

CITY OF
Los Alamitos
California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014



CITY OF LOS ALAMITOS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014



CITY OF LOS ALAMITOS
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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January 20, 2015

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Los Alamitos (the City) for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by Moss, Levy and Hartzheim, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2014. The independent auditor's report is presented as the first component of the financial section of this report.

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

City of Los Alamitos Profile

The City of Los Alamitos, which has a population of 11,729 and is 4.3 square miles, is located in the northwest section of Orange County.

The City is strategically located in Southern California, 30 miles from downtown Los Angeles and 10 miles from Anaheim. The City is 10 miles northeast of the seaport terminal of Long Beach, and 13 miles northeast of the Port of Los Angeles. Neighboring communities include Long Beach, Seal Beach, Cypress and Garden Grove.

The City of Los Alamitos is a Charter City and was incorporated on March 1, 1960. The City has a Council-Manager form of government. The City Council is comprised of five members elected bi-annually to four-year alternating terms. The City Council annually elects a Mayor from its members. The City Council appoints the City Manager, who is responsible for the day-to-day administration and management of City business within all City departments. The City employs a staff of fifty full-time employees. The City has a contract with Mr. Cary S. Reisman for city attorney services.

The City provides many services, including police protection, construction and maintenance of streets and other infrastructure, public improvements, planning and zoning, recreational activities and cultural events, and general administrative and support services.

The annual budget serves as the foundation for the City's financial planning and control. The City Council holds public hearings and adopts an annual budget resolution for all funds. Adoption of the annual budget must occur prior to the conclusion of the prior fiscal year. The City Council may modify appropriations with majority approval. The budgets are adopted and presented on a basis consistent with generally accepted accounting principles.

Changes in budget appropriations at the fund level during the year must be approved by the City Council. The legal level of expenditures is controlled at the department level and appropriations lapse at the end of each fiscal year unless encumbered for re-appropriation by the City Council in the following fiscal year. The City Manager may, without Council approval, amend individual line items within any department, and between divisions and programs, in the personnel costs, maintenance and operations, capital outlay and capital projects portions of the budget without increasing total appropriations for any fund.

Economic Outlook

The City of Los Alamitos' economic outlook for fiscal year 2014-15 remains positive, and there continues to be very positive signs that the economy is once again showing moderate growth in many categories of General Fund revenues. Although more than four years have passed since the technical end of the worst recession in memory, economic recovery has been slow. The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 64.9% of all General Fund revenues. The majority of the tax revenues are collected from property taxes, sales taxes, and utility users' taxes. The City's sales tax revenues have remained stable, and the City is expecting revenues to show a moderate increase into the next fiscal year. The City's property tax revenues are expected to show very positive growth from FY13-14, based upon an increase in assessed valuations of 6.4%. The City's third major tax revenue source, utility users' tax, is expected to continue to reflect moderate growth, in the range of 3-4%, in line with the expected growth in Fiscal Year 2014-15. While the City expects revenue sources to increase slightly during the upcoming fiscal year, we

continue to be cautious with the City's financial resources, producing a balanced operating budget and maintaining vital services to the community.

Long-Term Financial Planning and Major Initiatives

As of June 30, 2014, the City's General Fund spendable fund balance totaled \$8,266,590. Of this amount, \$3,123,565 is designated for emergency purposes to provide a source of funds in the event of an unexpected emergency, \$3,150,000 is designated as a reserve to maintain funding for retirement benefits at 80%, and \$250,000 is designated to fund extraordinary general liability and workers' compensation claims. An additional \$250,000 is assigned to expenditures pertaining to retiree medical insurance benefits, \$200,000 is set aside for the Los Alamitos Boulevard project and \$75,000 is designated for the General Plan.

Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal year 2014/15 are approximately \$2.3 million. Funding comes from multiple sources, including existing funds, user fees, special tax revenues, and regional, state and federal funds. The CIP consists primarily of transportation-related projects and parks projects.

Acknowledgements

The preparation and publication of this report would not have been possible without the dedication, professionalism, and teamwork of the entire staff of the Administrative Services Department. I would like to express my appreciation to all members of the department who assisted in its preparation. The City Council has continued to extend their support to the Administrative Services Department in the planning of responsible and progressive financial operations. I would like to thank the Mayor and the City Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Bret M. Plumlee
City Manager



Jason Al-Imam
Administrative Services Director/Treasurer



CITY OF LOS ALAMITOS

DIRECTORY OF OFFICIALS

CITY COUNCIL

Richard D. Murphy, Mayor
Troy D. Edgar, Mayor Pro Tem
Dean Grose, Council Member
Shelley Hasselbrink, Council Member
Warren Kusumoto, Council Member

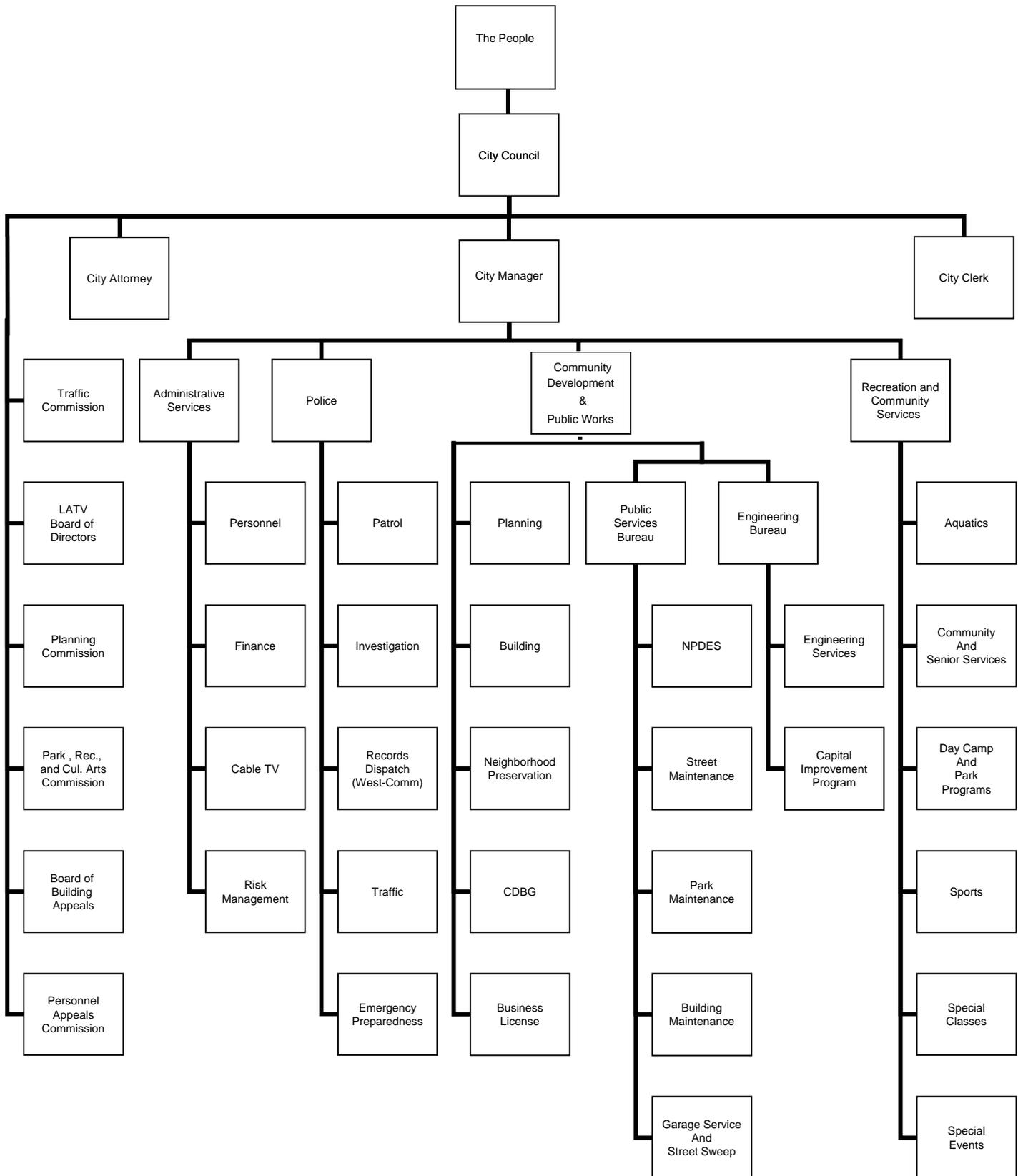
APPOINTED OFFICIALS

Bret Plumlee, City Manager
Cary Reisman, City Attorney
Windmera Quintanar, City Clerk

EXECUTIVE MANAGEMENT

Todd Mattern, Chief of Police
Steven Mendoza, Director of Community Development
David Hunt, City Engineer
Corey Lakin, Director of Recreation and Community Services
Jason Al-Imam, Administrative Services Director/City Treasurer

City of Los Alamitos Organizational Chart





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSRONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
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GOVERNMENTAL AUDIT SERVICES

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FAX: 310.670.1689
www.mlhcpas.com**INDEPENDENT AUDITOR'S REPORT**To the City Council of the
City of Los Alamitos
Los Alamitos, California**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Los Alamitos (City), California, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2013, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the Budgetary Comparison Schedules for the General Fund and major special revenue funds on pages 55 through 56, and the Schedule of Funding Progress for Post-Employment Benefits other than pensions on page 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Combining and Individual Non-major fund financial statements, Non-major funds Budgetary Comparison Schedules, Major Capital Project Budgetary Comparison Schedules, Combining Internal Service fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The Combining and Individual Non-major fund financial statements, Non-major funds Budgetary Comparison Schedules, Major Capital Project Budgetary Comparison Schedules, and the Combining Internal Service fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Culver City, California
January 20, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Los Alamitos ("City") offers readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow Governmental Accounting Standards Board Statement Number 34 and other Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences internal service fund activity, and depreciation to the various functions of the City; whereas the City's budget is an operational financial plan for the upcoming fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development, recreation and community services, and public works. The City has no business-type activities.

The Governmental Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified accrual basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the Basic Financial Statements fully describe these bases of accounting.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and

demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains seventeen 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 the General Fund, the Traffic Improvement Fund, Proposition 1B Fund and the Rivers & Mountains Conservancy Fund, which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are used to account for activities where the City needs to show the full costs of providing the services, including depreciation. The City maintains two internal service funds.

The City uses internal service funds to account for its fleet of vehicles and technology upgrades and replacements. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. Internal service funds are presented as proprietary funds because internal service funds follow the accrual basis of accounting.

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

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes.

Government-wide Financial Analysis

Tables 1 and 2 focus on the net position and changes in net position of the City's governmental activities.

TABLE 1
Net Position

	Governmental Activities – June 30,	
	2014	2013
Current and other assets	\$ 11,551,120	\$ 11,406,569
Capital assets	16,555,230	16,178,232
Total assets	28,106,350	27,584,801
Long-term debt outstanding	4,026,747	4,438,620
Other liabilities	1,223,750	1,056,138
Total liabilities	5,250,497	5,494,758
Net position:		
Net investment in capital assets	13,585,230	13,138,232
Restricted	878,262	840,766
Unrestricted	8,392,361	8,033,792
Total net position	\$ 22,855,853	\$ 22,012,790

The City's assets exceeded liabilities by \$22,855,853 at June 30, 2014, an increase of \$843,063 from June 30, 2013.

The largest portion of the City's net position (59 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

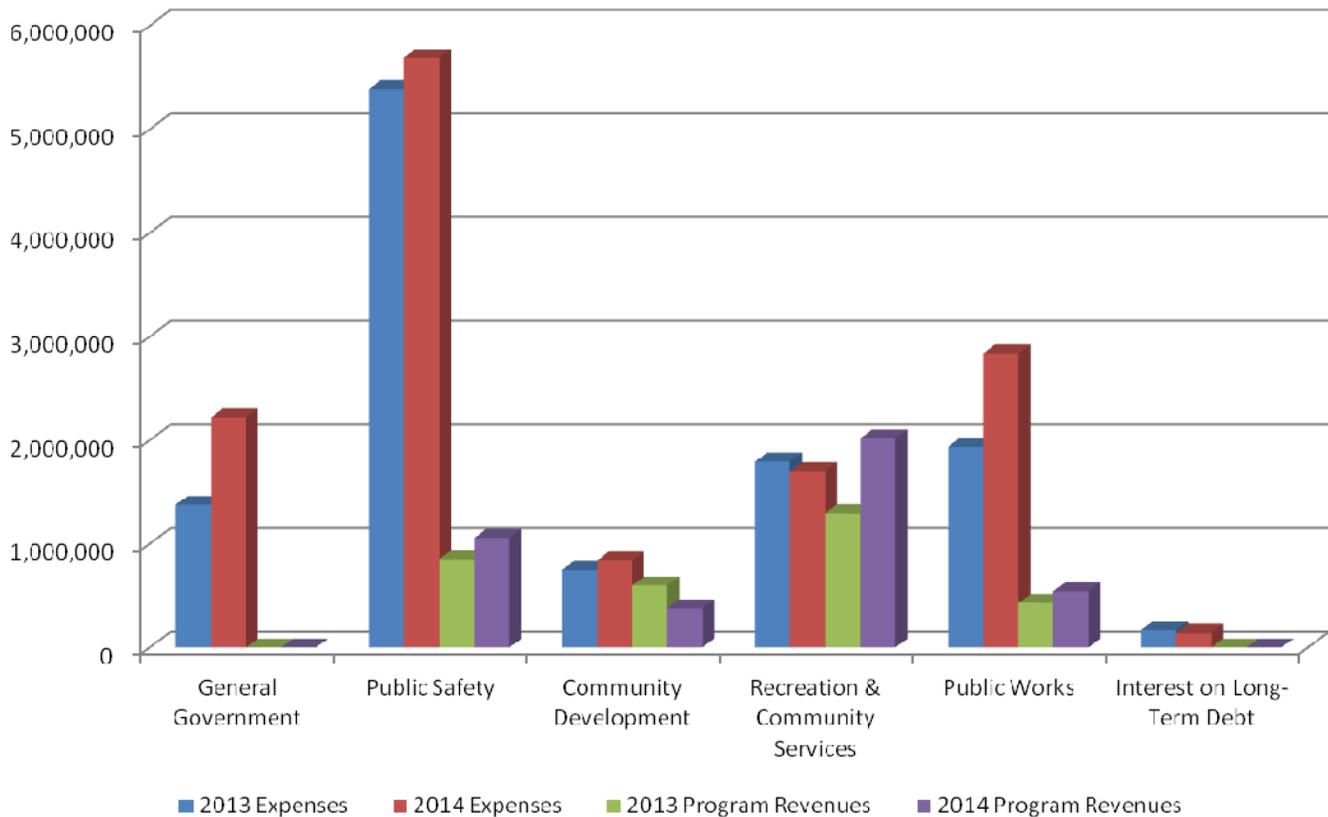
Governmental Activities. Governmental activities increased the City's net position by \$843,063 (4 percent). Key elements of the increase are illustrated in Table 2 below:

**TABLE 2
Changes in Net Position**

	Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for services	\$ 2,107,615	\$ 2,366,848
Operating contributions and grants	323,055	215,887
Capital contributions and grants	1,565,962	592,157
General revenues:		
Taxes:		
Property taxes	2,732,700	2,677,867
Utility users tax	2,188,436	2,160,281
Sales taxes	2,836,328	2,746,011
Franchise taxes	688,543	652,850
Business license and permits	936,914	693,917
Other taxes	619,064	474,369
Motor vehicle in lieu	-	5,206
Investment income	13,259	27,031
Gain on sale of property	-	37,265
Other	267,065	35,978
Total revenues	14,278,941	12,685,667
Expenses		
General government	2,223,289	1,377,047
Public safety	5,690,500	5,392,883
Community development	842,995	745,264
Recreation and community services	1,699,637	1,956,440
Public works	2,839,483	2,708,981
Interest on long-term debt	139,974	167,982
Total expenditures	13,435,878	12,348,597
Change in net position	843,063	337,070
Net position, beginning, as restated	22,012,790	21,675,720
Net position, ending	\$ 22,855,853	\$ 22,012,790

Table 3 below presents the cost of each of the City’s six largest programs—general government, public safety, community development, recreation and community services, public works, and interest on long-term debt —as well as their respective program revenues.

**TABLE 3
Expenses and Program Revenues**



See the Statement of Activities for further detail on program revenues and general revenues.

FINANCIAL ANALYSIS OF THE CITY’S MAJOR FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balance of \$8,540,574 a decrease of \$883,461 from the prior fiscal year’s

balance. \$7,726,155 or 90% of fund balance is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the fund balance classification *assigned*. Additionally, 10% of fund balance (\$828,938) is restricted, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.

The fund balance of the City's General Fund increased \$413,655 during the fiscal year. The increase is primarily attributable to an \$875,426 increase in revenues, which was partially offset by a \$569,798 increase in expenditures.

The increase in revenues was largely due to increases in sales tax revenue due to increased consumer spending and permits revenue related to the medical center improvements. Expenditures were higher in the current year primarily due to the payment to CalPERS in the amount of \$261,281 to payoff the side-fund liability. Also, contractual services for plan checks and inspections were higher in the current fiscal year due to the medical center improvements, which was offset with building permit revenue.

The Traffic Improvement Fund, Proposition 1B Fund and Rivers & Mountains Conservancy Fund showed decreases in fund balance of \$153,511, \$320,025 and \$698,317, respectively. The decrease in the Traffic Improvement Fund was attributable to planned spending of fund balance related to capital projects. The decreases in the Proposition 1B Fund and Rivers & Mountains Conservancy Fund related to spending on capital projects which will be offset with grant revenue received in the subsequent fiscal year. Other governmental funds realized a decrease in fund balance of \$125,263, which is primarily attributable to planned spending of fund balance in the Measure M Fund related to capital projects.

General Fund Budgetary Highlights

Actual revenues were \$853,198 more than the final budgeted amount before transfers, which is primarily due to better than projected sales tax revenue due to increased consumer spending and permits revenue related to the medical center improvements. The expenditures for the General Fund at fiscal year-end were \$324,098 more than the final budgeted expenditures, which is primarily due to the payment to CalPERS to payoff the side-fund liability.

Budget amendments and supplemental appropriations were made during the fiscal year which increased revenue projections by approximately \$200,000 and also increased appropriations in the amount of approximately \$140,000. The increases in budgeted revenues and expenditures largely relate to contractual services for plan checks and inspections and related building permit revenue associated with the medical center improvements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of FY 2013-14 the City had \$16.6 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase (including additions and deductions) of \$463,387, or 3 percent, more than the prior fiscal year.

TABLE 4
City of Los Alamitos Capital Assets Net of Depreciation

	Governmental Activities	
	2014	2013
Land	\$ 5,917,715	\$ 5,917,715
Buildings and improvements	1,082,059	1,149,116
Equipment	306,298	348,813
Vehicles	347,980	347,392
Infrastructure	7,851,805	7,951,059
Construction in progress	1,049,373	377,755
Totals	<u>\$ 16,555,230</u>	<u>\$ 16,091,850</u>

More detail on the City's capital assets can be found in Note 5 to the financial statements of this report.

Long-term liabilities. At the end of fiscal year 2013-14, the City had \$4 million in long-term liabilities which includes an outstanding bond indebtedness of \$3 million and \$1 million of claims payable, compensated absences, and other post employment benefit obligations, representing a 9 percent decrease over the prior fiscal year.

TABLE 5
City of Los Alamitos Long-Term Liabilities

	Governmental Activities	
	2014	2013
2006 Certificates of participation	\$ 2,970,000	\$ 3,040,000
Claims payable	49,518	182,611
Compensated absences	526,583	557,231
PERS Side Fund	-	269,507
Other post-employment benefit obligation	480,646	389,271
Total liabilities	<u>\$ 4,026,747</u>	<u>\$ 4,438,620</u>

More detail on the City's long-term liabilities can be found in Notes 6 and 10 to the financial statements section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's economic outlook for Fiscal Year 2014-15 reflects a growing economy, but at a very modest pace. In spite of the negative impact of one of the worst economic downturns in memory during the past several years, which resulted in significantly lower revenue streams, the outlook for the City remains relatively positive. Building related revenues grew substantially in FY 2013-14, and although projected to be lower in FY 2014-15, are still quite healthy, and are declining primarily as a result of the expansion of Los Alamitos Medical Center in the previous fiscal year, and not because of a downturn in local construction.

The City has seen growth in sales tax revenues since FY 2009-10. Additional increases are projected in the coming year, but projected growth is forecasted at a very modest 2.8% in FY 2014-15, compared to FY 2013-14.

The City's property tax revenues are expected to show very positive growth in FY 2014-15, based upon an increase in assessed valuations of 6.4%.

The third major revenue source, Utility Users' Tax, is projected to be 3.3% greater in FY 2014-15. Despite a voter approved reduction in the Telephone Users Tax (TUT) from 6% to 5% for FY 2013-14, there has been steady growth in water utility users' tax and modest increases in electric and gas.

With departmental mission statements, goals, accomplishments, program descriptions, service objectives and work plans, the City continues to adopt a budget that not only serves as financial plan, but also a communication device, policy tool and operations guide for the City Council and citizens of Los Alamitos. It is anticipated that the City will remain in good financial condition throughout the fiscal year and beyond.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City of Los Alamitos citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to illustrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Administrative Services Department at the City of Los Alamitos, 3191 Katella Avenue, Los Alamitos, California, 90720, (562) 431-3538.



GOVERNMENT – WIDE FINANCIAL STATEMENTS

CITY OF LOS ALAMITOS
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Pooled cash and investments	\$ 8,855,491
Receivables:	
Accounts	1,481,087
Due from employees	8,196
Accrued interest	4,800
Due from other governments	873,508
Miscellaneous:	
PERS side fund asset	107,853
Restricted assets:	
Cash and investments with fiscal agent	220,185
Capital assets:	
Non-depreciable assets	6,967,088
Depreciable assets, net	9,588,142
	<hr/>
Total Assets	28,106,350
	<hr/>
LIABILITIES	
Accounts payable	582,136
Accrued liabilities	305,782
Interest payable	45,842
Deposits payable	75,832
Unearned revenue	214,158
Long-term liabilities:	
Due within one year	294,506
Due in more than one year	3,732,241
	<hr/>
Total Liabilities	5,250,497
	<hr/>
NET POSITION	
Net investment in capital assets	13,585,230
Restricted for:	
PEG	115,409
Street and urban development projects	507,972
Public safety	55,459
Debt service	174,343
Air quality improvement	25,079
Unrestricted	8,392,361
	<hr/>
Total Net Position	\$ 22,855,853
	<hr/> <hr/>

CITY OF LOS ALAMITOS
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenues and Changes in Net Position
					Primary Governmental Activities
Governmental Activities:					
General government	\$ 2,223,289	\$ -	\$ -	\$ -	\$ (2,223,289)
Public safety	5,690,500	735,171	323,055		(4,632,274)
Community development	842,995	113,037		263,933	(466,025)
Recreation and community services	1,699,637	1,241,331		778,564	320,258
Public works	2,839,483	18,076		523,465	(2,297,942)
Interest on long-term debt	139,974				(139,974)
Total Governmental Activities	\$ 13,435,878	\$ 2,107,615	\$ 323,055	\$ 1,565,962	(9,439,246)
General Revenues:					
Taxes:					
					2,732,700
					2,188,436
					112,866
					2,836,328
					688,543
					936,914
					506,198
					13,259
					267,065
					10,282,309
					843,063
					22,003,661
					9,129
					22,012,790
					\$ 22,855,853

CITY OF LOS ALAMITOS
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Traffic Improvement Fund</u>	<u>Proposition 1B Fund</u>	<u>Rivers & Mountains Conservancy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Pooled cash and investments	\$ 7,102,246	\$ 428,673	\$ -	\$ -	\$ 949,590	\$ 8,480,509
Receivables:						
Accounts	475,736			1,001,333	4,018	1,481,087
Due from employees	8,196					8,196
Accrued interest	4,800					4,800
Due from other governments	445,278		335,443		92,787	873,508
Due from other funds	1,213,720					1,213,720
Restricted assets:						
Cash and investments with fiscal agent					220,185	220,185
Total Assets	<u>\$ 9,249,976</u>	<u>\$ 428,673</u>	<u>\$ 335,443</u>	<u>\$ 1,001,333</u>	<u>\$ 1,266,580</u>	<u>\$ 12,282,005</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 523,867	\$ 2,676	\$ -	\$ 3,924	\$ 28,817	\$ 559,284
Accrued liabilities	272,299			31,373		303,672
Due to other funds			335,443	870,000	8,277	1,213,720
Unearned revenue	65,203	148,955				214,158
Deposits payable	75,832					75,832
Total Liabilities	<u>937,201</u>	<u>151,631</u>	<u>335,443</u>	<u>905,297</u>	<u>37,094</u>	<u>2,366,666</u>
Deferred Inflows of Resources						
Unearned revenue- unavailable	37,989		335,443	1,001,333		1,374,765
Total Deferred Inflows of Resources	<u>37,989</u>		<u>335,443</u>	<u>1,001,333</u>		<u>1,374,765</u>
Fund Balances						
Nonspendable	8,196					8,196
Restricted					828,938	828,938
Assigned	7,048,565	277,042			400,548	7,726,155
Unassigned	1,218,025		(335,443)	(905,297)		(22,715)
Total Fund Balances (Deficits)	<u>8,274,786</u>	<u>277,042</u>	<u>(335,443)</u>	<u>(905,297)</u>	<u>1,229,486</u>	<u>8,540,574</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,249,976</u>	<u>\$ 428,673</u>	<u>\$ 335,443</u>	<u>\$ 1,001,333</u>	<u>\$ 1,266,580</u>	<u>\$ 12,282,005</u>

CITY OF LOS ALAMITOS
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2014

Fund Balances - Total Governmental Funds	\$ 8,540,574
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources governmental fund activity.	16,555,230
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2014 are:	
Certificates of participation	\$ (2,970,000)
Claims and judgments	(49,518)
Compensated absences	(526,583)
Net OPEB obligation	<u>(480,646)</u>
	(4,026,747)
Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds.	(45,842)
Long-term assets that are not available for current use are recorded as unearned revenue under the modified accrual basis of accounting.	1,374,765
Long-term asset from super-funded PERS side fund for miscellaneous employees that is not available for current use has not been reported in governmental funds.	107,853
Internal service funds are used by management to charge costs of certain activities, such as equipment management to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position (net of capital assets and compensated absences reported above).	<u>350,020</u>
Net Position of Governmental Activities	<u><u>\$ 22,855,853</u></u>

CITY OF LOS ALAMITOS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Traffic Improvement Fund	Proposition 1B Fund	Rivers & Mountains Conservancy Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 8,904,575	\$ -	\$ -	\$ -	\$ 515,438	\$ 9,420,013
Licenses and permits	936,914					936,914
Intergovernmental	21,338				128,338	149,676
Charges for services	1,367,472				29,020	1,396,492
Investment earnings	1,746	102			182	2,030
Fines and forfeitures	709,809					709,809
Program revenue					189,147	189,147
Miscellaneous	374,554				17,106	391,660
Total Revenues	12,316,408	102			879,231	13,195,741
Expenditures						
Current:						
General government	2,062,217				37,474	2,099,691
Public safety	5,874,051					5,874,051
Community development	829,492					829,492
Recreation and community services	1,619,944					1,619,944
Public works	1,685,820				462	1,686,282
Capital outlay		153,613	320,025	698,317	571,704	1,743,659
Debt service:						
Principal					70,000	70,000
Interest and fiscal charges					140,981	140,981
Total Expenditures	12,071,524	153,613	320,025	698,317	820,621	14,064,100
Excess of Revenues Over (Under) Expenditures	244,884	(153,511)	(320,025)	(698,317)	58,610	(868,359)
Other Financing Sources (Uses)						
Transfers in	394,824				210,951	605,775
Transfers out	(226,053)				(394,824)	(620,877)
Total Other Financing Sources (Uses)	168,771				(183,873)	(15,102)
Net Changes in Fund Balances	413,655	(153,511)	(320,025)	(698,317)	(125,263)	(883,461)
Fund Balances (Deficits), July 1, 2013	7,861,131	430,553	(15,418)	(206,980)	1,354,749	9,424,035
Fund Balances (Deficits), June 30, 2014	<u>\$ 8,274,786</u>	<u>\$ 277,042</u>	<u>\$ (335,443)</u>	<u>\$ (905,297)</u>	<u>\$ 1,229,486</u>	<u>\$ 8,540,574</u>

CITY OF LOS ALAMITOS
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (883,461)

Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capitalizable capital outlay less the disposition of capital assets exceeded depreciation in the current period:

Capital expenditures	\$ 816,014	
Depreciation expense	(315,761)	
Deletions	<u>(13,350)</u>	486,903

The issuance of long-term debt provides financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of this difference in the treatment of long-term debt and related items:

Principal payments	\$ 70,000	
PERS Side Fund	<u>261,281</u>	331,281

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Interest expense	\$ 1,007	
PERS side fund	(93,069)	
OPEB contribution	<u>(91,375)</u>	(183,437)

Payment of accrued claims is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position (net change). 133,093

Compensated absences expense reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (net change). 30,375

Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds (net change):

Intergovernmental income	\$ 1,098,589	
Sales tax	4,010	
Miscellaneous	<u>(35,100)</u>	1,067,499

Internal service funds are used by management to charge costs of certain activities such as, equipment management and self-insurance to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (139,190)

Change in net position of governmental activities \$ 843,063

CITY OF LOS ALAMITOS
Statement of Net Position
Proprietary Funds
June 30, 2014

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Cash and investments	\$ 374,982
Total Current Assets	<u>374,982</u>
Noncurrent Assets:	
Capital assets, net	<u>347,446</u>
Total Noncurrent Assets	<u>347,446</u>
Total Assets	<u>722,428</u>
Liabilities	
Current Liabilities:	
Accounts payable	22,852
Accrued liabilities	2,110
Compensated absences	<u>2,921</u>
Total Current Liabilities	<u>27,883</u>
Long-Term Liabilities:	
Compensated absences	<u>12,869</u>
Total Long - Term Liabilities	<u>12,869</u>
Total Liabilities	<u>40,752</u>
Net Position	
Net investment in capital assets	347,446
Unrestricted	<u>334,230</u>
Total Net Position	<u>\$ 681,676</u>

CITY OF LOS ALAMITOS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for services	\$ 381,617
Total Operating Revenues	<u>381,617</u>
Operating Expenses:	
Personnel services	84,011
Supplies and materials	175,390
Outside services	128,980
Depreciation	<u>152,000</u>
Total Operating Expenses	<u>540,381</u>
Operating Loss	<u>(158,764)</u>
Non-Operating Revenues:	
Insurance Reimbursement	<u>4,472</u>
Total Non-Operating Revenues	<u>4,472</u>
Excess (Deficit) of Revenues over Expenses	<u>(154,292)</u>
Other Financing Sources (Uses)	
Transfers in	<u>15,102</u>
Total Other Financing Sources (Uses)	<u>15,102</u>
Change in Net Position	<u>(139,190)</u>
Net Position, July 1, 2013	734,484
Prior Period Adjustment	<u>86,382</u>
Net Position, July 1, 2013, as restated	<u>820,866</u>
Net Position, June 30, 2014	<u>\$ 681,676</u>

CITY OF LOS ALAMITOS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from user departments	\$ 381,617
Cash paid to suppliers for goods and services	(295,703)
Cash paid to employees for services	(83,893)
	<hr/>
Net Cash Provided (Used) by Operating Activities	2,021
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(42,095)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(42,095)
	<hr/>
Cash Flows from Non-Capital and Related Financing Activities:	
Insurance reimbursement	4,472
Transfers in	15,102
	<hr/>
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	19,574
	<hr/>
Net Decrease in Cash and Cash Equivalents	(20,500)
	<hr/>
Cash and Cash Equivalents at the Beginning of the Fiscal Year	395,482
	<hr/>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 374,982</u>
	<hr/>
Reconciliation of Operating Loss to	
Net Cash Provided (Used) by Operating Activities:	
Operating loss	\$ (158,764)
Depreciation	152,000
Change in assets and liabilities:	
Increase (decrease) in accounts payable	8,667
Increase (decrease) in accrued liabilities	391
Increase (decrease) in compensated absences	(273)
	<hr/>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,021</u>
	<hr/>

NOTES TO THE BASIC FINANCIAL STATEMENTS



City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Los Alamitos, California (the City) was incorporated March 1, 1960. The Charter of the City of Los Alamitos was adopted by a vote of the people in September 1966, and the City enjoys all rights and privileges pertaining to such “Charter Law” cities.

The component unit discussed below is included in the City’s reporting entity because of the significance of its operational and financial relationship with the City. This entity is legally separate from the City. However, the City of Los Alamitos’ elected officials have continuing accountability for fiscal matters of this entity.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit’s balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit’s governing body is substantially the same as the City’s or the component unit provides services almost entirely to the City.

Blended Component Unit

The Los Alamitos Public Facilities Corporation (the Corporation) was formed February 6, 2006, pursuant to the Non-Profit Corporation Law of the State of California for the purpose of assisting the City in financing the acquisition, construction and improvement for public benefit within the City limits. The Corporation is governed by a five-member board that is the City Council of the City of Los Alamitos. Separate financial statements are not prepared.

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The City’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information on all of the activities of the primary government and its component unit.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

The government-wide financial statements are presented on an ‘economic resources’ measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and other governmental funds aggregated. Accompanying reconciliations are presented to explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or ‘current financial resources’ measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) and recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, and other taxes. Sales and other taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term liabilities, and compensated absences, which are recognized as expenditures only when payment is due.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Deferred inflows arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

The General Fund is used to account for all of the general operations and other financial transactions of the City, which are not accounted for by another fund.

The Traffic Improvement Capital Projects Fund is used to account for monies received and expended from various services to fund street and highway improvements, including maintenance.

The Proposition 1B Fund is derived from The State-Local Partnership Program (SLPP) Formula Grant Call for projects, which include the Los Vaqueros Circle Street Rehabilitation, Reagan Street Rehabilitation and various Business Area Street Rehabilitation projects.

The Rivers & Mountain Conservancy Fund dedicates funding for the preservation of urban open space and habitat in Los Angeles and Orange Counties

Additionally, the City reports the following fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for debt service or capital projects) that are restricted by law or administrative action or committed to expenditures for specified purposes.

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned for the payment of, long-term debt principal, interest, and related costs for the 2006 Certificates of Participation (Laurel Park Acquisition).

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities, other than those financed by Internal Service Funds.

The Internal Service Funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments. The City’s two internal service funds are used to account for Technology Replacement and Garage.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The City's only proprietary funds are its two internal service funds. The Garage Internal Service Fund accounts for the acquisition, maintenance, repair, and replacement of all City vehicles and mechanical equipment. The Technology Replacement Internal Service Fund accounts for the costs of ongoing technology upgrades and replacements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations for the fund. All other expenses are reported as non-operating expenses.

In accordance with GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, in both the government-wide and proprietary fund financial statements, the City applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure.

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

C. Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position or Equity (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

Property Taxes

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

The County of Orange collects property taxes for the City. Tax liens attach annually on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1, and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid on August 31.

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

General Government includes legislative activities, which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities that provide management or support services across more than one functional area.

Public Safety includes those activities that involve the protection of people and property.

Community Development includes those activities such as planning, code enforcement, and building and safety inspections.

Recreation and Community Services includes those activities that involve the community cultural and leisure activities.

Public Works includes those activities that involve the maintenance and improvement of City streets, roads, and park development and maintenance.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- C. Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position or Equity (Continued)

Functional Classifications (Continued)

Capital Outlay includes purchases of property, plant and equipment which are expensed in the governmental funds because governmental funds use the current financial resources measurement focus.

Interest and Fiscal Charges includes current payments for interest on the City's long-term debt.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years, except for infrastructure assets which have a capitalization threshold of \$20,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

As permitted under GASB Statement No. 34 for small governmental entities, the City has elected to report infrastructure assets prospectively beginning July 1, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on the government-wide and proprietary fund financial statements. No interest was capitalized during the fiscal year ended June 30, 2014.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Equipment	5 - 10 years
Vehicles	3 - 7 years
Furniture	7 years
Buildings	50 years
Improvements	5 - 20 years
Infrastructure	50 years

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- C. Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position or Equity (Continued)

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, the City recognizes deferred outflows and inflows of resources. Deferred outflow and inflow of resources are defined as a consumption or resource of net position by the government that is applicable to a future reporting period. The deferred inflows include unavailable revenues.

Claims and Judgments

The City records a liability for claims, judgments, and litigation when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

The City is exposed to various risks of losses related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred, but not reported.

It is the City's policy to liquidate claims and judgments existing at June 30, with future resources. Accordingly, the liabilities are recorded in the Statement of Net Position. These noncurrent amounts will be recorded as fund expenditures in the fiscal year in which they are paid or become due on demand.

Cash and Cash Equivalents

A substantial portion of the City's investments is in short-term, highly liquid investments with original maturities of three months or less. For purposes of the Statement of Cash Flows, all cash and investments held by the internal service funds are considered to be short-term and, accordingly, are classified as cash and cash equivalents.

Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – that portion of a fund balance that includes amounts that cannot be spent because they are either not in a spendable form, such as prepaid items, inventories, or loans receivable.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position or Equity (Continued)

Fund Equity (Continued)

- *Restricted fund balance* – that portion of a fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments); or (b) imposed by law through constitutional provisions or enabling legislation. Examples of restricted fund balances include Gas Tax, Asset Seizure, and Measure M funds.
- *Committed fund balance* – that portion of a fund balance that included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, and remain binding unless removed in the same manner.
 - a) The City Council, as the City’s highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a resolution.
 - b) These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.
 - c) City Council Action to commit fund balance needs to occur within the fiscal reporting periods; however the amount can be determined subsequently.
- *Assigned fund balance* – amounts that are constrained by the City’s intent to be used for specific purposes, but are neither Restricted nor Committed, should be reported as Assigned fund balance. This policy hereby delegated the authority to assign amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the City’s annual financial statements. Examples of Assigned fund balance are funds intended for Capital Improvement Projects and Equipment Replacement, encumbrances, donations received for specific projects as well as the City’s emergency reserve.
- *Unassigned fund balance* – these are residual positive net resources in excess of what can properly be classified in one of the other four categories and do not have any specific spending limitations. The General Fund is the only fund that should report this category of fund balance.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- C. Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position or Equity (Continued)

Fund Balance Policy

The accounting policies of the City considers restricted fund balance to have been spent first when an expenditure is incurred for the purpose for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

- D. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statements No. 65, 66, 67, and 70 during the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementations of the statement created deferred inflows of resources in fiscal year ending June 30, 2014 where as these were reported as liabilities in prior years. See Note 1C and Note 17 as to the effect on the Government-wide statements.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance

Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is adopted by the City Council and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers substantially all City expenditures. Actual expenditures may not exceed budgeted appropriations at the department level. The City's fund structure includes the following departments: City Council, City Manager/City Clerk, Administrative Services, City Attorney, Public Safety, Community Development, Recreation and Community Services, and Public Works. The City Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the fiscal year.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

3. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund types during the fiscal year. Unexpended appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are recorded as a reserve of fund balance and then reappropriated the following fiscal year.
4. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt a budget for this type of fund.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on calculations by City management, proceeds of taxes did not exceed appropriations.

B. Deficit Fund Balances in Individual Funds

The Proposition 1B Special Revenue Fund and Rivers and Mountains Conservancy Capital Projects Fund have deficit fund balances of \$335,443 and \$905,297, respectively as a result of projects being completed before the related revenue is received. The revenue will be received during the fiscal year ending June 30, 2015.

C. Excess of Expenditures over Appropriations by Department in Individual Funds:

Fund	Expenditures	Appropriations	Excess
Major Funds:			
General fund:			
City Council	\$ 78,250	\$ 67,915	\$ 10,335
Non-departmental	891,208	603,775	287,433
Public Safety	5,874,051	5,727,107	146,944
Community Development	829,492	750,457	79,035
Recreation and Community Services	1,619,944	1,593,815	26,129
Proposition 1B:			
Capital Outlay	320,025	318,000	2,025
Other Governmental Funds:			
Los Alamitos Television			
General Government	37,474	36,700	774
Debt Service:			
Interest and Fiscal Charges	140,981	140,951	30
Park Development:			
Public Works	464		464

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 3 CASH AND INVESTMENTS

Cash and Investments

The following is a summary of cash and investments at June 30, 2014:

	<u>Governmental Activities</u>
Pooled cash and investments	\$ 8,855,491
Restricted cash and investments with fiscal agent	<u>220,185</u>
Total cash and investments	<u>\$ 9,075,676</u>

Cash and investments at June 30, 2014 consisted of the following:

Cash on hand	\$ 3,000
Demand deposits	248,881
Investments	<u>8,823,795</u>
Total cash and investments	<u>\$ 9,075,676</u>

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

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

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

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 3 CASH AND INVESTMENTS (CONTINUED)

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States (U.S.) Treasury Issues	5 years	25%	None
U.S. Government Agency Securities	5 years	25%	None
Certificates of Deposit	5 years	30%	50%
Bankers Acceptance	180 days	40%	30%
Commercial Paper	180 days	30%	10%
Medium Term Corporate Notes	5 years	30%	50%
Negotiable Certificates of Deposit	5 years	30%	50%
Money Market Mutual Funds	None	20%	None
Passbook Savings/Money Market	5 years	None	50%
Local Agency Investment Fund (LAIF)	None	None	\$50 million

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Agreements	None	None	None
Local Agency Bonds	None	None	None
Medium Term Notes	None	None	None
Negotiable Certificate of Deposits	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to Interest Rate Risk

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

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 3 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Maturity (in Months) <u>12 Months or Less</u>
Local Agency Investment Fund (LAIF)	\$ 8,603,610
Investment held by Bond Trustee:	
Money Market Mutual Funds	220,185
	<u>\$ 8,823,795</u>

Disclosures Relating to Credit Risk

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

Investment Type	Total as of June 30, 2014	Minimum Legal Rating	Unrated	AAA
LAIF	\$ 8,603,610	N/A	\$ 8,603,610	\$ -
Investments Held by Bond Trustee:				
Money Market Mututal Funds	220,185	N/A		220,185
Totals	<u>\$ 8,823,795</u>		<u>\$ 8,603,610</u>	<u>\$ 220,185</u>

N/A - Not Applicable

Concentration of Credit Risk

As of June 30, 2014, the City has not invested more than 5% of its total investments in any one issuer. Investments in external investment pools are excluded from this requirement.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's investment policy does not contain any additional provisions that would limit the exposure to custodial credit risk for deposits. However the policy does stipulate that mortgage collateral cannot be used to secure deposits, and that the use of a third party bank trust department is to act as the City's safekeeping agent for investments. At June 30, 2014, City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool

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

Note 4 INTERFUND TRANSACTIONS

Receivables/Payables

The following sets forth amounts due to/from funds. These amounts represent when one fund reflects a deficit in its pooled cash account, generated from expenditures paid before revenue is received.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 4 INTERFUND TRANSACTIONS (CONTINUED)

Receivables/Payables (Continued)

Fund	Receivable (Due From)	Payable (Due To)
Major Fund:		
General	\$ 1,213,720	\$ -
Proposition 1B		335,443
Other Governmental Funds:		
Public Safety Sales Taxes		8,277
Rivers & Mountain Conservancy		
Capital Projects		870,000
Total	<u>\$ 1,213,720</u>	<u>\$ 1,213,720</u>

Transfers

Transfers to and from funds for the fiscal year ended June 30, 2014 is as follows:

Transfers To	Transfers From	Amount
General Fund (Major Fund)	Other Governmental Funds	\$ 394,824
In Other Governmental Funds	General Fund (Major Fund)	15,102
Other Governmental Funds	General Fund (Major Fund)	210,951
		<u>\$ 620,877</u>

Transfers to the General Fund from the Other Governmental Funds (the Gas Tax, Supplemental Law Enforcement Services, Office of Traffic and Safety, and Public Safety Sales Tax Special Revenue Funds) were made to fund street maintenance, partially offset the cost of Police services, and to partially offset the cost of the Police Department motor officer program and other expenditures pertaining to traffic safety programs.

Transfers to the Other Governmental Funds (the Debt Service Fund) from the General Fund were made to make principal and interest payments of debt issued for the Laurel Park purchase.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 5 CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2014 is as follows:

Governmental Activities:	Balance June 30, 2013	Additions	Deletions	Prior Period Adjustments	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 5,917,715	\$ -	\$ -	\$ -	\$ 5,917,715
Construction in progress	377,755	684,968	(13,350)		1,049,373
Total	<u>6,295,470</u>	<u>684,968</u>	<u>(13,350)</u>		<u>6,967,088</u>
Depreciable capital assets:					
Equipment	1,975,578	66,148	(109,926)		1,931,800
Vehicles	1,063,144	26,993	(42,107)	84,663	1,132,693
Furniture	46,980				46,980
Buildings	1,932,883				1,932,883
Improvements	366,268				366,268
Infrastructure	8,945,888	80,000			9,025,888
Total	<u>14,330,741</u>	<u>173,141</u>	<u>(152,033)</u>	<u>84,663</u>	<u>14,436,512</u>
Less: accumulated depreciation for:					
Equipment	(1,626,765)	(108,663)	109,926		(1,625,502)
Vehicles	(715,752)	(112,787)	42,107	1,719	(784,713)
Furniture	(46,980)				(46,980)
Buildings	(1,056,731)	(38,236)			(1,094,967)
Improvements	(93,304)	(28,821)			(122,125)
Infrastructure	(994,829)	(179,254)			(1,174,083)
	<u>(4,534,361)</u>	<u>(467,761)</u>	<u>152,033</u>	<u>1,719</u>	<u>(4,848,370)</u>
Total capital assets, being depreciated, net	<u>9,796,380</u>	<u>(294,620)</u>		<u>86,382</u>	<u>9,588,142</u>
Governmental activities capital assets, net	<u>\$ 16,091,850</u>	<u>\$ 390,348</u>	<u>\$ (13,350)</u>	<u>\$ 86,382</u>	<u>\$ 16,555,230</u>

Depreciation expense was charged to governmental and proprietary activities as follows:

	General	Internal Service	Total
General Government	\$ 38,157	\$ 43,837	\$ 81,994
Public Safety	41,219	83,357	124,576
Recreation and Community Services	49,540	6,014	55,554
Public Works	186,845	18,792	205,637
	<u>\$ 315,761</u>	<u>\$ 152,000</u>	<u>\$ 467,761</u>

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 6 LONG-TERM LIABILITIES

The following is a summary of changes in Governmental Activities long-term debt for the fiscal year ended June 30, 2014:

	Balance, June 30, 2013	Prior Period Adjustment	Additions	Deletions	Balance, June 30, 2014	Due in One Year
2006 Certificates of Participation	\$ 3,040,000	\$ -	\$ -	\$ (70,000)	\$ 2,970,000	\$ 75,000
Claims payable	182,611			(133,093)	49,518	49,518
Compensated absences	567,294		260,421	(301,132)	526,583	169,988
PERS side fund	269,507	(8,226)		(261,281)		
Other post-employment benefit obligation	389,271		244,401	(153,026)	480,646	
Total	<u>\$ 4,448,683</u>	<u>\$ (8,226)</u>	<u>\$ 504,822</u>	<u>\$ (918,532)</u>	<u>\$ 4,026,747</u>	<u>\$ 294,506</u>

A. 2006 Certificates of Participation

On May 9, 2006, the City issued \$3,365,000 Certificates of Participation Series 2006. Interest on the bonds is payable semiannually on September 1 and March 1, commencing March 1, 2007, at rates which range from 4.375% to 4.85%. Principal payments began September 1, 2007, and continue on September 1 of each year through September 1, 2036. The proceeds from these bonds were utilized for the acquisition of Laurel Park.

The outstanding balance as of June 30, 2014 is \$2,970,000.

The annual debt service requirements on these bonds are as follows:

Fiscal year Ended June 30,	Principal	Interest	Total
2015	\$ 75,000	\$ 137,779	\$ 212,779
2016	75,000	134,498	209,498
2017	80,000	131,108	211,108
2018	85,000	127,498	212,498
2019	90,000	123,670	213,670
2020-2024	500,000	554,732	1,054,732
2025-2029	645,000	421,986	1,066,986
2030-2034	820,000	248,257	1,068,257
2035-2037	600,000	44,622	644,622
Totals	<u>\$ 2,970,000</u>	<u>\$ 1,924,150</u>	<u>\$ 4,894,150</u>

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 6 LONG-TERM LIABILITIES (CONTINUED)

B. Claims Payable

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2014, were as follows:

General liability claims	\$ 49,518
Workers' compensation claims	<u>-</u>
	<u>\$ 49,518</u>

See Note 12 for additional information on claims payable.

C. Compensated Absences

Employee leave benefits are payable to employees upon termination. The City's policies relating to the payment of these benefits are discussed in Note 1. The liability for compensated absences has been typically liquidated by using the General Fund.

Note 7 DEFINED CONTRIBUTION PLAN

The City provides pension benefits for all of its part time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the City's 457 plan. Federal legislation requires contributions of at least 7.5% of the employees' salary. For the fiscal years ended June 30, 2014, 2013 and 2012, the City and employees contributed \$25,361, \$23,743, and \$23,745, respectively, to the plan. City Council has the authority to establish and amend the provisions of this plan.

Note 8 RETIREMENT PLANS

Plan Description

The City of Los Alamitos participates in the Miscellaneous 2.7% at 55 Risk Pool and Safety 3% at 50 Risk Pool of the California Public Employees' Retirement System (PERS). These plans are both cost-sharing, multiple-employer defined benefit pension plan administered by PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office -400 P Street, Sacramento, California 95814.

Funding Policy

The City makes all of the contributions required of City employees on their behalf and for their account. The employee portion of the rates is set by statute and therefore remains unchanged from year to year. The rates are:

<u>Category</u>	<u>Member Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members	9%

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 8 RETIREMENT PLANS (CONTINUED)

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2013-2014 was 10.843% for local miscellaneous members and 27.320% for local safety members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS. Since the City had less than 100 active members in each plan as of June 30, 2004, the City is required to participate in a risk pool. Mandated pooling became effective for the City during the 2005-2006 fiscal year. The City's contributions to CalPERS for the past three years, which were equal to the required contribution each fiscal year, were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Local Miscellaneous</u>	<u>Local Safety</u>
2014	\$ 199,867	\$ 646,139
2013	204,935	628,941
2012	209,656	529,707

Note 9 PUBLIC EMPLOYEES RETIREMENT SYSTEM SIDE FUND

During the 2004-2005 fiscal year, the City was required to participate in the Public Employees Retirement System (PERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the pool and the funded status of the City's plan, in addition to the existing unfunded liability. The miscellaneous plan has an overfunding, which is reported as a prepaid expense in the Government-Wide Statement of Net Position in the amount of \$107,853.

Note 10 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description

In addition to providing pension benefits, the City provides certain health care benefits for retired employees in accordance with a City Council resolution. Substantially all of the City's employees become eligible for those benefits if they reach normal retirement age while working for the City. Those and similar benefits for active employees are provided through PERS whose premiums are based on the benefits paid during the year.

Retiree health care coverage is segregated into two tiers as follows:

Tier 1 - Employees Hired Before August 1, 1994 (1):

- Employees age 50 or over with 10 years of PERS service receive up to \$300 per month.

Tier 2 - General and Management Employees Hired On or After August 1, 1994 (1)

- General and Management Employees with over 15 years of PERS service shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 10 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Plan Description (Continued)

- Police Employees with 10 years of PERS service shall be eligible to receive 50% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement. The percentage increases by 5% per year to 100% at 20 years of service.

(1) Applies to police employees hired after January 1, 1995

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council, and/or the employee associations. The City is currently funding this OPEB obligation based on a pay-as-you-go basis. During the fiscal year ended June 30, 2014, the City paid \$153,026 in health care costs for its retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

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

Annual required contribution	\$ 243,447
Interest on net OPEB obligation	19,464
Adjustment to annual required contribution	<u>(18,510)</u>
Annual OPEB cost (expense)	244,401
Actual contributions made	<u>(153,026)</u>
Change in net OPEB obligation	91,375
 Net OPEB Obligation - beginning of fiscal year	 <u>389,271</u>
 Net OPEB Obligation - end of fiscal year	 <u><u>\$ 480,646</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2014 and the two preceding fiscal years were as follows:

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 10 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

<u>Fiscal</u> <u>Year</u> <u>End</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
6/30/12	\$217,798	\$ 125,785	57.75%	\$ 2,695,891	\$268,327
6/30/13	243,447	122,503	50.32%	2,724,394	389,271
6/30/14	244,401	153,026	62.61%	2,724,394	480,646

Funded Status and Funding Progress

As of December 1, 2012, the initial actuarial valuation, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,724,394, and the actuarial value of assets was zero, resulting in an unfunded accrued actuarial liability (UAAL) of \$2,724,394. The covered payroll (annual payroll of active employees covered by the plan) was \$4,400,809 and the ratio of the UAAL to the covered payroll was 61.91%.

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 rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. 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 the December 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment return/discount rate of 5.0% per annum, projected salary increases of 3.0% per annum, a general inflation rate of 3.0% per annum, and a medical trend rate of 4.0%. A level percentage of payroll method was used to allocate amortization cost by year. A closed amortization period of 30 years was used.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 11 JOINT VENTURES

Orange County Fire Authority

In January 1995, the City of Los Alamitos entered into a joint powers agreement with 17 other cities within the County of Orange to create the Orange County Fire Authority. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services, and related and incidental services including, but not limited to emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each city and two from the County.

The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for five cities. The County pays all structural fire fees it collects to the Authority. The five cities for which the County does not collect structural fire fees are considered "cash contract cities" and, accordingly, make cash contributions based on the Authority's annual budget.

Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. The City has a financial interest in the Authority; however, it does not have an equity interest. Also, the City does not have an ongoing financial responsibility. Financial statements of the Authority may be obtained from its office at Post Office Box 57115, Irvine, CA 92619.

Joint Forces Training Base Swimming Facilities

In November 1998, the City assumed the rights and responsibilities for the renovation, maintenance and operation of the swimming facilities at the Joint Forces Training Base (JFTB) in Los Alamitos under a sublicense and operating agreement with the Military Department of the State of California and the U.S. Water Polo Federation. The term of the agreement is 20 years, however, the agreement is cancellable at any time upon 12 months written notice.

In September 1999, the City entered into a facilities improvement agreement with the Los Alamitos Aquatics Foundation (the Foundation) to administer the renovation of the JFTB swimming facilities. The Foundation is a nonprofit organization that was formed to facilitate, promote and conduct aquatic activities and to maintain and improve the JFTB swimming facilities. The Foundation is not a component unit of the City.

As of June 30, 2014, \$854,361 of improvements to the JFTB swimming facilities had been made. These improvements are not included as capital assets because of the cancellable nature of the sublicense and operating agreements and because the City does not retain title to these improvements.

Financial information for this arrangement may be obtained from the City of Los Alamitos.

West Communications Financing Authority

The West Communications Financing Authority was established December 23, 1996, pursuant to a Joint Exercise of Powers Agreement by the Cities of Los Alamitos, Seal Beach and Cypress for the purpose of operating a public safety communications center.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 11 JOINT VENTURES (CONTINUED)

West Communications Financing Authority (Continued)

The Board of Directors is comprised of three elected officials, one designated by each participating City. Each Director has one vote over budgeting and financial matters. The Authority is a public entity separate from the Cities, and is not included in the financial statement of those entities.

Each City pays a contractual fee to the Authority which consists of personnel costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2013-2014, the City of Los Alamitos paid \$498,846 to the Authority. Financial information for the Authority may be obtained from the City of Cypress.

Integrated Law and Justice Agency for Orange County

In May 2006, the City of Los Alamitos entered into a joint powers agreement with 22 other agencies within the County of Orange to create the Integrated Law and Justice Agency for Orange County. The purpose of the Agency is to facilitate the integration and sharing of criminal justice information for the benefit of the lands and inhabitants within their respective boundaries. The Agency's governing board consists of six Municipal Police Chiefs, each elected for a three-year term by the Orange County Chiefs & Sheriff's Association. The operations of the Agency are funded by grant awards and annual budget appropriations from each member agency.

Upon dissolution of the Agency, all surplus money and property of the Agency will be conveyed or distributed to each member in proportion to all funds provided to the Agency by that member. The City has a financial interest in the Authority; however, it does not have an equity interest. Also, the City has an ongoing financial responsibility to the Agency for approximately \$3,000 per year.

Financial information for this arrangement may be obtained from the City of Los Alamitos.

Note 12 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION

The City of Los Alamitos is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the Insurance Authority

General Liability Insurance

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 12 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION
(CONTINUED)

Self-Insurance Programs of the Insurance Authority (Continued)

General Liability Insurance (Continued)

This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of

(a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 12 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION
(CONTINUED)

Self-Insurance Programs of the Insurance Authority (Continued)

Workers' Compensation (Continued)

includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy.

Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

Property Insurance

The City of Los Alamitos participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Los Alamitos property is currently insured according to a schedule of covered property submitted by the City of Los Alamitos to the Authority. City of Los Alamitos property currently has all-risk property insurance protection in the amount of \$10 Million. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City of Los Alamitos purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance

The City of Los Alamitos further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Los Alamitos according to a schedule. The City of Los Alamitos then pays for the insurance. The insurance is arranged by the Authority.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 12 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION
(CONTINUED)

Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from in 2013-2014.

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

All self-insurance activity is reported in the City's General Fund. At June 30, 2014, \$182,611 has been accrued for general liability and workers' compensation claims. This amount represents estimates of amounts to be paid for reported and incurred, but not reported, claims based upon past experience, modified for current trends and information.

Self-Insurance

The ultimate amount of losses incurred through June 30, 2014, is dependent on future developments based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the insurance programs. City management believes the accrual is adequate to cover such losses.

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability as of June 30, 2011	\$ 95,767	\$ 606,076	\$ 701,843
Claims and changes in estimates during the fiscal year ended June 30, 2012	138,892	206,887	345,779
Claims payments during the fiscal year ended June 30, 2012	<u>(32,111)</u>	<u>(47,412)</u>	<u>(79,523)</u>
Liability as of June 30, 2012	202,548	765,551	968,099
Claims and changes in estimates during the fiscal year ended June 30, 2013			
Claims payments during the fiscal year ended June 30, 2013	<u>(202,548)</u>	<u>(582,940)</u>	<u>(785,488)</u>
Liability balance as of June 30, 2013		182,611	182,611
Claims and changes in estimates during the fiscal year ended June 30, 2014			
Claims payments during the fiscal year ended June 30, 2014		<u>(133,093)</u>	<u>(133,093)</u>
Liability balance as of June 30, 2014	<u>\$ -</u>	<u>\$ 49,518</u>	<u>\$ 49,518</u>

Note 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 20, 2015, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 14 CONTINGENT LIABILITIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation that is likely to have a material adverse effect on the financial position of the City.

The City has received various state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Note 15 FUND EQUITY

A. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position.

Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position as determined at the Government-wide level, and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of Net Position which is not restricted as to use.

Restricted net position is net position that is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation. There was no net position at June 30, 2014 that was restricted by enabling legislation.

B. Fund Balances

GASB Statement No. 54 requires governmental funds to report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes. The City does not have any committed fund balances at June 30, 2014.

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 15 FUND EQUITY (CONTINUED)

B. Fund Balances (Continued)

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

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2014 is as follows:

	General Fund	Traffic Improvement Fund	Proposition 1B Fund	Rivers & Mountains Conservancy Fund	Other Governmental Funds	Total
Nonspendable:						
Employee Loans	\$ 8,196	\$ -	\$ -	\$ -	\$ -	\$ 8,196
Total	8,196					8,196
Restricted:						
Cash w Fiscal Agent						
PEG Fees					115,409	115,409
Measure M / Streets					81,853	81,853
Gas Tax / Streets					330,083	330,083
Traffic / Safety					3,065	3,065
Asset Seizure / Safety					43,914	43,914
Prop 172 / Safety					8,480	8,480
State Law Enforcement					870	870
Air Quality					25,079	25,079
Debt Service					220,185	220,185
Total					828,938	828,938
Assigned for :						
Debt Service					39,113	39,113
Park Development					274,322	274,322
Emergencies	3,123,565					3,123,565
Workers' Comp/Liability	250,000					250,000
OPEB	250,000					250,000
PERS reserves	3,150,000					3,150,000
Los Alamitos Blvd. Rehabilitation Reserves	200,000					200,000
General Plan	75,000					75,000
Building Improvement Project					40,150	40,150
Residential Streets / Alleys					46,963	46,963
Traffic Improvement		277,042				277,042
Total	7,048,565	277,042			400,548	7,726,155
Unassigned	1,218,025		(335,443)	(905,297)		(22,715)
Total Fund Balances	\$ 8,274,786	\$ 277,042	\$ (335,443)	\$ (905,297)	\$ 1,229,486	\$ 8,540,574

City of Los Alamitos
Notes to the Basic Financial Statements
June 30, 2014

Note 16 OPERATING LEASES

The City is obligated to make monthly lease payments of \$616 for office equipment (Konica Minolta) for a period of five years until July 2015.

The City is obligated to make monthly lease payments of \$245 for office equipment (Konica Minolta) for a period of five years until June 2017.

The following is a schedule by year of future minimum rental payments required under these operating leases as of June 30, 2014:

Fiscal Year Ending June 30,	Amount
2015	\$ 10,332
2016	2,940
2017	2,940
	<u>\$ 16,212</u>

Note 17 PRIOR PERIOD ADJUSTMENTS

In the Internal Service Garage Fund and the Government-wide Statement of Activities, prior period adjustments were made for an understatement of capital assets in the amount of \$84,663 and an overstatement of accumulated depreciation in the amount of \$1,719.

In the Government-wide Statement of Activities, there was a prior period adjustment made for an overstatement of the PERS side fund obligation in the amount of \$8,226.

In the Government-wide Statement of Activities, there was a prior period adjustment made to write-off the unamortized debt issuance cost per implementation of GASB No. 65 in the amount of \$85,479.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,448,779	\$ 8,370,242	\$ 8,904,575	\$ 534,333
Licenses and permits	765,670	850,670	936,914	86,244
Intergovernmental	106,500	11,500	21,338	9,838
Charges for services	1,263,953	1,411,348	1,367,472	(43,876)
Investment earnings	10,000	5,000	1,746	(3,254)
Fines and forfeitures	583,950	583,950	709,809	125,859
Miscellaneous	80,750	230,500	374,554	144,054
Total Revenues	<u>11,259,602</u>	<u>11,463,210</u>	<u>12,316,408</u>	<u>853,198</u>
Expenditures:				
General government				
City council	67,915	67,915	78,250	(10,335)
City manager/City clerk	552,215	552,214	516,832	35,382
Administrative services	533,389	533,389	471,164	62,225
City attorney	155,000	155,000	104,763	50,237
Non-departmental	603,775	603,775	891,208	(287,433)
Total General Government	<u>1,912,294</u>	<u>1,912,293</u>	<u>2,062,217</u>	<u>(149,924)</u>
Public safety	<u>5,683,257</u>	<u>5,727,107</u>	<u>5,874,051</u>	<u>(146,944)</u>
Community development	<u>716,537</u>	<u>750,457</u>	<u>829,492</u>	<u>(79,035)</u>
Recreation and community services	<u>1,594,296</u>	<u>1,593,815</u>	<u>1,619,944</u>	<u>(26,129)</u>
Public works	<u>1,677,754</u>	<u>1,763,754</u>	<u>1,685,820</u>	<u>77,934</u>
Capital outlay	<u>40,000</u>			
Total Expenditures	<u>11,624,138</u>	<u>11,747,426</u>	<u>12,071,524</u>	<u>(324,098)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(364,536)</u>	<u>(284,216)</u>	<u>244,884</u>	<u>529,100</u>
Other Financing Sources (Uses)				
Transfers in	382,000	382,000	394,824	12,824
Transfers out	<u>(210,951)</u>	<u>(229,951)</u>	<u>(226,053)</u>	<u>3,898</u>
Total Other Financing Sources (Uses)	<u>171,049</u>	<u>152,049</u>	<u>168,771</u>	<u>16,722</u>
Net Change in Fund Balance	(193,487)	(132,167)	413,655	545,822
Fund Balance (Deficit), July 1, 2013	<u>7,861,131</u>	<u>7,861,131</u>	<u>7,861,131</u>	
Fund Balance (Deficit), June 30, 2014	<u>\$ 7,667,644</u>	<u>\$ 7,728,964</u>	<u>\$ 8,274,786</u>	<u>\$ 545,822</u>



CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition 1B Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 292,000	\$ 318,000	\$ -	\$ (318,000)
Total Revenues	292,000	318,000		(318,000)
Expenditures				
Capital outlay	318,000	318,000	320,025	(2,025)
Total Expenditures	318,000	318,000	320,025	(2,025)
Net Change in Fund Balance	(26,000)		(320,025)	(320,025)
Fund Balance (Deficit), July 1, 2013	(15,418)	(15,418)	(15,418)	
Fund Balance (Deficit), June 30, 2014	\$ (41,418)	\$ (15,418)	\$ (335,443)	\$ (320,025)

CITY OF LOS ALAMITOS

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2014

OTHER POST-EMPLOYMENT BENEFITS PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Entry Age Normal Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b) - (a)</u>	<u>Funded Ratio AVA (a) / (b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded (Overfunded) % of Covered Payroll ((a - b) / c)</u>
12/1/2012	\$ -	\$2,724,394	\$2,724,394	0%	\$4,400,809	61.91%



OTHER SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Traffic Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Traffic mitigation fees	\$ 67,066	\$ -	\$ (67,066)
Investment earnings	500	102	(398)
Total Revenues	<u>67,566</u>	<u>102</u>	<u>(67,464)</u>
Expenditures			
Capital outlay	<u>350,000</u>	<u>153,613</u>	<u>196,387</u>
Total Expenditures	<u>350,000</u>	<u>153,613</u>	<u>196,387</u>
Net Change in Fund Balance	(282,434)	(153,511)	128,923
Fund Balance, July 1, 2013	<u>430,553</u>	<u>430,553</u>	
Fund Balance, June 30, 2014	<u>\$ 148,119</u>	<u>\$ 277,042</u>	<u>\$ 128,923</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Rivers and Mountain Conservancy Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 1,387,000	\$ -	\$ (1,387,000)
Investment earnings	250		(250)
Total Revenues	<u>1,387,250</u>		<u>(1,387,250)</u>
Expenditures			
Capital outlay	<u>1,189,920</u>	<u>698,317</u>	<u>491,603</u>
Total Expenditures	<u>1,189,920</u>	<u>698,317</u>	<u>491,603</u>
Net Change in Fund Balance	197,330	(698,317)	(895,647)
Fund Balance, July 1, 2013	<u>(206,980)</u>	<u>(206,980)</u>	
Fund Balance, June 30, 2014	<u>\$ (9,650)</u>	<u>\$ (905,297)</u>	<u>\$ (895,647)</u>

CITY OF LOS ALAMITOS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue Funds</u>		
	<u>Measure M</u>	<u>Gas Tax</u>	<u>Los Alamitos Television</u>
Assets			
Cash and investments	\$ 48,787	\$ 305,790	\$ 115,731
Receivables:			
Accounts			4,018
Due from other governments	33,066	38,349	
Restricted assets:			
Cash and investments with fiscal agents			
Total Assets	<u>\$ 81,853</u>	<u>\$ 344,139</u>	<u>\$ 119,749</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 14,056	\$ 4,340
Due to other funds			
Total Liabilities		<u>14,056</u>	<u>4,340</u>
Fund Balances:			
Restricted	81,853	330,083	115,409
Assigned			
Total Fund Balances (Deficits)	<u>81,853</u>	<u>330,083</u>	<u>115,409</u>
Total Liabilities and Fund Balances	<u>\$ 81,853</u>	<u>\$ 344,139</u>	<u>\$ 119,749</u>

Special Revenue Funds

Office of Traffic and Safety	Asset Seizure	Public Safety Sales Tax	State Law Enforcement Service	Air Quality	Total Special Revenue Funds
\$ 3,065	\$ 43,914	\$ -	\$ -	\$ 21,334	\$ 538,621
		16,757	870	3,745	4,018 92,787
<u>\$ 3,065</u>	<u>\$ 43,914</u>	<u>\$ 16,757</u>	<u>\$ 870</u>	<u>\$ 25,079</u>	<u>\$ 635,426</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,396
		8,277			8,277
		8,277			26,673
3,065	43,914	8,480	870	25,079	608,753
<u>3,065</u>	<u>43,914</u>	<u>8,480</u>	<u>870</u>	<u>25,079</u>	<u>608,753</u>
<u>\$ 3,065</u>	<u>\$ 43,914</u>	<u>\$ 16,757</u>	<u>\$ 870</u>	<u>\$ 25,079</u>	<u>\$ 635,426</u>

(Continued)

CITY OF LOS ALAMITOS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(Continued)

	<u>Capital Projects Funds</u>		
	<u>Debt Service Fund</u>	<u>Park Development</u>	<u>Building Improvement</u>
Assets			
Cash and investments	\$ 39,113	\$ 275,717	\$ 49,176
Receivables:			
Accounts			
Due from other governments			
Restricted assets:			
Cash and investments with fiscal agents	<u>220,185</u>		
Total Assets	<u>\$ 259,298</u>	<u>\$ 275,717</u>	<u>\$ 49,176</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 1,395	\$ 9,026
Due to other funds			
Total Liabilities		<u>1,395</u>	<u>9,026</u>
Fund Balances:			
Restricted	220,185		
Assigned	<u>39,113</u>	<u>274,322</u>	<u>40,150</u>
Total Fund Balances (Deficits)	<u>259,298</u>	<u>274,322</u>	<u>40,150</u>
Total Liabilities and Fund Balances	<u>\$ 259,298</u>	<u>\$ 275,717</u>	<u>\$ 49,176</u>

Capital Projects Funds

Residential Streets/Alleys	Total Capital Projects Funds	Total
\$ 46,963	\$ 371,856	\$ 949,590
		4,018
		92,787
		220,185
\$ 46,963	\$ 371,856	\$ 1,266,580
\$ -	\$ 10,421	\$ 28,817
		8,277
	10,421	37,094
		828,938
46,963	361,435	400,548
46,963	361,435	1,229,486
\$ 46,963	\$ 371,856	\$ 1,266,580

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	<u>Special Revenue Funds</u>			
	<u>Measure M</u>	<u>Gas Tax</u>	<u>Los Alamitos Television</u>	<u>Office of Traffic and Safety</u>
Revenues:				
Taxes	\$ -	\$ 388,934	\$ 31,485	\$ -
Intergovernmental				8,704
Charges for services				10,944
Investment earnings		53	24	
Program revenue	189,147			
Miscellaneous			6,500	
	<u>189,147</u>	<u>388,987</u>	<u>38,009</u>	<u>19,648</u>
Total Revenues				
Expenditures:				
Current:				
General government			37,474	
Public works				
Capital outlay	337,043	114,797		
Debt service:				
Principal				
Interest and fiscal charges				
	<u>337,043</u>	<u>114,797</u>	<u>37,474</u>	
Total Expenditures				
Excess (Deficit) of Revenues over Expenditures	<u>(147,896)</u>	<u>274,190</u>	<u>535</u>	<u>19,648</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out		(177,000)		(19,648)
Total Other Financing Sources (Uses)		<u>(177,000)</u>		<u>(19,648)</u>
Net Change in Fund Balances	(147,896)	97,190	535	
Fund Balances (Deficits), July 1, 2013	<u>229,749</u>	<u>232,893</u>	<u>114,874</u>	<u>3,065</u>
Fund Balances (Deficits), June 30, 2014	<u>\$ 81,853</u>	<u>\$ 330,083</u>	<u>\$ 115,409</u>	<u>\$ 3,065</u>

Special Revenue Funds

Asset Seizure	Public Safety Sales Tax	State Law Enforcement Service	Air Quality	Total Special Revenue Funds
\$ -	\$ 95,019	\$ -	\$ -	\$ 515,438
1,314		104,027	14,293	128,338
14			3	10,944
				94
				189,147
				6,500
<u>1,328</u>	<u>95,019</u>	<u>104,027</u>	<u>14,296</u>	<u>850,461</u>
				37,474
25,000				476,840
<u>25,000</u>				<u>514,314</u>
<u>(23,672)</u>	<u>95,019</u>	<u>104,027</u>	<u>14,296</u>	<u>336,147</u>
	<u>(95,019)</u>	<u>(103,157)</u>		<u>(394,824)</u>
	<u>(95,019)</u>	<u>(103,157)</u>		<u>(394,824)</u>
(23,672)		870	14,296	(58,677)
<u>67,586</u>	<u>8,480</u>		<u>10,783</u>	<u>667,430</u>
<u>\$ 43,914</u>	<u>\$ 8,480</u>	<u>\$ 870</u>	<u>\$ 25,079</u>	<u>\$ 608,753</u>

(Continued)

City of Los Alamitos
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	<u>Capital Projects Funds</u>		
	<u>Debt Service Fund</u>	<u>Park Development</u>	<u>Building Improvement</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Charges for services		18,076	
Investment earnings		65	13
Program revenue			
Miscellaneous			10,606
Total Revenues	210,981	28,796	66,530
Expenditures:			
Current:			
General government			
Public works		462	
Capital outlay		28,334	66,530
Debt service:			
Principal	70,000		
Interest and fiscal charges	140,981		
Total Expenditures	210,981	28,796	66,530
Excess (Deficit) of Revenues over Expenditures	(210,981)	(10,655)	(55,911)
Other Financing Sources (Uses)			
Transfers in	210,951		
Transfers out			
Total Other Financing Sources (Uses)	210,951		
Net Change in Fund Balances	(30)	(10,655)	(55,911)
Fund Balances (Deficits), July 1, 2013	259,328	284,977	96,061
Fund Balances (Deficits), June 30, 2014	\$ 259,298	\$ 274,322	\$ 40,150

Capital Projects Funds

Residential Streets / Alleys	Total Capital Projects Funds	Total
\$ -	\$ -	\$ 515,438
		128,338
	18,076	29,020
10	88	182
		189,147
	10,606	17,106
10	28,770	879,231
		37,474
	462	462
	94,864	571,704
		70,000
		140,981
	95,326	820,621
10	(66,556)	58,610
		210,951
		(394,824)
		(183,873)
10	(66,556)	(125,263)
46,953	427,991	1,354,749
\$ 46,963	\$ 361,435	\$ 1,229,486

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 267,543	\$ -	\$ (267,543)
Program revenue		189,147	189,147
Total Revenues	<u>267,543</u>	<u>189,147</u>	<u>(78,396)</u>
Expenditures			
Capital outlay	<u>429,000</u>	<u>337,043</u>	<u>91,957</u>
Total Expenditures	<u>429,000</u>	<u>337,043</u>	<u>91,957</u>
Net Change in Fund Balance	(161,457)	(147,896)	13,561
Fund Balance, July 1, 2013	<u>229,749</u>	<u>229,749</u>	
Fund Balance, June 30, 2014	<u>\$ 68,292</u>	<u>\$ 81,853</u>	<u>\$ 13,561</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	\$ 313,368	\$ 388,934	\$ 75,566
Investment earnings	200	53	(147)
Total Revenues	<u>313,568</u>	<u>388,987</u>	<u>75,419</u>
Expenditures			
Capital outlay	425,000	114,797	310,203
Total Expenditures	<u>425,000</u>	<u>114,797</u>	<u>310,203</u>
Excess (Deficit) of Revenues over Expenditures	<u>(111,432)</u>	<u>274,190</u>	<u>385,622</u>
Other Financing Sources (Uses)			
Transfers out	<u>(177,000)</u>	<u>(177,000)</u>	
Total Other Financing Sources (Uses)	<u>(177,000)</u>	<u>(177,000)</u>	
Net Change in Fund Balance	(288,432)	97,190	385,622
Fund Balance, July 1, 2013	<u>232,893</u>	<u>232,893</u>	
Fund Balance, June 30, 2014	<u>\$ (55,539)</u>	<u>\$ 330,083</u>	<u>\$ 385,622</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Los Alamitos Television Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 30,000	\$ 31,485	\$ 1,485
Investment earnings	200	24	(176)
Miscellaneous	<u>6,500</u>	<u>6,500</u>	
Total Revenues	<u>36,700</u>	<u>38,009</u>	<u>1,309</u>
Expenditures			
Current:			
General government	<u>36,700</u>	<u>37,474</u>	<u>(774)</u>
Total Expenditures	<u>36,700</u>	<u>37,474</u>	<u>(774)</u>
Net Change in Fund Balance		535	535
Fund Balance, July 1, 2013	<u>114,874</u>	<u>114,874</u>	
Fund Balance, June 30, 2014	<u>\$ 114,874</u>	<u>\$ 115,409</u>	<u>\$ 535</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Office of Traffic and Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 10,000	\$ 8,704	\$ (1,296)
Charges for services	5,000	10,944	5,944
Total Revenues	<u>15,000</u>	<u>19,648</u>	<u>4,648</u>
Expenditures			
Current:			
Public safety	5,000		5,000
Total Expenditures	<u>5,000</u>		<u>5,000</u>
Excess (Deficit) of Revenues over Expenditures	<u>10,000</u>	<u>19,648</u>	<u>9,648</u>
Other Financing Sources (Uses)			
Transfers out	<u>(10,000)</u>	<u>(19,648)</u>	<u>(9,648)</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(19,648)</u>	<u>(9,648)</u>
Net Change in Fund Balance			
Fund Balance, July 1, 2013	<u>3,065</u>	<u>3,065</u>	
Fund Balance, June 30, 2014	<u>\$ 3,065</u>	<u>\$ 3,065</u>	<u>\$ -</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ -	\$ 1,314	\$ 1,314
Investment earnings	150	14	(136)
Total Revenues	<u>150</u>	<u>1,328</u>	<u>1,178</u>
Expenditures			
Capital outlay	<u>39,500</u>	<u>25,000</u>	<u>14,500</u>
Total Expenditures	<u>39,500</u>	<u>25,000</u>	<u>14,500</u>
Net Change in Fund Balance	(39,350)	(23,672)	15,678
Fund Balance, July 1, 2013	<u>67,586</u>	<u>67,586</u>	
Fund Balance, June 30, 2014	<u>\$ 28,236</u>	<u>\$ 43,914</u>	<u>\$ 15,678</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Safety Sales Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 90,000	\$ 95,019	\$ 5,019
Total Revenues	<u>90,000</u>	<u>95,019</u>	<u>5,019</u>
Other Financing Sources (Uses)			
Transfers out	<u>(95,000)</u>	<u>(95,019)</u>	<u>(19)</u>
Total Other Financing Sources (Uses)	<u>(95,000)</u>	<u>(95,019)</u>	<u>(19)</u>
Net Change in Fund Balance	(5,000)		5,000
Fund Balance, July 1, 2013	<u>8,480</u>	<u>8,480</u>	
Fund Balance, June 30, 2014	<u>\$ 3,480</u>	<u>\$ 8,480</u>	<u>\$ 5,000</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Law Enforcement Service Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 100,000	\$ 104,027	\$ 4,027
Total Revenues	<u>100,000</u>	<u>104,027</u>	<u>4,027</u>
Other Financing Sources (Uses)			
Transfers out	<u>(100,000)</u>	<u>(103,157)</u>	<u>(3,157)</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(103,157)</u>	<u>(3,157)</u>
Net Change in Fund Balance		870	870
Fund Balance, July 1, 2013	<u> </u>	<u> </u>	<u> </u>
Fund Balance, June 30, 2014	<u>\$ -</u>	<u>\$ 870</u>	<u>\$ 870</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 14,000	\$ 14,293	\$ 293
Investment earnings	100	3	(97)
	<u>14,100</u>	<u>14,296</u>	<u>196</u>
Total Revenues	14,100	14,296	196
Net Change in Fund Balance	14,100	14,296	196
Fund Balance, July 1, 2013	<u>10,783</u>	<u>10,783</u>	<u></u>
Fund Balance, June 30, 2014	<u>\$ 24,883</u>	<u>\$ 25,079</u>	<u>\$ 196</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures			
Debt service:			
Principal	\$ 70,000	\$ 70,000	\$ -
Interest and fiscal charges	<u>140,951</u>	<u>140,981</u>	<u>(30)</u>
Total Expenditures	<u>210,951</u>	<u>210,981</u>	<u>(30)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(210,951)</u>	<u>(210,981)</u>	<u>(30)</u>
Other Financing Sources (Uses)			
Transfers in	<u>210,951</u>	<u>210,951</u>	
Total Other Financing Sources (Uses)	<u>210,951</u>	<u>210,951</u>	
Net Change in Fund Balance		(30)	(30)
Fund Balance, July 1, 2013	<u>259,328</u>	<u>259,328</u>	
Fund Balance, June 30, 2014	<u>\$ 259,328</u>	<u>\$ 259,298</u>	<u>\$ (30)</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Development Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Charges for services	\$ -	\$ 18,076	\$ 18,076
Investment earnings	50	65	15
	<u>50</u>	<u>18,141</u>	<u>18,091</u>
Total Revenues	<u>50</u>	<u>18,141</u>	<u>18,091</u>
Expenditures			
Current:			
Public works		462	(462)
Capital outlay	34,000	28,334	5,666
	<u>34,000</u>	<u>28,796</u>	<u>5,204</u>
Total Expenditures	<u>34,000</u>	<u>28,796</u>	<u>5,204</u>
Net Change in Fund Balance	(33,950)	(10,655)	23,295
Fund Balance, July 1, 2013	<u>284,977</u>	<u>284,977</u>	
Fund Balance, June 30, 2014	<u>\$ 251,027</u>	<u>\$ 274,322</u>	<u>\$ 23,295</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Building Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 13	\$ 13
Miscellaneous		10,606	10,606
Total Revenues		10,619	10,619
Expenditures			
Capital outlay	219,900	66,530	153,370
Total Expenditures	219,900	66,530	153,370
Net Change in Fund Balance	(219,900)	(55,911)	163,989
Fund Balance, July 1, 2013	96,061	96,061	
Fund Balance, June 30, 2014	\$ (123,839)	\$ 40,150	\$ 163,989

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Residential Streets/Alleys Capital Projects Fund
For the Fiscal Year Ended June 30, 2014

	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues			
Investment earnings	\$ 200	\$ 10	\$ (190)
Total Revenues	<u>200</u>	<u>10</u>	<u>(190)</u>
Net Change in Fund Balance	200	10	(190)
Fund Balance, July 1, 2013	<u>46,953</u>	<u>46,953</u>	
Fund Balance, June 30, 2014	<u>\$ 47,153</u>	<u>\$ 46,963</u>	<u>\$ (190)</u>

CITY OF LOS ALAMITOS
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 146,352	\$ 228,630	\$ 374,982
Total Current Assets	<u>146,352</u>	<u>228,630</u>	<u>374,982</u>
Noncurrent Assets:			
Capital assets, net	<u>311,879</u>	<u>35,567</u>	<u>347,446</u>
Total Noncurrent Assets	<u>311,879</u>	<u>35,567</u>	<u>347,446</u>
Total Assets	<u>458,231</u>	<u>264,197</u>	<u>722,428</u>
Liabilities			
Current Liabilities:			
Accounts payable	16,274	6,578	22,852
Accrued liabilities	2,110		2,110
Compensated absences	2,921		2,921
Long-term Liabilities:			
Compensated absences	<u>12,869</u>		<u>12,869</u>
Total Liabilities	<u>34,174</u>	<u>6,578</u>	<u>40,752</u>
Net Position			
Net investment in capital assets	311,879	35,567	347,446
Unrestricted	<u>112,178</u>	<u>222,052</u>	<u>334,230</u>
Total Net Position	<u>\$ 424,057</u>	<u>\$ 257,619</u>	<u>\$ 681,676</u>

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 233,930	\$ 147,687	\$ 381,617
Total Operating Revenues	<u>233,930</u>	<u>147,687</u>	<u>381,617</u>
Operating Expenses:			
Personnel services	84,011		84,011
Supplies and parts	131,894	43,496	175,390
Outside services	26,520	102,460	128,980
Depreciation	126,772	25,228	152,000
Total Operating Expenses	<u>369,197</u>	<u>171,184</u>	<u>540,381</u>
Operating Loss	<u>(135,267)</u>	<u>(23,497)</u>	<u>(158,764)</u>
Non-Operating Revenues (Expenses):			
Insurance Reimbursement	4,472		4,472
Total Non-Operating Revenues (Expenses)	<u>4,472</u>		<u>4,472</u>
Excess (Deficit) of Revenues over Expenditures	<u>(130,795)</u>	<u>(23,497)</u>	<u>(154,292)</u>
Other Financing Sources (Uses)			
Transfers in	15,102		15,102
Total Other Financing Sources (Uses)	<u>15,102</u>		<u>15,102</u>
Change in Net Position	<u>(115,693)</u>	<u>(23,497)</u>	<u>(139,190)</u>
Net Position, July 1, 2013	453,368	281,116	734,484
Prior Period Adjustment	86,382		86,382
Net Position, July 1, 2013, restated	<u>539,750</u>	<u>281,116</u>	<u>820,866</u>
Net Position, June 30, 2014	<u>\$ 424,057</u>	<u>\$ 257,619</u>	<u>\$ 681,676</u>

CITY OF LOS ALAMITOS
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from user departments	\$ 233,930	\$ 147,687	\$ 381,617
Cash paid to suppliers for goods and services	(155,732)	(139,971)	(295,703)
Cash paid to employees for services	(83,893)		(83,893)
Net Cash Provided (Used) by Operating Activities	<u>(5,695)</u>	<u>7,716</u>	<u>2,021</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(42,095)		(42,095)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(42,095)</u>		<u>(42,095)</u>
Cash Flows from Non-Capital and Related Financing Activities:			
Insurance Reimbursement	4,472		4,472
Transfers In	15,102		15,102
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>19,574</u>		<u>19,574</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,216)	7,716	(20,500)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>174,568</u>	<u>220,914</u>	<u>395,482</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 146,352</u>	<u>\$ 228,630</u>	<u>\$ 374,982</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (135,267)	\$ (23,497)	\$ (158,764)
Add back depreciation expense	126,772	25,228	152,000
Change in assets and liabilities:			
Increase (Decrease) in Operating Liabilities:			
Increase (decrease) in accounts payable	2,682	5,985	8,667
Increase (decrease) in accrued liabilities	391		391
Increase (decrease) in compensated absences	(273)		(273)
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,695)</u>	<u>\$ 7,716</u>	<u>\$ 2,021</u>

STATISTICAL SECTION



DESCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2014

This part of the City of Los Alamitos'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 say about the government's overall financial health.

Contents:

	<u>PAGE</u>
<u>Financial Trends</u> : these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	86
<u>Revenue Capacity</u> : these schedules contain trend information to help the reader assess the factors affecting the City's most significant revenue source, property tax.	94
<u>Debt Capacity</u> : these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	102
<u>Demographic and Economic Information</u> : these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	105
<u>Operating Information</u> : these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	108

CITY OF LOS ALAMITOS
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 6,845	\$ 9,289	\$ 8,962	\$ 9,396
Restricted	1,886	2,006	2,449	2,309
Unrestricted	9,025	7,356	8,029	7,553
Total governmental activities net position	<u>\$ 17,756</u>	<u>\$ 18,651</u>	<u>\$ 19,440</u>	<u>\$ 19,258</u>

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 11,415	\$ 12,370	\$ 12,659	\$ 13,143	\$ 13,138	\$ 13,585
2,093	1,533	1,500	832	841	878
7,146	7,144	7,984	7,681	8,034	8,393
<u>\$ 20,654</u>	<u>\$ 21,047</u>	<u>\$ 22,143</u>	<u>\$ 21,656</u>	<u>\$ 22,013</u>	<u>\$ 22,856</u>

CITY OF LOS ALAMITOS
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 2,201	\$ 2,303	\$ 2,523	\$ 3,178
Public safety	4,087	4,410	4,449	4,922
Community development	298	881	743	700
Recreation and community services	1,878	2,197	1,902	2,162
Public works	1,507	1,599	1,445	1,592
Interest on long-term debt	-	-	125	209
Total governmental activities expenses	<u>9,971</u>	<u>11,390</u>	<u>11,187</u>	<u>12,763</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	12	17	10	33
Public safety	192	482	659	770
Community development	56	74	54	52
Recreation and community services	818	998	762	1,015
Public works	-	-	-	-
Operating grants	1,541	740	638	921
Capital grants and contributions	965	554	30	191
Total governmental activities program revenues	<u>3,584</u>	<u>2,865</u>	<u>2,153</u>	<u>2,982</u>
Net (expense)/revenue				
Governmental activities	(6,387)	(8,525)	(9,034)	(9,781)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	1,372	2,301	2,354	2,484
Utility users tax	1,636	1,969	2,165	2,178
Transient occupancy	72	73	93	101
Sales	3,144	2,907	3,098	2,912
Franchise	539	566	602	595
Business License taxes and permits	533	652	475	606
Other	87	104	129	63
	<u>7,383</u>	<u>8,572</u>	<u>8,916</u>	<u>8,939</u>
Motor vehicle in lieu	760	78	70	54
Investment income	219	382	452	277
Gain on Sale of property	-	-	-	9
Other	559	388	621	389
Total governmental activities	<u>8,921</u>	<u>9,420</u>	<u>10,059</u>	<u>9,668</u>
Changes in Net Position				
Governmental activities	<u>\$ 2,534</u>	<u>\$ 895</u>	<u>\$ 1,025</u>	<u>\$ (113)</u>

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 2,704	\$ 2,224	\$ 1,659	\$ 2,376	\$ 1,377	\$ 2,223	
5,095	5,068	4,912	5,545	5,393	5,691	
578	578	527	705	745	843	
2,114	1,583	1,568	1,770	1,957	1,700	
1,616	1,922	1,905	2,007	2,709	2,839	
155	156	153	150	168	140	
<u>12,262</u>	<u>11,531</u>	<u>10,724</u>	<u>12,553</u>	<u>12,349</u>	<u>13,436</u>	
88	117	43	3	-	-	
663	618	641	511	637	735	
75	73	150	280	435	113	
1,100	1,180	1,230	1,266	1,295	1,242	
-	-	-	-	-	18	
1,315	388	533	112	119	323	
1,123	708	890	524	349	1,566	
<u>4,364</u>	<u>3,084</u>	<u>3,487</u>	<u>2,696</u>	<u>2,835</u>	<u>3,997</u>	
(7,898)	(8,447)	(7,237)	(9,857)	9,514	9,439	
2,545	2,654	2,529	3,143	3,734	2,733	
2,232	2,178	2,132	2,083	2,160	2,188	
78	70	80	88	104	113	
2,514	2,349	2,148	2,200	2,117	2,836	
603	584	595	683	653	689	
788	574	471	618	694	937	
55	65	85	347	284	506	
<u>8,815</u>	<u>8,474</u>	<u>8,040</u>	<u>9,162</u>	<u>9,746</u>	<u>10,002</u>	
41	36	62	6	5	-	
142	39	27	15	27	13	
6	5	140	3	37	-	
289	287	89	207	36	267	
<u>9,293</u>	<u>8,841</u>	<u>8,358</u>	<u>9,393</u>	<u>9,851</u>	<u>10,282</u>	
<u>\$ 1,395</u>	<u>\$ 394</u>	<u>\$ 1,121</u>	<u>\$ (464)</u>	<u>\$ 337</u>	<u>\$ 843</u>	

CITY OF LOS ALAMITOS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonspendable				
Restricted				
Assigned				
Unassigned				
Reserved	\$ 16	\$ 170	\$ 6	\$ 25
Unreserved, designated				2,800
Unreserved, undesignated	7,982	6,148	6,776	3,078
Total General Fund	<u>7,998</u>	<u>6,318</u>	<u>6,782</u>	<u>5,903</u>
All Other Governmental Funds				
Nonspendable				
Restricted				
Assigned				
Unassigned				
Reserved	-	-	-	-
Unreserved, designated reported in:				
Special revenue funds	-	-	-	219
Unreserved, reported in:				
Special revenue funds	1,925	1,752	2,078	2,098
Debt service funds	-	254	256	262
Capital projects funds	836	925	902	1,040
Total All Other Governmental Funds	<u>2,761</u>	<u>2,931</u>	<u>3,236</u>	<u>3,619</u>
Total All Governmental Funds	<u>\$ 10,759</u>	<u>\$ 9,249</u>	<u>\$ 10,018</u>	<u>\$ 9,522</u>

*Note: The City adopted GASB 54 starting in fiscal year 2011 which changed how fund balance is presented in the CAFR

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year					
2009	2010	2011	2012	2013	2014
		\$ 4	\$ 7	\$ 6	\$ 8
		-	-		-
		3,250	3,250	3,770	7,049
		4,161	4,496	4,085	1,218
\$ 25	\$ 5				
2,800	2,800				
3,305	3,418				
<u>6,130</u>	<u>6,223</u>	<u>7,415</u>	<u>7,753</u>	<u>7,861</u>	<u>8,275</u>
			-		-
		1,550	1,073	888	829
		1,201	724	898	677
		(167)	(146)	(223)	(1,240)
274	261				
215	216				
1,211	1,120				
-	-				
1,067	1,008				
<u>2,767</u>	<u>2,605</u>	<u>2,584</u>	<u>1,651</u>	<u>1,563</u>	<u>266</u>
<u>\$ 8,897</u>	<u>\$ 8,828</u>	<u>\$ 9,999</u>	<u>\$ 9,404</u>	<u>\$ 9,424</u>	<u>\$ 8,541</u>

CITY OF LOS ALAMITOS
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 6,629	\$ 8,004	\$ 8,228	\$ 8,725
Licenses and permits	533	653	475	606
Intergovernmental	3,596	1,752	1,165	949
Charges for services	901	1,095	843	1,105
Investment earnings	203	351	413	369
Fines and forfeitures	167	463	634	751
Other	251	115	231	299
Total Revenues	<u>12,280</u>	<u>12,433</u>	<u>11,989</u>	<u>12,804</u>
Expenditures				
General government	2,094	2,827	2,604	2,739
Public safety	4,045	4,448	4,511	4,798
Community Development	582	735	607	694
Recreation and community services	3,845	2,291	2,258	2,118
Public works	1,842	6,689	1,398	1,461
Capital outlay	90	207	-	556
Debt Service	-	111	121	172
Total Expenditures	<u>12,498</u>	<u>17,308</u>	<u>11,499</u>	<u>12,538</u>
Excess of revenues over/(under) expenditures	<u>(218)</u>	<u>(4,875)</u>	<u>490</u>	<u>266</u>
Other Financing Sources (Uses)				
Transfers in	3,143	3,603	969	731
Transfers out	(3,165)	(3,603)	(969)	(1,425)
Long term debt issued	-	3,365	-	-
Total other financing sources	<u>(22)</u>	<u>3,365</u>	<u>-</u>	<u>(694)</u>
Net change in fund balances	<u>\$ (240)</u>	<u>\$ (1,510)</u>	<u>\$ 490</u>	<u>\$ (428)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.649%	1.052%	1.435%

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year						
	2009	2010	2011	2012	2013	2014
\$	8,387	\$ 7,915	\$ 8,027	\$ 8,087	\$ 9,042	\$ 9,420
	806	604	629	1,247	694	937
	1,671	1,542	1,047	475	531	150
	1,248	1,256	1,379	1,320	1,752	1,396
	198	39	27	15	9	2
	651	622	602	450	615	710
	60	189	245	197	36	581
	<u>13,021</u>	<u>12,167</u>	<u>11,956</u>	<u>11,791</u>	<u>12,679</u>	<u>13,196</u>
	2,219	2,132	1,892	2,106	1,900	2,097
	4,993	4,923	4,748	4,913	5,280	5,874
	574	562	526	623	737	830
	2,073	1,517	1,527	1,570	1,889	1,620
	1,483	1,717	1,654	1,779	1,831	1,686
	2,165	1,260	523	1,183	806	1,744
	210	213	210	212	216	211
	<u>13,717</u>	<u>12,324</u>	<u>11,080</u>	<u>12,386</u>	<u>12,659</u>	<u>14,062</u>
	<u>(696)</u>	<u>(157)</u>	<u>876</u>	<u>(595)</u>	<u>20</u>	<u>(866)</u>
	816	635	960	715	588	606
	(745)	(546)	(621)	(715)	(588)	(621)
	<u>71</u>	<u>89</u>	<u>339</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
\$	<u>(625)</u>	<u>(68)</u>	<u>1,215</u>	<u>(595)</u>	<u>20</u>	<u>(881)</u>
	1.818%	1.925%	1.989%	1.892%	1.822%	1.713%

CITY OF LOS ALAMITOS
 2013/14 Use Category Summary-Basic Property Value Table
 Last Ten Fiscal Years
 (amounts expressed in thousands)

<u>Category</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	667,365	758,585	804,318	865,371	898,176	897,118
Commercial	214,721	224,025	240,837	262,971	284,259	289,009
Industrial	179,150	183,303	190,378	205,802	243,442	248,721
Institutional	4,265	57	59	60	61	62
Miscellaneous	17,720	24,817	27,387	28,802	627	1,753
Recreational	127	129	132	-	-	-
Vacant land	1,840	2,370	1,894	839	859	876
SBE Nonunitary	463	462	462	459	222	222
Cross Reference	-	-	-	-	3,106	3,285
Unsecured	135,966	159,280	151,067	156,734	149,735	148,625
Other	(537)	-	(2)	-	-	-
Totals	\$ 1,221,080	\$ 1,353,028	\$ 1,416,532	\$ 1,521,038	\$ 1,580,487	\$ 1,589,671
Direct rate	0.10066%	0.10066%	0.10065%	0.10064%	0.10072%	0.10067%

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

Source: HdL Coren and Cone, Orange County Assessor Tax Rate Table

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
925,857	935,865	957,266	994,876
283,221	278,086	288,363	288,722
246,247	247,130	252,384	253,201
-	-	-	-
1,749	1,762	1,797	-
-	-	-	-
-	-	-	8,917
222	222	222	222
3,477	3,367	4,327	3,453
155,295	138,185	134,342	119,933
-	-	-	-
<hr/>			
\$1,616,068	\$1,604,617	1,638,701	1,669,324
0.10066%	0.10066%	0.10067%	0.10090%



CITY OF LOS ALAMITOS
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value (2)
2005	\$ 1,085,188	\$ 135,892	\$ -	\$ 1,221,080
2006	1,193,748	159,280		1,353,028
2007	1,265,004	151,528		1,416,532
2008	1,363,845	157,193		1,521,038
2009	1,430,961	149,526		1,580,487
2010	1,441,254	148,417		1,589,671
2011	1,460,981	155,087		1,616,068
2012	1,466,640	137,977		1,604,617
2013	1,504,137	133,912		1,638,049
2014	1,549,169	119,503		1,668,672

(1) Exemptions are netted against the individual property categories.

(2) Total includes Nonunitary Taxable Assessed Values.

Note:

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

Source: HdL Coren and Cone, Orange County Assessor Combined Tax Rolls

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City Direct Rate	0.116	0.116	0.116	0.117	0.117	0.117	0.117
Overlapping Rates:							
Los Alamitos City General Fund	0.100	0.100	0.100	0.100	0.100	0.101	0.101
Los Alamitos City Lighting Reorganization	0.016	0.016	0.016	0.016	0.016	0.016	0.016
Educational Revenue Augmentation Fund	0.145	0.145	0.145	0.145	0.144	0.144	0.144
Los Alamitos Unified General Fund	0.412	0.412	0.412	0.412	0.412	0.412	0.412
North Orange Co. Community College District	0.059	0.059	0.059	0.059	0.059	0.059	0.059
Orange County Department of Education	0.031	0.031	0.031	0.031	0.031	0.031	0.031
Orange County Fire Department	0.095	0.095	0.095	0.095	0.095	0.095	0.095
Orange County Flood Control District General	0.017	0.017	0.017	0.017	0.017	0.017	0.017
Orange County General Fund	0.052	0.052	0.052	0.052	0.052	0.052	0.052
Orange County Harbors Beaches & Parks Csa	0.013	0.013	0.013	0.013	0.013	0.013	0.013
Orange County Library District General Fund	0.014	0.014	0.014	0.014	0.014	0.014	0.014
Orange County Sanitation District 3 Operating	0.027	0.027	0.027	0.027	0.027	0.027	0.027
Orange County Transportation Authority	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Orange County Water District reserve	0.001	0.001	0.001	0.000	0.001	0.000	0.000
Rossmoor/Los Alamitos Sewer District	0.009	0.009	0.009	0.010	0.010	0.010	0.010
Total Prop 13 Rate	<u>1.000</u>						
Anaheim High School District	0.028	0.024	0.024	0.025	0.024	0.026	0.027
Cypress Elementary	0.000	0.000	0.000	0.000	0.000	0.022	0.026
Garden Grove Unified School District	0.000	0.000	0.000	0.000	0.000	0.000	0.033
Los Alamitos Sfid	0.000	0.000	0.000	0.000	0.000	0.020	0.033
Metropolitan Water District	0.006	0.005	0.005	0.005	0.004	0.004	0.004
N. Orange County Community College	0.014	0.017	0.014	0.015	0.015	0.018	0.017
Total Voter Approved tax Rate	<u>0.048</u>	<u>0.046</u>	<u>0.043</u>	<u>0.045</u>	<u>0.043</u>	<u>0.089</u>	<u>0.141</u>
Total Tax Rate	<u>1.047</u>	<u>1.046</u>	<u>1.042</u>	<u>1.020</u>	<u>1.043</u>	<u>1.089</u>	<u>1.141</u>

Source: HdL Coren and Cone, Orange County Assessor 2004/2005 - 2013/2014 Tax Rate Table

<u>2012</u>	<u>2013</u>	<u>2014</u>
0.117	0.117	0.117
0.101	0.101	0.101
0.016	0.016	0.016
0.144	0.144	0.144
0.412	0.412	0.412
0.059	0.059	0.059
0.031	0.031	0.031
0.095	0.095	0.095
0.017	0.017	0.017
0.052	0.052	0.052
0.013	0.013	0.013
0.014	0.014	0.014
0.027	0.027	0.027
0.002	0.002	0.002
0.001	0.001	0.001
0.006	0.006	0.006
0.000	0.000	0.000
0.010	0.010	0.010
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
0.027	0.029	0.026
0.015	0.025	0.027
0.025	0.031	0.037
0.036	0.042	0.056
0.004	0.004	0.003
0.017	0.019	0.017
<u>0.124</u>	<u>0.150</u>	<u>0.166</u>
<u>1.124</u>	<u>1.150</u>	<u>1.166</u>

CITY OF LOS ALAMITOS
Principal Property Tax Payers
Current Year and Ten Years Ago
(amounts expressed in thousands)

	2014		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 68,098	4.079%	\$ 53,659	4.394%
Los Alamitos Corporation Center JV	55,585	3.330%		
Henrietta C. Lee Trust			47,837	3.917%
Trend Offset Printing Inc.	35,277	2.113%	49,525	4.055%
Don Wilson Staples LLC	30,797	1.845%		
JCB Inc.	17,303	1.037%	14,893	1.219%
CGM Katella LLC	13,158	0.788%		
Ganahl Lumber Company	15,274	0.915%		
Bayport Los Alamitos Associates LP	12,602	0.755%	10,900	
Arrowhead Products Corporation	12,621	0.756%	13,036	1.067%
Laeroc 2002 Katella			10,560	0.865%
Verizon Directories Distribution			10,928	0.895%
Susa Partnership			9,262	0.758%
Los Alamitos LLC	11,050	0.662%		
Apartment Unlimited			10,792	0.884%
Top Ten Totals	<u>\$ 271,765</u>	<u>16.280%</u>	<u>\$ 231,392</u>	<u>18.054%</u>
City Totals	<u>\$ 1,669,324</u>		<u>\$ 1,221,324</u>	

Source: HdL Coren and Cone, Orange County Assessor 2004/05 and 2013/14 Tax Rolls

CITY OF LOS ALAMITOS
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections for Prior Years (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	\$ 1,380,625	\$1,356,979	98.287%	\$ 4,428	\$ 1,361,407	98.608%
2006	1,493,570	1,460,442	97.782%	17,572	1,478,014	98.958%
2007	1,555,871	1,501,044	96.476%	22,569	1,523,613	97.927%
2008	1,647,608	1,583,142	96.087%	32,579	1,615,721	98.065%
2009	1,680,414	1,619,026	96.347%	(3,594)	1,615,432	96.133%
2010	1,677,973	1,358,634	80.969%	56,169	1,414,803	84.316%
2011	1,706,675	1,656,579	97.065%	37,679	1,694,258	99.272%
2012	1,863,810	1,776,861	95.335%	36,779	1,813,640	97.308%
2013	2,013,958	1,962,651	97.452%	24,090	1,986,741	98.649%
2014	2,052,538	2,002,409	97.558%	24,524	2,026,933	98.753%

(1) Total amount of delinquent taxes collected in each fiscal year; information regarding levy year to which delinquent tax collections pertain is not provided by the Orange County Auditor- Controller.

Source: Orange County Auditor- Controller

CITY OF LOS ALAMITOS
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

<u>Fiscal Year</u>	<u>Governmental Activities Certificates of Participation</u>	<u>Total Primary Government</u>	<u>Percent of Personal Income</u>	<u>Per Capita</u>
2005	\$ 0	\$ 0	0.000%	\$0.00
2006	\$ 3,365	\$ 3,365	8.626%	\$280.32
2007	\$ 3,365	\$ 3,365	8.036%	\$277.05
2008	\$ 3,350	\$ 3,350	7.806%	\$286.59
2009	\$ 3,295	\$ 3,295	7.783%	\$269.71
2010	\$ 3,235	\$ 3,235	7.539%	\$272.90
2011	\$ 3,175	\$ 3,175	7.092%	\$276.71
2012	\$ 3,110	\$ 3,110	6.712%	\$269.10
2013	\$ 3,055	\$ 3,055	N/A	\$262.77
2014	\$ 2,970	\$ 2,970	N/A	\$253.22

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS
 Direct and Overlapping Governmental Activity Debt
 As of June 30, 2014
 (amounts expressed in thousands)

2013-2014 Taxable Assessed Valuation: \$ 1,674,933

	<u>Total Debt 6/30/2014</u>	<u>Percent Applicable to City (1)</u>	<u>City's Share of Debt 6/30/2014</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 132,275	0.077%	102
North Orange County Joint Community College District	201,239	1.648%	3,316
Los Alamitos Unified District School Facilities Improvement Dist #1	100,990	22.040%	22,258
Anaheim Union High School District	100,324	0.080%	80
Garden Grove School District	244,995	0.014%	34
Cypress School District	40,196	0.520%	209
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 26,000
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 145,476	0.379%	\$ 551
Orange County Pension obligations	32,195	0.379%	122
Orange County Board of Education Certificates of Participation	15,500	0.379%	59
Municipal Water District of Orange County Water Facilities Corp	7,775	0.453%	35
Los Alamitos Unified School District Certificates of Participation	45,015	20.084%	9,041
Anaheim Union High School District Certificates of Participation	36,178	0.079%	29
Cypress School District Certificates of Participation	7,365	0.520%	38
North Orange County Regional Occupational Program Certificates	10,690	1.692%	181
City of Los Alamitos Certificates of Participation	2,970	100.000%	2,970
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 13,026
Less: MWDOC Water Facilities Corporation (100% self-supporting)			35
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 12,991
TOTAL DIRECT DEBT			\$ 2,970
GROSS OVERLAPPING DEBT			\$ 36,056
TOTAL NET OVERLAPPING DEBT			\$ 36,021
GROSS COMBINED TOTAL DEBT (2)			\$ 39,026 (2)
NET COMBINED TOTAL DEBT			\$ 38,991

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.55%
Total Direct Debt (2,970,000).....	0.18%
Gross Combined Total Debt.....	2.33%
Net Combined Total Debt.....	2.33%

Source -California Municipal Statistics, Inc.

CITY OF LOS ALAMITOS
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 1,669,323,980
Debt limit (15% of assessed value)	250,398,597
Debt applicable to limit	<u>0</u>
Legal debt margin - Current Year	<u><u>\$ 250,398,597</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2005	\$ 183,198,572	\$ 0	\$ 183,198,572	\$ 0
2006	200,048,352	0	200,048,352	0
2007	212,479,850	0	212,479,850	0
2008	228,155,675	0	228,155,675	0
2009	237,073,010	0	237,073,010	0
2010	238,450,720	0	238,450,720	0
2011	242,410,136	0	242,410,136	0
2012	240,628,038	0	240,628,038	0
2013	245,805,113	0	245,805,113	0
2014	250,398,597	0	250,398,597	0

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS
 Demographic and Economic Statistics
 Last Ten Years

Year	City Population	Los Angeles-Long Beach-Santa Ana Area			
		Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2005	\$ 12,003	\$ 12,933,839	\$ 475,262,940	\$ 36,746	5.00%
2006	12,004	12,950,129	505,197,000	39,011	4.40%
2007	12,146	12,875,587	539,163,000	41,875	4.70%
2008	11,689	12,872,808	552,449,876	42,916	6.60%
2009	12,217	12,774,577	540,833,173	42,337	10.80%
2010	11,854	12,843,942	551,157,206	42,912	11.60%
2011	11,854	12,945,140	579,531,692	44,768	10.50%
2012	11,557	13,052,921	604,831,837	46,337	9.40%
2013	11,626	N/A	N/A	N/A	9.20%
2014	11,729	N/A	N/A	N/A	7.50%

N/A - Information is not yet available

Sources: Unemployment Rate: Bureau of Labor Statistics
 Personal Income: Bureau of Economic Analysis
 Area Population: Bureau of Economic Analysis
 Per Capita Income: Bureau of Economic Analysis
 City Population: State Department of Finance

CITY OF LOS ALAMITOS
 Principal Employers
 Current Year and Ten Years Ago

Employer	2013-14			2004-2005*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Los Alamitos Medical Center, Inc	1,047	1	11.50%			
Arrowhead Products	661	2	7.26%			
Trend Offset Printing Services	632	3	6.94%			
Katella Deli	186	4	2.04%			
Super Media Sales, Inc	158	5	1.73%			
Alamitos West Health Care Center	152	6	1.67%			
Alliance Space Systems, LLC	145	7	1.59%			
Ganahl Lumber	122	8	1.34%			
Millie and Severson, Inc	105	9	1.15%			
Bearing Inspection, Inc.	102	10	1.12%			
	<u>3,310</u>		<u>36.34%</u>	<u>0</u>		<u>0.00%</u>

* Information not available

Source: Los Alamitos Community Development Department



CITY OF LOS ALAMITOS
 Full-Time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government							
City Council	5	5	5	5	5	5	5
Administration	8	9	9	11	10	9	8
Community Development							
Administration	2	2	2	2	2	2	2
Planning	1	1	1	1	1	1	1
Code Enforcement	1	1	1	1	1	1	1
Police							
Administration	4	4	4	4	4	4	4
Patrol	21	21	21	20	21	18	19
Investigation	3	3	3	3	3	3	3
Records	2	2	2	2	2	2	2
Crossing Guards	2	3	3	4	3	2	2
Other PD Support	4	4	4	2	4	2	2
Public Works							
Admin/Engineering	1	2	3	3	3	2	1
Maintenance	13	13	13	11	11	11	10
Mechanic	1	1	1	1	1	1	1
Recreation & Community Services							
Administration	4	4	4	4	4	4	4
Recreation/Cultural	13	13	13	17	15	13	12
Aquatics	5	7	7	7	7	6	6

Source: City of Los Alamitos, Administrative Services Department

<u>2012</u>	<u>2013</u>	<u>2014</u>
5	5	5
8	8	8
2	1	1
1	1	1
1	1	1
4	4	4
19	19	19
3	3	3
2	2	2
2	3	3
2	2	2
1	1	1
10	10	10
1	1	1
4	5	5
11	9	9
6	5	5

CITY OF LOS ALAMITOS
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Community Development						
Number of:						
Business licenses	NA	NA	NA	NA	1,900	1,900
Plan checks	74	59	91	60	76	74
NPDES inspections	NA	304	208	129	96	53
Code violations	141	489	911	520	432	442
Police						
Number of:						
Part 1 crimes	501	431	447	396	375	326
Parking violations	2,998	3,780	3,094	1,882	2,751	2,382
Traffic (moving) violations	1,742	2,040	2,554	2,903	1,997	1,848
Incident & crime reports	2,103	2,091	2,045	1,713	1,538	1,380
Public Works						
Square yd of street resurfacing/repair	NA	-	-	100,963	55,455	64,600
Miles of street sweeping	NA	26	40	33	33	33
Number of:						
Street signal maintained	NA	20	20	24	24	24
Trees pruned per year	NA	327	600	151	350	200
Square feet graffiti removal	NA	100	1,300	140	2,000	1,800
Recreation & Community Services						
Number of enrollees:						
Aquatics	97,948	122,145	125,331	123,180	200,000	210,000
Community Services/Seniors	20,980	20,450	14,771	11,440	10,150	10,000
Day Camp	840	1,080	1,062	3,245	2,400	2,400
Park Program	4,369	4,513	4,328	3,521	1,400	1,000
Sports	7,871	10,058	1,439	5,700	4,000	4,200
Classes	4,092	4,314	2,630	11,464	6,200	6,500
Special Events	44,668	41,573	24,300	32,900	33,000	35,000

NA - Not Available.

Source: City of Los Alamitos, Administrative Services Department

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1,921	2,048	1,964	2,089
105	119	141	110
240	152	126	57
402	352	97	147
347	356	433	330
2,389	1,893	1,532	1,766
1,810	1,877	2,177	2,354
1,320	1,356	1,361	1,293
2,500	11,600	38,800	20,000
33	33	33	33
24	24	24	25
500	1,230	632	620
1,700	1,625	1,650	1,550
215,000	225,000	230,000	232,000
9,500	9,700	9,800	10,500
2,500	2,500	2,600	2,800
1,100	1,250	1,400	2,600
5,800	8,800	8,000	7,800
6,600	6,400	6,400	6,300
36,000	37,900	40,000	41,470

CITY OF LOS ALAMITOS
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Community Development					
Code enforcement vehicles	3	1	1	1	1
Police					
Stations	1	1	1	1	1
Patrol Vehicles	7	7	9	9	9
Other Vehicles	14	13	10	10	11
Public Works					
Streets (Miles)	32.9	32.9	32.9	32.9	32.9
Street lights	910	910	910	910	910
Traffic signals	23	23	23	24	24
Public works vehicles	13	14	14	14	15
Recreation & Community Services					
Youth centers	1	1	1	1	1
Community centers	1	1	1	1	1
Parks	8	9	9	9	9
Community service vehicles	2	2	2	2	2

Source: City of Los Alamitos, Administrative Services Department

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1	1	1	1	1
1	1	1	1	1
8	8	7	7	7
9	9	8	8	9
32.9	32.9	32.9	32.9	32.9
910	910	910	910	911
24	24	24	24	25
12	12	13	13	13
1	1	1	1	1
1	1	1	1	1
9	9	9	9	9
2	2	2	2	2