



City of Los Alamitos California



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

CITY OF LOS ALAMITOS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CITY OF LOS ALAMITOS
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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CITY OF LOS ALAMITOS



Mayor:
Ken Stephens

Mayor Pro Tem:
Troy D. Edgar

Council Members:
Warren Kusumoto
Gerri L. Graham-Mejia
Marilynn M. Poe

City Manager:
Jeffrey L. Stewart

January 30, 2012

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, 2011.

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

The City's financial statements have been audited by Moss, Levy and Hartzheim, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the specific needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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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 11,474 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-two full-time employees. The City has a contract with Colantuono and Levin for city attorney services.

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

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

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

Economic Outlook

The City of Los Alamitos' economic outlook for fiscal year 2011-12 is showing many signs of having turned a positive corner. Although more than two years have passed since the technical end of the worst recession in memory, economic recovery has been slow. The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 72% 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 bottomed out and stabilized in fiscal year 2010-11, and we are expecting revenues to show a modest 2% increase into the next fiscal year. Because of the stellar school programs within its boundaries, the City has been fortunate to maintain a steady growth in property taxes, while maintaining home values. The City's property tax revenues are expected to weather the economy, and continue to increase at a steady 2% annual rate. The City's third major tax revenue source, utility users' tax, is expected to maintain the level that it has reached over the past number of years. While the City expects revenue sources to increase slightly during the upcoming fiscal year, we continue to be cautious with the City's financial resources, producing a balanced operating budget and maintaining vital services to the community.

Long-Term Financial Planning and Major Initiatives

As of June 30, 2011, the City's General Fund unreserved fund balance totaled \$7,411,178. Of this amount, \$2,800,000 is designated for emergency purposes to provide a source of funds in the event of an unexpected emergency and to fund extraordinary general liability and workers' compensation claims. An additional \$250,000 is assigned to expenditures pertaining to employee retirement benefits, and \$200,000 is set aside for the Los Alamitos Boulevard project.

The City's Seven-Year Capital Improvement Program (CIP) concentrates on street and road-related projects, making up 95% of total capital projects. The City expects to commence work on the next phase of an extensive residential street improvement project, as well as park improvements at Coyote Creek and Laurel Park.

Finally, the City of Los Alamitos prides itself on the many recreational opportunities afforded its residents. The City continues to improve its parks and recreational facilities with use of park development funds when necessary criteria is met.

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 Finance Department in the planning of responsible and progressive financial operations. I would like to thank the Mayor, City Council and City Manager for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Anita Agramonte
Finance Director

CITY OF LOS ALAMITOS

DIRECTORY OF OFFICIALS

CITY COUNCIL

Ken Stephens, Mayor
Troy D. Edgar, Mayor Pro Tem
Gerri L. Graham-Mejia, Council Member
Warren Kusumoto, Council Member
Marilynn M. Poe, Council Member

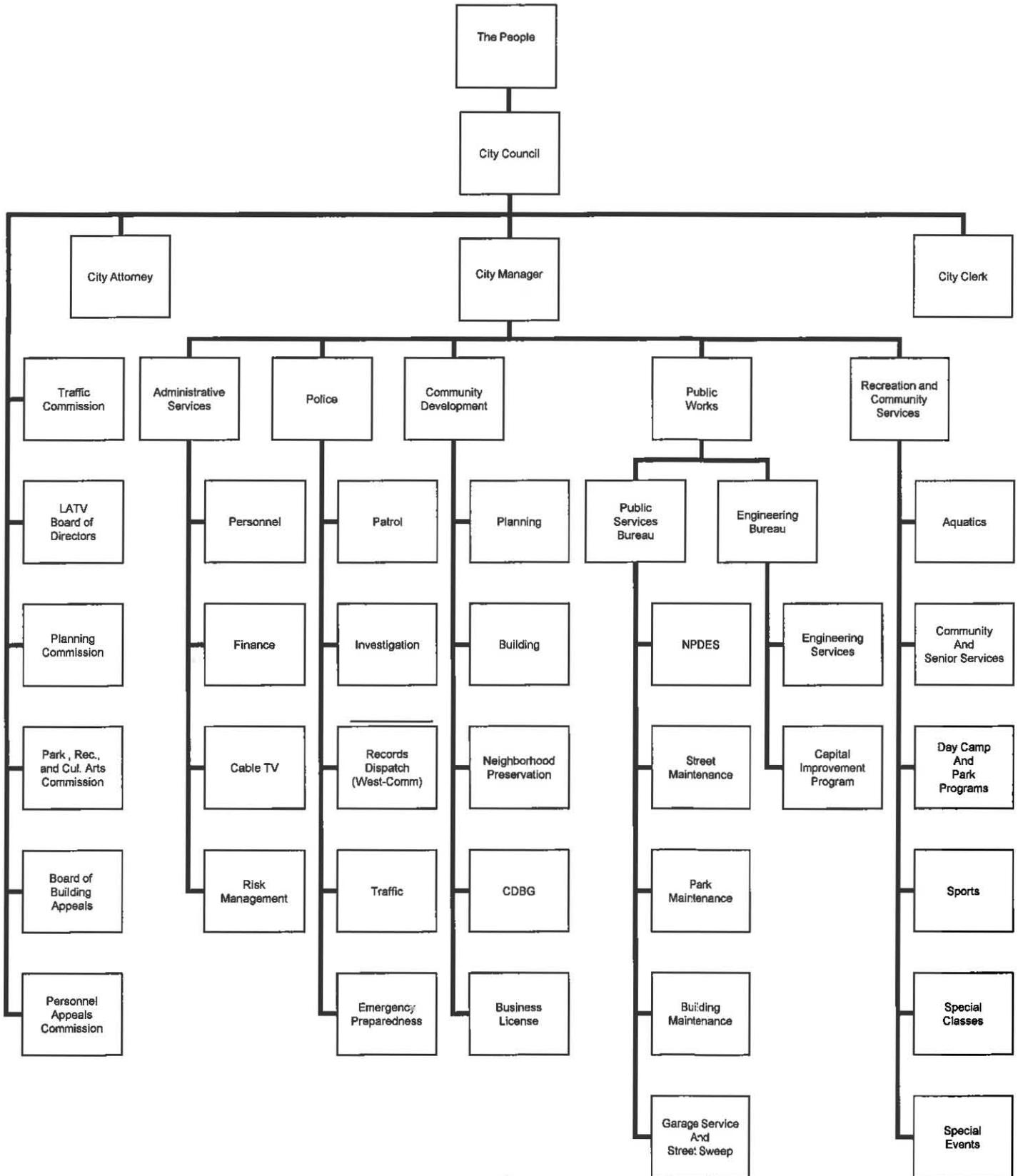
APPOINTED OFFICIALS

Jeffrey L. Stewart, City Manager
Sandra J. Levin, Interim City Attorney
Adria M. Jimenez, City Clerk

EXECUTIVE MANAGEMENT

Anita Agramonte, Finance Director/City Treasurer
Todd Mattern, Chief of Police
Steven Mendoza, Director of Community Development
David Hunt, Interim City Engineer
Angie Avery, Director of Recreation and Community Services

City of Los Alamitos Organizational Chart



FINANCIAL SECTION

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A. LEVY, CPA
CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Los Alamitos
Los Alamitos, California

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, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Los Alamitos, California's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, and Statement No. 59, *Financial Instruments Omnibus*, effective July 1, 2010.

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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison schedule on page 48, and the schedule of funding progress for post-employment benefits other than pensions on page 49, 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.

In accordance with Government Auditing Standards, we have also issued a report January 30, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Los Alamitos, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP

Culver City, California

January 30, 2012

CITY OF LOS ALAMITOS
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Pooled cash and investments	\$ 10,347,737
Receivables:	
Accounts	528,640
Employee computer loans	3,591
Accrued interest	11,718
Due from other governments	1,001,589
Unamortized debt issuance costs	92,911
Restricted assets:	
Cash and investments with fiscal agent	220,185
Capital assets:	
Non-depreciable assets	6,218,920
Depreciable assets, net	<u>9,301,605</u>
 Total Assets	 <u>27,726,896</u>
LIABILITIES	
Accounts payable	577,537
Accrued liabilities	285,918
Interest payable	49,487
Deposits payable	70,620
Unearned revenue	25,901
Long-term liabilities:	
Due within one year	444,173
Due in more than one year	<u>4,129,817</u>
 Total Liabilities	 <u>5,583,453</u>
NET ASSETS	
Invested in capital assets, net of related debt	12,658,621
Restricted for:	
PEG	116,344
Street and urban development projects	882,814
Public safety	263,590
Debt service	170,698
Air quality improvement	66,900
Unrestricted	<u>7,984,476</u>
 Total Net Assets	 <u>\$ 22,143,443</u>

See independent auditor's report and notes to basic financial statements

CITY OF LOS ALAMITOS
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenues and Changes in Net Assets
					Primary Governmental Activities
Governmental Activities:					
General government	\$ 1,659,034	\$ 42,676	\$ -	\$ -	\$ (1,616,358)
Public safety	4,911,803	641,181	198,906		(4,071,716)
Community development	527,114			262,504	(264,610)
Recreation and community services	1,567,689	1,229,686			(338,003)
Public works	1,905,490	150,364	333,664	627,183	(794,279)
Interest on long-term debt	153,316				(153,316)
Total Governmental Activities	\$ 10,724,446	\$ 2,063,907	\$ 532,570	\$ 889,687	(7,238,282)
General Revenues:					
Taxes:					
					2,529,397
					2,132,011
					80,080
					2,148,050
					595,093
					471,203
					85,268
					62,106
					26,906
					140,493
					88,847
					<u>8,359,454</u>
					<u>1,121,172</u>
					21,047,199
					<u>(24,928)</u>
					<u>21,022,271</u>
					<u>\$ 22,143,443</u>

See independent auditor's report and notes to basic financial statements

CITY OF LOS ALAMITOS
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Traffic Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 7,039,093	\$ 825,487	\$ 1,730,831	\$ 9,595,411
Receivables:				
Accounts	412,340		116,300	528,640
Employee computer loans	3,591			3,591
Accrued interest	11,718			11,718
Due from other governments	411,255	1,330	589,004	1,001,589
Due from other funds	301,987			301,987
Restricted assets:				
Cash and investments with fiscal agent			220,185	220,185
Total Assets	\$ 8,179,984	\$ 826,817	\$ 2,656,320	\$ 11,663,121
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 359,958	\$ 7,353	\$ 176,761	\$ 544,072
Accrued liabilities	282,511			282,511
Due to other funds			301,987	301,987
Deferred revenue	52,126	150,285	262,504	464,915
Deposits payable	70,620			70,620
Total Liabilities	765,215	157,638	741,252	1,664,105
Fund Balances				
Nonspendable	3,591			3,591
Restricted			1,549,833	1,549,833
Assigned	3,250,000	669,179	531,709	4,450,888
Unassigned	4,161,178		(166,474)	3,994,704
Total Fund Balances	7,414,769	669,179	1,915,068	9,999,016
Total Liabilities and Fund Balance	\$ 8,179,984	\$ 826,817	\$ 2,656,320	\$ 11,663,121

See independent auditor's report and notes to basic financial statements

CITY OF LOS ALAMITOS
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2011

Fund Balances - Total Governmental Funds \$ 9,999,016

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets net of depreciation have not been included as financial resources governmental fund activity. 15,520,525

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. Also, bond issuance costs are not recorded as assets under the modified accrual basis of accounting. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Balances at June 30, 2011 are:

Certificates of Participation	\$ (3,175,000)	
Deferred charges for issuance costs	92,911	
Claims and judgments	(701,843)	
Compensated absences	(520,833)	
Net OPEB obligation	<u>(176,314)</u>	(4,481,079)

Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds. (49,487)

Long-term assets that are not available for current use are recorded as deferred revenue under the modified accrual basis of accounting. 439,014

Internal service funds are used by management to charge costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets (net of capital assets and compensated absences reported above). 715,454

Net Assets of Governmental Activities \$ 22,143,443

See notes to basic financial statements

CITY OF LOS ALAMITOS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Traffic Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 7,949,816	\$ 0	\$ 77,230	\$ 8,027,046
Licenses and permits	628,684			628,684
Intergovernmental	87,636	10,000	949,519	1,047,155
Charges for services	1,335,210		44,223	1,379,433
Investment earnings	20,600	2,105	4,201	26,906
Fines and forfeitures	597,316		4,446	601,762
Contributions			20,126	20,126
Miscellaneous	224,447			224,447
Total Revenues	10,843,709	12,105	1,099,745	11,955,559
Expenditures				
Current:				
General government	1,845,374		47,065	1,892,439
Public safety	4,735,873		12,043	4,747,916
Community development	525,541			525,541
Recreation and community services	1,526,633			1,526,633
Public works	1,558,760	16,637	78,277	1,653,674
Capital outlay			523,230	523,230
Debt service:				
Principal			60,000	60,000
Interest and fiscal charges			150,451	150,451
Total Expenditures	10,192,181	16,637	871,066	11,079,884
Excess of Revenues Over (Under) Expenditures	651,528	(4,532)	228,679	875,675
Other Financing Sources (Uses)				
Transfers in	750,482		209,700	960,182
Transfers out	(209,700)		(411,432)	(621,132)
Total Other Financing Sources (Uses)	540,782		(201,732)	339,050
Net Changes in Fund Balances	1,192,310	(4,532)	26,947	1,214,725
Fund Balances, July 1, 2010	6,222,459	673,711	1,932,121	8,828,291
Prior Period Adjustments			(44,000)	(44,000)
Fund Balances, July 1, 2010, restated	6,222,459	673,711	1,888,121	8,784,291
Fund Balances, June 30, 2011	<u>\$ 7,414,769</u>	<u>\$ 669,179</u>	<u>\$ 1,915,068</u>	<u>\$ 9,999,016</u>

See notes to basic financial statements

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

Net change in fund balances - total governmental funds \$ 1,214,725

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

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

Capital expenditures	\$ 399,991	
Depreciation expense	(402,199)	
Deletions	<u>(1,177)</u>	(3,385)

The issuance of long-term debt provided financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of this difference in the treatment of long-term debt and related items:

Principal payments		60,000
--------------------	--	--------

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

Interest expense	851	
Amortization of issuance costs	(3,716)	
OPEB contributions	<u>(93,246)</u>	(96,111)

Payment of accrued claims is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets (net change): 419,057

Compensated absences expense reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (net change). (40,242)

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

Intergovernmental income	31,343	
Sales tax	(136,661)	
Miscellaneous	<u>(128,401)</u>	(233,719)

Internal service funds are used by management to charge costs of certain activities such as, equipment management and self-insurance to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities (less depreciation and compensated absences reported above). (199,154)

Change in net assets of governmental activities \$ 1,121,171

See notes to basic financial statements

CITY OF LOS ALAMITOS
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Cash and investments	<u>\$ 752,326</u>
Total Current Assets	<u>752,326</u>
Noncurrent Assets:	
Capital assets, net	<u>253,963</u>
Total Noncurrent Assets	<u>253,963</u>
Total Assets	<u>1,006,289</u>
Liabilities	
Current Liabilities:	
Accounts payable	33,465
Accrued liabilities	3,407
Long-Term Liabilities:	
Compensated absences	<u>15,667</u>
Total Liabilities	<u>52,539</u>
Net Assets	
Invested in capital assets	253,963
Unrestricted	<u>699,787</u>
Total Net Assets	<u>\$ 953,750</u>

See notes to basic financial statements

CITY OF LOS ALAMITOS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for services	<u>\$ 375,832</u>
Total Operating Revenues	<u>375,832</u>
Operating Expenses:	
Personnel services	87,050
Supplies and materials	147,662
Outside services	153,029
Depreciation	<u>139,866</u>
Total Operating Expenses	<u>527,607</u>
Operating Loss	<u>(151,775)</u>
Non-Operating Revenues:	
Gain on sale of capital assets	<u>145,933</u>
Total Non-Operating Revenues	<u>145,933</u>
Loss Before Transfers	<u>(5,842)</u>
Transfers:	
Transfers out	<u>(339,050)</u>
Total Transfers	<u>(339,050)</u>
Change in Net Assets	<u>(344,892)</u>
Net Assets, July 1, 2010	1,279,570
Prior Period Adjustment	<u>19,072</u>
Net Assets, July 1, 2010, Restated	<u>1,298,642</u>
Net Assets, June 30, 2011	<u><u>\$ 953,750</u></u>

See notes to basic financial statements

CITY OF LOS ALAMITOS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from user departments	\$ 384,109
Cash paid to suppliers for goods and services	(331,667)
Cash paid to employees for services	(80,692)
	<u>(28,250)</u>
Net Cash Provided (Used) by Operating Activities	<u>(28,250)</u>
Cash Flows from Noncapital Financing Activities:	
Cash provided to other funds - transfers out	<u>(339,050)</u>
Net Cash Used by Noncapital Financing Activities	<u>(339,050)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from sale of capital assets	250,000
Acquisition of capital assets	<u>(4,263)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>245,737</u>
Net Decrease in Cash and Cash Equivalents	(121,563)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>873,889</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 752,326</u>
Reconciliation of Operating Loss to	
Net Cash Used by Operating Activities:	
Operating loss	\$ (151,775)
Depreciation	139,866
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	8,277
Increase (decrease) in accounts payable	(30,976)
Increase (decrease) in accrued liabilities	486
Increase (decrease) in compensated absences	<u>5,872</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (28,250)</u>

See notes to basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

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

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

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

Blended Component Units

The Los Alamitos Public Facilities Corporation (the Corporation) was formed February 6, 2006, pursuant to the Non-Profit Corporation Law of the State of California for the purpose of assisting the City in financing the acquisition, construction and improvement for public benefit within the City limits. The Corporation is governed by a five-member board that is the City Council of the City of Los Alamitos. Separate financial statements are not prepared. There was no activity in the current fiscal year for the Corporation.

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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

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

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

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

Governmental Fund Financial Statements

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

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

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

Proprietary Fund Financial Statements

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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 Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

In both the government-wide and proprietary fund financial statements the City applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure.

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

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

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

Receivables and Payables

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Property Taxes

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

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

Functional Classifications

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

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

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

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

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

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

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.

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets (Continued)

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on the government-wide and proprietary fund financial statements. No interest was capitalized during the fiscal year ended June 30, 2011.

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

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 Assets. These noncurrent amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand.

Compensated Absences

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or compensation time at June 30, from future resources rather than currently available expendable resources.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Compensated Absences (Continued)

Accordingly, the entire unpaid liability for the governmental funds is recorded in the Statement of Net Assets.

Unpaid compensated absences of the proprietary funds are recorded as a liability in that fund as the vested benefits to the employees accrue.

Cash and Cash Equivalents

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

Fund Equity

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

- *Nonspendable fund balance* – that portion of a fund balance that includes amounts that cannot be spent because they are either not in a spendable form, such as prepaid items, inventories, or loans receivable.
- *Restricted fund balance* – that portion of a fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments); or (b) imposed by law through constitutional provisions or enabling legislation. Examples of restricted fund balances include Gas Tax, Asset Seizure, and Measure M funds.
- *Committed fund balance* – that portion of a fund balance that included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, and remain binding unless removed in the same manner.
 - a) The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or 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.

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity (Continued)

- *Assigned fund balance* – amounts that are constrained by the City’s intent to be used for specific purposes, but are neither Restricted nor Committed, should be reported as Assigned fund balance. This policy hereby delegated the authority to assign amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the City’s annual financial statements. Examples of Assigned fund balance are funds intended for Capital Improvement Projects and Equipment Replacement, encumbrances, donations received for specific projects as well as the City’s emergency reserve.
- *Unassigned fund balance* – these are residual positive net resources in excess of what can properly be classified in one of the other four categories and do not have any specific spending limitations. The General Fund is the only fund that should report this category of fund balance.

Fund Balance Policy

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

New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), “*Fund Balance Reporting and Governmental Fund Type Definitions.*” The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and it clarifies the existing governmental fund type definitions. It establishes fund balance classification that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Equity section of this footnote.

The definitions of the General fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this statement.

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 59, "*Financial Instruments Omnibus*". This Statement establishes standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

Use of Estimates

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

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

4. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt a budget for this type of fund.

5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2011, based on calculations by City management, proceeds of taxes did not exceed appropriations.

B. Deficit Fund Balances in Individual Funds

The Rivers and Mountains Conservancy Capital Projects Fund has a deficit fund balance of \$15,469. This deficit will be eliminated upon completion of a capital project and receipt of funding in the fiscal year ending June 30, 2012.

The CDBG and EECBG Special Revenue Funds have deficit fund balances of \$137,764 and \$13,241 respectively as a result of projects being completed and the related revenue received in during the fiscal year ending June 30, 2012.

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

Fund	Expenditures	Appropriations	Excess
Major Fund:			
General Fund:			
Public works	\$ 1,558,760	\$ 1,551,261	\$ 7,499
Other Governmental Funds:			
Residential Streets/Alleys:			
Capital outlay	33,328	30,000	3,328
Gas Tax:			
Public works	78,277	67,000	11,277
Los Alamitos Television:			
General government	47,065	44,000	3,065
Debt Service:			
Interest and fiscal charges	150,451	149,700	751

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 3 CASH AND INVESTMENTS

Cash and Investments

The following is a summary of cash and investments at June 30, 2011:

	<u>Governmental Activities</u>
Pooled cash and investments	\$ 10,347,737
Restricted cash and investments with fiscal agent	<u>220,185</u>
Total cash and investments	<u>\$ 10,567,922</u>

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

Cash on hand	\$ 3,000
Demand deposits	186,162
Investments	<u>10,378,760</u>
Total cash and investments	<u>\$ 10,567,922</u>

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

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

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 3 CASH AND INVESTMENTS (CONTINUED)

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

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

N/A - Not Applicable

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

Investments Authorized by Debt Agreements

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

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 3 CASH AND INVESTMENTS (CONTINUED)

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) <u>12 Months or Less</u>
Local Agency Investment Fund (LAIF)	\$ 10,158,575
Investment held by Bond Trustee:	
Money Market Mutual Funds	220,185
	<u>\$ 10,378,760</u>

Disclosures Relating to Credit Risk

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

Investment Type	Total as of June 30, 2011	Legal Rating	Unrated	AAA
LAIF	\$ 10,158,575	N/A	\$ 10,158,575	\$ -
Investments Held by Bond Trustee:				
Money Market Mututal Funds	220,185	N/A		220,185
Totals	<u>\$ 10,378,760</u>		<u>\$ 10,158,575</u>	<u>\$ 220,185</u>

N/A - Not Applicable

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 3 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

As of June 30, 2011, the City has not invested more than 5% of its total investments in any one issuer. Investments in external investment pools are excluded from this requirement.

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, 2011, City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool

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

Note 4 INTERFUND TRANSACTIONS

Receivables/Payables

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 4 INTERFUND TRANSACTIONS (Continued)

Receivables/Payables (Continued)

Fund	Receivable (Due from)	Payable (Due To)
Major Fund:		
General	\$ 301,987	\$ -
Other Governmental Funds:		
Gas tax		177,168
CDBG		121,078
EECBG		3,741
Total	<u>\$ 301,987</u>	<u>\$ 301,987</u>

Transfers

Transfers in and out for the fiscal year ended June 30, 2011 are as follows:

Transfers To	Transfers From	Amount
General Fund	Other Governmental Funds	\$ 411,432
	Internal Service Funds	339,050
Other Governmental Funds	General Fund	209,700
		<u>\$ 960,182</u>

Transfers to the General Fund from the Other Governmental Funds (the Office of Traffic and Safety, Gas Tax, Public Safety Sales Tax, and State Law Enforcement Services Special Revenue Funds) were made to offset the salary and training cost of the City's school resource officer, motor officer and the cost of police overtime associated with the DUI enforcement checkpoints, as well as funding Street Maintenance.

Transfers to the General Fund from the Internal Service Funds was made to transfer amounts budgeted in excess of actual cost of the accounting software and to reimburse the General Fund for sale of Street Sweeper.

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.

Transfer from the Joint Forces Training Base Pool Special Revenue Fund (JFTBP) to the General Fund was to close out the fund. The General Fund took over the reporting of the JFTBP operations.

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 5 CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2011 is as follows:

Governmental Activities:	<u>Balance June 30, 2010</u>	<u>Prior Year Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:					
Land	\$ 5,917,715	\$ -	\$ -	\$ -	\$ 5,917,715
Construction in progress	124,224		176,981		301,205
Total	<u>6,041,939</u>		<u>176,981</u>		<u>6,218,920</u>
Depreciable capital assets:					
Equipment	1,939,445		27,959	(12,986)	1,954,418
Vehicles	1,149,464			(197,551)	951,913
Furniture	46,980				46,980
Buildings	1,932,883				1,932,883
Improvements	118,901				118,901
Infrastructure	8,126,474		199,314		8,325,788
Total	<u>13,314,147</u>		<u>227,273</u>	<u>(210,537)</u>	<u>13,330,883</u>
Less: accumulated depreciation for:					
Equipment	(1,406,714)		(106,784)	11,809	(1,501,689)
Vehicles	(854,064)	19,072	(96,548)	93,484	(838,056)
Furniture	(39,924)		(2,707)		(42,631)
Buildings	(938,279)		(39,484)		(977,763)
Improvements	(26,606)		(17,286)		(43,892)
Infrastructure	(485,857)		(139,390)		(625,247)
	<u>(3,751,444)</u>	<u>19,072</u>	<u>(402,199)</u>	<u>105,293</u>	<u>(4,029,278)</u>
Total capital assets, being depreciated, net	<u>9,562,703</u>	<u>19,072</u>	<u>(174,926)</u>	<u>(105,244)</u>	<u>9,301,605</u>
Governmental activities capital assets, net	<u>\$ 15,604,642</u>	<u>\$ 19,072</u>	<u>\$ 2,055</u>	<u>\$ (105,244)</u>	<u>\$ 15,520,525</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

	<u>General</u>	<u>Internal Service</u>	<u>Total</u>
General Government	\$ 41,344	\$ 29,127	\$ 70,471
Public Safety	44,296	94,024	138,320
Recreation and Community Services	37,303	6,132	43,435
Public Works	139,390	10,583	149,973
	<u>\$ 262,333</u>	<u>\$ 139,866</u>	<u>\$ 402,199</u>

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 6 LONG-TERM LIABILITIES

The following is a summary of changes in Governmental Activities long-term debt for the fiscal year ended June 30, 2011:

	Balance, July 1, 2010	Additions	Deletions	Balance, June 30, 2011	Due in One year
2006 Certificates of participation	\$ 3,235,000	\$ -	\$ (60,000)	\$ 3,175,000	\$ 65,000
Claims payable	1,120,900	462,307	(881,364)	701,843	140,000
Compensated absences	480,591	271,274	(231,032)	520,833	239,173
Other post-employment benefit obligation	83,068	223,775	(130,529)	176,314	
Total	\$ 4,919,559	\$ 957,356	\$ (1,302,925)	\$ 4,573,990	\$ 444,173

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, 2011 is \$3,175,000.

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

Fiscal year Ended June 30,	Principal	Interest	Total
2012	\$ 65,000	\$ 146,967	\$ 211,967
2013	70,000	144,014	214,014
2014	70,000	140,951	210,951
2015	75,000	137,779	212,779
2016	75,000	134,498	209,498
2017-2021	440,000	617,635	1,057,635
2022-2026	555,000	506,363	1,061,363
2027-2031	710,000	357,758	1,067,758
2032-2036	905,000	165,024	1,070,024
2037	210,000	5,093	215,093
Totals	\$ 3,175,000	\$ 2,356,082	\$ 5,531,082

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 6 LONG-TERM LIABILITIES (CONTINUED)

Claims Payable

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2011, were as follows:

General liability claims	\$ 606,076
Workers' compensation claims	<u>95,767</u>
	<u>\$ 701,843</u>

Compensated Absences

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

Note 7 DEFINED CONTRIBUTION PLAN

The City provides pension benefits for all of its part time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the City's 457 plan. Federal legislation requires contributions of at least 7.5% of the employees' salary. For the fiscal year ended June 30, 2011, the City and employees contributed \$24,526 and \$24,526, respectively to the plan. City Council has the authority to establish and amend the provisions of this plan.

Note 8 RETIREMENT PLANS

Plan Description

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

Funding Policy

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

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 8 RETIREMENT PLANS (CONTINUED)

Funding Policy (Continued)

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-11 was 7.485% for local miscellaneous members and 20.195% for local safety members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS. The City's contributions to CalPERS for the past three years, which were equal to the required contribution each year, were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Local Miscellaneous</u>	<u>Local Safety</u>
2011	\$ 147,683	\$ 422,105
2010	149,445	424,636
2009	148,409	427,974

Note 9 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description

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

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

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

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

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

- General and Management Employees with over 15 years of PERS service shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement.
- Police Employees with 10 years of PERS service shall be eligible to receive 50% of the monthly benefit applicable towards the employee and one dependent provided that employee plus one dependent coverage was in effect upon the date of retirement. The percentage increases by 5% per year to 100% at 20 years of service.

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 9 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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. For the fiscal year ended June 30, 2011, the City paid \$130,529 in health care costs for its retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement 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 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	\$ 216,797
Interest on net OPEB obligation	4,153
Adjustment to annual required contribution	<u>2,825</u>
Annual OPEB cost (expense)	223,775
Actual contributions made	<u>(130,529)</u>
Change in net OPEB obligation	93,246
 Net OPEB Obligation - beginning of fiscal year	 <u>83,068</u>
 Net OPEB Obligation - end of fiscal year	 <u>\$ 176,314</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 June 30, 2011 were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Unfunded AAL (UAAL)	Net OPEB Obligation
6/30/10	\$ 216,797	\$ 133,729	61.68%	\$ 2,695,891	\$ 83,068
6/30/11	223,775	130,529	58.33%	2,695,891	176,314

Note 9 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Funded Status and Funding Progress

As of August 1, 2009, the initial actuarial valuation, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,695,891, and the actuarial value of assets was zero, resulting in an unfunded accrued actuarial liability (UAAL) of \$2,695,891. The covered payroll (annual payroll of active employees covered by the plan) was \$405,520 and the ratio of the UAAL to the covered payroll was 664.80%.

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the August, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment return/discount rate of 5.0% per annum, projected salary increases of 3.0% per annum, a general inflation rate of 3.0% per annum, and a medical trend rate of 4.0%. A level percentage of payroll method was used to allocate amortization cost by year. A closed amortization period of 30 years was used.

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 10 FUND EQUITY

GASB Statement No. 34 adds the concepts of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Assets

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

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

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

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

Restricted net assets are net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation. There were no net assets at June 30, 2011 that were restricted by enabling legislation.

B. Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes. The City does not have any committed fund balances at June 30, 2011.

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 10 FUND EQUITY (CONTINUED)

B. Fund Balances (Continued)

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2011 is as follows:

	General Fund	Traffic Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Employee Loans	\$ 3,591	\$ -	\$ -	\$ 3,591
Total	<u>3,591</u>			<u>3,591</u>
Restricted:				
PEG Fees			116,344	116,344
Measure M			696,492	696,492
Gas Tax			186,322	186,322
OTS			79,402	79,402
Asset Seizure			129,174	129,174
Prop 172			21,261	21,261
SI/ESF			33,753	33,753
Air Quality			66,900	66,900
Debt Service Reserves			220,185	220,185
Total			<u>1,549,833</u>	<u>1,549,833</u>
Assigned for :				
Park development			531,709	531,709
Emergencies	2,300,000			2,300,000
Workers' Comp/Liability	500,000			500,000
OPEB	250,000			250,000
Downtown Development Project	200,000			200,000
Purpose of Fund		669,179		669,179
Total	<u>3,250,000</u>	<u>669,179</u>	<u>531,709</u>	<u>4,450,888</u>
Unassigned	<u>4,161,178</u>		<u>(166,474)</u>	<u>3,994,704</u>
Total Fund Balances	<u>\$ 7,414,769</u>	<u>\$ 669,179</u>	<u>\$ 1,915,068</u>	<u>\$ 9,999,016</u>

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 11 JOINT VENTURES

Orange County Fire Authority

In January 1995, the City of Los Alamitos entered into a joint powers agreement with 17 other cities within the County of Orange to create the Orange County Fire Authority. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services, and related and incidental services including, but not limited to emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each city and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for five cities. The County pays all structural fire fees it collects to the Authority. The five cities for which the County does not collect structural fire fees are considered "cash contract cities" and, accordingly, make cash contributions based on the Authority's annual budget.

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

Joint Forces Training Base Swimming Facilities

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

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

As of June 30, 2011, \$839,389 of improvements to the JFTB swimming facilities had been made. These improvements are not included as capital assets because of the cancellable nature of the sublicense and operating agreements and because the City does not retain title to these improvements.

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

West Communications Financing Authority

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

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

Note 11 JOINT VENTURES (CONTINUED)

West Communications Financing Authority (Continued)

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

Each City pays a contractual fee to the Authority which consists of personnel costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2010-2011, the City of Los Alamitos paid \$520,048 to the Authority.

Financial information for the Authority may be obtained from the City of Cypress.

Integrated Law and Justice Agency for Orange County

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

Upon dissolution of the Agency, all surplus money and property of the Agency will be conveyed or distributed to each member in proportion to all funds provided to the Agency by that member. The City has a financial interest in the Authority; however, it does not have an equity interest. Also, the City has an ongoing financial responsibility to the Agency for approximately \$9,000 per year.

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

Note 12 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et. seq. The purpose of the Insurance 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 coverages. The Insurance Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

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

Self-Insurance Programs of the Insurance Authority

General Liability Insurance

Each member of government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance policies and are subject to a \$2,500,000 annual aggregate deductible; (4b) costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with 4a, 4b, and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per Occurrence.

Workers' Compensation

The City also participates in the workers compensation pool administered by the Insurance Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2011

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

Purchased Insurance

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City's property currently has all-risk property insurance protection in the amount of \$11,864,816. 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 retroactive adjustments.

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

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, 2011, \$701,843 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
June 30, 2011

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

Self-Insurance

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability as of June 30, 2009	\$ 869,547	\$ 217,614	\$ 1,087,161
Claims and changes in estimates during the fiscal year ended June 30, 2010	209,626	(73,270)	136,356
Claims payments during the fiscal year ended June 30, 2010	<u>(102,042)</u>	<u>(575)</u>	<u>(102,617)</u>
Liability as of June 30, 2010	977,131	143,769	1,120,900
Claims and changes in estimates during the fiscal year ended June 30, 2011	(830,467)	462,307	(368,160)
Claims payments during the fiscal year ended June 30, 2011	<u>(50,897)</u>		<u>(50,897)</u>
Liability as of June 30, 2011	<u>\$ 95,767</u>	<u>\$ 606,076</u>	<u>\$ 701,843</u>

The ultimate amount of losses incurred through June 30, 2011, 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.

Note 13 PRIOR PERIOD ADJUSTMENTS

An adjustment was made in the amount of \$19,072 in the Statement of Activities and the Garage Internal Service Fund as a result of accumulated depreciation that was overstated in the prior fiscal year.

An adjustment was made in the Joint Forces Training Base Pool Special Revenue Fund in the amount of \$44,000 for an overstatement of deposits in the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,927,940	\$ 8,034,158	\$ 7,949,816	\$ (84,342)
Licenses and permits	679,995	632,295	628,684	(3,611)
Intergovernmental	50,500	60,500	87,636	27,136
Charges for services	818,010	1,174,580	1,335,210	160,630
Investment earnings	40,000	27,000	20,600	(6,400)
Fines and forfeitures	493,000	493,000	597,316	104,316
Miscellaneous	15,000	150,000	224,447	74,447
Total Revenues	<u>10,024,445</u>	<u>10,571,533</u>	<u>10,843,709</u>	<u>272,176</u>
Expenditures:				
General government				
City council	62,250	62,250	66,515	(4,265)
City manager/City clerk	558,230	598,190	577,415	20,775
Administrative services	611,360	571,400	401,099	170,301
City attorney	155,000	155,000	147,070	7,930
Non-departmental	728,150	728,150	653,275	74,875
Total General Government	<u>2,114,990</u>	<u>2,114,990</u>	<u>1,845,374</u>	<u>269,616</u>
Public safety	<u>4,941,393</u>	<u>4,941,393</u>	<u>4,735,873</u>	<u>205,520</u>
Community development	<u>561,258</u>	<u>561,258</u>	<u>525,541</u>	<u>35,717</u>
Recreation and community services	<u>1,129,568</u>	<u>1,536,598</u>	<u>1,526,633</u>	<u>9,965</u>
Public works	<u>1,431,261</u>	<u>1,551,261</u>	<u>1,558,760</u>	<u>(7,499)</u>
Total Expenditures	<u>10,178,470</u>	<u>10,705,500</u>	<u>10,192,181</u>	<u>513,319</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(154,025)</u>	<u>(133,967)</u>	<u>651,528</u>	<u>785,495</u>
Other Financing Sources (Uses)				
Transfers in	383,050	804,695	750,482	(54,213)
Transfers out	<u>(229,700)</u>	<u>(209,700)</u>	<u>(209,700)</u>	
Total Other Financing Sources (Uses)	<u>153,350</u>	<u>594,995</u>	<u>540,782</u>	<u>(54,213)</u>
Net Change in Fund Balances	(675)	461,028	1,192,310	731,282
Fund Balance, July 1, 2010	<u>6,222,459</u>	<u>6,222,459</u>	<u>6,222,459</u>	
Fund Balance, June 30, 2011	<u>\$ 6,221,784</u>	<u>\$ 6,683,487</u>	<u>\$ 7,414,769</u>	<u>\$ 731,282</u>

CITY OF LOS ALAMITOS

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2011

OTHER POST-EMPLOYMENT BENEFITS PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Entry Age Normal Accrual Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b)-(a)</u>	<u>Funded Ratio AVA (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded (Overfunded) % of Covered Payroll ((a-b)/c)</u>
8/1/2009	\$ -	\$ 2,695,891	\$ 2,695,891	0.00%	\$ 405,520	664.80%

OTHER SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Traffic Improvement Capital Projects Fund

For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 10,000	\$ 10,000	\$ -
Intergovernmental	2,400	2,105	(295)
Total Revenues	<u>12,400</u>	<u>12,105</u>	<u>(295)</u>
Expenditures			
Capital outlay	<u>416,120</u>	<u>16,637</u>	<u>399,483</u>
Total Expenditures	<u>416,120</u>	<u>16,637</u>	<u>399,483</u>
Excess (Deficit) of Revenues over Expenditures	(403,720)	(4,532)	399,188
Fund Balance, July 1, 2010	<u>673,711</u>	<u>673,711</u>	
Fund Balance, June 30, 2011	<u>\$ 269,991</u>	<u>\$ 669,179</u>	<u>\$ 399,188</u>

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CITY OF LOS ALAMITOS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue Funds			
	Measure M	Gas Tax	CDBG	Los Alamitos Television
Assets				
Cash and investments	\$ 684,260	\$ -	\$ -	\$ 113,893
Receivables:				
Accounts				4,801
Due from other governments	27,501	380,850	137,764	
Restricted assets:				
Cash and investments with fiscal agents				
Total Assets	\$ 711,761	\$ 380,850	\$ 137,764	\$ 118,694
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 15,269	\$ 17,360	\$ 16,686	\$ 2,350
Due to other funds		177,168	121,078	
Deferred revenue			137,764	
Total Liabilities	15,269	194,528	275,528	2,350
Fund Balances:				
Restricted	696,492	186,322		116,344
Assigned				
Unassigned			(137,764)	
Total Fund Balances	696,492	186,322	(137,764)	116,344
Total Liabilities and Fund Balances	\$ 711,761	\$ 380,850	\$ 137,764	\$ 118,694

Special Revenue Funds (Continued)

<u>Office of Traffic and Safety</u>	<u>Asset Seizure</u>	<u>Public Safety Sales Taxes</u>	<u>State Law Enforcement Service</u>	<u>Air Quality</u>	<u>EECBG</u>	<u>Joint Forces Training Base Pool</u>	<u>Total Special Revenue Funds</u>
\$ 77,629	\$ 144,292	\$ 7,537	\$ 22,437	\$ 64,065	\$ -	\$ -	\$ 1,114,113
1,773		13,724	11,316	2,835	13,241		4,801 589,004
<u>\$ 79,402</u>	<u>\$ 144,292</u>	<u>\$ 21,261</u>	<u>\$ 33,753</u>	<u>\$ 66,900</u>	<u>\$ 13,241</u>	<u>\$ -</u>	<u>\$ 1,707,918</u>
\$ -	\$ 15,118	\$ -	\$ -	\$ -	\$ 9,500 3,741 13,241	\$ -	\$ 76,283 301,987 151,005
	15,118				26,482		529,275
79,402	129,174	21,261	33,753	66,900	(13,241)		1,329,648 (151,005)
<u>79,402</u>	<u>129,174</u>	<u>21,261</u>	<u>33,753</u>	<u>66,900</u>	<u>(13,241)</u>		<u>1,178,643</u>
<u>\$ 79,402</u>	<u>\$ 144,292</u>	<u>\$ 21,261</u>	<u>\$ 33,753</u>	<u>\$ 66,900</u>	<u>\$ 13,241</u>	<u>\$ -</u>	<u>\$ 1,707,918</u>

CITY OF LOS ALAMITOS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	
		<u>Park Development</u>	<u>Rivers & Mountains Conservancy Capital Projects</u>
Assets			
Cash and investments	\$ 39,983	\$ 228,391	\$ 55,898
Receivables:			
Accounts			111,499
Due from other governments			
Restricted assets:			
Cash and investments with fiscal agents	<u>220,185</u>		
Total Assets	<u>\$ 260,168</u>	<u>\$ 228,391</u>	<u>\$ 167,397</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 71,367
Due to other funds			
Deferred revenue			<u>111,499</u>
Total Liabilities			<u>182,866</u>
Fund Balances:			
Restricted	220,185		
Assigned	39,983	228,391	
Unassigned			<u>(15,469)</u>
Total Fund Balances	<u>260,168</u>	<u>228,391</u>	<u>(15,469)</u>
Total Liabilities and Fund Balances	<u>\$ 260,168</u>	<u>\$ 228,391</u>	<u>\$ 167,397</u>

Capital Projects Funds (Continued)

Building Improvement	Residential Streets/Alleys	Total Capital Projects Funds	Total
\$ 172,488	\$ 119,958	\$ 576,735	\$ 1,730,831
		111,499	116,300
			589,004
			220,185
<u>\$ 172,488</u>	<u>\$ 119,958</u>	<u>\$ 688,234</u>	<u>\$ 2,656,320</u>
\$ 14,026	\$ 15,085	\$ 100,478	176,761
		111,499	301,987
			262,504
<u>14,026</u>	<u>15,085</u>	<u>211,977</u>	<u>741,252</u>
158,462	104,873	491,726	1,549,833
		(15,469)	531,709
			(166,474)
<u>158,462</u>	<u>104,873</u>	<u>476,257</u>	<u>1,915,068</u>
<u>\$ 172,488</u>	<u>\$ 119,958</u>	<u>\$ 688,234</u>	<u>\$ 2,656,320</u>

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds			
	Measure M	Gas Tax	CDBG	Los Alamitos Television
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures				
Intergovernmental	173,381	652,781		
Charges for services				44,223
Investment earnings	1,613	(53)		278
Contributions				20,126
Total Revenues	174,994	652,728		64,627
Expenditures:				
Current:				
General government				47,065
Public safety				
Public works		78,277		
Capital outlay	55,151	71,602	137,764	29,777
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	55,151	149,879	137,764	76,842
Excess (Deficit) of Revenues over Expenditures	119,843	502,849	(137,764)	(12,215)
Other Financing Sources (Uses)				
Transfers in				
Transfers out		(110,000)		
Total Other Financing Sources (Uses)		(110,000)		
Net Change in Fund Balances	119,843	392,849	(137,764)	(12,215)
Fund Balances (Deficits), July 1, 2010	576,649	(206,527)		128,559
Prior Period Adjustments				
Fund Balances (Deficits), July 1, 2010, Restated	576,649	(206,527)		128,559
Fund Balances (Deficits), June 30, 2011	<u>\$ 696,492</u>	<u>\$ 186,322</u>	<u>\$ (137,764)</u>	<u>\$ 116,344</u>

Special Revenue Funds (Continued)

<u>Office of Traffic and Safety</u>	<u>Asset Seizure</u>	<u>Public Safety Sales Taxes</u>	<u>State Law Enforcement Service</u>	<u>Air Quality</u>	<u>EECBG</u>	<u>Joint Forces Training Base Pool</u>	<u>Total Special Revenue Funds</u>
\$ -	\$ -	\$ 77,230	\$ -	\$ -	\$ -	\$ -	\$ 77,230
4,446							4,446
9,978			100,016	13,363			949,519
							44,223
203	389			146			2,576
							20,126
<u>14,627</u>	<u>389</u>	<u>77,230</u>	<u>100,016</u>	<u>13,509</u>			<u>1,098,120</u>
							47,065
12,043							12,043
	29,829				13,241		78,277
							337,364
<u>12,043</u>	<u>29,829</u>				<u>13,241</u>		<u>427,684</u>
<u>2,584</u>	<u>(29,440)</u>	<u>77,230</u>	<u>100,016</u>	<u>13,509</u>	<u>(13,241)</u>		<u>670,436</u>
<u>(4,787)</u>		<u>(69,000)</u>	<u>(100,000)</u>			<u>(127,645)</u>	<u>(411,432)</u>
<u>(4,787)</u>		<u>(69,000)</u>	<u>(100,000)</u>			<u>(127,645)</u>	<u>(411,432)</u>
<u>(2,203)</u>	<u>(29,440)</u>	<u>8,230</u>	<u>16</u>	<u>13,509</u>	<u>(13,241)</u>	<u>(127,645)</u>	<u>211,939</u>
81,605	158,614	13,031	33,737	53,391		171,645	1,010,704
						(44,000)	(44,000)
<u>81,605</u>	<u>158,614</u>	<u>13,031</u>	<u>33,737</u>	<u>53,391</u>		<u>127,645</u>	<u>966,704</u>
<u>\$ 79,402</u>	<u>\$ 129,174</u>	<u>\$ 21,261</u>	<u>\$ 33,753</u>	<u>\$ 66,900</u>	<u>\$ (13,241)</u>	<u>\$ -</u>	<u>\$ 1,178,643</u>

City of Los Alamitos
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<u>Capital Projects Funds</u>		
	<u>Debt Service Fund</u>	<u>Park Development</u>	<u>Rivers & Mountains Conservancy Capital Projects</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Intergovernmental			
Charges for services			
Investment earnings		605	232
Contributions			
Total Revenues	<u> </u>	<u>605</u>	<u>232</u>
Expenditures:			
Current:			
General government			
Public safety			
Public works			
Capital outlay		11,302	111,499
Debt service:			
Principal	60,000		
Interest and fiscal charges	150,451		
Total Expenditures	<u>210,451</u>	<u>11,302</u>	<u>111,499</u>
Excess (Deficit) of Revenues over Expenditures	<u>(210,451)</u>	<u>(10,697)</u>	<u>(111,267)</u>
Other Financing Sources (Uses)			
Transfers in	209,700		
Transfers out			
Total Other Financing Sources (Uses)	<u>209,700</u>		
Net Change in Fund Balances	<u>(751)</u>	<u>(10,697)</u>	<u>(111,267)</u>
Fund Balances (Deficits), July 1, 2010	260,919	239,088	95,798
Prior Period Adjustments			
Fund Balances (Deficits), July 1, 2010, Restated	<u>260,919</u>	<u>239,088</u>	<u>95,798</u>
Fund Balances (Deficits), June 30, 2011	<u>\$ 260,168</u>	<u>\$ 228,391</u>	<u>\$ (15,469)</u>

Capital Projects Funds (Continued)

Building Improvement	Residential Streets/Alleys	Total Capital Projects Funds	Total
\$ -	\$ -	\$ -	\$ 77,230
			4,446
			949,519
			44,223
458	330	1,625	4,201
			20,126
458	330	1,625	1,099,745
			47,065
			12,043
			78,277
29,737	33,328	185,866	523,230
			60,000
			150,451
29,737	33,328	185,866	871,066
(29,279)	(32,998)	(184,241)	228,679
			209,700
			(411,432)
			(201,732)
(29,279)	(32,998)	(184,241)	26,947
187,741	137,871	660,498	1,932,121
			(44,000)
187,741	137,871	660,498	1,888,121
\$ 158,462	\$ 104,873	\$ 476,257	\$ 1,915,068

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 300,000	\$ 173,381	\$ (126,619)
Investment earnings	1,200	1,613	413
Total Revenues	<u>301,200</u>	<u>174,994</u>	<u>(126,206)</u>
Expenditures			
Capital outlay	<u>595,000</u>	<u>55,151</u>	<u>539,849</u>
Total Expenditures	<u>595,000</u>	<u>55,151</u>	<u>539,849</u>
Excess (Deficit) of Revenues over Expenditures	(293,800)	119,843	413,643
Fund Balance, July 1, 2010	<u>576,649</u>	<u>576,649</u>	
Fund Balance, June 30, 2011	<u>\$ 282,849</u>	<u>\$ 696,492</u>	<u>\$ 413,643</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 584,000	\$ 652,781	\$ 68,781
Investment earnings	250	(53)	(303)
Total Revenues	<u>584,250</u>	<u>652,728</u>	<u>68,478</u>
Expenditures			
Current:			
Public works	67,000	78,277	(11,277)
Capital outlay	97,000	71,602	25,398
Total Expenditures	<u>164,000</u>	<u>149,879</u>	<u>14,121</u>
Excess (Deficit) of Revenues over Expenditures	<u>420,250</u>	<u>502,849</u>	<u>82,599</u>
Other Financing Sources (Uses)			
Transfers out	<u>(110,000)</u>	<u>(110,000)</u>	
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>(110,000)</u>	
Net Change in Fund Balance	310,250	392,849	82,599
Fund Balance (Deficit), July 1, 2010	<u>(206,527)</u>	<u>(206,527)</u>	
Fund Balance, June 30, 2011	<u>\$ 103,723</u>	<u>\$ 186,322</u>	<u>\$ 82,599</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 200,000	\$ -	\$ (200,000)
Total Revenues	<u>200,000</u>	<u> </u>	<u>(200,000)</u>
Expenditures			
Capital outlay	<u>200,000</u>	<u>137,764</u>	<u>62,236</u>
Total Expenditures	<u>200,000</u>	<u>137,764</u>	<u>62,236</u>
Excess (Deficit) of Revenues over Expenditures		(137,764)	(137,764)
Fund Balance, July 1, 2010	<u> </u>	<u> </u>	<u> </u>
Fund Balance (Deficit), June 30, 2011	<u>\$ -</u>	<u>\$ (137,764)</u>	<u>\$ (137,764)</u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Los Alamitos Television Special Revenue Fund

For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Charges for services	\$ 46,740	\$ 44,223	\$ (2,517)
Investment earnings	1,200	278	(922)
Contributions	20,000	20,126	126
Total Revenues	67,940	64,627	(3,313)
Expenditures			
Current:			
General Government	44,000	47,065	(3,065)
Capital outlay	45,000	29,777	15,223
Total Expenditures	89,000	76,842	12,158
Excess (Deficit) of Revenues over Expenditures	(21,060)	(12,215)	8,845
Fund Balance, July 1, 2010	128,559	128,559	
Fund Balance, June 30, 2011	\$ 107,499	\$ 116,344	\$ 8,845

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Office of Traffic and Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Fines and forfeitures	\$ 15,000	\$ 4,446	\$ (10,554)
Investment earnings		203	203
Intergovernmental	9,500	9,978	478
Total Revenues	<u>24,500</u>	<u>14,627</u>	<u>(9,873)</u>
Expenditures			
Current:			
Public Safety	17,625	12,043	5,582
Total Expenditures	<u>17,625</u>	<u>12,043</u>	<u>5,582</u>
Excess (Deficit) of Revenues over Expenditures	<u>6,875</u>	<u>2,584</u>	<u>(4,291)</u>
Other Financing Sources (Uses)			
Transfers out	(15,000)	(4,787)	10,213
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(4,787)</u>	<u>10,213</u>
Net Change in Fund Balance	(8,125)	(2,203)	5,922
Fund Balance, July 1, 2010	<u>81,605</u>	<u>81,605</u>	
Fund Balance, June 30, 2011	<u>\$ 73,480</u>	<u>\$ 79,402</u>	<u>\$ 5,922</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 350	\$ 389	\$ 39
Total Revenues	<u>350</u>	<u>389</u>	<u>39</u>
Expenditures			
Capital outlay	<u>32,670</u>	<u>29,829</u>	<u>2,841</u>
Total Expenditures	<u>32,670</u>	<u>29,829</u>	<u>2,841</u>
Excess (Deficit) of Revenues over Expenditures	(32,320)	(29,440)	2,880
Fund Balance, July 1, 2010	<u>158,614</u>	<u>158,614</u>	
Fund Balance, June 30, 2011	<u>\$ 126,294</u>	<u>\$ 129,174</u>	<u>\$ 2,880</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Safety Sales Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 69,000	\$ 77,230	\$ 8,230
Total Revenues	<u>69,000</u>	<u>77,230</u>	<u>8,230</u>
Other Financing Sources (Uses)			
Transfers out	<u>(69,000)</u>	<u>(69,000)</u>	
Total Other Financing Sources (Uses)	<u>(69,000)</u>	<u>(69,000)</u>	
Net Change in Fund Balance		8,230	8,230
Fund Balance, July 1, 2010	<u>13,031</u>	<u>13,031</u>	
Fund Balance, June 30, 2011	<u>\$ 13,031</u>	<u>\$ 21,261</u>	<u>\$ 8,230</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Law Enforcement Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 100,000	\$ 100,016	\$ 16
Total Revenues	<u>100,000</u>	<u>100,016</u>	<u>16</u>
Other Financing Sources (Uses)			
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	
Net Change in Fund Balance		16	16
Fund Balance, July 1, 2010	<u>33,737</u>	<u>33,737</u>	
Fund Balance, June 30, 2011	<u>\$ 33,737</u>	<u>\$ 33,753</u>	<u>\$ 16</u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Air Quality Special Revenue Fund

For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 14,000	\$ 13,363	\$ (637)
Investment earnings	100	146	46
Total Revenues	<u>14,100</u>	<u>13,509</u>	<u>(591)</u>
Net Change in Fund Balance	14,100	13,509	(591)
Fund Balance, July 1, 2010	<u>53,391</u>	<u>53,391</u>	<u></u>
Fund Balance, June 30, 2011	<u>\$ 67,491</u>	<u>\$ 66,900</u>	<u>\$ (591)</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
EECBG Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 63,000	\$ -	\$ (63,000)
Total Revenues	<u>63,000</u>		<u>(63,000)</u>
Expenditures			
Capital outlay	63,000	13,241	49,759
Total Expenditures	<u>63,000</u>	<u>13,241</u>	<u>49,759</u>
Excess (Deficit) of Revenues over Expenditures		(13,241)	(13,241)
Fund Balance, July 1, 2010			
Fund Balance (Deficit), June 30, 2011	<u>\$ -</u>	<u>\$ (13,241)</u>	<u>\$ (13,241)</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Joint Forces Training Base Pool Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Sources (Uses)			
Transfers out	\$ (171,645)	\$ (127,645)	\$ 44,000
Total Other Financing Sources (Uses)	<u>(171,645)</u>	<u>(127,645)</u>	<u>44,000</u>
Fund Balance, July 1, 2010	171,645	171,645	
Prior Period Adjustment		<u>(44,000)</u>	<u>(44,000)</u>
Fund Balance, July 1, 2010, Restated	<u>171,645</u>	<u>127,645</u>	<u>(44,000)</u>
Fund Balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures			
Debt service:			
Principal	\$ 60,000	\$ 60,000	\$ -
Interest and fiscal charges	<u>149,700</u>	<u>150,451</u>	<u>(751)</u>
Total Expenditures	<u>209,700</u>	<u>210,451</u>	<u>(751)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(209,700)</u>	<u>(210,451)</u>	<u>(751)</u>
Other Financing Sources (Uses)			
Transfers in	<u>209,700</u>	<u>209,700</u>	
Total Other Financing Sources (Uses)	<u>209,700</u>	<u>209,700</u>	
Net Change in Fund Balance		(751)	(751)
Fund Balance, July 1, 2010	<u>260,919</u>	<u>260,919</u>	
Fund Balance, June 30, 2011	<u>\$ 260,919</u>	<u>\$ 260,168</u>	<u>\$ (751)</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Development Capital Projects Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 500	\$ 605	\$ 105
Total Revenues	<u>500</u>	<u>605</u>	<u>105</u>
Expenditures			
Capital outlay	230,000	11,302	218,698
Total Expenditures	<u>230,000</u>	<u>11,302</u>	<u>218,698</u>
Excess (Deficit) of Revenues over Expenditures	(229,500)	(10,697)	218,803
Fund Balance, July 1, 2010	<u>239,088</u>	<u>239,088</u>	
Fund Balance, June 30, 2011	<u>\$ 9,588</u>	<u>\$ 228,391</u>	<u>\$ 218,803</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Rivers and Mountain Conservancy Capital Projects Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 1,100,000	\$ -	\$ (1,100,000)
Investment earnings		232	232
Total Revenues	<u>1,100,000</u>	<u>232</u>	<u>(1,099,768)</u>
Expenditures			
Capital Outlay	<u>1,100,000</u>	<u>111,499</u>	<u>988,501</u>
Total Expenditures	<u>1,100,000</u>	<u>111,499</u>	<u>988,501</u>
Excess (Deficit) of Revenues over Expenditures		(111,267)	(111,267)
Fund Balance, July 1, 2010	<u>95,798</u>	<u>95,798</u>	
Fund Balance (Deficit), June 30, 2011	<u>\$ 95,798</u>	<u>\$ (15,469)</u>	<u>\$ (111,267)</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Building Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 400	\$ 458	\$ 58
Total Revenues	<u>400</u>	<u>458</u>	<u>58</u>
Expenditures			
Capital outlay	79,000	29,737	49,263
Total Expenditures	<u>79,000</u>	<u>29,737</u>	<u>49,263</u>
Excess (Deficit) of Revenues over Expenditures	(78,600)	(29,279)	49,321
Fund Balance, July 1, 2010	<u>187,741</u>	<u>187,741</u>	
Fund Balance, June 30, 2011	<u>\$ 109,141</u>	<u>\$ 158,462</u>	<u>\$ 49,321</u>

CITY OF LOS ALAMITOS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Residential Streets/Alleys Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 300	\$ 330	\$ 30
Total Revenues	<u>300</u>	<u>330</u>	<u>30</u>
Expenditures			
Capital outlay	<u>30,000</u>	<u>33,328</u>	<u>(3,328)</u>
Total Expenditures	<u>30,000</u>	<u>33,328</u>	<u>(3,328)</u>
Excess (Deficit) of Revenues over Expenditures	(29,700)	(32,998)	(3,298)
Fund Balance, July 1, 2010	<u>137,871</u>	<u>137,871</u>	
Fund Balance, June 30, 2011	<u>\$ 108,171</u>	<u>\$ 104,873</u>	<u>\$ (3,298)</u>

CITY OF LOS ALAMITOS
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 527,952	\$ 224,374	\$ 752,326
Total Current Assets	<u>527,952</u>	<u>224,374</u>	<u>752,326</u>
Noncurrent Assets:			
Capital assets, net	<u>156,465</u>	<u>97,498</u>	<u>253,963</u>
Total Noncurrent Assets	<u>156,465</u>	<u>97,498</u>	<u>253,963</u>
Total Assets	<u>684,417</u>	<u>321,872</u>	<u>1,006,289</u>
Liabilities			
Current Liabilities:			
Accounts payable	13,916	19,549	33,465
Accrued liabilities	3,407		3,407
Long-term Liabilities:			
Compensated absences	<u>15,667</u>		<u>15,667</u>
Total Liabilities	<u>32,990</u>	<u>19,549</u>	<u>52,539</u>
Net Assets			
Invested in capital assets	156,465	97,498	253,963
Unrestricted	<u>494,962</u>	<u>204,825</u>	<u>699,787</u>
Total Net Assets	<u>\$ 651,427</u>	<u>\$ 302,323</u>	<u>\$ 953,750</u>

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 227,322	\$ 148,510	\$ 375,832
Total Operating Revenues	<u>227,322</u>	<u>148,510</u>	<u>375,832</u>
Operating Expenses:			
Personnel services	87,050		87,050
Supplies and parts	119,776	27,886	147,662
Outside services	23,289	129,740	153,029
Depreciation	110,739	29,127	139,866
Total Operating Expenses	<u>340,854</u>	<u>186,753</u>	<u>527,607</u>
Operating Loss	<u>(113,532)</u>	<u>(38,243)</u>	<u>(151,775)</u>
Non-Operating Revenues (Expenses):			
Gain on sale of capital assets	145,933		145,933
Total Non-Operating Revenues (Expenses)	<u>145,933</u>		<u>145,933</u>
Income (Loss) Before Transfers	32,401	(38,243)	(5,842)
Transfers:			
Transfers out	<u>(339,050)</u>		<u>(339,050)</u>
Changes in Net Assets	<u>(306,649)</u>	<u>(38,243)</u>	<u>(344,892)</u>
Net Assets, July 1, 2010	939,004	340,566	1,279,570
Prior Period Adjustment	<u>19,072</u>		<u>19,072</u>
Net Assets, July 1, 2010, Restated	<u>958,076</u>	<u>340,566</u>	<u>1,298,642</u>
Net Assets, June 30, 2011	<u>\$ 651,427</u>	<u>\$ 302,323</u>	<u>\$ 953,750</u>

CITY OF LOS ALAMITOS
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from user departments	\$ 235,599	\$ 148,510	\$ 384,109
Cash paid to suppliers for goods and services	(140,654)	(191,013)	(331,667)
Cash paid to employees for services	(80,692)		(80,692)
Net Cash Provided (Used) by Operating Activities	<u>14,253</u>	<u>(42,503)</u>	<u>(28,250)</u>
Cash Flows from Noncapital Financing Activities:			
Cash provided to other funds - transfers out	<u>(339,050)</u>		<u>(339,050)</u>
Net Cash Used by Noncapital Financing Activities	<u>(339,050)</u>		<u>(339,050)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	250,000		250,000
Acquisition of capital assets		(4,263)	(4,263)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>250,000</u>	<u>(4,263)</u>	<u>245,737</u>
Net Decrease in Cash and Cash Equivalents	(74,797)	(46,766)	(121,563)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>602,749</u>	<u>271,140</u>	<u>873,889</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 527,952</u>	<u>\$ 224,374</u>	<u>\$ 752,326</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (113,532)	\$ (38,243)	\$ (151,775)
Add back depreciation expense	110,739	29,127	139,866
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	8,277		8,277
Increase (decrease) in accounts payable	2,411	(33,387)	(30,976)
Increase (decrease) in accrued liabilities	486		486
Increase (decrease) in compensated absences	5,872		5,872
Net Cash Provided (Used) by Operating Activities	<u>\$ 14,253</u>	<u>\$ (42,503)</u>	<u>\$ (28,250)</u>



MOSS, LEVY & HARTZHEIM LLP

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

To the City Council
City of Los Alamitos, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Los Alamitos, California, as of and for the year ended June 30, 2011, which collectively comprise City of Los Alamitos, State California's basic financial statements and have issued our report thereon dated January 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in a separate letter to management dated January 30, 2012, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Los Alamitos, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Los Alamitos, California's responses to the findings identified in our audit are described a separate letter to Management dated January 30, 2012. We did not audit the City of Los Alamitos, California's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP

Culver City, California

January 30, 2012

DISCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2011

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

Contents:

	<u>PAGES</u>
<u>Financial Trends</u> : these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	82
<u>Revenue Capacity</u> : these schedules contain trend information to help the reader access the City's most significant local revenue source, the property tax.	90
<u>Debt Capacity</u> : these schedules presents information to help the reader access the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	98
<u>Demographic and Economic Information</u> : these schedule offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	101
<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.	103

FINANCIAL TRENDS

CITY OF LOS ALAMITOS

**Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 3,752	\$ 6,845	\$ 9,289	\$ 8,962
Restricted	2,189	1,886	2,006	2,449
Unrestricted	8,765	9,025	7,356	8,029
Total governmental activities net assets	<u>\$ 14,706</u>	<u>\$ 17,756</u>	<u>\$ 18,651</u>	<u>\$ 19,440</u>

GASB 34 was implemented for the fiscal year ended June 30, 2004.
Information prior to implementation of GASB 34 is not available.

Source: City of Los Alamitos, Finance Department

Fiscal Year				
	2008	2009	2010	2011
\$	9,396	\$ 11,415	\$ 12,370	\$ 12,659
	2,309	2,093	1,533	1,500
	7,553	7,146	7,144	7,984
\$	<u>19,258</u>	<u>\$ 20,654</u>	<u>\$ 21,047</u>	<u>\$ 22,143</u>

CITY OF LOS ALAMITOS

**Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 1,863	\$ 2,201	\$ 2,303	\$ 2,523
Public safety	4,006	4,087	4,410	4,449
Urban development	1,704	298	881	743
Culture and recreation	1,887	1,878	2,197	1,902
Highways and streets	130	1,507	1,599	1,445
Interest on long-term debt	-	-	-	125
Total governmental activities expenses	<u>9,590</u>	<u>9,971</u>	<u>11,390</u>	<u>11,187</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	36	12	17	10
Public safety	236	192	482	659
Urban development	75	56	74	54
Culture and recreation	827	818	998	762
Operating grants	732	1,541	740	638
Capital grants and contributions	323	965	554	30
Total governmental activities program revenues	<u>2,229</u>	<u>3,584</u>	<u>2,865</u>	<u>2,153</u>
Net (expense)/revenue				
Governmental activities	(7,361)	(6,387)	(8,525)	(9,034)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property	1,244	1,372	2,301	2,354
Utility users tax	1,626	1,636	1,969	2,165
Transient occupancy	67	72	73	93
Sales	2,610	3,144	2,907	3,098
Franchise	519	539	566	602
Business License taxes and permits	591	533	652	475
Other	86	87	104	129
	<u>6,743</u>	<u>7,383</u>	<u>8,572</u>	<u>8,916</u>
Motor vehicle in lieu	548	760	78	70
Use of money and property	167	219	382	452
Gain on Sale of property	-	-	-	-
Other	793	559	388	621
Total governmental activities	<u>8,251</u>	<u>8,921</u>	<u>9,420</u>	<u>10,059</u>
Changes in Net Assets				
Governmental activities	<u>\$ 890</u>	<u>\$ 2,534</u>	<u>\$ 895</u>	<u>\$ 1,025</u>

GASB 34 was implemented for the fiscal year ended June 30, 2004.
Information prior to implementation of GASB 34 is not available.

Source: City of Los Alamitos, Finance Department

					Fiscal Year					
					2008	2009	2010	2011		
\$	3,178	\$	2,704	\$	2,224	\$	1,659			
	4,922		5,095		5,068		4,912			
	700		578		578		527			
	2,162		2,114		1,583		1,568			
	1,592		1,616		1,922		1,905			
	209		155		156		153			
	<u>12,763</u>		<u>12,262</u>		<u>11,531</u>		<u>10,724</u>			
	33		88		117		43			
	770		663		618		641			
	52		75		73		150			
	1,015		1,100		1,180		1,230			
	921		1,315		388		533			
	191		1,123		708		890			
	<u>2,982</u>		<u>4,364</u>		<u>3,084</u>		<u>3,487</u>			
	(9,781)		(7,898)		(8,447)		(7,237)			
	2,484		2,545		2,654		2,529			
	2,178		2,232		2,178		2,132			
	101		78		70		80			
	2,912		2,514		2,349		2,148			
	595		603		584		595			
	606		788		574		471			
	63		55		65		85			
	<u>8,939</u>		<u>8,815</u>		<u>8,474</u>		<u>8,040</u>			
	54		41		36		62			
	277		142		39		27			
	9		6		5		140			
	389		289		287		89			
	<u>9,668</u>		<u>9,293</u>		<u>8,841</u>		<u>8,358</u>			
\$	<u>(113)</u>	\$	<u>1,395</u>	\$	<u>394</u>	\$	<u>1,121</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			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 25	\$ 14	\$ 76	\$ 16
Unreserved, designated				
Unreserved, undesignated	8,011	8,237	7,858	7,982
Nonspendable				
Restricted				
Assigned				
Unassigned				
Total General Fund	<u>8,036</u>	<u>8,251</u>	<u>7,934</u>	<u>7,998</u>
All Other Governmental Funds				
Reserved	-	-	-	-
Unreserved, designated reported in:				
Special revenue funds	-	-	-	-
Unreserved, reported in:				
Special revenue funds	1,492	2,118	2,185	1,925
Debt service funds	-	-	-	-
Capital projects funds	824	844	880	836
Nonspendable				
Restricted				
Assigned				
Unassigned				
Total All Other Governmental Funds	<u>2,316</u>	<u>2,962</u>	<u>3,065</u>	<u>2,761</u>
Total All Governmental Funds	<u>\$ 10,352</u>	<u>\$ 11,213</u>	<u>\$ 10,999</u>	<u>\$ 10,759</u>

Source: City of Los Alamitos, Finance Department

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 170	\$ 6	\$ 25	\$ 25	\$ 5	\$ -
		2,800	2,800	2,800	
6,148	6,776	3,078	3,305	3,418	4
					3,250
					4,161
<u>6,318</u>	<u>6,782</u>	<u>5,903</u>	<u>6,130</u>	<u>6,223</u>	<u>7,415</u>
-	-	-	274	261	
-	-	219	215	216	
1,752	2,078	2,098	1,211	1,120	
254	256	262	-	-	
925	902	1,040	1,067	1,008	
					1,550
					1,201
					(166)
<u>2,931</u>	<u>3,236</u>	<u>3,619</u>	<u>2,767</u>	<u>2,605</u>	<u>2,585</u>
<u>\$ 9,249</u>	<u>\$ 10,018</u>	<u>\$ 9,522</u>	<u>\$ 8,897</u>	<u>\$ 8,828</u>	<u>\$ 10,000</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			
	2002	2003	2004	2005
Revenues				
Taxes	\$ 6,386	\$ 6,338	\$ 6,179	\$ 6,629
Licenses and permits	155	225	591	533
Intergovernmental	4,321	4,089	1,933	3,596
Charges for services	677	789	928	901
Investment earnings	340	215	156	203
Fines and forfeitures	299	287	219	167
Other	1,368	779	463	251
Total Revenues	<u>13,546</u>	<u>12,722</u>	<u>10,469</u>	<u>12,280</u>
Expenditures				
General government	1,713	1,852	1,928	2,094
Public safety	3,537	3,642	3,909	4,045
Community Development	486	500	1,814	582
Recreation and community services	2,197	1,887	1,007	3,845
Public works	3,678	3,918	1,854	1,842
Capital outlay	346	25	151	90
Debt Service	-	-	-	-
Total Expenditures	<u>11,957</u>	<u>11,824</u>	<u>10,663</u>	<u>12,498</u>
Excess of revenues over/(under) expenditures	<u>1,589</u>	<u>898</u>	<u>(194)</u>	<u>(218)</u>
Other Financing Sources (Uses)				
Transfers in	3,583	5,392	1,665	3,143
Transfers out	(3,583)	(5,429)	(1,685)	(3,165)
Residual equity transfers	-	-	-	-
Long term debt issued	-	-	-	-
Total other financing sources	<u>-</u>	<u>(37)</u>	<u>(20)</u>	<u>(22)</u>
Net change in fund balances	<u>\$ 1,589</u>	<u>\$ 861</u>	<u>\$ (214)</u>	<u>\$ (240)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%

Source: City of Los Alamitos, Finance Department

Fiscal Year						
	2006	2007	2008	2009	2010	2011
\$	8,004	\$ 8,228	\$ 8,725	\$ 8,387	\$ 7,915	\$ 8,027
	653	475	606	806	604	629
	1,752	1,165	949	1,671	1,542	1,047
	1,095	843	1,105	1,248	1,256	1,379
	351	413	369	198	39	27
	463	634	751	651	622	602
	115	231	299	60	189	245
	<u>12,433</u>	<u>11,989</u>	<u>12,804</u>	<u>13,021</u>	<u>12,167</u>	<u>11,956</u>
	2,827	2,604	2,739	2,219	2,132	1,892
	4,448	4,511	4,798	4,993	4,923	4,748
	735	607	694	574	562	526
	2,291	2,258	2,118	2,073	1,517	1,527
	6,689	1,398	1,461	1,483	1,717	1,654
	207	-	556	2,165	1,260	523
	111	121	172	210	213	210
	<u>17,308</u>	<u>11,499</u>	<u>12,538</u>	<u>13,717</u>	<u>12,324</u>	<u>11,080</u>
	<u>(4,875)</u>	<u>490</u>	<u>266</u>	<u>(696)</u>	<u>(157)</u>	<u>876</u>
	3,603	969	731	816	635	960
	(3,603)	(969)	(1,425)	(745)	(546)	(621)
	-	-	-	-	-	-
	<u>3,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,365</u>	<u>-</u>	<u>(694)</u>	<u>71</u>	<u>89</u>	<u>339</u>
\$	<u>(1,510)</u>	<u>\$ 490</u>	<u>\$ (428)</u>	<u>\$ (625)</u>	<u>\$ (68)</u>	<u>\$ 1,215</u>
	0.649%	1.052%	1.435%	1.818%	1.925%	1.989%

REVENUE CAPACITY

CITY OF LOS ALAMITOS

**Assessed Value and Estimated Actual Value of Taxable Property - by Category
Last Ten Fiscal Years
(amounts expressed in thousands)**

<u>Category</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Residential	532,754	568,155	611,278	667,365	758,585	804,318
Commercial	180,841	183,624	202,622	214,721	224,025	240,837
Industrial	152,146	162,914	168,831	179,150	183,303	190,378
Institutional	3,934	4,012	4,509	4,265	57	59
Miscellaneous	18,772	13,294	15,761	17,720	24,817	27,387
Recreational	120	122	124	127	129	132
Vacant land	2,869	2,582	2,499	1,840	2,370	1,894
SBE Nonunitary	651	651	458	463	462	462
Cross Reference	-	-	-	-	-	-
Unsecured	117,546	121,315	116,643	135,966	159,280	151,067
Exempt	-	-	-	-	-	-
Unknown	439	(651)	3,054	(537)	-	(2)
Totals	\$ 1,010,072	\$ 1,056,018	\$ 1,125,779	\$ 1,221,080	\$ 1,353,028	\$ 1,416,532
Direct rate	0.10059%	0.10064%	0.10067%	0.10066%	0.10066%	0.10065%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
865,371	898,176	897,118	925,857
262,971	284,259	289,009	283,221
205,802	243,442	248,721	246,247
60	61	62	-
28,802	627	1,753	1,749
-	-	-	-
839	859	876	-
459	222	222	222
-	3,106	3,285	3,477
156,734	149,735	148,625	155,295
-	-	-	-
-	-	-	-
\$ 1,521,038	\$ 1,580,487	\$ 1,589,671	\$ 1,616,068
0.10064%	0.10072%	0.10067%	0.10066%

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)
2002	892,526	117,546		1,010,072
2003	934,703	121,315		1,056,018
2004	1,005,396	120,383		1,125,779
2005	1,085,188	135,892		1,221,080
2006	1,193,748	159,280		1,353,028
2007	1,265,004	151,528		1,416,532
2008	1,363,845	157,193		1,521,038
2009	1,430,961	149,526		1,580,487
2010	1,441,254	148,417		1,589,671
2011	1,460,981	155,087		1,616,068

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

(2) Totals include 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

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CITY OF LOS ALAMITOS

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
City Direct Rate	\$ 0.116	\$ 0.116	\$ 0.116	\$ 0.116	\$ 0.116	\$ 0.116
Overlapping Rates:						
Los Alamitos City General Fund	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.100
Los Alamitos City Lighting Reorganization	0.016	0.016	0.016	0.016	0.016	0.016
Educational Revenue Augmentation Fund	0.145	0.145	0.145	0.145	0.145	0.145
Los Alamitos Unified General Fund	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
Orange County Department of Education	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
Orange County Flood Control District General	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
Orange County Harbors Beaches & Parks Csa	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
Orange County Sanitation District 3 Operating	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
Orange County Vector Control	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
Orange County Water District reserve	0.001	0.001	0.001	0.001	0.001	0.001
Rossmoor/Los Alamitos Sewer District	0.009	0.009	0.009	0.009	0.009	0.009
Total Prop 13 Rate	<u>\$ 1.000</u>					
Metro Water Dist-Mwdoc 1205999	\$	\$ 0.006	\$ 0.006	\$ 0.006	\$ 0.005	\$ 0.005
Metro Water Dist-Mwdoc-Original Area	0.008					
N O C Comm Coll 2002 Bond 2005 Refunding					0.012	0.009
N O C Comm Coll 2002 Bond Series #2002A		0.016	0.014	0.013	0.001	0.002
N O C Comm Coll 2002 Bond Series #2003B			0.002	0.001	0.004	0.003
Total Voter Approved Tax Rate	<u>\$ 0.008</u>	<u>\$ 0.022</u>	<u>\$ 0.022</u>	<u>\$ 0.020</u>	<u>\$ 0.022</u>	<u>\$ 0.019</u>
Total Tax Rate	<u>\$ 1.008</u>	<u>\$ 1.022</u>	<u>\$ 1.022</u>	<u>\$ 1.020</u>	<u>\$ 1.022</u>	<u>\$ 1.019</u>

Source: HdL Coren and Cone, Orange County Assessor 2000/2001 - 2008/2009 Tax Rate Table

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 0.117	\$ 0.117	\$ 0.117	\$ 0.117
\$ 0.100	\$ 0.100	\$ 0.101	\$ 0.101
0.016	0.016	0.016	0.016
0.145	0.144	0.144	0.144
0.412	0.412	0.412	0.412
0.059	0.059	0.059	0.059
0.031	0.031	0.031	0.031
0.095	0.095	0.095	0.095
0.017	0.017	0.017	0.017
0.052	0.052	0.052	0.052
0.013	0.013	0.013	0.013
0.014	0.014	0.014	0.014
0.027	0.027	0.027	0.027
0.002	0.002	0.002	0.002
0.001	0.001	0.001	0.001
0.006	0.006	0.006	0.006
0.000	0.001	0.000	0.000
0.010	0.010	0.010	0.010
<u>\$ 1.000</u>	<u>\$ 1.000</u>	<u>\$ 1.000</u>	<u>\$ 1.000</u>
\$ 0.005	\$ 0.004	\$ 0.004	\$ 0.004
0.009	0.009	0.010	0.017
0.003	0.003	0.003	0.017
0.003	0.003	0.004	0.017
<u>\$ 0.020</u>	<u>\$ 0.019</u>	<u>\$ 0.021</u>	<u>\$ 0.055</u>
<u>\$ 1.020</u>	<u>\$ 1.019</u>	<u>\$ 1.021</u>	<u>\$ 1.055</u>

CITY OF LOS ALAMITOS

Principal Property Tax Payers
 Current Fiscal Year and Nine Years Ago
 (amounts expressed in thousands)

	2011		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 67,957	4.205%	\$ -	-
Los Alamitos Corporation Center JV	52,798	3.267%		
Henrietta C. Lee Trust			44,135	4.367%
Trend Offset Printing Inc.	46,668	2.888%	43,771	4.331%
Don Wilson Staples LLC	29,522	1.827%		
JCB Inc.	16,415	1.016%	14,025	1.388%
Davenport KCC Partners LLC	14,548	0.900%		
Ganahl Lumber Company	13,211	0.817%		
Bayport Los Alamitos Associates LP	12,022	0.744%		
Arrowhead Products Corporation	11,029	0.682%	8,362	0.827%
ESS WCOT Owner LLC	10,290	0.637%		
NME Hospitals Inc.			37,039	3.665%
GTE Directories Service Corporation			14,516	1.436%
Susa Partnership			7,871	0.779%
Pacific Gulf Properties			7,741	0.766%
Los Alamitos Properties			7,641	0.756%
Carramerica Realty Corporation			7,538	0.746%
Top Ten Totals	<u>\$ 274,460</u>	<u>16.983%</u>	<u>\$ 192,639</u>	<u>19.161%</u>
City Totals	<u>\$ 1,616,068</u>		<u>\$ 1,010,723</u>	

Source: HdL Coren and Cone, Orange County Assessor 1999/00 and 2008/09 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
2002	1,129,835	1,099,129	97.282%	19,181	1,118,311	98.980%
2003	1,164,449	1,142,282	98.096%	25,387	1,167,669	100.277%
2004	1,239,628	1,221,864	98.567%	20,478	1,242,342	100.219%
2005	1,380,625	1,356,979	98.287%	4,428	1,361,407	98.608%
2006	1,493,570	1,460,442	97.782%	17,572	1,478,014	98.958%
2007	1,555,871	1,501,044	96.476%	22,569	1,523,613	97.927%
2008	1,647,608	1,583,142	96.087%	32,579	1,615,721	98.065%
2009	1,680,414	1,619,026	96.347%	(3,594)	1,615,432	96.133%
2010	1,677,973	1,358,634	80.969%	56,169	1,414,803	84.316%
2011	1,706,675	1,656,579	97.065%	37,679	1,694,258	99.272%

(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

DEBT CAPACITY

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

<u>Fiscal Year</u>	<u>Governmental Activities Certificates of Participation</u>	<u>Total Primary Government</u>	<u>Percent of Personal Income</u>	<u>Per Capita</u>
2002 *	\$ -	\$ -	-	\$ -
2003 *				
2004 *				
2005 *				
2006	3,365	3,365	8.626%	280.32
2007	3,365	3,365	8.036%	277.05
2008	3,350	3,350	7.806%	286.59
2009	3,295	3,295	N/A	269.71
2010	3,235	3,235	N/A	272.90
2011	\$ 3,175	\$ 3,175	N/A	\$ 276.71

*Information is not available

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS

**Direct and Overlapping Governmental Activity Debt
As of June 30, 2011
(amount expressed in thousands)**

2010-2011 Assessed Valuation: \$ 1,616,067,572

	Total Debt <u>6/30/2011</u>	Percent Applicable to City (1)	City's Share of Debt <u>6/30/2011</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 45,705	0.432%	197
North Orange County Joint Community College District	214,514	1.729%	3,709
Los Alamitos Unified District School Facilities Improvement Dist #1	50,000	22.691%	11,346
Anaheim Union High School District	113,874	0.086%	98
Garden Grove School District	130,000	0.004%	5
Cypress School District	41,353	0.560%	232
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 15,587
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$	0.417%	\$ -
Orange County Pension Obligations		0.417%	
Orange County Board of Education Certificates of Participation		0.417%	
Municipal Water District of Orange County Water Facilities Corp		0.495%	
Los Alamitos Unified School District Certificates of Participation		21.685%	
Anaheim Union High School District Certificates of Participation		0.100%	
North Orange County Regional Occupational Program Certificates		2.054%	
City of Los Alamitos Certificates of Participation		100.000%	
Orange County Fire Authority		0.811%	-
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			-
Less: MWDOC Water Facilities Corporation (100% self-supporting)			88
TOTAL NET OVERLAPPING GENERAL FUND DEBT			(88)
GROSS COMBINED TOTAL DEBT (2)			15,587 (2)
NET COMBINED TOTAL DEBT			\$ 15,499

(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:

Combined Direct Debt (3,235,000).....	0.20%
Total Overlapping Tax and Assessment Debt.....	0.96%
Gross Combined Total Debt.....	0.96%
Net Combined Total Debt.....	0.96%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11 \$0

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	\$ 1,616,067,572
Debt limit (15% of assessed value)	242,410,136
Debt applicable to limit	<u>0</u>
Legal debt margin - Current Year	<u><u>\$ 242,410,136</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2002	151,423,426	0	151,423,426	0
2003	150,893,283	0	150,893,283	0
2004	168,368,518	0	168,368,518	0
2005	183,198,572	0	183,198,572	0
2006	200,048,352	0	200,048,352	0
2007	212,479,850	0	212,479,850	0
2008	228,155,675	0	228,155,675	0
2009	237,073,010	0	237,073,010	0
2010	238,450,720	0	238,450,720	0
2011	242,410,136	0	242,410,136	0

Source: City of Los Alamitos, Finance Department

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF LOS ALAMITOS

**Demographic and Economic Statistics
Last Ten Years**

Year	City Population	Los Angeles-Long Beach-Santa Ana Area			
		Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2002	11,718	12,708,788	412,753,239	32,478	6.70%
2003	11,817	12,824,025	427,549,556	33,340	6.90%
2004	11,933	12,901,515	453,032,702	35,115	6.30%
2005	12,003	12,933,839	475,262,940	36,746	5.00%
2006	12,004	12,950,129	505,197,000	39,011	4.40%
2007	12,146	12,875,587	539,163,000	41,875	4.70%
2008	11,689	12,872,808	552,449,876	42,916	6.60%
2009	12,217	N/A	N/A	N/A	10.80%
2010	11,854	N/A	N/A	N/A	11.60%
2011	11,474	N/A	N/A	N/A	7.80%

N/A - Information is not yet available

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

CITY OF LOS ALAMITOS

**Principal Employers
Current Year and Nine Years Ago**

Employer	2010-2011			2001-2002*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Los Alamitos Medical Center, Inc	1,100	1	22.44%	-		-
Arrowhead Products	515	2	10.51%			
Trend Offset Printing Services	478	3	9.75%			
Super Media Sales West, Inc.	350	4	7.14%			
Pharmacy Advantage	158	9	3.22%			
Bloomfield Bakers	150	2	3.06%			
Systems Services of America	150	7	3.06%			
Alamitos West Health Care Center	139	5	2.84%			
Bearing Inspection, Inc.	124	8	2.53%			
MDA Information Systems	106	10	2.16%	-		-
	<u>3,270</u>		<u>66.71%</u>	<u>-</u>		<u>-</u>

* Information not available

Source: Los Alamitos Community Development Department

OPERATING INFORMATION

CITY OF LOS ALAMITOS

**Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
Administration	8	8	7	8	9	9	11	10	9	8
Community Development										
Administration	2	2	2	2	2	2	2	2	2	2
Planning	3	2	1	1	1	1	1	1	1	1
Code Enforcement	2	2	1	1	1	1	1	1	1	1
Police										
Administration	4	4	4	4	4	4	4	4	4	4
Patrol	21	21	21	21	21	21	20	21	18	19
Investigation	3	3	3	3	3	3	3	3	3	3
Records	1	1	2	2	2	2	2	2	2	2
Crossing Guards	2	2	2	2	3	3	4	3	2	2
Other PD Supports	5	5	4	4	4	4	2	4	2	2
Public Works										
Admin/Engineering	1	1	1	1	2	3	3	3	2	1
Maintenance	12	11	12	13	13	13	11	11	11	10
Mechanic	1	1	1	1	1	1	1	1	1	1
Recreation & Community Services										
Administration	4	4	4	4	4	4	4	4	4	4
Recreation/Cultural	13	13	12	13	13	13	17	15	13	12
Aquatics	2	2	5	5	7	7	7	7	6	6

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Community Development										
Number of:										
Business licenses	12	41	30	19	89	144	261	1,559	1,511	1,921
Plan checks	8	34	85	74	59	91	60	76	74	105
NPDES inspections	NA	NA	NA	NA	304	208	129	96	53	240
Code violations	NA	NA	30	141	489	911	520	432	442	402
Police										
Number of:										
Part I crimes	357	326	390	501	431	447	396	375	326	347
Parking violations	2,849	5,637	2,977	2,998	3,780	3,094	1,882	2,751	2,382	2,389
Traffic (moving) violations	3,760	3,922	3,010	1,742	2,040	2,554	2,903	1,997	1,848	1,810
Incident & crime reports	1,801	1,806	1,785	2,103	2,091	2,045	1,713	1,538	1,380	1,320
Public Works										
Square yd of street resurfacing/repair	NA	NA	NA	NA	-	-	100,963	55,455	64,600	2500
Miles of street sweeping	NA	NA	NA	NA	26	40	33	33	33	33
Number of:										
Street signal maintained	NA	NA	NA	NA	20	20	24	24	24	24
Trees pruned per year	NA	NA	NA	NA	327	600	151	350	200	500
Square feet graffiti removal	NA	NA	NA	NA	100	1,300	140	2,000	1,800	1,700
Recreation & Community Services										
Number of enrollees:										
Aquatics	NA	NA	94,100	97,948	122,145	125,331	123,180	200,000	210,000	215,000
Community Services/Seniors	NA	NA	20,340	20,980	20,450	14,771	11,440	10,150	10,000	9,500
Day Camp	NA	NA	810	840	1,080	1,062	3,245	2,400	2,400	2,500
Park Program	NA	NA	6,440	4,369	4,513	4,328	3,521	1,400	1,000	1,100
Sports	NA	NA	6,779	7,871	10,058	1,439	5,700	4,000	4,200	5,800
Classes	NA	NA	4,204	4,092	4,314	2,630	11,464	6,200	6,500	6,600
Special Events	NA	NA	40,381	44,668	41,573	24,300	32,900	33,000	35,000	36,000

NA - Not Available.

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Community Development										
Code enforcement vehicles	3	3	3	3	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	8	8	8	7	7	9	9	9	8	8
Other vehicles	8	11	14	14	13	10	10	11	9	9
Public Works										
Streets (Miles)	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9
Street lights	907	907	907	910	910	910	910	910	910	910
Traffic signals	22	22	22	23	23	23	24	24	24	24
Public works vehicles	14	14	13	13	14	14	14	15	12	12
Recreation & Community Services										
Youth centers	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	8	8	8	8	9	9	9	9	9	9
Community service vehicles	2	2	2	2	2	2	2	2	2	2

Source: City of Los Alamitos, Public Works Department