

CITY OF
Los Alamitos
California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015



CITY OF LOS ALAMITOS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:
JASON AL-IMAM
ADMINISTRATIVE SERVICES DIRECTOR



CITY OF LOS ALAMITOS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2015

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December 28, 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, 2015.

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 Lance, Soll & Lunghard, 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, 2015. 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 11,725 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 economy continues to grow. The City of Los Alamitos and the County of Orange has outperformed much of California. The City's labor market continues to improve with the unemployment rate currently at approximately 4.2% compared to 5.5% a year ago. The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 77% 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 increased over the past several years and are expected to continue to increase next year, which reflects a strong robust and thriving local economy. The City's property tax revenues are expected to continue to show positive growth from FY14-15, based upon an increase in assessed valuations of 3.6%. The City's third major tax revenue source, utility users' tax, is expected to continue to reflect moderate growth estimated at approximately 3.7% for Fiscal Year 2015-16. While the City expects revenue sources to increase 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, 2015, the City's General Fund had fund balance reserves of approximately \$7.5 million. Of this amount, \$3,273,754 is committed for emergencies. Assigned fund balance amounts to approximately \$3.6 million, which is primarily comprised of \$3.15 million designated for PERS reserves. Nonspendable fund balance consists primarily of prepaid insurance premiums for the 2015-16 Fiscal Year, which were paid during the 2014-15 Fiscal Year. \$160 thousand has been assigned for "other" purposes, which has been reduced by the nonspendable portion of fund balance. However, it's important to note that these nonspendable resources are available from a budgetary perspective. Consequently, budgetary fund balance assigned for "other" purposes amounts to \$804 thousand, which includes \$500 thousand designated for retiree medical insurance benefits and other amounts designated for various purposes.

Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal year 2015/16 are approximately \$1.9 million, which includes capital equipment purchases and capital improvement projects. 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.

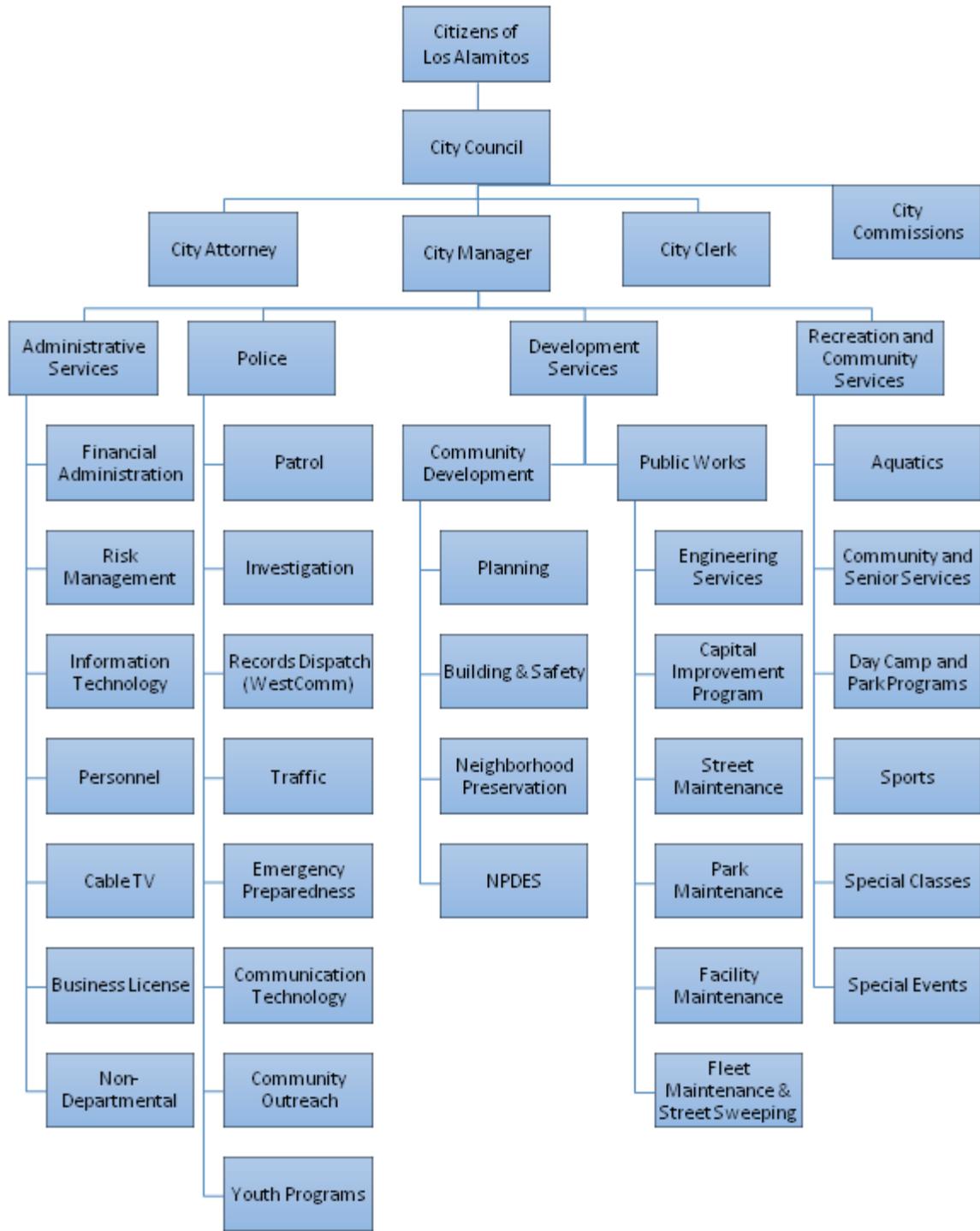
Respectfully submitted,



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
Shelley Hasselbrink, Mayor Pro Tem
Troy D. Edgar, Council Member
Dean Grose, 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, Development Services Director
David Hunt, Interim City Engineer
Corey Lakin, Director of Recreation and Community Services
Jason Al-Imam, Administrative Services Director/City Treasurer



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of 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 City of Los Alamitos, California (the City), as of and for the year ended June 30, 2015, 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 from 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 of Los Alamitos, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and Members of the City Council
City of Los Alamitos, California

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule for the general fund, the schedule of proportionate share of the net pension liability – cost-sharing multiple-employer miscellaneous and safety plans, the schedule of plan contributions – cost-sharing multiple-employer miscellaneous and safety plans, and the schedule of funding progress – OPEB, 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. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 accounting 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 combining and individual nonmajor fund financial statements and schedules are 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.



To the Honorable Mayor and Members of the City Council
City of Los Alamitos, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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.

Lance, Solt & Lughard, LLP

Brea California
December 28, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS





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, 2015. 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 deferred outflows, and liabilities and deferred inflows, with the difference between being 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 Proposition 1B Fund, the Traffic Improvement 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 four internal service funds.

The City uses internal service funds to account for its fleet of vehicles, equipment, technology upgrades and replacements and other capital related activities. 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,	
	2015	2014*
Current and other assets	\$ 11,813,386	\$ 11,443,267
Capital assets, net	16,414,830	16,489,212
Total assets	28,228,216	27,932,479
Deferred outflows of resources	1,090,070	1,111,222
Current liabilities	1,271,810	1,223,750
Noncurrent liabilities		
Long-term liabilities	3,631,997	3,546,101
Net OPEB obligation	528,933	480,646
Net pension liability	10,061,097	13,844,464
Total liabilities	15,493,837	19,094,961
Deferred inflows of resources	3,717,960	-
Net position:		
Net investment in capital assets	13,519,830	13,519,212
Restricted	1,062,861	878,262
Unrestricted	(4,476,202)	(4,448,734)
Total net position	\$ 10,106,489	\$ 9,948,740

** Certain reclassifications have been made to prior year balances to conform with the current year's presentation and to account for the prior year restatement*

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$10,106,489 at June 30, 2015, an increase of \$157,749 from June 30, 2014.

The largest portion of the City's net position 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. Unrestricted net position had a deficit balance of \$4.5 million at June 30, 2015, which relates to the City's net pension liability. The City has set-aside \$3.15 million for its unfunded pension liability. However, since these funds are not held in an irrevocable trust the net pension liability has not been reduced to account for these funds that have been set-aside.

A condensed summary of activities for the period ended June 30, 2015 and the prior fiscal year is illustrated in Table 2 below.

TABLE 2
Changes in Net Position

	Governmental Activities	
	2015	2014*
Revenues		
Program revenues:		
Charges for services	\$ 2,401,188	\$ 2,493,227
Operating contributions and grants	293,281	323,055
Capital contributions and grants	629,343	1,739,331
General revenues:		
Taxes:		
Property taxes	2,953,960	2,732,700
Utility users tax	2,209,473	2,188,436
Sales taxes	3,063,989	2,836,328
Franchise taxes	711,731	688,543
Business license tax	562,621	551,302
Other taxes	480,236	445,695
Investment income	30,283	13,259
Other	146,196	267,065
Total revenues	<u>13,482,301</u>	<u>14,278,941</u>
Expenses		
General government	2,645,804	2,223,289
Public safety	5,463,068	5,690,500
Community development	714,086	842,995
Recreation and community services	1,772,083	1,699,637
Public works	2,591,562	2,839,483
Interest on long-term debt	137,949	139,974
Total expenditures	<u>13,324,552</u>	<u>13,435,878</u>
Change in net position	157,749	843,063
Net position, beginning, as restated	<u>9,948,740</u>	<u>9,105,677</u>
Net position, ending	<u>\$ 10,106,489</u>	<u>\$ 9,948,740</u>

* Certain reclassifications have been made to prior year balances to conform with the current year's presentation and to account for the prior year restatement

Governmental Activities. Governmental activities increased the City’s net position by \$157,749 (2 percent) compared to a net increase of \$843,063 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

Revenues:

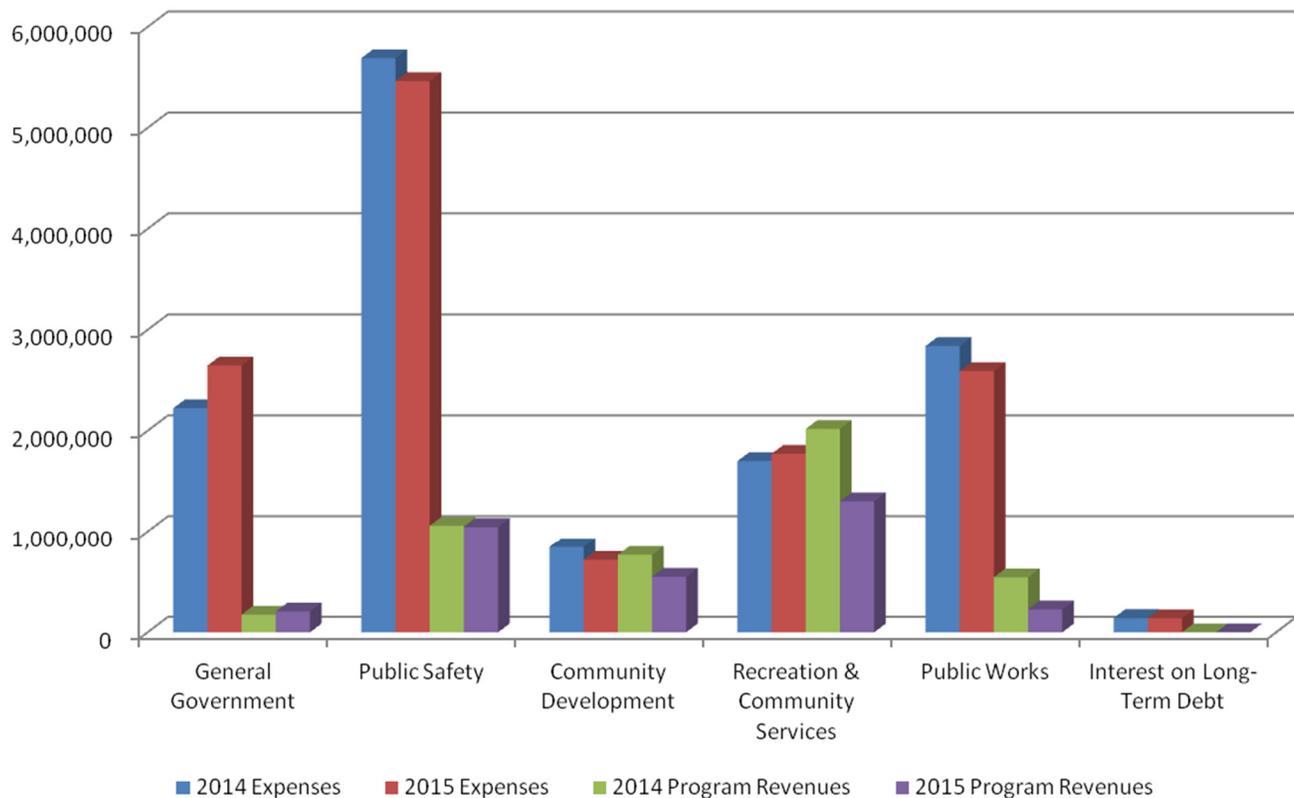
- While variances between years exist for the various revenue categories, the total net decrease was \$796,640, which is largely attributable to the decrease in capital contributions and grants. The decrease in capital grant revenue is primarily related to the Coyote Creek Improvements Project. \$698,317 had been spent in Fiscal Year 2013-14 on Coyote Creek (compared to \$77,523 in 2014-15), which is funded by a grant from the Rivers & Mountains Conservancy.

Expenses:

- While variances between years exist for the various expense functions, the total net decrease was \$111,326, which is largely attributable to public safety. Public safety expenses decreased \$227,432 (4 percent) in the current year, which is largely due to police officer vacancies.

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 \$8,976,807 an increase of \$436,233 (5 percent) from the prior fiscal year's balance. \$3,955,925 or 44% 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*. 12% of fund balance (\$1,062,861) 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. Additionally, 37% of fund balance (\$3,273,754) is committed for emergencies.

The fund balance of the City's General Fund decreased \$750,831 during the fiscal year compared to a \$413,655 increase in the prior year. The decrease is primarily attributable to the transfer of \$1.1 million to two new internal service funds.

The Traffic Improvement Fund showed a decrease in fund balance of \$189,716, which is comparable to the decrease in the prior year (\$153,511). The decrease in the Traffic Improvement Fund was attributable to planned spending of fund balance related to capital projects.

The Proposition 1B Fund and Rivers & Mountains Conservancy Fund both showed increases in fund balance of \$335,443 and \$905,297, respectively. The increases in the Proposition 1B Fund and Rivers & Mountains Conservancy Fund related to grant revenue received in the current year that was attributable to capital projects expenditures in the prior year.

Other governmental funds realized an increase in fund balance of \$136,040. While variances between years exist for the various nonmajor governmental funds, the net increase was primarily attributable to an increase in the Building Improvements Fund in the amount of \$83,926, which is primarily due to a \$92,000 transfer from the Technology Replacement Internal Services Fund that the City plans to use to fund the purchase of an emergency generator.

General Fund Budgetary Highlights

Actual revenues were \$181,720 more than the final budgeted amount, which is primarily due to better than projected sales tax revenue due to increased consumer spending. The expenditures for the General Fund at fiscal year-end were \$369,984 less than the final budgeted expenditures, which is primarily due to vacancies in the Police Department and Public Works Department.

Budget amendments and supplemental appropriations were made during the fiscal year which increased revenue projections by approximately \$444,314 and also increased appropriations in the amount of approximately \$682,599. The increases in budgeted revenues were largely due to better than projected sales tax and utility users tax revenue. The growth in sales tax revenue is mainly due to strong growth in building and construction and restaurants. The increase in utility users' tax revenue is primarily associated with electric utility users' tax revenue. The increase in budgeted appropriations is primarily due to an increase in the amount transferred to internal service funds for capital replacements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of FY 2014-15 the City had \$16.4 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net decrease of \$74,382, which is primarily due to depreciation expense. There was \$358,328 in capital asset additions, which was offset by \$432,710 of depreciation expense.

TABLE 4
City of Los Alamitos Capital Assets Net of Depreciation

	Governmental Activities	
	2015	2014*
Land	\$ 5,917,715	\$ 5,917,715
Buildings and improvements	1,027,611	1,082,059
Equipment	250,101	306,298
Vehicles	223,908	268,616
Infrastructure	8,899,751	7,851,805
Construction in progress	95,744	1,062,719
Totals	<u>\$ 16,414,830</u>	<u>\$ 16,489,212</u>

** Certain reclassifications have been made to prior year balances to conform with the current year's presentation and to account for the prior year restatement*

More detail on the City's capital assets can be found in Note 4 to the financial statements of this report.

Long-term liabilities. At the end of fiscal year 2014-15, the City had \$3.6 million in long-term liabilities which includes outstanding bond indebtedness of \$2.9 million along with claims payable and compensated absences. The net increase of \$85,896 over the prior year is primarily due to the increase in claims payable, which resulted from workers' compensation claims.

TABLE 5
City of Los Alamitos Long-Term Liabilities

	Governmental Activities	
	2015	2014
2006 Certificates of participation	\$ 2,895,000	\$ 2,970,000
Claims payable	178,545	49,518
Compensated absences	558,452	526,583
 Total long-term liabilities	 \$ 3,631,997	 \$ 3,546,101

More detail on the City's long-term liabilities can be found in Note 5 to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economy continues to show growth and improving trends. The City's unemployment rate remains relatively low. Gross Domestic Product (GDP) grew by 2.4% in 2014, and is forecasted to grow at about 3% in 2015 and 2016. California GDP growth outpaced the national trend, growing at 3.3% in 2014. Home values have also continued to increase in Los Alamitos, with an approximate 3.6% increase in net taxable assessed values. Interest rates remain very low, and inflation has stayed below 2%. International economic concerns with the European markets and a slowdown in China's economy continue to linger. Overall, though, the consensus seems to be continued gradual economic growth.

The total adopted appropriations for all budgeted funds for Fiscal Year 2015-16 are \$16,018,427 which includes \$589,770 of unspent capital appropriations and \$54,066 of encumbrances that have been carried-over into the current year. The 2015-16 budget is comprised of \$13,577,450 of operating expenditures (excluding transfers) and \$1,890,110 of capital-related expenditures. Citywide operating expenditures are \$709,690, or 6%, higher than the previous fiscal year largely due to increases in PERS costs, which increased by approximately \$415,000, or 44%. On April 17, 2013 CalPERS adopted new amortization and smoothing methods which converted rolling amortization periods to fixed periods. By shortening the amortization periods, the funded status for each pension plan will improve faster which paves the way for long-term fiscal sustainability. However, the new amortization and smoothing methods include a 5-year ramp up in contribution rates, which will have a significant impact on employer contribution rates starting in Fiscal Year 2015/16.

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, 2015

	Governmental Activities
Assets	
Cash and investments	\$ 9,425,730
Receivables:	
Accounts	759,800
Accrued interest	13,249
Due from employees	7,104
Due from other governments	705,797
Prepaid costs	681,520
Restricted assets:	
Cash and investments with fiscal agent	220,186
Capital assets not being depreciated	6,013,459
Capital assets, net of depreciation	10,401,371
Total Assets	28,228,216
Deferred Outflows of Resources	
Deferred pension related items	1,090,070
Total Deferred Outflows of Resources	1,090,070
Liabilities	
Accounts payable	544,886
Accrued liabilities	363,135
Accrued interest	44,762
Unearned revenue	305,185
Deposits payable	13,842
Noncurrent liabilities:	
Due within one year	492,283
Due in more than one year	3,139,714
Net OPEB obligation	528,933
Net pension liability	10,061,097
Total Liabilities	15,493,837
Deferred Inflows of Resources	
Deferred pension related items	3,717,960
Total Deferred Inflows of Resources	3,717,960
Net Position	
Net investment in capital assets	13,519,830
Restricted for:	
Cable television	144,998
Transportation	515,517
Public safety	99,749
Air quality	39,737
Parks	262,860
Unrestricted	(4,476,202)
Total Net Position	\$ 10,106,489

CITY OF LOS ALAMITOS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities:					
General government	\$ 2,645,804	\$ 205,039	\$ -	\$ -	\$ (2,440,765)
Public safety	5,463,068	751,972	293,281	-	(4,417,815)
Community development	714,086	141,227	-	405,327	(167,532)
Recreation and community services	1,772,083	1,301,354	-	-	(470,729)
Public works	2,591,562	1,596	-	224,016	(2,365,950)
Interest on long-term debt	137,949	-	-	-	(137,949)
Total Governmental Activities	13,324,552	2,401,188	293,281	629,343	(10,000,740)
General Revenues					
Taxes:					
					2,953,960
					2,209,473
					132,154
					3,063,989
					711,731
					562,621
					348,082
					30,283
					146,196
					10,158,489
					Change in Net Position
					157,749
					Net Position, Beginning of Year, as Previously Reported
					22,855,846
					Restatement of Net Position
					(12,907,106)
					Net Position, Beginning of Year, as Restated
					9,948,740
					Net Position, End of Year
					\$ 10,106,489



FUND FINANCIAL STATEMENTS

CITY OF LOS ALAMITOS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>Special Revenue Funds</u>	
	<u>General</u>	<u>Proposition 1B</u>
Assets		
Pooled cash and investments	\$ 6,498,503	\$ -
Receivables:		
Accounts	441,990	313,766
Accrued interest	13,249	-
Due from employees	7,104	-
Due from other governments	517,487	-
Due from other funds	371,444	-
Prepaid costs	677,163	-
Restricted assets:		
Cash and investments with fiscal agent	-	-
Total Assets	<u>\$ 8,526,940</u>	<u>\$ 313,766</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 443,184	\$ -
Accrued liabilities	328,727	-
Unearned revenues	156,230	-
Deposits payable	13,842	-
Due to other funds	-	313,766
Total Liabilities	<u>941,983</u>	<u>313,766</u>
Deferred Inflows of Resources		
Unavailable revenues	61,002	-
Total Deferred Inflows of Resources	<u>61,002</u>	<u>-</u>
Fund Balances		
Nonspendable:		
Prepaid costs	677,163	-
Employee loans	7,104	-
Restricted for:		
Cable television	-	-
Transportation	-	-
Public safety	-	-
Air quality	-	-
Parks	-	-
Committed to:		
Emergencies	3,273,754	-
Assigned to:		
PERS reserves	3,150,000	-
Los Alamitos Boulevard rehabilitation	200,000	-
Capital projects	56,040	-
Other	159,894	-
Debt service	-	-
Total Fund Balances	<u>7,523,955</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,526,940</u>	<u>\$ 313,766</u>

Capital Projects Funds			
Traffic Improvement	Rivers & Mountains Conservancy	Other Governmental Funds	Total Governmental Funds
\$ 266,208	\$ -	\$ 1,097,997	\$ 7,862,708
-	-	4,044	759,800
-	-	-	13,249
-	-	-	7,104
-	99,785	88,525	705,797
-	-	-	371,444
-	-	-	677,163
-	-	220,186	220,186
\$ 266,208	\$ 99,785	\$ 1,410,752	\$ 10,617,451
\$ 29,927	\$ 10,734	\$ 45,226	\$ 529,071
-	31,373	-	360,100
148,955	-	-	305,185
-	-	-	13,842
-	57,678	-	371,444
178,882	99,785	45,226	1,579,642
-	-	-	61,002
-	-	-	61,002
-	-	-	677,163
-	-	-	7,104
-	-	144,998	144,998
87,326	-	428,191	515,517
-	-	99,749	99,749
-	-	39,737	39,737
-	-	262,860	262,860
-	-	-	3,273,754
-	-	-	3,150,000
-	-	-	200,000
-	-	130,301	186,341
-	-	-	159,894
-	-	259,690	259,690
87,326	-	1,365,526	8,976,807
\$ 266,208	\$ 99,785	\$ 1,410,752	\$ 10,617,451



CITY OF LOS ALAMITOS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances - Total governmental funds		\$ 8,976,807
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 in governmental fund activity.		16,136,573
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2014, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.		826,936
Adjustment due to the changes in the proportionate share of the pension plan are recorded as deferred outflows of resources and amortized over the remaining service life.		252,524
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.		61,002
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. These include:		
Certificates of participation	\$ (2,895,000)	
Claims and judgements	(178,545)	
Compensated absences	<u>(541,596)</u>	(3,615,141)
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(528,933)
Governmental funds report all pension contributions as expenditures, however, in the Statement Net Position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		(9,930,861)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.		(44,762)
The difference between the plan's proportionate share of aggregate contributions and the actual contributions made by the City is reported as deferred inflows of resources and amortized over the remaining service life.		(448,840)
The difference between the proportionate share of the projected and actual earnings on the pension plan investments is reported as deferred inflows of resources and amortized over the remaining service life.		(3,211,201)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets, deferred outflows, liabilities, and deferred inflows are included in the governmental activities in the government-wide Statement of Net Position.		1,632,385
Net position of governmental activities		<u>\$ 10,106,489</u>

CITY OF LOS ALAMITOS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Special Revenue Funds</u>	
	<u>General</u>	<u>Proposition 1B</u>
Revenues		
Taxes	\$ 9,858,898	\$ -
Licenses and permits	205,039	-
Intergovernmental	63,310	313,766
Charges for services	1,401,504	-
Investment earnings	23,840	445
Fines and forfeitures	727,131	-
Program revenues	-	-
Miscellaneous	206,108	-
Total Revenues	12,485,830	314,211
Expenditures		
Current:		
General government	2,370,168	-
Public safety	5,513,455	-
Community development	693,507	-
Recreation and community services	1,730,290	-
Public works	1,771,322	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total Expenditures	12,078,742	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	407,088	314,211
Other Financing Sources (Uses)		
Transfers in	356,501	21,232
Transfers out	(1,514,420)	-
Total Other Financing Sources (Uses)	(1,157,919)	21,232
Net Change in Fund Balances	(750,831)	335,443
Fund Balances, Beginning of Year	8,274,786	(335,443)
Fund Balances, End of Year	\$ 7,523,955	\$ -

Capital Projects Funds			
Traffic Improvement	Rivers & Mountains Conservancy	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 478,443	\$ 10,337,341
-	-	-	205,039
-	981,640	250,083	1,608,799
1,596	-	-	1,403,100
1,243	1,180	3,575	30,283
-	-	9,918	737,049
-	-	226,112	226,112
-	-	21,829	227,937
2,839	982,820	989,960	14,775,660
-	-	8,734	2,378,902
-	-	-	5,513,455
-	-	-	693,507
-	-	-	1,730,290
-	-	-	1,771,322
192,555	77,523	559,844	829,922
-	-	75,000	75,000
-	-	139,029	139,029
192,555	77,523	782,607	13,131,427
(189,716)	905,297	207,353	1,644,233
-	-	306,420	684,153
-	-	(377,733)	(1,892,153)
-	-	(71,313)	(1,208,000)
(189,716)	905,297	136,040	436,233
277,042	(905,297)	1,229,486	8,540,574
\$ 87,326	\$ -	\$ 1,365,526	\$ 8,976,807



CITY OF LOS ALAMITOS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - Total governmental funds \$ 436,233

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

Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. 277,065

Depreciation expense on capital assets is reported in the government-wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures governmental funds. (282,251)

Net change in revenues that was considered unavailable in the governmental funds. These items have been reported as revenue in the government-wide Statement of Activities. (1,313,763)

Principal repayment on long-term debt is not an expense in the government-wide Statement of Activities, but is considered an expenditure in governmental funds. 75,000

Payment of accrued claims is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. (129,027)

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (30,803)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense. (48,287)

Pension obligation expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 47,208

Interest expense on long-term debt is reported in the government-wide Statement of Activities, but do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. This amount represents the change in accrued interest from the prior year. 1,080

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The funds' revenues and expenditures are included as governmental activities in the Statement of Activities but not in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances. 1,125,294

Change in net position of governmental activities \$ 157,749

CITY OF LOS ALAMITOS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Governmental Activities - Internal Service Funds
Assets	
Current:	
Cash and investments	\$ 1,563,022
Prepaid costs	4,357
Total Current Assets	1,567,379
Noncurrent:	
Capital assets, net of accumulated depreciation	278,257
Total Noncurrent Assets	278,257
Total Assets	1,845,636
Deferred Outflows of Resources	
Deferred pension related items	10,610
Total Deferred Outflows of Resources	10,610
Liabilities	
Current:	
Accounts payable	15,815
Accrued liabilities	3,035
Compensated absences	3,820
Total Current Liabilities	22,670
Noncurrent:	
Compensated absences	13,036
Net pension liability	130,236
Total Noncurrent Liabilities	143,272
Total Liabilities	165,942
Deferred Inflows of Resources	
Deferred pension related items	57,919
Total Deferred Inflows of Resources	57,919
Net Position	
Investment in capital assets	278,257
Unrestricted	1,354,128
Total Net Position	\$ 1,632,385

CITY OF LOS ALAMITOS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities - Internal Service Funds</u>
Operating Revenues	
Sales and service charges	\$ 421,796
Interdepartmental charges	<u>75,000</u>
Total Operating Revenues	<u>496,796</u>
Operating Expenses	
Administration and general	91,887
Source of supply	153,901
Pumping	183,966
Depreciation expense	<u>150,459</u>
Total Operating Expenses	<u>580,213</u>
Operating Income (Loss)	<u>(83,417)</u>
Nonoperating Revenues (Expenses)	
Other non-operating	<u>711</u>
Total Nonoperating Revenues (Expenses)	<u>711</u>
Income (Loss) Before Transfers	(82,706)
Transfers in	1,300,000
Transfers out	<u>(92,000)</u>
Changes in Net Position	<u>1,125,294</u>
Net Position	
Beginning of Year, as Previously Reported	681,676
Restatements	<u>(174,585)</u>
Beginning of Fiscal Year, as Restated	<u>507,091</u>
End of Fiscal Year	<u>\$ 1,632,385</u>

CITY OF LOS ALAMITOS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities	
Cash received from customers and users	\$ 421,796
Cash received from/(paid to) interfund service provided	75,000
Cash paid to suppliers for goods and services	(348,336)
Cash paid to employees for services	(87,861)
Net Cash Provided (Used) by Operating Activities	60,599
Cash Flows from Non-Capital Financing Activities	
Cash transfers in	1,300,000
Cash transfers out	(92,000)
Contributions	711
Net Cash Provided (Used) by Non-Capital Financing Activities	1,208,711
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(81,270)
Net Cash Provided (Used) by Capital and Related Financing Activities	(81,270)
Net Increase (Decrease) in Cash and Cash Equivalents	1,188,040
Cash and Cash Equivalents at Beginning of Year	374,982
Cash and Cash Equivalents at End of Year	\$ 1,563,022
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ (83,417)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities	
Depreciation	150,459
(Increase) decrease in prepaid expense	(4,357)
Increase (decrease) in accounts payable	(7,037)
Increase (decrease) in accrued liabilities	925
Increase (decrease) in compensated absences	1,066
Increase (decrease) in salaries and benefits	2,960
Total Adjustments	144,016
Net Cash Provided (Used) by Operating Activities	\$ 60,599

NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF LOS ALAMITOS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies

The accounting policies of the City of Los Alamitos, California, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The most significant accounting policies are described below.

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 financial statements include the financial activities of the City, the primary government, and its component unit, the Los Alamitos Public Financing Corporation (the Corporation). 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 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 Presentation

The City's basic financial statements consist of government-wide statements, including the Statement of Net Position and the Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government and its component unit. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the governmental activities of the City and its component unit, and the Statement of Activities reports expenses of each specific governmental function, offset by program revenues attributable to each functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues that are attributable to functional programs are separated into three categories:

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

Charges for services report fees and other charges to users of the City's services, operating grants and contributions finance annual operating activities and can include restricted investment income, and capital grants and contributions fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restriction to these program uses. Other revenues sources not included with program revenues are reported as general revenues of the City. These can include taxes or unrestricted investment income.

Fund Financial Statements

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. The City uses two categories of funds: governmental and proprietary.

The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. Individual governmental fund identified as being Major, as prescribed by governmental accounting standards or by Management of the City, are reported in separate columns on the financial statements.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balance of the current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34, or are elected by Management of the City based on Management's belief that the presentation of the funds are particularly important to financial statement users for reasons including public interest or consistency of reporting. 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 **Proposition 1B Fund Special Revenue 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 **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 **Rivers & Mountains Conservancy Capital Projects Fund** is used to account for 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 **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 **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).

Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The reporting focus on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary funds are classified as internal service funds.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

- 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 internal service funds are used to account for Technology Replacement, Garage, Police Capital Expenditures, and Facilities, Streets, Parks and Pools Capital Expenditures.

c. Measurement Focus

Government-Wide Financial Statements

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. All internal balances and transactions have been eliminated from their respective statements to avoid over reporting relating assets, liabilities, revenues and expenses.

Fund 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.

Like the government-wide statements, all 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.

d. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue – Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the availability is defined within 60 days of year-end.

Revenue – Non-Exchange Transactions

Non-exchange transactions in which the City receives value without directly giving equal value in return, includes sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transaction also must be available (generally 60 days after year-end) before it can be recognized in the governmental funds. However, the City has adopted a 12-month recognition period for grant revenues.

Unavailable Revenue

Unavailable revenue, presented under deferred inflows of resources, arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods when both revenue recognition criteria are met, the deferred inflow is removed from the balance sheet and revenue is recognized.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria listed above have been satisfied. In subsequent periods when the government has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary Funds Operating and Non-Operating Revenues and Expenses

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

e. Cash, Cash Equivalents and Investments

Cash Management

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

Investments Valuation

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

State Investment Pool

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as a result of changes in interest rates.

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

f. Receivables

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 "interfund advances receivable/payable" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

Advances between funds, as reported in the fund financial statements, are presented as nonspendable in fund balances to indicate that they are not in a spendable form.

g. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expenditure/expense when consumed.

h. 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.

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

i. Compensated Absences Payable

Under certain circumstances and according to the negotiated labor agreements, employees of the City are allowed to accumulate annual leave. This amount is accrued in the government-wide and proprietary fund statements. Refer to Note 5c for additional information.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

j. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs except for any portion related to prepaid insurance were recognized as expense in the period incurred.

k. 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.

l. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources.

In addition to assets, the statements of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one item which qualifies for reporting in this category, which relates to the net pension obligation reported in the statement of net position. These outflows are the results of contributions made after the measurement date, which are expensed in the following year, and of adjustments due to differences in proportions, which are deferred and amortized over the expected average remaining life time. Deferred outflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position and proprietary funds Statement of Net Position.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statements of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category. The first item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of net differences between projected and actual earnings on pension plan investments and net difference between proportion actuarial and actual contributions. Inflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position and proprietary funds Statement of Net Position. The second item, unavailable revenues, arises under a modified accrual basis of accounting, and is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

m. Net Position

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

- **Net Investment in Capital Assets** – the portion of net position that 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 assets.
- **Restricted** – the portion of net position that 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. These principally include developer fees received for use on capital projects, debt service requirements, funds restricted to community development projects purposes and funds for use in sewer operations and sewer connection fees.
- **Unrestricted** – the portion of net position that is not restricted as to use.

n. Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

o. Fund Balance

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** – the 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.
- **Restricted** – the 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** – the 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** – 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.
- **Unassigned** – residual 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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

p. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

q. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the pension plans fiduciary net positions and additions to/deductions from the pension plans fiduciary net positions have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	June 30, 2013 to June 30, 2014

r. 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.

Property taxes are assessed, collected and allocated by Orange County throughout the fiscal year according to the following property tax calendar.

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1st installment, February 1, 2nd installment
Delinquent Dates	December 11, 1st installment, April 11, 2nd installment

Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to year end, are considered measurable and available and recognized as revenues. All other property taxes are offset by deferred property tax inflows of resources and, accordingly, have not been recorded as revenue. Taxes are considered past due on the above delinquent dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

s. 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.
- **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.
- **Principal retirement** – includes principal payments for long-term liabilities.
- **Interest and fiscal charges** – includes current payments for interest on the City's long-term debt.

t. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

u. Effect of New Accounting Standards

During the fiscal year ended June 30, 2015, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* will improve the decision-usefulness of information in local government employer entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has fully conformed to the requirements of this statement for fiscal year ended June 30, 2015.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014. The City has fully conformed to the requirements of this statement for fiscal year ended June 30, 2015.

Note 2: Cash and Investments

a. Summary of Cash and Investments

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 9,425,730
Restricted cash and investments with fiscal agent	<u>220,186</u>
Total Cash and Investments	<u><u>\$ 9,645,916</u></u>

As of June 30, 2015, cash and investments consisted of the following:

Cash on hand	\$ 3,500
Demand deposits	797,873
Investments	<u>8,844,543</u>
Total Cash and Investments	<u><u>\$ 9,645,916</u></u>

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

b. Cash Deposits

The carrying amounts of the City's cash deposits were \$797,873 at June 30, 2015. Bank balances before reconciling items were \$907, 897 at that date. The difference of \$110,024 represents outstanding checks, cash deposits in transit, and other reconciling items.

All City's cash and investments as of June 30, 2015 were collateralized or insured with securities held by pledging financial institutions in the City's name. The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 2: Cash and Investments (Continued)

c. Investments

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Certificates of Deposit	5 years	30%	30%
Negotiable Certificates of Deposit	5 years	30%	30%
Local Agency Investment Fund (LAIF)	None	None	\$50 million

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

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 Certificates for Deposits	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

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

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 2: Cash and Investments (Continued)

pro-rata shares 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.

d. Risk Disclosures

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.

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	Remaining Maturity (in Months)			Total
	12 Months or Less	12 months to 36 months	36 month to 60 months	
Federal Agency Securities	\$ -	\$ 999,530	\$ 294,677	\$ 1,294,207
Certifices of Deposit	-	744,000	1,476,000	2,220,000
Local Agency Investment Fund (LAIF)	5,110,150	-	-	5,110,150
Investment held by Bond Trustee:				
Money Market Mutual Funds	220,186	-	-	220,186
Total	\$ 5,330,336	\$ 1,743,530	\$ 1,770,677	\$ 8,844,543

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	Minimum Legal Rating	Ratings at End of Year		
		Not Rated	AA+	AAA
Federal Agency Securities	\$ 1,294,207	N/A	\$ -	\$ 1,294,207
Certifices of Deposit	2,220,000	N/A	2,220,000	-
Local Agency Investment Fund (LAIF)	5,110,150	Not Rated	5,110,150	-
Investment held by Bond Trustee:				
Money Market Mutual Funds	220,186	N/A	-	220,186
Totals	\$ 8,844,543		\$ 7,330,150	\$ 1,294,207

N/A - Not Applicable

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 2: Cash and Investments (Continued)**Concentration of Credit Risk**

The City's investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. As of June 30, 2015, in accordance with GASB Statement No. 40 requirements, the City is exposed to concentration of credit risk whenever they have invested more than 5% of their total investments in any one issuer. As of June 30, 2015, the City has invested more than 5% of their total investments in the following issuers:

Issuer	Investment Type	Amount	% of Investment
Federal Home Loan Bank	Federal Agency Securities	\$ 545,514	6.17%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	748,693	8.47%

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, 2015, City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Note 3: Interfund Transactions**a. 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.

Due to Other Funds	Due from Other Funds
General Fund	
Proposition 1B	\$ 313,766
Rivers & Mountains Conservancy	57,678
Total	\$ 371,444

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 3: Interfund Transactions (Continued)

b. Transfers

Transfers to and from funds for the fiscal year ended June 30, 2015 is as follows:

Transfers Out	Transfers In				Total
	Governmental Funds			Proprietary Funds	
	General Fund	Proposition 1B	Other Governmental Funds	Internal Service Funds	
Governmental Funds					
General Fund	\$ -	\$ -	\$ 214,420	\$ 1,300,000	\$ 1,514,420
Other Governmental Funds	356,501	21,232	-	-	377,733
Proprietary Funds					
Internal Service Funds	-	-	92,000	-	92,000
Total	<u>\$ 356,501</u>	<u>\$ 21,232</u>	<u>\$ 306,420</u>	<u>\$ 1,300,000</u>	<u>\$ 1,984,153</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 costs 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 BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 4: Capital Assets

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2015 is as follows:

<u>Governmental Activities:</u>	<u>Restated Balance June 30, 2014</u>	<u>Construction in Progress Completed</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital assets not being depreciated:					
Land	\$ 5,917,715	\$ -	\$ -	\$ -	\$ 5,917,715
Construction in progress	1,062,719	(1,081,229)	114,254	-	95,744
Total capital assets not being depreciated	<u>6,980,434</u>	<u>(1,081,229)</u>	<u>114,254</u>	<u>-</u>	<u>6,013,459</u>
Depreciable capital assets:					
Equipment	1,931,800	-	22,594	89,726	1,864,668
Vehicles	1,048,038	-	73,910	-	1,121,948
Furniture	46,980	-	-	-	46,980
Buildings	1,932,883	-	-	-	1,932,883
Improvements	366,268	-	-	-	366,268
Infrastructure	9,025,888	1,081,229	147,570	-	10,254,687
Total capital assets being depreciated	<u>14,351,857</u>	<u>1,081,229</u>	<u>244,074</u>	<u>89,726</u>	<u>15,587,434</u>
Less: accumulated depreciation for:					
Equipment	(1,625,502)	-	(78,791)	89,726	(1,614,567)
Vehicles	(779,422)	-	(118,618)	-	(898,040)
Furniture	(46,980)	-	-	-	(46,980)
Buildings	(1,094,967)	-	(30,994)	-	(1,125,961)
Improvements	(122,125)	-	(23,454)	-	(145,579)
Infrastructure	(1,174,083)	-	(180,853)	-	(1,354,936)
Total accumulated depreciation	<u>(4,843,079)</u>	<u>-</u>	<u>(432,710)</u>	<u>89,726</u>	<u>(5,186,063)</u>
Total capital assets, being depreciated, net	<u>9,508,778</u>	<u>1,081,229</u>	<u>(188,636)</u>	<u>-</u>	<u>10,401,371</u>
Government activities capital assets, net	<u>\$ 16,489,212</u>	<u>\$ -</u>	<u>\$ (74,382)</u>	<u>\$ -</u>	<u>\$ 16,414,830</u>

Depreciation expense was charged to governmental activities as follows:

	<u>General</u>	<u>Internal Service</u>	<u>Total</u>
General Government	\$ 19,083	\$ -	\$ 19,083
Public Safety	35,944	-	35,944
Recreation and Community Services	27,717	-	27,717
Public Works	199,507	-	199,507
Internal Service Fund	-	150,459	150,459
Totals	<u>\$ 282,251</u>	<u>\$ 150,459</u>	<u>\$ 432,710</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 5: Long-Term Liabilities

The following is a summary of changes in Governmental Activities long-term debt for the fiscal year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due in One Year
2006 Certificates of Participation	\$ 2,970,000	\$ -	\$ 75,000	\$ 2,895,000	\$ 75,000
Claims Payable	49,518	307,586	178,559	178,545	178,545
Compensated Absences	526,583	275,567	243,698	558,452	238,738
Totals	<u>\$ 3,546,101</u>	<u>\$ 583,153</u>	<u>\$ 497,257</u>	<u>\$ 3,631,997</u>	<u>\$ 492,283</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, 2015 is \$2,895,000.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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	90,000	119,733	209,733
2021-2025	525,000	531,316	1,056,316
2026-2030	680,000	390,671	1,070,671
2031-2035	860,000	207,745	1,067,745
2036-2037	410,000	20,132	430,132
Totals	<u>\$ 2,895,000</u>	<u>\$ 1,786,371</u>	<u>\$ 4,681,371</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 5: 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, 2015, were as follows:

General Liability Claims	\$ 52,828
Workers' Compensation Claims	<u>125,717</u>
Total Claims Payable	<u>\$ 178,545</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. Compensated absences as of June 30, 2015 was \$558,452.

Note 6: 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, 2015, 2014 and 2013, the City and employees contributed \$29,881, \$25,361, and \$23,743, respectively, to the plan. City employees are invested immediately. City Council has the authority to establish and amend the provisions of this plan.

Note 7: Defined Benefit Pension Plans

Plan Description

The City of Los Alamitos contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan for full-time safety and miscellaneous employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by CalPERS. Copies of CalPERS' annual financial report may be obtained from their executive office at: 400 P Street, Sacramento, CA 95814.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 7: Defined Benefit Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The City has a multiple tier retirement plan with benefits varying by plan for both miscellaneous and safety employees hired on or before specific dates as follows:

Safety:

- **Legacy POA Employees** – The retirement formula is 3% at age 50 for safety employees covered under the Los Alamitos Police Officers' Association (POA) that were hired on or before December 31, 2012. The City pays 1/9 of the employee share (9%). Beginning July 1, 2016, employees will pay their entire share (9%).
- **Non-Represented Safety Employees** – The retirement formula for Non-Represented Safety Employees hired on or before December 31, 2012 is 3% at age 50. The employee is responsible for the employee share (9%).
- **Safety PEPRA Employees** – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013. The employee must pay one-half (1/2) of the normal cost of the benefit. The normal cost is currently 23% - one-half of which is 11.5%, which is paid by the employee.

Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Miscellaneous:

- **Legacy CEA Employees** – The retirement formula is 2.7% at age 55 for miscellaneous employees covered under the Los Alamitos City Employees Association (CEA) hired on or before December 31, 2012.
 - For employees hired on or before April 1, 2011, the City pays 3/8 of the employee share (8%). Beginning November 1, 2015, the City will pay 1/8 of the employee share.
 - For employees hired after April 1, 2011, the City pays 2/8 of the employee share (8%). Beginning November 1, 2015, employees will pay their entire share (8%).
- **Non-Represented Miscellaneous Employees** – The retirement formula for Non-Represented Miscellaneous Employees hired on or before December 31, 2012 is 2.7% at age 55. The employee is responsible for the employee share (8%) with the exception of the City Manager whereby the City pays the employee share (8%).

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 7: Defined Benefit Pension Plans (Continued)

- **Miscellaneous PEPRA Employees** – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013. The employee must pay one-half (1/2) of the normal cost of the benefit. The normal cost is currently 12.5% - one-half of which is 6.25%, which is paid by the employee.

Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Additionally, the City is required to contribute the actuarially determined 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 rates for fiscal year 2014-2015 are as follows:

	<u>Employer Rates</u>
Classic Miscellaneous Members	11.33%
PEPRA Miscellaneous Members	6.25%
Classic Safety Members	29.10%
PEPRA Safety Members	11.50%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as a reduction to the net pension liability for the miscellaneous and safety plans was \$206,424 and \$904,798, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

<u>Proportionate Share of Net Pension Liability</u>	
Miscellaneous	\$ 4,518,604
Safety	5,542,493
Total Net Pension Liability	\$ 10,061,097

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 7: Defined Benefit Pension Plans (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

Proportions as a percentage of the CalPERS Miscellaneous risk pool:

	<u>Miscellaneous</u>
Proportion - June 30, 2013	0.19117%
Proportion - June 30, 2014	0.18283%
Change - Increase (Decrease)	-4.36227%

Proportions as a percentage of the CalPERS Safety risk pool:

	<u>Safety</u>
Proportion - June 30, 2013	0.15844%
Proportion - June 30, 2014	0.14776%
Change - Increase (Decrease)	-6.74318%

For the year ended June 30, 2015, the City recognized a total pension expense of \$789, 255 for all plans in total. At June 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contribution subsequent to the measurement date	\$ 833,510	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	3,257,028
Adjustment due to Difference in Proportions	256,560	-
Difference between proportion actuarial and actual contributions	-	460,932
Total	\$ 1,090,070	\$ 3,717,960

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 7: Defined Benefit Pension Plans (Continued)

\$833,510 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (843,926)
2016	(843,926)
2017	(862,250)
2018	(911,298)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 7: Defined Benefit Pension Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 7: Defined Benefit Pension Plans (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Note 8: Other Post-Employment Benefits (OPEB) Plan**a. 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) receive one of the following:

- Miscellaneous and Safety Employees with 10 years of service with the City, with a regular service retirement, 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, up to Medicare age, and up to \$300 per month thereafter for life.
- Employees age fifty (50) or over received up to \$300 per month for life.

Tier 2 – Employees Hired On or After August 1, 1994(1) receive one of the following:

- Miscellaneous Employees with at least 15 years of continuous service with the City, and have reached the age of fifty-five (55) 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, up to Medicare age, and up to \$300 per month thereafter for life.
- Safety Employees with 10 years of service with the City 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 up to Medicare age, and up to \$300 per month thereafter for life.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 8: Other Post-Employment Benefits (OPEB) Plan (Continued)

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

b. 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, 2015, the City paid \$180,154 in health care costs for its retirees and their covered dependents.

a. 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	9,613
Adjustment to annual required contribution	<u>(24,619)</u>
Annual OPEB cost (expense)	228,441
Actual contributions made	<u>(180,154)</u>
Change in net OPEB obligation	48,287
Net OPEB Obligation - beginning of fiscal year	<u>480,646</u>
Net OPEB Obligation - end of fiscal year	<u><u>\$ 528,933</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 ended 2014-2015 and the two preceding fiscal years were as follows:

Three Year Trend Information for OPEB Plan

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 243,447	50.32%	\$ 389,271
6/30/14	244,401	62.61%	480,646
6/30/15	228,441	78.86%	528,933

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 8: Other Post-Employment Benefits (OPEB) Plan (Continued)

b. Funded Status and Funding Progress

The City has set-aside \$500,000 for OPEB. However, since these funds are not held in an irrevocable trust, the actuarial value of these funds are not accounted for as plan assets. The actuarial accrued liability for benefits was \$2,724,394, and the actuarial value of plan 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.

c. 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.

Note 9: Joint Ventures

a. 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 (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. Since the creation of the Authority, five additional cities have joined the Authority as members. The Authority's governing board consists of one representative from each city and two from the County.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Joint Ventures (Continued)

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 eight cities. The County pays all structural fire fees it collects to the Authority. The eight 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.

b. 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, 2015, \$1,356,039 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.

c. 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.

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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 9: Joint Ventures (Continued)

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 2014-2015, the City of Los Alamitos paid \$536,302 to the Authority. Financial information for the Authority may be obtained from the City of Cypress.

d. 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 10: 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.

a. 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 10: Liability, Property and Workers' Compensation Protection (Continued)

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.

b. 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 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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015**

Note 10: Liability, Property and Workers' Compensation Protection (Continued)

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.

c. 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.

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 2014-2015.

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, 2015, \$307,586 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.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 10: Liability, Property and Workers' Compensation Protection (Continued)

d. Self-Insurance

The ultimate amount of losses incurred through June 30, 2015, 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.

	Workers' Compensation	General Liability	Total
Liability as of June 30, 2013	\$ -	\$ 182,611	\$ 182,611
Claims payments during the fiscal year ended June 30, 2014	-	(133,093)	(133,093)
Liability balance as of June 30, 2014	-	49,518	49,518
Claims and changes in estimates during the fiscal year ended June 30, 2015	157,461	150,125	307,586
Claims payments during the fiscal year ended June 30, 2015	(31,744)	(146,815)	(178,559)
Liability balance as of June 30, 2015	<u>\$ 125,717</u>	<u>\$ 52,828</u>	<u>\$ 178,545</u>

Note 11: 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 12: Restatements

a. Restatement on Government-Wide Statements

Restatements to net position made on the government-wide statements for fiscal year ended June 30, 2015 are summarized below:

Beginning Net Position, as previously reported	\$ 22,855,846
Restatements	(12,907,106)
Beginning Net Position, as restated	<u>\$ 9,948,740</u>

- a) Due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, beginning net position of governmental activities on the Statement of Activities has been restated by \$(12,733,235).
- b) The Pension Related side fund outstanding balance of \$(107,853) was written off and included as part of the Net Pension Liability balance due to the implementation of GASB Statement No. 68.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2015

Note 12: Restatements (Continued)

- c) The City adjusted \$(66,018) beginning net position to reconcile identified differences in the City's capital assets records.

b. Restatement on Fund Statements

Proprietary Funds

Restatement to net position made on the proprietary fund statements for fiscal year ended June 30, 2015 is summarized below:

	Internal Service Funds
Beginning Net Position, as previously reported	\$ 681,676
Restatements	<u>(174,585)</u>
Beginning Net Position, as restated	<u>\$ 507,091</u>

- a) Due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, beginning net position was adjusted in various internal service funds by \$(174,585).

Note 13: Subsequent Events

On September 1, 2015, the City issued the 2015 Certificates of Participation in the amount of \$3,685,000, to refund the outstanding balance of the 2006 (Laurel Park Acquisition) Certificates of Participation in an advanced refunding transaction, and to finance the design, acquisition, and construction of certain capital improvement projects. Redemption funds deposited in escrow on September 1, will be held in trust to defease the 2006 Certificates maturing on or after September 1, 2017, on September 1, 2016.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$8,274,786	\$ 8,274,786	\$ 8,274,786	\$ -
Resources (Inflows)				
Taxes	9,534,940	9,750,747	9,858,898	108,151
Licenses and permits	109,000	205,065	205,039	(26)
Intergovernmental	18,000	66,000	63,310	(2,690)
Charges for services	1,360,920	1,363,586	1,401,504	37,918
Use of money and property	25,000	38,000	23,840	(14,160)
Fines and forfeitures	607,550	672,543	727,131	54,588
Miscellaneous	210,070	176,353	206,108	29,755
Transfers in	350,817	388,317	356,501	(31,816)
Amounts Available for Appropriations	20,491,083	20,935,397	21,117,117	181,720
Charges to Appropriations (Outflow)				
General government				
City council	72,835	76,576	76,575	1
City manager / City clerk	561,309	561,309	522,149	39,160
Administrative services	564,700	564,700	534,793	29,907
City attorney	155,000	156,000	118,744	37,256
Non-departmental	865,721	1,117,908	1,117,907	1
Public safety	5,644,809	5,679,809	5,513,455	166,354
Community development	571,433	700,104	693,507	6,597
Recreation and community services	1,712,010	1,734,010	1,730,290	3,720
Public works	1,818,310	1,858,310	1,771,322	86,988
Transfers out	1,314,420	1,514,420	1,514,420	-
Total Charges to Appropriations	13,280,547	13,963,146	13,593,162	369,984
Budgetary Fund Balance, June 30	\$7,210,536	\$ 6,972,251	\$ 7,523,955	\$ 551,704

CITY OF LOS ALAMITOS

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Miscellaneous	
Proportion of the Net Pension Liability	0.07262%
Proportionate Share of the Net Pension Liability	\$ 4,518,604
Covered-Employee Payroll	\$ 1,875,009
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	240.99%
Plan Fiduciary Net Position	\$ 23,147,912
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.67%

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF LOS ALAMITOS

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Miscellaneous	
Actuarially Determined Contribution	\$ 228,140
Contribution in Relation to the Actuarially Determined Contribution	<u>(228,140)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,994,433
Contributions as a Percentage of Covered-Employee Payroll	11.44%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Remaining amortization period	19 Years as of the Valuation Date
Assets valuation method	15 year smoothed market
Inflation	2.75%
Salary Increases	3.3% to 14.20%
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	minimum 50 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF LOS ALAMITOS

**COST-SHARING MULTIPLE EMPLOYER SAFETY PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Safety Fire First Tier	
Proportion of the Net Pension Liability	0.08907%
Proportionate Share of the Net Pension Liability	\$ 5,542,493
Covered-Employee Payroll	\$ 2,380,796
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	232.80%
Plan Fiduciary Net Position	\$ 24,453,699
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.52%

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF LOS ALAMITOS

**COST-SHARING MULTIPLE EMPLOYER SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Safety Fire First Tier	
Actuarially Determined Contribution	\$ 605,370
Contribution in Relation to the Actuarially Determined Contribution	<u>(605,370)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 2,402,597
Contributions as a Percentage of Covered-Employee Payroll	25.20%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Remaining amortization period	19 Years as of the Valuation Date
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	3.3% to 14.20%
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	minimum 50 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF LOS ALAMITOS

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2015**

The schedule of funding progress below shows the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to covered payroll for each of the prior actuarial valuation periods. The required contributions were determined as part of the actuarial valuation using the entry age normal actuarial cost method.

Schedule of Funding Progress - Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
8/1/2009	\$ 2,695,891	\$ -	\$ 2,695,891	0.0%	\$ 405,520	664.8%
12/1/2012	2,724,102	(20,292)	2,744,394	-0.7%	4,400,809	62.4%

Budgets and Budgetary Accounting Data

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.
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. Additionally, there is no adopted budget for Proposition 1B Fund for the fiscal year.
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, 2015, based on calculations by City management, proceeds of taxes did not exceed appropriations.



OTHER SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds		
	Measure M	Gas Tax	Los Alamitos Television
Assets			
Pooled cash and investments	\$ 141,201	\$ 254,063	\$ 140,954
Receivables:			
Accounts	-	-	4,044
Due from other governments	35,287	32,985	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total Assets	<u>\$ 176,488</u>	<u>\$ 287,048</u>	<u>\$ 144,998</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 17,553	\$ 17,792	\$ -
Total Liabilities	<u>17,553</u>	<u>17,792</u>	<u>-</u>
Fund Balances			
Restricted for:			
Cable television	-	-	144,998
Transportation	158,935	269,256	-
Public safety	-	-	-
Air quality	-	-	-
Parks	-	-	-
Assigned to:			
Capital projects	-	-	-
Debt service	-	-	-
Total Fund Balances	<u>158,935</u>	<u>269,256</u>	<u>144,998</u>
Total Liabilities and Fund Balances	<u>\$ 176,488</u>	<u>\$ 287,048</u>	<u>\$ 144,998</u>

Special Revenue Funds

Office of Traffic Safety	Asset Seizure	Public Safety Augmentation	State Law Enforcement Service
\$ 15,373	\$ 59,434	\$ 8,508	\$ -
-	-	-	-
-	-	16,434	-
-	-	-	-
\$ 15,373	\$ 59,434	\$ 24,942	\$ -
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
15,373	59,434	24,942	-
-	-	-	-
-	-	-	-
-	-	-	-
15,373	59,434	24,942	-
\$ 15,373	\$ 59,434	\$ 24,942	\$ -

(Continued)

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue Funds		Capital Projects Funds
	Air Quality	Community Development Block Grant	Park Development
Assets			
Pooled cash and investments	\$ 35,918	\$ -	\$ 272,207
Receivables:			
Accounts	-	-	-
Due from other governments	3,819	-	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total Assets	\$ 39,737	\$ -	\$ 272,207
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 9,347
Total Liabilities	-	-	9,347
Fund Balances			
Restricted for:			
Cable television	-	-	-
Transportation	-	-	-
Public safety	-	-	-
Air quality	39,737	-	-
Parks	-	-	262,860
Assigned to:			
Capital projects	-	-	-
Debt service	-	-	-
Total Fund Balances	39,737	-	262,860
Total Liabilities and Fund Balances	\$ 39,737	\$ -	\$ 272,207

<u>Capital Projects Funds</u>		<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
<u>Building Improvement</u>	<u>Residential Streets/Alleys</u>	<u>Debt Service</u>	
\$ 124,076	\$ 6,759	\$ 39,504	\$ 1,097,997
-	-	-	4,044
-	-	-	88,525
-	-	220,186	220,186
<u>\$ 124,076</u>	<u>\$ 6,759</u>	<u>\$ 259,690</u>	<u>\$ 1,410,752</u>
<u>\$ -</u>	<u>\$ 534</u>	<u>\$ -</u>	<u>\$ 45,226</u>
<u>-</u>	<u>534</u>	<u>-</u>	<u>45,226</u>
-	-	-	144,998
-	-	-	428,191
-	-	-	99,749
-	-	-	39,737
-	-	-	262,860
124,076	6,225	-	130,301
-	-	259,690	259,690
<u>124,076</u>	<u>6,225</u>	<u>259,690</u>	<u>1,365,526</u>
<u>\$ 124,076</u>	<u>\$ 6,759</u>	<u>\$ 259,690</u>	<u>\$ 1,410,752</u>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		
	Measure M	Gas Tax	Los Alamitos Television
Revenues			
Taxes	\$ -	\$ 348,082	\$ 31,344
Intergovernmental	-	-	-
Investment earnings	400	1,046	479
Fines and forfeitures	-	-	-
Program revenues	226,112	-	-
Miscellaneous	-	-	6,500
Total Revenues	226,512	349,128	38,323
Expenditures			
Current:			
General government	-	-	8,734
Capital outlay	128,198	244,138	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	128,198	244,138	8,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	98,314	104,990	29,589
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(21,232)	(165,817)	-
Total Other Financing Sources (Uses)	(21,232)	(165,817)	-
Net Change in Fund Balances	77,082	(60,827)	29,589
Fund Balances, Beginning of Year	81,853	330,083	115,409
Fund Balances, End of Year	\$ 158,935	\$ 269,256	\$ 144,998

Special Revenue Funds

Office of Traffic Safety	Asset Seizure	Public Safety Augmentation	State Law Enforcement Service
\$ -	\$ -	\$ 99,017	\$ -
7,355	-	-	102,175
35	191	82	2
9,918	-	-	-
-	-	-	-
-	15,329	-	-
17,308	15,520	99,099	102,177
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
17,308	15,520	99,099	102,177
-	-	-	-
(5,000)	-	(82,637)	(103,047)
(5,000)	-	(82,637)	(103,047)
12,308	15,520	16,462	(870)
3,065	43,914	8,480	870
\$ 15,373	\$ 59,434	\$ 24,942	\$ -

(Continued)

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		Capital Projects Fund
	Air Quality	Community Development Block Grant	Park Development
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	14,553	126,000	-
Investment earnings	105	-	1,029
Fines and forfeitures	-	-	-
Program revenues	-	-	-
Miscellaneous	-	-	-
Total Revenues	14,658	126,000	1,029
Expenditures			
Current:			
General government	-	-	-
Capital outlay	-	126,000	12,491
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	126,000	12,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,658	-	(11,462)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	14,658	-	(11,462)
Fund Balances, Beginning of Year	25,079	-	274,322
Fund Balances, End of Year	\$ 39,737	\$ -	\$ 262,860

<u>Capital Projects Fund</u>		<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
<u>Building Improvement</u>	<u>Residential Streets/Alleys</u>	<u>Debt Service</u>	
\$ -	\$ -	\$ -	\$ 478,443
-	-	-	250,083
132	73	1	3,575
-	-	-	9,918
-	-	-	226,112
-	-	-	21,829
132	73	1	989,960
-	-	-	8,734
8,206	40,811	-	559,844
-	-	75,000	75,000
-	-	139,029	139,029
8,206	40,811	214,029	782,607
(8,074)	(40,738)	(214,028)	207,353
92,000	-	214,420	306,420
-	-	-	(377,733)
92,000	-	214,420	(71,313)
83,926	(40,738)	392	136,040
40,150	46,963	259,298	1,229,486
\$ 124,076	\$ 6,225	\$ 259,690	\$ 1,365,526

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 MEASURE M
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 81,853	\$ 81,853	\$ 81,853	\$ -
Resources (Inflows)				
Investment earnings	-	-	400	400
Program revenues	204,909	204,909	226,112	21,203
Amounts Available for Appropriations	286,762	286,762	308,365	21,603
Charges to Appropriations (Outflow)				
Capital outlay	387,200	415,182	128,198	286,984
Transfers out	-	-	21,232	(21,232)
Total Charges to Appropriations	387,200	415,182	149,430	265,752
Budgetary Fund Balance, June 30	\$ (100,438)	\$ (128,420)	\$ 158,935	\$ 287,355

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 330,083	\$ 330,083	\$ 330,083	\$ -
Resources (Inflows)				
Taxes	313,317	313,317	348,082	34,765
Investment earnings	200	200	1,046	846
Amounts Available for Appropriations	643,600	643,600	679,211	35,611
Charges to Appropriations (Outflow)				
Capital outlay	440,500	454,688	244,138	210,550
Transfers out	150,817	188,317	165,817	22,500
Total Charges to Appropriations	591,317	643,005	409,955	233,050
Budgetary Fund Balance, June 30	\$ 52,283	\$ 595	\$ 269,256	\$ 268,661

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 LOS ALAMITOS TELEVISION
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 115,409	\$ 115,409	\$ 115,409	\$ -
Resources (Inflows)				
Taxes	30,000	30,000	31,344	1,344
Investment earnings	200	200	479	279
Miscellaneous	6,500	6,500	6,500	-
Amounts Available for Appropriations	152,109	152,109	153,732	1,623
Charges to Appropriations (Outflow)				
General government	36,700	20,700	8,734	11,966
Total Charges to Appropriations	36,700	20,700	8,734	11,966
Budgetary Fund Balance, June 30	\$ 115,409	\$ 131,409	\$ 144,998	\$ 13,589

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 OFFICE OF TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,065	\$ 3,065	\$ 3,065	\$ -
Resources (Inflows)				
Intergovernmental	10,000	10,000	7,355	(2,645)
Investment earnings	-	-	35	35
Fines and forfeitures	5,000	5,000	9,918	4,918
Amounts Available for Appropriations	18,065	18,065	20,373	2,308
Charges to Appropriations (Outflow)				
Public safety	10,000	10,000	-	10,000
Transfers out	5,000	5,000	5,000	-
Total Charges to Appropriations	15,000	15,000	5,000	10,000
Budgetary Fund Balance, June 30	\$ 3,065	\$ 3,065	\$ 15,373	\$ 12,308

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 ASSET SEIZURE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 43,914	\$ 43,914	\$ 43,914	\$ -
Resources (Inflows)				
Investment earnings	150	150	191	41
Miscellaneous	-	-	15,329	15,329
Amounts Available for Appropriations	44,064	44,064	59,434	15,370
Budgetary Fund Balance, June 30	\$ 44,064	\$ 44,064	\$ 59,434	\$ 15,370

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 8,480	\$ 8,480	\$ 8,480	\$ -
Resources (Inflows)				
Taxes	90,000	90,000	99,017	9,017
Investment earnings	-	-	82	82
Amounts Available for Appropriations	98,480	98,480	107,579	9,099
Charges to Appropriations (Outflow)				
Transfers out	95,000	95,000	82,637	12,363
Total Charges to Appropriations	95,000	95,000	82,637	12,363
Budgetary Fund Balance, June 30	\$ 3,480	\$ 3,480	\$ 24,942	\$ 21,462

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 STATE LAW ENFORCEMENT SERVICE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 870	\$ 870	\$ 870	\$ -
Resources (Inflows)				
Intergovernmental	100,000	100,000	102,175	2,175
Investment earnings	-	-	2	2
Amounts Available for Appropriations	100,870	100,870	103,047	2,177
Charges to Appropriations (Outflow)				
Transfers out	100,000	100,000	103,047	(3,047)
Total Charges to Appropriations	100,000	100,000	103,047	(3,047)
Budgetary Fund Balance, June 30	\$ 870	\$ 870	\$ -	\$ (870)

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 25,079	\$ 25,079	\$ 25,079	\$ -
Resources (Inflows)				
Intergovernmental	14,000	14,000	14,553	553
Investment earnings	100	100	105	5
Amounts Available for Appropriations	39,179	39,179	39,737	558
Charges to Appropriations (Outflow)				
Public works	20,000	20,000	-	20,000
Total Charges to Appropriations	20,000	20,000	-	20,000
Budgetary Fund Balance, June 30	\$ 19,179	\$ 19,179	\$ 39,737	\$ 20,558

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Intergovernmental	126,000	126,000	126,000	-
Amounts Available for Appropriations	126,000	126,000	126,000	-
Charges to Appropriations (Outflow)				
Capital outlay	126,000	126,000	126,000	-
Total Charges to Appropriations	126,000	126,000	126,000	-
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC IMPROVEMENT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 277,042	\$ 277,042	\$ 277,042	\$ -
Resources (Inflows)				
Charges for services	-	-	1,596	1,596
Investment earnings	-	-	1,243	1,243
Amounts Available for Appropriations	277,042	277,042	279,881	2,839
Charges to Appropriations (Outflow)				
Capital outlay	325,500	326,120	192,555	133,565
Total Charges to Appropriations	325,500	326,120	192,555	133,565
Budgetary Fund Balance, June 30	\$ (48,458)	\$ (49,078)	\$ 87,326	\$ 136,404

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
RIVERS & MOUNTAINS CONSERVANCY
YEAR ENDED JUNE 30, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (905,297)	\$ (905,297)	\$ (905,297)	\$ -
Resources (Inflows)				
Intergovernmental	-	-	981,640	981,640
Investment earnings	-	-	1,180	1,180
Amounts Available for Appropriations	(905,297)	(905,297)	77,523	982,820
Charges to Appropriations (Outflow)				
Capital outlay	400,000	491,603	77,523	414,080
Total Charges to Appropriations	400,000	491,603	77,523	414,080
Budgetary Fund Balance, June 30	<u><u>\$(1,305,297)</u></u>	<u><u>\$(1,396,900)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,396,900</u></u>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 274,322	\$ 274,322	\$ 274,322	\$ -
Resources (Inflows)				
Investment earnings	-	-	1,029	1,029
Amounts Available for Appropriations	274,322	274,322	275,351	1,029
Charges to Appropriations (Outflow)				
Capital outlay	60,000	60,000	12,491	47,509
Total Charges to Appropriations	60,000	60,000	12,491	47,509
Budgetary Fund Balance, June 30	\$ 214,322	\$ 214,322	\$ 262,860	\$ 48,538

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 BUILDING IMPROVEMENT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 40,150	\$ 40,150	\$ 40,150	\$ -
Resources (Inflows)				
Investment earnings	-	-	132	132
Transfers in	-	-	92,000	92,000
Amounts Available for Appropriations	40,150	40,150	132,282	92,132
Charges to Appropriations (Outflow)				
Capital outlay	203,000	207,800	8,206	199,594
Total Charges to Appropriations	203,000	207,800	8,206	199,594
Budgetary Fund Balance, June 30	\$ (162,850)	\$ (167,650)	\$ 124,076	\$ 291,726

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
RESIDENTIAL STREETS/ALLEYS
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 46,963	\$ 46,963	\$ 46,963	\$ -
Resources (Inflows)				
Investment earnings	200	200	73	(127)
Amounts Available for Appropriations	47,163	47,163	47,036	(127)
Charges to Appropriations (Outflow)				
Capital outlay	34,000	34,000	40,811	(6,811)
Total Charges to Appropriations	34,000	34,000	40,811	(6,811)
Budgetary Fund Balance, June 30	\$ 13,163	\$ 13,163	\$ 6,225	\$ (6,938)

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 259,298	\$ 259,298	\$ 259,298	\$ -
Resources (Inflows)				
Investment earnings	-	-	1	1
Transfers in	214,420	214,420	214,420	-
Amounts Available for Appropriations	473,718	473,718	473,719	1
Charges to Appropriations (Outflow)				
Debt service:				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	139,420	139,420	139,029	391
Total Charges to Appropriations	214,420	214,420	214,029	391
Budgetary Fund Balance, June 30	\$ 259,298	\$ 259,298	\$ 259,690	\$ 392



CITY OF LOS ALAMITOS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Governmental Activities				Total Internal Service Funds
	Garage Fund	Technology Replacement Fund	Police Capital Expenditures Fund	Facilities, Streets, Parks, and Pool Capital Expenditures Fund	
Assets					
Current:					
Cash and investments	\$ 198,305	\$ 146,413	\$ 826,727	\$ 391,577	\$ 1,563,022
Prepaid costs	-	4,357	-	-	4,357
Total Current Assets	198,305	150,770	826,727	391,577	1,567,379
Noncurrent:					
Capital assets, net of accumulated depreciation	257,784	20,473	-	-	278,257
Total Noncurrent Assets	257,784	20,473	-	-	278,257
Total Assets	456,089	171,243	826,727	391,577	1,845,636
Deferred Outflows of Resources					
Deferred pension related items	10,610	-	-	-	10,610
Total Deferred Outflows of Resources	10,610	-	-	-	10,610
Liabilities					
Current:					
Accounts payable	14,570	1,245	-	-	15,815
Accrued liabilities	3,035	-	-	-	3,035
Compensated absences	3,820	-	-	-	3,820
Total Current Liabilities	21,425	1,245	-	-	22,670
Noncurrent:					
Compensated absences	13,036	-	-	-	13,036
Net pension liability	130,236	-	-	-	130,236
Total Noncurrent Liabilities	143,272	-	-	-	143,272
Total Liabilities	164,697	1,245	-	-	165,942
Deferred Inflows of Resources					
Deferred pension related items	57,919	-	-	-	57,919
Total Deferred Inflows of Resources	57,919	-	-	-	57,919
Net Position					
Investment in capital assets	257,784	20,473	-	-	278,257
Unrestricted	(13,701)	149,525	826,727	391,577	1,354,128
Total Net Position	\$ 244,083	\$ 169,998	\$ 826,727	\$ 391,577	\$ 1,632,385

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities				Total Internal Service Funds
	Garage Fund	Technology Replacement Fund	Police Capital Expenditures Fund	Facilities, Streets, Parks, and Pool Capital Expenditures Fund	
Operating Revenues					
Sales and service charges	\$ 274,091	\$ 147,705	\$ -	\$ -	\$ 421,796
Interdepartmental charges	-	-	35,000	40,000	75,000
Total Operating Revenues	274,091	147,705	35,000	40,000	496,796
Operating Expenses					
Personnel services	91,887	-	-	-	91,887
Supplies and materials	132,997	20,904	-	-	153,901
Outside services	27,295	99,975	8,273	48,423	183,966
Depreciation expense	128,012	22,447	-	-	150,459
Total Operating Expenses	380,191	143,326	8,273	48,423	580,213
Operating Income (Loss)	(106,100)	4,379	26,727	(8,423)	(83,417)
Nonoperating Revenues (Expenses)					
Insurance reimbursement	711	-	-	-	711
Total Nonoperating Revenues (Expenses)	711	-	-	-	711
Income (Loss) Before Transfers	(105,389)	4,379	26,727	(8,423)	(82,706)
Transfers in	100,000	-	800,000	400,000	1,300,000
Transfers out	-	(92,000)	-	-	(92,000)
Changes in Net Position	(5,389)	(87,621)	826,727	391,577	1,125,294
Net Position					
Beginning of Year, as Previously Reported	424,057	257,619	-	-	681,676
Restatements	(174,585)	-	-	-	(174,585)
Beginning of Fiscal Year, as Restated	249,472	257,619	-	-	507,091
End of Fiscal Year	\$ 244,083	\$ 169,998	\$ 826,727	\$ 391,577	\$ 1,632,385

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities				Total Internal Service Funds
	Garage Fund	Technology Replacement Fund	Police Capital Expenditures Fund	Facilities, Streets, Parks, and Pool Capital Expenditures Fund	
Cash Flows from Operating Activities					
Cash received user departments	\$ 274,091	\$ 147,705	\$ -	\$ -	\$ 421,796
Cash received from/(paid to) interfund service provided	-	-	35,000	40,000	75,000
Cash paid to suppliers for goods and services	(161,071)	(130,569)	(8,273)	(48,423)	(348,336)
Cash paid to employees for services	(87,861)	-	-	-	(87,861)
Net Cash Provided (Used) by Operating Activities	25,159	17,136	26,727	(8,423)	60,599
Cash Flows from Non-Capital Financing Activities:					
Transfers in	100,000	-	800,000	400,000	1,300,000
Transfers out	-	(92,000)	-	-	(92,000)
Insurance reimbursements	711	-	-	-	711
Net Cash Provided (Used) by Non-Capital Financing Activities	100,711	(92,000)	800,000	400,000	1,208,711
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(73,917)	(7,353)	-	-	(81,270)
Net Cash Provided (Used) by Capital and Related Financing Activities	(73,917)	(7,353)	-	-	(81,270)
Net Increase (Decrease) in Cash and Cash Equivalents	51,953	(82,217)	826,727	391,577	1,188,040
Cash and Cash Equivalents at Beginning of Year	146,352	228,630	-	-	374,982
Cash and Cash Equivalents at End of Year	\$ 198,305	\$ 146,413	\$ 826,727	\$ 391,577	\$ 1,563,022
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (106,100)	\$ 4,379	\$ 26,727	\$ (8,423)	\$ (83,417)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities					
Depreciation	128,012	22,447	-	-	150,459
(Increase) decrease in prepaid expense	-	(4,357)	-	-	(4,357)
Increase (decrease) in accounts payable	(1,704)	(5,333)	-	-	(7,037)
Increase (decrease) in accrued liabilities	925	-	-	-	925
Increase (decrease) in compensated absences	1,066	-	-	-	1,066
Increase (decrease) in salaries and benefits	2,960	-	-	-	2,960
Total Adjustments	131,259	12,757	-	-	144,016
Net Cash Provided (Used) by Operating Activities	\$ 25,159	\$ 17,136	\$ 26,727	\$ (8,423)	\$ 60,599

STATISTICAL SECTION



CITY OF LOS ALAMITOS

**DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2015**

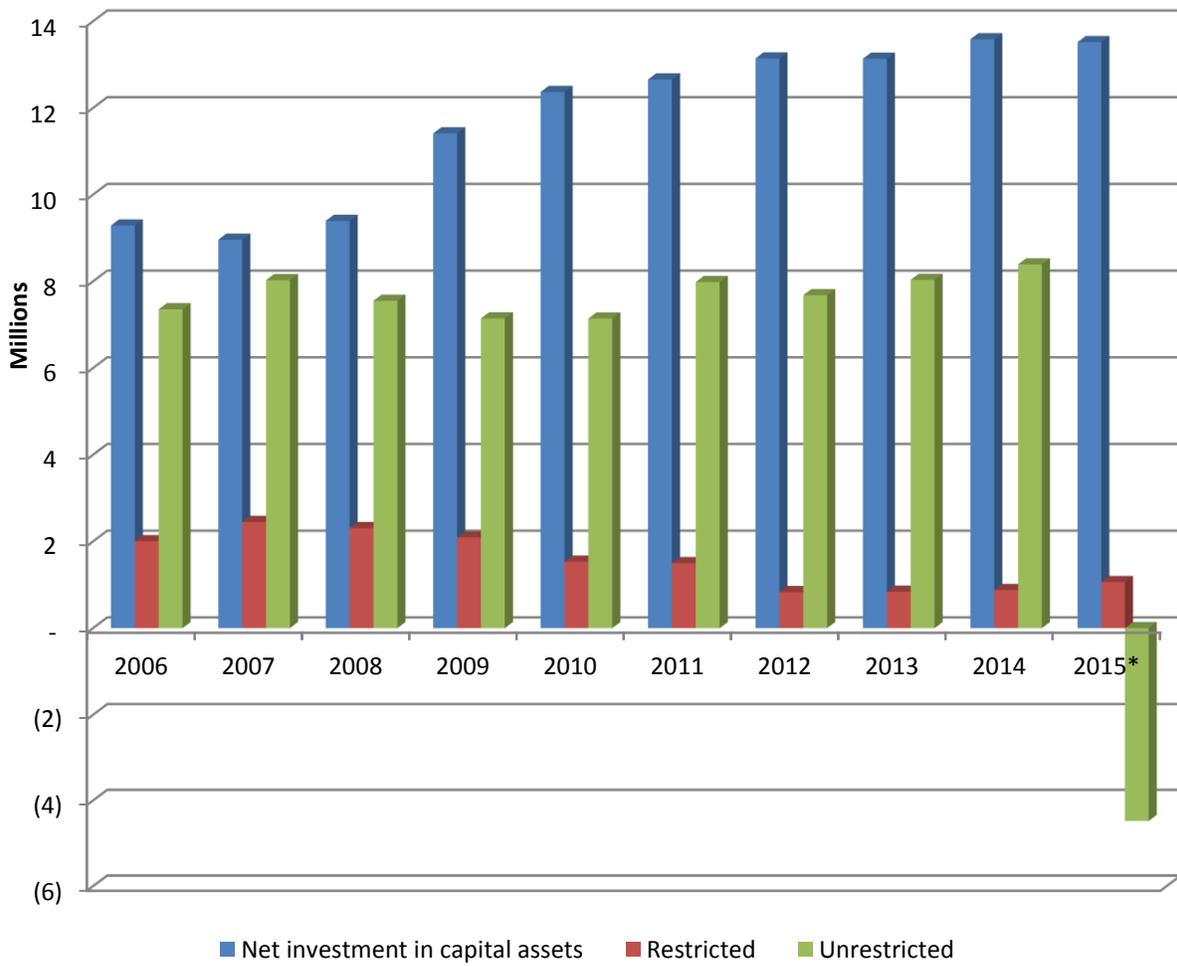
This part of the City of Los Alamitos’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government’s overall financial health.

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<u>Revenue Capacity:</u> these schedules contain trend information to help the reader assesses the factors affecting the City’s most significant revenue source, property tax.	118
<u>Debt Capacity:</u> these schedules present information to help the reader assesses the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.....	126
<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.....	129
<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.	132

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 9,289	\$ 8,962	\$ 9,396	\$ 11,415
Restricted	2,006	2,449	2,309	2,093
Unrestricted	7,356	8,029	7,553	7,146
Total governmental activities net position	<u>\$ 18,651</u>	<u>\$ 19,440</u>	<u>\$ 19,258</u>	<u>\$ 20,654</u>



Source: City of Los Alamitos, Administrative Services Department

* In Fiscal Year 2014-15 the City implemented GASB Statement No. 68, which resulted in a \$12.8 million decrease to the City's net position in relation to accounting for the City's net pension liability and related deferrals.

Fiscal Year					
2010	2011	2012	2013	2014	2015*
\$ 12,370	\$ 12,659	\$ 13,143	\$ 13,138	\$ 13,585	\$ 13,519
1,533	1,500	832	841	878	1,063
7,144	7,984	7,681	8,034	8,393	(4,476)
<u>\$ 21,047</u>	<u>\$ 22,143</u>	<u>\$ 21,656</u>	<u>\$ 22,013</u>	<u>\$ 22,856</u>	<u>\$ 10,106</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 2,303	\$ 2,523	\$ 3,178	\$ 2,704
Public safety	4,410	4,449	4,922	5,095
Community development	881	743	700	578
Recreation and community services	2,197	1,902	2,162	2,114
Public works	1,599	1,445	1,592	1,616
Interest on long-term debt	-	125	209	155
Total governmental activities expenses	<u>11,390</u>	<u>11,187</u>	<u>12,763</u>	<u>12,262</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	17	10	33	88
Public safety	482	659	770	663
Community development	74	54	52	75
Recreation and community services	998	762	1,015	1,100
Public works	-	-	-	-
Operating grants	740	638	921	1,315
Capital grants and contributions	554	30	191	1,123
Total governmental activities program revenues	<u>2,865</u>	<u>2,153</u>	<u>2,982</u>	<u>4,364</u>
Net (expense)/revenue				
Governmental activities	(8,525)	(9,034)	(9,781)	(7,898)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	2,301	2,354	2,484	2,545
Utility users tax	1,969	2,165	2,178	2,232
Transient occupancy	73	93	101	78
Sales	2,907	3,098	2,912	2,514
Franchise	566	602	595	603
Business license	652	475	606	788
Other	104	129	63	55
	<u>8,572</u>	<u>8,916</u>	<u>8,939</u>	<u>8,815</u>
Motor vehicle in lieu	78	70	54	41
Investment income	382	452	277	142
Gain on Sale of property	-	-	9	6
Other	388	621	389	289
Total governmental activities	<u>9,420</u>	<u>10,059</u>	<u>9,668</u>	<u>9,293</u>
Changes in Net Position				
Governmental activities	<u>\$ 895</u>	<u>\$ 1,025</u>	<u>\$ (113)</u>	<u>\$ 1,395</u>

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year					
2010	2011	2012	2013	2014	2015
2,224	\$ 1,659	\$ 2,376	\$ 1,377	\$ 2,223	\$ 2,646
5,068	4,912	5,545	5,393	5,691	5,463
578	527	705	745	843	714
1,583	1,568	1,770	1,957	1,700	1,772
1,922	1,905	2,007	2,709	2,839	2,592
156	153	150	168	140	138
<u>11,531</u>	<u>10,724</u>	<u>12,553</u>	<u>12,349</u>	<u>13,436</u>	<u>13,325</u>
117	43	3	-	385	205
618	641	511	637	735	752
73	150	280	435	113	141
1,180	1,230	1,266	1,295	1,242	1,301
-	-	-	-	18	2
388	533	112	119	323	293
708	890	524	349	1,739	629
<u>3,084</u>	<u>3,487</u>	<u>2,696</u>	<u>2,835</u>	<u>4,555</u>	<u>3,323</u>
(8,447)	(7,237)	(9,857)	(9,514)	(8,881)	(10,002)
2,654	2,529	3,143	3,734	2,733	2,954
2,178	2,132	2,083	2,160	2,188	2,210
70	80	88	104	113	132
2,349	2,148	2,200	2,117	2,836	3,064
584	595	683	653	689	712
574	471	618	694	551	563
65	85	347	284	334	348
<u>8,474</u>	<u>8,040</u>	<u>9,162</u>	<u>9,746</u>	<u>9,444</u>	<u>9,983</u>
36	62	6	5	-	-
39	27	15	27	13	30
5	140	3	37	-	-
287	89	207	36	267	146
<u>8,841</u>	<u>8,358</u>	<u>9,393</u>	<u>9,851</u>	<u>9,724</u>	<u>10,159</u>
<u>394</u>	<u>\$ 1,121</u>	<u>\$ (464)</u>	<u>\$ 337</u>	<u>\$ 843</u>	<u>\$ 157</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			
	2006	2007	2008	2009
General Fund				
Nonspendable				
Committed				
Restricted				
Assigned				
Unassigned				
Reserved	\$ 170	\$ 6	\$ 25	\$ 25
Unreserved, designated	-	-	2,800	2,800
Unreserved, undesignated	6,148	6,776	3,078	3,305
Total General Fund	<u>6,318</u>	<u>6,782</u>	<u>5,903</u>	<u>6,130</u>
All Other Governmental Funds				
Nonspendable				
Restricted				
Assigned				
Unassigned				
Reserved	-	-	-	274
Unreserved, designated reported in:				
Special revenue funds	-	-	219	215
Unreserved, reported in:				
Special revenue funds	1,752	2,078	2,098	1,211
Debt service funds	254	256	262	-
Capital projects funds	925	902	1,040	1,067
Total All Other Governmental Funds	<u>2,931</u>	<u>3,236</u>	<u>3,619</u>	<u>2,767</u>
Total All Governmental Funds	<u>\$ 9,249</u>	<u>\$ 10,018</u>	<u>\$ 9,522</u>	<u>\$ 8,897</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					
2010	2011	2012	2013	2014	2015
	\$ 4	\$ 7	\$ 6	\$ 8	\$ 684
	-	-	-	-	3,274
	-	-	-	-	-
	3,250	3,250	3,770	7,049	3,566
	4,161	4,496	4,085	1,218	-
\$ 5					
2,800					
3,418					
<u>6,223</u>	<u>7,415</u>	<u>7,753</u>	<u>7,861</u>	<u>8,275</u>	<u>7,524</u>
	-	-	-	-	-
	1,550	1,073	888	829	1,063
	1,201	724	898	677	390
	(167)	(146)	(223)	(1,240)	-
261					
216					
1,120					
-					
1,008					
<u>2,605</u>	<u>2,584</u>	<u>1,651</u>	<u>1,563</u>	<u>266</u>	<u>1,453</u>
<u>\$ 8,828</u>	<u>\$ 9,999</u>	<u>\$ 9,404</u>	<u>\$ 9,424</u>	<u>\$ 8,541</u>	<u>\$ 8,977</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			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 8,004	\$ 8,228	\$ 8,725	8,387
Licenses and permits	653	475	606	806
Intergovernmental	1,752	1,165	949	1,671
Charges for services	1,095	843	1,105	1,248
Investment earnings	351	413	369	198
Fines and forfeitures	463	634	751	651
Other	115	231	299	60
Total Revenues	<u>12,433</u>	<u>11,989</u>	<u>12,804</u>	<u>13,021</u>
Expenditures				
General government	2,827	2,604	2,739	2,219
Public safety	4,448	4,511	4,798	4,993
Community Development	735	607	694	574
Recreation and community services	2,291	2,258	2,118	2,073
Public works	6,689	1,398	1,461	1,483
Capital outlay	207	-	556	2,165
Debt Service	111	121	172	210
Total Expenditures	<u>17,308</u>	<u>11,499</u>	<u>12,538</u>	<u>13,717</u>
Excess of revenues over/(under) expenditures	<u>(4,875)</u>	<u>490</u>	<u>266</u>	<u>(696)</u>
Other Financing Sources (Uses)				
Transfers in	3,603	969	731	816
Transfers out	(3,603)	(969)	(1,425)	(745)
Long term debt issued	3,365	-	-	-
Total other financing sources	<u>3,365</u>	<u>-</u>	<u>(694)</u>	<u>71</u>
Net change in fund balances	<u>\$ (1,510)</u>	<u>\$ 490</u>	<u>\$ (428)</u>	<u>(625)</u>
Debt service as a percentage of noncapital expenditures	0.649%	1.052%	1.435%	1.818%

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year						
	2010	2011	2012	2013	2014	2015
\$	7,915	\$ 8,027	\$ 8,087	\$ 9,042	\$ 9,420	\$ 10,337
	604	629	1,247	694	937	205
	1,542	1,047	475	531	150	1,609
	1,256	1,379	1,320	1,752	1,396	1,403
	39	27	15	9	2	30
	622	602	450	615	710	737
	189	245	197	36	581	454
	<u>12,167</u>	<u>11,956</u>	<u>11,791</u>	<u>12,679</u>	<u>13,196</u>	<u>14,775</u>
	2,132	1,892	2,106	1,900	2,097	2,379
	4,923	4,748	4,913	5,280	5,874	5,513
	562	526	623	737	830	694
	1,517	1,527	1,570	1,889	1,620	1,730
	1,717	1,654	1,779	1,831	1,686	1,771
	1,260	523	1,183	806	1,744	830
	213	210	212	216	211	214
	<u>12,324</u>	<u>11,080</u>	<u>12,386</u>	<u>12,659</u>	<u>14,062</u>	<u>13,131</u>
	(157)	876	(595)	20	(866)	1,644
	635	960	715	588	606	684
	(546)	(621)	(715)	(588)	(621)	(1,892)
	-	-	-	-	-	-
	<u>89</u>	<u>339</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(1,208)</u>
\$	<u>(68)</u>	<u>1,215</u>	<u>(595)</u>	<u>20</u>	<u>(881)</u>	<u>436</u>
	1.925%	1.966%	1.878%	1.732%	1.593%	1.665%

CITY OF LOS ALAMITOS
 2014/15 Use Category Summary-Basic Property Value Table
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Category	2006	2007	2008	2009	2010	2011
Residential	\$ 758,585	\$ 804,318	\$ 865,371	\$ 898,176	\$ 897,118	\$ 925,857
Commercial	224,025	240,837	262,971	284,259	289,009	283,221
Industrial	183,303	190,378	205,802	243,442	248,721	246,247
Institutional	57	59	60	61	62	-
Miscellaneous	24,817	27,387	28,802	627	1,753	1,749
Recreational	129	132	-	-	-	-
Vacant land	2,370	1,894	839	859	876	-
SBE Nonunitary	462	462	459	222	222	222
Cross Reference	-	-	-	3,106	3,285	3,477
Unsecured	159,280	151,067	156,734	149,735	148,625	155,295
Other	-	(2)	-	-	-	-
Totals	\$ 1,353,028	\$ 1,416,532	\$ 1,521,038	\$ 1,580,487	\$ 1,589,671	\$ 1,616,068
Direct rate	0.10066%	0.10065%	0.10064%	0.10072%	0.10067%	0.10066%

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	935,865	\$ 957,266	\$ 994,876	\$ 1,057,040
	278,086	288,363	288,722	309,701
	247,130	252,384	253,201	253,653
	-	-	-	-
	1,762	1,797	-	-
	-	-	-	-
	-	-	8,917	8,449
	222	222	222	222
	3,367	4,327	3,453	3,265
	138,185	134,342	119,933	143,801
	-	-	-	-
<hr/>				
\$	1,604,617	\$ 1,638,701	\$ 1,669,324	\$ 1,776,131
	0.10066%	0.10067%	0.10090%	0.11700%



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)
2006	\$ 1,173,290	\$ 159,743	\$ -	\$ 1,333,033
2007	1,265,004	151,571		1,416,575
2008	1,363,845	157,613		1,521,458
2009	1,430,530	149,956		1,580,486
2010	1,440,825	148,847		1,589,672
2011	1,460,551	155,517		1,616,068
2012	1,466,210	138,407		1,604,617
2013	1,504,137	134,564		1,638,701
2014	1,549,169	120,155		1,669,324
2015	1,632,108	144,023		1,776,131

(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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City Direct Rate	0.116	0.116	0.117	0.117	0.117	0.117	0.117
Overlapping Rates:							
Los Alamitos City General Fund	0.100	0.100	0.100	0.100	0.101	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	0.144	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	0.000	0.001	0.000	0.000	0.000
Rossmoor/Los Alamitos Sewer District	0.009	0.009	0.010	0.010	0.010	0.010	0.010
Total Prop 13 Rate	<u>1.000</u>						
Anaheim High School District	0.024	0.024	0.025	0.024	0.026	0.027	0.027
Cypress Elementary	0.000	0.000	0.000	0.000	0.022	0.026	0.015
Garden Grove Unified School District	0.000	0.000	0.000	0.000	0.000	0.033	0.025
Los Alamitos Sfid	0.000	0.000	0.000	0.000	0.020	0.033	0.036
Metropolitan Water District	0.005	0.005	0.005	0.004	0.004	0.004	0.004
N. Orange County Community College	0.017	0.014	0.015	0.015	0.018	0.017	0.017
Total Voter Approved tax Rate	<u>0.046</u>	<u>0.043</u>	<u>0.045</u>	<u>0.043</u>	<u>0.089</u>	<u>0.141</u>	<u>0.124</u>
Total Tax Rate	<u>1.046</u>	<u>1.042</u>	<u>1.045</u>	<u>1.020</u>	<u>1.089</u>	<u>1.141</u>	<u>1.124</u>

Source: HdL Coren and Cone, Orange County Assessor 2005/2006 - 2014/2015 Tax Rate Table

<u>2013</u>	<u>2014</u>	<u>2015</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	0.411
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	0.001
0.010	0.010	0.010
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
0.029	0.026	0.024
0.025	0.027	0.023
0.031	0.037	0.041
0.042	0.056	0.048
0.004	0.003	0.004
0.019	0.017	0.017
<u>0.150</u>	<u>0.166</u>	<u>0.157</u>
<u>1.150</u>	<u>1.166</u>	<u>1.157</u>

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

	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 79,470	4.474%	\$ 58,948	4.422%
Los Alamitos Corporation Center JV	54,177	3.050%		
Henrietta C. Lee Trust			48,801	3.661%
Trend Offset Printing Inc.	50,512	2.844%	60,371	4.529%
Don Wilson Staples LLC	30,937	1.742%		
JCB Inc.	17,381	0.979%	15,191	1.140%
CGM Katella LLC	17,875	1.006%		
Ganahl Lumber Company	15,369	0.865%		
Bayport Los Alamitos Associates LP	12,659	0.713%	11,118	0.834%
Arrowhead Products Corporation	12,386	0.697%	12,148	0.911%
Laeroc 2002 Katella			10,771	0.808%
Verizon Directories Distribution			15,697	1.178%
Los Alamitos LLC	11,100	0.625%	9,672	0.726%
Apartment Unlimited			14,113	1.059%
Top Ten Totals	<u>\$ 301,866</u>	<u>16.996%</u>	<u>\$ 256,830</u>	<u>19.267%</u>
City Totals	<u>\$ 1,776,130</u>		<u>\$ 1,333,032</u>	

Source: HdL Coren and Cone, Orange County Assessor 2005/06 and 2014/15 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
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	1,615,720	98.065%
2009	1,680,414	1,619,026	96.347%	(3,594)	1,615,433	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	1,959,000	97.271%	24,090	1,983,090	98.467%
2014	2,010,346	1,981,110	98.546%	24,524	2,005,634	99.766%
2015	2,130,906	2,081,181	97.666%	19,659	2,100,840	98.589%

(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)

Fiscal Year	Governmental Activities Certificates of Participation	Total Primary Government	Percent of Assessed Value ¹	Per Capita ²
2006	\$ 3,365	\$ 3,365	0.252%	\$281.71
2007	\$ 3,365	\$ 3,365	0.238%	\$281.21
2008	\$ 3,350	\$ 3,350	0.220%	\$278.05
2009	\$ 3,295	\$ 3,295	0.208%	\$271.69
2010	\$ 3,235	\$ 3,235	0.204%	\$265.14
2011	\$ 3,175	\$ 3,175	0.196%	\$258.76
2012	\$ 3,110	\$ 3,110	0.194%	\$269.10
2013	\$ 3,055	\$ 3,055	0.186%	\$262.77
2014	\$ 2,970	\$ 2,970	0.178%	\$253.22
2015	\$ 2,895	\$ 2,895	0.163%	\$246.91

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

² Ratio is calculated using population data for the prior calendar year.

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS
 Direct and Overlapping Governmental Activity Debt
 As of June 30, 2015
 (amounts expressed in thousands)

2014-2015 Taxable Assessed Valuation: \$ 1,776,131

	<u>Total Debt 6/30/2015</u>	<u>Percent Applicable to City (1)</u>	<u>City's Share of Debt 6/30/2015</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 110,419	0.077%	85
North Orange County Joint Community College District	187,039	1.648%	3,082
Garden Grove Unified School District	243,991	0.011%	27
Los Alamitos Unified District School Facilities Improvement Dist #1	100,560	21.977%	22,100
Anaheim Union High School District	151,309	0.079%	120
Cypress School District	39,820	0.524%	209
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 25,623
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 77,116	0.377%	\$ 291
Orange County Pension obligations	360,911	0.377%	1,361
Orange County Board of Education Certificates of Participation	15,190	0.377%	57
Municipal Water District of Orange County Water Facilities Corp	2,770	0.451%	12
Los Alamitos Unified School District Certificates of Participation	43,517	20.027%	8,715
Anaheim Union High School District Certificates of Participation	35,478	0.079%	28
Cypress School District Certificates of Participation	7,365	0.524%	39
North Orange County Regional Occupational Program Certificates	10,450	1.692%	177
City of Los Alamitos Certificates of Participation	2,895	100.000%	2,895
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 13,575
Less: MWDOC Water Facilities Corporation (100% self-supporting)			13
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 13,562
TOTAL DIRECT DEBT			\$ 2,895
GROSS OVERLAPPING DEBT			\$ 36,302
TOTAL NET OVERLAPPING DEBT			\$ 36,289
GROSS COMBINED TOTAL DEBT (2)			\$ 39,197 (2)
NET COMBINED TOTAL DEBT			\$ 39,184

- (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.....	1.44%
Total Direct Debt (2,895,000).....	0.16%
Gross Combined Total Debt.....	2.21%
Net Combined Total Debt.....	2.21%

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	\$ 1,776,130,073
Debt limit (15% of assessed value)	266,419,511
Debt applicable to limit	-
Legal debt margin - Current Year	<u><u>\$ 266,419,511</u></u>

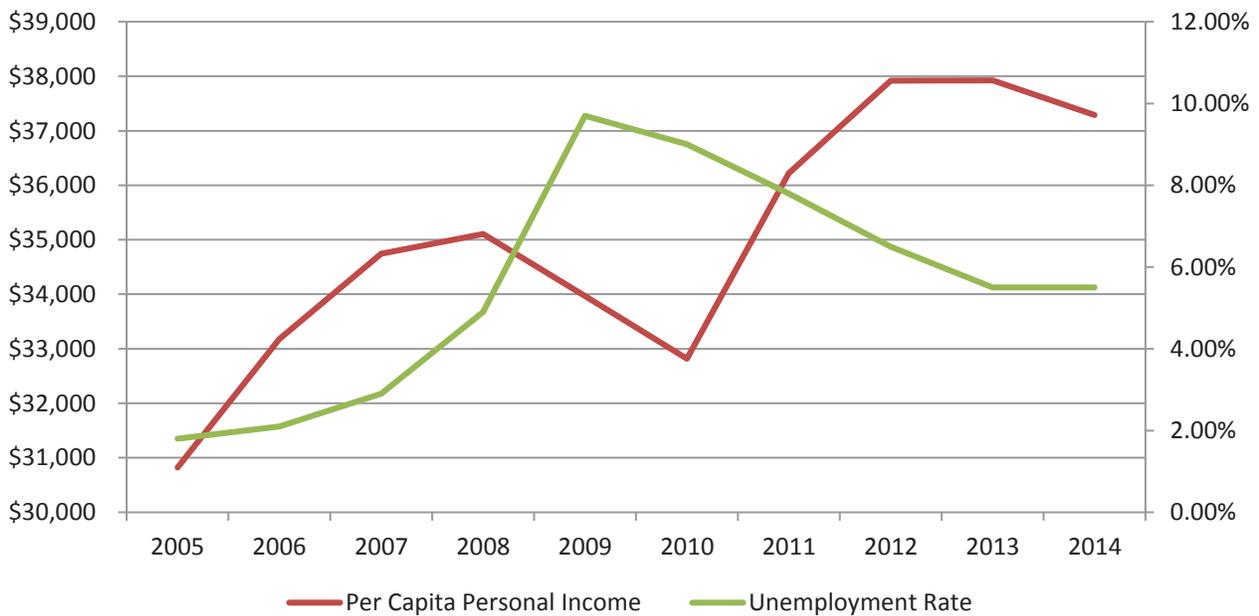
Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2006	\$ 200,048,352	\$ -	\$ 200,048,352	\$ -
2007	212,479,850	-	212,479,850	-
2008	228,155,675	-	212,479,850	-
2009	237,073,010	-	228,155,675	-
2010	238,450,720	-	237,073,010	-
2011	242,410,136	-	238,450,720	-
2012	240,628,038	-	240,628,038	-
2013	245,805,113	-	245,805,113	-
2014	250,398,597	-	245,805,113	-
2015	266,419,511	-	266,419,511	-

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS
 Demographic and Economic Statistics
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2005	11,945	\$ 368,155	\$ 30,821	1.80%
2006	11,966	396,990	33,177	2.10%
2007	12,048	418,572	34,742	2.90%
2008	12,128	425,740	35,104	4.90%
2009	12,201	414,466	33,970	9.70%
2010	12,270	402,640	32,815	9.00%
2011	11,557	418,606	36,221	7.80%
2012	11,626	440,823	37,917	6.50%
2013	11,729	444,811	37,924	5.50%
2014	11,725	437,214	37,289	5.50%

Per Capita Personal Income and Unemployment



Sources: Population: California State Department of Finance
 Unemployment Rate: California Employment Development Department
 Personal Income and Per Capita Income: ESRI



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

Employer	2014-15			2005-06		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Los Alamitos Medical Center	1,100	1	11.57%	100	7	2.01%
Arrowhead Products	661	2	6.95%	562	1	11.32%
Trend Offset Printing Services	601	3	6.32%	560	2	11.28%
Katella Deli	189	4	1.99%	100	10	2.01%
Alamitos West Health Care Center	158	5	1.66%			
Millie and Severson, Inc	133	6	1.40%			
Ganahl Lumber	129	7	1.36%	150	5	3.02%
Alliance Space Systems, LLC	127	8	1.34%			
Grating Pacific	99	9	1.04%			
Bearing Inspection, Inc.	98	10	1.03%	143	6	2.88%
McCabe Quality Food				170	3	3.42%
Los Alamitos West Convalescent				169	4	3.40%
Verizon Directories				100	8	2.01%
Bloomfield Bakers				100	9	2.01%
	<u>3,295</u>		<u>34.66%</u>	<u>2,154</u>		<u>43.36%</u>

Source: City of Los Alamitos, Administrative Services Department

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government							
City Council	5	5	5	5	5	5	5
Administration	9	9	11	10	9	8	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	20	21	18	19	19
Investigation	3	3	3	3	3	3	3
Records	2	2	2	2	2	2	2
Crossing Guards	3	3	4	3	2	2	2
Other PD Support	4	4	2	4	2	2	2
Public Works							
Admin/Engineering	2	3	3	3	2	1	1
Maintenance	13	13	11	11	11	10	10
Mechanic	1	1	1	1	1	1	1
Recreation & Community Services							
Administration	4	4	4	4	4	4	4
Recreation/Cultural	13	13	17	15	13	12	11
Aquatics	7	7	7	7	6	6	6

Source: City of Los Alamitos, Administrative Services Department

<u>2013</u>	<u>2014</u>	<u>2015</u>
5	5	5
8	8	8
1	1	1
1	1	1
1	1	1
4	4	4
19	19	19
3	3	3
2	2	2
3	3	3
2	2	2
1	1	1
10	10	10
1	1	1
5	5	5
9	9	9
5	5	5

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Community Development						
Number of:						
Business licenses	NA	NA	NA	1,900	1,900	1,921
Plan checks	59	91	60	76	74	105
NPDES inspections	304	208	129	96	53	240
Code violations	489	911	520	432	442	402
Police						
Number of:						
Part 1 crimes	431	447	396	375	326	347
Parking violations	3,780	3,094	1,882	2,751	2,382	2,389
Traffic (moving) violations	2,040	2,554	2,903	1,997	1,848	1,810
Incident & crime reports	2,091	2,045	1,713	1,538	1,380	1,320
Public Works						
Square yd of street resurfacing/repair	-	-	100,963	55,455	64,600	2,500
Miles of street sweeping	26	40	33	33	33	33
Number of:						
Street signal maintained	20	20	24	24	24	24
Trees pruned per year	327	600	151	350	200	500
Square feet graffiti removal	100	1,300	140	2,000	1,800	1,700
Recreation & Community Services						
Number of enrollees:						
Aquatics	122,145	125,331	123,180	200,000	210,000	215,000
Community Services/Seniors	20,450	14,771	11,440	10,150	10,000	9,500
Day Camp	1,080	1,062	3,245	2,400	2,400	2,500
Park Program	4,513	4,328	3,521	1,400	1,000	1,100
Sports	10,058	1,439	5,700	4,000	4,200	5,800
Classes	4,314	2,630	11,464	6,200	6,500	6,600
Special Events	41,573	24,300	32,900	33,000	35,000	36,000

NA - Not Available.

Source: City of Los Alamitos, Administrative Services Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
2,048	1,964	2,089	2,237
119	141	110	95
152	126	57	104
352	97	147	121
356	433	330	299
1,893	1,532	1,766	3,283
1,877	2,177	2,354	1,786
1,356	1,361	1,293	1,381
11,600	38,800	20,000	15,000
33	33	33	33
24	24	25	25
1,230	632	620	615
1,625	1,650	1,550	1,245
225,000	230,000	232,000	235,000
9,700	9,800	10,500	10,500
2,500	2,600	2,800	2,900
1,250	1,400	2,600	4,385
8,800	8,000	7,800	7,000
6,400	6,400	6,300	6,900
37,900	40,000	41,470	34,200

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Community Development					
Code enforcement vehicles	1	1	1	1	1
Police					
Stations	1	1	1	1	1
Patrol Vehicles	7	9	9	9	8
Other Vehicles	13	10	10	11	9
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	24	24	24
Public works vehicles	14	14	14	15	12
Recreation & Community Services					
Youth centers	1	1	1	1	1
Community centers	1	1	1	1	1
Parks	9	9	9	9	9
Community service vehicles	2	2	2	2	2

Source: City of Los Alamitos, Administrative Services Department

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1
1	1	1	1	1
8	7	7	7	7
9	8	8	9	9
32.9	32.9	32.9	32.9	32.9
910	910	910	911	911
24	24	24	25	25
12	13	13	13	13
1	1	1	1	1
1	1	1	1	1
9	9	9	9	9
2	2	2	2	2

