

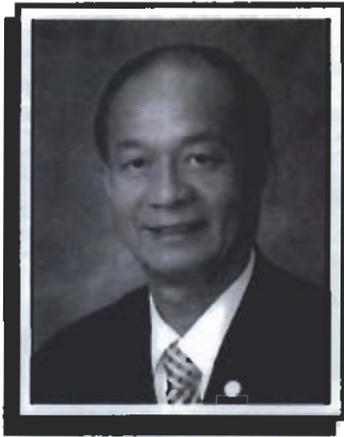
City of Monterey Park, California



***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

Year ended June 30, 2010

City Council



Mayor
Anthony Wong



Mayor Pro Tem
Betty Tom Chu



Council Member
David T. Lau



Council Member
Benjamin "Frank" Venti



Council Member
Mitchell Ing

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

City Officials

Donald F. McIntyre..... *Interim City Manager*
 Jenkins & Hogin..... *City Attorney*
 Barbara Williams..... *City Librarian*
 Vacant..... *Director of Economic Development*
 Robert Blackwood..... *Director of Human Resources and Risk Management*
 Vacant..... *Director of Development Services*
 Elias Saykali..... *Director of Public Works/City Engineer*
 Harry Panagiotes..... *Director of Recreation and Parks*
 Cathleen Orchard..... *Fire Chief*
 Jim Smith..... *Interim Police Chief*
 Vacant..... *Director of Management Services*



City of Monterey Park, California

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended June 30, 2010

Prepared by the Management Services Department

Annic Yaung
Financial Services Manager

CITY OF MONTEREY PARK
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

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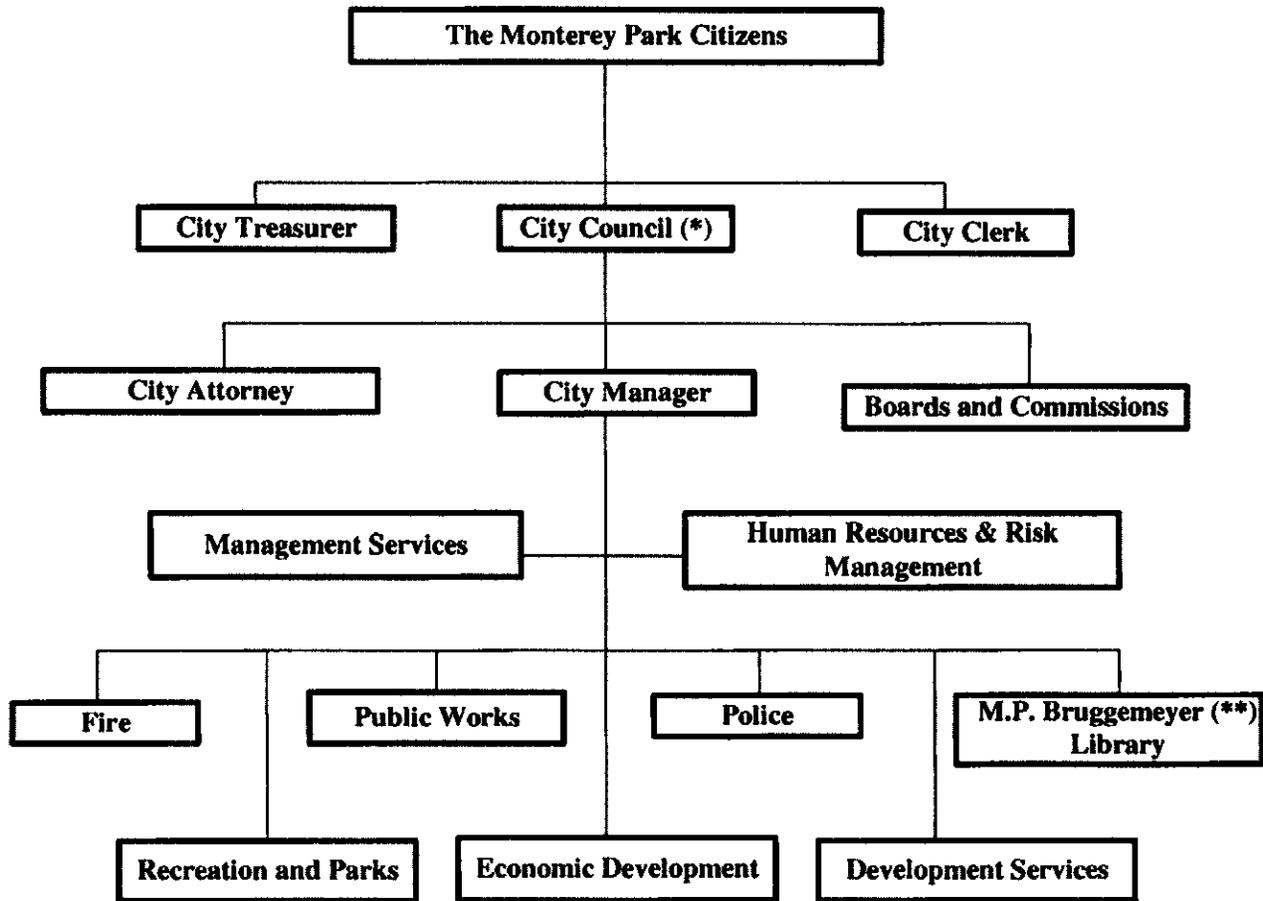
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City of Monterey Park Organization Chart



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

(**) General operations of the M.P. Bruggemeyer Library are managed by the Library Board of Trustees, an independent commission appointed by the City Council.

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
Benjamin "Frank" Venti
Anthony Wong

City Clerk
David Barron

City Treasurer
Joseph Leon

December 1, 2010

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

Re: 2009-10 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, 2010.

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 2009-10 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 2009-10 fiscal year are included in Management's Discussion and Analysis and Notes to Financial Statements. We

Pride in the Past • Faith in the Future

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 and the labor market is improving slowly but gradually. Many analysts suggest that the pace of economic recovery is likely to be moderate for

some time due to the fact that household spending is increasing but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit.

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 65,000. 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. The City's budget has been seriously impacted. One good note is that the City has a stable property tax base that supports the City's property tax revenue. Property tax is the major source of the City's General Fund revenues.

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 on a seven-acre site at North Atlantic Boulevard and Hellman Avenue. The project features 210 condominiums and 200,000 square feet of commercial space anchored by a 14-screen AMC Theater. The commercial portion of this project is nearly complete with some stores and the AMC Theater, now currently open for business.

Towne Centre Towne Centre is a mixed-use project at the southeast corner of Garvey and Garfield Avenues, in the downtown Monterey Park. This project will include 56 parking spaces for public use to alleviate downtown parking shortage. Relocation is complete and construction is scheduled to begin in 2011. Completion is expected within 18 to 24 months from start of construction.

Garvey Villas Garvey Villas is a mixed-use project located at the southwest corner of Atlantic Boulevard and Garvey Avenue. The developer has assembled the site and is submitting a new proposal.

Market Place This is a nearly 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 2011 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 three years ago has, indeed, prove 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 2009-10 fiscal year was not strong due to economic weaknesses in many sectors, especially in sales tax and investment categories. Additionally, in 2009-10, the State of California took a loan of approximately \$1 million from the City's property tax revenues to help balance its budget gap. As a result, the General Fund unreserved undesignated fund balance at the 2009-10 fiscal year end totaled \$2.5 million, down \$2.7 million from the previous year. However, the long-term outlook remains positive, 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 2010-11 Budget was balanced when adopted. It includes a tightened spending plan and reflects various expenditure reductions, especially in personnel costs. The total budget presented, including funding for improvement to the City's infrastructure including street, sewer, park, and water systems, represents an approximately 9% reduction from last year. To achieve long-term financial stability, the City will continue improving efficiencies, exploring revenue options, and building up reserves.

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. 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 2007, the City Council adopted several of the Committee's recommendations including: rounding of utility bills, business annual fire safety inspection, public safety impact fee adjustment, inter-fund cost allocation update, and setting-aside 30% of future sales tax from major commercial developments. Some of these recommendations have been implemented to improve the City's pension funding.

Due to the recession and the financial market crisis, CalPERS has experienced a 25% reduction in its investment values. To keep the program fully funded, it is anticipated the employer contribution rates will be increased between 2% and 5% starting 2011. The rate adjustment will create a major

cost impact to all member agencies. CalPERS is considering a new rate smoothing mechanism to keep the rate adjustment to about 1%.

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 two-year was a total of \$1.54 million, which was done at June 30, 2010. There was no General Fund transfer to Retirement Fund in 2009-10.

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 35 years. Of the 76 participants that remain in the plan as of the June 30, 2009 valuation date, only 5 are still active. The Plan has arrived at a position in which cash flow planning is critical. The City is required to adopt an annual contribution based on a new 10-year calculation while the contributions for the last three years had been in the \$300,000-\$400,000 range because of a 30-year amortization schedule being used. The contribution for 2010-11 will be approximately \$800,000 to meet the City's obligations. Please refer to Note No. 10-A(2) 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 5 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 2009 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 government agencies to establish a program that eliminates pollutants from entering rivers and oceans. Monterey Park started its program in 1996 by carrying out a study, which included surveying businesses for possible sources of pollutants, cataloging and inventorying storm drains, and conducting public education.

Monterey Park, like other Los Angeles County cities and the County, is required to establish programs to meet the conditions and requirements of the permit. These programs include

inspections of restaurants and commercial establishments for discharges, field testing of the storm drain system to identify connections, development and implementation of storm water management plans for new construction, installation of physical controls in catch basins and other measures that prevent pollutants from entering the waterways.

The City is working with a coalition of 43 local cities to monitor NPDES regulations as they evolve to ensure that they are realistic and cost-effective. In certain instances, the cities are forced to challenge requirements that would become multi-million dollar programs that would burden both residents and businesses in the next decades.

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 park and City Yard facility improvements, traffic calming measures, street name signs, transit facility at ELAC, and water treatment plants facilities. With the Proposition American Recovery and Reinvestment Act (ARRA) funds, the City has resurfaced city arterial and collector streets. Technology development is also a priority of the City. Recent projects include a PC based on-line timecard payroll system, citywide network equipment and server upgrades, and the Police Department's computer aided dispatch and record management system.

However, there is a need for the City to upgrade its infrastructure for public safety, parks, recreation facilities, traffic system, and water capital. The City's Five-year Capital Improvement Program has identified a total of \$34 million in improvements to the City assets for the next five years. Development of funding and financing options for these capital projects will continue to be a priority in the City's financial planning.

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 currently the City is funding its OPEB (Other Post-Employment Benefits) costs on a pay-as-you-go basis and is exploring the option of pre-funding.

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 2009-10 appropriations limit was \$64.2 million and the City's actual appropriation subject to the limit was \$28.7 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. For 2008-09, the City implemented GASB 45 and reflected the Other Post Employment Benefits Obligations 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

The City monitors its cash balance daily and invests temporarily idle funds in accordance with the Government Code and the City's Investment Policy. The City's investment and cash management is through pooling of various City funds to maximize interest income. 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, 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.

During 2009-10, the City invested funds in the State of California Local Agency Investment Fund and certificates of deposit. Interest earnings were approximately \$354,000 for the City and \$198,000 for the Community Redevelopment Agency. The average yield was 0.70% for the City and 0.64% for the Redevelopment Agency. At June 30, 2010, the City and the Community Redevelopment Agency investment balances were \$53 million and \$27 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, 2009. This was the 19th 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.

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 2009-10 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 accounting 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,


Donald F. McIntyre
Interim City Manager


Annie Young, 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, 2009

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



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Monterey Park
California**

For the Fiscal Year Beginning

July 1, 2009

A handwritten signature in black ink, appearing to be 'H.R.' followed by a flourish.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. Evans'.

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, 2009**. 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
For**

Excellence in Operating Budgeting

Fiscal Year 2009-2010

The California Society of Municipal Finance Officers (CSMFO) proudly presents this certificate to

City of Monterey Park

For meeting the criteria established to achieve the EXCELLENCE AWARD in the OPERATING BUDGET CATEGORY.

February 18, 2010



Thomas Fil

**Thomas Fil
CSMFO President**

Pamela Arends-King

**Pamela Arends-King, Chair
Budgeting & Financial Reporting**

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

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 (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information was derived from the City's 2009 basic financial statements which were audited by Caporicci & Larson, CPA's, whose operations became a wholly owned subsidiary of Marcum LLP through merger as of October 1, 2010 and whose report dated November 13, 2009, expressed an unqualified opinion on those basic 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010 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 grants. 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, which can be found on Page 145, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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 Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on 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 30, 2010

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, 2010, the transmittal letter, and notes to the financial statements.

Governmental-wide Financial Statements

The governmental-wide financial statements are designed to provide information of the City's financial activities in a manner similar to a private-sector company. Governmental-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 governmental-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.

The governmental-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 governmental-wide financial statements. However, unlike the governmental-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 governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-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 22 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 Fund, Special Revenue Refuse Fund, Debt Service Fund, and Capital Projects Fund, which are reported as major funds. Information for the other 16 governmental funds is combined into a single column under Non-major Special Revenue Governmental Funds. Data for the non-major 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 governmental-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 governmental-wide financial statements. The City uses an enterprise fund to account the operations for its water system. 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 governmental-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 governmental-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 governmental-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 and the budgetary comparison for the General Fund, Special Revenue Grants Fund, Special Revenue Retirement Fund, and Special Revenue Refuse 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.

Financial Highlights

- In Fiscal Year 2009-10, the City approved and adopted a resolution authorizing the transfer of the pass-through of pension tax override collections from Redevelopment Agency to Pension Liability Fund to strengthen its pension reserve.
- Total 2009-10 net assets decreased by \$3.3 million (\$5.0 million decreases for governmental activities and offset by \$1.7 million increases for business-type activities) from 2008-09.
- As of June 30, 2010, the City's assets exceeded liabilities by \$84 million, of which \$62 million was related to investment in capital assets.
- At the 2009-10 year end, the General Fund unreserved and undesignated fund balance was \$2.5 million, down \$2.7 million from last year. In addition, the City maintained and designated General Fund balance of \$10.5 million for capital improvements, unemployment, catastrophic events, and working capital.

Governmental-wide Financial Analysis

Net assets serve as an indicator of a government's financial position over time. As of June 30, 2010, the City's combined net assets (governmental and business-type activities) totaled \$84.3 million, down \$3.3 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 \$62 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 \$54.6 million at June 30, 2010. 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 funds and special revenue funds.

Unrestricted net assets are assets available for use by the City for any legal purpose. As of June 30, 2010, the City's total unrestricted net assets were a negative balance of \$32.4 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 governmental-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, 2010 and June 30, 2009
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Assets:						
Current	\$ 77,105	\$ 82,938	\$ 12,955	\$ 10,484	\$ 90,060	\$ 93,422
Non Current						
Capital Assets	48,831	45,289	23,905	24,443	72,736	69,732
Other Assets	41,994	39,069			41,994	39,069
Total Assets:	\$ 167,930	\$ 167,296	\$ 36,860	\$ 34,927	\$ 204,790	\$ 202,223
Liabilities:						
Current	\$ 14,112	\$ 13,777	\$ 1,648	\$ 1,402	\$ 15,760	\$ 15,179
Long-Term	97,682	92,411	7,046	7,077	104,728	99,488
Total liabilities:	\$ 111,794	\$ 106,188	\$ 8,694	\$ 8,479	\$ 120,488	\$ 114,667
Net Assets:						
Invested in Capital, Net of Related Debt	\$ 44,780	\$ 40,864	\$ 17,255	\$ 17,371	\$ 62,035	\$ 58,235
Restricted	54,639	56,083			54,639	56,083
Unrestricted	(43,283)	(35,839)	10,911	9,077	(32,372)	\$ (26,762)
Total Net Assets	\$ 56,136	\$ 61,108	\$ 28,166	\$ 26,448	\$ 84,302	\$ 87,556

Changes in Net Assets
Fiscal Years Ended June 30, 2010 and June 30, 2009
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Revenues:						
<u>Program Revenues:</u>						
Charges for Services	\$ 14,467	\$ 16,719	\$ 9,741	\$ 10,499	\$ 24,208	\$ 27,218
Operation Grants & Contributions	5,394	5,402	337	245	5,731	5,647
Capital Grants & Contributions	2930	546	80	129	3,010	675
<u>General Revenues:</u>						
Taxes	38,486	39,383			38,486	39,383
Other	1,939	2,363	1345	538	3,284	2,901
Total Revenues:	63,216	64,413	11,503	11,411	74,719	75,824
Expenses:						
General Government	3,423	3,879			3,423	3,879
Public Safety	29,652	28,782			29,652	28,782
Comm. Development	13,428	11,508			13,428	11,508
Culture & Recreation	7,009	7,412			7,009	7,412
Highway/Streets	5,982	5,813			5,982	5,813
Health	6,063	6,005			6,063	6,005
Debt Services	2,909	2,976			2,909	2,976
Water			9,507	9,724	9,507	9,724
Total Expenses:	68,466	66,375	9,507	9,724	77,973	76,099
Increase in Net Assets						
Before Transfers	(5,250)	(1,962)	1,996	1,686	(3,254)	(276)
Transfer In (Out)	278	265	(278)	(265)	-	-
Increase in Net Assets	(4,972)	(1,697)	1,718	1,421	(3,254)	(276)
Net Assets – July 1	61,108	62,805	26,448	25,027	87,556	87,832
Net Assets – June30	\$ 56,136	\$ 61,108	\$ 28,166	\$ 26,448	\$ 84,302	\$ 87,556

Governmental Activities Financial Analysis

Overall governmental activities decreased the City's net assets by \$5 million, due primarily to the economic downturn reflecting in the retail, real estate market, building activities, investment income, and increased City liabilities in post-employment health benefits, pension obligations, and tax deferred loans.

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. Unreserved fund balance may serve as a useful measure of the City's net resources available for appropriation.

As of June 30, 2010, the City's governmental funds reported a combined ending fund balance of \$79.8 million, a decrease of \$5.5 million from the prior year. Of the total fund balance, \$39 million has been reserved for various commitments and therefore is not available for new spending or appropriation. The remaining \$40.8 million is the unreserved fund balance.

Of the unreserved balance, \$39.9 million has been designated for specific purposes per laws and City policies, redevelopment activities, unemployment claims, disasters, and capital improvements. The remaining \$0.9 million is comprised of \$2.5 million of the General Fund unreserved and undesignated fund balance, which can be used for any legal purpose authorized by the City Council, and a negative \$1.6 million fund balance for the Grants and other non-major Special Revenue Funds. The deficit balance of the Grants Fund is due primarily to the City's revenue recognition policies under modified accrual accounting. The deficit will be eliminated as the City receives reimbursements from the granting agencies. As for the deficit balance in other Non-major Special Revenue Funds, it is Park Facilities Fund, which will be eliminated in next year when the City receives revenues from development projects and reduced spending.

There are six major fund types in the governmental funds; they are General Fund, Special Revenue Grants Fund, Special Revenue Retirement Fund, Special Revenue Refuse 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 2009-10 totaled \$29 million, decreasing of \$2.7 million over 2008-09. The decrease mainly reflected in revenue categories of building plan checks, sales tax, investment income, and a \$1 million property tax state takeaway loan. General Fund expenditures for 2009-10 totaled \$32.6 million, up \$229,000 from 2008-09.

As of June 30, 2010, the total fund balance of the General Fund was \$13.8 million. The unreserved undesignated 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 2009-10 were \$6.4 million, up \$1.3 million from last year. Total 2009-10 grant funded expenditures were \$6.5 million, reflecting major increases in community development and capital outlay \$209,000 and \$3.3 million, respectively. The primarily increase of expenditures was due to street improvement projects funded by the American Recovery and Reinvestment Act (ARRA) and the State Proposition 1B funds. Total fund balance of the Grants Fund as of June 30, 2010 was \$3.2 million.

Special Revenue Retirement Fund reflects retirement tax revenues derived from voter-approved property tax levied to provide for employee retirement costs, as established pursuant to Monterey Park Municipal Code Section 2.40.060. The tax rate is limited by AB13 not to exceed the rate imposed in the 1983-84 Fiscal Year. The current rate is \$0.091175 per \$100 of assessed valuation. Retirement Fund revenues for 2009-10 totaled \$4.1 million, up \$342,000 from last year. The increase was due mainly to increased property valuations for 2009-10. Retirement Fund expenditures for 2009-10 totaled \$6.4 million, an increase of \$1.6 million from last year. The primarily increase of expenditures was due to improved pension benefits for Fire and Miscellaneous contracts and an additional principal debt service payment required for the Pension Obligation Bonds. Monies from the reserve and a transfer made from the Special Revenue Pension Liability Fund were used to bridge the gap.

Special Revenue Refuse Fund is used to account for receipts and expenditures relating to waste management activities including refuse collection, disposal and reduction. Total refuse revenues received in 2009-10 were \$5.8 million, an increase of \$584,000 from 2008-09. The increase reflected the annual Consumer Price Index adjustment to cover the increase in the contracted trash service cost. Total refuse expenditures were \$5.8 million, which were mainly used to pay the City's contracted trash services. As of June 30, 2010, the total fund balance of the Special Revenue Refuse Fund was \$2.7 million, the same level as last year.

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 2009-10 were \$8.4 million, up \$253,000 from the prior fiscal year. The tax incremental revenue shows minimum increase despite the downturn of real estate market. The expenditures for 2009-10 were \$10.4 million, up \$3.4 million from 2008-09. The increase in expenditures was a result of requirement in AB 1389 statutory pass through payments to various taxing agencies, plus the State takeaway of \$2.6 million Redevelopment tax increment funds, which the City recorded as expenditures. 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 was 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 2009-10 were \$2.4 million, down \$235,000 from last year. The decrease was due mainly from the investment income. Total expenditures for 2009-10 were \$3.7 million, up \$438,000 from 2008-09. In 2009-10, there was a transfer of \$1.5 million, tax increment pension override collections, to the Special Revenue Pension Liability Fund. Total fund balance of the Capital Projects Fund as of June 30, 2010 was \$47.2 million. The fund balance was earmarked for redevelopment activities.

Non-major Special Revenue Funds account for various activities including street improvement, transportation, street lighting and park maintenance district, library expansion and services, sewer, and public safety. Total revenues for 2009-10 were \$6.1 million, down \$1.6 million from 2008-09. The decrease was due primarily to one time receipt of public safety impact fees from the Atlantic Times Square development project in 2008-09. Total expenditures for 2009-10 were \$6.9 million, a decrease of \$602,000 over 2008-09. As of June 30, 2010, the fund balance of the Non-major Special Revenue Funds totaled \$10.5 million.

Business-type Activities Financial Analysis

The business-type activities reflect the City's water system, which includes water operation and water treatment. Total 2009-10 water revenues were \$11.4 million, an increase of \$141,000 from 2008-09. Total 2009-10 expenses were \$9.6 million, no significant change from previous year. Overall, the net assets for the Water Fund were increased by \$1.6 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 \$32.5 million. There was a minor amendment of \$12,000 made by City Council during the year for the Chinese New Year community event.

Capital Asset Administration

The City's capital assets, net of accumulated depreciation, for its governmental and business type activities as of June 30, 2010, totaled \$72.7 million, increased by \$3 million 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 Number 6 of the Notes to Financial Statements.)

Capital Assets Net of Depreciation
Fiscal Years Ended June 30, 2010 and June 30, 2009
(In thousands)

	Government Activities		Business-type Activities		Total	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Land	\$ 7,445	\$ 6,182	\$ 500	\$ 500	\$ 7,945	\$ 6,682
Buildings	19,448	20,008	197	203	19,645	20,211
Improvements	7,283	7,174	22,531	23,148	29,814	30,322
Construction in Progress	526	366	349	295	875	661
Equipment	4,342	4,289	328	298	4,670	4,587
Infrastructure	9,787	7,270			9,787	7,270
	<u>\$ 48,831</u>	<u>\$ 45,289</u>	<u>\$ 23,905</u>	<u>\$ 24,444</u>	<u>\$ 72,736</u>	<u>\$ 69,733</u>

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

- Completed 7.66 miles in various street resurfacing which had an increase of \$2.5 million in infrastructure.

- Acquired three properties at 371 and 341 E. Pomona and 329 W. Newark for rehabilitation and renovation for low income housing. The increase was offset by unloading one property at 2200 S. Garfield, which was intended for a Fire Station in the previous year.
- Completed installment of Police Department vehicle's cameras and laptop computer upgrades with advance mobile data technology.
- Continued water wells, water mains, and pumping station improvements according to the adopted Water Master Plan.
- Completed Barnes Park pool renovation, tennis courts resurfacing, and various park irrigation system upgrades.
- Facilitated additional employee parking lots by using existing City vacant lots.
- Replaced various equipment and vehicles.

Debt Administration

As of June 30, 2010, the City's debt totaled \$108.1 million, an increase of \$4.1 million during the fiscal year. This was 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.)

Outstanding Debt
Fiscal Years ended June 30, 2010 and June 30, 2009
(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Capital Leases	\$ 1,430	\$ 1,528	\$ 6,651	\$ 7,073	\$ 8,081	\$ 8,601
Tax Allocation Bonds	28,095	29,175			28,095	29,175
Pension Obligation Bonds	16,855	17,380			16,855	17,380
Compensated Absences	5,657	5,850	351	355	6,008	6,205
Tax Increment						
Deferred Loans	30,835	27,129			30,835	27,129
Section 108 Loan	5,033	5,283			5,033	5,283
Library Special Tax						
Revenue Note	2,621	2,897			2,621	2,897
Claims and Judgments	5,714	5,150			5,714	5,150
Other Post Employment						
Benefits	4,595	2,022	255	106	4,850	2,128
	<u>\$ 100,835</u>	<u>\$ 96,414</u>	<u>\$ 7,257</u>	<u>\$ 7,534</u>	<u>\$ 108,092</u>	<u>\$ 103,948</u>

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.

Economic Factors and Next Year's Budgets

- The City's assessed valuation for fiscal year 2010-11 is approximately \$5.4 billion, up \$74,000 from the year before.
- The 2010-11 Budget was balanced when adopted. It represents an approximately 9% across-the-board cut from last year. To overcome the financial challenges brought by the recession, the 2010-11 Budget has been focused on adjusting the City's expenditures to the current economic conditions and projected State budget impacts.
- 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 Special Revenue Pension Liability Fund. The budgeted amount for 2010-11 is \$900,000. The City will be continuously working on solutions to mitigate the future pension funding gap.
- The Atlantic Times Square, which is a mixed-use commercial and residential development at North Atlantic Boulevard and Hellman Avenue, is nearly complete with some stores and the AMC Theater currently open now for business. This development project is expected to generate substantial tax revenues and job opportunities.
- 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, Garvey Villas at the southwest corner of Atlantic and Garvey, 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, and 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, 2010**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 67,967,999	\$ 12,024,642	\$ 79,992,641
Cash and investments held by fiscal agent	2,475,358	-	2,475,358
Accounts receivable	6,514,338	1,046,431	7,560,769
Inventory	17,025	-	17,025
Prepaid items	14,200	-	14,200
Internal balance	116,383	(116,383)	-
Total current assets	<u>77,105,303</u>	<u>12,954,690</u>	<u>90,059,993</u>
Noncurrent assets:			
Notes receivable, net	11,338,933	-	11,338,933
Deferred charges	953,268	-	953,268
Net pension asset	18,886,856	-	18,886,856
Land held for resale	10,815,327	-	10,815,327
Capital assets:			
Not being depreciated	7,970,892	848,877	8,819,769
Being depreciated, net	40,859,769	23,056,897	63,916,666
Total noncurrent assets	<u>90,825,045</u>	<u>23,905,774</u>	<u>114,730,819</u>
Total assets	<u>167,930,348</u>	<u>36,860,464</u>	<u>204,790,812</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	4,525,543	1,018,709	5,544,252
Accrued payroll	1,522,416	38,446	1,560,862
Interest payable	652,322	-	652,322
Due to other governmental agencies	783,907	-	783,907
Unearned revenue	1,492,045	-	1,492,045
Current bonds payable	1,630,000	-	1,630,000
Current loans and notes payable	551,028	-	551,028
Current compensated absences payable	565,676	35,072	600,748
Current claims and judgments payable	2,285,682	-	2,285,682
Current capital lease obligations	103,241	556,010	659,251
Total current liabilities	<u>14,111,860</u>	<u>1,648,237</u>	<u>15,760,097</u>
Noncurrent liabilities			
Deposits and advances	1,096,099	379,876	1,475,975
Net pension obligation	887,600	-	887,600
Long-term bonds payable	43,320,000	-	43,320,000
Long-term loans and notes payable	7,103,108	-	7,103,108
Long-term tax deferred loans payable	30,835,075	-	30,835,075
Long-term compensated absences payable	5,091,083	315,648	5,406,731
Long-term claims and judgments payable	3,428,523	-	3,428,523
Long-term capital lease obligations	1,326,463	6,094,778	7,421,241
Other post-employment health benefits liability	4,594,746	255,254	4,850,000
Total noncurrent liabilities	<u>97,682,697</u>	<u>7,045,556</u>	<u>104,728,253</u>
Total liabilities	<u>111,794,557</u>	<u>8,693,793</u>	<u>120,488,350</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	44,779,820	17,254,986	62,034,806
Restricted for:			
Special community services	4,962,174	-	4,962,174
Public safety	47,615	-	47,615
Capital projects	47,153,889	-	47,153,889
Debt service	2,474,892	-	2,474,892
Unrestricted (deficits)	(43,282,599)	10,911,685	(32,370,914)
Total net assets	<u>\$ 56,135,791</u>	<u>\$ 28,166,671</u>	<u>\$ 84,302,462</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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,423,374	\$ 640,487	\$ 24,291	\$ -
Public safety	29,652,341	3,292,950	608,750	-
Community development	13,427,547	2,250,642	2,645,326	-
Culture and recreation	7,009,277	816,852	353,638	-
Highway and streets	5,981,608	1,400,245	1,754,273	2,929,631
Health	6,063,432	6,066,226	7,997	-
Interest and fiscal charges	2,909,194	-	-	-
Total governmental activities	68,466,773	14,467,402	5,394,275	2,929,631
Business-type activities:				
Water	9,506,799	9,740,486	336,862	80,322
Total	\$ 77,973,572	\$ 24,207,888	\$ 5,731,137	\$ 3,009,953

General Revenues:

Taxes:

- Property taxes
- Sales taxes
- Vehicle in-lieu taxes (Unrestricted, intergovernmental)
- Utility user taxes
- Franchise taxes
- Business license taxes
- Transient occupancy taxes
- Other taxes

Revenues from use of money and property

Other

Transfers

Total general revenues and transfers

Changes in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,758,596)	\$ -	\$ (2,758,596)
(25,750,641)	-	(25,750,641)
(8,531,579)	-	(8,531,579)
(5,838,787)	-	(5,838,787)
102,541	-	102,541
10,791	-	10,791
(2,909,194)	-	(2,909,194)
<u>(45,675,465)</u>	<u>-</u>	<u>(45,675,465)</u>
-	650,871	650,871
<u>(45,675,465)</u>	<u>650,871</u>	<u>(45,024,594)</u>
27,059,553	-	27,059,553
4,100,798	-	4,100,798
191,604	-	191,604
3,349,907	-	3,349,907
934,505	-	934,505
925,037	-	925,037
660,897	-	660,897
1,263,874	-	1,263,874
1,021,730	-	1,021,730
917,403	1,345,322	2,262,725
278,000	(278,000)	-
<u>40,703,308</u>	<u>1,067,322</u>	<u>41,770,630</u>
(4,972,157)	1,718,193	(3,253,964)
<u>61,107,948</u>	<u>26,448,478</u>	<u>87,556,426</u>
<u>\$ 56,135,791</u>	<u>\$ 28,166,671</u>	<u>\$ 84,302,462</u>

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FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Balance Sheet - Governmental Funds
June 30, 2010
(with comparative totals as of June 30, 2009)

	Major Funds			
	General	Special Revenue Grants	Special Revenue Retirement	Special Revenue Refuse
Assets				
Cash and investments	\$ 13,415,020	\$ 4,308,017		\$ 3,284,485
Cash and investments held by fiscal agents			\$ 466	
Accounts receivable	2,243,096	2,147,304	128,066	620,579
Due from other funds	1,959,950			
Notes receivable	188,662	2,806,464		
Land held for resale				
Advances to other funds	681,730			
Prepaid items	14,200			
Total Assets	\$ 18,502,658	\$ 9,261,785	\$ 128,532	\$ 3,905,064
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 1,022,413	\$ 1,498,979	\$ 582	\$ 1,173,783
Accrued payroll	1,397,788	5,147	62,804	5,280
Deposits and advances	1,088,166	3,000		
Due to other funds		1,764,378	65,146	
Due to other governmental agencies		783,907		
Deferred revenue	1,231,587	2,022,556		
Advances from other funds				
Total Liabilities	4,739,954	6,077,967	128,532	1,179,063
Fund Balance:				
Reserved				
Encumbrances	71,333	4,591,962		76,076
Advances to other funds	681,730			
Land held for resale				
Long-term receivable				
Contractual obligation				
Housing set-aside commitment				
Debt service				
Unreserved, designated reported in:				
General fund	10,490,000			
Special revenue funds				2,649,925
Capital projects fund				
Unreserved, undesignated reported in:				
General fund	2,519,641			
Special revenue funds (deficits)		(1,408,144)		
Total Fund Balance	13,762,704	3,183,818	-	2,726,001
Total Liabilities and Fund Balance	\$ 18,502,658	\$ 9,261,785	\$ 128,532	\$ 3,905,064

See Accompanying Notes to Basic Financial Statements.

Major Funds		Nonmajor Special Revenue Funds	Total Governmental Funds	
Debt Service	Capital Projects		2010	2009
\$ 2,191,872	\$ 24,645,543	\$ 11,297,044	\$ 59,141,981	\$ 66,839,286
2,474,892		-	2,475,358	2,501,139
691,675	209,263	334,705	6,374,688	4,768,628
	10,677,554		1,959,950	574,053
	10,815,327		13,672,680	12,430,141
	2,601,898	-	10,815,327	9,227,089
		-	3,283,628	1,675,417
		-	14,200	
<u>\$ 5,358,439</u>	<u>\$ 48,949,585</u>	<u>\$ 11,631,749</u>	<u>\$ 97,737,812</u>	<u>\$ 98,015,753</u>
\$ 281,649	\$ 170,681	\$ 267,037	\$ 4,415,124	\$ 3,360,173
	5,508	23,261	1,499,788	1,412,011
	4,933		1,096,099	1,071,363
		130,426	1,959,950	574,053
	1,614,574		783,907	771,443
2,601,898		681,730	4,868,717	3,844,444
			3,283,628	1,675,417
<u>2,883,547</u>	<u>1,795,696</u>	<u>1,102,454</u>	<u>17,907,213</u>	<u>12,708,904</u>
	262,469	1,040,805	6,042,645	7,950,251
	2,601,898		3,283,628	
	10,815,327		10,815,327	9,227,089
	9,030,356		9,030,356	8,188,284
	2,524,270		2,524,270	3,354,156
	4,837,365		4,837,365	7,858,886
2,474,892			2,474,892	2,607,091
			-	
			10,490,000	11,695,000
		9,682,852	12,332,777	12,913,552
	17,082,204		17,082,204	18,194,096
			2,519,641	5,246,912
		(194,362)	(1,602,506)	(1,928,468)
<u>2,474,892</u>	<u>47,153,889</u>	<u>10,529,295</u>	<u>79,830,599</u>	<u>85,306,849</u>
<u>\$ 5,358,439</u>	<u>\$ 48,949,585</u>	<u>\$ 11,631,749</u>	<u>\$ 97,737,812</u>	<u>\$ 98,015,753</u>

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CITY OF MONTEREY PARK
Reconciliation of the Statement of Net Assets
of Government Activities
For the Year Ended June 30, 2010

Total fund balance of governmental funds in fund statements	\$ 79,830,599
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 \$4,512,445 plus the portion of the current year change in net assets allocated to Business-Type activities of \$(116,383).	4,628,828
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Total gov't assets of \$48,830,661 less ISF of \$1,545,079 which has already been accounted in the reconciliation of Internal Service Funds elimination).	47,285,582
Long-term liabilities \$100,834,625 are not due and payable in the current period and therefore are not reported in the funds, net of \$5,763,787 included in reconciliation of internal service funds.	(95,070,838)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(652,322)
Deferred Charges related to issuance of long term debt are recorded as expenditures in governmental fund statements.	953,268
Net pension asset is not available to pay for current period expenditures and therefore is not recorded in the governmental funds.	18,886,856
Net pension obligation is not due and payable in the current period and therefore is not reported in the governmental funds.	(887,600)
Revenue earned but unavailable is recorded as deferred revenue in governmental fund statements.	1,161,418
Net assets of governmental activities	\$ 56,135,791

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2010
(with comparative totals for the year ended June 30, 2009)

	Major Funds			
	General	Special Revenue Grants	Special Revenue Retirement	Special Revenue Refuse
Revenues:				
Taxes	\$ 19,759,321		\$ 4,095,479	
Licenses and permits	2,419,414			
Intergovernmental revenues		\$ 6,318,925		
Charges for services	4,418,391	5,988		5,796,888
Revenues from use of money and property	641,761	38,506	466	
Fines and forfeitures	902,858			
Other	866,363			
Total Revenues	29,008,108	6,363,419	4,095,945	5,796,888
Expenditures:				
Current:				
General government	2,909,261		575,361	
Public safety	21,680,192	190,780	3,667,155	
Community development	1,856,246	1,583,134	175,558	
Culture and recreation	4,727,837	240,671	376,355	
Highways and streets	1,398,551	8,934	102,216	
Health				5,793,221
Capital outlay	50,673	3,793,599		
Debt service:				
Principal retirement		348,786	525,000	
Interest and fiscal charges		293,996	1,021,714	
Total Expenditures	32,622,760	6,459,900	6,443,359	5,793,221
Excess (Deficiency) of Revenues Over Expenditures	(3,614,652)	(96,481)	(2,347,414)	3,667
Other Financing Sources (Uses):				
Transfers in	278,000	218	1,624,682	
Transfers out	(218)			
Proceeds from sale of property				
Issuance of tax increment deferred loan				
Total Other Financing Sources (Uses)	277,782	218	1,624,682	-
Net Change in Fund Balances	(3,336,870)	(96,263)	(722,732)	3,667
Fund Balances, Beginning of Year	17,099,574	3,280,081	722,732	2,722,334
Fund Balances, End of Year	\$ 13,762,704	\$ 3,183,818	\$ -	\$ 2,726,001

See Accompanying Notes to Basic Financial Statements.

Major Funds		Nonmajor Special Revenue Funds	Total Governmental Funds	
Debt Service	Capital Projects		2010	2009
\$ 8,425,074	\$ 2,106,271	\$ 4,233,276	\$ 38,619,421	\$ 40,316,886
			2,419,414	2,797,953
			6,318,925	5,036,290
		1,362,943	11,584,210	13,125,471
18,477	208,762	31,504	939,476	2,137,057
		490,240	1,393,098	1,687,318
	130,504	-	996,867	304,985
<u>8,443,551</u>	<u>2,445,537</u>	<u>6,117,963</u>	<u>62,271,411</u>	<u>65,405,960</u>
149,225		-	3,633,847	3,585,033
		921,136	26,459,263	25,873,335
7,782,295		26,771	11,424,004	8,085,618
		525,714	5,870,577	6,151,628
		3,211,642	4,721,343	4,688,134
		301,271	6,094,492	6,026,191
	3,703,720	1,497,216	9,045,208	5,385,481
1,080,000		275,435	2,229,221	1,677,416
1,366,846		170,757	2,853,313	2,916,201
<u>10,378,366</u>	<u>3,703,720</u>	<u>6,929,942</u>	<u>72,331,268</u>	<u>64,389,037</u>
(1,934,815)	(1,258,183)	(811,979)	(10,059,857)	1,016,923
	1,903,240	1,538,517	5,344,657	6,501,942
(1,903,240)	(1,538,517)	(1,624,682)	(5,066,657)	(6,236,942)
		599,751	599,751	1,345
3,705,856			3,705,856	3,214,132
<u>1,802,616</u>	<u>364,723</u>	<u>513,586</u>	<u>4,583,607</u>	<u>3,480,477</u>
(132,199)	(893,460)	(298,393)	(5,476,250)	4,497,400
2,607,091	48,047,349	10,827,688	85,306,849	80,809,449
<u>\$ 2,474,892</u>	<u>\$ 47,153,889</u>	<u>\$ 10,529,295</u>	<u>\$ 79,830,599</u>	<u>\$ 85,306,849</u>

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, 2010

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

Net change in fund balance - total governmental funds	\$ (5,476,250)
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 \$672,209 is reported with governmental activities. This amount includes \$139,700 charged to the Water Enterprise fund.	(672,209)
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. This is the amount by which capital asset of \$7,055,408 exceed depreciation \$2,533,242.	4,522,166
In the fund statements, debt issuances in the amount of \$3,705,856 were recorded as Other Financing Sources. Also principal debt repayment of \$2,229,221 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.	(1,476,635)
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.	(75,973)
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.	257,391
Net pension obligation is not due and payable in the current period and therefore is not reported in the governmental funds.	(16,200)
Changes in Compensated absences which are not recognized due to timing issues in the governmental funds are charged to expenses in the Statement of Activities.	202,475
OPEB obligation costs did not require current resources, so it was not reported in the governmental funds.	(2,572,946)
Interest on long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	20,087
Deferred revenue is not recognized in revenue in the governmental fund statements because the revenue was not available within the close of the fiscal year.	945,215
Loss on deletion of capital assets is not reported in the fund statements	(629,278)
Change in net assets of governmental activities	<u>\$ (4,972,157)</u>

See Accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Net Assets
Proprietary Funds
June 30, 2010
(with comparative totals as of June 30, 2009)

	Enterprise	Internal	Total Proprietary Funds	
	(Water Utility)	Service	2010	2009
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 12,024,642	\$ 8,826,018	\$ 20,850,660	\$ 17,780,053
Accounts receivable	1,046,431	21,157	1,067,588	1,410,017
Inventory		17,025	17,025	19,939
Total Current Assets	<u>13,071,073</u>	<u>8,864,200</u>	<u>21,935,273</u>	<u>19,210,009</u>
Noncurrent Assets:				
Capital assets, net of accumulated depreciation	<u>23,905,774</u>	<u>1,545,079</u>	<u>25,450,853</u>	<u>26,339,503</u>
Total Assets	<u>\$ 36,976,847</u>	<u>\$ 10,409,279</u>	<u>\$ 47,386,126</u>	<u>\$ 45,549,512</u>
<u>Liabilities and Net Assets</u>				
Current Liabilities:				
Accounts payable	\$ 1,018,709	\$ 110,419	\$ 1,129,128	\$ 672,518
Accrued payroll	38,446	22,628	61,074	35,570
Claims and judgments payable-current		2,285,682	2,285,682	2,059,892
Current capital lease obligations	556,010		556,010	421,757
Current compensated absences payable	35,072		35,072	35,524
Deposits and advances	<u>379,876</u>		<u>379,876</u>	<u>368,012</u>
Total Current Liabilities	<u>2,028,113</u>	<u>2,418,729</u>	<u>4,446,842</u>	<u>3,593,273</u>
Noncurrent Liabilities:				
Long-term claims and judgments payable		3,428,523	3,428,523	3,089,838
Long-term capital lease obligations	6,094,778		6,094,778	6,650,790
OPEB obligations payable	255,254		255,254	106,200
Compensated absences payable	<u>315,648</u>	<u>49,582</u>	<u>365,230</u>	<u>359,896</u>
Total Noncurrent Liabilities	<u>6,665,680</u>	<u>3,478,105</u>	<u>10,143,785</u>	<u>10,206,724</u>
Total Liabilities	<u>8,693,793</u>	<u>5,896,834</u>	<u>14,590,627</u>	<u>13,799,997</u>
Net Assets:				
Invested in capital assets, net of related debt	17,254,986	1,545,079	18,800,065	19,266,956
Unrestricted	<u>11,028,068</u>	<u>2,967,366</u>	<u>13,995,434</u>	<u>12,482,559</u>
Total Net Assets	<u>28,283,054</u>	<u>\$ 4,512,445</u>	<u>\$ 32,795,499</u>	<u>\$ 31,749,515</u>
Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund	<u>(116,383)</u>			
Net Assets of Business-type Activities	<u>\$ 28,166,671</u>			

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Revenues, Expenses and Changes in
Net Assets - Proprietary Funds
Year Ended June 30, 2010
(with comparative total for the year ended June 30, 2009)

	Enterprise	Internal	Total Proprietary Funds	
	(Water Utility)	Service	2010	2009
Operating Revenues:				
Charges for services	\$ 9,603,699	\$ 5,799,074	\$ 15,402,773	\$ 15,849,138
Meter installations	136,787		136,787	137,158
Grants	336,862		336,862	244,968
Other revenue	1,345,322	378,944	1,724,266	596,083
Total Operating Revenues	11,422,670	6,178,018	17,600,688	16,827,347
Operating Expenses:				
Water purchased	52,800		52,800	81,225
Administration - water	3,209,537		3,209,537	2,685,377
Commercial - water	701,991		701,991	711,983
Production - water	1,589,578		1,589,578	1,647,125
Distribution - water	999,538		999,538	1,196,403
Treatment plant	1,957,006		1,957,006	2,209,497
Depreciation	1,136,049	616,080	1,752,129	1,929,797
Vehicle expense		16,706	16,706	5,094
Salaries and benefits		1,853,797	1,853,797	1,294,332
Materials and supplies		697,434	697,434	754,889
Insurance and claims		3,203,355	3,203,355	2,444,390
Miscellaneous		318,879	318,879	227,727
Total Operating Expenses	9,646,499	6,706,251	16,352,750	15,187,839
Operating Income (Loss)	1,776,171	(528,233)	1,247,938	1,639,508
Nonoperating Income:				
Gain (loss) on sale of surplus property		(4,276)	(4,276)	(22,887)
Total Nonoperating Income (Loss)	-	(4,276)	(4,276)	(22,887)
Net Income (Loss) Before Transfers and Capital Contributions	1,776,171	(532,509)	1,243,662	1,616,621
Capital contributions	80,322		80,322	129,089
Transfers in			-	-
Transfers out	(278,000)		(278,000)	(265,000)
Total Transfers and Capital Contribution	(197,678)	-	(197,678)	(135,911)
Changes in Net Assets	1,578,493	(532,509)	1,045,984	1,480,710
Net Assets, Beginning of Year	26,704,561	5,044,954	31,749,515	30,268,805
Net Assets, End of Year	\$ 28,283,054	\$ 4,512,445	\$ 32,795,499	\$ 31,749,515
Changes in Net Assets	1,578,493			
Adjustment to reflect the consolidation of internal service fund activities to related enterprise fund	139,700			
Changes in Net Assets of Business-type Activities	\$ 1,718,193			

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds
Year Ended June 30, 2010
(with comparative total for the year ended June 30, 2009)

	Enterprise	Internal	<u>Total Proprietary Funds</u>	
	<u>(Water Utility)</u>	<u>Service</u>	2010	2009
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 11,786,256		\$ 11,786,256	\$ 11,486,225
Cash payments to suppliers for goods and services	(4,966,229)	\$ (947,588)	(5,913,817)	(6,481,059)
Cash payments for insurance premiums and self-insurance claims	(2,907,491)	(2,734,759)	(5,642,250)	(1,976,179)
Cash payments to employees for services		(1,829,263)	(1,829,263)	(4,171,359)
Cash receipts from interfund services provided		6,156,873	6,156,873	5,545,540
Net Cash Provided by Operating Activities	<u>3,912,536</u>	<u>645,263</u>	<u>4,557,799</u>	<u>4,403,168</u>
Cash Flows from Noncapital Financing Activities:				
Transfers out to other funds	<u>(278,000)</u>		<u>(278,000)</u>	<u>(265,000)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(278,000)</u>		<u>(278,000)</u>	<u>(265,000)</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	80,322		80,322	129,089
Acquisition and construction of capital assets	(598,338)	(271,331)	(869,669)	891,870
Proceeds from sale of surplus assets		1,915		
Principal paid on lease financing	<u>(421,760)</u>		<u>(421,760)</u>	<u>(720,572)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(939,776)</u>	<u>(269,416)</u>	<u>(1,211,107)</u>	<u>300,387</u>
Net Increase in Cash and Cash Equivalents	2,694,760	375,847	3,070,607	4,440,485
Cash and investments, Beginning of Year	<u>9,329,882</u>	<u>8,450,171</u>	<u>17,780,053</u>	<u>13,339,568</u>
Cash and investments, End of Year	<u>\$ 12,024,642</u>	<u>\$ 8,826,018</u>	<u>\$ 20,850,660</u>	<u>\$ 17,780,053</u>
Noncash investing, capital and financing activities:				
Proceeds from lease financing	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300,651</u>

See Accompanying Notes to Basic Financial Statements.

(Continued)

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds (Continued)
Year Ended June 30, 2010
(with comparative total for Year Ended June 30, 2009)

	Enterprise	Internal	<u>Total Proprietary Funds</u>	
	<u>(Water Utility)</u>	<u>Service</u>	2010	2009
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used for) Operating Activities:				
Operating income	\$ 1,776,171	\$ (528,233)	\$ 1,247,938	\$ 1,639,508
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
by (Used for) Operating Activities:				
Depreciation	1,136,049	616,080	1,752,129	1,929,797
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	363,586	(21,157)	342,429	204,419
(Increase) Decrease in inventory		2,914	2,914	(5,143)
Increase (decrease) in accounts payable	469,960	(13,350)	456,610	(5,587)
Increase in accrued payroll	10,373	15,131	25,504	11,337
Increase (decrease) in claims and judgments payable		564,475	564,475	441,988
Increase (decrease) in compensated absences payable	(4,521)	9,403	4,882	75,214
Increase in OPEB obligations payable	149,054		149,054	106,200
Increase in deposits	11,864		11,864	5,435
Total Adjustments	<u>2,136,365</u>	<u>1,173,496</u>	<u>3,309,861</u>	<u>2,763,660</u>
Net Cash Provided by Operating Activities	<u>\$ 3,912,536</u>	<u>\$ 645,263</u>	<u>\$ 4,557,799</u>	<u>\$ 4,403,168</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Assets and Liabilities
All Agency Funds
June 30, 2010
(with comparative data as of June 30, 2009)

	June 30, 2010	June 30, 2009
Assets:		
Cash and investments	\$ 2,389,185	\$ 2,403,179
 Liabilities:		
Accounts payable	\$ 52,766	\$ 56,842
Deposits payable	2,336,419	2,346,337
Total Liabilities	\$ 2,389,185	\$ 2,403,179

See Accompanying Notes to Basic Financial Statements.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Reporting Entity

The City of Monterey Park, California (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 (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 (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 (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.

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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.

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

The Retirement Special Revenue 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.

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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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.

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.

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.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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 2009-10, the Council made several supplemental budgetary appropriations, including a \$1,721,273 increase in the Grants Special Revenue Fund related to various grants received during the year, such as Police, Fire, Education, Library, Transportation, and Parks Grants, and a \$12,000 increase in the General Fund for the Chinese New Year community event.

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.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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, 2010, 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.

(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:

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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 capitalized in the Capital Projects Fund at acquisition cost.

(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.

(l) Capitalization of Leases

Capitalizable leases have been treated in accordance with the ASC related to *Accounting for Operating Leases with Scheduled Rent Increases*.

(m) 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, 2010 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).

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

(n) 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 \$1,170,501 were recognized for postretirement medical insurance. Increases over the prior year expenditure of \$62,155 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.

(o) Fund Equity and Net Asset

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

In the governmental-wide 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.”

(p) 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, 2009 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.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

2. CASH AND INVESTMENTS

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

Statement of Net Assets:	
Cash and investments	\$ 79,992,641
Cash and investments held by fiscal agent	2,475,358
Fiduciary Funds:	
Cash and investments	<u>2,389,185</u>
Total	<u><u>\$ 84,857,184</u></u>

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

Cash on hand	\$ 4,850
Demand deposits with financial institutions	2,378,565
Certificates of deposit with financial institutions	2,469,000
Local Agency Investment Fund (LAIF)	79,226,188
Money market fund	<u>778,581</u>
Total	<u><u>\$ 84,857,184</u></u>

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, 2010, the carrying amount of the City's demand deposits was \$2,378,565 and the bank balance was \$2,303,634. The \$74,931 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, 2010

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	
Non-negotiable Certificates of Deposits	2 years	40%	\$250,000 ⁽²⁾	Issuer Insured by FDIC
Negotiable Certificates of Deposits	2 years	20%	None	Issuer Insured by FDIC
Banker's acceptances	180 days	20%	30%	"Prime" paper
Commercial paper	180 days	15%	10%	"A" or higher rating
Local agency investment fund (LAIF) deposits	N/A	Limit set by LAIF		Per State Code
Repurchase agreements	14 days	10%	None	Collateralized by Instruments permitted City policy

⁽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 mutual funds 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. Investments in U. S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. 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 U. S. Treasury securities and external investment pools.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The 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 an instrumentality of the federal government.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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 Certificate of 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.

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 203 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:

<u>Investment</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2010</u>	<u>Maturity - 12 Months or Less</u>
Certificates of Deposit	N/A*	\$ 2,469,000	\$ 2,469,000
LAIF	N/A*	77,529,411	77,529,411
Total Treasury Investments		<u>79,998,411</u>	<u>79,998,411</u>
Investments Held by Fiscal Agents:			
LAIF	N/A*	1,696,777	1,696,777
Money Market Fund	N/A*	778,581	778,581
Total Investments Held by Fiscal Agents		<u>2,475,358</u>	<u>2,475,358</u>
Total Investments		<u>\$ 82,473,769</u>	<u>\$ 82,473,769</u>

* There is no rating for the Investments in LAIF, Certificates of Deposit, nor 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, 2010

The City's investments with LAIF at June 30, 2010, 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, 2010, the City had \$79,226,188 invested in LAIF, which had invested 5.42% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.001643776 was used to calculate the fair value of the investments in LAIF.

3. RECEIVABLES

Receivables of the City as of June 30, 2010 were:

	Governmental Activities	Business-type Activities	Total
Accounts Receivables:			
Interest	\$ 112,547		\$ 112,547
Property taxes	2,384,752		2,384,752
Sales taxes	453,100		453,100
Utility taxes	253,182		253,182
Water sales		\$ 1,046,431	1,046,431
Subvention and grants	2,395,394		2,395,394
Others	915,363		915,363
Total Accounts Receivable	<u>\$ 6,514,338</u>	<u>\$ 1,046,431</u>	<u>\$ 7,560,769</u>
Notes Receivable:			
Rental Rehabilitation (CRA)	\$ 13,880		\$ 13,880
Residential Rehabilitation (CDBG) (See Note 9)	48,015		48,015
SERA Program (See Note 9)	185,300		185,300
Camino Real Loan	165,543		165,543
Pacific Housing Loan (See Note 9)	202,544		202,544
Pacific Bridge Loan (See Note 9)	348,048		348,048
First-Time Homebuyers	229,179		229,179
Critical Maintenance (CRA)	68,132		68,132
Critical Maintenance (Grants)	111,798		111,798
Abajo del Sol Loan	1,910,758		1,910,758
Monterey Park Senior Village Loan	188,662		188,662
Atlantic Times Square Mezzanine Loan	6,972,288		6,972,288
Bridge Loan	3,228,533		3,228,533
Subtotal	13,672,680		13,672,680
Less Allowance for Uncollectible Notes	(2,333,747)		(2,333,747)
Total Notes Receivable	<u>\$ 11,338,933</u>	<u>\$ -</u>	<u>\$ 11,338,933</u>
Total Receivables	<u>\$ 17,853,271</u>	<u>\$ 1,046,431</u>	<u>\$ 18,899,702</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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, 2010 is \$13,880 and has been recorded as notes receivable in the Community Redevelopment Agency Capital Projects Fund. The amount is offset with deferred revenue in the fund level financial statements and as an allowance for uncollectible notes in 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, 2010 is \$48,015 and has been recorded as notes receivable in the Grants Special Revenue 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, 2010 and has been recorded as notes receivable in the Grants Special Revenue 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 amount of outstanding loan balance at June 30, 2010 is \$165,543 and has been recorded as notes receivable in the Capital Projects Fund.
- 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 Grants Special Revenue Fund. At June 30, 2010, outstanding principal and interest are \$175,000 and \$27,544, 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 Grants Special Revenue Fund. At June 30, 2010, outstanding principal and interest are \$240,478 and \$107,570, respectively.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

- 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, 2010, \$229,179 is the amount of outstanding loan balances, and has been reported as notes receivable with an offset of deferred revenue in the Housing Capital Projects Fund in the fund level financial statements and as an allowance for uncollectible notes 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, 2010, the loans outstanding totaled \$179,930. Of this amount, \$68,132 is funded by the Agency's Housing Capital Projects Fund and \$111,798 is funded by the Federal HOME Program Special Revenue Fund. The outstanding loan balance of \$68,132 has been reported as notes receivable with an offset of deferred revenue in the Housing Capital Projects Fund in the fund level financial statements and as an allowance for uncollectible notes in the governmental-wide statements. The outstanding loan balance of \$111,798 has been reported as notes receivable with an offset of deferred revenue in the Grants Special Revenue Fund in the fund level financial statements and as an allowance for uncollectible notes 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, 2010, outstanding principal and interest being recorded as notes receivable are \$1,200,000 and \$710,758, respectively in the Grants Special Revenue Fund with an offset of deferred revenue in the fund level financial statement and as an allowance for uncollectible notes 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, 2010, outstanding principal and interest balances are \$120,000 and \$68,662, 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. **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. On June 30, 2010, outstanding principal and interest balances are \$5,850,000 and \$1,122,288, respectively and have been recorded as notes receivable in the Merged Capital Projects Fund. 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. That determination is being appealed by the Agency. If the DIR determination is upheld (either upon appeal to the DIR or by a court of competent jurisdiction), the Agency could also 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

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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 estimates publicly provided several years ago, prevailing wages could amount to \$15 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. **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 is due in full upon (i) the earliest to occur of transfer title of City's property (vacant land on South of Garvey Ave., known as 120 S. Garfield) or (ii) July 31, 2009. On June 30, 2010, outstanding principal and interest balances are \$3,053,530 and \$175,003, respectively and have been recorded as notes receivable in the Merged Capital Projects Fund. The developer has not performed in accordance with the Agreement and the Agency Board is attempting to work with the developer to potentially amend the agreement and restructure the outstanding loan. 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, 2010:

		Due from Other Funds
	Due to Other Funds	Governmental Funds
		General
Governmental Funds:		
Grants Special Revenue Fund		\$ 1,764,378
Retirement Special Revenue Fund		65,146
Nonmajor Governmental Funds		130,426
Total		<u>\$ 1,959,950</u>

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.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

Advances payable consists of loans from the General Fund to Park Facilities Fund in the amount of \$681,730 to finance parks projects. Repayment will be made in future years as sufficient Park Facilities Fee are 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. The Agency passed two resolutions, RA 661 and 662, authorizing the Takeaway Loan be made from the Housing Set Aside Fund to the Atlantic Garvey and the Merged Project Areas, in an amount of \$1,459,258 and \$1,142,640, respectively. This Takeaway Loan (\$2,601,898) will be paid back into the Housing Set Aside Fund by June 30, 2015.

Advances to Other Funds			
Governmental Funds			
Advances from Other Funds	General	Redevelopment Agency Capital Projects	Total
	Fund	Fund	
Governmental Funds:			
Redevelopment Agency Debt Service Fund		\$ 2,601,898	\$ 2,601,898
Nonmajor Governmental Funds	\$ 681,730	-	681,730
Total	\$ 681,730	\$ 2,601,898	\$ 3,283,628

Transfers In						
Governmental Funds						
Transfers Out	General	Special	Special	Capital	Nonmajor	Total
	Fund	Revenue	Revenue	Projects	Special Revenue	
		Grants	Retirement	Fund	Funds	
Governmental Funds:						
General Fund ⁽¹⁾		\$ 218				\$ 218
Debt Service Fund ⁽³⁾				\$ 1,903,240		1,903,240
Capital Projects Fund ⁽⁴⁾					\$ 1,538,517	1,538,517
Nonmajor Governmental Funds ⁽²⁾			\$ 1,624,682			1,624,682
Enterprise Funds						
Water Enterprise Fund ⁽⁵⁾	\$ 278,000					278,000
Total	\$ 278,000	\$ 218	\$ 1,624,682	\$ 1,903,240	\$ 1,538,517	\$ 5,344,657

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) General Fund to Grants for cost reimbursements; (2) Pension Liability Special Revenue Fund to Retirement Special Revenue Fund for retirement costs (3) Debt Service Fund to Capital Projects Fund for excess tax increment revenues for redevelopment activities; (4) Capital Projects Fund to Pension Liability Special Revenue Fund representing the pension tax override collections in RDA tax increment revenues; (5) Water Enterprise Fund to General Fund for street maintenance and reconstruction.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

5. LAND HELD FOR RESALE

At June 30, 2010, 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 reservation of fund balance.

6. CAPITAL ASSETS

At June 30, 2010, the capital assets balances for the City are as follows:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable Assets:			
Land	\$ 7,445,110	\$ 499,975	\$ 7,945,085
Construction in process	525,782	348,902	874,684
Total non-depreciable assets	7,970,892	848,877	8,819,769
Depreciable Assets, Net:			
Buildings	28,455,063	285,050	28,740,113
Less accumulated depreciation	(9,006,965)	(87,614)	(9,094,579)
Buildings, net	19,448,098	197,436	19,645,534
Improvements	9,960,796	36,122,120	46,082,916
Less accumulated depreciation	(2,678,228)	(13,591,196)	(16,269,424)
Improvements, net	7,282,568	22,530,924	29,813,492
Equipment	20,517,605	2,068,741	22,586,346
Less accumulated depreciation	(16,175,515)	(1,740,204)	(17,915,719)
Equipment, net	4,342,090	328,537	4,670,627
Infrastructure	34,422,956		34,422,956
Less accumulated depreciation	(24,635,943)		(24,635,943)
Infrastructure, net	9,787,013	-	9,787,013
Total depreciable assets, net	40,859,769	23,056,897	63,916,666
Total capital assets	\$ 48,830,661	\$ 23,905,774	\$ 72,736,435

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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

Governmental Activities:	Balances at July 1, 2009	Increases	Decreases	Balances at June 30, 2010
Capital Assets, not Being Depreciated:				
Land	\$ 6,182,052	\$ 1,892,336	\$ 629,278	\$ 7,445,110
Construction in progress	366,271	495,183	335,672	525,782
Total Capital Assets, not Being Depreciated	6,548,323	2,387,519	964,950	7,970,892
Capital Assets, Being Depreciated:				
Buildings	28,455,063			28,455,063
Improvements	9,640,202	320,594		9,960,796
Equipment	19,163,861	1,886,748	533,004	20,517,605
Infrastructure	31,355,401	3,067,555		34,422,956
Total Capital Assets, Being Depreciated	88,614,527	5,274,897	533,004	93,356,420
Less Accumulated Depreciation for:				
Buildings	8,447,185	559,780		9,006,965
Improvements	2,466,571	211,657		2,678,228
Equipment	14,874,579	1,827,742	526,806	16,175,515
Infrastructure	24,085,802	550,141		24,635,943
Total Accumulated Depreciation	49,874,137	3,149,320	526,806	52,496,651
Total Capital Assets, Being Depreciated, Net	38,740,390	2,125,577	6,198	40,859,769
Governmental Activities, Capital Assets, Net	\$ 45,288,713	\$ 4,513,096	\$ 971,148	\$ 48,830,661

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

Business-type Activities:	Balances at June 30, 2009	Increases	Decreases	Balances at June 30, 2010
Capital Assets, not Being Depreciated:				
Land	\$ 499,975			\$ 499,975
Construction in progress	294,834	\$ 231,742	\$ 177,674	348,902
Total Capital Assets, not Being Depreciated	794,809	231,742	177,674	848,877
Capital Assets, Being Depreciated:				
Buildings	285,050			285,050
Equipment	1,902,529	166,212		2,068,741
Improvements	35,744,061	378,059		36,122,120
Total Capital Assets, Being Depreciated	37,931,640	544,271	-	38,475,911
Buildings	82,025	5,589		87,614
Equipment	1,604,961	135,243		1,740,204
Improvements	12,595,979	995,217		13,591,196
Total Accumulated Depreciation	14,282,965	1,136,049	-	15,419,014
Total Capital Assets, Being Depreciated, Net	23,648,675	(591,778)		23,056,897
Business-type Activities, Capital Assets, Net	\$ 24,443,484	\$ (360,036)	\$ 177,674	\$ 23,905,774

Depreciation expense of \$4,285,369 was charged to the following functions:

	Governmental Activities	Business-type Activities	Total
General government	\$ 209,218		\$ 209,218
Public safety	1,238,208		1,238,208
Community development	26,673		26,673
Culture and recreation	899,237		899,237
Street and highways	687,251		687,251
Health	13,086		13,086
Water	75,647	\$ 1,136,049	1,211,696
	<u>\$ 3,149,320</u>	<u>\$ 1,136,049</u>	<u>\$ 4,285,369</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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>Asset</u>	<u>Governmental Funds</u>	<u>Water Enterprise Funds</u>
Machinery and equipment	\$ 1,771,926	
Improvements		\$ 10,095,493
Construction in Progress		159,086
	<u>1,771,926</u>	<u>10,254,579</u>
Less: Accumulated depreciation	<u>(858,386)</u>	<u>(2,000,987)</u>
Total	<u>\$ 913,540</u>	<u>\$ 8,253,592</u>

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

<u>Fiscal Years</u>	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
2011	\$ 165,867	\$ 668,204	\$ 834,071
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
2016-2020	829,343	2,981,804	3,811,147
2021-2025	165,867	732,403	898,270
2026-2030		548,285	548,285
2031		109,415	109,415
Subtotal	<u>1,824,545</u>	<u>7,707,762</u>	<u>9,532,307</u>
Less amount representing interest	<u>(394,841)</u>	<u>(1,056,974)</u>	<u>(1,451,815)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 1,429,704</u>	<u>\$ 6,650,788</u>	<u>\$ 8,080,492</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

8. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2010 are as follows:

<u>Governmental Activities</u>	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>	<u>Due Within One Year</u>	<u>Due In More Than One Year</u>
1998 Tax Allocation						
Revenue Bonds - Merged						
Redevelopment Project	\$ 9,155,000		\$ 290,000	\$ 8,865,000	\$ 305,000	\$ 8,560,000
2002 Tax Allocation Bonds						
Atlantic-Garvey Project						-
Redevelopment Project	20,020,000		790,000	19,230,000	815,000	18,415,000
2004 Taxable Pension Obligation Bonds	17,380,000		525,000	16,855,000	510,000	16,345,000
	<u>46,555,000</u>	<u>-</u>	<u>1,605,000</u>	<u>44,950,000</u>	<u>1,630,000</u>	<u>43,320,000</u>
Total Bonds Payable						
HUD Section 108						
Loans payable	5,283,000		250,000	5,033,000	265,000	4,768,000
Library Special Tax Revenue						
Note Series 2005	2,896,571		275,435	2,621,136	286,028	2,335,108
	<u>8,179,571</u>	<u>-</u>	<u>525,435</u>	<u>7,654,136</u>	<u>551,028</u>	<u>7,103,108</u>
Total Loans Payable						
Tax Increment Deferred Loan-						
Atlantic/Garvey Project	5,336,708	\$ 648,796		5,985,504		5,985,504
Tax Increment Deferred Loan-						
Merged Project	21,792,511	3,057,060		24,849,571		24,849,571
	<u>27,129,219</u>	<u>3,705,856</u>	<u>-</u>	<u>30,835,075</u>	<u>-</u>	<u>30,835,075</u>
Total Tax Increment Deferred Loans Payable						
Compensated absences payable	5,849,831	\$ 391,910	584,982	5,656,759	565,676	5,091,083
Claims and judgments payable						
(See Note 11)	5,149,730	4,525,438	3,960,963	5,714,205	2,285,682	3,428,523
Other Post Employment Benefits - Obligation	2,021,800	2,572,946		4,594,746		4,594,746
Capital lease obligations						
(See Note 7)	1,528,490		98,786	1,429,704	103,241	1,326,463
	<u>1,528,490</u>		<u>98,786</u>	<u>1,429,704</u>	<u>103,241</u>	<u>1,326,463</u>
Total Governmental						
Activities Long-Term Debt	<u>\$ 96,413,641</u>	<u>\$ 11,196,150</u>	<u>\$ 6,775,166</u>	<u>\$ 100,834,625</u>	<u>\$ 5,135,627</u>	<u>\$ 95,698,998</u>
Business-type Activities						
Compensated Absence Payable	\$ 355,241	\$ 31,003	\$ 35,524	\$ 350,720	\$ 35,072	\$ 315,648
Other Post Employment Benefits - Obligation	106,200	149,054		255,254		255,254
Capital Lease Obligation	7,072,547		421,759	6,650,788	556,010	6,094,778
	<u>7,072,547</u>		<u>421,759</u>	<u>6,650,788</u>	<u>556,010</u>	<u>6,094,778</u>
Total Business-Type Activities	<u>\$ 7,533,988</u>	<u>\$ 180,057</u>	<u>\$ 457,283</u>	<u>\$ 7,256,762</u>	<u>\$ 591,082</u>	<u>\$ 6,665,680</u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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, 2010, \$49,582 in compensated absences and \$5,714,205 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.

\$8,865,000

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.

\$19,230,000

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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, 2010 totaled \$41,787,030. Principal and interest paid for the current year is \$2,446,845 and the net tax increment revenue \$4,181,203.

Total Tax Allocation Bonds	<u>\$28,095,000</u>
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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.

\$16,855,000

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, 2010

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.

\$5,033,000

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, 2010 totaled \$3,065,553. Principal and interest paid for the current year is \$385,195 and the net library tax revenue was \$498,585.

\$2,621,136

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

\$52,604,136

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:

Year Ending June 30	Tax Allocation Bonds		Pension Obligation Bonds		HUD Section 108 Loan		Library Special Tax		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 1,120,000	\$ 1,326,671	\$ 510,000	\$ 996,408	\$ 265,000	\$ 278,185	\$ 286,028	\$ 97,166	\$ 4,879,458
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
2016-2020	7,535,000	4,641,567	2,225,000	4,080,359	2,012,000	770,275	1,076,668	72,914	22,413,783
2021-2025	9,490,000	2,525,147	2,485,000	3,440,275	1,526,000	143,090			19,609,512
2026-2030	5,005,000	365,841	4,760,000	2,406,399					12,537,240
2031-2034			4,955,000	774,994					5,729,994
Total	\$ 28,095,000	\$ 13,692,030	\$ 16,855,000	\$ 15,427,348	\$ 5,033,000	\$ 2,160,493	\$ 2,621,136	\$ 444,417	\$ 84,328,425

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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.

\$5,985,504

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.

\$24,849,571

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, 2010, 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 Grants Special Revenue 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 \$202,544, the Pacific Bridge Loan \$348,048, described in Note 3 at June 30, 2010 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	202,544
The Pacific Bridge Loan	348,048
Total	\$ 783,907

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

10. PENSION PLANS

A. Defined Benefit Pension Plans

1. 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 5.25% and all new-hire sworn Police employees contribute 5.25% 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 9.047% for non-safety employees, and 15.246% 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 2009-2010, the City's and Employee's annual pension cost was \$4,882,000 and \$804,680, respectively. The City actually contributed \$5,140,495. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% 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 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.

The City's changes in net pension asset of the Safety Plan, for the year ended June 30, 2010, were as follows (amounts in thousands):

Annual required contribution	\$	(3,657)
Interest on beginning net pension asset		1,444
Adjustment to the annual required contribution		(1,186)
		(3,399)
Annual pension cost		(3,399)
Contributions made		(3,657)
		(3,399)
Change in net pension asset		258
Net pension asset, beginning of year		18,629
Net pension asset, end of year	\$	18,887

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

TREND INFORMATION FOR PERS

Schedule of Employer Contributions (\$ Amount in Thousands)

Safety Plan

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/08	\$ 2,891	\$ 3,188	110%	\$ 18,351
6/30/09	3,084	3,362	109%	18,629
6/30/10	3,399	3,657	108%	18,887

Miscellaneous Plan

<u>Fiscal Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 1,366	100%	\$ -
6/30/09	2,205	100%	-
6/30/10	1,483	100%	-

Schedule of Funding Progress (\$ Amount in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value (a)</u>	<u>Entry Age Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) [(b)-(a)]</u>	<u>Funded Ratio [(a)/(b)]</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll {(b)-(a)/(c)}</u>
6/30/08						
Misc	\$60,853	\$66,951	\$6,098	90.90%	\$12,025	50.71%
Safety	115,550	124,713	9,163	92.65%	11,229	81.60%
Total	<u>\$ 176,403</u>	<u>\$ 191,664</u>	<u>\$ 15,261</u>	<u>92.04%</u>	<u>\$ 23,254</u>	<u>65.60%</u>

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, 2010

2. 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 76 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, 2010 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, 2009, 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 30 years. At this time management has not recommended a contribution equal to the ARC. Additional funds are needed. 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. The 10-year amortization contribution amount should be used.

TREND INFORMATION FOR MMRP

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

Fiscal Year	Annual Required Contribution (a)	City Contribution (b)	Percentage Contributed [(b)/(a)]	Net Pension Obligation
6/30/08	\$ 362	\$ 213	59%	\$ 734
6/30/09	363	225	62%	872
6/30/10	405	389	96%	888

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

Schedule of Funding Progress (\$ 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)}
7/01/09	\$ 1,642	\$ 7,796	\$ 6,154	20.0%	\$ -	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 2009-10, 110 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.

During the year, total required and actual contributions amounted to \$35,079 and covered payroll for the year ended June 30, 2010 totaled \$876,978. The City contributed \$35,079 (4% of current covered payroll) and employees contributed \$30,694 (3.5% of current covered payroll). Total plan assets at June 30, 2010 were \$654,452. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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. 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 2009-2010, the City contributed \$1,170,501 to the plan and the breakdown is as follows.

Police	\$	429,802
Fire		177,144
Miscellaneous		<u>563,555</u>
Total		<u>\$ 1,170,501</u>

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.

(\$ Amount in Thousands)	Total
Annual required contribution	\$ 3,877
Interest on net OPEB obligation	107
Adjustment to annual required contribution	(91)
Annual OPEB cost	3,893
Contributions made outside of a trust	(1,171)
Increase in net OPEB obligation	2,722
Net OPEB obligation - beginning of year	2,128
Net OPEB obligation - end of year	\$ 4,850

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 3,236,000	34.30%	\$2,128,000
6/30/2010	3,893,000	30.08%	2,722,000

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 \$0.00, 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.

In 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.

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Entry Age Actuarial Accrued Liability	(Unfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	(Unfunded) Actuarial Liability as Percentage of Covered Payroll
7/1/2008	\$ -	\$ 42,957,000	\$ (42,957,000)	0.00%	\$ 21,859,000	(196.52)%
7/1/2009	-	49,150,000	(49,150,000)	0.00%	22,667,000	(216.84)%

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

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, earthquake and flood, 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, 2010, total estimated claims payable were as follows:

General Liability	\$	836,629
Workers' Compensation		<u>4,877,576</u>
Total	\$	<u><u>5,714,205</u></u>

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>2010</u>	<u>2009</u>	<u>2008</u>
Claims liabilities - beginning balance	\$ 5,149,730	\$ 4,707,741	\$ 4,939,321
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	4,525,438	3,657,476	3,004,208
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(3,960,963)</u>	<u>(3,215,487)</u>	<u>(3,235,788)</u>
Total	<u><u>\$ 5,714,205</u></u>	<u><u>\$ 5,149,730</u></u>	<u><u>\$ 4,707,741</u></u>

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

13. DEFICITS AND BUDGET OVERAGES

Governmental-wide Financial Statements:

At June 30, 2010 deficit net assets are reported for the Governmental Activities in the amount of \$43,282,599. Of the \$43.2 million, \$30.8 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, 2010, deficit fund balance and/or net assets were reported for the Park Facility Special Revenue Fund and Workers' Compensation Internal Service Fund in the amount of \$61,032 and \$2,889,750 respectively. City management intends to eliminate the deficit net assets of the Workers' Compensation Fund over time by increased charges to City departments. City management believes the present cash position of these funds is adequate to meet current needs.

Expenditures exceeded appropriations in the General Fund and the Debt Service Fund by \$65,851 and \$611,866, respectively.

14. 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, 2010. A summary of the plan is presented below:

<u>Year Ending June 30, 2010</u>	<u>Amount</u>
2024-2029	\$ 500,000
2030-2034	450,000
2035-2039	<u>236,222</u>
Total	<u>\$ 1,186,222</u>

15. 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, 2010, 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.

CITY OF MONTEREY PARK
Notes to Basic Financial Statements, Continued
For the Year Ended June 30, 2010

16. 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, 2010.

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.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MONTEREY PARK
Required Supplementary Information
June 30, 2010

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)}
06/30/06						
Misc.	\$ 51,490	\$ 51,597	\$ 107	99.8%	\$ 10,682	1.0%
Safety	102,479	106,760	4,281	96.0%	9,812	43.6%
Total	\$ 153,969	\$ 158,357	\$ 4,388	97.2%	\$ 20,494	21.4%
06/30/07						
Misc.	\$ 56,315	\$ 57,684	\$ 1,369	97.6%	\$ 11,174	12.3%
Safety	109,447	111,806	2,359	97.9%	9,882	23.9%
Total	\$ 165,762	\$ 169,490	\$ 3,728	97.8%	\$ 21,056	17.7%
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	\$ 176,403	\$ 191,664	\$ 15,261	92.0%	\$ 23,254	65.6%

2. Massachusetts Mutual Retirement Plan (MMRP):

Schedule of Funding Progress for Last Six 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)}
7/01/07	\$ 2,514	\$ 7,977	\$ 5,463	31.5%	-	N/A
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

CITY OF MONTEREY PARK
General Fund and Special Revenue Grant Fund
Budgetary Comparison Schedules
Year Ended June 30, 2010

	General Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 22,939,500	\$ 22,939,500	\$ 19,759,321	\$ (3,180,179)
Licenses and permits	2,801,550	2,801,550	2,419,414	(382,136)
Intergovernmental revenues				
Charges for services	4,946,472	4,946,472	4,418,391	(528,081)
Revenues from use of money and property	1,437,489	1,437,489	641,761	(795,728)
Fines and forfeitures	1,315,000	1,315,000	902,858	(412,142)
Other	855,400	855,400	866,363	10,963
Total Revenues	34,295,411	34,295,411	29,008,108	(5,287,303)
Expenditures:				
Current:				
General government	3,057,189	3,057,189	2,909,261	147,928
Public safety	21,211,754	21,211,754	21,680,192	(468,438)
Community development	1,935,359	1,947,359	1,856,246	91,113
Culture and recreation	5,048,677	5,048,677	4,727,837	320,840
Highways and streets	1,167,093	1,167,093	1,398,551	(231,458)
Capital outlay	124,837	124,837	50,673	74,164
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total Expenditures	32,544,909	32,556,909	32,622,760	(65,851)
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,750,502</u>	<u>\$ 1,738,502</u>	<u>(3,614,652)</u>	<u>\$ (5,353,154)</u>
Other Financing Sources (Uses):				
Transfers in			278,000	
Transfers out			(218)	
Total Other Financing Sources (Uses)			<u>277,782</u>	
Net Change in Fund Balances			<u>(3,336,870)</u>	
Fund Balances, Beginning of Year			<u>17,099,574</u>	
Fund Balances, End of Year			<u>\$ 13,762,704</u>	

See Accompanying Note to Required Supplementary Information.

Special Revenue Grants

Budgeted Amounts			Variance with Final Budget - Positive (Negative)
Original	Final	Actual	
\$ 7,727,416	\$ 9,272,194	\$ 6,318,925	\$ (2,953,269)
		11,584,210	11,584,210
		939,476	939,476
7,727,416	9,272,194	18,842,611	9,570,417
18,394	258,566	26,459,263	(26,200,697)
1,583,107	1,844,088	11,424,004	(9,579,916)
234,212	252,462	5,870,577	(5,618,115)
33,000	33,000	4,721,343	(4,688,343)
8,343,690	9,545,560	9,045,208	500,352
		2,229,221	
		2,853,313	
10,212,403	11,933,676	62,602,929	(45,586,719)
\$ (2,484,987)	\$ (2,661,482)	(43,760,318)	\$ (41,098,836)
		5,344,657	
		5,344,657	
		(38,415,661)	
		85,306,849	
		\$ 46,891,188	

CITY OF MONTEREY PARK
Special Revenue Retirement Fund and Special Revenue Refuse Fund
Budgetary Comparison Schedules
Year Ended June 30, 2010

	Special Revenue Retirement			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 4,268,000	\$ 4,268,000	\$ 4,095,479	\$ (172,521)
Licenses and permits				
Intergovernmental revenues				
Charges for services				
Revenues from use of money and property			466	466
Fines and forfeitures				
Other				
Total Revenues	<u>4,268,000</u>	<u>4,268,000</u>	<u>4,095,945</u>	<u>(172,055)</u>
Expenditures:				
Current:				
General government	598,094	598,094	575,361	22,733
Public safety	3,703,050	3,703,050	3,667,155	35,895
Community development	186,542	186,542	175,558	10,984
Culture and recreation	389,928	389,928	376,355	13,573
Highways and streets	50,933	50,933	102,216	(51,283)
Health				
Capital outlay				
Debt service:				
Principal retirement	525,000	525,000	525,000	
Interest and fiscal charges	<u>1,021,714</u>	<u>1,021,714</u>	<u>1,021,714</u>	
Total Expenditures	<u>6,475,261</u>	<u>6,475,261</u>	<u>6,443,359</u>	<u>31,902</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,207,261)</u>	<u>\$ (2,207,261)</u>	<u>(2,347,414)</u>	<u>\$ (140,153)</u>
Other Financing Sources (Uses):				
Transfers in			1,624,682	
Transfers out				
Total Other Financing Sources (Uses)			<u>1,624,682</u>	
Net Change in Fund Balances			(722,732)	
Fund Balances, Beginning of Year			<u>722,732</u>	
Fund Balances, End of Year			<u>\$ -</u>	

See Accompanying Note to Required Supplementary Information.

Special Revenue Refuse

Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 6,077,000	\$ 6,077,000	\$ 5,796,888	\$ (280,112)
<u>6,077,000</u>	<u>6,077,000</u>	<u>5,796,888</u>	<u>(280,112)</u>
6,203,794	6,203,794	5,793,221	6,203,794
<u>6,203,794</u>	<u>6,203,794</u>	<u>5,793,221</u>	<u>6,203,794</u>
<u>\$ (126,794)</u>	<u>\$ (126,794)</u>	<u>3,667</u>	<u>\$ 130,461</u>
		<u>-</u>	
		3,667	
		<u>2,722,334</u>	
		<u>\$ 2,726,001</u>	

CITY OF MONTEREY PARK
Note to Required Supplementary Information
6/30/2010

(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 2009-2010, the City made several supplemental budgetary appropriations, including a \$12,000 increase in the General Fund and an \$1,721,273 increase in the Special Revenue Grants 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.

SUPPLEMENTARY INFORMATION

CITY OF MONTEREY PARK
Debt Service Fund and Capital Projects Fund
Budgetary Comparison Schedules
Year Ended June 30, 2010

	Debt Service		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Taxes	\$ 8,336,000	\$ 8,425,074	\$ 89,074
Revenues from use of money and property	83,000	18,477	(64,523)
Other			
Total Revenues	8,419,000	8,443,551	24,551
Expenditures:			
Current:			
General government	145,900	149,225	(3,325)
Community development	7,173,754	7,782,295	(608,541)
Capital outlay			
Debt service:			
Principal retirement	1,080,000	1,080,000	
Interest and fiscal charges	1,366,846	1,366,846	
Total Expenditures	9,766,500	10,378,366	(611,866)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,347,500)	(1,934,815)	\$ (587,315)
Other Financing Sources (Uses):			
Transfers in			
Transfers out		(1,903,240)	
Issuance of tax increment deferred loan		3,705,856	
Total Other Financing Sources (Uses)		1,802,616	
Net Change in Fund Balances		(132,199)	
Fund Balances, Beginning of Year		2,607,091	
Fund Balances, End of Year		\$ 2,474,892	

Capital Projects

Budget	Actual	Variance Positive (Negative)
\$ 2,084,000	\$ 2,106,271	\$ 22,271
774,000	208,762	(565,238)
25,000	130,504	105,504
<u>2,883,000</u>	<u>2,445,537</u>	<u>(437,463)</u>
5,644,641	3,703,720	1,940,921
<u>5,644,641</u>	<u>3,703,720</u>	<u>1,940,921</u>
<u>\$ (2,761,641)</u>	<u>(1,258,183)</u>	<u>\$ 1,503,458</u>
	1,903,240	
	(1,538,517)	
	<u>364,723</u>	
	(893,460)	
	<u>48,047,349</u>	
	<u>\$ 47,153,889</u>	

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.

Sewer Fund - used to account for construction and improvements to deficient sanitary sewer mains identified in the Sewer Master Plan, established pursuant to Monterey Park Municipal Code Section 14.06.080.

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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued)

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.

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).

Pension Liability Fund — used 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
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2010
(with comparative total as of June 30, 2009)

	Special Revenue			
	Proposition A	Gas Tax	Bike Route	Proposition C
<u>Assets</u>				
Cash and investments	\$ 1,555,872	\$ 150,117		\$ 1,207,944
Cash and investments held by fiscal agents				
Accounts receivable	1,694	98,183	\$ 2,000	1,193
Advances to other funds				
Total Assets	\$ 1,557,566	\$ 248,300	\$ 2,000	\$ 1,209,137
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 1,640	\$ 377	\$ 2,000	\$ 148,064
Accrued payroll	4,366	10,037		
Due to other funds				
Advances from other funds				
Total Liabilities	6,006	10,414	2,000	148,064
Fund Balance:				
Reserved for:				
Encumbrances	620,388		39,000	100,788
Unreserved				
Designated for:				
Air quality improvement				
Retirement				
CERCLA liability				
Pension liability				
Claims				
Capital projects and operations	931,172	237,886		960,285
Undesignated			(39,000)	
Total Fund Balance	1,551,560	237,886	-	1,061,073
Total Liabilities and Fund Balance	\$ 1,557,566	\$ 248,300	\$ 2,000	\$ 1,209,137

Special Revenue

Air Quality Improvement	Asset Forfeiture	Sewer	Park Facilities	Business Improvement Area #1	Maintenance District 93-1
\$ 162,978	\$ 1,112,839	\$ 467,827	\$ 651,228	\$ 262,523	\$ 139,774
18,578	1,175	30,619		286	36,798
<u>\$ 181,556</u>	<u>\$ 1,114,014</u>	<u>\$ 498,446</u>	<u>\$ 651,228</u>	<u>\$ 262,809</u>	<u>\$ 176,572</u>
\$ 933	\$ 35,662 309	\$ 1,537 1,470	\$ 30,530	\$ 208	\$ 7,938 3,205
			681,730		
<u>933</u>	<u>35,971</u>	<u>3,007</u>	<u>712,260</u>	<u>208</u>	<u>11,143</u>
	135,251		94,330	3,372	
180,623					
	942,792	495,439	(155,362)	259,229	165,429
<u>180,623</u>	<u>1,078,043</u>	<u>495,439</u>	<u>(61,032)</u>	<u>262,601</u>	<u>165,429</u>
<u>\$ 181,556</u>	<u>\$ 1,114,014</u>	<u>\$ 498,446</u>	<u>\$ 651,228</u>	<u>\$ 262,809</u>	<u>\$ 176,572</u>

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds (Continued)
June 30, 2010
(with comparative total as of June 30, 2009)

	Special Revenue			
	Public Safety Impact Fee	Public Safety Augmentation	Measure R	Library Tax
<u>Assets</u>				
Cash and investments	\$ 86,507		\$ 410,248	\$ 127,872
Cash and investments held by fiscal agents				
Accounts receivable	12	\$ 130,426		12,882
Advances to other funds				
Total Assets	\$ 86,519	\$ 130,426	\$ 410,248	\$ 140,754
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 36,472			\$ 2,609
Accrued payroll	2,432			509
Due to other funds		\$ 130,426		
Advance from other funds				
Total Liabilities	38,904	130,426	-	3,118
Fund Balance:				
Reserved for:				
Encumbrances	12,676		35,000	
Unreserved				
Designated for:				
Air quality improvement				
Retirement				
CERCLA liability				
Pension liability				
Claims				
Capital projects and operations	34,939		375,248	137,636
Undesignated				
Total Fund Balance	47,615	-	410,248	137,636
Total Liabilities and Fund Balance	\$ 86,519	\$ 130,426	\$ 410,248	\$ 140,754

Special Revenue		Total Nonmajor Governmental Funds - Special Revenue Funds	
CERCLA Liability	Pension Liability	2010	2009
\$ 788,286	\$ 4,173,029	\$ 11,297,044	\$ 15,190,276
859		-	4,024
		334,705	1,035,070
		-	245,515
<u>\$ 789,145</u>	<u>\$ 4,173,029</u>	<u>\$ 11,631,749</u>	<u>\$ 16,474,885</u>
		\$ 267,037	\$ 800,113
		23,261	70,902
		130,426	126,116
		681,730	1,205,000
<u>-</u>	<u>-</u>	<u>1,102,454</u>	<u>2,202,131</u>
		1,040,805	1,873,470
		180,623	146,424
		-	722,732
\$ 789,145	\$ 4,173,029	789,145	784,286
		4,173,029	4,259,194
		-	501,000
		4,540,055	6,499,916
		(194,362)	(514,268)
<u>789,145</u>	<u>4,173,029</u>	<u>10,529,295</u>	<u>14,272,754</u>
<u>\$ 789,145</u>	<u>\$ 4,173,029</u>	<u>\$ 11,631,749</u>	<u>\$ 16,474,885</u>

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds
Year Ended June 30, 2010
(with comparative total for the year ended June 30, 2009)

	Special Revenue			
	Proposition A	Gas Tax	Bike Route	Proposition C
Revenues:				
Taxes	\$ 938,138	\$ 1,044,398	\$ 2,000	\$ 680,039
Charges for services	69,754			
Revenues from use of money and property	8,043	161		6,733
Fines and forfeitures				
Other				
Total Revenues	<u>1,015,935</u>	<u>1,044,559</u>	<u>2,000</u>	<u>686,772</u>
Expenditures:				
Current:				
General government				
Public safety				
Community development		3,187		
Culture and recreation				
Highways and streets	943,432	835,333		915,747
Health				
Capital outlay	1,643	8,381	2,000	36,074
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total Expenditures	<u>945,075</u>	<u>846,901</u>	<u>2,000</u>	<u>951,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>70,860</u>	<u>197,658</u>		<u>(265,049)</u>
Other Financing Sources (Uses):				
Transfers in				
Transfers out				
Proceeds from sale of property	3,438			
Total Other Financing Sources (Uses)	<u>3,438</u>			
Net Change in Fund Balance	74,298	197,658		(265,049)
Fund Balance, Beginning of Year	<u>1,477,262</u>	<u>40,228</u>		<u>1,326,122</u>
Fund Balance, End of Year	<u>\$ 1,551,560</u>	<u>\$ 237,886</u>	<u>\$ -</u>	<u>\$ 1,061,073</u>

Special Revenue

Air Quality Improvement	Asset Forfeiture	Sewer	Park Facilities	Business Improvement Area #1	Maintenance District 93-1
\$ 73,872			\$ 30,061	\$ 56,066	
		\$ 269,338			\$ 1,002,399
787	\$ 6,808 490,240			1,268	
<u>74,659</u>	<u>497,048</u>	<u>269,338</u>	<u>30,061</u>	<u>57,334</u>	<u>1,002,399</u>
	187,922			23,584	
40,460		181,271			386,977
	898,876	23,464	250,091		476,670
<u>40,460</u>	<u>1,086,798</u>	<u>204,735</u>	<u>250,091</u>	<u>23,584</u>	<u>863,647</u>
<u>34,199</u>	<u>(589,750)</u>	<u>64,603</u>	<u>(220,030)</u>	<u>33,750</u>	<u>138,752</u>
	1,195				
	1,195				
34,199	(588,555)	64,603	(220,030)	33,750	138,752
<u>146,424</u>	<u>1,666,598</u>	<u>430,836</u>	<u>158,998</u>	<u>228,851</u>	<u>26,677</u>
<u>\$ 180,623</u>	<u>\$ 1,078,043</u>	<u>\$ 495,439</u>	<u>\$ (61,032)</u>	<u>\$ 262,601</u>	<u>\$ 165,429</u>

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds (Continued)
Year Ended June 30, 2010
(with comparative total for the year ended June 30, 2009)

	Special Revenue			
	Public Safety Impact Fee	Public Safety Augmentation	Measure R	Library Tax
Revenues:				
Taxes		\$ 500,954	\$ 409,163	\$ 498,585
Charges for services	\$ (99,287)			
Revenues from use of money and property	1,632		1,085	867
Fines and forfeitures				
Other				
Total Revenues	<u>(97,655)</u>	<u>500,954</u>	<u>410,248</u>	<u>499,452</u>
Expenditures:				
Current:				
General government				
Public safety	232,260	500,954		
Community development				
Culture and recreation				138,737
Highways and streets				
Health				
Capital outlay	276,687			
Debt service:				
Principal retirement				275,435
Interest and fiscal charges	62,996			107,761
Total Expenditures	<u>571,943</u>	<u>500,954</u>	<u>-</u>	<u>521,933</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(669,598)</u>		<u>410,248</u>	<u>(22,481)</u>
Other Financing Sources (Uses):				
Transfers in				
Transfers out				
Proceeds from sale of property	595,118			
Total Other Financing Sources (Uses)	<u>595,118</u>			
Net Change in Fund Balance	<u>(74,480)</u>		<u>410,248</u>	<u>(22,481)</u>
Fund Balance, Beginning of Year	<u>122,095</u>			<u>160,117</u>
Fund Balance, End of Year	<u>\$ 47,615</u>	<u>\$ -</u>	<u>\$ 410,248</u>	<u>\$ 137,636</u>

Special Revenue		Total Nonmajor Governmental Funds - Special Revenue Funds	
CERCLA Liability	Pension Liability	2010	2009
		\$ 4,233,276	\$ 8,429,376
\$ 120,739		1,362,943	8,591,435
	4,120	31,504	122,620
		490,240	517,656
		-	76,169
<u>124,859</u>		<u>6,117,963</u>	<u>17,737,256</u>
		-	457,156
		921,136	4,307,271
		26,771	290,438
		525,714	932,038
		3,211,642	3,678,464
120,000		301,271	6,026,191
		1,497,216	1,556,148
		275,435	297,894
		170,757	1,176,106
<u>120,000</u>		<u>6,929,942</u>	<u>18,721,706</u>
<u>4,859</u>		<u>(811,979)</u>	<u>(984,450)</u>
	\$ 1,538,517	1,538,517	2,582,000
	(1,624,682)	(1,624,682)	(1,578,445)
		599,751	1,345
	(86,165)	513,586	1,004,900
4,859	(86,165)	(298,393)	20,450
<u>784,286</u>	<u>4,259,194</u>	<u>10,827,688</u>	<u>14,252,304</u>
<u>\$ 789,145</u>	<u>\$ 4,173,029</u>	<u>\$ 10,529,295</u>	<u>\$ 14,272,754</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition A Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 1,165,190	\$ 938,138	\$ (227,052)	\$ 1,047,373
Charges for services	60,000	69,754	9,754	77,153
Revenues from use of money and property	32,000	8,043	(23,957)	28,985
Total Revenues	1,257,190	1,015,935	(241,255)	1,153,511
Expenditures:				
Current:				
Highways and streets	1,003,659	943,432	60,227	1,003,682
Capital outlay	615,763	1,643	614,120	44,448
Total Expenditures	1,619,422	945,075	674,347	1,048,130
Excess of Revenues Over Expenditures	\$ (362,232)	70,860	\$ 433,092	105,381
Other Financing Sources:				
Proceeds from sale of property		3,438		-
Net Change in Fund Balance		74,298		105,381
Fund Balance, Beginning of Year		1,477,262		1,371,881
Fund Balance, End of Year		\$ 1,551,560		\$ 1,477,262

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Gas Tax Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 1,168,500	\$ 1,044,398	\$ (124,102)	\$ 1,021,835
Revenues from use of money and property	2,300	161	(2,139)	327
Total Revenues	1,170,800	1,044,559	(126,241)	1,022,162
Expenditures:				
Current:				
Community development	33,640	3,187	30,453	33,936
Highways and streets	1,069,918	835,333	234,585	1,142,501
Capital outlay	67,516	8,381	59,135	15,432
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total Expenditures	1,171,074	846,901	324,173	1,191,869
Excess (Deficiency) of Revenues Over Expenditures	\$ (274)	197,658	\$ 197,932	(169,707)
Net Change in Fund Balance		197,658		(169,707)
Fund Balance, Beginning of Year		40,228		209,935
Fund Balance, End of Year		\$ 237,886		\$ 40,228

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Bike Route Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 37,212	\$ 2,000	\$ (35,212)	\$ 39,426
Expenditures:				
Capital outlay	39,000	2,000	37,000	39,426
Net Change in Fund Balance	<u>\$ (1,788)</u>		<u>\$ 1,788</u>	
Fund Balance, Beginning of Year				
Fund Balance, End of Year		<u>\$ -</u>		<u>\$ -</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition C Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 855,417	\$ 680,039	\$ (175,378)	\$ 775,612
Revenues from use of money and property	<u>30,000</u>	<u>6,733</u>	<u>(23,267)</u>	<u>26,701</u>
Total Revenues	<u>885,417</u>	<u>686,772</u>	<u>(198,645)</u>	<u>802,313</u>
Expenditures:				
Current:				
Highways and streets	862,734	915,747	(53,013)	853,822
Capital outlay	<u>323,251</u>	<u>36,074</u>	<u>287,177</u>	<u>30,902</u>
Total Expenditures	<u>1,185,985</u>	<u>951,821</u>	<u>234,164</u>	<u>884,724</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (300,568)</u>	(265,049)	<u>\$ 35,519</u>	(82,411)
Other Financing Sources:				
Transfers in				
Net Change in Fund Balance		(265,049)		(82,411)
Fund Balance, Beginning of Year		<u>1,326,122</u>		<u>1,408,533</u>
Fund Balance, End of Year		<u>\$ 1,061,073</u>		<u>\$ 1,326,122</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Air Quality Improvement Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 80,000	\$ 73,872	\$ (6,128)	\$ 73,722
Revenues from use of money and property	3,500	787	(2,713)	2,182
Total Revenues	83,500	74,659	(8,841)	75,904
Expenditures:				
Current:				
Highways and streets	42,995	40,460	2,535	41,979
Net Change in Fund Balance	<u>\$ 40,505</u>	34,199	<u>\$ (6,306)</u>	33,925
Fund Balance, Beginning of Year		<u>146,424</u>		<u>112,499</u>
Fund Balance, End of Year		<u>\$ 180,623</u>		<u>\$ 146,424</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Asset Forfeiture Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Revenues from use of money and property	\$ 29,000	\$ 6,808	\$ (22,192)	\$ 32,643
Fines and forfeitures	275,000	490,240	215,240	517,656
Total Revenues	304,000	497,048	193,048	550,299
Expenditures:				
Current:				
Public safety	363,689	187,922	175,767	92,499
Capital outlay	1,074,330	898,876	175,454	349,455
Debt service:				
Principal retirement		-		7,662
Interest and fiscal charges		-		150
Total Expenditures	1,438,019	1,086,798	351,221	449,766
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,134,019)	(589,750)	\$ 544,269	100,533
Other Financing Sources (Uses):				
Proceeds from sale of property		1,195		1,345
Net Change in Fund Balance		(588,555)		101,878
Fund Balance, Beginning of Year		1,666,598		1,564,720
Fund Balance, End of Year		\$ 1,078,043		\$ 1,666,598

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Sewer Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 318,000	\$ 269,338	\$ (48,662)	\$ 294,574
Expenditures:				
Current:				
Health	220,494	181,271	39,223	229,524
Capital outlay	410,235	23,464	386,771	231,957
Total Expenditures	<u>630,729</u>	<u>204,735</u>	<u>425,994</u>	<u>461,481</u>
Net Change in Fund Balance	<u>\$ (312,729)</u>	64,603	<u>\$ 377,332</u>	(166,907)
Fund Balance, Beginning of Year		<u>430,836</u>		<u>597,743</u>
Fund Balance, End of Year		<u>\$ 495,439</u>		<u>\$ 430,836</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Park Facilities Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 138,000	\$ 30,061	\$ (107,939)	\$ 313,266
Expenditures:				
Capital outlay	573,377	250,091	323,286	150,242
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (435,377)</u>	<u>(220,030)</u>	<u>\$ 215,347</u>	<u>163,024</u>
Net Change in Fund Balance		(220,030)		163,024
Fund Balance, Beginning of Year		<u>158,998</u>		<u>(4,026)</u>
Fund Balance, End of Year		<u>\$ (61,032)</u>		<u>\$ 158,998</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Business Improvement Area #1 Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010			2009
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Taxes	\$ 59,000	\$ 56,066	\$ (2,934)	\$ 59,696
Revenues from use of money and property	2,100	1,268	(832)	4,187
Total Revenues	61,100	57,334	(3,766)	63,883
Expenditures:				
Current:				
Community development	45,000	23,584	21,416	39,401
Capital outlay	87,342	-	87,342	10,746
Total Expenditures	132,342	23,584	108,758	50,147
Net Change in Fund Balance	\$ (71,242)	33,750	\$ 104,992	13,736
Fund Balance, Beginning of Year		228,851		215,115
Fund Balance, End of June		<u>\$ 262,601</u>		<u>\$ 228,851</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Maintenance District 93-1 Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 965,000	\$ 1,002,399	\$ 37,399	\$ 960,905
Expenditures:				
Current:				
Culture and recreation	386,148	386,977	(829)	419,177
Highways and streets	582,549	476,670	105,879	582,592
Total Expenditures	968,697	863,647	105,050	1,001,769
Net Change in Fund Balance	\$ (3,697)	138,752	\$ 142,449	(40,864)
Fund Balance, Beginning of Year		26,677		67,541
Fund Balance, End of Year		\$ 165,429		\$ 26,677

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Public Safety Impact Fee Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 415,000	\$ (99,287)	\$ (514,287)	\$ 1,181,238
Revenues from use of money and property		1,632	1,632	5,678
Other		-	-	76,169
Total Revenues	415,000	(97,655)	(512,655)	1,263,085
Expenditures:				
Current:				
Public safety	597,971	232,260	365,711	332,076
Capital outlay	329,360	276,687	52,673	683,540
Debt services:				
Interest and fiscal charges	62,996	62,996		35,151
Total Expenditures	990,327	571,943	418,384	1,050,767
Excess (Deficiency) of Revenues Over Expenditures	\$ (575,327)	(669,598)	\$ (94,271)	212,318
Other Financing Sources:				
Proceeds from sale of property		595,118		
Transfers out		-		(138,445)
Total Other Financing Sources (Uses)		595,118		(138,445)
Net Change in Fund Balance		(74,480)		73,873
Fund Balance, Beginning of Year		122,095		48,222
Fund Balance, End of Year		\$ 47,615		\$ 122,095

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Public Safety Augmentation Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 600,000	\$ 500,954	\$ (99,046)	\$ 523,167
Expenditures:				
Current:				
Public safety	600,000	500,954	99,046	523,167
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, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 409,163	\$ 409,163	\$ -	
Revenues from use of money and property		1,085	1,085	
Total Revenues	409,163	410,248	1,085	
Expenditures:				
Capital outlay	35,000		35,000	
Total Expenditures	35,000	-	35,000	
Net Change in Fund Balance	\$ 374,163	410,248	\$ 36,085	
Fund Balance, Beginning of Year		-		
Fund Balance, End of Year		\$ 410,248		

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Library Tax Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 502,700	\$ 498,585	\$ (4,115)	\$ 489,933
Revenues from use of money and property	<u>4,000</u>	<u>867</u>	<u>(3,133)</u>	<u>3,019</u>
Total Revenues	<u>506,700</u>	<u>499,452</u>	<u>(7,248)</u>	<u>492,952</u>
Expenditures:				
Current:				
Culture and recreation	100,866	138,737	(37,871)	134,830
Capital outlay	4,530		4,530	
Debt service:				
Principal retirement	275,435	275,435	-	265,232
Interest and fiscal charges	<u>107,761</u>	<u>107,761</u>	<u>-</u>	<u>117,964</u>
Total Expenditures	<u>488,592</u>	<u>521,933</u>	<u>(33,341)</u>	<u>518,026</u>
Net Change in Fund Balance	<u>\$ 18,108</u>	<u>(22,481)</u>	<u>\$ (40,589)</u>	<u>(25,074)</u>
Fund Balance, Beginning of Year		<u>160,117</u>		<u>185,191</u>
Fund Balance, End of Year		<u>\$ 137,636</u>		<u>\$ 160,117</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue CERCLA Liability Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 131,800	\$ 120,739	\$ (11,061)	\$ 128,386
Revenues from use of money and property	19,000	4,120	(14,880)	14,874
Total Revenues	150,800	124,859	(25,941)	143,260
Expenditures:				
Current:				
Health	120,000	120,000		120,000
Net Change in Fund Balance	<u>\$ 30,800</u>	4,859	<u>\$ (25,941)</u>	23,260
Fund Balance, Beginning of Year		784,286		761,026
Fund Balance, End of Year		<u>\$ 789,145</u>		<u>\$ 784,286</u>

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Pension Liability Fund
Year Ended June 30, 2010
(with comparative actual for the year ended June 30, 2009)

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Other Financing Sources:				
Transfers in		\$ 1,538,517		\$ 1,142,000
Transfers out		<u>(1,624,682)</u>		<u>(1,500,000)</u>
Total Other Financing Sources (Uses)		<u>(86,165)</u>		<u>(358,000)</u>
Net Change in Fund Balance		(86,165)		(358,000)
Fund Balance, Beginning of Year		<u>4,259,194</u>		<u>4,617,194</u>
Fund Balance, End of Year		<u><u>\$ 4,173,029</u></u>		<u><u>\$ 4,259,194</u></u>

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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 - To account for costs related to operations and fleet maintenance for the City's vehicles.

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, 2010
(with comparative total as of June 30, 2009)

<u>Assets</u>	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Current:			
Cash and investments	\$ 2,088,430	\$ 2,524,213	\$ 2,000,796
Cash and investments	21,157		
Inventory			
	<hr/>	<hr/>	<hr/>
Total Current Assets	2,109,587	2,524,213	2,000,796
	<hr/>	<hr/>	<hr/>
Capital assets, net of accumulated depreciation			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,109,587	\$ 2,524,213	\$ 2,000,796
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable		\$ 14,903	
Accrued payroll	\$ 11,650	3,092	\$ 3,658
Claims and judgments payable - current portion		334,652	1,951,030
		<hr/>	<hr/>
Total Current Liabilities	11,650	352,647	1,954,688
	<hr/>	<hr/>	<hr/>
Noncurrent:			
Claims and judgments payable		501,977	2,926,546
Compensated absences payable		8,090	9,312
		<hr/>	<hr/>
Total Noncurrent Liabilities	-	510,067	2,935,858
	<hr/>	<hr/>	<hr/>
Total Liabilities	11,650	862,714	4,890,546
	<hr/>	<hr/>	<hr/>
<u>Net Assets</u>			
Invested in capital assets net of related debt			
Unrestricted	2,097,937	1,661,499	(2,889,750)
	<hr/>	<hr/>	<hr/>
Total Net Assets (Deficits)	\$ 2,097,937	\$ 1,661,499	\$ (2,889,750)
	<hr/>	<hr/>	<hr/>

Shop	Technology	Totals	
		2,010	2009
\$ 1,338,321	\$ 874,258	\$ 8,826,018	\$ 8,450,171
17,025		21,157	
<u>1,355,346</u>	<u>874,258</u>	<u>8,847,175</u>	<u>8,470,171</u>
1,306,884	238,195	1,545,079	1,896,019
<u>\$ 2,662,230</u>	<u>\$ 1,112,453</u>	<u>\$ 10,409,279</u>	<u>\$ 10,366,129</u>
\$ 95,323	\$ 193	\$ 110,419	\$ 123,769
4,228		22,628	7,497
		<u>2,285,682</u>	<u>2,059,892</u>
<u>99,551</u>	<u>193</u>	<u>2,418,729</u>	<u>2,191,158</u>
32,180		3,428,523	3,089,838
		49,582	40,179
<u>32,180</u>	<u>-</u>	<u>3,478,105</u>	<u>3,130,017</u>
<u>131,731</u>	<u>193</u>	<u>5,896,834</u>	<u>5,321,175</u>
1,306,884	238,195	1,545,079	1,896,019
<u>1,223,615</u>	<u>874,065</u>	<u>2,967,366</u>	<u>3,148,935</u>
<u>\$ 2,530,499</u>	<u>\$ 1,112,260</u>	<u>\$ 4,512,445</u>	<u>\$ 5,044,954</u>

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenses and
Changes in Net Assets - Internal Service Funds
Year Ended June 30, 2010
(with comparative total for the year ended June 30, 2009)

	Separation Benefits	General Liability	Workers' Compensation
Operating Revenues:			
Charges for services	\$ 1,658,598	\$ 790,000	\$ 1,309,333
Other revenue		361,171	17,773
Total Operating Revenues	1,658,598	1,151,171	1,327,106
Operating Expenses:			
Depreciation			
Vehicle expense			
Salaries and benefits	1,372,965	53,154	59,498
Materials and supplies			
Insurance and claims		663,023	2,540,332
Miscellaneous		73,382	
Total Operating Expenses	1,372,965	789,559	2,599,830
Operating Income (Loss)	285,633	361,612	(1,272,724)
Nonoperating Income (Loss):			
(Loss) on sale of surplus property			
Total Nonoperating Income (Loss)			
Change in Net Assets	285,633	361,612	(1,272,724)
Net Assets (Deficits), Beginning of Year	1,812,304	1,299,887	(1,617,026)
Net Assets (Deficits), End of Year	\$ 2,097,937	\$ 1,661,499	\$ (2,889,750)

Shop	Technology	Totals	
		2,010	2009
\$ 1,899,417	\$ 141,726	\$ 5,799,074	\$ 5,487,428
		378,944	58,112
<u>1,899,417</u>	<u>141,726</u>	<u>6,178,018</u>	<u>5,545,540</u>
542,159	73,921	616,080	823,977
16,706		16,706	5,094
368,180		1,853,797	1,294,332
697,434		697,434	754,889
		3,203,355	2,444,390
<u>245,497</u>		<u>318,879</u>	<u>227,727</u>
<u>1,869,976</u>	<u>73,921</u>	<u>6,706,251</u>	<u>5,550,409</u>
29,441	67,805	(528,233)	(4,869)
<u>(4,276)</u>		<u>(4,276)</u>	<u>(22,887)</u>
<u>(4,276)</u>		<u>(4,276)</u>	<u>(22,887)</u>
25,165	67,805	(532,509)	(27,756)
<u>2,505,334</u>	<u>1,044,455</u>	<u>5,044,954</u>	<u>5,072,710</u>
<u>\$ 2,530,499</u>	<u>\$ 1,112,260</u>	<u>\$ 4,512,445</u>	<u>\$ 5,044,954</u>

CITY OF MONTEREY PARK
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2010
(with comparative total for the year ended June 30, 2009)

	<u>Separation Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash payments to suppliers for goods and services			
Cash payments for insurance premiums and self-insurance claims		\$ (1,120,073)	\$ (1,614,686)
Cash payments to employees for services	\$ (1,364,652)	(47,880)	(53,293)
Cash receipts from interfund services provided	<u>1,637,441</u>	<u>1,151,171</u>	<u>1,327,106</u>
Net Cash Provided by (Used for) Operating Activities	<u>272,789</u>	<u>(16,782)</u>	<u>(340,873)</u>
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			
Net Cash Provided by (Used for) Capital and Related Financing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	272,789	(16,782)	(340,873)
Cash and Cash Equivalents, Beginning of Year	<u>1,815,641</u>	<u>2,540,995</u>	<u>2,341,669</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,088,430</u>	<u>\$ 2,524,213</u>	<u>\$ 2,000,796</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	<u>\$ 285,633</u>	<u>\$ 361,612</u>	<u>\$ (1,272,724)</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		(22,497)	
Increase (decrease) in accrued payroll	8,313	2,607	3,115
Increase (decrease) in claims and judgments payable		(361,171)	925,646
Increase (decrease) in compensated absences payable		<u>2,667</u>	<u>3,090</u>
Total Adjustments	<u>(12,844)</u>	<u>(378,394)</u>	<u>931,851</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 272,789</u>	<u>\$ (16,782)</u>	<u>\$ (340,873)</u>

Shop	Technology	Totals	
		2,010	2009
\$ (947,588)		\$ (947,588)	\$ (1,112,212)
		(2,734,759)	(1,976,179)
(363,438)		(1,829,263)	(1,282,851)
<u>1,899,417</u>	<u>141,738</u>	<u>6,156,873</u>	<u>5,545,540</u>
<u>588,391</u>	<u>141,738</u>	<u>645,263</u>	<u>1,174,298</u>
(259,658)	(11,673)	(271,331)	(354,173)
1,915		1,915	1,930
		-	(225,854)
<u>(257,743)</u>	<u>(11,673)</u>	<u>(269,416)</u>	<u>(578,097)</u>
330,648	130,065	375,847	596,201
<u>1,007,673</u>	<u>744,193</u>	<u>8,450,171</u>	<u>7,853,970</u>
<u>\$ 1,338,321</u>	<u>\$ 874,258</u>	<u>\$ 8,826,018</u>	<u>\$ 8,450,171</u>
<u>\$ 29,441</u>	<u>\$ 67,805</u>	<u>\$ (528,233)</u>	<u>\$ (4,869)</u>
542,159	73,921	616,080	823,977
		(21,157)	
2,914		2,914	(5,143)
9,135	12	(13,350)	(93,137)
1,096		15,131	3,451
		564,475	441,988
<u>3,646</u>		<u>9,403</u>	<u>8,031</u>
<u>558,950</u>	<u>73,933</u>	<u>1,173,496</u>	<u>1,179,167</u>
<u>\$ 588,391</u>	<u>\$ 141,738</u>	<u>\$ 645,263</u>	<u>\$ 1,174,298</u>

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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, 2010
(with comparative total for the year ended June 30, 2009)

	Deposits	Construction	Manta Rays	Totals	
	Fund	Agency Fund	Swim Team Fund	2010	2009
<u>Assets</u>					
Cash and investments	\$ 2,256,553	\$ 110,560	\$ 22,072	\$ 2,389,185	\$ 2,403,179
Total Assets	<u>\$ 2,256,553</u>	<u>\$ 110,560</u>	<u>\$ 22,072</u>	<u>\$ 2,389,185</u>	<u>\$ 2,403,179</u>
<u>Liabilities</u>					
Accounts payable	\$ 50,676	\$ 2,090		\$ 52,766	\$ 56,842
Deposits payable	<u>2,205,877</u>	<u>\$ 108,470</u>	<u>\$ 22,072</u>	<u>2,336,419</u>	<u>2,346,337</u>
Total Liabilities	<u>\$ 2,256,553</u>	<u>\$ 110,560</u>	<u>\$ 22,072</u>	<u>\$ 2,389,185</u>	<u>\$ 2,403,179</u>

CITY OF MONTEREY PARK
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2010

<u>Deposits Fund</u>	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Assets:				
Cash and investments	\$ 2,251,524	\$ 1,433,056	\$ 1,428,027	\$ 2,256,553
Liabilities:				
Accounts payable	\$ 56,842	\$ 714,963	\$ 721,129	\$ 50,676
Deposits payable	2,194,682	718,093	706,898	2,205,877
Total Liabilities	<u>\$ 2,251,524</u>	<u>\$ 1,433,056</u>	<u>\$ 1,428,027</u>	<u>\$ 2,256,553</u>
 <u>Construction Agency Fund</u>				
Assets:				
Cash and investments	\$ 143,458	\$ 82,992	\$ 115,890	\$ 110,560
Liabilities:				
Accounts payable	\$ -	\$ 60,035	\$ 57,945	\$ 2,090
Deposits payable	143,458	22,957	57,945	108,470
Total Liabilities	<u>\$ 143,458</u>	<u>\$ 82,992</u>	<u>\$ 115,890</u>	<u>\$ 110,560</u>
 <u>Manta Rays Swim Team Fund</u>				
Assets:				
Cash and investments	\$ 8,197	\$ 36,743	\$ 22,868	\$ 22,072
Liabilities:				
Deposits payable	\$ 8,197	\$ 36,743	\$ 22,868	\$ 22,072
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 2,403,179	\$ 1,552,791	\$ 1,566,785	\$ 2,389,185
Liabilities:				
Accounts payable	\$ 56,842	\$ 774,998	\$ 779,074	\$ 52,766
Deposits payable	2,346,337	777,793	787,711	2,336,419
Total Liabilities	<u>\$ 2,403,179</u>	<u>\$ 1,552,791</u>	<u>\$ 1,566,785</u>	<u>\$ 2,389,185</u>

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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, 2010
(with comparative data as of June 30, 2009)

<u>Assets</u>	Totals	
	2010	2009
Cash and investments	\$ 13,415,020	\$ 17,194,127
Accounts receivable	2,243,096	1,813,685
Due from other funds	1,959,950	574,053
Notes receivable	188,662	211,359
Advances to other funds	681,730	1,429,902
Advances to other funds	14,200	
 Total Assets	 \$ 18,502,658	 \$ 21,223,126
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 1,022,413	\$ 1,118,994
Accrued payroll	1,397,788	1,328,914
Deposits and advances	1,088,166	1,071,363
Deferred revenue	1,231,587	604,281
 Total Liabilities	 4,739,954	 4,123,552
Fund Balance:		
Reserved for:		
Encumbrances	71,333	157,662
Advances to other funds	681,730	1,205,000
Unreserved		
Designated for:		
Capital improvements	5,150,000	5,150,000
Unemployment claims	340,000	340,000
Potential catastrophic events	2,000,000	2,000,000
Working capital	3,000,000	3,000,000
Undesignated	2,519,641	5,246,912
 Total Fund Balance	 13,762,704	 17,099,574
 Total Liabilities and Fund Balance	 \$ 18,502,658	 \$ 21,223,126

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures
and Changes in Fund Balance - General Fund
Year Ended June 30, 2010
(with comparative data for the year ended June 30, 2009)

	Totals	
	2,010	2,009
Revenues:		
Taxes	\$ 19,759,321	\$ 21,671,925
Licenses and permits	2,419,414	2,797,953
Charges for services	4,418,391	4,527,997
Revenues from use of money and property	641,761	1,296,604
Fines and forfeitures	902,858	1,169,662
Other	866,363	216,101
Total Revenues	29,008,108	31,680,242
Expenditures:		
Current:		
General government	2,909,261	2,994,218
Public safety	21,680,192	21,378,507
Community development	1,856,246	2,010,019
Culture and recreation	4,727,837	4,918,951
Highways and streets	1,398,551	993,347
Capital outlay	50,673	98,687
Total Expenditures	32,622,760	32,393,729
Excess (Deficiency) of Revenues Over Expenditures	(3,614,652)	(713,487)
Other Financing Sources (Uses):		
Transfers in	278,000	445,279
Transfers out	(218)	(1,082,000)
Total Other Financing Sources (Uses)	277,782	(636,721)
Net Change in Fund Balance	(3,336,870)	(1,350,208)
Fund Balance, Beginning of Year	17,099,574	18,449,782
Fund Balance, End of Year	\$ 13,762,704	\$ 17,099,574

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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 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.

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

CITY OF MONTEREY PARK
Special Revenue Grants Fund
Balance Sheet
June 30, 2010
(with comparative data as of June 30, 2009)

<u>Assets</u>	<u>Totals</u>	
	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 4,308,017	\$ 3,265,584
Accounts receivable	2,147,304	1,358,602
Notes receivable	<u>2,806,464</u>	<u>2,693,753</u>
 Total Assets	 <u>\$ 9,261,785</u>	 <u>\$ 7,317,939</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 1,498,979	\$ 795,714
Accrued payroll	5,147	7,353
Deposits and advances	3,000	
Due to other funds	1,764,378	447,937
Due to other governmental agencies	783,907	771,443
Deferred revenue	<u>2,022,556</u>	<u>2,015,411</u>
 Total Liabilities	 <u>6,077,967</u>	 <u>4,037,858</u>
 Fund Balance:		
Reserved for:		
Encumbrances	4,591,962	4,694,281
Unreserved:		
Undesignated	<u>(1,408,144)</u>	<u>(1,414,200)</u>
 Total Fund Balance	 <u>3,183,818</u>	 <u>3,280,081</u>
 Total Liabilities and Fund Balance	 <u>\$ 9,261,785</u>	 <u>\$ 7,317,939</u>

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures
and Changes in Fund Balances - Special Revenue Grants Fund
Year Ended June 30, 2010
(with comparative data for the year ended June 30, 2009)

	Totals	
	2,010	2,009
Revenues:		
Intergovernmental revenues	\$ 6,318,925	\$ 5,036,290
Charges for services	5,988	6,039
Revenues from use of money and property	38,506	14,113
Total Revenues	6,363,419	5,056,442
Expenditures:		
Current:		
Public safety	190,780	187,557
Community development	1,583,134	1,374,540
Culture and recreation	240,671	300,639
Highways and streets	8,934	16,323
Capital outlay	3,793,599	464,496
Debt service:		
Principal retirement	348,786	329,522
Interest and fiscal charges	293,996	336,532
Total Expenditures	6,459,900	3,009,609
Excess (Deficiency) of Revenues Over Expenditures	(96,481)	2,046,833
Other Financing Sources (Uses):		
Transfers in	218	
Transfers out	-	(101,834)
Total Other Financing Sources (Uses):	218	(101,834)
Net Change in Fund Balance	(96,263)	1,944,999
Fund Balance, Beginning of Year	3,280,081	1,335,082
Fund Balance, End of Year	\$ 3,183,818	\$ 3,280,081

CITY OF MONTEREY PARK
Special Revenue Retirement Fund
Balance Sheet
June 30, 2010
(with comparative data as of June 30, 2009)

<u>Assets</u>	Totals	
	2010	2009
Cash and investments		\$ 683,417
Cash and investments held by fiscal agents	\$ 466	4,024
Accounts receivable	128,066	84,518
 Total Assets	\$ 128,532	\$ 771,959
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 582	\$ 636
Accrued payroll	62,804	48,591
Due to other funds	65,146	
 Total Liabilities	128,532	49,227
Fund Balance:		
Designated for:		
Retirement		722,732
Unreserved:		
Undesignated		
 Total Fund Balance	-	722,732
 Total Liabilities and Fund Balance	\$ 128,532	\$ 771,959

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures
and Changes in Fund Balances - Special Revenue Retirement Fund
Year Ended June 30, 2010
(with comparative data for the year ended June 30, 2009)

	Totals	
	2,010	2,009
Revenues:		
Tax	\$ 4,095,479	\$ 4,085,346
Revenues from use of money and property	466	4,024
Total Revenues	4,095,945	4,089,370
Expenditures:		
Current:		
General government	575,361	457,156
Public safety	3,667,155	3,359,529
Community development	175,558	217,101
Culture and recreation	376,355	378,031
Highways and streets	102,216	53,888
Debt service:		
Principal retirement	525,000	25,000
Interest and fiscal charges	1,021,714	1,022,841
Total Expenditures	6,443,359	5,513,546
Excess (Deficiency) of Revenues Over Expenditures	(2,347,414)	(1,424,176)
Other Financing Sources (Uses):		
Transfers in	1,624,682	1,500,000
Transfers out	-	
Total Other Financing Sources (Uses):	1,624,682	1,500,000
Net Change in Fund Balance	(722,732)	75,824
Fund Balance, Beginning of Year	722,732	646,908
Fund Balance, End of Year	\$ -	\$ 722,732

CITY OF MONTEREY PARK
Special Revenue Refuse Fund
Balance Sheet
June 30, 2010
(with comparative data as of June 30, 2009)

<u>Assets</u>	Totals	
	2010	2009
Cash and investments	\$ 3,284,485	\$ 2,471,146
Accounts receivable	620,579	648,946
 Total Assets	 \$ 3,905,064	 \$ 3,120,092
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 1,173,783	\$ 392,485
Accrued payroll	5,280	5,273
 Total Liabilities	 1,179,063	 397,758
 Fund Balance:		
Reserved for:		
Encumbrances	76,076	126,925
Unreserved:		
Designated for:		
Claims	501,000	501,000
Capital projects and operations	2,148,925	2,094,409
Unreserved:		
Undesignated		
 Total Fund Balance	 2,726,001	 2,722,334
 Total Liabilities and Fund Balance	 \$ 3,905,064	 \$ 3,120,092

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures
and Changes in Fund Balances - Special Revenue Refuse Fund
Year Ended June 30, 2010
(with comparative data for the year ended June 30, 2009)

	Totals	
	2,010	2,009
Revenues:		
Charges for services	\$ 5,796,888	\$ 5,949,179
Total Revenues	5,796,888	5,949,179
Expenditures:		
Current:		
Health	5,793,221	5,676,667
Total Expenditures	5,793,221	5,676,667
Excess (Deficiency) of Revenues Over Expenditures	3,667	272,512
Net Change in Fund Balance	3,667	272,512
Fund Balance, Beginning of Year	2,722,334	2,449,822
Fund Balance, End of Year	\$ 2,726,001	\$ 2,722,334

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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, 2010
(with comparative data as of June 30, 2009)

<u>Assets</u>	<u>Totals</u>	
	2010	2009
Cash and investments	\$ 2,191,872	
Cash and investments held by fiscal agent	2,474,892	\$ 2,497,115
Accounts receivable	691,675	373,352
 Total Assets	 \$ 5,358,439	 \$ 2,870,467
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 281,649	\$ 263,376
Advances from other funds	2,601,898	
 Total Liabilities	 2,883,547	 263,376
 Fund Balance:		
Reserved for debt service	2,474,892	2,607,091
 Total Fund Balance	 2,474,892	 2,607,091
 Total Liabilities and Fund Balance	 \$ 5,358,439	 \$ 2,870,467

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and
Changes in Fund Balance - Debt Service Fund
Year Ended June 30, 2010
(with comparative data for the year ended June 30, 2009)

	Totals	
	2010	2009
Revenues:		
Taxes	\$ 8,425,074	\$ 8,172,468
Revenues from use of money and property	18,477	79,136
Total Revenues	8,443,551	8,251,604
Expenditures:		
Current:		
General government	149,225	133,659
Community development	7,782,295	4,410,621
Debt service:		
Principal retirement	1,080,000	1,050,000
Interest and fiscal charges	1,366,846	1,403,563
Total Expenditures	10,378,366	6,997,843
Excess (Deficiency) of Revenues Over Expenditures	(1,934,815)	1,253,761
Other Financing Sources (Uses):		
Transfers out	(1,903,240)	(4,974,663)
Proceeds from tax increment deferred loan	3,705,856	3,214,132
Total Other Financing Sources	1,802,616	(1,760,531)
Net Change in Fund Balances	(132,199)	(506,770)
Fund Balance, Beginning of Year	2,607,091	3,113,861
Fund Balance, End of Year	\$ 2,474,892	\$ 2,607,091

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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, 2010
(with comparative data as of June 30, 2009)

<u>Assets</u>	Totals	
	2010	2009
Cash and investments	\$ 24,645,543	\$ 31,189,299
Accounts receivable	209,263	187,919
Notes receivable	10,677,554	9,525,029
Land held for resale	10,815,327	9,227,089
Advances to other funds	2,601,898	
 Total Assets	 \$ 48,949,585	 \$ 50,129,336
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 170,681	\$ 381,976
Accrued payroll	5,508	4,842
Deposits and advances	4,933	
Deferred revenue	1,614,574	1,224,752
Advances from other funds		470,417
 Total Liabilities	 1,795,696	 2,081,987
 Fund Balance:		
Reserved for:		
Encumbrances	262,469	1,224,838
Advances to other funds	2,601,898	
Land held for resale	10,815,327	9,227,089
Long Term Receivable	9,030,356	8,188,284
Contractual obligation	2,524,270	3,354,156
Housing set-aside commitment	4,837,365	7,858,886
Unreserved		
Designated for:		
Capital projects	17,082,204	18,194,096
 Total Fund Balance	 47,153,889	 48,047,349
 Total Liabilities and Fund Balance	 \$ 48,949,585	 \$ 50,129,336

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and
Changes in Fund Balance - Capital Projects Fund
Year Ended June 30, 2010
(with comparative data for the year ended June 30, 2009)

	Totals	
	2010	2009
Revenues:		
Taxes	\$ 2,106,271	\$ 2,043,117
Revenues from use of money and property	208,762	624,584
Other	130,504	12,715
Total Revenues	2,445,537	2,680,416
Expenditures:		
Capital outlay	3,703,720	3,266,150
Excess (Deficiency) of Revenues Over Expenditures	(1,258,183)	(585,734)
Other Financing Sources (Uses):		
Transfers in	1,903,240	4,974,663
Transfers out	(1,538,517)	
Total Other Financing Sources	364,723	4,974,663
Net Change in Fund Balance	(893,460)	4,388,929
Fund Balance, Beginning of Year	48,047,349	43,658,420
Fund Balance, End of Year	\$ 47,153,889	\$ 48,047,349

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WATER ENTERPRISE FUND

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.

CITY OF MONTEREY PARK
Schedule of Assets, Liabilities and Net Assets by Function - Water Enterprise Fund
June 30, 2010
(with comparative total as of June 30, 2009)

<u>Assets</u>	<u>Water Operations Activity</u>	<u>Water Treatment Activity</u>
Current Assets:		
Cash and investments	\$ 10,140,932	\$ 1,883,710
Accounts receivable	1,046,431	
Total Current Assets	11,187,363	1,883,710
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	15,634,339	8,271,435
Total Assets	\$ 26,821,702	\$ 10,155,145
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 889,468	\$ 129,241
Accrued payroll	32,249	6,197
Capital lease obligation - current portion	186,010	370,000
Current compensated absences payable	30,874	4,198
Deposits and advances	379,876	
Total Current Liabilities	1,518,477	509,636
Noncurrent Liabilities:		
Capital lease obligation	3,104,778	2,990,000
OPEB obligations payable	255,254	
Compensated absences payable	277,863	37,785
Total Non Current Liabilities	3,637,895	3,027,785
Total Liabilities	5,156,372	3,537,421
Net Assets:		
Invested in capital assets, net of related debt Restricted	12,343,551	4,911,435
Unrestricted-designated for capital improvements	9,321,779	1,706,289
Total Net Assets	21,665,330	6,617,724
Adjustment to reflect the consolidation of internal service funds activities to related activity	(116,383)	
Net Assets Related to Water Enterprise Activities	\$ 21,548,947	\$ 6,617,724

Totals	
2010	2009
\$ 12,024,642	\$ 9,329,882
1,046,431	1,410,017
13,071,073	10,739,899
23,905,774	24,443,484
\$ 36,976,847	\$ 35,183,383
\$ 1,018,709	\$ 548,749
38,446	28,073
556,010	421,757
35,072	35,524
379,876	368,012
2,028,113	1,402,115
6,094,778	6,650,790
255,254	106,200
315,648	319,717
6,665,680	7,076,707
8,693,793	8,478,822
17,254,986	17,370,937
11,028,068	9,333,624
28,283,054	26,704,561
(116,383)	(256,083)
\$ 28,166,671	\$ (256,083)

CITY OF MONTEREY PARK

**Schedule of Revenues, Expenses and Changes in Net Assets by Function - Water Enterprise Fund
Year Ended June 30, 2010
(with comparative total for the year ending June 30, 2009)**

	<u>Water Operations Activity</u>	<u>Water Treatment Activity</u>
Operating Revenues:		
Charges for services	\$ 6,912,287	\$ 2,691,412
Meter installations	136,787	
Grants		336,862
Other revenue	<u>864,485</u>	<u>480,837</u>
Total Operating Revenues	<u>7,913,559</u>	<u>3,509,111</u>
Operating Expenses:		
Water purchased	52,800	
Administration-water	3,209,537	
Commercial-water	701,991	
Production-water	1,589,578	
Distribution-water	999,538	
Treatment plant operations		1,957,006
Depreciation	<u>796,196</u>	<u>339,853</u>
Total Operating Expenses	<u>7,349,640</u>	<u>2,296,859</u>
Operating Income (Loss)	563,919	1,212,252
Nonoperating Income (Loss):		
(Loss) on sale of surplus property		
Total Nonoperating Income (Loss)	<u>-</u>	
Net Income (Loss) Before Transfers and Contribution	563,919	1,212,252
Capital contributions	80,322	
Transfers out	<u>(278,000)</u>	
Total Transfers and Capital Contributions	<u>(197,678)</u>	<u>-</u>
Changes in Net Assets	366,241	1,212,252
Net Assets (Deficits), Beginning of Year	<u>21,299,089</u>	<u>5,405,472</u>
Net Assets (Deficits), End of Year	<u>\$ 21,665,330</u>	<u>\$ 6,617,724</u>
Changes in Net Assets	\$ 366,241	\$ 1,212,252
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	<u>139,700</u>	
Changes in Net Activities of Water Enterprise Activities	<u>\$ 505,941</u>	<u>\$ 1,212,252</u>

Totals	
2010	2009
\$ 9,603,699	\$ 10,361,710
136,787	137,158
336,862	244,968
<u>1,345,322</u>	<u>537,971</u>
<u>11,422,670</u>	<u>11,281,807</u>
52,800	81,225
3,209,537	2,685,377
701,991	711,983
1,589,578	1,647,125
999,538	1,196,403
1,957,006	2,209,497
<u>1,136,049</u>	<u>1,105,820</u>
<u>9,646,499</u>	<u>9,637,430</u>
1,776,171	1,644,377
<u>-</u>	<u>-</u>
1,776,171	1,644,377
80,322	129,089
<u>(278,000)</u>	<u>(265,000)</u>
<u>(197,678)</u>	<u>(135,911)</u>
1,578,493	1,508,466
<u>26,704,561</u>	<u>25,196,095</u>
\$ 28,283,054	\$ 26,704,561
\$ 1,578,493	\$ 1,508,466
<u>139,700</u>	<u>(86,803)</u>
<u>\$ 1,718,193</u>	<u>\$ 1,421,663</u>

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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 (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2010. 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.

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 grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

A *control deficiency* 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 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.

Honorable Mayor and Members of the City Council
of the City of Monterey Park
Monterey Park, California
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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
November 30, 2010

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

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

The City has elected to show only eight years of data for this schedule to coincide with the implementation of GASB 34.
Source: City of Monterey Park Management Services Department

Fiscal Year				
2006	2007	2008	2009	2010
\$ 39,935,338	\$ 41,243,683	\$ 42,188,514	\$ 40,863,652	\$ 44,779,820
40,358,826	41,256,879	50,363,018	57,279,208	54,638,570
<u>(31,003,360)</u>	<u>(28,542,889)</u>	<u>(29,746,073)</u>	<u>(37,034,912)</u>	<u>(43,282,599)</u>
<u>\$ 49,290,804</u>	<u>\$ 53,957,673</u>	<u>\$ 62,805,459</u>	<u>\$ 61,107,948</u>	<u>\$ 56,135,791</u>
\$ 19,700,171	\$ 20,202,373	\$ 19,228,082	\$ 17,370,937	\$ 17,254,986
2,099,749	2,704,071	5,798,733	9,077,541	10,911,685
<u>21,799,920</u>	<u>22,906,444</u>	<u>25,026,815</u>	<u>26,448,478</u>	<u>28,166,671</u>
\$ 59,635,509	\$ 61,446,056	\$ 61,416,596	\$ 58,234,589	\$ 62,034,806
40,358,826	41,256,879	50,363,018	57,279,208	54,638,570
<u>(28,903,611)</u>	<u>(25,838,818)</u>	<u>(23,947,340)</u>	<u>(27,957,371)</u>	<u>(32,370,914)</u>
<u>\$ 71,090,724</u>	<u>\$ 76,864,117</u>	<u>\$ 87,832,274</u>	<u>\$ 87,556,426</u>	<u>\$ 84,302,462</u>

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

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental activities:			
General government	\$ 3,875,042	\$ 3,766,150	\$ 4,110,311
Public safety	19,712,262	19,275,515	20,418,214
Community development	5,601,070	6,494,687	6,880,151
Culture and recreation	5,322,394	5,380,342	5,348,469
Highway and streets	4,421,007	5,595,749	4,776,390
Health	4,722,742	4,587,644	4,924,369
Interest and fiscal charges	<u>2,008,899</u>	<u>3,040,713</u>	<u>4,079,124</u>
Total governmental activities expenses	<u>45,663,416</u>	<u>48,140,800</u>	<u>50,537,028</u>
Business-type activities:			
Water	<u>8,877,261</u>	<u>6,296,717</u>	<u>8,620,295</u>
Total business-type activities expenses	<u>8,877,261</u>	<u>6,296,717</u>	<u>8,620,295</u>
Total primary government expenses	<u>54,540,677</u>	<u>54,437,517</u>	<u>59,157,323</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General government	1,442,693	1,331,238	1,449,459
Public safety	2,994,168	2,564,364	3,018,772
Community development	1,623,800	957,673	2,106,140
Culture and recreation	877,441	937,278	792,172
Highway and Streets	1,208,418	1,186,860	1,303,633
Health	5,004,307	4,933,367	5,139,373
Operating grants and contributions	1,809,654	1,969,482	2,302,117
Capital grants and contributions	<u>1,768,359</u>	<u>3,081,881</u>	<u>6,125,743</u>
Total government activities program revenues	<u>16,728,840</u>	<u>16,962,143</u>	<u>22,237,409</u>
Business-type activities:			
Water			
Charges for services:	7,860,078	6,718,386	7,590,509
Operating grants and contributions	-	-	-
Capital grants and contributions	<u>4,672,557</u>	<u>855,628</u>	<u>3,331,675</u>
Total business-type activities revenues	<u>12,532,635</u>	<u>7,574,014</u>	<u>10,922,184</u>
Total primary government revenues	<u>\$ 29,261,475</u>	<u>\$ 24,536,157</u>	<u>\$ 33,159,593</u>

The City has elected to show only eight years of data for this schedule to coincide with the implementation of GA

Fiscal Year				
2006	2007	2008	2009	2010
\$ 3,805,164	\$ 5,740,916	\$ 4,338,308	\$ 3,879,270	\$ 3,423,374
22,168,220	23,991,371	25,259,657	28,781,812	29,652,341
7,206,979	9,550,291	8,388,572	11,507,775	13,427,547
5,536,176	5,776,367	6,914,716	7,411,985	7,009,277
5,283,276	6,550,763	5,184,431	5,812,714	5,981,608
5,289,520	5,575,305	5,729,874	6,005,109	6,063,432
4,292,781	3,211,151	3,040,769	2,975,762	2,909,194
<u>53,582,116</u>	<u>60,396,164</u>	<u>58,856,327</u>	<u>66,374,427</u>	<u>68,466,773</u>
<u>8,594,316</u>	<u>10,253,822</u>	<u>9,549,450</u>	<u>9,724,233</u>	<u>9,506,799</u>
<u>8,594,316</u>	<u>10,253,822</u>	<u>9,549,450</u>	<u>9,724,233</u>	<u>9,506,799</u>
<u>62,176,432</u>	<u>70,649,986</u>	<u>68,405,777</u>	<u>76,098,660</u>	<u>77,973,572</u>
1,458,109	1,469,072	765,334	766,402	640,487
3,309,549	3,521,884	4,961,930	5,058,340	3,292,950
2,166,424	1,840,229	3,960,929	2,410,056	2,250,642
697,239	766,051	801,478	818,438	816,852
1,457,019	1,422,080	1,569,903	1,421,473	1,400,245
5,550,377	5,792,895	6,066,956	6,243,753	6,066,226
2,572,146	6,794,692	4,472,472	5,402,260	5,394,275
2,955,297	2,055,895	1,620,031	546,077	2,929,631
<u>20,166,160</u>	<u>23,662,798</u>	<u>24,219,033</u>	<u>22,666,799</u>	<u>22,791,308</u>
8,842,158	10,729,127	10,523,615	10,498,868	9,740,486
-	-	-	-	336,862
319,059	287,506	444,903	-	80,322
<u>9,161,217</u>	<u>11,016,633</u>	<u>10,968,518</u>	<u>10,498,868</u>	<u>10,157,670</u>
<u>\$ 29,327,377</u>	<u>\$ 34,679,431</u>	<u>\$ 35,187,551</u>	<u>\$ 33,165,667</u>	<u>\$ 32,948,978</u>

SB 34

(Continued)

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

	Fiscal Year		
	2003	2004	2005
General revenues and other			
Changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes	\$ 20,323,727	\$ 18,883,567	\$ 18,859,161
Sales tax	4,763,934	4,504,133	5,261,458
Vehicle in-lieu tax	2,861,427	3,681,334	691,143
Vehicle in-lieu tax gap loan repayment	-	-	1,075,194
Utility users tax	3,143,376	3,154,439	3,103,159
Utility franchise tax	-	-	978,880
Business license tax	880,448	909,816	917,106
Transient occupancy tax	-	-	500,011
Other taxes	1,020,713	1,414,928	3,465,501
Revenues from use of money and property	583,883	617,980	1,461,509
Other	6,023	2,798	152,538
Gain/(Loss) on sale of property	-	-	-
Transfers	250,000	234,987	250,000
Total general revenues and transfers	<u>33,833,531</u>	<u>33,403,982</u>	<u>36,715,660</u>
Business-type activities:			
Investment income	702,346	11,779	363,839
Transfers	(250,000)	(234,987)	(250,000)
Total business-type activities	<u>452,346</u>	<u>(223,208)</u>	<u>113,839</u>
Total primary government	<u>34,285,877</u>	<u>33,180,774</u>	<u>36,829,499</u>
Changes in net assets			
Governmental activities	4,898,955	2,225,325	8,416,041
Business-type activities	4,107,720	1,054,089	2,415,728
Total primary government	<u>\$ 9,006,675</u>	<u>\$ 3,279,414</u>	<u>\$ 10,831,769</u>

The City has elected to show only eight years of data for this schedule to coincide with the implementation of GA
Source: City of Monterey Park Management Services Department

Fiscal Year				
2006	2007	2008	2009	2010
\$ 21,338,420	\$ 23,059,597	\$ 25,506,057	\$ 26,741,260	\$ 27,059,553
5,255,486	5,620,979	5,407,689	4,546,028	4,100,798
386,524	429,693	275,591	185,693	191,604
-	-	-	-	-
3,186,345	3,330,631	3,417,647	3,516,748	3,349,907
1,023,947	1,073,341	1,043,237	1,087,602	934,505
957,513	996,629	1,028,436	963,068	925,037
608,376	783,505	908,694	785,331	660,897
3,794,098	1,607,587	1,763,576	1,557,516	1,263,874
2,709,920	3,797,283	3,540,097	2,145,238	1,021,730
407,783	450,990	332,056	219,979	917,403
(3,587)	-	-	(3,346)	-
<u>250,000</u>	<u>250,000</u>	<u>262,000</u>	<u>265,000</u>	<u>278,000</u>
<u>39,914,825</u>	<u>41,400,235</u>	<u>43,485,080</u>	<u>42,010,117</u>	<u>40,703,308</u>
391,902	593,713	963,303	537,971	1,345,322
<u>(250,000)</u>	<u>(250,000)</u>	<u>(262,000)</u>	<u>(265,000)</u>	<u>(278,000)</u>
<u>141,902</u>	<u>343,713</u>	<u>701,303</u>	<u>272,971</u>	<u>1,067,322</u>
<u>40,056,727</u>	<u>41,743,948</u>	<u>44,186,383</u>	<u>42,283,088</u>	<u>41,770,630</u>
6,498,869	4,666,869	8,847,786	(1,697,511)	(4,972,157)
708,803	1,106,524	2,120,371	1,421,663	1,718,193
<u>\$ 7,207,672</u>	<u>\$ 5,773,393</u>	<u>\$ 10,968,157</u>	<u>\$ (275,848)</u>	<u>\$ (3,253,964)</u>

.SB 34

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

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund:			
Reserved	\$ 601,000	\$ 768,513	\$ 1,994,646
Unreserved			
Designated	5,790,000	6,040,000	6,040,000
Undesignated	<u>4,021,471</u>	<u>4,471,390</u>	<u>4,567,733</u>
Total general fund	<u>\$ 10,412,471</u>	<u>\$ 11,279,903</u>	<u>\$ 12,602,379</u>
All other governmental funds:			
Reserved	\$ 16,481,867	\$ 16,573,050	\$ 20,779,285
Unreserved			
Designated			
Special revenue funds	11,950,280	13,258,580	13,975,967
Capital project funds	17,614,834	18,845,681	22,395,185
Undesignated			
Special revenue funds	<u>(6,659)</u>	<u>-</u>	<u>(4,181,299)</u>
Total all other governmental funds	<u>\$ 46,040,322</u>	<u>\$ 48,677,311</u>	<u>\$ 52,969,138</u>
Total for Governmental Funds:	<u>\$ 56,452,793</u>	<u>\$ 59,957,214</u>	<u>\$ 65,571,517</u>

The City has elected to show only eight years of data for this schedule to coincide with the implementat:
Source: City of Monterey Park Management Services Department

Fiscal Year				
2006	2007	2008	2009	2010
\$ 1,809,501	\$ 1,211,462	\$ 1,261,963	\$ 1,362,662	\$ 753,063
7,840,000	8,690,000	10,490,000	10,490,000	10,490,000
<u>5,460,149</u>	<u>6,171,922</u>	<u>6,697,819</u>	<u>5,246,912</u>	<u>2,519,641</u>
<u>\$ 15,109,650</u>	<u>\$ 16,073,384</u>	<u>\$ 18,449,782</u>	<u>\$ 17,099,574</u>	<u>\$ 13,762,704</u>
\$ 17,223,733	\$ 26,330,589	\$ 36,141,704	\$ 39,028,095	\$ 38,255,420
11,324,980	11,964,044	13,350,337	12,913,552	12,332,777
24,700,708	20,236,746	15,499,432	18,194,096	17,082,204
<u>(2,229,696)</u>	<u>(3,595,231)</u>	<u>(2,631,806)</u>	<u>(1,928,468)</u>	<u>(1,602,506)</u>
<u>\$ 51,019,725</u>	<u>\$ 54,936,148</u>	<u>\$ 62,359,667</u>	<u>\$ 68,207,275</u>	<u>\$ 66,067,895</u>
<u>\$ 66,129,375</u>	<u>\$ 71,009,532</u>	<u>\$ 80,809,449</u>	<u>\$ 85,306,849</u>	<u>\$ 79,830,599</u>

ion of GASB 34.

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

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

The City has elected to show only eight years of data for this schedule to coincide with the implementation of GASB 34
Source: City of Monterey Park Management Services Department

Fiscal Year					
	2006	2007	2008	2009	2010
\$	35,533,276	\$ 37,981,560	\$ 40,432,674	\$ 40,316,886	\$ 38,619,421
	2,355,310	2,151,806	2,929,898	2,797,953	2,419,414
	5,147,213	6,311,434	4,185,040	5,036,290	6,318,925
	12,087,372	12,243,396	13,878,802	13,125,471	11,584,210
	2,695,272	3,786,117	3,540,095	2,137,057	939,476
	1,218,183	1,484,320	2,347,916	1,687,318	1,393,098
	446,828	441,725	332,155	304,985	996,867
	<u>59,483,454</u>	<u>64,400,358</u>	<u>67,646,580</u>	<u>65,405,960</u>	<u>62,271,411</u>
	3,617,431	4,175,114	3,543,528	3,585,033	3,633,847
	21,702,423	22,882,590	24,843,834	25,873,335	26,459,263
	4,887,781	6,954,496	5,990,947	8,085,618	11,424,004
	5,153,714	5,449,379	5,953,354	6,151,628	5,870,577
	4,251,299	4,372,836	4,602,434	4,688,134	4,721,343
	5,289,411	5,523,633	5,749,284	6,026,191	6,094,492
	10,488,775	9,164,797	5,189,775	5,385,481	9,045,208
	1,801,611	1,776,129	1,753,079	1,677,419	2,229,221
	4,229,442	3,148,785	2,979,373	2,916,198	2,853,313
	-	-	-	-	-
	<u>61,421,887</u>	<u>63,447,759</u>	<u>60,605,608</u>	<u>64,389,037</u>	<u>72,331,268</u>
	<u>(1,938,433)</u>	<u>952,599</u>	<u>7,040,972</u>	<u>1,016,923</u>	<u>(10,059,857)</u>
	3,131,496	6,059,430	5,801,280	6,501,942	5,344,657
	(2,881,496)	(6,009,430)	(6,039,280)	(6,236,942)	(5,066,657)
	-	(510,178)	-	-	-
	6,306	-	1,337	1,345	599,751
	-	-	-	-	-
	2,239,985	2,587,736	-	-	-
	-	-	2,995,608	3,214,132	3,705,856
	-	1,800,000	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>2,496,291</u>	<u>3,927,558</u>	<u>2,758,945</u>	<u>3,480,477</u>	<u>4,583,607</u>
\$	<u>557,858</u>	<u>\$ 4,880,157</u>	<u>\$ 9,799,917</u>	<u>\$ 4,497,400</u>	<u>\$ (5,476,250)</u>
	13.43%	9.98%	9.34%	8.44%	8.73%

4.

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

Fiscal Year			Taxable	Total
Ended			Assessed	Direct Tax
June 30	Secured	Unsecured	Value	Rate ⁽²⁾
2001	\$ 3,038,055	\$ 99,766	\$ 3,137,821	0.091175
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

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.

Source: County of Los Angeles Department of Auditor-Controller
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)

	Fiscal Year			
	2001	2002	2003	2004
City Direct Rates:				
Monterey Park	0.09117	0.09117	0.09117	0.09117
Overlapping Rates:				
Los Angeles Community College District	0.00000	0.01600	0.01460	0.01986
Garvey School District	0.00000	0.03118	0.05287	0.02471
Los Angeles County Flood Control District	0.00155	0.00107	0.00088	0.00046
Metropolitan Water District	0.00880	0.00770	0.00670	0.00610
San Gabriel Valley Water District	<u>0.02175</u>	<u>0.02400</u>	<u>0.03910</u>	<u>0.03630</u>
Total Direct Rate	<u>0.12327</u>	<u>0.17112</u>	<u>0.20532</u>	<u>0.17860</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					
2005	2006	2007	2008	2009	2010
0.09117	0.09117	0.09117	0.09117	0.09117	0.09117
0.01810	0.01429	0.02146	0.00879	0.02212	0.02311
0.02319	0.05221	0.05074	0.05060	0.06835	0.07836
0.00025	0.00002	0.00005	0.00000	0.00000	0.00000
0.00580	0.00520	0.00470	0.00450	0.00430	0.00430
<u>0.03230</u>	<u>0.03230</u>	<u>0.03230</u>	<u>0.03230</u>	<u>0.02830</u>	<u>0.02830</u>
<u>0.17081</u>	<u>0.19519</u>	<u>0.20042</u>	<u>0.18736</u>	<u>0.21424</u>	<u>0.22524</u>

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

Taxpayers	2010	
	Taxable Assessed Valuation	Percent of Total City Taxable Assessed Valuation
Los Angeles Corporate Center LLC	\$ 92,916,900	1.72%
Garfield Calmed Investment LP	70,141,362	1.30%
Union Bank	54,713,878	1.01%
Atlantic Times Sqaure II LLC	54,368,444	1.01%
1977 Saturn LLC	50,370,000	0.93%
GMS Five LLC	33,779,241	0.63%
Emerald Hills LLC	30,006,726	0.56%
Atlantic Shopping Center LP	22,056,480	0.41%
Real Estate Investors 1984 1	22,000,000	0.41%
901 Corporate Center LP	21,640,320	0.40%
	\$ 451,993,351	8.38%

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

Source: HDL Coren & Cone
County of Los Angeles Department of Auditor-Controller

Taxpayers	2001	
	Taxable Assessed Valuation	Percent of Total City Taxable Assessed Valuation
National Medical Hospital of Monterey Park	\$ 62,889,797	2.00%
Union Bank	36,461,393	1.16%
Arden Realty Finance Partnership	36,247,138	1.16%
Lloyds Bank California	28,460,000	0.91%
GMS Realty	21,904,079	0.70%
Pacifica Arka Monterey Park LLC	15,859,108	0.51%
GMS Five LLC	13,966,032	0.45%
Mars Investments	13,906,905	0.44%
Real Estate Invstors 1984 1	13,160,000	0.42%
Aespace America Inc.	12,750,000	0.41%
	\$ 255,604,452	8.15%

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
2001	3,844,072	3,736,076	97.19%	120,511	3,856,587	100.33%
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%

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
2001	\$ -	\$ 11,050	\$ 20,810	\$ 10,870
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

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

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
\$ -	\$ -	\$ 1,915	\$ 44,645
-	-	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

(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
2001	\$ 1,642	\$ 46,287	0.02%	744
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	N/A	1,394
2010	6,651	91,520	N/A	1,407

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

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			Percent of Assessed Valuation ⁽¹⁾	Per Capita
	Pension Obligation Bonds	Tax Allocation Bonds	Total		
2001	\$ -	\$ 31,860	\$ 31,860	1.0154%	512
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

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, 2010

City Assessed Valuation	\$ 4,467,164,719
Redevelopment Agency Incremental Valuation	929,182,021
Total Assessed Valuation	<u>\$ 5,396,346,740</u>

	<u>Percentage Applicable(%)</u>	<u>Net Bonded Debt Debt 6/30/10</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District	0.031	\$ 12,475,156	\$ 3,867
Garvey School District DS	28.483	41,246,300	11,748,184
LA CCD DS	0.919	2,365,515,000	21,739,083
Los Angeles Unified DS	0.040	13,389,185,000	5,355,674
Montebello Unified DS	8.034	109,630,343	8,807,702
Alhambra Unified DS	32.703	128,513,883	42,027,895
Total overlapping debt repaid with property taxes		<u>\$ 16,046,565,682</u>	<u>\$ 89,682,405</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			
	2001	2002	2003	2004
Assessed valuation	3,137,821	3,332,929	3,520,420	3,731,994
Debt limit percentage	15%	15%	15%	15%
Debt limit	470,673	499,939	528,063	559,799
Total net debt applicable to limit: Pension obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,405</u>
Legal debt margin	<u>\$ 470,673</u>	<u>\$ 499,939</u>	<u>\$ 528,063</u>	<u>\$ 542,394</u>
Total debt applicable to the limit as a percentage of debt limit	0.0000%	0.0000%	0.0000%	3.1092%

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

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

Fiscal Year					
2005	2006	2007	2008	2009	2010
3,962,048	4,274,060	4,640,884	4,998,635	5,322,844	5,396,347
15%	15%	15%	15%	15%	15%
594,307	641,109	696,133	749,795	798,427	809,452
<u>17,405</u>	<u>17,405</u>	<u>17,405</u>	<u>17,405</u>	<u>17,380</u>	<u>16,855</u>
<u>\$ 576,902</u>	<u>\$ 623,704</u>	<u>\$ 678,728</u>	<u>\$ 732,390</u>	<u>\$ 781,047</u>	<u>\$ 792,597</u>
2.9286%	2.7148%	2.5002%	2.3213%	2.1768%	2.0823%

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	
2001	4,888	1,085	1,970	1.60
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

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
2001	62,181	294,508,314	30,503	4.0%
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	N/A	N/A	8.5%
2010	65,027	N/A	N/A	9.4%

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

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

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

Employers	2010	
	Number of Employees	Percent of Total Employment
East Los Angeles Community College	1,969	0.045%
Garfield Medical Center	970	0.022%
Los Angeles County Sheriff's Department	791	0.018%
L.A County Children's Court	736	0.017%
City of Monterey Park	440	0.010%
Monterey Park Hospital	362	0.008%
Care 1st Health Plan (2 Locations)	316	0.007%
Southern California Gas Company	279	0.006%
Pacific Bell	228	0.005%
SynerMed Inc	217	0.005%
Ralph's Grocery Store (2 Locations)	158	0.004%
Remitco LLC	133	0.003%
California Highway Patrol	131	0.003%
Chinese Daily News	128	0.003%
Southern California Edison Co.	125	0.003%
Camino Real Chevrolet	121	0.003%
CVS Pharmacies (2 Locations)	117	0.003%

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

Sources: City of Monterey Park Management Services Department
State of California Employment Development Department-Labor Market Information

Employers	2001	
	Number of Employees	Percent of Total Employment
East Los Angeles Community College	2,988	0.067%
Union Processing Center	1,600	0.036%
Sanwa (United California Bank) Processing Center	1,000	0.022%
Garfield Medical Center	879	0.020%
LA County Children's Court	800	0.018%
Los Angeles County Sheriff's Department	532	0.012%
Community Development Commission	500	0.011%
Pacific Bell (3 Locations)	443	0.010%
City of Monterey Park	400	0.009%
Monterey Park Hospital	336	0.007%
Southern California Gas Company	248	0.006%
Frontline Prosthetics	164	0.004%
La Colonial Tortilla Products, Inc.	161	0.004%
Chinese Daily News	159	0.004%
Ralph's Grocery Store (2 Locations)	157	0.004%
Lyte Optronics, Inc.	160	0.004%
California Highway Patrol	134	0.003%

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>2001</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>
General Government	38	38	37	39	40	38	38	38	37	32
Public Safety	188	193	193	193	193	193	194	196	195	185
Public Works	60	60	60	60	61	63	63	63	62	59
Culture and Recreation	89	89	89	89	77	78	88	90	85	73
Community Development	<u>29</u>	<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>
Total	<u>403</u>	<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>

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			
	2001	2002	2003	2004
Police:				
Number of service calls	58,342	47,073	46,237	50,587
Response time priority I (emergency) (minutes/seconds)	4:04	4:34	3:54	3:47
Fire:				
Number of emergency calls	3,636	3,286	3,528	3,484
Inspections	2,059	1,578	2,148	1,911
Public works:				
Street resurfacing (miles)	1.54	0.64	-	0.82
Parks and recreation:				
Hours of recreation classes	600	650	602	650
Number of facility rentals	269	269	247	250
Water:				
Meters changed and upgrades	1,853	799	504	520
Water turn-ons and turn-offs	2,182	2,387	3,514	3,277
Average daily consumption (thousand of gallons)	10,000	10,000	10,000	10,000

Sources: City of Monterey Park Annual Budget
City of Monterey Park Management Services Department
City of Monterey Park Engineering Division

Fiscal Year					
2005	2006	2007	2008	2009	2010
55,883	56,197	50,908	54,696	54,925	52,787
4:28	4:24	4:05	4:17	4:25	4:08
3,587	3,640	3,895	4,163	4,094	4,190
2,165	2,566	2,597	2,747	3,372	3,516
-	-	2.22	2.38	-	7.66
723	770	770	770	770	770
235	269	235	235	241	177
459	641	653	712	518	590
3,744	3,574	3,744	2,905	2,939	2,574
10,000	11,000	11,000	11,000	11,000	11,000

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

	Fiscal Year			
	2001	2002	2003	2004
Police:				
Stations	1	1	1	1
Fire:				
Fire stations	3	3	3	3
Public works:				
Streets (miles)	115	115	115	115
Streetlights	3,359	3,359	3,359	3,359
Traffic signals	75	75	75	75
Parks and recreation:				
Parks	13	13	13	13
Community centers				
Water:				
Water mains (miles)	132	134	134	134
Maximum daily capacity (thousands of gallons)	12,369	12,493	12,618	12,744
Wastewater:				
Sanitary sewers (miles)	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43

Sources: City of Monterey Park Annual Budget
City of Monterey Park Water Division

Fiscal Year					
2005	2006	2007	2008	2009	2010
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
12,871	13,000	13,130	13,540	12,140	11,733
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				
	2001	2002	2003	2004	2005
Type of Customer:					
Residential	2,325.0	2,367.0	2,394.0	2,354.0	2,390.3
Commercial	894.0	905.0	910.0	908.0	885.0
Institutional	41.0	42.0	43.0	54.0	66.0
Government	39.0	41.0	40.0	44.1	50.0
Total	<u>3,299.0</u>	<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
2,390.2	2,442.3	2,482.5	2,814.1	2,693.5
891.4	916.4	874.0	924.6	925.8
76.7	81.2	76.7	132.3	127.8
52.4	61.8	62.0	87.6	90.1
<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>

CITY OF MONTEREYPARK
Water Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rate	Rate per 1,000 Gallons
2001	\$ 9.08	1.58
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

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)

Water Customer	2010		2005	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Aespace America Inc.	\$ 60,788	0.88%	\$ 59,672	0.73%
Garfield Medical Center	56,010	0.81%	52,154	0.64%
Monterey Park Golf Course	36,291	0.53%	40,616	0.50%
New Cure Inc.	35,361	0.51%	8,830	0.11%
Southern California Edison (Mesa)	35,069	0.51%	26,831	0.33%
Garfield Estates	34,983	0.51%	30,669	0.38%
Lincoln Best Hotel	32,198	0.47%	-	0.00%
Union Bank of California #24	29,577	0.43%	27,905	0.34%
Ocean Star Seafood	26,994	0.39%	33,649	0.41%
Ridgewood Apartments	24,355	0.35%	33,888	0.42%
Monterey Park Int. Hospital	23,440	0.34%	8,473	0.10%
L.A. County Internal Services	22,429	0.32%	26,916	0.33%
	\$ 417,495	6.04%	\$ 349,604	4.28%

Source: City of Monterey Park Management Services Department