental-wide financial statements. A liability for these amounts is reported in governmental funds only if they become due and payable as a result of employee resignations or retirements.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(l) Claims and Judgments

The accrual for workers' compensation and general liability claims is based upon past experience which has been modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2011 is dependent on future developments, based on information from the plan administrators, City management believes that the aggregate accrual is adequate to cover such losses, including amounts for incurred but not reported claims (Note 12).

(m) Other Post-Employment Benefits

In addition to the pension benefits, the City provides postretirement medical insurance benefits (Note 11), in accordance with contractual provisions of the various Memoranda of Understanding with the City's recognized employee organizations, to all vested employees who retire from the City. Currently, 212 retirees meet those eligibility requirements. The City contributes between \$340 and \$875 per month toward medical insurance coverage for retirees. For those retirees who are eligible for Medicare, the City contributes toward Medicare supplemental insurance coverage. Upon retirement, vested full-time employees may, at their own cost, convert group life insurance coverage to individual life insurance coverage.

Expenditures for postretirement medical insurance benefits are recognized as annual premiums and are paid on a pay-as-you-go basis. During the year, expenditures of \$1,235,680 were recognized for postretirement medical insurance. Increases over the prior year expenditure of \$65,179 were attributable to increased monthly contributions for retirees.

Post employment benefits for employees that separate for reasons other than retirement are limited to those required under the provisions of COBRA and require no contribution by the City.

(n) Fund Equity and Net Asset

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance – This amount indicates the portion of funds balances which cannot be spent because they are either not in spendable form, such as prepaid items, inventories or loans receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment.

Restricted Fund Balance – This amount indicates the portion of fund balances which has been restricted a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This amount indicate the portion of fund balances which can only be used for specific purposes pursuant to formal resolution or ordinance of the City Council.

Assigned Fund Balance – This amount indicates the portion of fund balances which is constrained by the City's intent to be used for specific purpose, but is neither restricted nor committed. The City Manager is authorized to determine and define the amount of assigned fund balances.

Unassigned Fund Balance – This amount indicates the portion of fund balance that do not fall into one of the above categories.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(n) Fund Equity and Net Asset, Continued

In the governmental-wide financial statements and proprietary fund financial statements , net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

When expenses are incurred for purposes in which both restricted and unrestricted net assets are available, the City’s policy is to apply restricted net assets first, and then unrestricted net assets as they are needed.

(o) Comparative Data and Total Column

Comparative total data for the prior year has been presented in some of the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and operations. However, comparative (i.e., presentation of prior year totals) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Columns in the accompanying basic and fund financial statements for year ended June 30, 2010 are not necessary for a fair presentation of the financial statements in accordance with generally accepted accounting principles in the United States of America but are presented as additional analytical data. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these totals.

(p) Use of Estimates

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2011 are classified in the accompanying financial statements as follows:

	Government-Wide			Fiduciary Fund	Total
	Governmental Activities	Business-Type Activities	Total		
	Cash and investments	\$ 66,544,563	\$ 18,363,312		
Cash and investments held by fiscal agent	2,472,491	-	2,472,491	-	2,472,491
Total cash and investments	\$ 69,017,054	\$ 18,363,312	\$ 87,380,366	\$ 2,402,858	\$89,783,224

Cash and investments at June 30, 2011 consist of the following:

Cash on hand	\$ 4,850
Demand deposits with financial institutions	9,214,394
Certificates of deposits with financial institutions	2,368,000
Local Agency Investment Fund (LAIF)	77,417,736
Money market fund	778,244
Total cash and investments	\$ 89,783,224

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated quarterly to the general fund, certain designated Special Revenue Funds and Capital Projects funds based on the month-end cash and investment balances. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agents on behalf of the City and invested in the City's name. Interest income on proceeds of debt is credited directly to the related fund, as defined by the Bond Indenture.

Deposits

At June 30, 2011, the carrying amount of the City's demand deposits was \$9,214,394 and the bank balance was \$10,880,440. The \$1,666,046 difference represents outstanding checks, deposits in transit, and other reconciling items.

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

Under provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the types of investments listed in the table below. The table also identifies certain provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

2. CASH AND INVESTMENTS, CONTINUED

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio ⁽¹⁾	Investment in One Issuer	Quality
U.S Treasury Notes, Bonds, or other Certificates of Indebtedness backed by U.S. Government	3 years	None	None	
U.S. Treasury Zero Coupons	3 years	10%	None	
Discount notes or notes or notes issued by Agencies of the U.S. Government	3 years	50%	None	
Banker's acceptances	180 days	20%	30%	"Prime" paper
Commercial paper	180 days	15%	10%	"A" or higher rating
Negotiable Certificates of Deposits	2 years	20%	None	Issuer Insured by FDIC
Non-negotiable Certificates of Deposits	2 years	40%	\$250,000 ⁽²⁾	Issuer Insured by FDIC
Repurchase agreements	14 days	10%	None	Collateralized by Instruments permitted City policy
Local agency investment fund (LAIF) deposits	N/A	Limit set by LAIF		Per State Code

⁽¹⁾ Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

⁽²⁾ Not to exceed \$250,000 with any one issuer.

Investments Authorized by Debt Agreements.

In addition to the investment types listed above, the City may also invest appropriate funds in money market funds and LAIF in accordance with bond indentures.

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the City, as summarized above, contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent more than 5% of total City investments other than those in LAIF.

Custodial 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 City's investment policy contains the following policy requirements that would limit the exposure to custodial credit risk for deposits: The City's investment policy limits investments in Certificates of Deposits to those insured up to \$250,000 by the Federal Deposit Insurance Corporation.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

2. CASH AND INVESTMENTS, CONTINUED

Custodial Risk, Continued

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the face value of the deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits. The City may waive collateral requirements for deposits which are fully insured by federal depository insurance. However, the City has not waived the collateralization requirements.

Beginning December 31, 2010 through July 20, 2011, noninterest-bearing transaction accounts have unlimited coverage by federal depository insurance corporation ("FDIC"). As a result, the City's cash deposits in amount of \$10,880,440 at June 30, 2011 is fully insured by FDIC.

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. As of year-end, the average life-month end maturity of the investments contained in the LAIF investment pool is approximately 237 days.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the remaining maturity of each investment:

Investments	Credit Rating	Fair Value June 30, 2011	Maturity - 12 Months or Less
Treasury Investments:			
Certificats of Deposit	N/A *	\$ 2,368,000	\$ 2,368,000
LAIF	N/A *	75,723,489	75,723,489
Total Treasury Investments		78,091,489	78,091,489
Investments Held by Fiscal Agents:			
LAIF	N/A *	1,694,247	1,694,247
Money Market Fund	N/A *	778,244	778,244
Total Investments Held by Fiscal Agents		2,472,491	2,472,491
Total Investments		\$ 80,563,980	\$ 80,563,980

* There is no rating for the Investments in LAIF, Certificates of Deposit, or for the Money Market Fund.

Investment in State Investment Pool

The City is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

2. CASH AND INVESTMENTS, CONTINUED

The City's investments with LAIF at June 30, 2011, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2011, the City had \$77,417,736 invested in LAIF, which had invested 5.01% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.001576470 was used to calculate the fair value of the investments in LAIF.

3. RECEIVABLES

Receivables of the City as of June 30, 2011 were:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Receivable:			
Property taxes	\$ 2,323,629	\$ -	\$ 2,323,629
Sales taxes	510,300	-	510,300
Utility taxes	288,292	-	288,292
Water, sewer and refuse sales	-	2,069,026	2,069,026
Subvention and grants	724,000	-	724,000
Other	454,918	-	454,918
Total Accounts Receivable	\$ 4,301,139	\$ 2,069,026	\$ 6,370,165
Interest Receivable	\$ 99,707	\$ -	\$ 99,707
Notes Receivable:			
Rental Rehabilitation (CRA)	\$ 9,791	\$ -	\$ 9,791
Residential Rehabilitation (CDBG) (See Note 9)	48,015	-	48,015
SERA Program (See Note 9)	185,300	-	185,300
Pacific Housing Loan (See Note 9)	207,795	-	207,795
Pacific Bridge Loan (See Note 9)	355,262	-	355,262
First-Time Homebuyers	218,439	-	218,439
Critical Maintenance (CRA)	78,074	-	78,074
Critical Maintenance (Grants)	144,098	-	144,098
Abajo del Sol Loan	1,958,744	-	1,958,744
Monterey Park Senior Village Loan	163,746	-	163,746
Atlantic Times Square Mezzanine Loan	7,250,163	-	7,250,163
Bridge Loan	3,373,576	-	3,373,576
Subtotal	13,993,003	-	13,993,003
Less Allowance for Uncollectible Notes	(4,129,355)	-	(4,129,355)
Total Notes Receivable	\$ 9,863,648	\$ -	\$ 9,863,648
Total Receivables	\$ 14,264,494	\$ 2,069,026	\$ 16,333,520

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

3. RECEIVABLES, CONTINUED

Following is the detail of Notes Receivable:

- A. *Rental Rehabilitation:*** The City has implemented a Rental Rehabilitation Program to assist owners of multi-unit rental properties with the rehabilitation of the premises for use by low/moderate income families through loans. The loans bears no interest during the term, and ten percent (10%) of the original loan amount will be forgiven by the City on each anniversary date on which the City deemed the rehabilitation improvements completed. The outstanding balance of loans made through the Rental Rehabilitation Loan Program at June 30, 2011 is \$9,791 and has been recorded as notes receivable in the Community Redevelopment Agency Capital Projects Fund. The amount is offset by allowance for uncollectible notes in the fund level financial statements and the governmental-wide statements.
- B. *Residential Rehabilitation:*** The City provided low interest financing for the rehabilitation of residential sites within the City through the Community Development Block Grant program. The amount of outstanding loan balances at June 30, 2011 is \$48,015 and has been recorded as notes receivable in the Special Revenue Grants Fund.
- C. *SERA Program:*** The City participated in the State Earthquake Rehabilitation Assistance (SERA) program to assist residents with the application and loan processes for residential repairs and rehabilitation following the October 1987 Whittier-Narrows earthquake. The outstanding balance of loans placed through the program is \$185,300 at June 30, 2011 and has been recorded as notes receivable in the Special Revenue Grants Fund.
- D. *Camino Real Chevrolet:*** On April 19, 1993, the Agency and Camino Real Chevrolet entered into a development assistance agreement. This agreement was extended in September 2002. Under the agreement, the Agency provided a ten-year loan in the amount of \$1,450,000 bearing interest at the rate based on the performance of Camino Real Chevrolet's sales tax per annum until paid. Principal and interest payments are due in monthly installments. The loan was paid off during year ended June 30, 2011.
- E. *Pacific Housing Loan:*** On July 21, 2004, the City entered into an agreement to provide a loan to Pacific Housing Development Corporation for the purpose of construction and renovation of an affordable housing facility for persons with developmental disabilities. The loan, funded in April 2005, consists of a permanent residual receipts loan in the amount of \$175,000 and a subordinated construction loan in the amount of \$225,000. The subordinated construction loan has been paid off by Pacific Housing in 2008-09. Other remaining amounts bear interest at the rate of three percent per annum until paid. The loan was funded by use of Federal HOME Program funds and is reported in the Special Revenue Grants Fund. At June 30, 2011, outstanding principal and interest are \$175,000 and \$32,795, respectively.
- F. *Pacific Bridge Loan:*** In 1995, the Agency entered into a thirty-year loan agreement with Pacific Bridge Housing Corporation for the purpose of construction and renovation of a disabled adult affordable housing facility. In the agreement the Agency agreed to loan to Pacific Bridge Housing up to the maximum sum of \$240,478 bearing interest at the rate of three percent per annum until paid. Principal and interest payments are due in annual installments commencing upon February 15 of the first full calendar year following the date of the initial occupancy of the facility and continuing annually thereafter on each successive February 15 through and including the date which is thirty (30) years after the Repayment Commencement Date. The amount of such annual installments payable by Borrower is based on the Annual Residential Receipt Installments as described in the agreement. During 1996-97, the loan was funded by the use of federal HOME Program funds, and is reported in the Special Revenue Grants Fund. At June 30, 2011, outstanding principal and interest are \$240,478 and \$114,784, respectively.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

3. RECEIVABLES, CONTINUED

- G. *First Time Homebuyers:*** Beginning 1996-97, the City provided second mortgage loans through the First-time Homebuyer Program to assist qualified first-time homebuyers to purchase residences. All second loans will be fixed at an interest rate of five percent (5%) and for a term of thirty (30) years. If the buyer retains the property for thirty (30) years, both principal and interest will be forgiven. At June 30, 2011, \$218,439 is the amount of outstanding loan balances, and has been reported as notes receivable with an offset of allowance for uncollectible notes in the Housing Capital Project Fund in the fund level financial statements and in the governmental-wide statements.
- H. *Critical Maintenance:*** Beginning in 1997-98, the City offered low interest rate loans through the Critical Maintenance Loan Program to assist low and moderate income homeowners for essential or emergency repairs. At June 30, 2011, the loans outstanding totaled \$222,172. Of this amount, \$78,074 is funded by the Agency's Housing Capital Projects Fund and \$144,098 is funded by the Federal HOME Program Special Revenue Fund. The outstanding loan balance of \$78,074 has been reported as notes receivable with an offset of allowance for uncollectible notes in the Housing Capital Projects Fund in the fund level financial statements and in the governmental-wide statements. The outstanding loan balance of \$144,098 has been reported as notes receivable with an offset of allowance for uncollectible notes in the Special Revenue Grants Fund in the fund level financial statements and in the governmental-wide statements.
- I. *Abajo del Sol:*** In 1998, the Housing Authority and the Abajo del Sol, Limited Partnership have entered into a housing development agreement. Under the agreement, the Agency provided to the Developer a \$1.2 million loan bearing interest at the rate of 5.1% percent per annum for the construction of 60 units of affordable housing for senior citizens. On or before March 15th of each year, the Borrower shall pay lender an amount equal to the applicable percentage of the Net Cash Flow attributable to the prior calendar year. The loan is funded by the Federal HOME Program Special Revenue Fund. At June 30, 2011, outstanding principal and interest being recorded as notes receivable are \$1,187,344 and \$771,400, respectively in the Special Revenue Grants Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the governmental-wide statements.
- J. *Monterey Park Senior Village:*** The City has entered into an agreement with the developers of Monterey Park Senior Village to defer the payment of entitlement and permit fees totaling \$300,000 bearing interest at the rate of five and six-tenths percent per annum. The City began billing at the end of December 2003. At June 30, 2011, outstanding principal and interest balances are \$100,000 and \$63,746, respectively and have been reported as notes receivable with an offset of deferred revenue in the General Fund in the fund level financial statements.
- K. *Atlantic Time Square – Mezzanine Loan:*** In November 2004, the Agency entered into an agreement for the development of the Atlantic Times Square mixed-use Project. On June 6, 2007, that agreement was amended. The amendment converted public assistance that the Agency previously provided to the developer into a market rate loan of up to \$8 million. The interest on that loan is Prime Rate plus 1.5% (with a cap of 9.85%). The loan will be due in full upon the earlier of the sale of the commercial element of the Project or 15 years after the issuance of a final certificate of occupancy for the project. At June 30, 2011, outstanding principal and interest balances are \$5,850,000 and \$1,400,163, respectively and have been recorded as notes receivable in the Merged Capital Projects Fund with an offset of allowance for uncollectible notes for interest portion in the fund level financial statements and in government-wide statements. There are provisions within the agreement suggesting that the Agency may be obligated to provide millions of dollars of subsidies to the Atlantic Times Square development. Uncertainty regarding whether the Agency is actually obligated to provide subsidies, and how much, arises from a determination issued by the Department of Industrial Relations (DIR) in June 2010.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

3. RECEIVABLES, CONTINUED

K. *Atlantic Time Square – Mezzanine Loan, Continued:* That determination was appealed by the Agency. On August 26, 2011, the DIR upheld its previous 2010 determination and denied the Agency’s appeal. The Agency filed a lawsuit in Superior Court to overturn the DIR’s determination on October 19, 2011. Unless the Superior Court overturns the DIR’s determination, the Agency could potentially face enforcement action from the Division of Labor Standards Enforcement (DLSE) for unpaid prevailing wages on the development project. The agreement provides that the Developer and an individual must defend and indemnify the Agency in any enforcement DLSE enforcement action. However, it is not clear whether (a) the Developer and the individual will honor those provisions; or (b) whether the Developer and the individual have the financial ability to honor those provisions. If they do not abide by the terms of the agreement, the Agency will be liable in any enforcement action. Consequently, the total potential liability for the Agency, under both the Agreement and in any DLSE action, is speculative at this point and may be not be resolved for a number of years. However, the total potential liability could be substantial: based upon public estimates provided from 2007, prevailing wages could amount to \$15 million to \$25 million. The Agency previously issued notices of default to the developer which it agreed to recall but it can reissue the notices at any time and there are numerous issues related to the project and the developer’s performance currently under review. How litigation might affect the above potential liabilities is unknown at this time.

L. *Towne Centre – Bridge Loan:* In June 2006, the Agency entered into an Owner Participation and Disposition and Development Agreement with Magnus Sunhill Group for the development of the Monterey Park Town Center mixed-use project. As amended on May 29, 2009, the Agency agreed to make a Bridge loan of up to \$3,427,800 to the Developer bearing interest at the Prime Rate plus 1.5% (with a cap of 9.85%). The loan proceeds are to be used to pay for relocation of existing tenants and various permit fees. The Bridge loan was due in full on July 31, 2009. At June 30, 2011, outstanding principal and interest balances are \$3,053,530 and \$320,046, respectively and have been recorded as notes receivable in the Merged Capital Projects Fund with an offset of allowance for uncollectible notes for interest portion in the fund level financial statements and in government-wide statements. On December 17, 2010, the Agency sent the developer a notice of default, stating that it was in default of the Owner Participation and Disposition and Development Agreement for, among other things, failing to repay the bridge loan. To this date, the developer has not performed in accordance with the Agreement; however, the Agency is attempting to work with the developer to potentially amend the agreement, a condition of which would be the immediate payment of the outstanding loan and interest. Personal guarantees were issued as collateral on the loan but the Agency has not recently determined the value of these guarantees.

4. INTERFUND TRANSACTIONS

Individual interfund receivables and payables were as follows at June 30, 2011:

Due to Other Funds	Due from Other Funds	
	Governmental Funds	
	General	
Governmental Funds:		
Special Revenue Grants Fund	\$	300,051
Special Revenue Retirement Fund		38,956
Nonmajor Governmental Funds		171,010
Total	\$	510,017

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

4. INTERFUND TRANSACTIONS, CONTINUED

The interfund balances resulted from reimbursable expenditures occurring while the revenues with which to reimburse those expenditures had not yet been received. All balances are expected to be reimbursed within the subsequent year.

Advances from Other Funds	Advances to Other Funds		Total
	Governmental Funds		
	General Fund	Redevelopment Agency Capital Projects Fund	
Governmental Funds:			
Redevelopment Agency Debt Service Fund		\$ 2,617,203	\$ 2,617,203
Nonmajor Governmental Funds	\$ 703,230	-	703,230
Total	\$ 703,230	\$ 2,617,203	\$ 3,320,433

Advances payable consists of loans from the General Fund to Park Facilities Fund in the amount of \$703,230 to finance parks projects. Repayment will be made in future years as sufficient Park Facilities Fee is accumulated.

In 2009, the State passed legislation in taking away redevelopment funds from local Agencies as part of an effort to address its budget deficit. Furthermore, SB 68 was signed into law which allowed agencies to use accumulated housing funds to pay for the State required Supplemental Educational Revenue Augmentation Funds (SERAF) payments. On August 4, 2010, the Agency passed two resolutions, RA 661 and 662, authorizing the Takeaway Loan to be made from the Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the Redevelopment Agency Debt Service Fund (Atlantic Garvey and the Merged Project Areas), in an amount of \$1,459,258 and \$1,142,640, respectively, without interest. This Takeaway Loan (\$2,601,898) will be paid back to the Housing Set Aside Fund by June 30, 2015.

On May 4, 2011, the Agency passed two resolutions, RA 682 and 683, authorizing additional Takeaway Loans to be made from the Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the Redevelopment Agency Debt Service Fund (Atlantic Garvey and the Merged Project Areas), in an amount of \$300,436 and \$235,249, respectively. The interest is accumulated at LAIF rate. This Takeaway loan (\$535,685) will be paid back to the Housing Set Aside Fund by June 30, 2016.

During year ended June 30, 2011, the Redevelopment Agency Debt Service Fund (Atlantic Garvey and the Merged Project Areas) made loan repayments in amount of \$520,380 (\$291,852 and \$228,528, respectively) to the Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to repay the 2010 Takeaway Loans. Balance of the Takeaway Loans at June 30, 2011 was \$2,617,203.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

4. INTERFUND TRANSACTIONS, CONTINUED

Transfers Out	Transfers In			Total
	Governmental Funds			
	General Fund	Special Revenue Retirement	Capital Projects Fund	
Governmental Funds:				
Special Revenue Grants ⁽¹⁾	\$ 13,889	\$ -	\$ -	\$ 13,889
Debt Service Fund ⁽²⁾	-	-	4,498,847	4,498,847
Capital Projects Fund ⁽³⁾	-	8,657,616	-	8,657,616
Enterprise Funds				
Water Enterprise Fund ⁽⁴⁾	281,400	-	-	281,400
Total	\$ 295,289	\$ 8,657,616	\$ 4,498,847	\$ 13,451,752

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers are made for the following reasons: (1) Special Revenue Grants Fund to General Fund for staff time participation funded by federal grant and emergency fence repair using FEMA disaster fund reserves; (2) Debt Service Fund to Capital Projects Fund for excess tax increment revenues for redevelopment activities; (3) Capital Projects Fund to Pension Liability Special Revenue Fund representing the pension tax override collections in RDA tax increment revenues; (4) Water Enterprise Fund to General Fund for street maintenance and reconstruction.

5. LAND HELD FOR RESALE

At June 30, 2011, the Agency held title to several parcels slated for development. These have been recorded as land held for resale in the Capital Projects Fund in the amount of \$10,815,327.

Land held for resale is generally acquired for redevelopment through the use of disposition and development agreements. These agreements provide for transfer of the property to developers after certain redevelopment obligations have been fulfilled. The amounts are offset by a Nonspendable fund balance.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

6. CAPITAL ASSETS

At June 30, 2011, the capital assets balances for the City are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital Assets, Not Being Depreciated:			
Land	\$ 7,445,110	\$ 499,975	\$ 7,945,085
Construction in progress	13,755	342,348	356,103
Total Capital Assets, Not Being Depreciated	7,458,865	842,323	8,301,188
Capital Assets, Being Depreciated:			
Buildings	28,468,213	285,050	28,753,263
Improvements	10,699,652	37,959,847	48,659,499
Equipment	20,650,466	2,554,031	23,204,497
Infrastructure	25,311,193	10,008,655	35,319,848
Total Capital Assets, Being Depreciated	85,129,524	50,807,583	135,937,107
Less Accumulated Depreciation:			
Buildings	(9,566,975)	(93,203)	(9,660,178)
Improvements	(2,915,656)	(14,630,600)	(17,546,256)
Equipment	(17,381,587)	(2,252,774)	(19,634,361)
Infrastructure	(16,878,486)	(8,363,958)	(25,242,444)
Total Accumulated Depreciation	(46,742,704)	(25,340,535)	(72,083,239)
Total Capital Assets, Being Depreciated, Net	38,386,820	25,467,048	63,853,868
Total Capital Assets, Net	\$ 45,845,685	\$ 26,309,371	\$ 72,155,056

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

6. CAPITAL ASSETS, CONTINUED

Governmental Activities

A summary of changes in capital asset activity for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010 As Restated (Note 18)	Additions	Deletions	Balance June 30, 2011
Capital Assets, Not Being Depreciated:				
Land	\$ 7,445,110	\$ -	\$ -	\$ 7,445,110
Construction in progress	525,782	-	(512,027)	13,755
Total Capital Assets, Not Being Depreciated	7,970,892	-	(512,027)	7,458,865
Capital Assets, Being Depreciated:				
Buildings	28,455,063	13,150	-	28,468,213
Improvements	9,939,020	760,632	-	10,699,652
Equipment	20,085,844	837,264	(272,642)	20,650,466
Infrastructure	24,414,301	896,892	-	25,311,193
Total Capital Assets, Being Depreciated	82,894,228	2,507,938	(272,642)	85,129,524
Less Accumulated Depreciation:				
Buildings	(9,006,965)	(560,010)	-	(9,566,975)
Improvements	(2,674,961)	(240,695)	-	(2,915,656)
Equipment	(15,839,730)	(1,814,499)	272,642	(17,381,587)
Infrastructure	(16,380,821)	(497,665)	-	(16,878,486)
Total Accumulated Depreciation	(43,902,477)	(3,112,869)	272,642	(46,742,704)
Total Capital Assets, Being Depreciated, Net	38,991,751	(604,931)	-	38,386,820
Total Capital Assets, Net	\$ 46,962,643	\$ (604,931)	\$ (512,027)	\$ 45,845,685

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

6. CAPITAL ASSETS, CONTINUED

Business-Type Activities

A summary of changes in capital asset activity for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010 As Restated (Note 18)	Additions	Deletions	Balance June 30, 2011
Capital Assets, Not Being Depreciated:				
Land	\$ 499,975	\$ -	\$ -	\$ 499,975
Construction in progress	348,902	165,559	(172,113)	342,348
Total Capital Assets, Not Being Depreciated	848,877	165,559	(172,113)	842,323
Capital Assets, Being Depreciated:				
Buildings	285,050	-	-	285,050
Improvements	36,143,895	1,815,952	-	37,959,847
Equipment	2,500,502	74,038	(20,509)	2,554,031
Infrastructure	10,008,655	-	-	10,008,655
Total Capital Assets, Being Depreciated	48,938,102	1,889,990	(20,509)	50,807,583
Less Accumulated Depreciation:				
Buildings	(87,614)	(5,589)	-	(93,203)
Improvements	(13,594,462)	(1,036,138)	-	(14,630,600)
Equipment	(2,075,990)	(197,293)	20,509	(2,252,774)
Infrastructure	(8,255,122)	(108,836)	-	(8,363,958)
Total Accumulated Depreciation	(24,013,188)	(1,347,856)	20,509	(25,340,535)
Total Capital Assets, Being Depreciated, Net	24,924,914	542,134	-	25,467,048
Total Capital Assets, Net	\$ 25,773,791	\$ 707,693	\$ (172,113)	\$ 26,309,371

Depreciation expense of \$4,460,725 was charged to the following functions:

	Governmental Activities	Business-Type Activities	Total
General government	\$ 227,328	\$ -	\$ 227,328
Public safety	1,216,116	-	1,216,116
Community development	38,438	-	38,438
Culture and recreation	909,936	-	909,936
Street and highways	633,326	-	633,326
Water	75,412	1,191,022	1,266,434
Refuse	12,313	3,487	15,800
Sewer	-	153,347	153,347
Total	\$ 3,112,869	\$ 1,347,856	\$ 4,460,725

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

7. CAPITALIZED LEASE OBLIGATIONS

The City has entered into lease agreements with Municipal Leasing Associates, San Gabriel Valley Municipal Water District and California Infrastructure and Economic Development Bank, to finance water system energy retrofit programs, water volatile organic chemicals treatment and La Loma and Highland Reservoirs project, Police Computer Aided Dispatch and Records Management System (CAD/RMS), and has recorded the transactions in the Governmental Fund and Water Fund. These leases are classified as capital leases for accounting purposes as defined under GASB Statement No. 13, "Accounting for Operating Leases with Scheduled Rent Increases" and therefore have been recorded at the present value of the future minimum lease payments at the date of inception of the leases.

The assets acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Machinery and Equipment	\$ 1,771,926	\$ -	\$ 1,771,926
Improvements	-	10,115,694	10,115,694
Construction in Progress	-	216,258	216,258
	<u>1,771,926</u>	<u>10,331,952</u>	<u>12,103,878</u>
Less: Accumulated Depreciation	(1,216,047)	(2,343,763)	(3,559,810)
Total	<u>\$ 555,879</u>	<u>\$ 7,988,189</u>	<u>\$ 8,544,068</u>

Future minimum lease payments under these capital leases are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2012	\$ 165,867	\$ 667,702	\$ 833,569
2013	165,867	667,185	833,052
2014	165,867	666,655	832,522
2015	165,867	666,109	831,976
2016	165,867	665,547	831,414
2017-2021	829,343	2,608,754	3,438,097
2022-2026	-	549,715	549,715
2027-2031	-	547,890	547,890
Subtotal	<u>1,658,678</u>	<u>7,039,557</u>	<u>8,698,235</u>
Less amount representing interest	<u>(332,215)</u>	<u>(944,781)</u>	<u>(1,276,996)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 1,326,463</u>	<u>\$ 6,094,776</u>	<u>\$ 7,421,239</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

8. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2011 are as follows:

Governmental Activities	Balance July 1, 2010 As Restated	Additions	Deletions	Balance June 30, 2011	Amount Due Within One Year	Amount Due In More Than One Year
Bonds Payable:						
1998 Tax Allocation						
Revenue Bonds - Merged Redevelopment Project	\$ 8,865,000	\$ -	\$ (305,000)	\$ 8,560,000	\$ 325,000	\$ 8,235,000
2002 Tax Allocation Bonds						
Atlantic-Garvey Project Redevelopment Project	19,230,000	-	(815,000)	18,415,000	840,000	17,575,000
2004 Taxable Pension Obligation Bonds	16,855,000	-	(510,000)	16,345,000	495,000	15,850,000
Total bonds payable	44,950,000	-	(1,630,000)	43,320,000	1,660,000	41,660,000
Loans and Notes Payable						
HUD Section 108 Loans Payable	5,033,000	-	(265,000)	4,768,000	281,000	4,487,000
Library Special Tax Revenue Notes Series 2005	2,621,136	-	(286,028)	2,335,108	297,030	2,038,078
Total loans and notes payable	7,654,136	-	(551,028)	7,103,108	578,030	6,525,078
Tax Deferred Loans Payable:						
Atlantic/Garvey Project	5,985,504	679,959	-	6,665,463	-	6,665,463
Merged Project	24,849,571	3,095,765	-	27,945,336	-	27,945,336
Total tax deferred loans payable	30,835,075	3,775,724	-	34,610,799	-	34,610,799
Compensated Absences Payable	5,538,176	-	(586,225)	4,951,951	495,195	4,456,756
Claims and Judgments Payable (Note 12)	5,714,205	810,027	(532,741)	5,991,491	2,396,596	3,594,895
Capital Lease Obligations (Note 7)	1,429,704	-	(103,241)	1,326,463	107,897	1,218,566
Net Other Postemployment Benefits Obligation (Note 11)	4,594,746	2,483,235	-	7,077,981	-	7,077,981
Total Governmental Activities	\$ 100,716,042	\$ 7,068,986	\$ (3,403,235)	\$ 104,381,793	\$ 5,237,718	\$ 99,144,075
Business-Type Activities						
Compensated Absences Payable	\$ 469,303	\$ 19,060	\$ (35,072)	\$ 453,291	\$ 45,329	\$ 407,962
Capital Lease Obligations (Note 7)	6,650,788	-	(556,012)	6,094,776	561,668	5,533,108
Net Other Postemployment Benefits Obligation (Note 11)	255,254	157,765	-	413,019	-	413,019
Total Business-Type Activities	\$ 7,375,345	\$ 176,825	\$ (591,084)	\$ 6,961,086	\$ 606,997	\$ 6,354,089

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

8. LONG-TERM DEBT, CONTINUED

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At June 30, 2011, \$55,619 in compensated absences and \$5,991,491 in claims and judgments of internal service funds are included as part of the totals long-term debt for governmental activities.

Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

Tax Allocation Bonds

1998 Tax Allocation Revenue Bonds (Merged Project)

On October 14, 1998, the Financing Authority issued the 1998 Tax Allocation Revenue Bonds in the principal amount of \$11,610,000. The proceeds were loaned to the Agency to advance refund the 1977 Freeway Bonds and to finance additional redevelopment activities within its Merged Project Area. The bonds are secured by a pledge of the tax revenues from the Merged Project Area and were issued in denominations of \$5,000, with interest rates ranging from 3.8% to 5.3%. Interest payments are payable semiannually on March 1 and September 1. Principal payments are due on March 1 of each year and continue until the year 2028.

\$8,560,000

Optional Redemption: The bonds due on or after March 1, 2009 are subject to optional redemption as a whole or in part by such maturities as the Authority may designate and by lot within a maturity, on any date on or after March 1, 2008, at the following respective redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed) plus accrued interest to the redemption date:

Redemption Period	Redemption Price
March 1, 2009 to February 28, 2010	101.5%
March 1, 2010, and thereafter	100.0%

2002 Tax Allocation Revenue Bonds (Atlantic-Garvey Project)

On August 22, 2002, the Agency issued \$24,270,000 Tax Allocation Bonds Issue of 2002, for the Atlantic-Garvey Redevelopment Project No. 1. These Bonds were issued to redeem outstanding 1992 Refunding Bonds on September 1, 2002 and to finance improvements within Atlantic-Garvey Redevelopment Project No. 1 Project area. The bonds are secured by a pledge of the tax revenues from the Project area and were issued in denominations of \$5,000, with interest rates ranging from 2.5% to 5.0%. Interest payments are payable semiannually on September 1 and March 1. Principal payments are made on September 1 of each year and continue until the year 2028.

\$18,415,000

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

8. LONG-TERM DEBT, CONTINUED

2002 Tax Allocation Revenue Bonds (Atlantic-Garvey Project), Continued

Optional Redemption: The Bonds maturing on or before September 1, 2012, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 2013, are subject to redemption, at the option of the Agency on any date on or after September 1, 2012, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The bonds are secured by a first and prior lien on tax increment revenues excluding any portion of revenues that are required to be deposited to the Agency's Low and Moderate Income Housing Funds, the County of Los Angeles pass-thru agreement, and County administration fees. Annual Principal and interest payments on the bonds are expected to require less than 35% of net revenues. The amount of principal and interest outstanding at June 30, 2011 totaled \$39,340,359. Principal and interest paid for the current year is \$2,446,671 and the net tax increment revenue \$6,891,853.

Total Tax Allocation Bonds

\$26,975,000

2004 Taxable Pension Obligation Bonds

On June 29, 2004, the City pursuant to an Agreement with the California Statewide Communities Development Authority, issued \$17,405,000 in Taxable Pension Obligation Bonds, 2004 Series A-1. These Bonds were issued to refund the unfunded liabilities of the City's Safety Plan to the California Public Employees Retirement System (CALPERS). The City is contractually obligated to appropriate and make payments to CALPERS arising as a result of retirement benefits accruing to members of CALPERS. The City's obligation includes, among others, the requirement to amortize the unfunded accrued actuarial liability over a multi-year period. On June 29, 2004, the City contributed \$17,012,841 of the bond proceeds to CALPERS to fund a portion of the unfunded liability for the Safety Plan that provides retirement benefits to the City's sworn Police Officers and Firefighters. This transaction resulted in a net economic gain of \$3,193,368.

Bond interest is payable semi-annually on June 1 and December 1 commencing December 1, 2004. The rate of interest varies from 4.510% to 6.076% per annum. Principal is payable in annual installments ranging from \$25,000 to \$1,350,000 commencing on June 1, 2009 and ending on June 1, 2034. On or before August 1st of each year, the City is required to deposit with the trustee the amount equal to the next year's debt service payment in lieu of a reserve requirement.

\$16,345,000

Optional Redemption: The bonds maturing on or before June 1, 2016 will not be subject to optional redemption. The bonds maturing on June 1, 2024 and on June 1, 2034 are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part on any date at a redemption price equal to the greater of (1) 100% of principal to be redeemed or (2) present value of the remaining debt service discounted at Treasury Rate plus 10.0 basis points for the 2024 Term Bonds or plus 12.5 basis points for the 2034 Term Bonds. Bonds will be selected for redemption on a pro rata basis for both the optional and mandatory sinking fund redemption.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

8. LONG-TERM DEBT, CONTINUED

Section 108 Loan Program

In August 2002, the City participated in the U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program and received note proceeds of \$6,500,000. The City uses the proceeds for the development of the Market Place project. The annual debt service payments are funded through the City's Community Development Block Grant funds. Interest rates range from 1.75% to 6.12%. Interest payments are made semiannually on August 1 and February 1. Principal payments are made on August 1 of each year and continue until the year 2023.

\$4,768,000

Library Special Tax Revenue Note Series 2005

In June 2005, the City entered into a Library Facility Financing Agreement with Baruch and Company and received proceeds of \$3,900,000 to be used for the expansion of the Monterey Park Bruggemeyer Library. The Note was then assigned to Sun Trust Leasing Corporation. The annual debt service payments are funded through the City's Special Library Tax. The interest rate is a fixed 3.81%. Principal and interest payments of \$191,597 are made semiannually on December 15 and June 15 beginning December 15, 2005 and continuing until the year 2018.

The note is secured by City's Special Library Tax. Annual Principal and interest payments on the note are expected to require less than 80% of net revenues. The amount of principal and interest outstanding at June 30, 2011 totaled \$2,682,359. Principal and interest paid for the current year is \$383,194 and the net library tax revenue was \$501,531.

\$2,335,108

Total Tax Allocation Bonds, Pension Obligation Bonds, Section 108 Loan Program, and Library Special Tax Revenue Note

\$50,423,108

The summary of future debt service requirements on the tax allocation bonds, pension obligation bonds, Section 108 Loan, and Library Special Tax Revenue Note is as follows:

	Tax Allocation Bonds		Pension Obligation Bonds		HUD Section 108 Loan		Library Special Tax		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 1,165,000	\$ 1,282,715	\$ 495,000	\$ 970,806	\$ 281,000	\$ 265,183	\$ 297,030	\$ 86,164	\$ 4,842,898
2013	1,210,000	1,235,184	485,000	945,165	298,000	250,933	308,454	74,741	4,807,477
2014	1,260,000	1,184,690	475,000	919,315	316,000	235,140	320,318	62,876	4,773,339
2015	1,310,000	1,130,215	465,000	893,627	335,000	217,687	332,639	50,556	4,734,724
2016	1,370,000	1,072,327	455,000	868,015	356,000	198,695	345,433	37,762	4,703,232
2017-2021	7,910,000	4,257,330	2,200,000	3,950,574	2,135,000	649,772	731,234	35,152	21,869,062
2022-2026	9,830,000	2,052,619	2,900,000	3,292,328	1,047,000	64,898	-	-	19,186,845
2027-2031	2,920,000	150,279	5,045,000	2,177,182	-	-	-	-	10,292,461
2032-2034	-	-	3,825,000	473,928	-	-	-	-	4,298,928
	<u>\$ 26,975,000</u>	<u>\$ 12,365,359</u>	<u>\$ 16,345,000</u>	<u>\$ 14,490,940</u>	<u>\$ 4,768,000</u>	<u>\$ 1,882,308</u>	<u>\$ 2,335,108</u>	<u>\$ 347,251</u>	<u>\$ 79,508,966</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

8. LONG-TERM DEBT, CONTINUED

Tax Increment Deferred Loan – (Atlantic/Garvey Project)

On August 20, 1987, the Agency entered an agreement for reimbursement of tax increment funds with the County of Los Angeles (County). In the Agreement, the County agreed to loan its portion of the tax increment revenues received from the amended area (88 Annex) to the Agency at a 7% compound interest rate, beginning fiscal year 1989-90. The percentage distribution from the basic tax levy for the 88 Annex area for the County and the Agency is 43.7% and 56.3% respectively. The Agency will commence repayment of this loan annually beginning with the fiscal year in which the Agency's share of tax increment revenues (excluding Housing Fund contributions) from the 88 Annex area exceeds \$800,000.

\$6,665,463

Tax Increment Deferred Loan – (Merged Project)

The Agency and the County Taxing Entities (the County of Los Angeles, the Los Angeles County Flood Control District, and the Los Angeles County Office of Education) entered into four agreements for reimbursement of the tax increment deferred amounts. In the Agreements, the County Taxing Entities agreed to loan their portions of the tax increment revenues received from 111 Southeast Project area, Freeway `99 Annex area, Central Commercial Project area, and Merged Monterey Pass Road area to the Agency at specified interest rates ranging from 0% to 7%. The percentage distribution from the basic tax levy and the repayment schedule of the deferred loans are also based on a specified formula for each taxing entity.

\$27,945,336

Arbitrage

The Tax Reform Act of 1986 substantially revised the treatment to be afforded to arbitrage earnings on invested bond proceeds and now requires the City to remit excess arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds thereon fall under the requirements of the act. The City has made the necessary arbitrage rebate calculations. As of June 30, 2011, the Agency incurred no rebate liability for the 1998 Merged Bonds or for the 2002 Tax Allocation Bonds.

9. DUE TO OTHER GOVERNMENTAL AGENCIES

In the Special Revenue Grants Fund, an amount equal to the total outstanding balance of the identified loans receivable for the CDBG Residential Rehabilitation Program \$48,015, State Earthquake Rehabilitation Assistance (SERA) Program \$185,300, the Pacific Bridge Housing Corporation loan \$207,795, the Pacific Bridge Loan \$355,262, described in Note 3 at June 30, 2011 has been recorded as Due to Other Governmental Agencies. As these notes are repaid, the repayment proceeds must be returned to the applicable government agency.

Due to Other Governmental Agencies	Amount
CDBG Residential Rehabilitation Program	\$ 48,015
State Earthquake Rehabilitation Assistance (SERA) Program	185,300
The Pacific Bridge Housing Corporation Loan	207,795
The Pacific Bridge Loan	355,262
Total	\$ 796,372

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

10. PENSION PLANS

A. Defined Benefit Pension Plans

a. California Public Employees' Retirement System Plan Description

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

Participants are required to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. Miscellaneous employees contribute 6.55% and all new-hire sworn Police employees contribute 6.55% toward their CalPERS retirement. The City makes 9% of the required employee contributions on behalf of sworn Fire and existing Police employees. The City is required to contribute at an actuarially determined rate; the current rate is 13.541% for non-safety employees, and 20.243% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

For fiscal year 2010-2011, the City's and Employee's annual pension cost was \$4,879,000 and \$744,965, respectively. The City actually contributed \$5,112,000. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases from 3.25% to 14.45% for miscellaneous plan and 3.25% to 13.15% for safety plan, depending on Age, Service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on a closed basis. The amortization period was 30 years for both miscellaneous plan and safety plan. The amortization period at June 30, 2009 was 22 years for miscellaneous plan and 27 years for safety plan.

The City's contribution to the Safety plan in the fiscal year ended June 30, 2004 included \$17,013,000 from the proceeds of the Pension Obligation Refunding Bonds Series 2004. The City's contributions in subsequent years were equal to the annual required contribution, which were more than the annual pension cost as a result of the pension obligation transaction.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

10. PENSION PLANS

A. Defined Benefit Pension Plans

a. California Public Employees' Retirement System Plan Description, Continued

The City's changes in net pension asset of the Safety Plan, for the year ended June 30, 2011, were as follows (amounts in thousands):

Annual Required Contribution	\$	(3,743)
Interest on Beginning Net Pension Assets		1,464
Adjustment to the Annual Required Contribution		(1,231)
Annual Pension Cost		(3,510)
Contributions Made		(3,743)
Change in Pension Assets		233
Net Pension Assets, Beginning of Year		18,887
Net Pension Assets, End of Year	\$	19,120

TREND INFORMATION FOR PERS

Schedule of Employer Contributions for Last Three Years (\$ Amount in Thousands)

Safety Plan					
Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Assets	
6/30/2009	\$ 3,084	\$ 3,362	109%	\$	18,629
6/30/2010	\$ 3,399	\$ 3,657	108%	\$	18,887
6/30/2011	\$ 3,510	\$ 3,743	107%	\$	19,120

Miscellaneous Plan

Miscellaneous Plan					
Fiscal Year	Annual Pension Cost (APC)	Annual Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Obligation	
6/30/2009	\$ 2,205	\$ 2,205	100%	\$	-
6/30/2010	\$ 1,483	\$ 1,483	100%	\$	-
6/30/2011	\$ 1,369	\$ 1,369	100%	\$	-

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

a. California Public Employees' Retirement System Plan Description, Continued

Schedule of Funding Progress (\$ Amount in Thousands)						
Actuarial Validation Date	Actuarial Value of Assets	Entry Age Normal AAL	Unfunded AAL	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
	(a)	(b)	[(b)-(a)]	[(a)/(b)]	(c)	{[(b)-(a)]/(c)}
6/30/2010						
Miscellaneous	\$ 69,203	\$ 84,267	\$ 15,064	82.1%	\$ 12,507	120.4%
Safety	\$ 124,278	\$ 142,589	\$ 18,311	87.2%	\$ 11,996	152.6%
Total	\$ 193,481	\$ 226,856	\$ 33,375	85.3%	\$ 24,503	136.2%

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

b. Massachusetts Mutual Retirement Plan (MMRP) – Defined Benefit Plan

Certain miscellaneous employees are covered by a retirement plan through the Massachusetts Mutual Life Insurance Company (Massachusetts Mutual), a single-employer pension plan. All miscellaneous employees who were employed prior to April 1, 1976 participated in the MMRP.

Miscellaneous employees under the age of 55 joined PERS on April 1, 1976. However, these employees still remain vested under the MMRP and are eligible to receive retirement benefits at the time of retirement. Miscellaneous employees over the age of 55 (on or before April 1, 1976) could not participate in PERS and remain wholly in the MMRP. The MMRP was amended in 1976 to provide equivalent retirement benefits to all miscellaneous employees, whether totally vested in PERS, totally vested in the MMRP or partially vested in both plans. Eligibility requirements for the MMRP are the same as those for PERS. There are 78 individuals in the plan, all of whom are no longer employed by the City or are currently participating in PERS. The City's payroll for employees covered by the MMRP for the year ended June 30, 2011 was zero. The City does not issue a publicly available financial report for the MMRP.

Funding Policy

MMRP is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Employer contributions were based upon the actuarial methods and assumptions and there were no current year employee contributions required. The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 5% a year compounded annually; (b) projected salary increases of 2% a year, attributable to cost-of-living adjustment, (c) additional projected salary increases of 5% a year (includes inflation at 2%), attributable to seniority/merit; and (d) no postretirement benefit increases.

The Annual Required Contribution (ARC) is the sum of the normal cost and amortization of the unfunded actuarial liability over a period not to exceed 10 years. Assets are assigned to the general investment account of the insurance company where investments are comprised mainly of bonds and mortgages. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. Starting in fiscal year 2010-11, the 10-year amortization contribution amount was used.

TREND INFORMATION FOR MMRP
Schedule of Employer Contributions for Last Three Years (\$ Amount in Thousands)

Fiscal Year	Annual			
	Annual Pension Cost (APC)	Required Contribution (ARC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 363	\$ 225	62%	\$ 872
6/30/2010	\$ 405	\$ 389	96%	\$ 888
6/30/2011	\$ 801	\$ 801	100%	\$ 888

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

10. PENSION PLANS, CONTINUED

A. Defined Benefit Pension Plans, Continued

2. Massachusetts Mutual Retirement Plan (MMRP) – Defined Benefit Plan

Schedule of Funding Progress (\$ Amount in Thousands)						
Actuarial Validation Date	Actuarial Value of Assets	Entry Age Normal AAL	Unfunded AAL	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
	(a)	(b)	[(b)-(a)]	[(a)/(b)]	(c)	{[(b)-(a)]/(c)}
7/1/2010	\$ 1,349	\$ 7,485	\$ 6,136	18.0%	\$ -	N/A

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Defined Contribution Pension Plan

Monterey Park Part-Time Retirement Plan

Plan Description

During the 1991-1992 fiscal year, the City established the Monterey Park Part-Time Retirement Plan, a defined contribution retirement plan, for all nonbenefited, part-time employees in accordance with Internal Revenue Code Section 457, to conform to Section 3121(b)(7)(F) of the Internal Revenue Code added by the Omnibus Budget Reconciliation Act of 1990. The plan is administered by National Deferred Compensation Inc. The plan was established by the authority of the City Council who retains the authority to amend the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of the contributions.

Part-time, nonbenefited, nonpersable employees of the City must participate in the plan. During 2010-11, 86 part-time employees participated in the plan. All contributions to the plan vest immediately. An employee who leaves the City is entitled to all contributions, including contributions made by the City, and earnings applied to the individual's account through the date of separation, less legally required income tax withholding. Participants that become full-time employees and enter the PERS retirement plan will have the amount in their individual accounts transferred from this plan into a Section 457, Deferred Compensation Plan, subject to all the rules governing Section 457 plans, including substantial penalties for withdrawal prior to the age of normal retirement. Contribution levels into the deferred compensation plan were established by City Council resolution at 4% and 3.5% for the City and nonbenefited, nonpersable part-time employees, respectively.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

10. PENSION PLANS, CONTINUED

B. Defined Contribution Pension Plan, continued

Monterey Park Part-Time Retirement Plan, Continued

Plan Description, Continued

During the year, total required and actual contributions amounted to \$59,053 and covered payroll for the year ended June 30, 2011 totaled \$787,367. The City contributed \$31,495 (4% of current covered payroll) and employees contributed \$27,558 (3.5% of current covered payroll). Total plan assets at June 30, 2011 were \$676,547. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

11. OTHER POST EMPLOYMENT BENEFITS

The City provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. The City's plan is a single-employer plan. Eligible retirees and dependents may elect lifetime coverage through the City's healthcare plans. The City makes contributions towards the retiree's premium up to specified caps that vary depending on bargaining unit and whether the participant has more or less than 20 years of service. Retirees pay the portion of premium not paid by the City.

In addition to the direct City paid contribution, retirees also receive pre-65 benefits that are subsidized as they are eligible to receive coverage based on blended (active and retiree) premium rates instead of normally higher retiree rates.

The City adopted GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the current fiscal year, elected to use the entry age normal cost method with unfunded liabilities amortized over 30 years, and continues to fund on a pay-as-you-go basis.

Funding Policy

The contribution requirements are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010-2011, the City contributed \$1,235,680 to the plan and the breakdown is as follows.

Police	\$ 407,325
Fire	213,224
Miscellaneous	615,131

Total	\$ 1,235,680

Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Postemployment Benefit (OPEB) cost is calculated base 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 excesses) over a period 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 to the Plan.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Annual OPEB Cost and Net OPEB Obligation, Continued

Annual Required Contribution	\$	3,877
Interest on Beginning Net OPEB Obligation		243
Adjustment to the Annual Required Contribution		(243)
Annual OPEB Cost		3,877
Contributions Made Outside of a Trust		(1,236)
Change in Net OPEB Obligation		2,641
Net OPEB Obligation, Beginning of Year		4,850
Net OPEB Obligation, End of Year	\$	<u>7,491</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 plus the two preceding year were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 3,084	34.30%	\$ 2,128
6/30/2010	\$ 3,399	30.08%	\$ 4,850
6/30/2011	\$ 3,510	31.88%	\$ 7,491

Funded Status and Funding Progress

As of July 1, 2009, the Actuarial Accrued Liability for benefits was \$49,150,000, and the actuarial value of assets was \$0, resulting in an UAAL of \$49,150,000. The covered payroll (annual payroll of active employees covered by the plan) was \$22,667,000 and the ratio of UAAL to the covered payroll was 216.84 percent.

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 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 the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

11. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Actuarial Methods and Assumptions, Continued

For July 1, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 5.0% discount rate and an annual healthcare cost trend rate of 10.0% initially and reduced by decrements of 1% to an ultimate rate of 5.0% thereafter. The UAAL is being amortized as level percentage of future payroll on a 30 year open amortization period.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are handled as described below.

The City is partially self-insured for Workers' Compensation, General Liability and Automobile Liability. The City is fully self-insured for unemployment insurance claims (reimbursable account with Employment Development Department). The Workers' Compensation Internal Service Fund and the General Liability Internal Service Fund were established to account for the collection of premiums from various City departments related to the City's insurance and self-insurance programs.

The City retains the risk for the first \$500,000 of each Workers' Compensation claim and is a member of the Independent Cities Risk Management Authority for coverage up to \$100 million per occurrence. The City retains the risk for the first \$300,000 of each General Liability and Auto Liability claim and is a member of the Independent Cities Risk Management Authority for coverage up to \$20 million per occurrence. The City also purchases commercial insurance for other risks of loss, including property loss, emergency vehicle physical damage and special events. There have been no significant changes in insurance coverage as compared to last year and the City has not experienced settlements in excess of insurance coverage during the past three fiscal years. Estimates for liabilities have been accrued in the Workers Compensation and General Liability Funds. These funds also include an estimate for incurred but not reported claims.

At June 30, 2011, total estimated claims payable were as follows:

General Liability	\$ 903,718
Workers' Compensation	<u>5,087,773</u>
Total	<u><u>\$ 5,991,491</u></u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

12. RISK MANAGEMENT, CONTINUED

The Independent Cities Risk Management Authority (ICRMA) is comprised of 28 Southern California cities, and each member city has a representative on the governing board. The comprehensive general liability insurance includes monetary damages for personal liability, property damage and public officials' errors and omissions. Deposits made to the ICRMA are based on losses incurred by the insured, and rebates are possible if the losses are minimal.

A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior 2 years is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Claims liabilities - beginning balance	\$ 5,714,205	\$ 5,149,730	\$ 4,707,741
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	810,027	4,525,438	3,657,476
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(532,741)	(3,960,963)	(3,215,487)
Total	<u>\$ 5,991,491</u>	<u>\$ 5,714,205</u>	<u>\$ 5,149,730</u>

13. DEFICITS AND BUDGET OVERAGES

Governmental-wide Financial Statements:

At June 30, 2011 deficit unrestricted net assets are reported for the Governmental Activities in the amount of \$21,658,335. Of the \$21.7 million, \$34.6 million is the Agency's long-term tax deferred loans payable. City management intends to re-negotiate with the Los Angeles County to restructure this long-term liability and to use a combination of spending cuts and various revenue avenues to reduce deficit net assets.

Fund Financial Statements:

At June 30, 2011, deficit fund balance and/or net assets were reported for the Park Facility Special Revenue Fund, Public Safety Impact Fee Fund and Workers' Compensation Internal Service Fund in the amount of \$74,689, \$30,803, and \$2,840,091 respectively. City management intends to eliminate the deficit fund balance of the Special Revenue Park Facility Fund and Special Revenue Public Safety Impact Fee by reducing spending and accumulating resources. In addition, city management intends to eliminate the deficit net assets of the Workers' Compensation Fund over time by increased charges to City departments, and making transfers from excess in other internal service funds. City management believes the present cash position of these funds is adequate to meet current needs.

Expenditures exceeded appropriations in the General Fund, Special Revenue Grants Fund, Debt Service Fund, and Special Revenue Maintenance District 93-1 Fund by \$499,541, \$1,056,366, \$3,853,871, and \$50,564, respectively.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

14. FUND BALANCE CLASSIFICATIONS

	Major Funds					Non-Major Special Revenue	Total
	General	Special Revenue		Debt Service	Capital Projects		
		Grants	Retirement/ Pension				
Nonspendable:							
Notes receivable	\$ -	\$ -	\$ -	\$ -	\$ 8,903,530	\$ -	\$ 8,903,530
Land held for resale	-	-	-	-	10,815,327	-	10,815,327
Advances to other funds	703,230	-	-	-	2,617,203	-	3,320,433
Prepaid items	7,100	-	-	-	-	-	7,100
Total nonspendable	710,330	-	-	-	22,336,060	-	23,046,390
Restricted:							
Street resurfacing	-	1,685,204	-	-	-	-	1,685,204
Park restroom improvements	-	147,630	-	-	-	-	147,630
Zoning ordinance updates	-	153,444	-	-	-	-	153,444
Other capital projects under \$200,000 in aggregate	-	1,759,578	-	-	-	-	1,759,578
Retirement	-	-	10,278,428	-	-	-	10,278,428
Debt service	-	-	-	2,472,362	-	-	2,472,362
Low and moderate income housing	-	-	-	-	5,977,326	-	5,977,326
OPA Proposition A	-	-	-	-	-	1,624,969	1,624,969
State Gas Tax	-	-	-	-	-	784,551	784,551
Proposition C	-	-	-	-	-	989,238	989,238
Assets forfeiture	-	-	-	-	-	1,102,559	1,102,559
Business Improvement Area #1	-	-	-	-	-	260,353	260,353
Measure R	-	-	-	-	-	933,867	933,867
CERCLA Liability	-	-	-	-	-	792,520	792,520
Other special revenue under \$200,000 in aggregate	-	-	-	-	-	487,052	487,052
Total restricted	-	3,745,856	10,278,428	2,472,362	5,977,326	6,975,109	29,449,081
Committed:							
Unemployment claim	340,000	-	-	-	-	-	340,000
Catastrophic event	2,000,000	-	-	-	-	-	2,000,000
Working capital	3,000,000	-	-	-	-	-	3,000,000
Atlantic Times Square Project	-	-	-	-	2,150,000	-	2,150,000
Monterey Park Town Centre Project	-	-	-	-	1,374,270	-	1,374,270
Total committed	5,340,000	-	-	-	3,524,270	-	8,864,270
Assigned:							
City capital improvement	4,538,396	-	-	-	-	-	4,538,396
Community development projects	-	-	-	-	60,213	-	60,213
Other purpose	51,069	-	-	-	10,463,020	-	10,514,089
Total assigned	4,589,465	-	-	-	10,523,233	-	15,112,698
Unassigned:							
General Fund	2,505,441	-	-	-	-	-	2,505,441
Nonmajor Special Revenue Funds	-	-	-	-	-	(105,492)	(105,492)
Total unassigned	2,505,441	-	-	-	-	(105,492)	2,399,949
Total	\$ 13,145,236	\$ 3,745,856	\$ 10,278,428	\$ 2,472,362	\$ 42,360,889	\$ 6,869,617	\$ 78,872,388

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

15. COMMITMENT

State law requires redevelopment agencies to set aside 20 percent of their tax increment revenues for low/mod housing. In 1997, the Agency approved a plan to set aside future tax increment revenue in addition to the regular 20 percent set aside requirements. No additional housing set aside obligations were incurred as of June 30, 2011. A summary of the plan is presented below:

For the year ending June 30,	Amount
2024-2029	\$ 500,000
2030-2034	450,000
2035-2039	236,222
Total	<u>\$ 1,186,222</u>

16. CONTINGENCIES

The City and numerous other public entities have been served with one claim by several industrial defendants seeking contribution and indemnification under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) based on generalized allegations that the City is responsible for damages sought against the defendants based on its ownership and/or use of sewer and flood control pipelines as well as other actions. The City, among others, has entered into a settlement which provides contribution immunity under CERCLA to close the complaint. The judge's approved consent decree of the settlement has been appealed. Based on the lack of data as to the value of the underlying suit and the percent of responsibility, if any, of the City, and the unknown potential for reversal of the approval of the consent decree, no estimate of the potential liability of the City can be made at this time. The City intends to defend the case vigorously and to appeal any adverse judgment.

The City has received State and Federal grants for specific purposes that are subject to review and audit by the Federal government. Although such audits could result in expenditure disallowance under grant terms, and any required reimbursements are not expected to be material.

As of June 30, 2011, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

17. PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-2010 budget package passed by the California State Legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplementary property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$1,042,925 with no interest accrued for the year ended June 30, 2011.

The borrowing by the State of California was recognized as a receivable and offset by deferred revenue since the revenues are not available to the City within 60 days of the end of the accounting period. The tax revenues will be recognized in the fiscal year for which they are received.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

18. PRIOR PERIOD ADJUSTMENTS

Government-Wide Financial Statements:

Beginning net assets for governmental activities was restated from \$56,135,791 to \$51,129,931 and business-type activities was restated from \$28,166,671 to \$33,172,526 to reclassify Refuse Enterprise Fund and Sewer Enterprise Fund from governmental activities to business-type activities and to move the related capital assets, accumulated depreciation, compensated absences, and related internal service fund activities charged to Refuse Fund and Sewer Fund from governmental activities to business-type activities.

Fund Financial Statements:

	Governmental Funds			Proprietary Funds	
	Special Revenue Retirement	Special Revenue Refuse	Nonmajor Special Revenue	Refuse Enterprise	Nonmajor Enterprise (Sewer)
Fund Balance at July 1, 2010	\$ -	\$ 2,726,001	\$ 10,529,295	\$ -	\$ -
(1) Fund Reclassification	4,173,026	-	(4,173,029)	-	-
(2) Fund Reclassification	-	(2,726,001)	(495,439)	2,726,001	495,439
(3) Capital Assets	-	-	-	9,316	1,858,700
(4) Compensated Absences	-	-	-	(94,795)	(23,789)
Fund Balance at July 1, 2010. As Restated	\$ 4,173,026	\$ -	\$ 5,860,827	\$ 2,640,522	\$ 2,330,350

- (1) Pension Liability Fund reported as part of Nonmajor Special Revenue Funds as of June 30, 2010 was reclassified to Special Revenue Retirement/Pension Liability Fund due to the implementation of GASB 54 during year ended June 30, 2011.
- (2) Special Revenue Refuse Fund and Sewer Special Revenue Fund (reported as part of Nonmajor Special Revenue Fund) as of June 30, 2010 was reclassified to Enterprise Funds due to the implementation of GASB 54 during year ended June 30, 2011.
- (3) Capital Assets were reclassified from governmental activities to appropriate Refuse Enterprise Fund and Sewer Enterprise Fund (and business-type activities) due to the implementation of GASB 54 during year ended June 30, 2011.
- (4) Compensated absences were reclassified from governmental activities to appropriate Refuse Enterprise Fund and Sewer Enterprise Fund (and business-type Activities) due to the implementation of GASB 54 during year ended June 30, 2011.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

19. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Monterey Park intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The City of Monterey Park intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The City of Monterey Park intends to use available monies to keep its Redevelopment Agency under the provision of AB X 127. For this purpose, the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts provided to be paid after fiscal year 2012-13 are only estimated and have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (the "CRA") filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2011

19. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, CONTINUED

On October 19, 2011, the City Council approved the first reading of the Ordinance, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$2,673,546 for fiscal year 2011-12. Thereafter, an estimated \$600,000 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MONTEREY PARK
Required Supplementary Information
June 30, 2011

1. California Public Employees' Retirement System (CalPERS): - most recent data available

Schedule of Funding Progress (\$ Amount in Thousands)

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) [(b) - (a)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
06/30/08						
Misc.	\$ 60,853	\$ 66,951	\$ 6,098	90.9%	\$ 12,025	50.7%
Safety	115,550	124,713	9,163	92.7%	11,229	81.6%
Total	<u>\$ 176,403</u>	<u>\$ 191,664</u>	<u>\$ 15,261</u>	<u>92.0%</u>	<u>\$ 23,254</u>	<u>65.6%</u>
06/30/09						
Misc.	\$ 64,931	\$ 77,922	\$ 12,991	83.3%	\$ 12,871	100.9%
Safety	119,754	135,741	15,987	88.2%	11,941	133.9%
Total	<u>\$ 184,685</u>	<u>\$ 213,663</u>	<u>\$ 28,978</u>	<u>86.4%</u>	<u>\$ 24,812</u>	<u>116.8%</u>
06/30/10						
Misc.	\$ 69,203	\$ 84,267	\$ 15,064	82.1%	\$ 12,507	120.4%
Safety	124,278	142,589	18,311	87.2%	11,996	152.6%
Total	<u>\$ 193,481</u>	<u>\$ 226,856</u>	<u>\$ 33,375</u>	<u>85.3%</u>	<u>\$ 24,503</u>	<u>136.2%</u>

2. Massachusetts Mutual Retirement Plan (MMRP):

Schedule of Funding Progress for Last Three Years (\$ Amount in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) [(b) - (a)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
7/01/08	\$ 2,514	\$ 7,977	\$ 5,463	31.5%	-	N/A
7/01/09	1,642	7,796	6,154	21.1%	-	N/A
7/01/10	1,349	7,485	6,136	18.0%	-	N/A

3. Other Post Employment Benefit (OPEB) Plan:

Schedule of Funding Progress (\$ Amount in Thousands)

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) [(b) - (a)]	Funded Ratio [(a)/(b)]	Covered Payroll (c)	UAAL as a % of Covered Payroll {(b)-(a)/(c)}
7/01/08	\$ -	\$ 42,957	\$ 42,957	0.0%	\$ 21,859	196.52%
7/01/09	-	49,150	49,150	0.0%	22,667	216.84%

CITY OF MONTEREY PARK
General Fund and Special Revenue Grant Fund
Budgetary Comparison Schedules
Year Ended June 30, 2011

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 21,836,300	\$ 21,836,300	\$ 21,781,215	\$ (55,085)
Licenses and permits	1,912,470	1,912,470	1,661,496	(250,974)
Intergovernmental revenues	-	-	-	-
Charges for services	4,385,598	4,385,598	4,297,109	(88,489)
Revenues from use of money and property	812,301	812,301	591,777	(220,524)
Fines and forfeitures	933,000	933,000	786,734	(146,266)
Other	355,950	355,950	251,919	(104,031)
Total Revenues	<u>30,235,619</u>	<u>30,235,619</u>	<u>29,370,250</u>	<u>(865,369)</u>
Expenditures:				
Current:				
General government	3,181,233	3,181,233	2,674,233	507,000
Public safety	20,068,632	20,212,463	20,712,004	(499,541)
Community development	1,625,828	1,625,828	1,533,367	92,461
Culture and recreation	4,509,386	4,509,386	4,391,874	117,512
Highways and streets	948,674	948,674	913,979	34,695
Capital outlay	111,150	111,150	59,552	51,598
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>30,444,903</u>	<u>30,588,734</u>	<u>30,285,009</u>	<u>303,725</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (209,284)</u>	<u>\$ (353,115)</u>	<u>(914,759)</u>	<u>\$ (561,644)</u>
Other Financing Sources (Uses):				
Transfers in			295,289	
Transfers out			-	
Proceed from sale of property			<u>2,002</u>	
Total Other Financing Sources (Uses)			<u>297,291</u>	
Net Change in Fund Balances			(617,468)	
Fund Balances, Beginning of Year			<u>13,762,704</u>	
Fund Balances, End of Year			<u>\$ 13,145,236</u>	

See Accompanying Note to Required Supplementary Information.

	Special Revenue Grants			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,128,146	2,929,175	4,262,737	1,333,562
Charges for services	-	-	4,228	4,228
Revenues from use of money and property	-	-	5,097	5,097
Fines and forfeitures	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,128,146</u>	<u>2,929,175</u>	<u>4,272,062</u>	<u>1,342,887</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	190,127	318,508	235,601	82,907
Community development	20,000	20,000	874,009	(854,009)
Culture and recreation	148,906	174,462	376,819	(202,357)
Highways and streets	23,454	23,454	16,178	7,276
Capital outlay	745,659	4,435,253	1,547,102	2,888,151
Debt service:				
Principal retirement	368,241	368,241	368,241	-
Interest and fiscal charges	340,828	340,828	278,185	62,643
Total Expenditures	<u>1,837,215</u>	<u>5,680,746</u>	<u>3,696,135</u>	<u>1,984,611</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (709,069)</u>	<u>\$ (2,751,571)</u>	<u>575,927</u>	<u>\$ 3,327,498</u>
Other Financing Sources (Uses):				
Transfers in			-	
Transfers out			(13,889)	
Proceed from sale of property			-	
Total Other Financing Sources (Uses)			<u>(13,889)</u>	
Net Change in Fund Balances			562,038	
Fund Balances, Beginning of Year			<u>3,183,818</u>	
Fund Balances, End of Year			<u>\$ 3,745,856</u>	

See Accompanying Note to Required Supplementary Information.

CITY OF MONTEREY PARK
Special Revenue Retirement/Pension Liability Fund
Budgetary Comparison Schedules
Year Ended June 30, 2011

	Special Revenue Retirement			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 4,191,500	\$ 4,191,500	\$ 4,175,348	\$ (16,152)
Revenues from use of money and property	-	-	129	129
Total Revenues	<u>4,191,500</u>	<u>4,191,500</u>	<u>4,175,477</u>	<u>(16,023)</u>
Expenditures:				
Current:				
General government	574,653	971,078	952,104	18,974
Public safety	3,649,242	3,693,609	3,752,086	(58,477)
Community development	167,029	167,029	160,382	6,647
Culture and recreation	349,669	349,669	332,863	16,806
Highways and streets	25,828	25,828	23,851	1,977
Debt service:				
Principal retirement	510,000	510,000	510,000	-
Interest and fiscal charges	996,409	996,409	996,408	1
Total Expenditures	<u>6,272,830</u>	<u>6,713,622</u>	<u>6,727,694</u>	<u>(14,072)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,081,330)</u>	<u>\$ (2,522,122)</u>	<u>(2,552,217)</u>	<u>\$ (30,095)</u>
Other Financing Sources (Uses):				
Transfers in			<u>8,657,616</u>	
Total Other Financing Sources (Uses)			<u>8,657,616</u>	
Net Change in Fund Balances			6,105,399	
Fund Balances, Beginning of Year			<u>4,173,029</u>	
Fund Balances, End of Year			<u>\$ 10,278,428</u>	

See Accompanying Note to Required Supplementary Information.

CITY OF MONTEREY PARK
Note to Required Supplementary Information
June 30, 2011

(1) Budgetary Control and Accounting

The City adheres to the following general procedure in establishing the budgetary data reflected in the financial statements:

The annual budget adopted by the City Council serves as a guideline for the operations of the City. It includes proposed expenditures and estimated revenues and is legally adopted for the General and Special Revenue Fund Types. Budgeted expenditures are controlled at the fund level. Council approval is required for an increase or decrease in total appropriations.

Appropriated amounts are as originally adopted or as adjusted by the City Council throughout the year. During the 2010-2011, the City made several supplemental budgetary appropriations, including a \$143,831 increase in the General Fund, a \$3,843,531 increase in the Special Revenue Grants Fund, and \$ 440,792 increase in the Special Revenue Retirement/Pension Liability Fund.

Budgets for the General and Special Revenue Fund Types are adopted on a basis consistent with the generally accepted accounting principles. The modified-accrual basis of accounting is employed in the preparation of the budget for these fund types.

The budget is formally integrated into the accounting system and employed as management control device during the year for all governmental funds. At fiscal year-end, unexpended and unencumbered budget appropriations lapse. Encumbrances outstanding at year-end are carried into the following year for continuing appropriation.

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SUPPLEMENTARY INFORMATION

CITY OF MONTEREY PARK
Debt Service Fund and Capital Projects Fund
Budgetary Comparison Schedules
Year Ended June 30, 2011

	Debt Service		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 8,420,000	\$ 8,465,048	\$ 45,048
Revenues from use of money and property	77,000	31,092	(45,908)
Other	-	-	-
Total Revenues	8,497,000	8,496,140	(860)
Expenditures:			
Current:			
General government	150,000	144,748	5,252
Community development	1,325,000	5,184,128	(3,859,128)
Capital outlay	-	-	-
Debt service:			
Principal retirement	1,120,000	1,120,000	-
Interest and fiscal charges	1,326,677	1,326,671	6
Total Expenditures	3,921,677	7,775,547	(3,853,870)
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,575,323	720,593	\$ (3,854,730)
Other Financing Sources (Uses):			
Transfers in		-	
Transfers out		(4,498,847)	
Issuance of tax increment deferred loan		3,775,724	
Total Other Financing Sources (Uses)		(723,123)	
Net Change in Fund Balances		(2,530)	
Fund Balances, Beginning of Year		2,474,892	
Fund Balances, End of Year		\$ 2,472,362	

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 2,110,000	\$ 2,116,262	\$ 6,262
Revenues from use of money and property	300,000	119,547	(180,453)
Other	<u>10,000</u>	<u>124,395</u>	<u>114,395</u>
Total Revenues	<u>2,420,000</u>	<u>2,360,204</u>	<u>(59,796)</u>
Expenditures:			
Current:			
General government	-	-	-
Community development	3,218,103	2,978,231	239,872
Capital outlay	216,851	16,204	200,647
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,434,954</u>	<u>2,994,435</u>	<u>440,519</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,014,954)</u>	<u>(634,231)</u>	<u>\$ 380,723</u>
Other Financing Sources (Uses):			
Transfers in		4,498,847	
Transfers out		(8,657,616)	
Issuance of tax increment deferred loan		<u>-</u>	
Total Other Financing Sources (Uses)		<u>(4,158,769)</u>	
Net Change in Fund Balances		(4,793,000)	
Fund Balances, Beginning of Year		<u>47,153,889</u>	
Fund Balances, End of Year		<u>\$ 42,360,889</u>	

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative regulation for specified purposes. Special Revenue Funds include the

Proposition A Fund - used to account for the City's share of an additional one-half percent sales tax which was approved by the electorate in November 1980 and is collected by the County of Los Angeles to finance transportation projects such as the Monterey Park Spirit Buses and the Dial-A-Ride program.

Gas Tax Fund - used to account for expenditures financed by money apportioned under the Streets and Highways Code of the State of California.

Bike Route Fund - used to account for expenditures financed by State Transportation Development Act, Article 3, funds for bike route and pedestrian facilities improvements.

Proposition C Fund - used to account for the City's share of an additional one-half percent sales tax which was approved by the electorate in November 1990 and is collected by the County of Los Angeles to finance transit projects within the City.

Air Quality Improvement Fund - used to account for the City's share of additional motor vehicle registration fees imposed by the South Coast Air Quality Management District to finance the implementation of mobile source emission reduction programs and the provisions of the California Clean Air Act.

Asset Forfeiture Fund - used to account for revenues derived from monies and property seized by the Police Department in drug related incidence. These funds may only be expended on activities used to enhance drug enforcement activities.

Park Facilities Fund - used to account for the acquisition and development of parks that are financed by developer fees, established pursuant to Monterey Park Municipal Code Section 16.54.050.

Business Improvement Area #1 Fund - used to account for receipts and expenditures relating to the promotion of business activities in the downtown area of the City.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued)

Maintenance District 93-1 Fund - used to account for receipts and expenditures relating to the citywide benefit assessment district for street lighting and median maintenance.

Public Safety Impact Fee Fund - used to account for fees collected on new commercial and residential development. These funds will be used exclusively to finance public safety service expansion.

Public Safety Augmentation Fund - used to account for the City's share of the one-half percent sales tax which was approved by the electorate in November of 1993 (Proposition 172). The proceeds are earmarked exclusively for public safety purposes.

Measure R Fund - used to account for the City's share of ½-cent sales tax which was approved by Los Angeles County voters in November 2008 to pay for transportation needs. The proceeds are used exclusively for streets and roads, traffic control, public transit and bicycle and pedestrian improvements.

Library Tax Fund - used to account for annual parcel tax which was approved by the electorate in April of 1998 (Proposition C). The funds are to be exclusively used for Bruggemeyer Library improvements, expansion of operating hours, and additional books and supplies.

CERCLA Liability Fund - used to account for fees collected from the City's permitted haulers for each ton of waste that they dispose. The funds are to be only used to cover future environmental liability costs resulting from incidents falling under the Comprehensive Environmental Response Cleanup and Liability Act (CERCLA).

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CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2011
(with comparative total as of June 30, 2010)

	Special Revenue			
	Proposition A	Gas Tax	Bike Route	Proposition C
<u>Assets</u>				
Cash and investments	\$ 1,744,321	\$ 608,376	\$ -	\$ 990,874
Accounts receivable	-	192,065	6,800	-
Interest receivable	1,235	469	-	811
Total Assets	\$ 1,745,556	\$ 800,910	\$ 6,800	\$ 991,685
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 114,858	\$ 6,863	\$ -	\$ 2,447
Accrued payroll	5,729	9,496	-	-
Due to other funds	-	-	6,800	-
Advances from other funds	-	-	-	-
Total Liabilities	120,587	16,359	6,800	2,447
Fund Balance:				
Restricted	1,624,969	784,551	-	989,238
Unassigned	-	-	-	-
Total Fund Balance	1,624,969	784,551	-	989,238
Total Liabilities and Fund Balance	\$ 1,745,556	\$ 800,910	\$ 6,800	\$ 991,685

	Special Revenue			
	Air Quality Improvement	Asset Forfeiture	Park Facilities	Business Improvement Area #1
<u>Assets</u>				
Cash and investments	\$ 154,179	\$ 1,157,603	\$ 631,508	\$ 260,286
Accounts receivable	18,600	-	-	-
Interest receivable	117	857	-	204
	<u>172,896</u>	<u>1,158,460</u>	<u>631,508</u>	<u>260,490</u>
<u>Total Assets</u>				
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ -	\$ 55,624	\$ 2,967	\$ 137
Accrued payroll	795	278	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	703,230	-
	<u>795</u>	<u>55,902</u>	<u>706,197</u>	<u>137</u>
<u>Total Liabilities</u>				
Fund Balance:				
Restricted	172,101	1,102,558	-	260,353
Unassigned	-	-	(74,689)	-
	<u>172,101</u>	<u>1,102,558</u>	<u>(74,689)</u>	<u>260,353</u>
<u>Total Fund Balance</u>				
<u>Total Liabilities and Fund Balance</u>				
	<u>\$ 172,896</u>	<u>\$ 1,158,460</u>	<u>\$ 631,508</u>	<u>\$ 260,490</u>

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds (Continued)
June 30, 2011
(with comparative total as of June 30, 2010)

	Special Revenue			
	Maintenance District 93-1	Public Safety Impact Fee	Public Safety Augmentation	Measure R
<u>Assets</u>				
Cash and investments	\$ 113,723	\$ -	\$ -	\$ 933,142
Accounts receivable	38,765	-	139,510	-
Interest receivable	-	-	-	725
Total Assets	\$ 152,488	\$ -	\$ 139,510	\$ 933,867
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 6,508	\$ 5,708	\$ -	\$ -
Accrued payroll	3,120	395	-	-
Due to other funds	-	24,700	139,510	-
Advance from other funds	-	-	-	-
Total Liabilities	9,628	30,803	139,510	-
Fund Balance:				
Restricted	142,860	-	-	933,867
Unassigned	-	(30,803)	-	-
Total Fund Balance	142,860	(30,803)	-	933,867
Total Liabilities and Fund Balance	\$ 152,488	\$ -	\$ 139,510	\$ 933,867

	Special Revenue		Total Nonmajor Governmental Funds - Special Revenue Funds	
	Library Tax	CERCLA Liability	2011	2010
<u>Assets</u>				
Cash and investments	\$ 159,216	\$ 791,903	\$ 7,545,131	\$ 6,656,188
Accounts receivable	14,735	-	410,475	297,565
Interest receivable	128	617	5,163	6,521
Total Assets	<u>\$ 174,079</u>	<u>\$ 792,520</u>	<u>\$ 7,960,769</u>	<u>\$ 6,960,274</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 1,106	\$ -	\$ 196,218	\$ 265,500
Accrued payroll	881	-	20,694	21,791
Due to other funds	-	-	171,010	130,426
Advance from other funds	-	-	703,230	681,730
Total Liabilities	<u>1,987</u>	<u>-</u>	<u>1,091,152</u>	<u>1,099,447</u>
Fund Balance:				
Restricted	172,092	792,520	6,975,109	5,921,859
Unassigned	-	-	(105,492)	(61,032)
Total Fund Balance	<u>172,092</u>	<u>792,520</u>	<u>6,869,617</u>	<u>5,860,827</u>
Total Liabilities and Fund Balance	<u>\$ 174,079</u>	<u>\$ 792,520</u>	<u>\$ 7,960,769</u>	<u>\$ 6,960,274</u>

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds
Year Ended June 30, 2011
(with comparative total for the year ended June 30, 2010)

	Special Revenue			
	Proposition A	Gas Tax	Bike Route	Proposition C
Revenues:				
Taxes	\$ 988,521	\$ 1,602,480	\$ 4,800	\$ 728,723
Charges for services	54,853	-	-	-
Revenues from use of money and property	5,056	683	-	3,610
Fines and forfeitures	-	-	-	-
Total Revenues	1,048,430	1,603,163	4,800	732,333
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	33,532	-	-
Culture and recreation	-	-	-	-
Highways and streets	960,215	1,022,966	-	795,697
Health	-	-	-	-
Capital outlay	14,806	-	4,800	8,471
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	975,021	1,056,498	4,800	804,168
Excess (Deficiency) of Revenues Over Expenditures	73,409	546,665	-	(71,835)
Other Financing Sources:				
Proceeds from sale of property	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	73,409	546,665		(71,835)
Fund Balance, Beginning of Year, as Restated (Note 18)	1,551,560	237,886	-	1,061,073
Fund Balance, End of Year	\$ 1,624,969	\$ 784,551	\$ -	\$ 989,238

	Special Revenue			
	Air Quality Improvement	Asset Forfeiture	Park Facilities	Business Improvement Area #1
Revenues:				
Taxes	\$ 75,725	\$ -	\$ 27,477	\$ 60,216
Charges for services	-	-	-	-
Revenues from use of money and property	501	3,772	-	866
Fines and forfeitures	-	485,683	-	-
Total Revenues	76,226	489,455	27,477	61,082
Expenditures:				
Current:				
Public safety	-	342,978	-	-
Community development	-	-	-	63,330
Culture and recreation	-	-	-	-
Highways and streets	84,748	-	-	-
Health	-	-	-	-
Capital outlay	-	126,587	41,134	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	84,748	469,565	41,134	63,330
Excess (Deficiency) of Revenues Over Expenditures	(8,522)	19,890	(13,657)	(2,248)
Other Financing Sources:				
Proceeds from sale of property	-	4,625	-	-
Total Other Financing Sources	-	4,625	-	-
Net Change in Fund Balance	(8,522)	24,515	(13,657)	(2,248)
Fund Balance, Beginning of Year, as Restated (Note 18)	180,623	1,078,043	(61,032)	262,601
Fund Balance, End of Year	\$ 172,101	\$ 1,102,558	\$ (74,689)	\$ 260,353

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds
Year Ended June 30, 2011
(with comparative total for the year ended June 30, 2010)

	Special Revenue			
	Maintenance	Public	Public	
	District 93-1	Safety Impact Fee	Safety Augmentation	
Revenues:				
Taxes	\$ 970,020	\$ -	\$ 527,246	\$ 543,998
Charges for services	-	77,155	-	-
Revenues from use of money and property	-	80	-	2,365
Fines and forfeitures	-	-	-	-
Total Revenues	970,020	77,235	527,246	546,363
Expenditures:				
Current:				
Public safety	-	122,357	527,246	-
Community development	-	-	-	-
Culture and recreation	375,413	-	-	-
Highways and streets	617,176	-	-	-
Health	-	-	-	-
Capital outlay	-	300	-	22,744
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	32,996	-	-
Total Expenditures	992,589	155,653	527,246	22,744
Excess (Deficiency) of Revenues Over Expenditures	(22,569)	(78,418)	-	523,619
Other Financing Sources (Uses):				
Proceeds from sale of property	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(22,569)	(78,418)	-	523,619
Fund Balance, Beginning of Year	165,429	47,615	-	410,248
Fund Balance, End of Year	\$ 142,860	\$ (30,803)	\$ -	\$ 933,867

	Special Revenue		Total Nonmajor Governmental Funds - Special Revenue Funds	
	Library Tax	CERCLA Liability	2011	2010
Revenues:				
Taxes	\$ 501,531	\$ -	\$ 6,030,737	\$ 4,233,276
Charges for services	-	120,786	252,794	1,093,605
Revenues from use of money and property	488	2,589	20,010	31,504
Fines and forfeitures	-	-	485,683	490,240
Total Revenues	502,019	123,375	6,789,224	5,848,625
Expenditures:				
Current:				
Public safety	-	-	992,581	921,136
Community development	-	-	96,862	26,771
Culture and recreation	84,368	-	459,781	525,714
Highways and streets	-	-	3,480,802	3,211,642
Health	-	120,000	120,000	120,000
Capital outlay	-	-	218,842	1,473,752
Debt service:				
Principal retirement	286,028	-	286,028	275,435
Interest and fiscal charges	97,167	-	130,163	170,757
Total Expenditures	467,563	120,000	5,785,059	6,725,207
Excess (Deficiency) of Revenues Over Expenditures	34,456	3,375	1,004,165	(876,582)
Other Financing Sources (Uses):				
Proceeds from sale of property	-	-	4,625	599,751
Total Other Financing Sources (Uses)	-	-	4,625	599,751
Net Change in Fund Balance	34,456	3,375	1,008,790	(276,831)
Fund Balance, Beginning of Year	137,636	789,145	5,860,827	6,137,658
Fund Balance, End of Year	\$ 172,092	\$ 792,520	\$ 6,869,617	\$ 5,860,827

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition A Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 902,000	\$ 988,521	\$ 86,521	\$ 938,138
Charges for services	77,000	54,853	(22,147)	69,754
Revenues from use of money and property	18,000	5,056	(12,944)	8,043
Total Revenues	997,000	1,048,430	51,430	1,015,935
Expenditures:				
Current:				
Highways and streets	1,004,601	960,215	44,386	943,432
Capital outlay	614,120	14,806	599,314	1,643
Total Expenditures	1,618,721	975,021	643,700	945,075
Excess of Revenues Over Expenditures	\$ (621,721)	73,409	\$ 695,130	70,860
Other Financing Sources:				
Proceed from sale of property		-		3,438
Net Change in Fund Balance		73,409		74,298
Fund Balance, Beginning of Year		1,551,560		1,477,262
Fund Balance, End of Year		\$ 1,624,969		\$ 1,551,560

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Gas Tax Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 1,011,800	\$ 1,602,480	\$ 590,680	\$ 1,044,398
Revenues from use of money and property	200	683	483	161
Total Revenues	1,012,000	1,603,163	591,163	1,044,559
Expenditures:				
Current:				
Community development	35,845	33,532	2,313	3,187
Highways and streets	1,074,797	1,022,966	51,831	835,333
Capital outlay	19,000	-	19,000	8,381
Total Expenditures	1,129,642	1,056,498	73,144	846,901
Excess (Deficiency) of Revenues Over Expenditures	\$ (117,642)	546,665	\$ 664,307	197,658
Net Change in Fund Balance		546,665		197,658
Fund Balance, Beginning of Year		237,886		40,228
Fund Balance, End of Year		\$ 784,551		\$ 237,886

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Bike Route Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 27,789	\$ 4,800	\$ (22,989)	\$ 2,000
Expenditures:				
Capital outlay	67,000	4,800	62,200	2,000
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,211)</u>	<u>-</u>	<u>\$ 39,211</u>	<u>-</u>
Net Change in Fund Balance		-		-
Fund Balance, Beginning of Year		<u>-</u>		<u>-</u>
Fund Balance, End of Year		<u><u>\$ -</u></u>		<u><u>\$ -</u></u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition C Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 770,000	\$ 728,723	\$ (41,277)	\$ 680,039
Revenues from use of money and property	<u>18,000</u>	<u>3,610</u>	<u>(14,390)</u>	<u>6,377</u>
Total Revenues	<u>788,000</u>	<u>732,333</u>	<u>(55,667)</u>	<u>686,772</u>
Expenditures:				
Current:				
Highways and streets	886,482	795,697	90,785	915,747
Capital outlay	<u>126,712</u>	<u>8,471</u>	<u>118,241</u>	<u>36,074</u>
Total Expenditures	<u>1,013,194</u>	<u>804,168</u>	<u>209,026</u>	<u>951,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (225,194)</u>	<u>(71,835)</u>	<u>\$ 153,359</u>	<u>(265,049)</u>
Net Change in Fund Balance		(71,835)		(265,049)
Fund Balance, Beginning of Year		<u>1,061,073</u>		<u>1,326,122</u>
Fund Balance, End of Year		<u>\$ 989,238</u>		<u>\$ 1,061,073</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Air Quality Improvement Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Taxes	\$ 80,000	\$ 75,725	\$ (4,275)	\$ 73,872
Revenues from use of money and property	<u>1,200</u>	<u>501</u>	<u>(699)</u>	<u>787</u>
Total Revenues	81,200	76,226	(4,974)	74,659
Expenditures:				
Current:				
Highways and streets	<u>153,500</u>	<u>84,748</u>	<u>68,752</u>	<u>40,460</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (72,300)</u>	<u>(8,522)</u>	<u>\$ 63,778</u>	<u>34,199</u>
Net Change in Fund Balance		(8,522)		34,199
Fund Balance, Beginning of Year		<u>180,623</u>		<u>146,424</u>
Fund Balance, End of Year		<u>\$ 172,101</u>		<u>\$ 180,623</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Asset Forfeiture Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Revenues from use of money and property	\$ 7,500	\$ 3,772	\$ (3,728)	\$ 6,808
Fines and forfeitures	334,000	485,683	151,683	490,240
Total Revenues	<u>341,500</u>	<u>489,455</u>	<u>147,955</u>	<u>497,048</u>
Expenditures:				
Current:				
Public safety	328,027	342,978	(14,951)	187,922
Capital outlay	182,009	126,587	55,422	898,876
Total Expenditures	<u>510,036</u>	<u>469,565</u>	<u>40,471</u>	<u>1,086,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (168,536)</u>	19,890	<u>\$ 188,426</u>	(589,750)
Other Financing Sources:				
Proceeds from sale of property		4,625		1,195
Net Change in Fund Balance		24,515		(588,555)
Fund Balance, Beginning of Year		<u>1,078,043</u>		<u>1,666,598</u>
Fund Balance, End of Year		<u>\$ 1,102,558</u>		<u>\$ 1,078,043</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Park Facilities Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 300,000	\$ 27,477	\$ (272,523)	\$ 30,061
Expenditures:				
Capital outlay	115,830	41,134	74,696	250,091
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 184,170</u>	<u>(13,657)</u>	<u>\$ (197,827)</u>	<u>(220,030)</u>
Net Change in Fund Balance		(13,657)		(220,030)
Fund Balance, Beginning of Year		<u>(61,032)</u>		<u>158,998</u>
Fund Balance, End of Year		<u>\$ (74,689)</u>		<u>\$ (61,032)</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Business Improvement Area #1 Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011			2010
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Taxes	\$ 57,000	\$ 60,216	\$ 3,216	\$ 56,066
Revenues from use of money and property	1,200	866	(334)	1,268
Total Revenues	<u>58,200</u>	<u>61,082</u>	<u>2,882</u>	<u>57,334</u>
Expenditures:				
Current:				
Community development	98,213	63,330	34,883	23,584
Net Change in Fund Balance	<u>\$ (40,013)</u>	<u>(2,248)</u>	<u>\$ 37,765</u>	<u>33,750</u>
Fund Balance, Beginning of Year		<u>262,601</u>		<u>228,851</u>
Fund Balance, End of June		<u>\$ 260,353</u>		<u>\$ 262,601</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Maintenance District 93-1 Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 965,000	\$ 970,020	\$ 5,020	\$ 1,002,399
Expenditures:				
Current:				
Culture and recreation	362,312	375,413	(13,101)	386,977
Highways and streets	579,713	617,176	(37,463)	476,670
Total Expenditures	942,025	992,589	(50,564)	863,647
Net Change in Fund Balance	\$ 22,975	(22,569)	\$ (45,544)	138,752
Fund Balance, Beginning of Year		165,429		26,677
Fund Balance, End of Year		\$ 142,860		\$ 165,429

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Public Safety Impact Fee Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 635,000	\$ 77,155	\$ (557,845)	\$ (99,287)
Revenues from use of money and property	-	80	80	1,632
Total Revenues	635,000	77,235	(557,765)	(97,655)
Expenditures:				
Current:				
Public safety	178,845	122,357	56,488	232,260
Capital outlay	201,792	300	201,492	276,687
Debt services:				
Interest and fiscal charges	32,996	32,996	-	62,996
Total Expenditures	413,633	155,653	257,980	571,943
Excess (Deficiency) of Revenues Over Expenditures	\$ 221,367	(78,418)	\$ (299,785)	(669,598)
Other Financing Sources:				
Proceeds from sale of property		-		595,118
Net Change in Fund Balance		(78,418)		(74,480)
Fund Balance, Beginning of Year		47,615		122,095
Fund Balance, End of Year		\$ (30,803)		\$ 47,615

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Public Safety Augmentation Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 540,000	\$ 527,246	\$ (12,754)	\$ 500,954
Expenditures:				
Current:				
Public safety	540,000	527,246	12,754	500,954
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance, Beginning of Year		<u>-</u>		<u>-</u>
Fund Balance, End of Year		<u>\$ -</u>		<u>\$ -</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Measure R Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 380,000	\$ 543,998	\$ 163,998	\$ 409,163
Revenues from use of money and property	-	2,365	2,365	1,085
Total Revenues	380,000	546,363	166,363	410,248
Expenditures:				
Capital outlay	265,000	22,744	242,256	-
Total Expenditures	265,000	22,744	242,256	-
Net Change in Fund Balance	\$ 115,000	523,619	\$ 408,619	410,248
Fund Balance, Beginning of Year		410,248		-
Fund Balance, End of Year		\$ 933,867		\$ 410,248

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Library Tax Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 490,000	\$ 501,531	\$ 11,531	\$ 498,585
Revenues from use of money and property	<u>1,000</u>	<u>488</u>	<u>(512)</u>	<u>867</u>
Total Revenues	<u>491,000</u>	<u>502,019</u>	<u>11,019</u>	<u>499,452</u>
Expenditures:				
Current:				
Culture and recreation	89,112	84,368	4,744	138,737
Debt service:				
Principal retirement	286,030	286,028	2	275,435
Interest and fiscal charges	<u>97,175</u>	<u>97,167</u>	<u>8</u>	<u>107,761</u>
Total Expenditures	<u>472,317</u>	<u>467,563</u>	<u>4,754</u>	<u>521,933</u>
Net Change in Fund Balance	<u>\$ 18,683</u>	34,456	<u>\$ 15,773</u>	(22,481)
Fund Balance, Beginning of Year		<u>137,636</u>		<u>160,117</u>
Fund Balance, End of Year		<u>\$ 172,092</u>		<u>\$ 137,636</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue CERCLA Liability Fund
Year Ended June 30, 2011
(with comparative actual for the year ended June 30, 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 133,000	\$ 120,786	\$ (12,214)	\$ 120,739
Revenues from use of money and property	24,000	2,589	(21,411)	4,120
Total Revenues	157,000	123,375	(33,625)	124,859
Expenditures:				
Current:				
Health	120,000	120,000	-	120,000
Net Change in Fund Balance	\$ 37,000	3,375	\$ (33,625)	4,859
Fund Balance, Beginning of Year		789,145		784,286
Fund Balance, End of Year		\$ 792,520		\$ 789,145

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DESCRIPTION OF INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis. Internal Service Funds include the

Separation Benefits Fund - used to account for employee separation costs (i.e., vacation, sick and holiday hours).

General Liability Fund - used to account for the City's general liability insurance, including claims, legal and other expenses.

Workers' Compensation Fund - used to account for the City's worker's compensation insurance costs, including claims, legal and other expenses.

Shop Fund - used to account for the purchase and maintenance of all motorized equipment used by City department.

Technology Fund - used to account for the City's centralized data processing activities and future technological infrastructure improvements.

CITY OF MONTEREY PARK
Combining Statement of Net Assets - Internal Service Funds
June 30, 2011
(with comparative total as of June 30, 2010)

<u>Assets</u>	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Current:			
Cash and investments	\$ 2,519,747	\$ 2,580,593	\$ 2,257,115
Accounts receivables	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
Total Current Assets	2,519,747	2,580,593	2,257,115
	<hr/>	<hr/>	<hr/>
Nondeprecciable capital asset	-	-	-
Depreciable capital assets, net of accumulated depreciation	-	-	-
	<hr/>	<hr/>	<hr/>
Total Capital Assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	2,519,747	2,580,593	2,257,115
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	-	37,316	6,250
Accrued payroll	25,299	296	296
Claims and judgments payable - current portion	-	361,487	2,035,109
Compensated absences payable - current portion	-	289	289
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	25,299	399,388	2,041,944
	<hr/>	<hr/>	<hr/>
Noncurrent:			
Claims and judgments payable - long term portion	-	542,231	3,052,664
Compensated absences payable - long term portion	-	2,598	2,598
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	-	544,829	3,055,262
	<hr/>	<hr/>	<hr/>
Total Liabilities	25,299	944,217	5,097,206
	<hr/>	<hr/>	<hr/>
<u>Net Assets</u>			
Invested in capital assets net of related debt	-	-	-
Unrestricted	2,494,448	1,636,376	(2,840,091)
	<hr/>	<hr/>	<hr/>
Total Net Assets (Deficits)	\$ 2,494,448	\$ 1,636,376	\$ (2,840,091)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Assets</u>	Shop	Technology	Totals	
			2011	2010
Current:				
Cash and investments	\$ 1,630,342	\$ 1,007,734	\$ 9,995,531	\$ 8,826,018
Accounts receivables	-	-	-	21,157
Inventory	701	-	701	17,025
Total Current Assets	1,631,043	1,007,734	9,996,232	8,864,200
Nondeprecciable capital asset	-	-	-	16,795
Depreciable capital assets, net of accumulated depreciation	1,283,817	268,845	1,552,662	1,528,284
Total Capital Assets	1,283,817	268,845	1,552,662	1,545,079
Total Assets	2,914,860	1,276,579	11,548,894	10,409,279
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	338,804	129,948	\$ 512,318	\$ 110,419
Accrued payroll	4,875	-	30,766	22,628
Claims and judgments payable - current portion	-	-	2,396,596	2,285,682
Compensated absences payable - current portion	4,984	-	5,562	-
Total Current Liabilities	348,663	129,948	2,945,242	2,418,729
Noncurrent:				
Claims and judgments payable - long term portion	-	-	3,594,895	3,428,523
Compensated absences payable - long term portion	44,861	-	50,057	49,582
Total Noncurrent Liabilities	44,861	-	3,644,952	3,478,105
Total Liabilities	393,524	129,948	6,590,194	5,896,834
<u>Net Assets</u>				
Invested in capital assets net of related debt	1,283,817	268,845	1,552,662	1,545,079
Unrestricted	1,237,519	877,786	3,406,038	2,967,366
Total Net Assets (Deficits)	\$ 2,521,336	\$ 1,146,631	\$ 4,958,700	\$ 4,512,445

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenses and
Changes in Net Assets - Internal Service Funds
Year Ended June 30, 2011
(with comparative total for the year ended June 30, 2010)

	Separation Benefits	General Liability	Workers' Compensation
Operating Revenues:			
Charges for services	\$ 1,392,691	\$ 790,000	\$ 1,062,093
Other revenue	-	-	-
Total Operating Revenues	1,392,691	790,000	1,062,093
Operating Expenses:			
Depreciation	-	-	-
Vehicle expense	-	-	-
Salaries and benefits	996,180	21,721	21,521
Materials and supplies	-	-	-
Insurance and claims	-	793,402	990,913
Miscellaneous	-	-	-
Total Operating Expenses	996,180	815,123	1,012,434
Operating Income (Loss)	396,511	(25,123)	49,659
Nonoperating Income (Loss):			
Gain (Loss) on sale of surplus property	-	-	-
Total Nonoperating Income (Loss)	-	-	-
Change in Net Assets	396,511	(25,123)	49,659
Net Assets (Deficits), Beginning of Year	2,097,937	1,661,499	(2,889,750)
Net Assets (Deficits), End of Year	<u>\$ 2,494,448</u>	<u>\$ 1,636,376</u>	<u>\$ (2,840,091)</u>

	Shop	Technology	Totals	
			2011	2010
Operating Revenues:				
Charges for services	\$ 1,899,417	\$ 141,727	\$ 5,285,928	\$ 5,799,074
Other revenue	-	-	-	378,944
	<u>1,899,417</u>	<u>141,727</u>	<u>5,285,928</u>	<u>6,178,018</u>
Total Operating Revenues				
Operating Expenses:				
Depreciation	519,280	107,356	626,636	616,080
Vehicle expense	14,072	-	14,072	16,706
Salaries and benefits	388,043	-	1,427,465	1,853,797
Materials and supplies	796,514	-	796,514	697,434
Insurance and claims	-	-	1,784,315	3,203,355
Miscellaneous	205,000	-	205,000	318,879
	<u>1,922,909</u>	<u>107,356</u>	<u>4,854,002</u>	<u>6,706,251</u>
Total Operating Expenses				
Operating Income (Loss)	(23,492)	34,371	431,926	(528,233)
Nonoperating Income (Loss):				
Gain (Loss) on sale of surplus property	14,329	-	14,329	(4,276)
	<u>14,329</u>	<u>-</u>	<u>14,329</u>	<u>(4,276)</u>
Total Nonoperating Income (Loss)				
Change in Net Assets	(9,163)	34,371	446,255	(532,509)
Net Assets (Deficits), Beginning of Year	<u>2,530,499</u>	<u>1,112,260</u>	<u>4,512,445</u>	<u>5,044,954</u>
Net Assets (Deficits), End of Year	<u>\$ 2,521,336</u>	<u>\$ 1,146,631</u>	<u>\$ 4,958,700</u>	<u>\$ 4,512,445</u>

CITY OF MONTEREY PARK
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2011
(with comparative total for the year ended June 30, 2010)

	Separation Benefits	General Liability	Workers' Compensation
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	\$ 1,413,848	\$ 790,000	\$ 1,062,093
Cash payments to suppliers for goods and services	-	-	-
Cash payments to employees for services	(982,531)	(29,720)	(31,308)
Cash payments for insurance premiums and self-insurance claims	-	(703,900)	(774,466)
	<u>431,317</u>	<u>56,380</u>	<u>256,319</u>
Net Cash Provided by (Used for) Operating Activities			
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	-
Proceeds from sale of surplus assets	-	-	-
Principal paid on lease financing	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents			
	431,317	56,380	256,319
Cash and Cash Equivalents, Beginning of Year	<u>2,088,430</u>	<u>2,524,213</u>	<u>2,000,796</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,519,747</u>	<u>\$ 2,580,593</u>	<u>\$ 2,257,115</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	<u>\$ 396,511</u>	<u>\$ (25,123)</u>	<u>\$ 49,659</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	21,157	-	-
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	-	22,413	6,250
Increase (decrease) in accrued payroll	13,649	(2,796)	(3,362)
Increase (decrease) in claims and judgments payable	-	67,089	210,197
Increase (decrease) in compensated absences payable	-	(5,203)	(6,425)
	<u>34,806</u>	<u>81,503</u>	<u>206,660</u>
Total Adjustments	<u>34,806</u>	<u>81,503</u>	<u>206,660</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 431,317</u>	<u>\$ 56,380</u>	<u>\$ 256,319</u>

	Shop	Technology	Totals	
			2011	2010
Cash Flows from Operating Activities:				
Cash receipts from interfund services provided	\$ 1,899,417	\$ 141,727	\$ 5,307,085	\$ 6,156,873
Cash payments to suppliers for goods and services	(755,781)	129,755	(626,026)	(947,588)
Cash payments to employees for services	(369,731)	-	(1,413,290)	(1,829,263)
Cash payments for insurance premiums and self-insurance claims	-	-	(1,478,366)	(2,734,759)
Net Cash Provided by (Used for) Operating Activities	773,905	271,482	1,789,403	645,263
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(496,213)	(138,006)	(634,219)	(271,331)
Proceeds from sale of surplus assets	14,329	-	14,329	1,915
Principal paid on lease financing	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(481,884)	(138,006)	(619,890)	(269,416)
Net Increase (Decrease) in Cash and Cash Equivalents	292,021	133,476	1,169,513	375,847
Cash and Cash Equivalents, Beginning of Year	1,338,321	874,258	8,826,018	8,450,171
Cash and Cash Equivalents, End of Year	\$ 1,630,342	\$ 1,007,734	\$ 9,995,531	\$ 8,826,018
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ (23,492)	\$ 34,371	\$ 431,926	\$ (528,233)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	519,280	107,356	626,636	616,080
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	21,157	(21,157)
(Increase) decrease in inventory	16,324	-	16,324	2,914
Increase (decrease) in accounts payable	243,481	129,755	401,899	(13,350)
Increase (decrease) in accrued payroll	647	-	8,138	15,131
Increase (decrease) in claims and judgments payable	-	-	277,286	564,475
Increase (decrease) in compensated absences payable	17,665	-	6,037	9,403
Total Adjustments	797,397	237,111	1,357,477	1,173,496
Net Cash Provided by (Used for) Operating Activities:	\$ 773,905	\$ 271,482	\$ 1,789,403	\$ 645,263

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AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a fiduciary capacity for other governmental units, private organizations or individuals. Agency funds include the following:

Deposit Fund - used to account for various donations for specific purposes and refundable security deposits paid by developers.

Construction Agency Fund - used to account for deposits placed with the City by developers to pay for future services provided by City-retained consultants.

Manta Rays Swim Team Fund - used to account for funds held by the City for Monterey Park Swim Team activities.

CITY OF MONTEREY PARK
Combining Statement of Assets and Liabilities - All Agency Funds
June 30, 2011
(with comparative total for the year ended June 30, 2010)

	Deposits	Construction	Manta Rays	Totals	
	Fund	Agency Fund	Swim Team Fund	2011	2010
<u>Assets</u>					
Cash and investments	\$ 2,300,505	\$ 75,454	\$ 26,899	\$ 2,402,858	\$ 2,389,185
Total Assets	<u>\$ 2,300,505</u>	<u>\$ 75,454</u>	<u>\$ 26,899</u>	<u>\$ 2,402,858</u>	<u>\$ 2,389,185</u>
<u>Liabilities</u>					
Accounts payable	\$ 56,611	\$ -	\$ -	\$ 56,611	\$ 52,766
Deposits payable	<u>2,243,894</u>	<u>75,454</u>	<u>26,899</u>	<u>2,346,247</u>	<u>2,336,419</u>
Total Liabilities	<u>\$ 2,300,505</u>	<u>\$ 75,454</u>	<u>\$ 26,899</u>	<u>\$ 2,402,858</u>	<u>\$ 2,389,185</u>

CITY OF MONTEREY PARK
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2011

<u>Deposits Fund</u>	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Assets:				
Cash and investments	\$ 2,256,553	\$ 1,612,516	\$ (1,568,564)	\$ 2,300,505
Liabilities:				
Accounts payable	\$ 50,676	\$ 815,555	\$ (809,620)	\$ 56,611
Deposits payable	2,205,877	796,961	(758,944)	2,243,894
Total Liabilities	\$ 2,256,553	\$ 1,612,516	\$ (1,568,564)	\$ 2,300,505
 <u>Construction Agency Fund</u>				
Assets:				
Cash and investments	\$ 110,560	\$ 55,972	\$ (91,078)	\$ 75,454
Liabilities:				
Accounts payable	\$ 2,090	\$ 44,494	\$ (46,584)	\$ -
Deposits payable	108,470	11,478	(44,494)	75,454
Total Liabilities	\$ 110,560	\$ 55,972	\$ (91,078)	\$ 75,454
 <u>Manta Rays Swim Team Fund</u>				
Assets:				
Cash and investments	\$ 22,072	\$ 22,035	\$ (17,208)	\$ 26,899
Liabilities:				
Deposits payable	\$ 22,072	\$ 22,035	\$ (17,208)	\$ 26,899
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 2,389,185	\$ 1,690,523	\$ (1,676,850)	\$ 2,402,858
Liabilities:				
Accounts payable	\$ 52,766	\$ 860,049	\$ (856,204)	\$ 56,611
Deposits payable	2,336,419	830,474	(820,646)	2,346,247
Total Liabilities	\$ 2,389,185	\$ 1,690,523	\$ (1,676,850)	\$ 2,402,858

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GENERAL FUNDS

The General Fund is used to account for all general revenues of the City not specifically levied or collected for other City funds, and for the expenditures related to the rendering of general services by the City. The General Fund is used to account for all resources not required legally or by sound financial management to be accounted for in another fund.

CITY OF MONTEREY PARK
General Fund
Balance Sheet
June 30, 2011
(with comparative data as of June 30, 2010)

<u>Assets</u>	Totals	
	2011	2010
Cash and investments	\$ 12,592,609	\$ 13,415,020
Accounts receivable	2,481,415	2,179,954
Interest receivable	56,103	63,142
Due from other funds	510,017	1,959,950
Notes receivable	163,746	188,662
Advances to other funds	703,230	681,730
Prepaid items	7,100	14,200
 Total Assets	 \$ 16,514,220	 \$ 18,502,658
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 672,102	\$ 1,022,413
Accrued payroll	612,134	1,397,788
Deposits and advances	878,077	1,088,166
Due to other government agencies	-	-
Deferred revenue	1,206,671	1,231,587
 Total Liabilities	 3,368,984	 4,739,954
Fund Balance:		
Nonspendable		
Advances to other funds	703,230	681,730
Prepaid items	7,100	14,200
Committed	5,340,000	5,340,000
Assigned	4,589,465	5,221,333
Unassigned	2,505,441	2,505,441
 Total Fund Balance	 13,145,236	 13,762,704
 Total Liabilities and Fund Balance	 \$ 16,514,220	 \$ 18,502,658

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures
and Changes in Fund Balance - General Fund
Year Ended June 30, 2011
(with comparative data for the year ended June 30, 2010)

	Totals	
	2011	2010
Revenues:		
Taxes	\$ 21,781,215	\$ 19,759,321
Licenses and permits	1,661,496	2,419,414
Charges for services	4,297,109	4,418,391
Revenues from use of money and property	591,777	641,761
Fines and forfeitures	786,734	902,858
Other	251,919	866,363
	<u>29,370,250</u>	<u>29,008,108</u>
Expenditures:		
Current:		
General government	2,674,233	2,909,261
Public safety	20,712,004	21,680,192
Community development	1,533,367	1,856,246
Culture and recreation	4,391,874	4,727,837
Highways and streets	913,979	1,398,551
Capital outlay	59,552	50,673
	<u>30,285,009</u>	<u>32,622,760</u>
Excess (Deficiency) of Revenues		
Over Expenditures	<u>(914,759)</u>	<u>(3,614,652)</u>
Other Financing Sources (Uses):		
Transfers in	295,289	278,000
Transfers out	-	(218)
Proceed from sale of property	2,002	-
	<u>297,291</u>	<u>277,782</u>
Net Change in Fund Balance	(617,468)	(3,336,870)
Fund Balance, Beginning of Year	<u>13,762,704</u>	<u>17,099,574</u>
Fund Balance, End of Year	<u>\$ 13,145,236</u>	<u>\$ 13,762,704</u>

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MAJOR SPECIAL REVENUE FUND

Grants Fund - used to account for the grants requiring segregated fund accounting. Financing is provided by federal, state and county agencies.

Retirement/Pension Liability Fund - used to account for revenue received from voter-approved property tax levied to provide for employee retirement costs, as established pursuant to Monterey Park Municipal Code Section 2.40.060 and to account for the financial resources provided by the City in anticipation of estimated increases in retirement costs due to the improved employee pension plan benefits.

CITY OF MONTEREY PARK
Special Revenue Grants Fund
Balance Sheet
June 30, 2011
(with comparative data as of June 30, 2010)

<u>Assets</u>	Totals	
	2011	2010
Cash and investments	\$ 3,814,003	\$ 4,308,017
Accounts receivable	367,025	2,147,304
Interest receivable	1,291	-
Notes receivable	796,372	783,908
 Total Assets	 \$ 4,978,691	 \$ 9,261,785
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 127,614	\$ 1,498,979
Accrued payroll	5,798	5,147
Deposits and advances	3,000	3,000
Due to other funds	300,051	1,764,378
Due to other governmental agencies	796,372	783,907
 Total Liabilities	 1,232,835	 6,077,967
Fund Balance:		
Restricted	3,745,856	3,183,818
 Total Fund Balance	 3,745,856	 3,183,818
 Total Liabilities and Fund Balance	 \$ 4,978,691	 \$ 9,261,785

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures
and Changes in Fund Balances - Special Revenue Grants Fund
Year Ended June 30, 2011
(with comparative data for the year ended June 30, 2010)

	Totals	
	2011	2010
Revenues:		
Intergovernmental revenues	\$ 4,262,737	\$ 6,318,925
Charges for services	4,228	5,988
Revenues from use of money and property	5,097	38,506
Total Revenues	4,272,062	6,363,419
Expenditures:		
Current:		
Public safety	235,601	190,780
Community development	874,009	1,583,134
Culture and recreation	376,819	240,671
Highways and streets	16,178	8,934
Capital outlay	1,547,102	3,793,599
Debt service:		
Principal retirement	368,241	348,786
Interest and fiscal charges	278,185	293,996
Total Expenditures	3,696,135	6,459,900
Excess (Deficiency) of Revenues Over Expenditures	575,927	(96,481)
Other Financing Sources (Uses):		
Transfers in	-	218
Transfers out	(13,889)	-
Total Other Financing Sources (Uses):	(13,889)	218
Net Change in Fund Balance	562,038	(96,263)
Fund Balance, Beginning of Year	3,183,818	3,280,081
Fund Balance, End of Year	\$ 3,745,856	\$ 3,183,818

CITY OF MONTEREY PARK
Special Revenue Retirement/Pension Liability Fund
Balance Sheet
June 30, 2011
(with comparative data as of June 30, 2010)

<u>Assets</u>	Totals	
	2011	2010
Cash and investments	\$ 10,272,702	\$ 4,173,029
Cash and investments held by fiscal agents	129	466
Accounts receivable	126,973	128,066
 Total Assets	 \$ 10,399,804	 \$ 4,301,561
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 750	\$ 582
Accrued payroll	81,670	62,804
Due to other funds	38,956	65,146
 Total Liabilities	 121,376	 128,532
Fund Balance:		
Restricted	10,278,428	4,173,029
 Total Fund Balance	 10,278,428	 4,173,029
 Total Liabilities and Fund Balance	 \$ 10,399,804	 \$ 4,301,561

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures
and Changes in Fund Balances - Special Revenue Retirement/Pension Liability Fund
Year Ended June 30, 2011
(with comparative data for the year ended June 30, 2010)

	Totals	
	2011	2010
Revenues:		
Tax	\$ 4,175,348	\$ 4,095,479
Revenues from use of money and property	129	466
Total Revenues	4,175,477	4,095,945
Expenditures:		
Current:		
General government	952,104	575,361
Public safety	3,752,086	3,667,155
Community development	160,382	175,558
Culture and recreation	332,863	376,355
Highways and streets	23,851	102,216
Debt service:		
Principal retirement	510,000	525,000
Interest and fiscal charges	996,408	1,021,714
Total Expenditures	6,727,694	6,443,359
Excess (Deficiency) of Revenues Over Expenditures	(2,552,217)	(2,347,414)
Other Financing Sources (Uses):		
Transfers in	8,657,616	1,538,517
Net Change in Fund Balance	6,105,399	(808,897)
Fund Balance, Beginning of Year, as Restated (Note 18)	4,173,029	4,981,926
Fund Balance, End of Year	\$ 10,278,428	\$ 4,173,029

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DEBT SERVICE FUND

Debt service Funds account for the accumulation of resources that are used to make the payments of principal, interest, and related costs on general long-term debt of the City of Monterey Park Community Redevelopment Agency.

Debt Service Fund - used to account for the principal, interest, and related costs of the redevelopment project areas.

CITY OF MONTEREY PARK
Debt Service Fund
Balance Sheet
June 30, 2011
(with comparative data as of June 30, 2010)

<u>Assets</u>	Totals	
	2011	2010
Cash and investments	\$ 2,220,247	\$ 2,191,872
Cash and investments held by fiscal agent	2,472,362	2,474,892
Accounts receivable	641,535	686,443
Interest receivable	13,580	5,232
 Total Assets	 \$ 5,347,724	 \$ 5,358,439
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 258,159	\$ 281,649
Advances from other funds	2,617,203	2,601,898
 Total Liabilities	 2,875,362	 2,883,547
 Fund Balance:		
Restricted	2,472,362	2,474,892
 Total Fund Balance	 2,472,362	 2,474,892
 Total Liabilities and Fund Balance	 \$ 5,347,724	 \$ 5,358,439

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and
Changes in Fund Balance - Debt Service Fund
Year Ended June 30, 2011
(with comparative data for the year ended June 30, 2010)

	Totals	
	2011	2010
Revenues:		
Taxes	\$ 8,465,048	\$ 8,425,074
Revenues from use of money and property	31,092	18,477
Total Revenues	8,496,140	8,443,551
Expenditures:		
Current:		
General government	144,748	149,225
Community development	5,184,128	7,782,295
Debt service:		
Principal retirement	1,120,000	1,080,000
Interest and fiscal charges	1,326,671	1,366,846
Total Expenditures	7,775,547	10,378,366
(Deficiency) of Revenues Over Expenditures	720,593	(1,934,815)
Other Financing Sources (Uses):		
Transfers out	(4,498,847)	(1,903,240)
Proceeds from tax increment deferred loan	3,775,724	3,705,856
Total Other Financing Sources (Uses)	(723,123)	1,802,616
Net Change in Fund Balances	(2,530)	(132,199)
Fund Balance, Beginning of Year	2,474,892	2,607,091
Fund Balance, End of Year	\$ 2,472,362	\$ 2,474,892

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CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The Capital Projects fund is the following:

Capital Projects Fund - used to account for financial resources segregated for the acquisition and rehabilitation of capital facilities within the redevelopment project areas.

CITY OF MONTEREY PARK
Capital Projects Fund
Balance Sheet
June 30, 2011
(with comparative data as of June 30, 2010)

<u>Assets</u>	Totals	
	2011	2010
Cash and investments	\$ 20,104,340	\$ 24,645,543
Accounts receivable	160,384	171,611
Interest receivable	23,570	37,652
Notes receivable	8,903,530	9,062,980
Land held for resale	10,815,327	10,815,327
Advances to other funds	2,617,203	2,601,898
 Total Assets	 \$ 42,624,354	 \$ 47,335,011
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 250,313	\$ 170,681
Accrued payroll	4,347	5,508
Deposits and advances	8,805	4,933
 Total Liabilities	 263,465	 181,122
 Fund Balance:		
Nonspendable:		
Long Term Receivable	8,903,530	9,062,980
Land held for resale	10,815,327	10,815,327
Advances to other funds	2,617,203	2,601,898
Restricted:		
Low and Moderate Income Housing	5,977,326	4,843,594
Committed	3,524,270	3,524,270
Assigned	10,523,233	16,305,820
 Total Fund Balance	 42,360,889	 47,153,889
 Total Liabilities and Fund Balance	 \$ 42,624,354	 \$ 47,335,011

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and
Changes in Fund Balance - Capital Projects Fund
Year Ended June 30, 2011
(with comparative data for the year ended June 30, 2010)

	Totals	
	2011	2010
Revenues:		
Taxes	\$ 2,116,262	\$ 2,106,271
Revenues from use of money and property	119,547	208,762
Other	124,395	130,504
Total Revenues	2,360,204	2,445,537
Expenditures:		
Current:		
Community Development	2,978,231	3,483,758
Capital outlay	16,204	219,962
Total Expenditures	2,994,435	3,703,720
Deficiency of Revenues Over Expenditures	(634,231)	(1,258,183)
Other Financing Sources (Uses):		
Transfers in	4,498,847	1,903,240
Transfers out	(8,657,616)	(1,538,517)
Total Other Financing Sources (Uses)	(4,158,769)	364,723
Net Change in Fund Balance	(4,793,000)	(893,460)
Fund Balance, Beginning of Year	47,153,889	48,047,349
Fund Balance, End of Year	\$ 42,360,889	\$ 47,153,889

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MAJOR ENTERPRISE FUNDS

Water Fund accounts for the City's water system operations. The Water Fund has the following two major activities:

Water Operation Activity - used to account for financial resources for the water operation including commercial, production, distribution, and implementation of Water Master Plan.

Water Treatment Activity - used to account for financial resources for the water treatment of certain chemical contaminations to meet water quality standards.

Refuse Fund accounts for the City's refuse system operations. The Refuse Fund has the following major activity:

Refuse Activity - used to account for receipts and expenditures relating to waste management activities including refuse collection, disposal and reduction.

CITY OF MONTEREY PARK
Schedule of Assets, Liabilities and Net Assets by Function - Water Enterprise Fund
June 30, 2011
(with comparative total as of June 30, 2010)

<u>Assets</u>	<u>Water Operations Activity</u>	<u>Water Treatment Activity</u>
Current Assets:		
Cash and investments	\$ 11,526,322	\$ 3,519,384
Accounts receivable	1,462,718	-
Total Current Assets	<u>12,989,040</u>	<u>3,519,384</u>
Noncurrent Assets:		
Nondepreciable capital assets	626,065	216,258
Depreciable capital assets, net of accumulated depreciation	15,983,935	7,771,931
Total Assets	<u>\$ 29,599,040</u>	<u>\$ 11,507,573</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 1,557,220	\$ 201,449
Accrued payroll	31,430	7,371
Deposits and advances	382,093	-
Capital lease obligation - current portion	191,668	370,000
Current compensated absences payable	29,629	3,770
Total Current Liabilities	<u>2,192,040</u>	<u>582,590</u>
Noncurrent Liabilities:		
Capital lease obligation	2,913,108	2,620,000
Compensated absences payable	266,667	33,927
OPEB obligations payable	413,019	-
Total Non Current Liabilities	<u>3,592,794</u>	<u>2,653,927</u>
Total Liabilities	<u>5,784,834</u>	<u>3,236,517</u>
Net Assets:		
Invested in capital assets, net of related debt	13,505,224	4,998,189
Unrestricted	10,308,982	3,272,867
Total Net Assets	23,814,206	8,271,056
Adjustment to reflect the consolidation of internal service funds activities to related activity	<u>(96,282)</u>	<u>-</u>
Net Assets Related to Water Enterprise Activities	<u>\$ 23,717,924</u>	<u>\$ 8,271,056</u>

<u>Assets</u>	<u>Totals</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and investments	\$ 15,045,706	\$ 12,024,642
Accounts receivable	1,462,718	1,046,431
Total Current Assets	<u>16,508,424</u>	<u>13,071,073</u>
Noncurrent Assets:		
Nondepreciable capital assets	842,323	848,877
Depreciable capital assets, net of accumulated depreciation	23,755,866	23,056,897
Total Assets	<u>\$ 41,106,613</u>	<u>\$ 36,976,847</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 1,758,669	\$ 1,018,709
Accrued payroll	38,801	38,446
Deposits and advances	382,093	379,876
Capital lease obligation - current portion	561,668	556,010
Current compensated absences payable	33,399	35,072
Total Current Liabilities	<u>2,774,630</u>	<u>2,028,113</u>
Noncurrent Liabilities:		
Capital lease obligation	5,533,108	6,094,778
Compensated absences payable	300,594	315,648
OPEB obligations payable	413,019	255,254
Total Non Current Liabilities	<u>6,246,721</u>	<u>6,665,680</u>
Total Liabilities	<u>9,021,351</u>	<u>8,693,793</u>
Net Assets:		
Invested in capital assets, net of related debt	18,503,413	17,254,986
Unrestricted	13,581,849	11,028,068
Total Net Assets	32,085,262	28,283,054
Adjustment to reflect the consolidation of internal service funds activities to related activity	<u>(96,282)</u>	<u>(116,383)</u>
Net Assets Related to Water Enterprise Activities	<u>\$ 31,988,980</u>	<u>\$ 28,166,671</u>

CITY OF MONTEREY PARK

**Schedule of Revenues, Expenses and Changes in Net Assets by Function - Water Enterprise Fund
Year Ended June 30, 2011
(with comparative total for the year ending June 30, 2010)**

	Water Operations Activity	Water Treatment Activity
	<u> </u>	<u> </u>
Operating Revenues:		
Charges for services	\$ 10,347,334	\$ 2,782,824
Meter installations	176,783	-
Grants	-	225,000
Other revenue	96	1,395,383
	<u> </u>	<u> </u>
Total Operating Revenues	10,524,213	4,403,207
	<u> </u>	<u> </u>
Operating Expenses:		
Water purchased	170,187	-
Administration-water	2,915,170	-
Commercial-water	667,871	-
Production-water	2,389,759	-
Distribution-water	1,067,767	-
Treatment plant operations	-	2,409,455
Depreciation	850,602	340,420
	<u> </u>	<u> </u>
Total Operating Expenses	8,061,356	2,749,875
	<u> </u>	<u> </u>
Operating Income (Loss)	2,462,857	1,653,332
Nonoperating Income (Loss):		
Interest expense	(116,860)	-
Gain on sale of surplus property	9,865	-
	<u> </u>	<u> </u>
Total Nonoperating Income (Loss)	(106,995)	-
	<u> </u>	<u> </u>
Net Income (Loss) Before Transfers and Contribution	2,355,862	1,653,332
Capital contributions	74,414	-
Transfers out	(281,400)	-
	<u> </u>	<u> </u>
Total Transfers and Capital Contributions	(206,986)	-
	<u> </u>	<u> </u>
Changes in Net Assets	2,148,876	1,653,332
Net Assets (Deficits), Beginning of Year	21,665,330	6,617,724
	<u> </u>	<u> </u>
Net Assets (Deficits), End of Year	\$ 23,814,206	\$ 8,271,056
	<u> </u>	<u> </u>
Changes in Net Assets	\$ 2,148,876	\$ 1,653,332
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	20,101	-
	<u> </u>	<u> </u>
Changes in Net Activities of Water Enterprise Activities	\$ 2,168,977	\$ 1,653,332
	<u> </u>	<u> </u>

	Totals	
	2011	2010
Operating Revenues:		
Charges for services	\$ 13,130,158	\$ 10,503,366
Meter installations	176,783	136,787
Grants	225,000	336,862
Other revenue	1,395,479	445,655
Total Operating Revenues	14,927,420	11,422,670
Operating Expenses:		
Water purchased	170,187	52,800
Administration-water	2,915,170	3,209,537
Commercial-water	667,871	701,991
Production-water	2,389,759	1,520,516
Distribution-water	1,067,767	945,738
Treatment plant operations	2,409,455	1,957,006
Depreciation	1,191,022	1,136,049
Total Operating Expenses	10,811,231	9,523,637
Operating Income (Loss)	4,116,189	1,899,033
Nonoperating Income (Loss):		
Interest expense	(116,860)	(122,862)
Gain on sale of surplus property	9,865	-
Total Nonoperating Income (Loss)	(106,995)	(122,862)
Net Income (Loss) Before Transfers and Contribution	4,009,194	1,776,171
Capital contributions	74,414	80,322
Transfers out	(281,400)	(278,000)
Total Transfers and Capital Contributions	(206,986)	(197,678)
Changes in Net Assets	3,802,208	1,578,493
Net Assets (Deficits), Beginning of Year	28,283,054	26,704,561
Net Assets (Deficits), End of Year	\$ 32,085,262	\$ 28,283,054
Changes in Net Assets	\$ 3,802,208	\$ 1,578,493
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	20,101	139,700
Changes in Net Activities of Water Enterprise Activities	\$ 3,822,309	\$ 1,718,193

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CITY OF MONTEREY PARK
Schedule of Assets, Liabilities and Net Assets by Function - Refuse Enterprise Fund
June 30, 2011
(with comparative total as of June 30, 2010)

<u>Assets</u>	<u>Totals</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and investments	\$ 2,735,665	\$ 3,284,485
Accounts receivable	575,504	620,579
Total Current Assets	<u>3,311,169</u>	<u>3,905,064</u>
Noncurrent Assets:		
Depreciable capital assets, net of accumulated depreciation	<u>5,829</u>	<u>9,316</u>
Total Assets	<u>\$ 3,316,998</u>	<u>\$ 3,914,380</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 410,263	\$ 1,173,783
Accrued payroll	5,497	5,280
Current compensated absences payable	<u>9,508</u>	<u>9,480</u>
Total Current Liabilities	<u>425,268</u>	<u>1,188,543</u>
Noncurrent Liabilities:		
Compensated absences payable	<u>85,572</u>	<u>85,315</u>
Total Non Current Liabilities	<u>85,572</u>	<u>85,315</u>
Total Liabilities	<u>510,840</u>	<u>1,273,858</u>
Net Assets:		
Invested in capital assets, net of related debt	5,829	9,316
Unrestricted	<u>2,800,329</u>	<u>2,631,206</u>
Total Net Assets	2,806,158	2,640,522
Adjustment to reflect the consolidation of internal service funds activities to related activity	<u>37,639</u>	<u>34,983</u>
Net Assets Related to Refuse Enterprise Activities	<u>\$ 2,843,797</u>	<u>\$ (256,083)</u>

CITY OF MONTEREY PARK

Schedule of Revenues, Expenses and Changes in Net Assets by Function - Refuse Enterprise Fund

Year Ended June 30, 2011

(with comparative total for the year ending June 30, 2010)

	Totals	
	2011	2010
Operating Revenues:		
Charges for services	\$ 5,980,597	\$ 5,796,888
Total Operating Revenues	5,980,597	5,796,888
Operating Expenses:		
Administration	799,788	660,274
Street maintenance - refuse	31,020	23,485
Storm drain maintenance - refuse	86,411	78,056
Refuse collection	4,894,255	5,023,079
Depreciation	3,487	2,854
Total Operating Expenses	5,814,961	5,787,748
Operating Income (Loss)	165,636	9,140
Changes in Net Assets	165,636	9,140
Net Assets (Deficits), Beginning of Year, as Restated (Note 18)	2,640,522	2,631,382
Net Assets (Deficits), End of Year	\$ 2,806,158	\$ 2,640,522
Changes in Net Assets	\$ 165,636	\$ 1,578,493
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	2,656	34,983
Changes in Net Activities of Refuse Enterprise Activities	\$ 168,292	\$ 1,613,476



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
of the City of Monterey Park
Monterey Park, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park, California (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 18, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Honorable Mayor and Members of the City Council
of the City of Monterey Park
Monterey Park, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
November 18, 2011

STATISTICAL SECTION
(Unaudited)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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

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CITY OF MONTEREY PARK
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 28,473,823	\$ 28,995,314	\$ 33,316,889	\$ 39,935,338
Restricted	35,032,907	37,577,409	44,040,390	40,358,826
Unrestricted	<u>(34,029,791)</u>	<u>(32,196,829)</u>	<u>(34,565,344)</u>	<u>(31,003,360)</u>
Total governmental activities net assets	<u>\$ 29,476,939</u>	<u>\$ 34,375,894</u>	<u>\$ 42,791,935</u>	<u>\$ 49,290,804</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 13,267,529	\$ 17,067,003	\$ 19,880,710	\$ 19,700,171
Restricted	-	-	-	-
Unrestricted	<u>1,300,140</u>	<u>1,608,386</u>	<u>1,210,407</u>	<u>2,099,749</u>
Total business-type activities net assets	<u>\$ 14,567,669</u>	<u>\$ 18,675,389</u>	<u>\$ 21,091,117</u>	<u>\$ 21,799,920</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 41,741,352	\$ 46,062,317	\$ 53,197,599	\$ 59,635,509
Restricted	15,474,589	6,139,301	44,040,390	40,358,826
Unrestricted	<u>(13,171,333)</u>	<u>849,665</u>	<u>(33,354,937)</u>	<u>(28,903,611)</u>
Total primary government net assets	<u>\$ 44,044,608</u>	<u>\$ 53,051,283</u>	<u>\$ 63,883,052</u>	<u>\$ 71,090,724</u>

Note: The City has elected to show only nine years of data for this schedule to coincide with the implementation of GASB 34.

Source: City of Monterey Park Management Services Department

Fiscal Year				
2007	2008	2009	2010	2011
\$ 41,243,683	\$ 42,188,514	\$ 40,863,652	\$ 44,779,820	\$ 42,184,114
41,256,879	50,363,018	57,279,208	54,638,570	31,741,171
<u>(28,542,889)</u>	<u>(29,746,073)</u>	<u>(37,034,912)</u>	<u>(43,282,599)</u>	<u>(24,442,025)</u>
<u>\$ 53,957,673</u>	<u>\$ 62,805,459</u>	<u>\$ 61,107,948</u>	<u>\$ 56,135,791</u>	<u>\$ 49,483,260</u>
\$ 20,202,373	\$ 19,228,082	\$ 17,370,937	\$ 17,254,986	\$ 20,214,595
-	-	-	-	-
<u>2,704,071</u>	<u>5,798,733</u>	<u>9,077,541</u>	<u>10,911,685</u>	<u>16,910,401</u>
<u>\$ 22,906,444</u>	<u>\$ 25,026,815</u>	<u>\$ 26,448,478</u>	<u>\$ 28,166,671</u>	<u>\$ 37,124,996</u>
\$ 61,446,056	\$ 61,416,596	\$ 58,234,589	\$ 62,034,806	\$ 62,398,709
41,256,879	50,363,018	57,279,208	54,638,570	31,741,171
<u>(25,838,818)</u>	<u>(23,947,340)</u>	<u>(27,957,371)</u>	<u>(32,370,914)</u>	<u>(7,531,624)</u>
<u>\$ 76,864,117</u>	<u>\$ 87,832,274</u>	<u>\$ 87,556,426</u>	<u>\$ 84,302,462</u>	<u>\$ 86,608,256</u>

CITY OF MONTEREY PARK
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
General government	\$ 3,875,042	\$ 3,766,150	\$ 4,110,311	\$ 3,805,164
Public safety	19,712,262	19,275,515	20,418,214	22,168,220
Community development	5,601,070	6,494,687	6,880,151	7,206,979
Culture and recreation	5,322,394	5,380,342	5,348,469	5,536,176
Highway and streets	4,421,007	5,595,749	4,776,390	5,283,276
Health	(126,206)	(166,786)	133,689	60,109
Interest and fiscal charges	<u>2,008,899</u>	<u>3,040,713</u>	<u>4,079,124</u>	<u>4,292,781</u>
Total governmental activities expenses	<u>40,814,468</u>	<u>43,386,370</u>	<u>45,746,348</u>	<u>48,352,705</u>
Business-type activities:				
Water	8,877,261	6,296,717	8,620,295	8,594,316
Refuse	4,569,867	4,707,391	4,667,202	5,051,358
Sewer	<u>279,081</u>	<u>47,039</u>	<u>123,478</u>	<u>178,053</u>
Total business-type activities expenses	<u>13,726,209</u>	<u>11,051,147</u>	<u>13,410,975</u>	<u>13,823,727</u>
Total primary government expenses	<u>54,540,677</u>	<u>54,437,517</u>	<u>59,157,323</u>	<u>62,176,432</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,442,693	1,331,238	1,449,459	1,458,109
Public safety	2,994,168	2,564,364	3,018,772	3,309,549
Community development	1,623,800	957,673	2,106,140	2,166,424
Culture and recreation	877,441	937,278	792,172	697,239
Highway and Streets	1,208,418	1,186,860	1,303,633	1,457,019
Health	70,940	(70,940)	-	-
Operating grants and contributions	1,809,654	1,969,482	2,302,117	2,572,146
Capital grants and contributions	<u>1,768,359</u>	<u>3,081,881</u>	<u>6,125,743</u>	<u>2,955,297</u>
Total government activities program revenues	<u>11,795,473</u>	<u>11,957,836</u>	<u>17,098,036</u>	<u>14,615,783</u>
Business-type activities:				
Charges for services:				
Water	7,860,078	6,718,386	7,590,509	8,842,158
Refuse	4,631,854	4,739,102	4,886,324	5,252,977
Sewer	301,513	265,205	253,049	297,400
Operating grants and contributions	-	-	-	-
Capital grants and contributions	4,672,557	855,628	3,331,675	319,059
Total business-type activities revenues	<u>17,466,002</u>	<u>12,578,321</u>	<u>16,061,557</u>	<u>14,711,594</u>
Total primary government revenues	<u>\$ 29,261,475</u>	<u>\$ 24,536,157</u>	<u>\$ 33,159,593</u>	<u>\$ 29,327,377</u>

Note: The City has elected to show only nine years of data for this schedule to coincide with the implementation of GASB 34.

Source: City of Monterey Park Management Services Department

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	5,740,916	\$	4,338,308	\$	3,879,270	\$	3,393,846	\$	3,989,032
	23,991,371		25,259,657		28,781,812		29,652,341		27,575,013
	9,550,291		8,388,572		11,507,775		13,427,547		11,027,820
	5,776,367		6,914,716		7,411,985		7,009,277		6,685,623
	6,550,763		5,184,431		5,812,714		5,981,608		5,209,925
	141,672		70,590		98,918		88,940		120,000
	<u>3,211,151</u>		<u>3,040,769</u>		<u>2,975,762</u>		<u>2,909,194</u>		<u>2,785,485</u>
	<u>54,962,531</u>		<u>53,197,043</u>		<u>60,468,236</u>		<u>62,462,753</u>		<u>57,392,898</u>
	10,253,822		9,549,450		9,724,233		9,506,799		10,907,990
	5,208,786		5,465,893		5,676,667		5,793,221		5,812,305
	<u>224,847</u>		<u>193,391</u>		<u>229,524</u>		<u>181,271</u>		<u>310,115</u>
	<u>15,687,455</u>		<u>15,208,734</u>		<u>15,630,424</u>		<u>15,481,291</u>		<u>17,030,410</u>
	<u>70,649,986</u>		<u>68,405,777</u>		<u>76,098,660</u>		<u>77,944,044</u>		<u>74,423,308</u>
	1,469,072		765,334		766,402		640,487		626,842
	3,521,884		4,961,930		5,058,340		3,292,950		3,186,391
	1,840,229		3,960,929		2,410,056		2,250,642		1,567,774
	766,051		801,478		818,438		816,852		770,602
	1,422,080		1,569,903		1,421,473		1,400,245		1,360,611
	-		-		-		-		-
	6,794,692		4,472,472		5,402,260		5,394,275		4,952,726
	<u>2,055,895</u>		<u>1,620,031</u>		<u>546,077</u>		<u>2,929,631</u>		<u>1,646,048</u>
	<u>17,869,903</u>		<u>18,152,077</u>		<u>16,423,046</u>		<u>16,725,082</u>		<u>14,110,994</u>
	10,729,127		10,523,615		10,498,868		9,740,486		10,533,780
	5,498,006		5,773,306		5,949,179		5,796,888		5,980,597
	294,888		293,650		294,574		269,338		271,984
	-		-		-		336,862		225,000
	287,506		444,903		-		80,322		74,414
	<u>16,809,527</u>		<u>17,035,474</u>		<u>16,742,621</u>		<u>16,223,896</u>		<u>17,085,775</u>
\$	<u>34,679,430</u>	\$	<u>35,187,551</u>	\$	<u>33,165,667</u>	\$	<u>32,948,978</u>	\$	<u>31,196,769</u>

(Continued)

CITY OF MONTEREY PARK
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General revenues and other				
Changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes	\$ 20,323,727	\$ 18,883,567	\$ 18,859,161	\$ 21,338,420
Sales tax	4,763,934	4,504,133	5,261,458	5,255,486
Vehicle in-lieu tax	2,861,427	3,681,334	691,143	386,524
Vehicle in-lieu tax gap loan repayment	-	-	1,075,194	-
Utility users tax	3,143,376	3,154,439	3,103,159	3,186,345
Utility franchise tax	-	-	978,880	1,023,947
Business license tax	880,448	909,816	917,106	957,513
Transient occupancy tax	-	-	500,011	608,376
Other taxes	1,020,713	1,414,928	3,465,501	3,794,098
Revenues from use of money and property	583,883	617,980	1,461,509	2,709,920
Other	6,023	2,798	152,538	407,783
Gain/(Loss) on sale of property	-	-	-	(3,587)
Transfers	<u>250,000</u>	<u>234,987</u>	<u>250,000</u>	<u>250,000</u>
Total general revenues and transfers	<u>33,833,531</u>	<u>33,403,982</u>	<u>36,715,660</u>	<u>39,914,825</u>
Business-type activities:				
Other	702,346	11,779	363,839	391,902
Gain/(Loss) on sale of property				
Transfers	<u>(250,000)</u>	<u>(234,987)</u>	<u>(250,000)</u>	<u>(250,000)</u>
Total business-type activities	<u>452,346</u>	<u>(223,208)</u>	<u>113,839</u>	<u>141,902</u>
Total primary government	<u>34,285,877</u>	<u>33,180,774</u>	<u>36,829,499</u>	<u>40,056,727</u>
Changes in net assets				
Governmental activities	4,814,536	1,975,448	8,067,348	6,177,903
Business-type activities	<u>4,192,139</u>	<u>1,303,966</u>	<u>2,764,421</u>	<u>1,029,769</u>
Total primary government	<u>\$ 9,006,675</u>	<u>\$ 3,279,414</u>	<u>\$ 10,831,769</u>	<u>\$ 7,207,672</u>

Note: The City has elected to show only nine years of data for this schedule to coincide with the implementation of GASB 34.

Source: City of Monterey Park Management Services Department

	Fiscal Year				
	2007	2008	2009	2010	2011
\$	23,059,597	\$ 25,506,057	\$ 26,741,260	\$ 27,059,553	\$ 27,331,232
	5,620,979	5,407,689	4,546,028	4,100,798	4,803,406
	429,693	275,591	185,693	191,604	345,406
	-	-	-	-	-
	3,330,631	3,417,647	3,516,748	3,349,907	3,219,600
	1,073,341	1,043,237	1,087,602	934,505	967,322
	996,629	1,028,436	963,068	925,037	944,837
	783,505	908,694	785,331	660,897	756,873
	1,607,587	1,763,576	1,557,516	1,263,874	1,837,784
	3,797,283	3,540,097	2,145,238	1,021,730	891,671
	450,990	332,056	219,979	917,403	249,075
	-	-	(3,346)	(29,528)	6,627
	<u>250,000</u>	<u>262,000</u>	<u>265,000</u>	<u>278,000</u>	<u>281,400</u>
	<u>41,400,235</u>	<u>43,485,080</u>	<u>42,010,117</u>	<u>40,673,780</u>	<u>41,635,233</u>
	593,713	963,303	537,971	1,345,322	4,168,640
	(250,000)	(262,000)	(265,000)	(278,000)	9,865
	<u>343,713</u>	<u>701,303</u>	<u>272,971</u>	<u>1,067,322</u>	<u>(281,400)</u>
	<u>41,743,948</u>	<u>44,186,383</u>	<u>42,283,088</u>	<u>41,741,102</u>	<u>45,532,338</u>
	4,307,607	8,440,114	(2,035,073)	(5,063,891)	(1,646,671)
	<u>1,465,785</u>	<u>2,528,043</u>	<u>1,385,168</u>	<u>1,809,927</u>	<u>3,952,470</u>
\$	<u>5,773,392</u>	<u>\$ 10,968,157</u>	<u>\$ (649,905)</u>	<u>\$ (3,253,964)</u>	<u>\$ 2,305,799</u>

CITY OF MONTEREY PARK
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Nonspendable	\$ 375,000	\$ 385,000	\$ 385,000	\$ 785,000
Restricted	-	-	-	-
Committed	640,000	890,000	890,000	2,690,000
Assigned	5,376,000	5,533,513	6,759,646	6,174,501
Unassigned	<u>4,021,471</u>	<u>4,471,390</u>	<u>4,567,733</u>	<u>5,460,149</u>
Total general fund	<u>\$ 10,412,471</u>	<u>\$ 11,279,903</u>	<u>\$ 12,602,379</u>	<u>\$ 15,109,650</u>
All other governmental funds:				
Nonspendable	\$ 10,183,415	\$ 10,183,415	\$ 10,183,415	\$ 10,183,415
Restricted	18,188,425	19,213,411	20,177,559	16,020,307
Committed				
Assigned	17,668,482	19,280,485	22,608,164	24,816,003
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 46,040,322</u>	<u>\$ 48,677,311</u>	<u>\$ 52,969,138</u>	<u>\$ 51,019,725</u>
Total for Governmental Funds:	<u>\$ 56,452,793</u>	<u>\$ 59,957,214</u>	<u>\$ 65,571,517</u>	<u>\$ 66,129,375</u>

Note: (1) The City has elected to show only nine years of data for this schedule to coincide with the implementation of GASB 34.

(2) The City implemented GASB 54 and converted all formats accordingly.

Source: City of Monterey Park Management Services Department

Fiscal Year				
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 3,159,557	\$ 2,076,039	\$ 1,429,902	\$ 695,930	\$ 710,330
-	-	-	-	-
1,435,443	4,318,961	5,115,098	5,340,000	5,340,000
5,306,462	5,356,963	5,307,662	5,221,333	4,589,465
<u>6,171,922</u>	<u>6,697,819</u>	<u>5,246,912</u>	<u>2,505,441</u>	<u>2,505,441</u>
<u>\$ 16,073,384</u>	<u>\$ 18,449,782</u>	<u>\$ 17,099,574</u>	<u>\$ 13,762,704</u>	<u>\$ 13,145,236</u>
\$ 8,523,237	\$ 14,599,871	\$ 17,415,373	\$ 22,480,205	\$ 22,336,060
21,663,489	25,986,245	28,018,812	20,597,192	29,449,081
4,375,578	5,577,800	3,354,156	3,524,270	3,524,270
20,373,844	16,195,751	19,418,934	16,305,820	10,523,233
-	-	-	(61,032)	(105,492)
<u>\$ 54,936,148</u>	<u>\$ 62,359,667</u>	<u>\$ 68,207,275</u>	<u>\$ 62,846,455</u>	<u>\$ 65,727,152</u>
<u>\$ 71,009,532</u>	<u>\$ 80,809,449</u>	<u>\$ 85,306,849</u>	<u>\$ 76,609,159</u>	<u>\$ 78,872,388</u>

CITY OF MONTEREY PARK
Changes in Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 30,223,473	\$ 31,092,464	\$ 33,934,508	\$ 35,533,276
Licenses and permits	1,379,372	1,734,977	2,116,292	2,355,310
Intergovernmental revenues	4,182,276	4,294,490	8,070,587	5,147,213
Charges for services	10,429,472	10,978,471	11,424,156	12,087,372
Revenues from use of money & property	1,414,928	1,020,713	1,461,509	2,695,272
Fines and forfeitures	1,011,753	1,317,827	1,186,206	1,218,183
Other	617,980	583,883	152,538	446,828
Total revenues	<u>49,259,254</u>	<u>51,022,825</u>	<u>58,345,796</u>	<u>59,483,454</u>
Expenditures				
Current:				
General government	3,737,025	3,733,425	3,682,512	3,617,431
Public safety	18,195,887	19,032,152	20,245,495	21,702,423
Community development	3,840,611	3,345,680	4,745,306	4,887,781
Culture and recreation	4,912,447	5,083,891	4,864,355	5,153,714
Highways and streets	3,959,725	4,150,407	4,242,132	4,251,299
Health	4,848,948	4,754,430	4,850,680	5,289,411
Capital outlay	5,491,346	4,367,246	11,110,466	10,488,775
Debt service:				
Principal retirement	592,733	1,511,613	1,539,534	1,801,611
Interest and fiscal charges	2,951,236	1,965,964	3,912,459	4,229,442
Cost of issuance	775,614	391,855	-	-
Total expenditures	<u>49,305,572</u>	<u>48,336,663</u>	<u>59,192,939</u>	<u>61,421,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,318)</u>	<u>2,686,162</u>	<u>(847,143)</u>	<u>(1,938,433)</u>
Other financing sources (uses):				
Transfers in	11,325,647	2,655,885	5,204,198	3,131,496
Transfers out	(11,090,660)	(2,405,885)	(4,954,198)	(2,881,496)
(Loss) on sale of property	-	-	-	-
Proceeds from sale of property	2,798	35,000	-	6,306
Proceeds from tax increment deferred	1,615,499	6,826	-	-
Proceeds from section 108 loan	6,500,000	134,274	1,940,741	2,239,985
Issue of long term debt	-	-	-	-
Issuance of bonds	24,270,000	17,405,000	3,900,000	-
Payment to bond escrow agent	(20,242,200)	(17,012,841)	-	-
Total other financing Sources (uses)	<u>12,381,084</u>	<u>818,259</u>	<u>6,090,741</u>	<u>2,496,291</u>
Net change in fund balances	<u>\$ 12,334,766</u>	<u>\$ 3,504,421</u>	<u>\$ 5,243,598</u>	<u>\$ 557,858</u>
Debt services as a percentage of noncapital expenditures	10.94%	9.65%	12.79%	13.43%

Note: The City has elected to show only nine years of data for this schedule to coincide with the implementation of GASB 34.

Source: City of Monterey Park Management Services Department

Fiscal Year					
	2007	2008	2009	2010	2011
\$	37,981,560	\$ 40,432,674	\$ 40,316,886	\$ 38,619,421	\$ 42,568,610
	2,151,806	2,929,898	2,797,953	2,419,414	1,661,496
	6,311,434	4,185,040	5,036,290	6,318,925	4,262,737
	12,243,396	13,878,802	13,125,471	11,584,210	4,554,131
	3,786,117	3,540,095	2,137,057	939,476	767,652
	1,484,320	2,347,916	1,687,318	1,393,098	1,272,417
	441,725	332,155	304,985	996,867	376,314
	<u>64,400,358</u>	<u>67,646,580</u>	<u>65,405,960</u>	<u>62,271,411</u>	<u>55,463,357</u>
	4,175,114	3,543,528	3,585,033	3,633,847	3,771,085
	22,882,590	24,843,834	25,873,335	26,459,263	25,692,272
	6,954,496	5,990,947	8,085,618	11,424,004	10,826,979
	5,449,379	5,953,354	6,151,628	5,870,577	5,561,337
	4,372,836	4,602,434	4,688,134	4,721,343	4,434,810
	5,523,633	5,749,284	6,026,191	6,094,492	120,000
	9,164,797	5,189,775	5,385,481	9,045,208	1,841,700
	1,776,129	1,753,079	1,677,419	2,229,221	2,284,269
	3,148,785	2,979,373	2,916,198	2,853,313	2,731,427
	-	-	-	-	-
	<u>63,447,759</u>	<u>60,605,608</u>	<u>64,389,037</u>	<u>72,331,268</u>	<u>57,263,879</u>
	952,599	7,040,972	1,016,923	(10,059,857)	(1,800,522)
	6,059,430	5,801,280	6,501,942	5,344,657	13,451,752
	(6,009,430)	(6,039,280)	(6,236,942)	(5,066,657)	(13,170,352)
	(510,178)	-	-	-	-
	-	1,337	1,345	599,751	6,627
	-	2,995,608	3,214,132	3,705,856	3,775,724
	2,587,736	-	-	-	-
	1,800,000	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>3,927,558</u>	<u>2,758,945</u>	<u>3,480,477</u>	<u>4,583,607</u>	<u>4,063,751</u>
\$	<u>4,880,157</u>	<u>\$ 9,799,917</u>	<u>\$ 4,497,400</u>	<u>\$ (5,476,250)</u>	<u>\$ 2,263,229</u>
	9.98%	8.89%	7.85%	8.44%	9.86%

CITY OF MONTEREY PARK
Assessed Value and Estimated Actual Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate ⁽²⁾
2002	\$ 3,213,424	\$ 119,505	\$ 3,332,929	0.091175
2003	3,394,637	125,783	3,520,420	0.091175
2004	3,636,665	95,329	3,731,994	0.091175
2005	3,861,942	100,106	3,962,048	0.091175
2006	4,157,522	116,538	4,274,060	0.091175
2007	4,526,381	114,503	4,640,884	0.091175
2008	4,895,657	102,978	4,998,635	0.091175
2009	5,199,694	123,150	5,322,844	0.091175
2010	5,271,725	124,622	5,396,347	0.091175
2011	5,315,996	132,787	5,448,783	0.091175

Notes:

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

(2) Retirement Tax at 0.091175 per \$100 of Assessed Valuation.

Sources: 1. County of Los Angeles Department of Auditor-Controller
2. HDL Coren & Cone

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CITY OF MONTEREY PARK
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

	<u>Fiscal Year</u>			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City Direct Rates:				
Monterey Park	0.09117	0.09117	0.09117	0.09117
Overlapping Rates:				
Los Angeles Community College District	0.01600	0.01460	0.01986	0.01810
Garvey School District	0.03118	0.05287	0.02471	0.02319
Los Angeles County Flood Control District	0.00107	0.00088	0.00046	0.00025
Metropolitan Water District	0.00770	0.00670	0.00610	0.00580
San Gabriel Valley Water District	<u>0.02400</u>	<u>0.03910</u>	<u>0.03630</u>	<u>0.03230</u>
Total Direct Rate	<u>0.17112</u>	<u>0.20532</u>	<u>0.17860</u>	<u>0.17081</u>

Note: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the Los Angeles Unified School District bonds.

Source: HDL Coren & Cone

Fiscal Year					
2006	2007	2008	2009	2010	2011
0.09117	0.09117	0.09117	0.09117	0.09117	0.09117
0.01429	0.02146	0.00879	0.02212	0.02311	0.04031
0.05221	0.05074	0.05060	0.06835	0.07836	0.08503
0.00002	0.00005	0.00000	0.00000	0.00000	0.00000
0.00520	0.00470	0.00450	0.00430	0.00430	0.00370
<u>0.03230</u>	<u>0.03230</u>	<u>0.03230</u>	<u>0.02830</u>	<u>0.02830</u>	<u>0.02830</u>
<u>0.19519</u>	<u>0.20042</u>	<u>0.18736</u>	<u>0.21424</u>	<u>0.22524</u>	<u>0.24851</u>

CITY OF MONTEREY PARK
Principal Property Taxpayers
(Current Year and Nine Years Ago)

Taxpayers	2011	
	Taxable Assessed Valuation	Percent of Total City Taxable Assessed Valuation
Los Angeles Corporate Center LLC	\$ 82,903,050	1.52%
Cheung R P land Lau N T trust	64,201,590	1.18%
Union Bank	61,558,055	1.13%
Garfield Calmed Investment LP	50,756,071	0.93%
1977 Saturn LLC	50,370,000	0.92%
GMS Five LLC	33,699,180	0.62%
MPM Partners LLC	25,236,138	0.46%
Emerald Hills LLC	24,027,602	0.44%
Atlantic Shopping Center LP	22,004,205	0.40%
Real Estate Investors 1984 1	22,000,000	0.40%
	\$ 436,755,891	8.02%

Note: The amounts shown above include assessed valuation data for both the City and the Redevelopment Agency.

Sources: 1. HDL Coren & Cone
2. County of Los Angeles Department of Auditor-Controller

Taxpayers	2002	
	Taxable Assessed Valuation	Percent of Total City Taxable Assessed Valuation
Monterey Park Hospital	\$ 66,052,603	1.98%
Arden Realty Finance Partnership	45,814,320	1.37%
Union Bank	36,916,710	1.11%
GMS Five LLC	36,587,508	1.10%
Lloyds Bank California	30,300,000	0.91%
Real Estate Invstors 1984 1	14,660,000	0.44%
Monterey SK Associates	13,900,677	0.42%
TSL Development Inc	11,557,410	0.35%
Monterey Atlantic Place Partnership	11,475,129	0.34%
Mars Center LLC	11,258,719	0.34%
	\$ 278,523,076	8.36%

CITY OF MONTEREY PARK
General Fund Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	4,104,989	3,958,207	96.42%	107,996	4,066,203	99.06%
2003	4,355,132	4,221,523	96.93%	146,782	4,368,305	100.30%
2004	4,605,963	4,361,754	94.70%	133,609	4,495,363	97.60%
2005	4,930,941	4,833,603	98.03%	244,209	5,077,812	102.98%
2006	5,373,194	5,191,875	96.63%	97,338	5,289,213	98.44%
2007	5,822,423	5,701,063	97.92%	181,319	5,882,382	101.03%
2008	6,234,528	5,980,368	95.92%	121,360	6,101,728	97.87%
2009	6,571,830	6,279,340	95.55%	254,160	6,533,500	99.42%
2010	6,552,490	6,276,519	95.79%	292,490	6,569,009	100.25%
2011	6,675,115	6,503,465	97.43%	275,971	6,779,436	101.56%

Note: The amounts presented are general fund secured property tax (not including retirement tax or Redevelopment Agency tax increment).

Source: City of Monterey Park Management Services Department

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CITY OF MONTEREY PARK
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Governmental Activities			
	Pension Obligation Bonds	1998 Merged Bonds	2002 Atlantic/Garvey Bonds	Tax Increment Deferred Loan
2002	\$ -	\$ 10,850	\$ 19,865	12,401
2003	-	10,640	24,270	14,017
2004	17,405	10,420	23,685	14,151
2005	17,405	10,190	22,990	16,092
2006	17,405	9,950	22,275	18,332
2007	17,405	9,700	21,540	20,919
2008	17,405	9,435	20,790	23,915
2009	17,380	9,155	20,020	27,129
2010	16,855	8,865	19,230	30,835
2011	16,345	8,560	18,415	34,611

Note: Business-type activities, Percentage of Personal Income was based on data from Los Angeles County State of California Employment Department. Debt per capita data was based on the number of population within the City of Monterey Park.

Source: City of Monterey Park Management Services Department

Governmental Activities			
HUD Section 108 Loans	Library Special tax Revenue Note	Capital Lease Obligation	Total Governmental Activities
\$ -	\$ -	\$ 2,858	\$ 45,974
-	-	2,322	\$ 51,249
6,330	-	2,264	\$ 74,255
6,145	3,900	1,578	\$ 78,300
5,948	3,663	961	\$ 78,534
5,739	3,417	2,337	\$ 81,057
5,518	3,161	1,856	\$ 82,080
5,283	2,897	1,528	\$ 83,392
5,033	2,621	1,430	\$ 84,869
4,768	2,335	1,326	\$ 86,360

(Continued)

CITY OF MONTEREY PARK
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Business-type Activities			
	Capital Lease Obligation	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2002	\$ 3,056	\$ 49,030	0.02%	783
2003	3,190	54,439	0.02%	859
2004	5,170	79,425	0.02%	1,242
2005	3,954	82,254	0.02%	1,273
2006	3,628	82,162	0.02%	1,276
2007	4,557	85,614	0.02%	1,327
2008	5,267	87,347	0.02%	1,356
2009	7,073	90,465	0.02%	1,394
2010	6,651	91,520	N/A	1,407
2011	6,095	92,455	N/A	1,530

Note: Business-type activities, Percentage of Personal Income was based on data from Los Angeles County State of California Employment Department. Debt per capita data was based on the number of population within the City of Monterey Park.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt				
	Pension Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Valuation ⁽¹⁾	Per Capita
2002	\$ -	\$ 30,715	\$ 30,715	0.9216%	490
2003	-	34,910	34,910	0.9916%	551
2004	17,405	34,105	51,510	1.3802%	806
2005	17,405	33,180	50,585	1.2767%	783
2006	17,405	32,225	49,630	1.1612%	771
2007	17,405	31,240	48,645	1.0482%	754
2008	17,405	30,225	47,630	0.9529%	739
2009	17,380	29,175	46,555	0.8746%	718
2010	16,855	28,095	44,950	0.8330%	691
2011	16,345	26,975	43,320	0.7950%	717

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

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Direct and Overlapping Debt
June 30, 2011

City Assessed Valuation	\$ 4,518,901,278
Redevelopment Agency Incremental Valuation	<u>929,881,746</u>
Total Assessed Valuation	<u><u>\$ 5,448,783,024</u></u>

	<u>Percentage Applicable(%)</u>	<u>Net Bonded Debt Debt 6/30/11</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	0.032	\$ 107,259,876	\$ 34,323
Garvey School District DS	28.730	40,365,836	11,597,105
LA CCD DS	0.947	3,536,745,000	33,499,607
Los Angeles Unified DS	0.040	11,596,250,000	4,638,500
Montebello Unified DS	8.156	150,121,651	12,243,922
Alhambra Unified DS	32.761	<u>151,643,604</u>	<u>49,679,961</u>
Total overlapping debt repaid with property taxes		<u><u>\$ 15,582,385,967</u></u>	<u><u>\$ 111,693,418</u></u>

Source: HDL Coren & Cone

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CITY OF MONTEREY PARK
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year			
	2002	2003	2004	2005
Assessed valuation	3,332,929	3,520,420	3,731,994	3,962,048
Debt limit percentage	15%	15%	15%	15%
Debt limit	499,939	528,063	559,799	594,307
Total net debt applicable to limit:				
Pension obligation bonds	-	-	17,405	17,405
Legal debt margin	<u>\$ 499,939</u>	<u>\$ 528,063</u>	<u>\$ 542,394</u>	<u>\$ 576,902</u>
Total debt applicable to the limit as a percentage of debt limit	0.0000%	0.0000%	3.1092%	2.9286%

Note: In accordance with California Government Code Section 43605, total general obligation bonds outstanding cannot exceed 15 percent of total assessed valuation.

Sources: 1. City of Monterey Park Management Services Department
2. County of Los Angeles Department of Auditor-Controller

Fiscal Year					
2006	2007	2008	2009	2010	2011
4,274,060	4,640,884	4,998,635	5,322,844	5,396,347	5,448,783
15%	15%	15%	15%	15%	15%
641,109	696,133	749,795	798,427	809,452	817,317
<u>17,405</u>	<u>17,405</u>	<u>17,405</u>	<u>17,380</u>	<u>16,855</u>	<u>16,345</u>
<u>\$ 623,704</u>	<u>\$ 678,728</u>	<u>\$ 732,390</u>	<u>\$ 781,047</u>	<u>\$ 792,597</u>	<u>\$ 800,972</u>
2.7148%	2.5002%	2.3213%	2.1768%	2.0823%	1.9998%

CITY OF MONTEREY PARK
Tax Allocation Bonds Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2002	5,721	1,145	1,965	1.84
2003	5,791	210	1,894	2.75
2004	6,214	805	1,552	2.64
2005	6,555	925	1,526	2.67
2006	7,533	955	1,497	3.07
2007	8,134	985	1,469	3.31
2008	9,746	1,015	1,436	3.98
2009	10,216	1,050	1,404	4.16
2010	10,531	1,080	1,367	4.30
2011	10,581	1,120	1,327	4.32

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	62,629	301,002,945	30,828	4.8%
2003	63,406	310,043,501	31,452	4.9%
2004	63,928	329,048,068	33,179	4.6%
2005	64,614	342,231,121	34,426	3.7%
2006	64,387	369,174,348	37,362	3.5%
2007	64,508	390,295,865	39,794	3.6%
2008	64,434	413,316,582	42,265	4.7%
2009	64,874	402,459,119	40,867	8.5%
2010	65,027	N/A	N/A	9.4%
2011	60,435	N/A	N/A	9.3%

Note: Personal income and Per capita personal income are the data shown for Los Angeles County from Bureau of Economic Analysis.

Sources: 1. Bureau of Economic Analysis
2. State of California Employment Development Department (data shown for the county)

CITY OF MONTEREY PARK
Principal Employers
(Current Year and Nine Years Ago)

Employers	2011	
	Number of Employees	Percent of Total Employment
Garfield Medical Center	972	0.023%
City of Monterey Park	407	0.010%
Monterey Park Hospital	362	0.008%
Southern California Gas Company	298	0.007%
SynerMed Inc	227	0.005%
Care 1st Health Plan (2 Locations)	353	0.008%
Ralph's Grocery Store (2 Locations)	165	0.004%
Remitco LLC	136	0.003%
Chinese Daily News	128	0.003%
Southern California Edison Co.	126	0.002%
Camino Real Chevrolet	119	0.003%
24 Hours Fitness	95	0.002%
Teac Aerospace Technologies Inc	94	0.002%
Monterey Park Convalescent	93	0.002%
Heritage Manor Healthcare	90	0.002%
Pacific Bell	80	0.002%
99 Ranch Market	77	0.002%

Note: "Total Employment" used above represents the total employment of Los Angeles County.

Sources: 1. City of Monterey Park Management Services Department
2. State of California Employment Development Department

Employers	2002	
	Number of Employees	Percent of Total Employment
Union Processing Center	1,600	0.036%
United California Bank Processing Center	1,000	0.022%
Garfield Medical Center	862	0.019%
City of Monterey Park	480	0.011%
Monterey Park Hospital	350	0.008%
Pacific Bell (3 Locations)	284	0.006%
Southern California Gas Company	242	0.005%
Lyte Optronics, Inc.	210	0.005%
SBC Advanced Solutions Inc	165	0.004%
Chinese Daily News	163	0.004%
Ralph's Grocery Store (2 Locations)	152	0.003%
California Highway Patrol	134	0.003%
La Colonial Tortilla Products, Inc.	131	0.003%
Sav-on Drugs (2 Locations)	120	0.003%
Sierra Madre Foods	96	0.002%
Southern California Edison Co.	94	0.002%
Heritage Manor Healthcare	89	0.002%

CITY OF MONTEREY PARK
Full-Time and Part-Time City Employees by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Full-time and Part-time Employees as of June 30</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	38	37	39	40	38	38	38	37	32	35
Public Safety	193	193	193	193	193	194	196	195	185	172
Public Works	60	60	60	61	63	63	63	62	59	70
Culture and Recreation	89	89	89	77	78	88	90	85	73	60
Community Development	<u>28</u>	<u>29</u>	<u>28</u>	<u>27</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>27</u>	<u>24</u>	<u>15</u>
Total	<u>408</u>	<u>408</u>	<u>409</u>	<u>398</u>	<u>400</u>	<u>411</u>	<u>415</u>	<u>407</u>	<u>373</u>	<u>353</u>

Source: City of Monterey Park Annual Budget

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CITY OF MONTEREY PARK
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Police:				
Number of service calls	47,073	46,237	50,587	55,883
Response time priority I (emergency) (minutes/seconds)	4:34	3:54	3:47	4:28
Fire:				
Number of emergency calls	3,286	3,528	3,484	3,587
Inspections	1,578	2,148	1,911	2,165
Public works:				
Street resurfacing (miles)	0.64	-	0.82	-
Parks and recreation:				
Hours of recreation classes	650	602	650	723
Number of facility rentals	269	247	250	235
Water:				
Meters changed and upgrades	799	504	520	459
Water turn-ons and turn-offs	2,387	3,514	3,277	3,744
Average daily consumption (thousand of gallons)	10,000	10,000	10,000	10,000

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Management Services Department
3. City of Monterey Park Engineering Division

Fiscal Year

2006	2007	2008	2009	2010	2011
56,197 4:24	50,908 4:05	54,696 4:17	54,925 4:25	53,863 4:00	55,476 4:12
3,640 2,566	3,895 2,597	4,163 2,747	4,094 3,372	4,378 3,438	4,773 3,275
-	2.22	2.38	-	7.66	0.47
770 269	770 235	770 235	770 241	700 141	770 177
641 3,574 11,000	653 3,744 11,000	712 2,905 11,000	518 2,939 11,000	513 2,521 11,000	590 2,873 8,000

CITY OF MONTEREY PARK
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Police:				
Stations	1	1	1	1
Fire:				
Fire stations	3	3	3	3
Public works:				
Streets (miles)	115	115	115	119
Streetlights	3,359	3,359	3,359	3,359
Traffic signals	75	75	75	75
Parks and recreation:				
Parks	13	13	13	14
Community centers				
Water:				
Water mains (miles)	134	134	134	134
Maximum daily capacity (thousands of gallons)	12,493	12,618	12,744	12,871
Wastewater:				
Sanitary sewers (miles)	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Water Division

Fiscal Year					
2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
3	3	3	3	3	3
119	119	119	119	119	119
3,359	3,359	3,359	3,359	3,359	3,359
75	75	75	75	75	75
14	14	14	14	14	14
134	134	134	134	134	134
13,000	13,130	13,540	12,140	11,733	11,140
126	126	126	126	126	126
12.43	12.43	12.43	12.43	12.43	12.43

CITY OF MONTEREY PARK
Water Sold by Type of Customer
Last Ten Fiscal Years
(In Millions of Gallons)

	Fiscal Year			
	2002	2003	2004	2005
Type of Customer:				
Residential	2,367.0	2,394.0	2,354.0	2,390.3
Commercial	905.0	910.0	908.0	885.0
Institutional	42.0	43.0	54.0	66.0
Government	41.0	40.0	44.1	50.0
 Total	<u>3,355.0</u>	<u>3,387.0</u>	<u>3,360.1</u>	<u>3,391.3</u>

Source: City of Monterey Park Management Services Department

Fiscal Year

2006	2007	2008	2009	2010	2011
2,390.2	2,442.3	2,482.5	2,814.1	2,693.5	2,718.3
891.4	916.4	874.0	924.6	925.8	935.0
76.7	81.2	76.7	132.3	127.8	130.0
52.4	61.8	62.0	87.6	90.1	89.1
<u>3,410.7</u>	<u>3,501.7</u>	<u>3,495.2</u>	<u>3,958.6</u>	<u>3,837.2</u>	<u>3,872.4</u>

CITY OF MONTEREYPARK
Water Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rate	Rate per 1,000 Gallons
2002	\$ 9.52	1.66
2003	9.86	1.72
2004	10.16	1.77
2005	10.60	1.84
2006	11.13	1.94
2007	11.69	2.04
2008	12.11	2.11
2009	12.72	2.22
2010	12.63	2.21
2011	12.63	2.21

Note: Rates are based on 5/8" meter and 3/4 meters (the City is standardizing to 3/4 meters), which is the standard household meter size. The City charges an excess-use rate above the 4488 gallons allowed in the base rate.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Top Twelve Water Customers
(Current Year and Five Years Ago)

<u>Water Customer</u>	<u>2011</u>		<u>2006</u>	
	<u>Water Charges</u>	<u>Percent of Total Water Revenues</u>	<u>Water Charges</u>	<u>Percent of Total Water Revenues</u>
Aespace America Inc.	\$ 60,579	0.79%	\$ 59,672	0.84%
Monterey Park Golf Course	45,793	0.60%	40,616	0.57%
Garfield Medical Center	45,285	0.59%	52,154	0.73%
Continental Homes	32,345	0.42%	30,438	0.43%
L.A. County Internal Services	32,163	0.42%	25,229	0.36%
Garfield Estates	32,149	0.42%	30,669	0.43%
Lincoln Best Hotel	30,217	0.40%	9,332	0.13%
Union Bank of California #24	29,942	0.39%	26,831	0.38%
Ocean Star Seafood	26,015	0.34%	33,649	0.47%
Ridgewood Apartments	23,846	0.31%	23,607	0.33%
Emerald hills, LLC	23,467	0.31%	34,736	0.49%
Lion's Manor	22,577	0.30%	24,059	0.34%
	<u>\$ 404,378</u>	<u>5.30%</u>	<u>\$ 390,993</u>	<u>5.51%</u>

Source: City of Monterey Park Management Services Department

