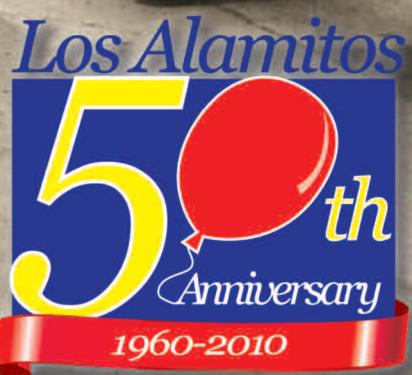
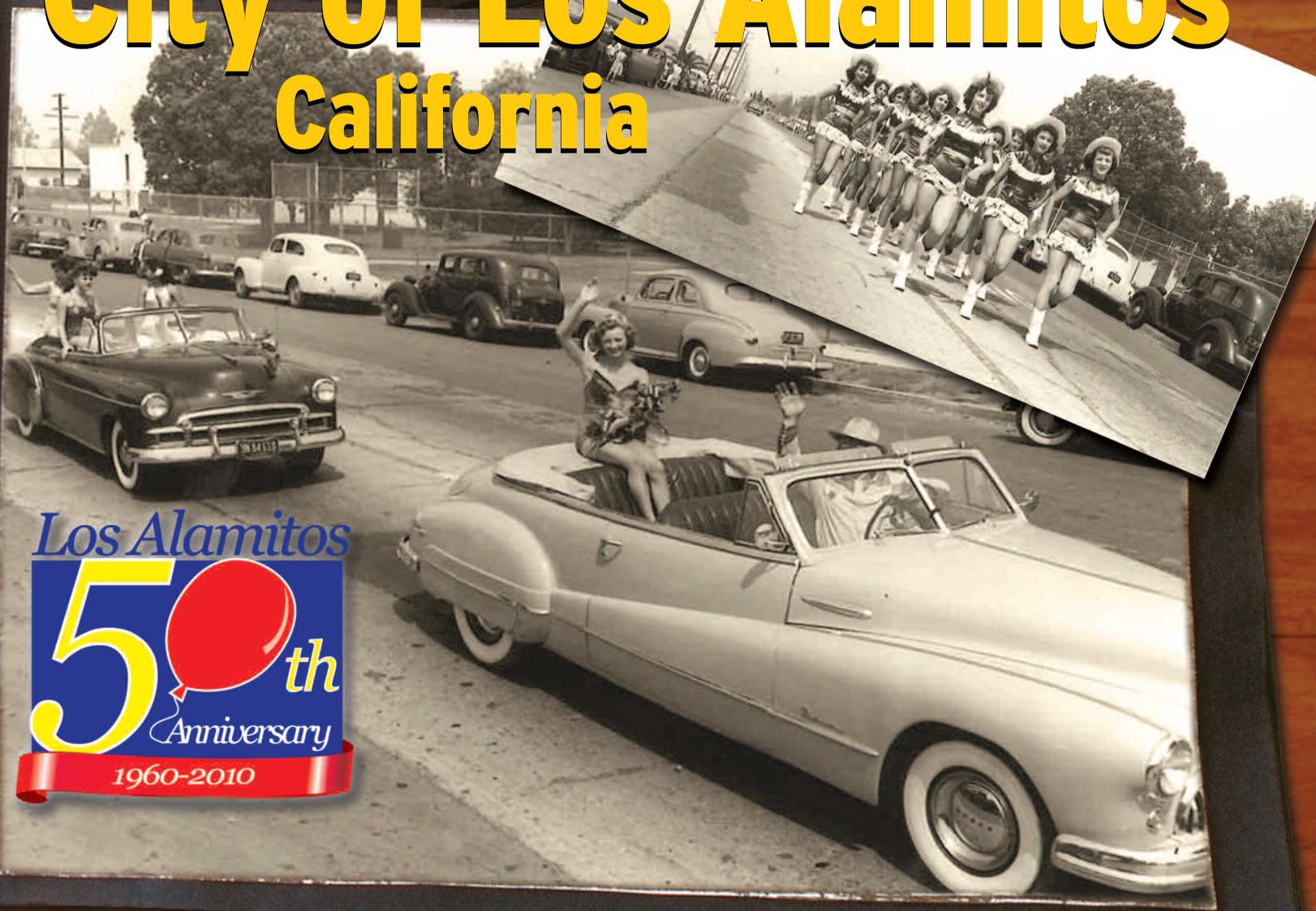




City of Los Alamitos California



**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010**

CITY OF LOS ALAMITOS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
For the Year Ended June 30, 2010

Prepared by the Administrative Services Department
3191 Katella Avenue, Los Alamitos, CA 90720

Anita Agramonte, Finance Manager

**City of Los Alamitos
Comprehensive Annual Financial Report
For the year ended June 30, 2010**

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CITY OF LOS ALAMITOS



Mayor:
Marilynn M. Poe

Mayor Pro Tem:
Ken Stephens

Council Members:
Troy D. Edgar
Gerri L. Graham-Mejia
Constantine Zarkos

City Manager:
Jeffrey L. Stewart

January 31, 2011

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, 2010.

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 Diehl, Evans and Company, 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, 2010. 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 12,191 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

As with most cities in the State of California, the City of Los Alamitos is facing significant budget issues as a result of the declining national and state economies. The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 75% of all General Fund revenues. The majority of the tax revenues are collected from property taxes, sales taxes, and utility users' taxes. Although the City's sales tax revenues declined an additional 15% in fiscal year 2009-10, we are projecting that the economy has bottomed out, and are expecting revenues to show a slight 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, remaining flat in the upcoming fiscal year. The City's third major tax revenue source, utility users' tax, is also expected to maintain the level that it has reached over the past number of years. While the City expects revenue sources to remain level during the upcoming fiscal year, significant budgetary reductions have been made on the expenditure side to produce a balanced budget while maintaining vital services to the community.

Long-Term Financial Planning and Major Initiatives

As of June 30, 2010, the City's General Fund unreserved fund balance totaled \$6,222,459. 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.

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 improvements to a major thoroughfare, Katella Avenue, utilizing economic stimulus funds.

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 Administrative Services 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,

A handwritten signature in blue ink, appearing to read 'AA', with a long horizontal flourish extending to the right.

Anita Agramonte
Finance Manager

CITY OF LOS ALAMITOS

DIRECTORY OF OFFICIALS

CITY COUNCIL

Marilynn M. Poe, Mayor
Ken Stephens, Mayor Pro Tem
Troy D. Edgar, Council Member
Gerri L. Graham-Mejia, Council Member
Constantine “Dean” Zarkos, Council Member

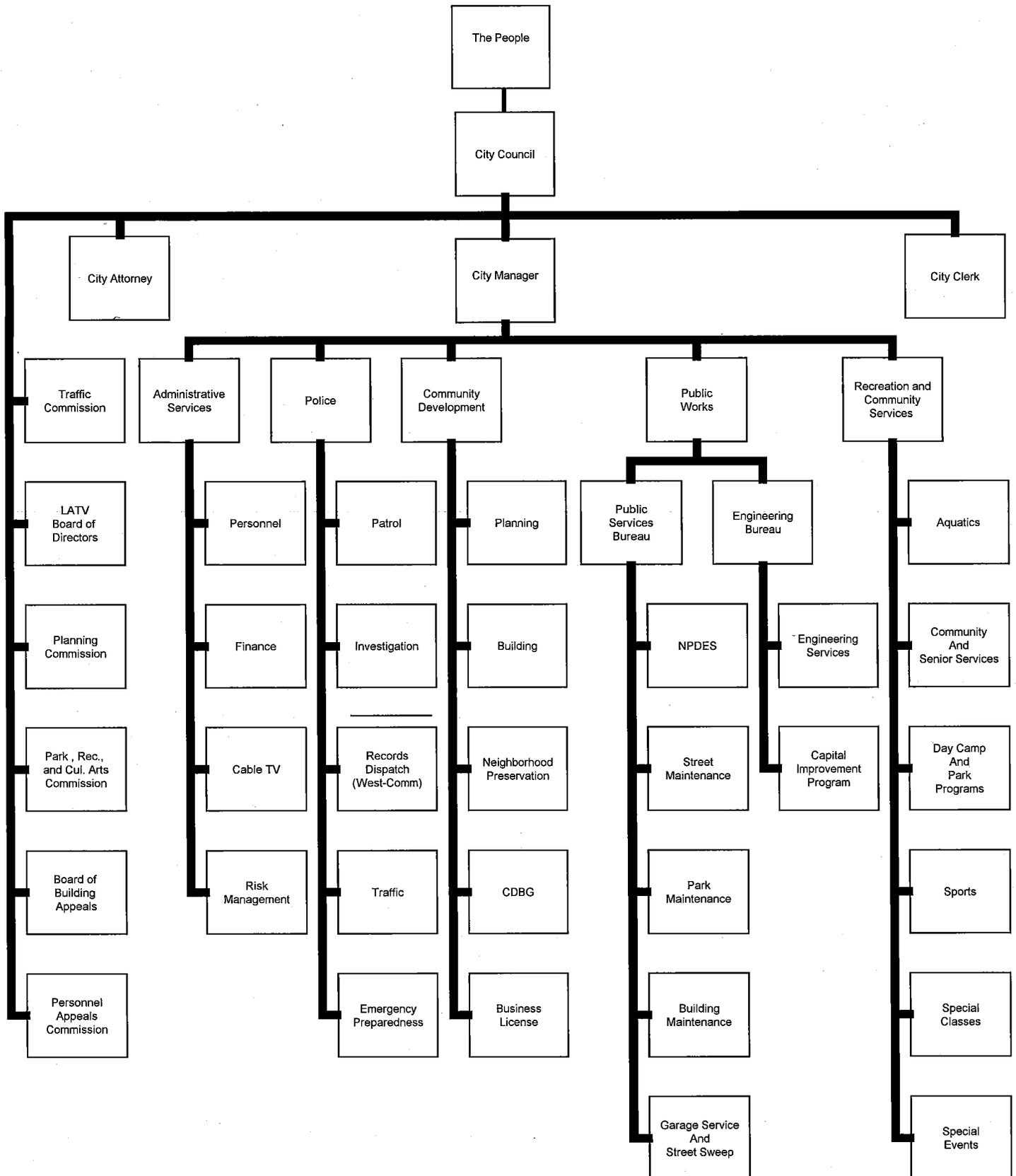
APPOINTED OFFICIALS

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

EXECUTIVE MANAGEMENT

Director of Administrative Services/City Treasurer (Vacant)
Todd Mattern, Chief of Police
Steven Mendoza, Director of Community Development/Public Works
David Hunt, Interim City Engineer
Angie Avery, Director of Recreation and Community Services

City of Los Alamitos Organizational Chart





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 *PHILIP H. HOLTkamp, CPA
 *THOMAS M. PERLOWSKI, CPA
 *HARVEY J. SCHROEDER, CPA
 KENNETH R. AMES, CPA
 WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

January 31, 2011

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
 Members of 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 the City of Los Alamitos, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Los Alamitos' 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Los Alamitos, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and Gas Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", for the year ended June 30, 2010.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2011 on our consideration of the City of Los Alamitos' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, and the schedule of funding progress, identified as required supplementary information in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. This information is 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 management's discussion and analysis and the schedule of funding progress 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and the schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Diehl, Evans and Company, LLP



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Los Alamitos offers readers of the City's financial statements this narrative overview analysis of the City's financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow GASB 34 and other Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences internal service fund activity, and depreciation to the various functions of the City; whereas the City's budget is an operational financial plan for the upcoming fiscal year.

FINANCIAL HIGHLIGHTS

- The City's net assets increased by \$393,591 as a result of this year's operations.
- The program and general revenues were \$11,924,832.
- The cost of governmental activities was \$11,531,241.
- The General Fund reported a deficit of revenues over expenditures of \$14,191.
- For the General Fund, actual resources available for appropriation (revenue inflows, debt proceeds, and fund balance) were greater than the final budget by \$323,055 before transfers while actual expenditures (outflows) exceeded the final budget by \$1,854 before transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

See independent auditors' report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Both of the government-wide financial statements distinguish functions of the City of Los Alamitos that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Los Alamitos include general government, public safety, community development, recreation and community services, and public works.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Los Alamitos, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Los Alamitos can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Los Alamitos maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Gas Tax Fund, which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

See independent auditors' report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 focuses on the net assets and changes in net assets of the City's governmental activities.

TABLE 1
City of Los Alamitos Net Assets

	Governmental Activities	
	2010	2009
Current and other assets	\$ 11,815,821	\$ 11,746,186
Capital assets	15,604,642	14,709,869
Total assets	27,420,463	26,456,055
Long-term debt outstanding	4,919,559	4,825,081
Other liabilities	1,453,705	977,366
Total liabilities	6,373,264	5,802,447
Net assets:		
Invested in capital assets, net of debt	12,369,642	11,414,869
Restricted	1,532,922	2,092,689
Unrestricted	7,144,635	7,146,050
Total net assets	\$ 21,047,199	\$ 20,653,608

The City's net assets from governmental activities increased by \$393,591. Current and other assets and capital assets increased by \$1.0 million. Long term debt and other liabilities increased by \$0.6 million. The increase in capital assets is due to the completion of significant street rehabilitation projects during the fiscal year, also resulting in increased accounts payable liabilities.

See independent auditors' report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities increased the City of Los Alamitos' net assets by \$393,591. Key elements of the increase are illustrated in Table 2 below:

**TABLE 2
City of Los Alamitos Changes in Net Assets**

	Governmental Activities	
	2010	2009
Revenues		
Program revenues:		
Charges for services	\$ 1,987,860	\$ 1,925,580
Operating contributions and grants	387,579	1,315,379
Capital contributions and grants	708,305	1,123,075
General revenues:		
Taxes:		
Property taxes	2,653,537	2,545,407
Utility users tax	2,178,051	2,232,470
Sales taxes	2,349,310	2,513,510
Franchise taxes	584,539	602,606
Other taxes	708,940	921,154
Motor vehicle in lieu	35,872	41,447
Investment income	38,799	141,679
Gain on sale of property	5,053	-
Other	286,987	294,739
Total revenues	<u>11,924,832</u>	<u>13,657,046</u>
Expenses		
General government	2,224,075	2,703,547
Public safety	5,067,717	5,095,312
Community development	578,081	578,127
Recreation and community services	1,583,223	1,794,589
Public works	1,922,227	1,935,286
Interest on long-term debt	155,918	154,790
Total expenditures	<u>11,531,241</u>	<u>12,261,651</u>
Change in net assets	393,591	1,395,395
Net assets, beginning	<u>20,653,608</u>	<u>19,258,213</u>
Net assets, ending	<u>\$ 21,047,199</u>	<u>\$ 20,653,608</u>

See independent auditors' report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City’s total revenues were \$11,924,832 while the costs for all programs and services totaled \$11,531,241. The following graphs further illustrate Table 2.

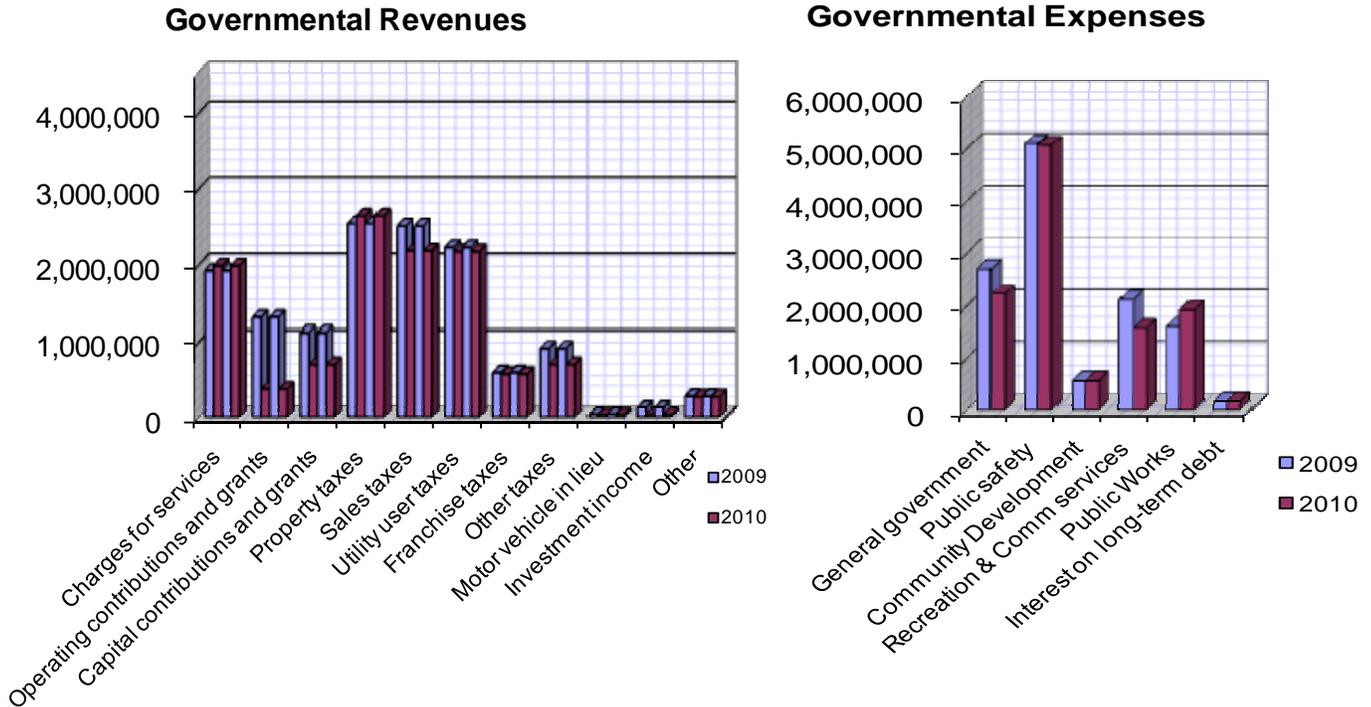


Table 3 below presents the cost of each of the City’s six largest programs—general government, public safety, community development, recreation and community services, public works, and interest on long-term debt—as well as each program’s *net* cost (total cost less revenues generated by the activities). The net cost shows the unrecovered program costs for each of these functions.

**TABLE 3
City of Los Alamitos Governmental Activities**

	Total Cost of Services	Program Revenues	Net Cost of Services
	2010	2010	2010
General government	\$ 2,224,075	\$ 162,776	\$ 2,061,299
Public safety	5,067,717	802,877	4,264,840
Community development	578,081	290,795	287,286
Recreation and community services	1,583,223	1,180,540	402,683
Public works	1,922,227	646,756	1,275,471
Interest on long-term debt	155,918	-	155,918
Total expenditures	\$ 11,531,241	\$ 3,083,744	\$ 8,447,497

See independent auditors’ report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The City is not fully recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$8,828,290, a decrease of \$68,231 from the prior year's balance. Of the ending fund balance, \$6,217,721 is unreserved fund balance in the General Fund, which is available for spending. The non-major governmental funds have an unreserved fund balance of \$2,551,440, while the Gas Tax Special Revenue Fund shows a deficit unreserved fund balance of \$206,528. The remainder of the fund balance is reserved for loans receivable, debt service and prepaid costs to indicate that it is not available for new spending. Other than reserved portions of fund balance, there are no limitations that affect the availability of fund resources for future use.

The fund balance of the City's General Fund increased \$92,519 during the fiscal year. The increase is primarily attributable to a decline in expenditures for the fiscal year rather than an increase in revenues. General government and recreation and community services expenditures decreased because of budgetary reductions made during the City's budget review process in response to the economic downturn.

The Gas Tax Special Revenue Fund showed a decrease in fund balance of \$605,764 for the fiscal year mainly due to ongoing residential street improvement project expenditures and the commencement of work on the Katella Avenue resurfacing project. The City will receive American Recovery and Reinvestment Act reimbursement for this project upon its completion.

Other governmental funds realized an increase in fund balance of \$445,014, stemming mainly from the receipt of several grant reimbursements for capital projects completed during the prior fiscal year, and the and the gain in public safety asset seizure proceeds.

See independent auditors' report.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS (CONTINUED)

General Fund Budgetary Highlights

The actual expenditures for the General Fund at year-end were \$1,854 less than the final budgeted expenditures. Actual revenues compared favorably to the final budget with a \$323,053 excess before transfers. Budget amendments and supplemental appropriations were made during the year which decreased appropriations in the amount of \$314,735.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal year 2009-10, the City had \$15.6 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase (including additions and deductions) of \$0.9 million, or 6.1 percent, over the prior year.

TABLE 4
City of Los Alamitos Capital Assets Net of Depreciation

	Governmental Activities	
	2010	2009
Land	\$ 5,917,715	\$ 5,917,715
Buildings and Improvements	1,086,899	1,143,669
Equipment	532,731	520,031
Vehicles	295,400	436,322
Furnitures	7,056	9,763
Infrastructure	7,640,617	6,606,195
Construction in progress	124,224	76,174
Totals	<u>\$ 15,604,642</u>	<u>\$ 14,709,869</u>

More detail on the City's capital assets can be found in Note 6 to the financial statements of this report.

See independent auditors' report.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-term liabilities. At the end of fiscal year 2009-10, the City had \$4.5 million in long-term liabilities which includes an outstanding bond indebtedness of \$3.2 million and \$1.7 million of claims payable, compensated absences and other post employment benefit obligations, representing a 2 percent increase over prior year.

	Government Activities	
	2010	2009
2006 Certificates of participation	\$ 3,235,000	\$ 3,295,000
Claims payable	1,120,900	1,087,161
Compensated absences	480,591	442,920
Other post-employment benefit obligation	83,068	-
Total liabilities	<u>\$ 4,919,559</u>	<u>\$ 4,825,081</u>

More detail on the City's long-term liabilities can be found in Note 7 to the financial statements section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Los Alamitos' economic outlook for fiscal year 2010-11 is projected to mirror 2009-10, as the City is experiencing the effects of the national recession. Most cities in California are facing significant budgetary issues as a result of the declining national and state economies. The City of Los Alamitos is no exception. The City's budget is balanced and includes expenditure reductions to offset the recessionary impacts of the economy on City revenues. During the budget development process this year, a comprehensive line-by-line review of all expenditures was performed to reduce operating expenditures, providing program efficiencies, while maintaining the delivery of essential services to the community. Numerous budgetary reductions were included in the upcoming fiscal year's adopted budget in order to compensate for the loss the City is experiencing in its core revenue sources.

With the sluggish housing market we were very conservative with the projections for property tax revenues for fiscal year 2009-10, projecting no increases. Additionally, with the economy finally on a long and arduous path to recovery, we projected the City's sales tax revenue to stabilize and produce a slight increase in the upcoming fiscal year. The City's third major tax revenue source, utility users' tax, is projected to maintain current levels, with a less than one percent increase in fiscal year 2010-11. These three revenue sources make up 74% of the City's General Fund revenues.

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

See independent auditors' report.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF LOS ALAMITOS

**Statement of Net Assets
June 30, 2010**

	<u>Governmental Activities</u>
ASSETS:	
Pooled cash and investments	\$ 9,665,590
Receivables:	
Accounts	745,329
Employee computer loans	4,738
Accrued interest	11,466
Notes	10,000
Due from other governments	1,061,886
Unamortized debt issuance costs	96,627
Restricted assets:	
Cash and investments with fiscal agent	220,185
Capital assets:	
Non-depreciable assets	6,041,939
Depreciable assets, net	<u>9,562,703</u>
 TOTAL ASSETS	 <u>27,420,463</u>
LIABILITIES:	
Accounts payable	987,056
Accrued liabilities	216,889
Interest payable	50,338
Deposits payable	31,587
Unearned revenue	167,835
Long-term liabilities:	
Due within one year	395,862
Due in more than one year	<u>4,523,697</u>
 TOTAL LIABILITIES	 <u>6,373,264</u>
NET ASSETS:	
Invested in capital assets, net of related debt	12,369,642
Restricted for:	
Street and urban development projects	714,520
Public safety	286,987
Recreation and community services	267,443
Debt service	210,581
Air quality improvement	53,391
Unrestricted	<u>7,144,635</u>
 TOTAL NET ASSETS	 <u>\$ 21,047,199</u>

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

Statement of Activities
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Primary Governmental Activities
Governmental Activities:					
General government	\$ 2,224,075	\$ 117,346	\$ 45,430	\$ -	\$ (2,061,299)
Public safety	5,067,717	618,174	163,275	21,428	(4,264,840)
Community development	578,081	72,350	-	218,445	(287,286)
Recreation and community services	1,583,223	1,179,990	550	-	(402,683)
Public works	1,922,227	-	178,324	468,432	(1,275,471)
Interest on long-term debt	155,918	-	-	-	(155,918)
Total Governmental Activities	\$ 11,531,241	\$ 1,987,860	\$ 387,579	\$ 708,305	(8,447,497)

General revenues:

Taxes:

Property taxes, levied for general purpose	2,653,537
Utility users tax	2,178,051
Transient occupancy taxes	69,553
Sales taxes	2,349,310
Franchise taxes	584,539
Business licenses and permits	574,091
Other taxes	65,296
Motor vehicle in lieu, unrestricted	35,872
Investment earnings	38,799
Gain on sale of property	5,053
Other	286,987

Total general revenues 8,841,088

Changes in net assets 393,591

Net assets - beginning of year 20,653,608

Net assets - end of year \$ 21,047,199

See independent auditors' report and notes to basic financial statements.

FUND FINANCIAL STATEMENTS

CITY OF LOS ALAMITOS

**Balance Sheet
Governmental Funds
June 30, 2010**

	General Fund	Gas Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash and investments	\$ 5,942,006	\$ 78,047	\$ 2,771,648	\$ 8,791,701
Receivables:				
Accounts	697,404	-	39,648	737,052
Employee computer loans	4,738	-	-	4,738
Accrued interest	11,466	-	-	11,466
Notes	-	-	10,000	10,000
Due from other governments	604,108	346,507	111,271	1,061,886
Restricted assets:				
Cash and investments with fiscal agent	-	-	220,185	220,185
TOTAL ASSETS	\$ 7,259,722	\$ 424,554	\$ 3,152,752	\$ 10,837,028
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 449,001	\$ 305,193	\$ 168,421	\$ 922,615
Accrued liabilities	200,951	-	13,017	213,968
Deferred revenues	355,724	325,889	158,955	840,568
Deposits payable	31,587	-	-	31,587
TOTAL LIABILITIES	1,037,263	631,082	340,393	2,008,738
FUND BALANCES (DEFICIT):				
Reserved for:				
Loans receivable	4,738	-	-	4,738
Debt service	-	-	260,919	260,919
Unreserved:				
Designated reported in:				
General fund	2,800,000	-	-	2,800,000
Special revenue funds	-	-	215,971	215,971
Undesignated reported in:				
General fund	3,417,721	-	-	3,417,721
Special revenue funds	-	(206,528)	1,326,872	1,120,344
Capital projects funds	-	-	1,008,597	1,008,597
TOTAL FUND BALANCES (DEFICIT)	6,222,459	(206,528)	2,812,359	8,828,290
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,259,722	\$ 424,554	\$ 3,152,752	\$ 10,837,028

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets
June 30, 2010

Fund balances - total governmental funds	\$ 8,828,290
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 in governmental fund activity.	15,130,081
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, 2010 are:	
Certificates of Participation	\$ (3,235,000)
Deferred charges for issuance costs	96,627
Claims and judgments	(1,120,900)
Compensated absences	(470,796)
Net OPEB obligation	<u>(83,068)</u>
	(4,813,137)
Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds.	(50,338)
Long-term assets that are not available for current use are recorded as deferred revenue under the modified accrual basis of accounting.	672,733
Internal service funds are used by management to charge the 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.	<u>1,279,570</u>
Net assets of governmental activities	<u><u>\$ 21,047,199</u></u>

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010**

	General Fund	Gas Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 7,635,625	\$ 204,839	\$ 74,545	\$ 7,915,009
Licenses and permits	603,776	-	-	603,776
Intergovernmental	321,428	-	1,220,058	1,541,486
Charges for services	897,830	-	357,913	1,255,743
Investment earnings	28,216	1,161	9,422	38,799
Fines and forfeitures	612,442	-	9,943	622,385
Contributions	-	-	30,744	30,744
Miscellaneous	158,662	-	-	158,662
TOTAL REVENUES	10,257,979	206,000	1,702,625	12,166,604
EXPENDITURES:				
Current:				
General government	2,071,156	-	61,289	2,132,445
Public safety	4,920,546	-	2,073	4,922,619
Community development	562,022	-	-	562,022
Recreation and community services	1,156,890	-	359,636	1,516,526
Public works	1,561,556	-	5,042	1,566,598
Capital outlay	-	701,764	708,834	1,410,598
Debt service:				
Principal	-	-	60,000	60,000
Interest and fiscal charges	-	-	153,077	153,077
TOTAL EXPENDITURES	10,272,170	701,764	1,349,951	12,323,885
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,191)	(495,764)	352,674	(157,281)
OTHER FINANCING SOURCES (USES):				
Transfers in	371,081	-	264,371	635,452
Transfers out	(264,371)	(110,000)	(172,031)	(546,402)
TOTAL OTHER FINANCING SOURCES (USES)	106,710	(110,000)	92,340	89,050
NET CHANGE IN FUND BALANCES	92,519	(605,764)	445,014	(68,231)
FUND BALANCES -				
BEGINNING OF YEAR	6,129,940	399,236	2,367,345	8,896,521
FUND BALANCES (DEFICIT) -				
END OF YEAR	\$ 6,222,459	\$ (206,528)	\$ 2,812,359	\$ 8,828,290

See independent auditors' report and 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 year ended June 30, 2010**

Net change in fund balances - total governmental funds	\$	(68,231)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalizable capital outlays and the disposition of capital assets exceeded depreciation in the current period.</p>		
Capital expenditures	\$	1,260,297
Depreciation expense		(269,130)
Deletions		(4,098)
		<u>987,069</u>
<p>The issuance of long term debt provides current 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:</p>		
Principal payments		60,000
<p>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:</p>		
Interest expense		875
Amortization of issuance costs		(3,716)
OPEB contributions		(83,068)
		<u>(85,909)</u>
Payment of accrued claims is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.		(33,739)
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(28,219)
<p>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:</p>		
Intergovernmental income		(409,712)
Sales tax		162,886
Miscellaneous		128,401
		<u>(118,425)</u>
Internal service funds are used by management to charge the 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.		<u>(318,955)</u>
Change in net assets of governmental activities	\$	<u>393,591</u>

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement
General Fund
For the year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 6,129,940	\$ 6,129,940	\$ 6,129,940	\$ -
Resources (inflows):				
Taxes	7,617,610	7,446,580	7,635,625	189,045
Licenses and permits	1,241,180	723,720	603,776	(119,944)
Intergovernmental	62,400	337,084	321,428	(15,656)
Charges of services	804,790	802,690	897,830	95,140
Investment earnings	136,700	36,700	28,216	(8,484)
Fines and forfeitures	563,000	540,000	612,442	72,442
Miscellaneous	25,000	48,150	158,662	110,512
Transfers from other funds	402,450	391,650	371,081	(20,569)
Amounts Available for Appropriation	<u>10,853,130</u>	<u>10,326,574</u>	<u>10,629,060</u>	<u>302,486</u>
Charges to appropriations (outflows):				
General government:				
City council	70,220	68,480	64,787	3,693
City manager/City clerk	517,080	517,030	513,757	3,273
Administrative services	617,480	603,960	627,280	(23,320)
City attorney	155,500	155,500	152,257	3,243
Nondepartmental	776,660	719,470	713,075	6,395
Total general government	<u>2,136,940</u>	<u>2,064,440</u>	<u>2,071,156</u>	<u>(6,716)</u>
Public safety	<u>5,075,030</u>	<u>4,974,274</u>	<u>4,920,546</u>	<u>53,728</u>
Community development	<u>646,770</u>	<u>587,240</u>	<u>562,022</u>	<u>25,218</u>
Recreation and community services	<u>1,155,370</u>	<u>1,162,100</u>	<u>1,156,890</u>	<u>5,210</u>

See independent auditors' report and notes to basic financial statements.

(Continued)

CITY OF LOS ALAMITOS

Budgetary Comparison Statement, Continued
General Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (outflows) (Continued):				
Public works	\$ 1,585,770	\$ 1,485,970	\$ 1,561,556	\$ (75,586)
Transfers to other funds	253,250	264,371	264,371	-
Total Charges to Appropriations	10,853,130	10,538,395	10,536,541	1,854
Excess of resources over (under) charges to appropriations	-	(211,821)	92,519	304,340
Fund balance, June 30	\$ 6,129,940	\$ 5,918,119	\$ 6,222,459	\$ 304,340

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement
Gas Tax Special Revenue Fund
For the year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 399,236	\$ 399,236	\$ 399,236	\$ -
Resources (inflows):				
Taxes	706,000	706,000	204,839	(501,161)
Investment earnings	20,000	20,000	1,161	(18,839)
Amounts Available for Appropriation	726,000	726,000	206,000	(520,000)
Charges to appropriations (outflows):				
Capital outlay	986,800	1,116,641	701,764	414,877
Transfers to other funds	110,000	110,000	110,000	-
Total Charges to Appropriations	1,096,800	1,226,641	811,764	414,877
Excess of resources over (under) charges to appropriations	(370,800)	(500,641)	(605,764)	(105,123)
Fund balance (deficit), June 30	\$ 28,436	\$ (101,405)	\$ (206,528)	\$ (105,123)

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

Statement of Net Assets
Proprietary Funds
June 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>
ASSETS	
CURRENT ASSETS:	
Pooled cash and investments	\$ 873,889
Accounts receivable	<u>8,277</u>
TOTAL CURRENT ASSETS	<u>882,166</u>
NONCURRENT ASSETS:	
Capital assets, net	<u>474,561</u>
TOTAL NONCURRENT ASSETS	<u>474,561</u>
TOTAL ASSETS	<u>1,356,727</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	64,441
Accrued liabilities	2,921
Compensated absences	<u>9,795</u>
TOTAL CURRENT LIABILITIES	<u>77,157</u>
TOTAL LIABILITIES	<u>77,157</u>
NET ASSETS	
Invested in capital assets	474,561
Unrestricted	<u>805,009</u>
TOTAL NET ASSETS	<u>\$ 1,279,570</u>

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2010

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 383,850
 TOTAL OPERATING REVENUES	 <u>383,850</u>
OPERATING EXPENSES:	
Personal services	94,804
Supplies and parts	209,153
Outside services	147,170
Depreciation	<u>170,124</u>
 TOTAL OPERATING EXPENSES	 <u>621,251</u>
 OPERATING LOSS	 <u>(237,401)</u>
NONOPERATING REVENUES:	
Gain on sale of capital assets	<u>7,496</u>
 TOTAL NONOPERATING REVENUES	 <u>7,496</u>
 LOSS BEFORE TRANSFERS	 <u>(229,905)</u>
TRANSFERS:	
Transfers out	<u>(89,050)</u>
 TOTAL TRANSFERS	 <u>(89,050)</u>
 CHANGES IN NET ASSETS	 (318,955)
 TOTAL NET ASSETS - BEGINNING OF YEAR	 <u>1,598,525</u>
 TOTAL NET ASSETS - END OF YEAR	 <u>\$ 1,279,570</u>

See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

**Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2010**

	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user departments	\$ 375,573
Cash paid to suppliers for goods and services	(311,093)
Cash paid to employees for services	<u>(84,535)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(20,055)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash provided to other funds	<u>(89,050)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(89,050)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(78,353)
Proceeds from sale of capital assets	<u>8,021</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(70,332)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(179,437)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,053,326</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 873,889</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (237,401)
Depreciation	170,124
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,277)
(Increase) decrease in inventory	12,175
Increase (decrease) in accounts payable	33,055
Increase (decrease) in accrued liabilities	817
Increase (decrease) in compensated absences	<u>9,452</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (20,055)</u></u>

See independent auditors' report and notes to basic financial statements.



NOTES TO BASIC FINANCIAL STATEMENTS

City of Los Alamitos
Notes to Basic Financial Statements
June 30, 2010

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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

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.

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.

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Governmental Fund Financial Statements (Continued):

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.

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 Gas Tax Special Revenue Fund is used to account for monies received and expended from state and county gas tax allocation restricted to fund various street and highway improvements, including maintenance.

See independent auditors’ report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Governmental Fund Financial Statements (Continued):

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 major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

The Debt Service Fund is used to account for the accumulation of resources for, and 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 the financial resources segregated 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 two internal service funds. The Garage Internal Service Fund accounts for the acquisition, maintenance, repair and replacement of all City vehicles and mechanical equipment. The Technology Replacement Internal Service Fund accounts for the costs of ongoing technology upgrades and replacements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net 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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus (Continued):

Proprietary Fund Financial Statements (Continued):

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 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".

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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 (amount not rounded) 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 market value at the date of donation.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on the government-wide and proprietary fund financial statements. No interest was capitalized during the year ended June 30, 2010.

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 year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Claims and Judgments (Continued):

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.

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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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.

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 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 year. Unexpended appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are recorded as a reserve of fund balance and then reappropriated the following fiscal year.
4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). 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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

A. Budgets and Budgetary Accounting (Continued):

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, 2010, based on calculations by City management, proceeds of taxes did not exceed appropriations.

B. Deficit Fund Balances in Individual Funds:

The Gas Tax Special Revenue Fund has a deficit fund balance of \$206,528. This deficit will be eliminated upon completion of a capital project and receipt of an American Recovery and Reinvestment Act Grant in the fiscal year ending June 30, 2011.

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

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Major Funds:			
General Fund:			
General government	\$ 2,071,156	\$ 2,064,440	\$ (6,716)
Public works	1,561,556	1,485,970	(75,586)
Other Governmental Funds:			
Los Alamitos Television Special Revenue Fund:			
General government	61,289	35,050	(26,239)
Capital outlay	9,995	-	(9,995)

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

3. CASH AND INVESTMENTS:

Cash and Investments:

The following is a summary of cash and investments at June 30, 2010:

	<u>Governmental Activities</u>
Pooled cash and investments	\$ 9,665,590
Restricted cash and investments with fiscal agent	<u>220,185</u>
Total cash and investments	<u>\$ 9,885,775</u>

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

Demand deposits	\$ 1,397,867
Investments	<u>8,487,908</u>
Total cash and investments	<u>\$ 9,885,775</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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

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 Sponsored			
Enterprise 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	N/A	20%	None
Passbook Savings/Money Market	5 years	None	50%
Local Agency Investment Fund (LAIF)	N/A	\$ 20 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.

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 investing mainly in LAIF.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

3. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

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

Investment Type	Remaining Maturity (in Months) 12 Months or Less
Local Agency Investment Fund (LAIF)	\$ 8,267,723
Investment held by Bond Trustee:	
Money Market Mutual Funds	220,185
	\$ 8,487,908

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 year end for each investment type:

Investment Type	Total as of June 30, 2010	Minimum Legal Rating	Unrated	AAA
LAIF	\$ 8,267,723	N/A	\$ 8,267,723	\$ -
Investment held by:				
Bond Trustee:				
Money Market				
Mutual Funds	220,185	A	-	220,185
	\$ 8,487,908		\$ 8,267,723	\$ 220,185

N/A - Not Applicable

Concentration of Credit Risk:

As of June 30, 2010, 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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

3. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's investment policy does not contain any additional provisions that would limit the exposure to custodial credit risk for deposits. However the policy does stipulate that mortgage collateral cannot be used to secure deposits, and that the use of a third party bank trust department is to act as the City's safekeeping agent for investments. At June 30, 2010, the 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.

4. NOTE RECEIVABLE:

On August 20, 1990, the City of Los Alamitos executed a traffic mitigation agreement between the City, the City of Cypress and Cypress Development, a private development company. The execution of this agreement provides compensation for a mitigation of traffic impacts in Los Alamitos caused by the development of certain real property located in the City of Cypress.

Under terms of the agreement, the City of Cypress shall pay to the City of Los Alamitos \$10,000 per annum for 20 years payable commencing July 1, 1991, and each July 1 thereafter. The City of Los Alamitos shall apply such funds to maintain and repair the portion of Katella Avenue within Los Alamitos.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

4. NOTE RECEIVABLE (CONTINUED):

The future payments to be received from the City of Cypress are reflected in the financial statements as an amount due from other governmental agencies in the Traffic Improvement Capital Projects Fund with a corresponding amount shown as deferred revenue. Revenue is recorded as payments are received. The amount due from the City of Cypress at June 30, 2010, was \$10,000.

The agreement also specified a payment of \$100,000 in 1990 and payments of \$1.00 per square foot for development payable upon issuance of building permits. The \$100,000 was received in 1990, and the City of Cypress has been making the developer fee payments as development occurs.

5. INTERFUND TRANSACTIONS:

Transfers:

Transfers in and out for the year ended June 30, 2010 are as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General Fund	Gas Tax Special Revenue Fund	\$ 110,000
	Other Governmental Funds	172,031
	Internal Service Funds	89,050
Other Governmental Funds	General Fund	<u>264,371</u>
		<u>\$ 635,452</u>

Transfers to the General Fund from the Gas Tax Special Revenue Fund were made to fund the City's street maintenance.

Transfers to the General Fund from the Other Governmental Funds (the Office of Traffic and Safety, 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.

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.

Transfers to the Other Governmental Funds (the Joint Forces Training Base Pool Special Revenue Fund and the Debt Service Fund) from the General Fund were made to transfer special event proceeds and make principal and interest payments of debt issued for the Laurel Park purchase.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

6. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2010 is as follows:

Governmental Activities:	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 5,917,715	\$ -	\$ -	\$ 5,917,715
Construction in progress	<u>76,174</u>	<u>61,679</u>	<u>(13,629)</u>	<u>124,224</u>
Total capital assets, not being depreciated	<u>5,993,889</u>	<u>61,679</u>	<u>(13,629)</u>	<u>6,041,939</u>
Capital assets, being depreciated:				
Equipment	2,085,658	115,133	(261,346)	1,939,445
Vehicles	1,223,478	-	(74,014)	1,149,464
Furniture	46,980	-	-	46,980
Buildings	1,932,883	-	-	1,932,883
Improvements	118,901	-	-	118,901
Infrastructure	<u>6,952,662</u>	<u>1,173,812</u>	<u>-</u>	<u>8,126,474</u>
Total capital assets, being depreciated	<u>12,360,562</u>	<u>1,288,945</u>	<u>(335,360)</u>	<u>13,314,147</u>
Less accumulated depreciation for:				
Equipment	(1,565,627)	(99,465)	258,378	(1,406,714)
Vehicles	(787,156)	(140,922)	74,014	(854,064)
Furniture	(37,217)	(2,707)	-	(39,924)
Buildings	(898,795)	(39,484)	-	(938,279)
Improvements	(9,320)	(17,286)	-	(26,606)
Infrastructure	<u>(346,467)</u>	<u>(139,390)</u>	<u>-</u>	<u>(485,857)</u>
Total accumulated depreciation	<u>(3,644,582)</u>	<u>(439,254)</u>	<u>332,392</u>	<u>(3,751,444)</u>
Total capital assets, being depreciated, net	<u>8,715,980</u>	<u>849,691</u>	<u>(2,968)</u>	<u>9,562,703</u>
Governmental activities capital assets, net	<u>\$ 14,709,869</u>	<u>\$ 911,370</u>	<u>\$ (16,597)</u>	<u>\$ 15,604,642</u>

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

6. CAPITAL ASSETS (CONTINUED):

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

General Government	\$ 46,970
Public Safety	40,964
Community Development	429
Recreation and Community Services	41,377
Public Works	139,390
Depreciation expense for internal service funds is charged to various functions based on usage of capital assets	<u>170,124</u>
Total depreciation expense - governmental activities	<u>\$ 439,254</u>

7. LONG-TERM LIABILITIES:

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year	Due in More Than One Year
2006 Certificates of participation	\$ 3,295,000	\$ -	\$ (60,000)	\$ 3,235,000	\$ 60,000	\$ 3,175,000
Claims payable	1,087,161	136,356	(102,617)	1,120,900	117,000	1,003,900
Compensated absences	442,920	259,339	(221,668)	480,591	218,862	261,729
Other post-employment benefit obligation (Note 10)	<u>-</u>	<u>83,068</u>	<u>-</u>	<u>83,068</u>	<u>-</u>	<u>83,068</u>
Total	<u>\$ 4,825,081</u>	<u>\$ 478,763</u>	<u>\$ (384,285)</u>	<u>\$ 4,919,559</u>	<u>\$ 395,862</u>	<u>\$ 4,523,697</u>

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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

7. LONG-TERM LIABILITIES (CONTINUED):

2006 Certificates of Participation (Continued):

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

Year Ending June 30,	Principal	Interest	Total
2011	\$ 60,000	\$ 149,701	\$ 209,701
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 - 2020	420,000	636,507	1,056,507
2021 - 2025	525,000	531,316	1,056,316
2026 - 2030	680,000	390,672	1,070,672
2031 - 2035	860,000	207,747	1,067,747
2036 - 2037	410,000	20,125	430,125
Totals	<u>\$ 3,235,000</u>	<u>\$ 2,505,779</u>	<u>\$ 5,740,779</u>

Claims Payable:

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2010, were as follows:

General liability claims	\$ 143,769
Workers' compensation claims	<u>977,131</u>
	<u>\$ 1,120,900</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.

8. 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 year ended June 30, 2010, the City and employees contributed \$25,467 and \$25,467, respectively to the plan. City Council has the authority to establish and amend the provisions of this plan.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

9. 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%

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 2009-10 was 7.746% for local miscellaneous members and 19.975% 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 Ended June 30,</u>	<u>Local Miscellaneous</u>	<u>Local Safety</u>
2010	\$ 149,445	\$ 424,636
2009	148,409	427,974
2008	137,962	405,994

See independent auditors' report.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

Plan Description:

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

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

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

- Employee 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

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 year ended June 30, 2010, the City paid \$133,729 in health care costs for its retirees and their covered dependents.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

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	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>216,797</u>
Actual contributions made	<u>(133,729)</u>
Change in net OPEB obligation	83,068
Net OPEB Obligation - beginning of year	<u>-</u>
Net OPEB Obligation - end of year	<u>\$ 83,068</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010, the first year in which GASB Statement 45 is required to be implemented, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	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

See independent auditors' report.

10. 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 \$162,042 and the ratio of the UAAL to the covered payroll was 1663.70%.

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, Continued
June 30, 2010

11. RESERVES AND DESIGNATIONS OF FUND BALANCES:

A City may set up “reserves” of fund equity to segregate fund balances which are appropriate for expenditure in future periods, or which are legally set aside for a specific future use. Fund “designations” also may be established to indicate tentative plans for financial resource utilization in a future period.

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Reserved for:			
Loans receivable	\$ 4,738	\$ -	\$ 4,738
Debt service	-	260,919	260,919
Designated for:			
Emergency reserve	2,800,000	-	2,800,000
Building improvements	-	187,741	187,741
Capital improvements	-	28,230	28,230
	<u>\$ 2,804,738</u>	<u>\$ 476,890</u>	<u>\$ 3,281,628</u>

A. Reserved for Loans Receivable:

This reserve is provided to indicate that the employees’ computer loans are not available as a resource to meet expenditures of the current year.

B. Reserved for Debt Service:

This reserve is provided to indicate the amounts that are to be used for future debt service, including amounts held in accordance with bond indentures or similar covenants.

C. Designated for Emergency Reserve:

These funds are designated for emergency reserves and future workers’ compensation and general liability claims.

D. Designated for Building Improvements:

These funds are designated for capital improvements to City-owned buildings.

E. Designated for Capital Improvements:

These funds are designated for capital improvements to the City operated swimming pool.

See independent auditors’ report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

12. 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 their offices 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, 2010, \$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.

See independent auditors' report.

12. JOINT VENTURES (CONTINUED):

West Communications Financing Authority:

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

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

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 2009-2010, the City of Los Alamitos paid \$504,874 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.

13. 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.

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.

13. LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION (CONTINUED):

Self-Insurance Programs of the Insurance Authority (Continued):

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.

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.

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

13. LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION (CONTINUED):

Purchased Insurance (Continued):

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, 2010, \$1,120,900 has been accrued for general liability and workers' compensation claims. This amount represents estimates of amounts to be paid for reported and incurred, but not reported, claims based upon past experience, modified for current trends and information.

Self-Insurance:

Changes in the aggregate liability of claims since June 30, 2010, resulted in the following:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability as of June 30, 2008	\$ 453,773	\$ 219,876	\$ 673,649
Claims and changes in estimates during the year ended June 30, 2009	564,267	19,735	584,002
Claims payments during the year ended June 30, 2009	<u>(148,493)</u>	<u>(21,997)</u>	<u>(170,490)</u>
Liability as of June 30, 2009	869,547	217,614	1,087,161
Claims and changes in estimates during the year ended June 30, 2010	209,626	(73,270)	136,356
Claims payments during the year ended June 30, 2010	<u>(102,042)</u>	<u>(575)</u>	<u>(102,617)</u>
Liability as of June 30, 2010	<u>\$ 977,131</u>	<u>\$ 143,769</u>	<u>\$ 1,120,900</u>

See independent auditors' report.

City of Los Alamitos
Notes to Basic Financial Statements, Continued
June 30, 2010

13. LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION (CONTINUED):

Self-Insurance (Continued):

The ultimate amount of losses incurred through June 30, 2010, 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.

14. PROPOSITION 1A:

Under the provisions of Proposition 1A and as part of the 2009-2010 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in the lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$283,252.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority (California Communities), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds (Prop 1A Bonds) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS
 SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2010

OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
08/01/09	\$ -	\$ 2,695,891	\$ 2,695,891	0.00%	\$ 162,042	1663.70%

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS

**Combining Balance Sheet
Other Governmental Funds
June 30, 2010**

		<u>Special Revenue Funds</u>		
		<u>Building Improvement</u>	<u>Measure M</u>	<u>Residential Streets/Alleys</u>
ASSETS				
Pooled cash and investments		\$ 187,741	\$ 535,625	\$ 138,441
Receivables:				
Accounts		-	-	-
Notes		-	-	-
Due from other governments		-	54,419	-
Restricted assets:				
Cash and investments with fiscal agent		-	-	-
TOTAL ASSETS		<u>\$ 187,741</u>	<u>\$ 590,044</u>	<u>\$ 138,441</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 13,395	\$ 570
Accrued liabilities		-	-	-
Deferred revenues		-	-	-
TOTAL LIABILITIES		<u>-</u>	<u>13,395</u>	<u>570</u>
FUND BALANCES:				
Reserved for:				
Debt service		-	-	-
Unreserved:				
Designated for building improvements		187,741	-	-
Designated for capital improvements		-	-	-
Undesignated		-	576,649	137,871
TOTAL FUND BALANCES		<u>187,741</u>	<u>576,649</u>	<u>137,871</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 187,741</u>	<u>\$ 590,044</u>	<u>\$ 138,441</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Los Alamitos Television	Office of Traffic and Safety	Asset Seizure	Public Safety Sales Tax	State Law Enforcement Service	Air Quality
\$ 124,011	\$ 81,238	\$ 152,245	\$ -	\$ -	\$ 49,676
5,330	367	-	-	-	-
-	-	-	-	-	-
-	-	6,369	13,031	33,737	3,715
-	-	-	-	-	-
<u>\$ 129,341</u>	<u>\$ 81,605</u>	<u>\$ 158,614</u>	<u>\$ 13,031</u>	<u>\$ 33,737</u>	<u>\$ 53,391</u>
\$ 782	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
128,559	81,605	158,614	13,031	33,737	53,391
<u>128,559</u>	<u>81,605</u>	<u>158,614</u>	<u>13,031</u>	<u>33,737</u>	<u>53,391</u>
<u>\$ 129,341</u>	<u>\$ 81,605</u>	<u>\$ 158,614</u>	<u>\$ 13,031</u>	<u>\$ 33,737</u>	<u>\$ 53,391</u>

(Continued)

CITY OF LOS ALAMITOS

Combining Balance Sheet, Continued
 Other Governmental Funds
 June 30, 2010

		Special Revenue Funds (Continued)		
		Joint Forces Training Base Pool	Total Special Revenue Funds	Debt Service Fund
ASSETS				
Pooled cash and investments		\$ 299,232	\$ 1,568,209	\$ 40,734
Receivables:				
Accounts		33,951	39,648	-
Notes		-	-	-
Due from other governments		-	111,271	-
Restricted assets:				
Cash and investments with fiscal agent		-	-	220,185
TOTAL ASSETS		<u>\$ 333,183</u>	<u>\$ 1,719,128</u>	<u>\$ 260,919</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ 148,521	\$ 163,268	\$ -
Accrued liabilities		13,017	13,017	-
Deferred revenues		-	-	-
TOTAL LIABILITIES		<u>161,538</u>	<u>176,285</u>	<u>-</u>
FUND BALANCES:				
Reserved for:				
Debt service		-	-	260,919
Unreserved:				
Designated for building improvements		-	187,741	-
Designated for capital improvements		28,230	28,230	-
Undesignated		143,415	1,326,872	-
TOTAL FUND BALANCES		<u>171,645</u>	<u>1,542,843</u>	<u>260,919</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 333,183</u>	<u>\$ 1,719,128</u>	<u>\$ 260,919</u>

See independent auditors' report.

Capital Projects Funds				
Park Development	Rivers & Mountains Conservancy Capital Projects	Traffic Improvement Capital Projects	Total Capital Projects Funds	Total Other Governmental Funds
\$ 239,088	\$ 100,168	\$ 823,449	\$ 1,162,705	\$ 2,771,648
-	-	-	-	39,648
-	-	10,000	10,000	10,000
-	-	-	-	111,271
-	-	-	-	220,185
<u>\$ 239,088</u>	<u>\$ 100,168</u>	<u>\$ 833,449</u>	<u>\$ 1,172,705</u>	<u>\$ 3,152,752</u>
\$ -	\$ 4,370	\$ 783	\$ 5,153	\$ 168,421
-	-	-	-	13,017
-	-	158,955	158,955	158,955
-	4,370	159,738	164,108	340,393
-	-	-	-	260,919
-	-	-	-	187,741
-	-	-	-	28,230
239,088	95,798	673,711	1,008,597	2,335,469
239,088	95,798	673,711	1,008,597	2,812,359
<u>\$ 239,088</u>	<u>\$ 100,168</u>	<u>\$ 833,449</u>	<u>\$ 1,172,705</u>	<u>\$ 3,152,752</u>

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Other Governmental Funds
 For the year ended June 30, 2010

	Special Revenue Funds		
	Building Improvement	Measure M	Residential Streets/Alleys
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	894,608	-
Charges for services	-	-	-
Investment earnings	781	1,092	586
Fines and forfeitures	-	-	-
Contributions	-	-	-
TOTAL REVENUES	781	895,700	586
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Recreation and community services	-	-	-
Public works	189	-	4,853
Capital outlay	-	557,976	-
Debt service:			
Principal expense	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	189	557,976	4,853
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	592	337,724	(4,267)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGES IN FUND BALANCES	592	337,724	(4,267)
FUND BALANCES - BEGINNING OF YEAR	187,149	238,925	142,138
FUND BALANCES - END OF YEAR	<u>\$ 187,741</u>	<u>\$ 576,649</u>	<u>\$ 137,871</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Los Alamitos Television	Office of Traffic and Safety	Asset Seizure	Public Safety Sales Tax	State Law Enforcement Service	Air Quality
\$ -	\$ -	\$ -	\$ 74,545	\$ -	\$ -
-	4,302	131,891	-	124,254	14,244
15,421	-	-	-	-	-
620	355	-	-	-	173
-	9,943	-	-	-	-
30,194	-	-	-	-	-
<u>46,235</u>	<u>14,600</u>	<u>131,891</u>	<u>74,545</u>	<u>124,254</u>	<u>14,417</u>
61,289	-	-	-	-	-
-	2,073	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,995	-	26,784	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>71,284</u>	<u>2,073</u>	<u>26,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(25,049)</u>	<u>12,527</u>	<u>105,107</u>	<u>74,545</u>	<u>124,254</u>	<u>14,417</u>
-	-	-	-	-	-
-	(20,000)	-	(61,514)	(90,517)	-
<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(61,514)</u>	<u>(90,517)</u>	<u>-</u>
(25,049)	(7,473)	105,107	13,031	33,737	14,417
<u>153,608</u>	<u>89,078</u>	<u>53,507</u>	<u>-</u>	<u>-</u>	<u>38,974</u>
<u>\$ 128,559</u>	<u>\$ 81,605</u>	<u>\$ 158,614</u>	<u>\$ 13,031</u>	<u>\$ 33,737</u>	<u>\$ 53,391</u>

(Continued)

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
 Other Governmental Funds
 For the year ended June 30, 2010

	Special Revenue Funds (Continued)		
	Joint Forces Training Base Pool	Total Special Revenue Funds	Debt Service Fund
REVENUES:			
Taxes	\$ -	\$ 74,545	\$ -
Intergovernmental	-	1,169,299	-
Charges for services	342,492	357,913	-
Investment earnings	793	4,400	-
Fines and forfeitures	-	9,943	-
Contributions	550	30,744	-
TOTAL REVENUES	343,835	1,646,844	-
EXPENDITURES:			
Current:			
General government	-	61,289	-
Public safety	-	2,073	-
Recreation and community services	359,636	359,636	-
Public works	-	5,042	-
Capital outlay	-	594,755	-
Debt service:			
Principal expense	-	-	60,000
Interest and fiscal charges	-	-	153,077
TOTAL EXPENDITURES	359,636	1,022,795	213,077
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,801)	624,049	(213,077)
OTHER FINANCING SOURCES (USES):			
Transfers in	52,041	52,041	212,330
Transfers out	-	(172,031)	-
TOTAL OTHER FINANCING SOURCES (USES)	52,041	(119,990)	212,330
NET CHANGES IN FUND BALANCES	36,240	504,059	(747)
FUND BALANCES - BEGINNING OF YEAR	135,405	1,038,784	261,666
FUND BALANCES - END OF YEAR	\$ 171,645	\$ 1,542,843	\$ 260,919

See independent auditors' report.

Capital Projects Funds				
Park Development	Rivers & Mountains Conservancy Capital Projects	Traffic Improvement Capital Projects	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 74,545
-	-	50,759	50,759	1,220,058
-	-	-	-	357,913
993	417	3,612	5,022	9,422
-	-	-	-	9,943
-	-	-	-	30,744
<u>993</u>	<u>417</u>	<u>54,371</u>	<u>55,781</u>	<u>1,702,625</u>
-	-	-	-	61,289
-	-	-	-	2,073
-	-	-	-	359,636
-	-	-	-	5,042
-	4,750	109,329	114,079	708,834
-	-	-	-	60,000
-	-	-	-	153,077
<u>-</u>	<u>4,750</u>	<u>109,329</u>	<u>114,079</u>	<u>1,349,951</u>
<u>993</u>	<u>(4,333)</u>	<u>(54,958)</u>	<u>(58,298)</u>	<u>352,674</u>
-	-	-	-	264,371
-	-	-	-	(172,031)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,340</u>
993	(4,333)	(54,958)	(58,298)	445,014
<u>238,095</u>	<u>100,131</u>	<u>728,669</u>	<u>1,066,895</u>	<u>2,367,345</u>
<u>\$ 239,088</u>	<u>\$ 95,798</u>	<u>\$ 673,711</u>	<u>\$ 1,008,597</u>	<u>\$ 2,812,359</u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Building Improvement Special Revenue Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 187,149	\$ 187,149	\$ 187,149	\$ -
Resources (inflows):				
Investment earnings	5,200	5,200	781	(4,419)
Amounts Available for Appropriation	5,200	5,200	781	(4,419)
Charges to appropriations (outflows):				
Current:				
Public works	38,120	35,000	189	34,811
Total Charges to Appropriations	38,120	35,000	189	34,811
Excess of resources over (under) charges to appropriations	(32,920)	(29,800)	592	30,392
Fund balance, June 30	\$ 154,229	\$ 157,349	\$ 187,741	\$ 30,392

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Measure M Special Revenue Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 238,925	\$ 238,925	\$ 238,925	\$ -
Resources (inflows):				
Intergovernmental	181,460	849,550	894,608	45,058
Investment earnings	29,750	29,750	1,092	(28,658)
Amounts Available for Appropriation	211,210	879,300	895,700	16,400
Charges to appropriations (outflows):				
Capital outlay	723,450	985,173	557,976	427,197
Total Charges to Appropriations	723,450	985,173	557,976	427,197
Excess of resources over (under) charges to appropriations	(512,240)	(105,873)	337,724	443,597
Fund balance, June 30	\$ (273,315)	\$ 133,052	\$ 576,649	\$ 443,597

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Residential Streets/Alleys Special Revenue Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 142,138	\$ 142,138	\$ 142,138	\$ -
Resources (inflows):				
Investment earnings	5,200	5,200	586	(4,614)
Amounts Available for Appropriation	5,200	5,200	586	(4,614)
Charges to appropriations (outflows):				
Current:				
Public works	-	40,000	4,853	35,147
Total Charges to Appropriations	-	40,000	4,853	35,147
Excess of resources over (under) charges to appropriations	5,200	(34,800)	(4,267)	30,533
Fund balance, June 30	\$ 147,338	\$ 107,338	\$ 137,871	\$ 30,533

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Los Alamitos Television Special Revenue Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 153,608	\$ 153,608	\$ 153,608	\$ -
Resources (inflows):				
Charges for services	55,000	11,000	15,421	4,421
Investment earnings	2,500	2,500	620	(1,880)
Contributions	-	44,000	30,194	(13,806)
Amounts Available for Appropriation	<u>57,500</u>	<u>57,500</u>	<u>46,235</u>	<u>(11,265)</u>
Charges to appropriations (outflows):				
Current:				
General government	35,050	35,050	61,289	(26,239)
Capital outlay	-	-	9,995	(9,995)
Total Charges to Appropriations	<u>35,050</u>	<u>35,050</u>	<u>71,284</u>	<u>(36,234)</u>
Excess of resources over (under) charges to appropriations	<u>22,450</u>	<u>22,450</u>	<u>(25,049)</u>	<u>(47,499)</u>
Fund balance, June 30	<u>\$ 176,058</u>	<u>\$ 176,058</u>	<u>\$ 128,559</u>	<u>\$ (47,499)</u>

See independent auditors' report.

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 year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 89,078	\$ 89,078	\$ 89,078	\$ -
Resources (inflows):				
Intergovernmental	5,000	5,000	4,302	(698)
Investment earnings	-	-	355	355
Fines and forfeitures	20,000	20,000	9,943	(10,057)
Amounts Available for Appropriation	25,000	25,000	14,600	(10,400)
Charges to appropriations (outflows):				
Current:				
Public safety	10,000	10,000	2,073	7,927
Transfers to other funds	20,000	20,000	20,000	-
Total Charges to Appropriations	30,000	30,000	22,073	7,927
Excess of resources over (under) charges to appropriations	(5,000)	(5,000)	(7,473)	(2,473)
Fund balance, June 30	\$ 84,078	\$ 84,078	\$ 81,605	\$ (2,473)

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Asset Seizure Special Revenue Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 53,507	\$ 53,507	\$ 53,507	\$ -
Resources (inflows):				
Intergovernmental	24,900	46,180	131,891	85,711
Amounts Available for Appropriation	24,900	46,180	131,891	85,711
Charges to appropriations (outflows):				
Capital outlay	38,120	38,120	26,784	11,336
Total Charges to Appropriations	38,120	38,120	26,784	11,336
Excess of resources over (under) charges to appropriations	(13,220)	8,060	105,107	97,047
Fund balance, June 30	\$ 40,287	\$ 61,567	\$ 158,614	\$ 97,047

See independent auditors' report.

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 year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Resources (inflows):				
Taxes	<u>14,000</u>	<u>83,400</u>	<u>74,545</u>	<u>(8,855)</u>
Amounts Available for Appropriation	<u>14,000</u>	<u>83,400</u>	<u>74,545</u>	<u>(8,855)</u>
Charges to appropriations (outflows):				
Transfers to other funds	<u>83,400</u>	<u>83,400</u>	<u>61,514</u>	<u>21,886</u>
Total Charges to Appropriations	<u>83,400</u>	<u>83,400</u>	<u>61,514</u>	<u>21,886</u>
Excess of resources over (under) charges to appropriations	<u>(69,400)</u>	<u>-</u>	<u>13,031</u>	<u>13,031</u>
Fund balance, June 30	<u>\$ (69,400)</u>	<u>\$ -</u>	<u>\$ 13,031</u>	<u>\$ 13,031</u>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 State Law Enforcement Service Special Revenue Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Resources (inflows):				
Intergovernmental	<u>100,000</u>	<u>100,000</u>	<u>124,254</u>	<u>24,254</u>
Amounts Available for Appropriation	<u>100,000</u>	<u>100,000</u>	<u>124,254</u>	<u>24,254</u>
Charges to appropriations (outflows):				
Transfers to other funds	<u>100,000</u>	<u>100,000</u>	<u>90,517</u>	<u>9,483</u>
Total Charges to Appropriations	<u>100,000</u>	<u>100,000</u>	<u>90,517</u>	<u>9,483</u>
Excess of resources over (under) charges to appropriations	<u>-</u>	<u>-</u>	<u>33,737</u>	<u>33,737</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,737</u></u>	<u><u>\$ 33,737</u></u>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Air Quality Special Revenue Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 38,974	\$ 38,974	\$ 38,974	\$ -
Resources (inflows):				
Intergovernmental	14,000	14,000	14,244	244
Investment earnings	1,000	1,000	173	(827)
Amounts Available for Appropriation	15,000	15,000	14,417	(583)
Excess of resources over (under) charges to appropriations	15,000	15,000	14,417	(583)
Fund balance, June 30	\$ 53,974	\$ 53,974	\$ 53,391	\$ (583)

See independent auditors' report.

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 year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 135,405	\$ 135,405	\$ 135,405	\$ -
Resources (inflows):				
Charges for services	313,900	313,900	342,492	28,592
Investment earnings	1,000	1,000	793	(207)
Contributions	-	-	550	550
Transfers from other funds	40,920	52,041	52,041	-
Amounts Available for Appropriation	355,820	366,941	395,876	28,935
Charges to appropriations (outflows):				
Current:				
Recreation and community services	400,390	391,230	359,636	31,594
Total Charges to Appropriations	400,390	391,230	359,636	31,594
Excess of resources over (under) charges to appropriations	(44,570)	(24,289)	36,240	60,529
Fund balance, June 30	\$ 90,835	\$ 111,116	\$ 171,645	\$ 60,529

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Debt Service Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 261,666	\$ 261,666	\$ 261,666	\$ -
Resources (inflows):				
Investment earnings	1,500	1,500	-	(1,500)
Transfers from other funds	212,330	212,330	212,330	-
Amounts Available for Appropriation	213,830	213,830	212,330	(1,500)
Charges to appropriations (outflows):				
Debt service:				
Principal expense	60,000	60,000	60,000	-
Interest and fiscal charges	153,080	153,080	153,077	3
Total Charges to Appropriations	213,080	213,080	213,077	3
Excess of resources over (under) charges to appropriations	750	750	(747)	(1,497)
Fund balance, June 30	\$ 262,416	\$ 262,416	\$ 260,919	\$ (1,497)

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Park Development Capital Projects Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 238,095	\$ 238,095	\$ 238,095	\$ -
Resources (inflows):				
Investment earnings	6,240	6,240	993	(5,247)
Amounts Available for Appropriation	6,240	6,240	993	(5,247)
Charges to appropriations (outflows):				
Capital outlay	40,000	40,000	-	40,000
Total Charges to Appropriations	40,000	40,000	-	40,000
Excess of resources over (under) charges to appropriations	(33,760)	(33,760)	993	34,753
Fund balance, June 30	\$ 204,335	\$ 204,335	\$ 239,088	\$ 34,753

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Rivers & Mountains Conservancy Capital Projects Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 100,131	\$ 100,131	\$ 100,131	\$ -
Resources (inflows):				
Investment earnings	-	-	417	417
Amounts Available for Appropriation	-	-	417	417
Charges to appropriations (outflows):				
Capital outlay	-	252,960	4,750	248,210
Total Charges to Appropriations	-	252,960	4,750	248,210
Excess of resources over (under) charges to appropriations	-	(252,960)	(4,333)	248,627
Fund balance, June 30	\$ 100,131	\$ (152,829)	\$ 95,798	\$ 248,627

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Traffic Improvement Capital Projects Fund
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 728,669	\$ 728,669	\$ 728,669	\$ -
Resources (inflows):				
Intergovernmental	10,000	50,800	50,759	(41)
Investment earnings	14,600	14,600	3,612	(10,988)
Amounts Available for Appropriation	24,600	65,400	54,371	(11,029)
Charges to appropriations (outflows)				
Capital outlay	-	226,460	109,329	117,131
Total Charges to Appropriations	-	226,460	109,329	117,131
Excess of resources over (under) charges to appropriations	24,600	(161,060)	(54,958)	106,102
Fund balance, June 30	\$ 753,269	\$ 567,609	\$ 673,711	\$ 106,102

See independent auditors' report.



INTERNAL SERVICE FUNDS

CITY OF LOS ALAMITOS

**Combining Statement of Net Assets
Internal Service Funds
June 30, 2010**

ASSETS	Garage	Technology Replacement	Total
CURRENT ASSETS:			
Pooled cash and investments	\$ 602,749	\$ 271,140	\$ 873,889
Accounts receivable	8,277	-	8,277
TOTAL CURRENT ASSETS	611,026	271,140	882,166
NONCURRENT ASSETS:			
Capital assets, net	352,199	122,362	474,561
TOTAL NONCURRENT ASSETS	352,199	122,362	474,561
TOTAL ASSETS	963,225	393,502	1,356,727
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	11,505	52,936	64,441
Accrued liabilities	2,921	-	2,921
Compensated absences	9,795	-	9,795
TOTAL CURRENT LIABILITIES	24,221	52,936	77,157
TOTAL LIABILITIES	24,221	52,936	77,157
NET ASSETS			
Invested in capital assets	352,199	122,362	474,561
Unrestricted	586,805	218,204	805,009
TOTAL NET ASSETS	\$ 939,004	\$ 340,566	\$ 1,279,570

See independent auditors' report.

CITY OF LOS ALAMITOS

**Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2010**

	Garage	Technology Replacement	Total
OPERATING REVENUES:			
Charges for services	\$ 235,280	\$ 148,570	\$ 383,850
TOTAL OPERATING REVENUES	235,280	148,570	383,850
OPERATING EXPENSES:			
Personal services	94,804	-	94,804
Supplies and parts	125,497	83,656	209,153
Outside services	20,092	127,078	147,170
Depreciation	157,083	13,041	170,124
TOTAL OPERATING EXPENSES	397,476	223,775	621,251
OPERATING LOSS	(162,196)	(75,205)	(237,401)
NONOPERATING REVENUES:			
Gain on sale of capital assets	7,496	-	7,496
TOTAL NONOPERATING REVENUES	7,496	-	7,496
LOSS BEFORE TRANSFERS	(154,700)	(75,205)	(229,905)
TRANSFERS:			
Transfers out	(89,050)	-	(89,050)
TOTAL TRANSFERS	(89,050)	-	(89,050)
CHANGE IN NET ASSETS	(243,750)	(75,205)	(318,955)
TOTAL NET ASSETS - BEGINNING OF YEAR	1,182,754	415,771	1,598,525
TOTAL NET ASSETS - END OF YEAR	\$ 939,004	\$ 340,566	\$ 1,279,570

See independent auditors' report.

CITY OF LOS ALAMITOS

**Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2010**

	Garage	Technology Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from user departments	\$ 227,003	\$ 148,570	\$ 375,573
Cash paid to suppliers for goods and services	(136,986)	(174,107)	(311,093)
Cash paid to employees for services	(84,535)	-	(84,535)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>5,482</u>	<u>(25,537)</u>	<u>(20,055)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash provided to other funds	(89,050)	-	(89,050)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(89,050)</u>	<u>-</u>	<u>(89,050)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	-	(78,353)	(78,353)
Proceeds from sale of capital assets	8,021	-	8,021
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>8,021</u>	<u>(78,353)</u>	<u>(70,332)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(75,547)	(103,890)	(179,437)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>678,296</u>	<u>375,030</u>	<u>1,053,326</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 602,749</u>	<u>\$ 271,140</u>	<u>\$ 873,889</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating loss	\$ (162,196)	\$ (75,205)	\$ (237,401)
Depreciation	157,083	13,041	170,124
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(8,277)	-	(8,277)
(Increase) decrease in inventory	12,175	-	12,175
Increase (decrease) in accounts payable	(3,572)	36,627	33,055
Increase (decrease) in accrued liabilities	817	-	817
Increase (decrease) in compensated absences	9,452	-	9,452
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 5,482</u>	<u>\$ (25,537)</u>	<u>\$ (20,055)</u>

See independent auditors' report.

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2010

This part of the City of Los Alamitos' 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.	90
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	98
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	106
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	109
<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.	111

CITY OF LOS ALAMITOS

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

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

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

Fiscal Year			
2007	2008	2009	2010
\$ 8,962	\$ 9,396	\$ 11,415	\$ 12,370
2,449	2,309	2,093	1,533
8,029	7,553	7,146	7,144
<u>\$ 19,440</u>	<u>\$ 19,258</u>	<u>\$ 20,654</u>	<u>\$ 21,047</u>

CITY OF LOS ALAMITOS

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

	Fiscal Year		
	2004	2005	2006
Expenses:			
Governmental activities:			
General government	\$ 1,863	\$ 2,201	\$ 2,303
Public safety	4,006	4,087	4,410
Urban development/Community development	1,704	298	881
Culture and recreation/Recreation and community services	1,887	1,878	2,197
Highways and streets/Public works	130	1,507	1,599
Interest on long-term debt	-	-	-
Total governmental activities expenses	<u>9,590</u>	<u>9,971</u>	<u>11,390</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	36	12	17
Public safety	236	192	482
Urban development/Community development	75	56	74
Culture and recreation/Recreation and community services	827	818	998
Operating Grants and Contributions	732	1,541	740
Capital Grants and Contributions	323	965	554
Total governmental activities program revenues	<u>2,229</u>	<u>3,584</u>	<u>2,865</u>
Net (expense)/revenue			
Governmental activities	<u>(7,361)</u>	<u>(6,387)</u>	<u>(8,525)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property	1,244	1,372	2,301
Utility users	1,626	1,636	1,969
Transient occupancy	67	72	73
Sales	2,610	3,144	2,907
Franchise	519	539	566
Business license taxes and permits	591	533	652
Other	86	87	104
Total taxes	<u>6,743</u>	<u>7,383</u>	<u>8,572</u>
Motor vehicle in lieu	548	760	78
Investment earnings	167	219	382
Gain on sale of property	-	-	-
Other	793	559	388
Total Governmental activities	<u>8,251</u>	<u>8,921</u>	<u>9,420</u>
Change in n Net Assets			
Governmental activities	<u>\$ 890</u>	<u>\$ 2,534</u>	<u>\$ 895</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			
2007	2008	2009	2010
\$ 2,523	\$ 3,178	\$ 2,704	\$ 2,224
4,449	4,922	5,095	5,068
743	700	578	578
1,902	2,162	2,114	1,583
1,445	1,592	1,616	1,922
125	209	155	156
<u>11,187</u>	<u>12,763</u>	<u>12,262</u>	<u>11,531</u>
10	33	88	117
659	770	663	618
54	52	75	73
762	1,015	1,100	1,180
638	921	1,315	388
30	191	1,123	708
<u>2,153</u>	<u>2,982</u>	<u>4,364</u>	<u>3,084</u>
<u>(9,034)</u>	<u>(9,781)</u>	<u>(7,898)</u>	<u>(8,447)</u>
2,354	2,484	2,545	2,654
2,165	2,178	2,232	2,178
93	101	78	70
3,098	2,912	2,514	2,349
602	595	603	584
475	606	788	574
129	63	55	65
<u>8,916</u>	<u>8,939</u>	<u>8,815</u>	<u>8,474</u>
70	54	41	36
452	277	142	39
-	9	6	5
<u>621</u>	<u>389</u>	<u>289</u>	<u>287</u>
<u>10,059</u>	<u>9,668</u>	<u>9,293</u>	<u>8,841</u>
<u>\$ 1,025</u>	<u>\$ (113)</u>	<u>\$ 1,395</u>	<u>\$ 394</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		
	2001	2002	2003
General Fund:			
Reserved	\$ 14	\$ 25	\$ 14
Unreserved, designated	-	-	-
Unreserved, undesignated	6,765	8,011	8,237
Total General Fund	6,779	8,036	8,251
All Other Governmental Funds:			
Reserved	-	-	-
Unreserved, designated reported in:			
Special revenue funds	-	-	-
Unreserved, undesignated reported in:			
Special revenue funds	1,331	1,492	2,118
Debt service fund	-	-	-
Capital projects funds	653	824	844
Total All Other Governmental Funds	1,984	2,316	2,962
Total All Governmental Funds	\$ 8,763	\$ 10,352	\$ 11,213

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
\$ 76	\$ 16	\$ 170	\$ 6	\$ 25	\$ 25	\$ 5
-	-	-	-	2,800	2,800	2,800
7,858	7,982	6,148	6,776	3,078	3,305	3,418
7,934	7,998	6,318	6,782	5,903	6,130	6,223
-	-	-	-	-	274	261
-	-	-	-	219	215	216
2,185	1,925	1,752	2,078	2,098	1,211	1,120
-	-	254	256	262	-	-
880	836	925	902	1,040	1,067	1,008
3,065	2,761	2,931	3,236	3,619	2,767	2,605
<u>\$ 10,999</u>	<u>\$ 10,759</u>	<u>\$ 9,249</u>	<u>\$ 10,018</u>	<u>\$ 9,522</u>	<u>\$ 8,897</u>	<u>\$ 8,828</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		
	2001	2002	2003
Revenues:			
Taxes	\$ 6,619	\$ 6,386	\$ 6,338
Licenses and permits	157	155	225
Intergovernmental	2,935	4,321	4,089
Charges for services	698	677	789
Investment earnings	407	340	215
Fines and forfeitures	305	299	287
Other	652	1,368	779
Total Revenues	11,773	13,546	12,722
Expenditures:			
General government	1,783	1,713	1,852
Public safety	3,369	3,537	3,642
Community development	419	486	500
Recreation and community services	1,756	2,197	1,887
Public works	2,536	3,678	3,918
Capital outlay	366	346	25
Debt service	-	-	-
Total Expenditures	10,229	11,957	11,824
Excess of revenues over (under) expenditures	1,544	1,589	898
Other Financing Sources (Uses)			
Transfers in	2,540	3,583	5,392
Transfers out	(2,588)	(3,583)	(5,429)
Residual equity transfers	-	-	-
Long term debt issued	-	-	-
Total other financing sources (uses)	(48)	-	(37)
Net change in fund balances	\$ 1,496	\$ 1,589	\$ 861
Debt service as a percentage of noncapital expenditures	0.000%	0.000%	0.000%

Source: City of Los Alamitos, Finance Department

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
\$ 6,179	\$ 6,629	\$ 8,004	\$ 8,228	\$ 8,725	\$ 8,387	\$ 7,915
591	533	653	475	606	806	604
1,933	3,596	1,752	1,165	949	1,671	1,542
928	901	1,095	843	1,105	1,248	1,256
156	203	351	413	369	198	39
219	167	463	634	751	651	622
463	251	115	231	299	60	189
<u>10,469</u>	<u>12,280</u>	<u>12,433</u>	<u>11,989</u>	<u>12,804</u>	<u>13,021</u>	<u>12,167</u>
1,928	2,094	2,827	2,604	2,739	2,219	2,132
3,909	4,045	4,448	4,511	4,798	4,993	4,923
1,814	582	735	607	694	574	562
1,007	3,845	2,291	2,258	2,118	2,073	1,517
1,854	1,842	6,689	1,398	1,461	1,483	1,717
151	90	207	-	556	2,165	1,260
-	-	111	121	172	210	213
<u>10,663</u>	<u>12,498</u>	<u>17,308</u>	<u>11,499</u>	<u>12,538</u>	<u>13,717</u>	<u>12,324</u>
<u>(194)</u>	<u>(218)</u>	<u>(4,875)</u>	<u>490</u>	<u>266</u>	<u>(696)</u>	<u>(157)</u>
1,665	3,143	3,603	969	731	816	635
(1,685)	(3,165)	(3,603)	(969)	(1,425)	(745)	(546)
-	-	-	-	-	-	-
-	-	3,365	-	-	-	-
<u>(20)</u>	<u>(22)</u>	<u>3,365</u>	<u>-</u>	<u>(694)</u>	<u>71</u>	<u>89</u>
<u>\$ (214)</u>	<u>\$ (240)</u>	<u>\$ (1,510)</u>	<u>\$ 490</u>	<u>\$ (428)</u>	<u>\$ (625)</u>	<u>\$ (68)</u>
0.000%	0.000%	0.649%	1.052%	1.432%	1.818%	1.925%

CITY OF LOS ALAMITOS

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

Category	Fiscal Year		
	2001	2002	2003
Residential	\$ 503,912	\$ 532,754	\$ 568,155
Commercial	172,250	180,841	183,624
Industrial	148,669	152,146	162,914
Institutional	4,180	3,934	4,012
Miscellaneous	12,482	18,772	13,294
Recreational	117	120	122
Vacant land	704	2,869	2,582
SBE Nonunitary	885	651	651
Cross Reference	-	-	-
Unsecured	112,524	117,546	121,315
Exempt	-	-	-
Unknown	103	439	(651)
Totals	\$ 955,826	\$ 1,010,072	\$ 1,056,018
Direct Rate	0.10071%	0.01159%	0.10064%

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.

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
\$ 611,278	\$ 667,365	\$ 758,585	\$ 804,318	\$ 865,371	\$ 898,176	\$ 897,118
202,622	214,721	224,025	240,837	262,971	284,259	289,009
168,831	179,150	183,303	190,378	205,802	243,442	248,721
4,509	4,265	57	59	60	61	62
15,761	17,720	24,817	27,387	28,802	627	1,753
124	127	129	132	-	-	-
2,499	1,840	2,370	1,894	839	859	876
458	463	462	462	459	222	222
-	-	-	-	-	3,106	3,285
116,643	135,966	159,280	151,067	156,734	149,735	148,625
-	-	-	-	-	-	-
3,054	(537)	-	(2)	-	-	-
<u>\$ 1,125,779</u>	<u>\$ 1,221,080</u>	<u>\$ 1,353,028</u>	<u>\$ 1,416,532</u>	<u>\$ 1,521,038</u>	<u>\$ 1,580,487</u>	<u>\$ 1,589,671</u>
0.10067%	0.10066%	0.10066%	0.10065%	0.10064%	0.10072%	0.11661%



CITY OF LOS ALAMITOS

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

Fiscal Year	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value (2)
2001	\$ 843,302	\$ 112,524	\$ -	\$ 955,826
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

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

(2) Total includes Nonunitary Taxable Assessed Values.

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

CITY OF LOS ALAMITOS

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

	Fiscal Year		
	2001	2002	2003
City Direct Rate	0.116	0.116	0.116
Overlapping Rates:			
Los Alamitos City General Fund	0.100	0.100	0.100
Los Alamitos City Lighting Reorganization	0.016	0.016	0.016
Education Revenue Augmentation Fund	0.145	0.145	0.145
Los Alamitos Unified General Fund	0.412	0.412	0.412
North Orange County Community College District	0.059	0.059	0.059
Orange County Department of Education	0.031	0.031	0.031
Orange County Fire Department	0.095	0.095	0.095
Orange County Flood Control District General	0.017	0.017	0.017
Orange County General Fund	0.052	0.052	0.052
Orange County Harbors, Beaches and Parks	0.013	0.013	0.013
Orange County Library District General Fund	0.014	0.014	0.014
Orange County Sanitation District 3 Operating	0.027	0.027	0.027
Orange County Transportation Authority	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006
Orange County Water District Reserve	0.001	0.001	0.001
Rossmoor/Los Alamitos Sewer District	0.009	0.009	0.009
Total Proposition 13 Rate	1.000	1.000	1.000
Metro Water District - MWDOC 1205999	0.009	-	0.006
Metro Water District - MWDOC Original Area	-	0.008	-
North Orange County Community College 2002 Bond 2005 Refunding	-	-	-
North Orange County Community College 2002 Bond Series #2002A	-	-	0.016
North Orange County Community College 2002 Bond Series #2003B	-	-	-
Total Voter Approved Tax Rate	0.009	0.008	0.022
Total Tax Rate	1.009	1.008	1.022

Source: HdL Coren and Cone, Orange County Assessor 2000/2001 - 2009/2010 Tax Rate Table

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.117</u>	<u>0.117</u>	<u>0.117</u>
0.100	0.100	0.100	0.100	0.100	0.100	0.101
0.016	0.016	0.016	0.016	0.016	0.016	0.016
0.145	0.145	0.145	0.145	0.145	0.144	0.144
0.412	0.412	0.412	0.412	0.412	0.412	0.412
0.059	0.059	0.059	0.059	0.059	0.059	0.059
0.031	0.031	0.031	0.031	0.031	0.031	0.031
0.095	0.095	0.095	0.095	0.095	0.095	0.095
0.017	0.017	0.017	0.017	0.017	0.017	0.017
0.052	0.052	0.052	0.052	0.052	0.052	0.052
0.013	0.013	0.013	0.013	0.013	0.013	0.013
0.014	0.014	0.014	0.014	0.014	0.014	0.014
0.027	0.027	0.027	0.027	0.027	0.027	0.027
0.002	0.002	0.002	0.002	0.002	0.002	0.002
0.001	0.001	0.001	0.001	0.001	0.001	0.001
0.006	0.006	0.006	0.006	0.006	0.006	0.006
0.001	0.001	0.001	0.001	0.001	0.001	-
0.009	0.009	0.009	0.009	0.009	0.010	0.010
<u>1.000</u>						
0.006	0.006	0.005	0.005	0.005	0.004	0.004
-	-	-	-	-	-	-
-	-	0.012	0.009	0.009	0.009	0.010
0.014	0.013	0.001	0.002	0.003	0.003	0.003
0.002	0.001	0.004	0.003	0.003	0.003	0.004
<u>0.022</u>	<u>0.020</u>	<u>0.022</u>	<u>0.019</u>	<u>0.020</u>	<u>0.019</u>	<u>0.021</u>
<u>1.022</u>	<u>1.020</u>	<u>1.022</u>	<u>1.019</u>	<u>1.020</u>	<u>1.019</u>	<u>1.021</u>

CITY OF LOS ALAMITOS

**Principal Property Tax Payers
Current Year and Ten Years Ago
(amounts expressed in thousands)**

	2010			2000		
	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Valuation
Los Alamitos Medical Center	\$ 58,616	1	3.687%	\$ -		0.000%
Henrietta C. Lee Trust	52,923	2	3.329%	39,294	1	4.435%
Trend Offset Printing Inc.	46,617	3	2.932%	29,281	3	3.305%
Don Wilson Staples LLC	32,832	4	2.065%	-		0.000%
JCB Inc.	16,454	5	1.035%	13,480	4	1.521%
Davenport KCC Partners LLC	16,449	6	1.035%	-		0.000%
Ganahl Lumber Company	14,967	7	0.942%	-		0.000%
Bayport Los Alamitos Associates LP	12,051	8	0.758%	-		0.000%
Arrowhead Products Corporation	10,960	9	0.689%	6,519	10	0.736%
ESS WCOT Owner LLC	10,310	10	0.649%	-		0.000%
NME Hospitals Inc.	-		0.000%	30,272	2	3.417%
GTE Directories Service Corporation	-		0.000%	12,152	5	1.372%
Susa Partnership	-		0.000%	7,500	6	0.847%
Pacific Gulf Properties	-		0.000%	7,435	7	0.839%
Shahram Afshani	-		0.000%	7,344	8	0.829%
Carramerica Realty Corporation	-		0.000%	7,235	9	0.817%
Top Ten Totals	<u>\$ 272,179</u>		<u>17.122%</u>	<u>\$ 160,512</u>		<u>18.116%</u>
City Totals	<u>\$ 1,589,671</u>			<u>\$ 885,999</u>		

CITY OF LOS ALAMITOS

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Prior Years (1)	Total Collections to Date	
		Amount	% of Levy		Amount	Percent % of Levy
2001	\$ 1,073,537	\$ 1,046,477	97.479%	\$ 25,780	\$ 1,072,257	99.881%
2002	1,129,835	1,099,129	97.282%	19,181	1,118,310	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%

(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.

CITY OF LOS ALAMITOS

**Ratios of Outstanding Debt by Type
Last Seven Fiscal Years
(amounts expressed in thousands, except per capita)**

Fiscal Year	Governmental Activities Certificates of Participation	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2004	\$ -	\$ -	0.000%	\$ -
2005	-	-	0.000%	-
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	265.36

(1) See the Schedule of Demographic and Economic Statistics on page 109 for personal income and population data.

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

CITY OF LOS ALAMITOS

Direct and Overlapping Governmental Activities Debt

As of June 30, 2010

(amounts expressed in thousands)

	Total Debt Debt 6/30/10	% Applicable (1)	City's Share of Debt 6/30/10
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 51,186	0.424%	\$ 217
North Orange County Joint Community College District	216,389	1.703%	3,685
Los Alamitos Unified District School Facilities Improvements Dist #1	27,000	23.018%	6,215
Anaheim Union School District	117,364	0.087%	102
Cypress School District	16,999	0.570%	97
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>10,316</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	462,152	0.417%	1,927
Orange County Pension Obligations	69,713	0.417%	291
Orange County Board of Education Certificates of Participation	19,430	0.417%	81
Municipal Water District of Orange County Water Facilities Corporation	17,685	0.495%	88
Los Alamitos Unified School District Certificates of Participation	20,321	21.685%	4,407
Anaheim Union High School District Certificates of Participation	41,760	0.100%	42
North Orange County Regional Occupational Program Certificates	11,680	2.054%	240
City of Los Alamitos Certificates of Participation	3,235	100.000%	3,235
Orange County Fire Authority	7,040	0.811%	57
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			<u>10,367</u>
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>88</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u>\$ 10,279</u>
GROSS COMBINED TOTAL DEBT (2)			<u>\$ 20,683</u>
NET COMBINED TOTAL DEBT			<u>\$ 20,595</u>

(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 Adjusted Assessed Valuation:

Combined Direct Debt (\$3,295,000)	0.20%
Total Overlapping Tax and Assessment Debt	0.65%
Gross Combined Total Debt	1.30%
Net Combined Total Debt	1.30%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

CITY OF LOS ALAMITOS

**Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation for the Current Year:

Assessed value	\$ 1,589,671,468
Debt limit (15% of assessed value)	238,450,720
Debt applicable to limit	<u>-</u>

Legal debt margin - current year \$ 238,450,720

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2001	\$ 143,573,871	\$ -	\$ 143,573,871	0.00%
2002	151,423,426	-	151,423,426	0.00%
2003	150,893,283	-	150,893,283	0.00%
2004	168,368,518	-	168,368,518	0.00%
2005	183,198,572	-	183,198,572	0.00%
2006	200,048,352	-	200,048,352	0.00%
2007	212,479,850	-	212,479,850	0.00%
2008	228,155,675	-	228,155,675	0.00%
2009	237,073,010	-	237,073,010	0.00%
2010	238,450,720	-	238,450,720	0.00%

CITY OF LOS ALAMITOS

**Demographic and Economic Statistics
Last Ten Years**

Fiscal Year	City Population	Los Angeles - Long Beach - Santa Ana Area			
		Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2001	11,730	12,561,218	\$ 403,518,592	\$ 32,124	5.20%
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	12,191	N/A	N/A	N/A	11.60%

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**

Principal Employers	2009-10			2000-01 *		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Los Alamitos Medical Center, Inc	1,100	1	21.77%			
Arrowhead Products	515	2	10.19%			
Trend Offset Printing Services	478	3	9.46%			
Super Media Sales West, Inc.	350	4	6.93%			
Pharmacy Advantage	158	5	3.13%			
Bloomfield Bakers	150	6	2.97%			
Systems Services of America	150	7	2.97%			
Alamitos West Health Care Center	139	8	2.75%			
Bearing Inspection, Inc.	124	9	2.45%			
MDA Information Systems	106	10	2.10%			
	<u>3,270</u>		<u>64.72%</u>	<u>-</u>		<u>-</u>

* - Information not available

CITY OF LOS ALAMITOS

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government:										
City council	5	5	5	5	5	5	5	5	5	5
Administration	8	8	8	7	8	9	9	11	10	9
Public Safety (Police):										
Administration	4	4	4	4	4	4	4	4	4	4
Patrol	20	21	21	21	21	21	21	20	21	18
Investigation	3	3	3	3	3	3	3	3	3	3
Records	1	1	1	2	2	2	2	2	2	2
Crossing guards	2	2	2	2	2	3	3	4	3	2
Other police department support	5	5	5	4	4	4	4	2	4	2
Community Development:										
Administration	2	2	2	2	2	2	2	2	2	2
Planning	3	3	2	1	1	1	1	1	1	1
Code enforcement	2	2	2	1	1	1	1	1	1	1
Recreation and Community Services:										
Administration	4	4	4	4	4	4	4	4	4	4
Recreation/Cultural	12	13	13	12	13	13	13	17	15	13
Aquatics	2	2	2	5	5	7	7	7	7	6
Public Works:										
Administration/Engineering	1	1	1	1	1	2	3	3	3	2
Maintenance	12	12	11	12	13	13	13	11	11	11
Mechanic	1	1	1	1	1	1	1	1	1	1

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety (Police): *										
Number of:										
Part 1 crimes	352	357	326	390	501	431	447	396	375	326
Parking violations	####	2,849	5,637	2,977	2,998	3,780	3,094	1,882	2,751	2,382
Traffic (moving) violations	####	3,760	3,922	3,010	1,742	2,040	2,554	2,903	1,997	1,848
Incident and crime reports	####	1,801	1,806	1,785	2,103	2,091	2,045	1,713	1,538	1,380
Community Development:										
Number of:										
Business licenses	23	12	41	30	19	86	144	261	1,559	1,511
Plan checks	25	8	34	85	74	59	91	60	76	74
NPDES inspections	N/A	N/A	N/A	N/A	N/A	304	208	129	96	53
Code violations	N/A	N/A	N/A	30	141	489	911	520	432	442
Recreation and Community Services:										
Number of enrollees:										
Aquatics	N/A	N/A	N/A	94,100	97,948	122,145	125,331	123,180	200,000	210,000
Community services/seniors	N/A	N/A	N/A	20,340	20,980	20,450	14,771	11,440	10,150	10,000
Day camp	N/A	N/A	N/A	810	840	1,080	1,062	3,245	2,400	2,400
Park program	N/A	N/A	N/A	6,440	4,369	4,513	4,328	3,521	1,400	1,000
Sports	N/A	N/A	N/A	6,779	7,871	10,058	1,439	5,700	4,000	4,200
Classes	N/A	N/A	N/A	4,204	4,092	4,314	2,630	11,464	6,200	6,500
Special events	N/A	N/A	N/A	40,381	44,668	41,573	24,300	32,900	33,000	35,000
Public Works:										
Square yard of:										
Street resurfacing/repair	N/A	N/A	N/A	N/A	N/A	-	-	100,963	55,455	55,455
Miles of:										
Street sweeping	N/A	N/A	N/A	N/A	N/A	26	40	33	33	33
Number of:										
Street signal maintained	N/A	N/A	N/A	N/A	N/A	20	20	24	24	24
Trees pruned per year	N/A	N/A	N/A	N/A	N/A	327	600	151	350	350
Square feet graffiti removal	N/A	N/A	N/A	N/A	N/A	100	1,300	140	2,000	2,000

N/A - Not Available

* - Statistical information based on calendar year.

CITY OF LOS ALAMITOS

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety (Police):										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	8	8	8	8	7	7	9	9	9	8
Other vehicles	8	8	11	14	14	13	10	10	11	9
Community Development:										
Code enforcement vehicles	1	3	3	3	3	1	1	1	1	1
Recreation and 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	8	9	9	9	9	9
Community service vehicles	2	2	2	2	2	2	2	2	2	2
Public Works:										
Miles of Streets	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	907	910	910	910	910	910	910
Traffic signals	22	22	22	22	23	23	23	24	24	24
Public works vehicles	13	14	14	13	13	14	14	14	15	12

Source: City of Los Alamitos, Finance Department



