

CITY OF  
**Los Alamitos**  
*California*



Comprehensive Annual  
Financial Report  
Fiscal Year  
Ended June 30, 2012





**CITY OF LOS ALAMITOS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**



**CITY OF LOS ALAMITOS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2012**

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# CITY OF LOS ALAMITOS



**Mayor:**  
Warren Kusumoto

**Mayor Pro Tem:**  
Gerri L. Graham-Mejia

**Council Members:**  
Troy D. Edgar  
Dean Grose  
Richard D. Murphy

March 11, 2013,

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, 2012.

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

The City's financial statements have been audited by Moss, Levy and Hartzheim, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2012. 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 (City), which has a population of 11,474 and is 4.3 square miles, is located in the northwest section of Orange County. The City is strategically located in Southern California, 30 miles from downtown Los Angeles and 10 miles from Anaheim. The City is 10 miles northeast of the seaport terminal of Long Beach, and 13 miles northeast of the Port of Los Angeles. Neighboring communities include Long Beach, Seal Beach, Cypress and Garden Grove.

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

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

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

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

## **Economic Outlook**

The City's economic outlook for fiscal year 2012-13 is showing many signs of having turned a positive corner. Although more than two years have passed since the technical end of the worst recession in memory, economic recovery has been slow. The City's relies heavily on taxes, its primary source of revenue, comprising approximately 72% of all General Fund revenues. The majority of the tax revenues are collected from property taxes, sales taxes, and utility users' taxes. The City's sales tax revenues have bottomed out and stabilized in fiscal year 2011-12, and we are expecting revenues to show a slight increase into the next fiscal year. The City's property tax revenues are expected to remain the same as last year. The City's third major tax revenue source, utility users' tax, is expected to maintain the level that it has reached over the past number of years. While the City expects revenue sources to increase slightly during the upcoming fiscal year, we continue to be cautious with the City's financial resources, producing a balanced operating budget and maintaining vital services to the community.

## **Long-Term Financial Planning and Major Initiatives**

As of June 30, 2012, the City's General Fund spendable fund balance totaled \$7,746,086. Of this amount, \$2,800,000 is designated for emergency purposes to provide a source of funds in the event of an unexpected emergency and to fund extraordinary general liability and workers' compensation claims. An additional \$250,000 is assigned to expenditures pertaining to employee retirement benefits, and \$200,000 is set aside for the Los Alamitos Boulevard project.

The City's Seven-Year Capital Improvement Program (CIP) concentrates on street and road-related projects, making up 80% of total capital projects. The City expects to continue work on the next phase of an extensive residential and commercial street improvement project, as well as park improvements at Coyote Creek.

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 the necessary criteria are met.

## **Acknowledgements**

The preparation and publication of this report would not have been possible without the dedication, professionalism, and teamwork of the entire staff of the Administrative Services Department. I would like to express my appreciation to all members of the department who assisted in its preparation. The City Council has continued to extend their support to the Finance Department in the planning

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

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory D. Korduner". The signature is written in a cursive style with a large, prominent initial "G".

Gregory D. Korduner  
Interim City Manager

# CITY OF LOS ALAMITOS

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## DIRECTORY OF OFFICIALS

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### CITY COUNCIL

Warren Kusumoto, Mayor  
Gerri L. Graham-Mejia, Mayor Pro Tem  
Troy D. Edgar, Council Member  
Dean Grose, Council Member  
Richard D. Murphy, Council Member

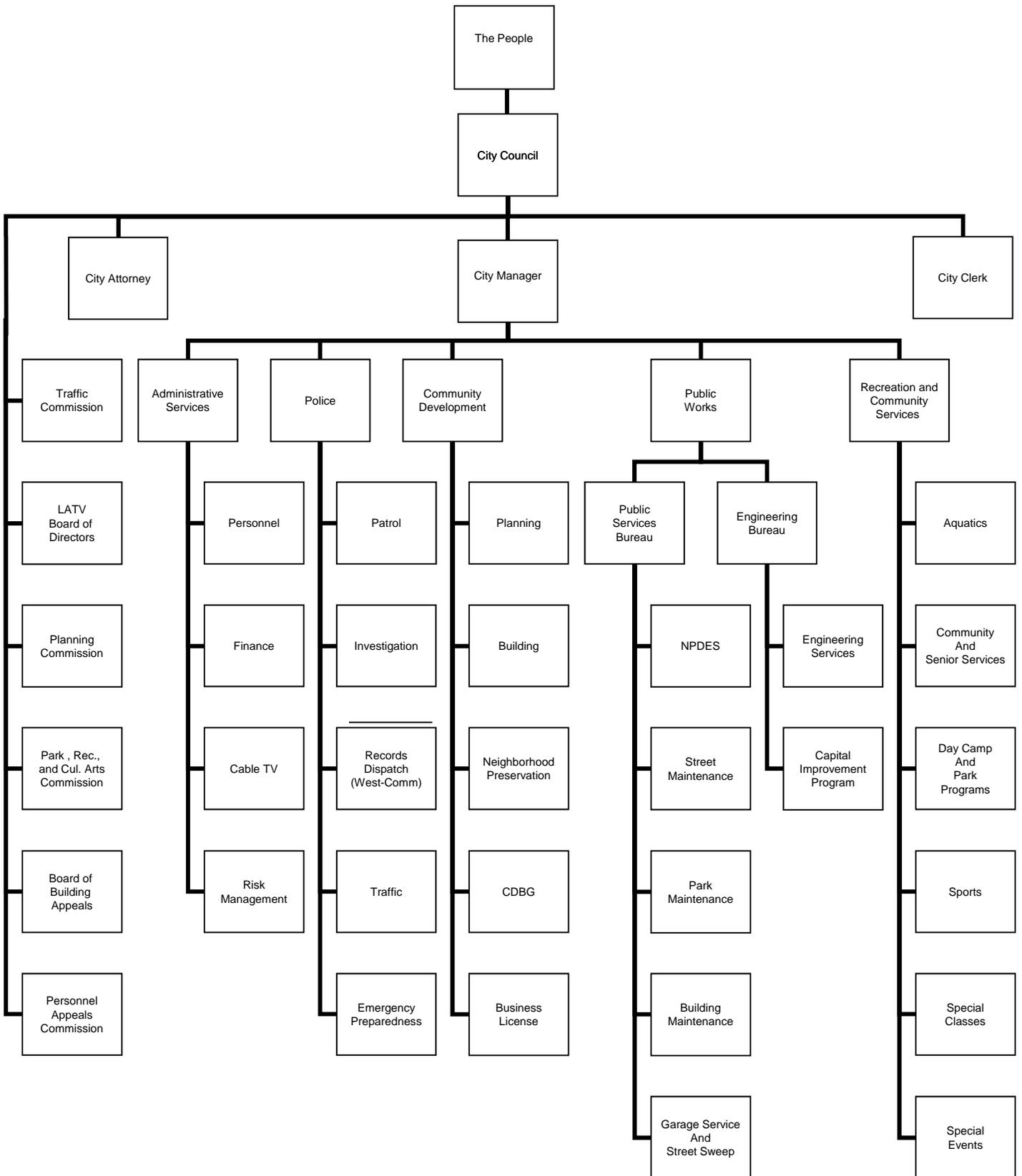
### APPOINTED OFFICIALS

Gregory D. Korduner, Interim City Manager  
Steven Skolnik, Interim City Attorney  
Windmera Quintanar, City Clerk

### EXECUTIVE MANAGEMENT

Todd Mattern, Chief of Police  
Steven Mendoza, Director of Community Development  
David Hunt, Interim City Engineer  
Corey Lakin, Director of Recreation and Community Services  
Joshua Brooks, Finance Director/City Treasurer

# City of Los Alamitos Organizational Chart





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Los Alamitos (City), California, as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Los Alamitos, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governments 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 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, California, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

In accordance with Government Auditing Standards, we have also issued a report March 11, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison schedule on page 55, and the schedule of funding progress for post-employment benefits other than pensions on page 56, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim LLP  
Culver City, California  
March 11, 2013



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Los Alamitos (City) offers readers of the City's financial statements this narrative overview analysis of the City's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow Governmental Accounting Standards Board Statement Number 34 and other Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences internal service fund activity, and depreciation to the various functions of the City; whereas the City's budget is an operational financial plan for the upcoming fiscal year.

### FINANCIAL HIGHLIGHTS

- The City's net assets decreased by \$487,135 as a result of this year's operations and adjustments for prior fiscal year.
- The program and general revenues were \$12,089,313.
- The cost of governmental activities was \$12,552,972.
- The General Fund reported excess revenues over expenditures of \$61,456.
- For the General Fund, actual resources available for appropriation (revenue inflows, debt proceeds, and fund balance) were greater than the final budget by \$54,195 before transfers while actual expenditures (outflows) were \$649,322 less than budget 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 of Los Alamitos' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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.

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, public works, and interest on long-term debt.

**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 nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Traffic Improvement Fund and the Measure M Fund, which are considered to be major funds. Data from the other sixteen 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.

**Proprietary funds.** Proprietary funds are used to account for activities where the City of Los Alamitos needs to show the full costs of providing the services, including depreciation. The City of Los Alamitos 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

Tables 1 and 2 focus 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	
	2012	2011
Current and other assets	\$ 11,981,446	\$ 12,206,371
Capital assets	16,163,504	15,520,525
Total assets	28,144,950	27,726,896
Long-term debt outstanding	4,857,451	4,573,990
Other liabilities	1,631,191	1,009,463
Total liabilities	6,488,642	5,583,453
Net assets:		
Invested in capital assets, net of debt	13,142,699	12,658,621
Restricted	832,549	1,500,346
Unrestricted	7,681,060	7,984,476
Total net assets	\$ 21,656,308	\$ 22,143,443

The City's net assets from governmental activities decreased by \$487,135. Current and other assets and capital assets increased by \$418,054. Long term debt and other liabilities increased by \$905,189. The increase in assets is due to an increase in the capitalized value of various construction projects in progress. The increase in liabilities is due to increases in accounts payable recorded at year end.

**Governmental Activities.** Governmental activities decreased the City of Los Alamitos' net assets by \$463,659. Key elements of the decrease are illustrated in Table 2 below:

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

	Governmental Activities	
	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 2,060,513	\$ 2,063,907
Operating contributions and grants	112,339	532,570
Capital contributions and grants	523,690	889,687
General revenues:		
Taxes:		
Property taxes	3,143,211	2,529,397
Utility users tax	2,082,642	2,132,011
Sales taxes	2,199,674	2,148,050
Franchise taxes	682,521	595,093
Business license and permits	617,890	471,203
Other taxes	435,244	165,348
Motor vehicle in lieu	6,290	62,106
Investment income	14,625	26,906
Gain on sale of property	3,330	140,493
Other	207,344	88,847
Total revenues	<u>12,089,313</u>	<u>11,845,618</u>
Expenditures		
General government	2,375,889	1,659,034
Public safety	5,545,801	4,911,803
Community development	704,944	527,114
Recreation and community services	1,769,909	1,567,689
Public works	2,006,597	1,905,490
Investment on long-term debt	149,832	153,316
Total expenditures	<u>12,552,972</u>	<u>10,724,446</u>
Change in net assets	(463,659)	1,121,172
Net assets, beginning	22,143,443	21,047,199
Restatement of net assets/adjustment	(23,476)	(24,928)
Net assets, ending	<u>\$ 21,656,308</u>	<u>\$ 22,143,443</u>

The City's total revenues were \$12,089,313 while the costs for all programs and services totaled \$12,552,972. The following graphs further illustrate Table 2.

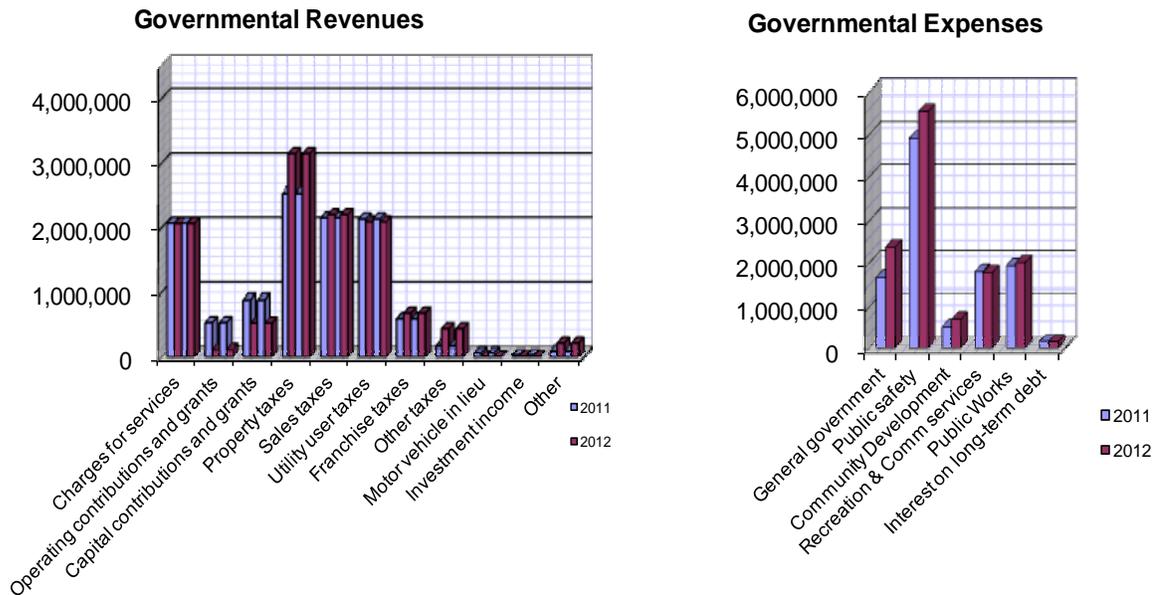


Table 3 below presents the cost of each of the City's six largest programs—general government, public safety, community development, recreation and community services, public works, and interest on long-term debt—as well as each program's *net* cost (total cost less revenues generated by the activities). 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
	2012	2012	2012
General government	\$ 2,375,889	\$ 3,111	\$ 2,372,778
Public safety	5,545,801	623,278	4,922,523
Community development	704,944	388,444	316,500
Recreation and community services	1,769,909	1,266,233	503,676
Public works	2,006,597	415,476	1,591,121
Interest on long-term debt	149,832		149,832
<b>Total expenditures</b>	<b>12,552,972</b>	<b>2,696,542</b>	<b>9,856,430</b>

The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The City of Alamitos 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 of Los Alamitos' governmental funds reported combined ending fund balance of \$9,403,767 an decrease of \$595,249 from the prior fiscal year's balance. Of the ending fund balance, \$7,746,086 is unrestricted fund balance in the General Fund, which is available for spending. The non-major governmental funds have a fund balance of \$881,412, while the Traffic Improvement Fund shows an assigned fund balance of \$495,136 and the Measure M Fund shows a restricted fund balance of \$274,115. The remainder of the fund balance is non-spendable, to offset for loans receivable, and to indicate that it is not available for new spending. Other than restricted portions of fund balance, there are no limitations that affect the availability of fund resources for future use.

The fund balance of the City of Alamitos' General Fund increased \$351,576 during the fiscal year. The increase is primarily attributable to revenues remaining flat overall compared to the prior period while the City of Alamitos' has limited the growth of expenditures.

The Traffic Improvement Fund showed a decrease in fund balance of \$174,043 for the fiscal year. The Measure M Fund showed a decrease in fund balance of \$422,377. Both of these declines are attributable to planned spending of fund balance related to capital projects. Other governmental funds realized a decrease in fund balance of \$350,405, stemming mainly from planned spending of fund balance on capital projects.

### **General Fund Budgetary Highlights**

The actual expenditures for the General Fund at fiscal year-end were \$649,322 less than the final budgeted expenditures. Actual revenues compared favorably to the final budget with a \$54,195 excess before transfers. Budget amendments and supplemental appropriations were made during the fiscal year which decreased revenue projections by \$80,100 and also increased appropriations in the amount of \$495,906.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of FY 2011-12, the City of Alamos had \$16.2 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 \$642,979, or 4 percent, more than the prior fiscal year.

**TABLE 4**  
**City of Los Alamos Capital Assets Net of Depreciation**

	Governmental Activities	
	2012	2011
Land	\$ 5,917,715	\$ 5,917,715
Buildings and Improvements	1,219,443	1,030,129
Equipment	403,172	452,729
Vehicles	172,394	113,857
Furniture	1,642	4,349
Infrastructure	7,510,213	7,700,541
Construction in progress	938,925	301,205
Totals	<u>\$ 16,163,504</u>	<u>\$ 15,520,525</u>

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

**Long-term liabilities.** At the end of fiscal year 2011-12, the City of Alamos had \$4.9 million in long-term liabilities which includes an outstanding bond indebtedness of \$3.1 million and \$1.7 million of claims payable, compensated absences and other post employment benefit obligations, representing a 6 percent increase over prior fiscal year.

	Governmental Activities	
	2012	2011
2006 Certificates of participation	\$ 3,110,000	\$ 3,175,000
Claims payable	968,099	701,843
Compensated absences	511,025	520,833
Other post-employment benefit obligation	268,327	176,314
Total liabilities	<u>\$ 4,857,451</u>	<u>\$ 4,573,990</u>

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City of Los Alamitos' economic outlook for fiscal year 2012-13 is showing signs of turning a positive corner. In spite of the negative impact of one of the worst economic downturns in memory during the past several years, which resulted in significantly lower revenue streams, the outlook for the City of Alamitos remains relatively positive. The City's operating budget is balanced with slight revenue increases projected in the City's major revenue categories. During the budget development process this year, a comprehensive review of all revenues and expenditures was performed in an effort to continue providing program efficiencies, while maintaining the delivery of essential services to the community.

With the sluggish housing market we were very conservative with the projections for property tax revenues for fiscal year 2012-13, projecting revenues to be flat. 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 of Los Alamitos' third major tax revenue source, utility users' tax, is projected to maintain current levels, with a less than 1% percent increase in fiscal year 2012-13. These three revenue sources make up 72% 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 of Alamitos' will remain in good financial condition throughout the fiscal year and beyond.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**GOVERNMENT – WIDE FINANCIAL STATEMENTS**



**CITY OF LOS ALAMITOS**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Pooled cash and investments	\$ 10,299,904
Receivables:	
Accounts	731,780
Employee computer loans	7,018
Accrued interest	8,840
Due from other governments	624,524
Unamortized debt issuance costs	89,195
Restricted assets:	
Cash and investments with fiscal agent	220,185
Capital assets:	
Non-depreciable assets	6,856,640
Depreciable assets, net	9,306,864
<b>Total Assets</b>	<b>28,144,950</b>
<b>LIABILITIES</b>	
Accounts payable	1,272,151
Accrued liabilities	242,357
Interest payable	47,856
Deposits payable	42,449
Unearned revenue	26,378
Long-term liabilities:	
Due within one year	457,997
Due in more than one year	4,399,454
<b>Total Liabilities</b>	<b>6,488,642</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	13,142,699
Restricted for:	
PEG	137,389
Street and urban development projects	283,924
Public safety	157,481
Debt service	172,329
Air quality improvement	81,426
Unrestricted	7,681,060
<b>Total Net Assets</b>	<b>\$ 21,656,308</b>

**CITY OF LOS ALAMITOS**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenues and Changes in Net Assets
					Primary Governmental Activities
<b>Governmental Activities:</b>					
General government	\$ 2,375,889	\$ 3,111	\$ -	\$ -	\$ (2,372,778)
Public safety	\$ 5,545,801	510,939	112,339		(4,922,523)
Community development	\$ 704,944			388,444	(316,500)
Recreation and community services	\$ 1,769,909	1,266,233			(503,676)
Public works	\$ 2,006,597	280,230		135,246	(1,591,121)
Interest on long-term debt	\$ 149,832				(149,832)
<b>Total Governmental Activities</b>	<b>\$ 12,552,971</b>	<b>\$ 2,060,513</b>	<b>\$ 112,339</b>	<b>\$ 523,690</b>	<b>(9,856,429)</b>

**General Revenues:**

**Taxes:**

Property taxes, levied for general purpose	3,143,211
Utility users tax	2,082,642
Transient occupancy taxes	87,798
Sales taxes	2,199,674
Franchise taxes	682,521
Business licenses and permits	617,890
Other taxes	347,446
Motor vehicle in lieu, unrestricted	6,290
Investment earnings	14,625
Gain on sale of property	3,330
Other	207,344

Total general revenues 9,392,771

Change in net assets (463,658)

Net assets - beginning of fiscal year 22,143,443

Prior period adjustments (23,476)

Net assets, beginning of fiscal year, restated 22,119,967

Net assets - end of fiscal year \$ 21,656,309

See notes to basic financial statements

**CITY OF LOS ALAMITOS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<u>General Fund</u>	<u>Traffic Improvement Fund</u>	<u>Measure M Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Pooled cash and investments	\$ 7,338,171	\$ 787,750	\$ 710,149	\$ 853,461	\$ 9,689,531
Receivables:					
Accounts	640,174			91,606	731,780
Employee computer loans	7,018				7,018
Accrued interest	8,840				8,840
Due from other governments	472,876		30,626	121,022	624,524
Due from other funds	150,597				150,597
Restricted assets:					
Cash and investments with fiscal agent				220,185	220,185
<b>Total Assets</b>	<u>\$ 8,617,676</u>	<u>\$ 787,750</u>	<u>\$ 740,775</u>	<u>\$ 1,286,274</u>	<u>\$ 11,432,475</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 547,115	\$ 143,659	\$ 417,944	\$ 108,077	\$ 1,216,795
Accrued liabilities	188,442		48,716		237,158
Due to other funds				150,597	150,597
Deferred revenue	86,566	148,955		146,188	381,709
Deposits payable	42,449				42,449
<b>Total Liabilities</b>	<u>864,572</u>	<u>292,614</u>	<u>466,660</u>	<u>404,862</u>	<u>2,028,708</u>
<b>Fund Balances</b>					
Reserved for encumbrances					
Nonspendable	7,018				7,018
Restricted			274,115	798,979	1,073,094
Assigned	3,250,000	495,136		228,621	3,973,757
Unassigned	4,496,086			(146,188)	4,349,898
<b>Total Fund Balances</b>	<u>7,753,104</u>	<u>495,136</u>	<u>274,115</u>	<u>881,412</u>	<u>9,403,767</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,617,676</u>	<u>\$ 787,750</u>	<u>\$ 740,775</u>	<u>\$ 1,286,274</u>	<u>\$ 11,432,475</u>

**CITY OF LOS ALAMITOS**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2012**

Fund Balances - Total Governmental Funds	\$ 9,403,767
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets net of depreciation have not been included as financial resources governmental fund activity.	16,163,504
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, 2012 are:	
Certificates of Participation	\$ (3,110,000)
Deferred charges for issuance costs	89,195
Claims and judgments	(968,099)
Compensated absences	(511,025)
Net OPEB obligation	(268,327)
	(4,768,256)
Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds.	(47,856)
Long-term assets that are not available for current use are recorded as deferred revenue under the modified accrual basis of accounting.	355,331
Internal service funds are used by management to charge costs of certain activities, such as equipment management to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets (net of capital assets and compensated absences reported above).	549,818
	549,818
Net Assets of Governmental Activities	\$ 21,656,308

See notes to basic financial statements

**CITY OF LOS ALAMITOS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>General Fund</b>	<b>Traffic Improvement Fund</b>	<b>Measure M Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 7,613,069	\$ -		\$ 474,104	\$ 8,087,173
Licenses and permits	1,246,716				1,246,716
Intergovernmental	25,808		170,349	278,836	474,993
Charges for services	1,319,167			751	1,319,918
Investment earnings	9,991	1,497	1,375	1,761	14,624
Fines and forfeitures	438,839			11,742	450,581
Miscellaneous	189,225			7,700	196,925
<b>Total Revenues</b>	<b>10,842,815</b>	<b>1,497</b>	<b>171,724</b>	<b>774,894</b>	<b>11,790,930</b>
<b>Expenditures</b>					
Current:					
General government	2,076,986			29,011	2,105,997
Public safety	4,908,321			4,368	4,912,689
Community development	623,121				623,121
Recreation and community services	1,569,593				1,569,593
Public works	1,603,338	175,540			1,778,878
Capital outlay			594,101	589,053	1,183,154
Debt service:					
Principal				65,000	65,000
Interest and fiscal charges				147,747	147,747
<b>Total Expenditures</b>	<b>10,781,359</b>	<b>175,540</b>	<b>594,101</b>	<b>835,179</b>	<b>12,386,179</b>
Excess of Revenues Over (Under) Expenditures	61,456	(174,043)	(422,377)	(60,285)	(595,249)
<b>Other Financing Sources (Uses)</b>					
Transfers in	502,787			212,667	715,454
Transfers out	(212,667)			(502,787)	(715,454)
<b>Total Other Financing Sources (Uses)</b>	<b>290,120</b>			<b>(290,120)</b>	
<b>Net Changes in Fund Balances</b>	<b>351,576</b>	<b>(174,043)</b>	<b>(422,377)</b>	<b>(350,405)</b>	<b>(595,249)</b>
Fund Balances, July 1, 2011	7,414,769	669,179	696,492	1,218,576	9,999,016
Prior Period Adjustment	(13,241)			13,241	
Fund Balances, July 1, 2011, restated	7,401,528	669,179	696,492	1,231,817	9,999,016
Fund Balances, June 30, 2012	<u>\$ 7,753,104</u>	<u>\$ 495,136</u>	<u>\$ 274,115</u>	<u>\$ 881,412</u>	<u>\$ 9,403,767</u>

See notes to basic financial statements

**CITY OF LOS ALAMITOS**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

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Net change in fund balances - total governmental funds \$ (595,249)

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

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

Capital expenditures	\$ 1,096,474	
Depreciation expense	(402,684)	
Deletions	<u>(50,811)</u>	
		642,979

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

Principal payments		65,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Interest expense	1,631	
Amortization of issuance costs	(3,716)	
OPEB contribution	<u>(92,013)</u>	
		(94,098)

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

(266,256)

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

9,808

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

Intergovernmental income	(143,870)	
Sales tax	<u>60,187</u>	
		(83,683)

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

(142,160)

Change in net assets of governmental activities \$ (463,659)

See notes to basic financial statements

**CITY OF LOS ALAMITOS**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
Current Assets:	
Cash and investments	\$ 610,373
Total Current Assets	<u>610,373</u>
Noncurrent Assets:	
Capital assets, net	<u>282,223</u>
Total Noncurrent Assets	<u>282,223</u>
Total Assets	<u>892,596</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	55,356
Accrued liabilities	5,199
Compensated absences	<u>2,957</u>
Total Current Liabilities	<u>63,512</u>
Long-Term Liabilities:	
Compensated absences	<u>12,965</u>
Total Long - Term Liabilities	<u>12,965</u>
Total Liabilities	<u>76,477</u>
<b>Net Assets</b>	
Invested in capital assets	282,223
Unrestricted	<u>533,896</u>
Total Net Assets	<u>\$ 816,119</u>

**CITY OF LOS ALAMITOS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Governmental Activities - Internal Service Funds</b>
Operating Revenues:	
Charges for services	\$ 375,497
Miscellaneous	3,239
Total Operating Revenues	<u>378,736</u>
Operating Expenses:	
Personnel services	80,597
Supplies and materials	184,570
Outside services	138,708
Depreciation	115,824
Total Operating Expenses	<u>519,699</u>
Operating Loss	<u>(140,963)</u>
Non-Operating Revenues:	
Miscellaneous income	<u>3,330</u>
Total Non-Operating Revenues	<u>3,330</u>
Change in Net Assets	(137,633)
Net Assets, July 1, 2011	<u>953,752</u>
Net Assets, June 30, 2012	<u><u>\$ 816,119</u></u>

**CITY OF LOS ALAMITOS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Governmental Activities - Internal Service Funds</b>
Cash Flows from Operating Activities:	
Cash received from user departments	\$ 378,736
Cash paid to suppliers for goods and services	(301,384)
Cash paid to employees for services	(78,550)
Miscellaneous receipts	3,330
	<u>2,132</u>
Net Cash Provided (Used) by Operating Activities	<u>2,132</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(144,085)</u>
Net Cash Provided by (Used) Capital and Related Financing Activities	<u>(144,085)</u>
Net Decrease in Cash and Cash Equivalents	(141,953)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>752,326</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u><u>\$ 610,373</u></u>
Reconciliation of Operating Loss to	
Net Cash Used by Operating Activities:	
Operating loss	\$ (140,963)
Depreciation	115,824
Miscellaneous nonoperating income (expense)	3,330
Change in assets and liabilities:	
Increase (decrease) in accounts payable	21,894
Increase (decrease) in accrued liabilities	1,792
Increase (decrease) in compensated absences	255
	<u>2,132</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,132</u></u>



**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

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

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

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

Blended Component Units

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

B. Basis of Accounting and Measurement Focus

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

**Government-Wide Financial Statements**

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

**Government-Wide Financial Statements (Continued)**

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

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

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

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

**Governmental Fund Financial Statements**

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

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

**Governmental Fund Financial Statements (Continued)**

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

**Proprietary Fund Financial Statements**

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

**Proprietary Fund Financial Statements (Continued)**

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

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

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

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

C. Assets, Liabilities, and Net Assets or Equity

**Deposits and Investments**

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

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

**Receivables and Payables**

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Property Taxes**

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

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

**Functional Classifications**

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

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

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

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

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

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

Capital Outlay includes purchases of property, plant and equipment which do not add to the value of the asset or materially extend assets lives are therefore

Debt Service Fund— This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt.

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 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 and an estimated useful life in excess of two years, except for infrastructure assets which have a capitalization threshold of \$20,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on the government-wide and proprietary fund financial statements. No interest was capitalized during the fiscal year ended June 30, 2012.

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

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

**Claims and Judgments**

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

**Cash and Cash Equivalents**

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

**Fund Equity**

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Fund Equity (Continued)**

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

*Fund Balance Policy*

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

D. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions*

For the fiscal year ended June 30, 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 64, “*Derivative Instruments: Application of Hedge Accounting Termination Provisions.*” This Statement is effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of the GASB Statement No. 64, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2012.

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

1. The annual budget is adopted by the City Council and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers substantially all City expenditures. Actual expenditures may not exceed budgeted appropriations at the department level. The City’s fund structure includes the following departments: City Council, City Manager/City Clerk, Administrative Services, City Attorney, Public Safety, Community Development, Recreation and Community Services, and Public Works. The City Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the fiscal year.
3. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund types during the fiscal year. Unexpended appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are recorded as a reserve of fund balance and then reappropriated the following fiscal year.
4. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt a budget for this type of fund.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2012, based on calculations by City management, proceeds of taxes did not exceed appropriations.

B. Deficit Fund Balances in Individual Funds

The CDBG Fund and Rivers and Mountains Conservancy Capital Projects Fund have deficit fund balances of \$65,858 and \$80,330, respectively as a result of projects being completed and the related revenue received during the fiscal year ending June 30, 2013.

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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

Fund	Expenditures	Appropriations	Excess
Major Fund:			
General Fund:			
City council	\$ 82,307	\$ 66,915	\$ 15,392
City attorney	191,332	155,000	36,332
Recreation and community services	1,569,593	1,558,829	10,764
Public works	1,603,338	1,599,077	4,261
Other Governmental Funds:			
Residential Streets / Alleys			
Capital outlay	58,167	50,000	8,167
Debt Service:			
Interest and fiscal charges	147,747	147,667	80

Note 3 CASH AND INVESTMENTS

**Cash and Investments**

The following is a summary of cash and investments at June 30, 2012:

	Governmental Activities
Pooled cash and investments	\$ 10,308,777
Restricted cash and investments with fiscal agent	220,185
Total cash and investments	<u>\$ 10,528,962</u>

Cash and investments at June 30, 2012 consisted of the following:

Cash on hand	\$ 3,000
Demand deposits	446,309
Investments	10,079,653
Total cash and investments	<u>\$ 10,528,962</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.

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 3 CASH AND INVESTMENTS (CONTINUED)

**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.

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

\* Excluding amounts held by bond trustees that are not subject to California Government Code restrictive

**Investments Authorized by Debt Agreements**

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 3 CASH AND INVESTMENTS (CONTINUED)

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Remaining Maturity (in Months) <u>12 Months or Less</u>
Local Agency Investment Fund (LAIF)	\$ 9,859,468
Investment held by Bond Trustee:	
Money Market Mutual Funds	220,185
	<u>\$ 10,079,653</u>

**Disclosures Relating to Credit Risk**

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

Investment Type	Total as of June 30, 2012	Minimum Legal Rating	Unrated	AAA
LAIF	\$ 9,859,468	N/A	\$ 9,859,468	\$ -
Investments Held by Bond Trustee:				
Money Market Mututal Funds	220,185	N/A		220,185
Totals	<u>\$ 10,079,653</u>		<u>\$ 9,859,468</u>	<u>\$ 220,185</u>

N/A - Not Applicable

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 3 CASH AND INVESTMENTS (CONTINUED)

**Concentration of Credit Risk**

As of June 30, 2012, the City has not invested more than 5% of its total investments in any one issuer. Investments in external investment pools are excluded from this requirement.

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's investment policy does not contain any additional provisions that would limit the exposure to custodial credit risk for deposits. However the policy does stipulate that mortgage collateral cannot be used to secure deposits, and that the use of a third party bank trust department is to act as the City's safekeeping agent for investments. At June 30, 2012, 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.

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 4 INTERFUND TRANSACTIONS

**Receivables/Payables**

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

Fund	Receivable (Due from)	Payable (Due To)
Major Fund:		
General	\$ 150,597	\$ -
Other Governmental Funds:		
CDBG		59,610
Public Safety Sales Taxes		10,657
Rivers & Mountain Conservancy Capital Projects		80,330
Total	<u>\$ 150,597</u>	<u>\$ 150,597</u>

**Transfers**

Transfers to and from funds for the fiscal year ended June 30, 2012 are as follows:

Transfers To	Transfers From	Amount
General Fund	Other Governmental Funds	\$ 502,787
Other Governmental Funds	General Fund	212,667
		<u>\$ 715,454</u>

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

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 5 CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2012 is as follows:

<b>Governmental Activities:</b>	<u>Balance June 30, 2011</u>	<u>Prior Year Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets not being depreciated:					
Land	\$ 5,917,715	\$ -	\$ -	\$ -	\$ 5,917,715
Construction in progress	301,205		649,022	(11,302)	938,925
Total	<u>6,218,920</u>		<u>649,022</u>	<u>(11,302)</u>	<u>6,856,640</u>
Depreciable capital assets:					
Equipment	1,954,418		66,769	(76,430)	1,944,757
Vehicles	951,913		133,316		1,085,229
Furniture	46,980				46,980
Buildings	1,932,883				1,932,883
Improvements	118,901		247,367		366,268
Infrastructure	8,325,788				8,325,788
Total	<u>13,330,883</u>		<u>447,452</u>	<u>(76,430)</u>	<u>13,701,905</u>
Less: accumulated depreciation for:					
Equipment	(1,501,689)		(100,293)	60,397	(1,541,585)
Vehicles	(838,056)		(74,779)		(912,835)
Furniture	(42,631)		(2,707)		(45,338)
Buildings	(977,763)		(39,484)		(1,017,247)
Improvements	(43,892)		(18,569)		(62,461)
Infrastructure	(625,247)	(23,476)	(166,852)		(815,575)
	<u>(4,029,278)</u>	<u>(23,476)</u>	<u>(402,684)</u>	<u>60,397</u>	<u>(4,395,041)</u>
Total capital assets, being depreciated, net	<u>9,301,605</u>	<u>(23,476)</u>	<u>44,768</u>	<u>(16,033)</u>	<u>9,306,864</u>
Governmental activities capital assets, net	<u>\$ 15,520,525</u>	<u>\$ (23,476)</u>	<u>\$ 693,790</u>	<u>\$ (27,335)</u>	<u>\$ 16,163,504</u>

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

	<u>General</u>	<u>Internal Service</u>	<u>Total</u>
General Government	\$ 45,760	\$ 20,269	\$ 66,029
Public Safety	48,439	39,728	88,167
Recreation and Community Services	40,697	12,277	52,974
Public Works	151,964	43,550	195,514
	<u>\$ 286,860</u>	<u>\$ 115,824</u>	<u>\$ 402,684</u>

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 6 LONG-TERM LIABILITIES

The following is a summary of changes in Governmental Activities long-term debt for the fiscal year ended June 30, 2012:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>	<u>One year</u>
2006 Certificates of participation	\$ 3,175,000	\$ -	\$ (65,000)	\$ 3,110,000	\$ 70,000
Claims payable	701,843	345,779	(79,523)	968,099	110,000
Compensated absences	520,833	263,198	(273,006)	511,025	277,997
Other post-employment benefit obligation	<u>176,314</u>	<u>217,798</u>	<u>(125,785)</u>	<u>268,327</u>	
Total	<u>\$ 4,573,990</u>	<u>\$ 826,775</u>	<u>\$ (543,314)</u>	<u>\$ 4,857,451</u>	<u>\$ 457,997</u>

A. 2006 Certificates of Participation

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

The outstanding balance as of June 30, 2012 is \$3,110,000.

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

<u>Fiscal year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 70,000	\$ 144,014	\$ 214,014
2014	70,000	140,951	210,951
2015	75,000	137,779	212,779
2016	75,000	134,498	209,498
2017	80,000	131,108	211,108
2018-2022	460,000	597,765	1,057,765
2023-2027	585,000	479,808	1,064,808
2028-2032	745,000	323,152	1,068,152
2033-2037	950,000	120,040	1,070,040
Totals	<u>\$ 3,110,000</u>	<u>\$ 2,209,115</u>	<u>\$ 5,319,115</u>

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 6 LONG-TERM LIABILITIES (CONTINUED)

B. Claims Payable

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2012, were as follows:

General liability claims	\$ 765,551
Workers' compensation claims	<u>202,548</u>
	<u>\$ 968,099</u>

C. Compensated Absences

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

Note 7 DEFINED CONTRIBUTION PLAN

The City provides pension benefits for all of its part time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the City's 457 plan. Federal legislation requires contributions of at least 7.5% of the employees' salary. For each of the fiscal years ended June 30, 2012, 2011 and 2010, the City and employees contributed \$24,526 to the plan. City Council has the authority to establish and amend the provisions of this plan.

Note 8 RETIREMENT PLANS

**Plan Description**

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

**Funding Policy**

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 8 RETIREMENT PLANS (CONTINUED)

**Funding Policy (Continued)**

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-12 was 7.485% for local miscellaneous members and 20.195% for local safety members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS. The City's contributions to CalPERS for the past three years, which were equal to the required contribution each year, were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Local Miscellaneous</u>	<u>Local Safety</u>
2012	\$ 209,656	\$ 529,707
2011	147,683	422,105
2010	149,445	424,636

Note 9 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

**Plan Description**

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

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

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

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

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

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City Council, and/or the employee associations. The City is currently funding this OPEB obligation based on a pay-as-you-go basis. During the fiscal year ended June 30, 2012, the City paid \$125,785 in health care costs for its retirees and their covered dependents.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

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

Annual required contribution	\$ 216,797
Interest on net OPEB obligation	8,490
Adjustment to annual required contribution	<u>(7,489)</u>
Annual OPEB cost (expense)	217,798
Actual contributions made	<u>(125,785)</u>
Change in net OPEB obligation	92,013
 Net OPEB Obligation - beginning of fiscal year	 <u>176,314</u>
 Net OPEB Obligation - end of fiscal year	 <u>\$ 268,327</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 were as follows:

<u>End</u>	<u>Cost</u>	<u>Contribution</u>	<u>Contributed</u>	<u>(UAAL)</u>	<u>Obligation</u>
6/30/11	\$ 223,775	\$ 130,529	58.33%	\$ 2,695,891	\$ 176,314
6/30/12	217,798	125,785	57.75%	2,695,891	268,327

**Funded Status and Funding Progress**

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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

**Funded Status and Funding Progress (Continued)**

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.

Note 10 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.

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 10 JOINT VENTURES (CONTINUED)

**Orange County Fire Authority (Continued)**

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

**Joint Forces Training Base Swimming Facilities**

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

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

As of June 30, 2012, \$839,389 of improvements to the JFTB swimming facilities had been made. These improvements are not included as capital assets because of the cancellable nature of the sublicense and operating agreements and because the City does not retain title to these improvements.

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

**West Communications Financing Authority**

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

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 2011-2012, the City of Los Alamitos paid \$496,846 to the Authority.

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 10 JOINT VENTURES (CONTINUED)

**Integrated Law and Justice Agency for Orange County**

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

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

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

Note 11 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 123 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 an annual contribution (formerly called the 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 conducted annually thereafter, for each open claims year, until all claims incurred during the fiscal year are closed on a pool – wide basis. This subsequent cost reallocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 11 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION  
(CONTINUED)

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

General Liability Insurance (Continued)

In the liability program, claims are pooled separately between police and non-police. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer.

(3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for each subsidence losses are paid by reinsurance and exceeds insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers' Compensation

The City also participates in the workers compensation pool administered by the Insurance Authority. Claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 11 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION  
(CONTINUED)

**Purchased Insurance**

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City's property currently has all-risk property insurance protection in the amount of \$11,831,906. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

**Adequacy of Protection**

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

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

All self-insurance activity is reported in the City's General Fund. At June 30, 2012, \$968,099 has been accrued for general liability and workers' compensation claims. This amount represents estimates of amounts to be paid for reported and incurred, but not reported, claims based upon past experience, modified for current trends and information.

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 11 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION  
(CONTINUED)

**Self-Insurance**

The ultimate amount of losses incurred through June 30, 2012, is dependent on future developments based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the insurance programs. City management believes the accrual is adequate to cover such losses.

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability as of June 30, 2009	\$ 869,547	\$ 217,614	\$ 1,087,161
Claims and changes in estimates during the fiscal year ended June 30, 2010	209,626	(73,270)	136,356
Claims payments during the fiscal year ended June 30, 2010	<u>(102,042)</u>	<u>(575)</u>	<u>(102,617)</u>
Liability as of June 30, 2010	977,131	143,769	1,120,900
Claims and changes in estimates during the fiscal year ended June 30, 2011	(830,467)	462,307	(368,160)
Claims payments during the fiscal year ended June 30, 2011	<u>(50,897)</u>	<u></u>	<u>(50,897)</u>
Liability as of June 30, 2011	95,767	606,076	701,843
Claims and changes in estimates during the fiscal year ended June 30, 2012	138,892	206,887	345,779
Claims payments during the fiscal year ended June 30, 2012	<u>(32,111)</u>	<u>(47,412)</u>	<u>(79,523)</u>
Liability balance as of June 30, 2012	<u>\$ 202,548</u>	<u>\$ 765,551</u>	<u>\$ 968,099</u>

Note 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 11, 2013, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

Note 13 CONTINGENT LIABILITIES

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

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 14 FUND EQUITY

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

A. Net Assets

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

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

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

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

Restricted net assets are net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or (2) imposed by law through constitutional provisions or enabling legislation. There were no net assets at June 30, 2012 that were restricted by enabling legislation.

B. Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes. The City does not have any committed fund balances at June 30, 2012.

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

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

Note 14 FUND EQUITY (CONTINUED)

B. Fund Balance (Continued)

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2012 is as follows:

	General Fund	Traffic Improvement Fund	Measure M Fund	Other Governmental Funds	Total
Nonspendable:					
Employee Loans	\$ 7,018	\$ -	\$ -	\$ -	\$ 7,018
Total	<u>7,018</u>				<u>7,018</u>
Restricted:					
PEG Fees				137,389	137,389
Measure M / Streets			274,115		274,115
Gas Tax / Streets				283,924	283,924
Asset Seizure / Safety				71,519	71,519
Prop 172 / Safety				4,536	4,536
Air Quality				81,426	81,426
Debt Service				220,185	220,185
Total			<u>274,115</u>	<u>798,979</u>	<u>1,073,094</u>
Assigned for :					
Debt Service				39,903	39,903
Park Development				5,464	5,464
Emergencies	2,300,000				2,300,000
Workers' Comp/Liability	500,000				500,000
OPEB	250,000				250,000
Building Improvement Project	200,000			136,355	336,355
Residential Streets / Alleys				46,899	46,899
Traffic Improvement		495,136			495,136
Total	<u>3,250,000</u>	<u>495,136</u>		<u>228,621</u>	<u>3,973,757</u>
Unassigned	4,496,086			(146,188)	4,349,898
Total Fund Balances	<u>\$ 7,753,104</u>	<u>\$ 495,136</u>	<u>\$ 274,115</u>	<u>\$ 881,412</u>	<u>\$ 9,403,767</u>

**City of Los Alamitos**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

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Note 15 PRIOR PERIOD ADJUSTMENTS

An adjustment was made in the amount of \$23,476 in the Statement of Net Assets as a result of an understatement of infrastructure accumulated depreciation in the prior fiscal year.

An adjustment was made in the amount of \$13,241 in the Statement of Activities and in the EECBG Fund for expenditures charged to the EECBG Fund in the prior fiscal year, but which were not eligible for EECBG funding.

Note 16 OPERATING LEASES

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

The City is obligated to make monthly lease payments of \$560 for office equipment (Ricoh) for a period of five years until December 2013. The City also agreed to pay \$489 for maintenance of the equipment on a quarterly basis.

The City is obligated to make monthly lease payments of \$245 for office equipment (Konica Minolta) for a period of five years until June 2017. The following is a schedule by years of future minimum rental payments required under the operating lease as of June 30, 2012.

The following is a schedule by year of future minimum rental payments required under these operating leases as of June 30, 2012:

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Amount</u>
2013	\$ 19,004
2014	13,783
2015	10,326
2016	2,940
2017	2,940
	<u>\$ 48,993</u>



**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF LOS ALAMITOS**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
Revenues:				
Taxes	\$ 7,619,500	\$ 7,587,000	\$ 7,613,069	\$ 26,069
Licenses and permits	1,249,720	1,247,520	1,246,716	(804)
Intergovernmental	57,600	18,700	25,808	7,108
Charges for services	1,266,400	1,281,400	1,319,167	37,767
Investment earnings	30,000	15,000	9,991	(5,009)
Fines and forfeitures	570,500	464,000	438,839	(25,161)
Miscellaneous	75,000	175,000	189,225	14,225
Total Revenues	<u>10,868,720</u>	<u>10,788,620</u>	<u>10,842,815</u>	<u>54,195</u>
Expenditures:				
General government				
City council	66,915	66,915	82,307	(15,392)
City manager/City clerk	547,762	586,795	511,988	74,807
Administrative services	515,566	515,566	465,979	49,587
City attorney	155,000	155,000	191,332	(36,332)
Non-departmental	727,000	827,000	825,380	1,620
Total General Government	<u>2,012,243</u>	<u>2,151,276</u>	<u>2,076,986</u>	<u>74,290</u>
Public safety	<u>5,136,058</u>	<u>5,138,088</u>	<u>4,908,321</u>	<u>229,767</u>
Community development	<u>645,535</u>	<u>983,411</u>	<u>623,121</u>	<u>360,290</u>
Recreation and community services	<u>1,574,862</u>	<u>1,558,829</u>	<u>1,569,593</u>	<u>(10,764)</u>
Public works	<u>1,566,077</u>	<u>1,599,077</u>	<u>1,603,338</u>	<u>(4,261)</u>
Total Expenditures	<u>10,934,775</u>	<u>11,430,681</u>	<u>10,781,359</u>	<u>649,322</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(66,055)</u>	<u>(642,061)</u>	<u>61,456</u>	<u>703,517</u>
Other Financing Sources (Uses)				
Transfers in	381,273	500,503	502,787	2,284
Transfers out	<u>(212,667)</u>	<u>(212,667)</u>	<u>(212,667)</u>	
Total Other Financing Sources (Uses)	<u>168,606</u>	<u>287,836</u>	<u>290,120</u>	<u>2,284</u>
Net Change in Fund Balances	<u>102,551</u>	<u>(354,225)</u>	<u>351,576</u>	<u>705,801</u>
Fund Balance, July 1, 2011	7,414,769	7,414,769	7,414,769	
Prior Period Adjustment			<u>(13,241)</u>	
Fund Balances, July 1, 2011, restated			<u>7,401,528</u>	
Fund Balance, June 30, 2012	<u>\$ 7,517,320</u>	<u>\$ 7,060,544</u>	<u>\$ 7,753,104</u>	<u>\$ 705,801</u>

**CITY OF LOS ALAMITOS**

**Schedule of Funding Progress**

**For the Fiscal Year Ended June 30, 2012**

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Entry Age Normal Accrual Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b)-(a)</u>	<u>Funded Ratio AVA (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded (Overfunded) % of Covered Payroll ((a-b)/c)</u>
8/1/2009	\$ -	2,695,891	2,695,891	0%	\$ 405,520	664.80%

**OTHER SUPPLEMENTARY INFORMATION**



**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Traffic Improvement Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Traffic mitigation fees	\$ 50,000	\$ -	\$ (50,000)
Investment earnings	2,400	1,497	(903)
Intergovernmental	113,120		(113,120)
Total Revenues	<u>165,520</u>	<u>1,497</u>	<u>(164,023)</u>
Expenditures			
Capital outlay	<u>478,620</u>	<u>175,540</u>	<u>303,080</u>
Total Expenditures	<u>478,620</u>	<u>175,540</u>	<u>303,080</u>
Excess (Deficit) of Revenues over Expenditures	(313,100)	(174,043)	139,057
Fund Balance, July 1, 2011	<u>669,179</u>	<u>669,179</u>	
Fund Balance, June 30, 2012	<u>\$ 356,079</u>	<u>\$ 495,136</u>	<u>\$ 139,057</u>



**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Measure M Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Intergovernmental	\$ 170,000	170,349	349
Investment earnings	1,200	1,375	175
Total Revenues	<u>171,200</u>	<u>171,724</u>	<u>524</u>
Expenditures			
Capital Outlay	<u>688,000</u>	<u>594,101</u>	<u>93,899</u>
Total Expenditures	<u>688,000</u>	<u>594,101</u>	<u>93,899</u>
Excess (Deficit) of Revenues over Expenditures	(516,800)	(422,377)	94,423
Fund Balances, July 1, 2011	<u>696,493</u>	<u>696,493</u>	
Fund Balances, June 30, 2012	<u>\$ 179,693</u>	<u>\$ 274,116</u>	<u>\$ 94,423</u>

**CITY OF LOS ALAMITOS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>CDBG</u>	<u>Los Alamitos Television</u>
<b>Assets</b>			
Cash and investments	\$ 272,145	\$ -	\$ 127,110
Receivables:			
Accounts			11,276
Due from other governments	36,418	65,858	
Restricted assets:			
Cash and investments with fiscal agents			
Total Assets	<u>\$ 308,563</u>	<u>\$ 65,858</u>	<u>\$ 138,386</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 24,639	\$ 6,248	\$ 997
Due to other funds		59,610	
Deferred revenue		65,858	
Total Liabilities	<u>24,639</u>	<u>131,716</u>	<u>997</u>
<b>Fund Balances:</b>			
Restricted	283,924		137,389
Assigned			
Unassigned		(65,858)	
Total Fund Balances (Deficits)	<u>283,924</u>	<u>(65,858)</u>	<u>137,389</u>
Total Liabilities and Fund Balances	<u>\$ 308,563</u>	<u>\$ 65,858</u>	<u>\$ 138,386</u>

**Special Revenue Funds (Continued)**

<b>Office of Traffic and Safety</b>	<b>Asset Seizure</b>	<b>Public Safety Sales Taxes</b>	<b>State Law Enforcement Service</b>	<b>Air Quality</b>	<b>EECBG</b>	<b>Total Special Revenue Funds</b>
\$ -	\$ 71,519	\$ -	\$ -	\$ 77,873	\$ -	\$ 548,647
		15,193		3,553		11,276 121,022
<u>\$ -</u>	<u>\$ 71,519</u>	<u>\$ 15,193</u>	<u>\$ -</u>	<u>\$ 81,426</u>	<u>\$ -</u>	<u>\$ 680,945</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,884
		10,657				70,267 65,858
		10,657				168,009
	71,519	4,536		81,426		578,794
						(65,858)
	71,519	4,536		81,426		512,936
<u>\$ -</u>	<u>\$ 71,519</u>	<u>\$ 15,193</u>	<u>\$ -</u>	<u>\$ 81,426</u>	<u>\$ -</u>	<u>\$ 680,945</u>

(Continued)

**CITY OF LOS ALAMITOS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**  
**(Continued)**

	<u>Capital Projects Funds</u>		
	<u>Debt Service Fund</u>	<u>Park Development</u>	<u>Rivers &amp; Mountains Conservancy</u>
Assets			
Cash and investments	\$ 39,903	\$ 26,782	\$ -
Receivables:			
Accounts			80,330
Due from other governments			
Restricted assets:			
Cash and investments with fiscal agents	<u>220,185</u>		
Total Assets	<u>\$ 260,088</u>	<u>\$ 26,782</u>	<u>\$ 80,330</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 21,318	\$ -
Due to other funds			80,330
Deferred revenue			<u>80,330</u>
Total Liabilities		<u>21,318</u>	<u>160,660</u>
Fund Balances:			
Restricted	220,185		
Assigned	39,903	5,464	
Unassigned			<u>(80,330)</u>
Total Fund Balances (Deficits)	<u>260,088</u>	<u>5,464</u>	<u>(80,330)</u>
Total Liabilities and Fund Balances	<u>\$ 260,088</u>	<u>\$ 26,782</u>	<u>\$ 80,330</u>

**Capital Projects Funds (Continued)**

<b>Building Improvement</b>	<b>Residential Streets/Alleys</b>	<b>Total Capital Projects Funds</b>	<b>Total</b>
\$ 141,230	\$ 96,899	\$ 264,911	\$ 853,461
		80,330	91,606
			121,022
			220,185
<u>\$ 141,230</u>	<u>\$ 96,899</u>	<u>\$ 345,241</u>	<u>\$ 1,286,274</u>
\$ 4,875	\$ 50,000	\$ 76,193	108,077
		80,330	150,597
		80,330	146,188
<u>4,875</u>	<u>50,000</u>	<u>236,853</u>	<u>404,862</u>
136,355	46,899	188,718	798,979
		(80,330)	228,621
			(146,188)
<u>136,355</u>	<u>46,899</u>	<u>108,388</u>	<u>881,412</u>
<u>\$ 141,230</u>	<u>\$ 96,899</u>	<u>\$ 345,241</u>	<u>\$ 1,286,274</u>

**CITY OF LOS ALAMITOS**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>CDBG</u>	<u>Los Alamitos Television</u>
Revenues:			
Taxes	\$ 347,447	\$ -	\$ 42,121
Fines and forfeitures			
Intergovernmental		137,764	
Charges for services			
Investment earnings	386		235
Miscellaneous			7,700
Total Revenues	<u>347,833</u>	<u>137,764</u>	<u>50,056</u>
Expenditures:			
Current:			
General government			29,011
Public safety			
Public works			
Capital outlay	73,231	65,858	
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	<u>73,231</u>	<u>65,858</u>	<u>29,011</u>
Excess (Deficit) of Revenues over Expenditures	<u>274,602</u>	<u>71,906</u>	<u>21,045</u>
Other Financing Sources (Uses)			
Transfers in			
Transfers out	<u>(177,000)</u>		
Total Other Financing Sources (Uses)	<u>(177,000)</u>		
Net Change in Fund Balances	<u>97,602</u>	<u>71,906</u>	<u>21,045</u>
Fund Balances (Deficits), July 1, 2011	186,322	(137,764)	116,344
Prior period adjustments			
Fund Balances (Deficits), July 1, 2011 (Restated)	<u>186,322</u>	<u>(137,764)</u>	<u>116,344</u>
Fund Balances (Deficits), June 30, 2012	<u>\$ 283,924</u>	<u>\$ (65,858)</u>	<u>\$ 137,389</u>

**Special Revenue Funds (Continued)**

<b>Office of Traffic and Safety</b>	<b>Asset Seizure</b>	<b>Public Safety Sales Taxes</b>	<b>State Law Enforcement Service</b>	<b>Air Quality</b>	<b>EECBG</b>	<b>Total Special Revenue Funds</b>
\$ -	\$ -	\$ 84,536	\$ -	\$ -	\$ -	\$ 474,104
11,742						11,742
3,997			100,000	14,393	22,682	278,836
	751					751
	192			133		946
						7,700
<u>15,739</u>	<u>943</u>	<u>84,536</u>	<u>100,000</u>	<u>14,526</u>	<u>22,682</u>	<u>774,079</u>
						29,011
4,368						4,368
	58,598				22,682	220,369
<u>4,368</u>	<u>58,598</u>				<u>22,682</u>	<u>253,748</u>
<u>11,371</u>	<u>(57,655)</u>	<u>84,536</u>	<u>100,000</u>	<u>14,526</u>		<u>520,331</u>
<u>(90,773)</u>		<u>(101,261)</u>	<u>(133,753)</u>			<u>(502,787)</u>
<u>(90,773)</u>		<u>(101,261)</u>	<u>(133,753)</u>			<u>(502,787)</u>
<u>(79,402)</u>	<u>(57,655)</u>	<u>(16,725)</u>	<u>(33,753)</u>	<u>14,526</u>		<u>17,544</u>
79,402	129,174	21,261	33,753	66,900	(13,241)	482,151
					13,241	13,241
<u>79,402</u>	<u>129,174</u>	<u>21,261</u>	<u>33,753</u>	<u>66,900</u>		<u>495,392</u>
<u>\$ -</u>	<u>\$ 71,519</u>	<u>\$ 4,536</u>	<u>\$ -</u>	<u>\$ 81,426</u>	<u>\$ -</u>	<u>\$ 512,936</u>

(Continued)

**City of Los Alamitos**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(Continued)**

	<u>Capital Projects Funds</u>		
	<u>Debt Service Fund</u>	<u>Park Development</u>	<u>Rivers &amp; Mountains Conservancy</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fines and forfeitures			
Intergovernmental			
Charges for services			
Investment earnings		335	5
Contributions			
Total Revenues		<u>335</u>	<u>5</u>
Expenditures:			
Current:			
General government			
Public safety			
Public works			
Capital outlay		223,262	64,866
Debt service:			
Principal	65,000		
Interest and fiscal charges	147,747		
Total Expenditures	<u>212,747</u>	<u>223,262</u>	<u>64,866</u>
Excess (Deficit) of Revenues over Expenditures	<u>(212,747)</u>	<u>(222,927)</u>	<u>(64,861)</u>
Other Financing Sources (Uses)			
Transfers in	212,667		
Transfers out			
Total Other Financing Sources (Uses)	<u>212,667</u>		
Net Change in Fund Balances	<u>(80)</u>	<u>(222,927)</u>	<u>(64,861)</u>
Fund Balances (Deficits), July 1, 2011	260,168	228,391	(15,469)
Prior period adjustments			
Fund Balances (Deficits), July 1, 2011 (Restated)	<u>260,168</u>	<u>228,391</u>	<u>(15,469)</u>
Fund Balances (Deficits), June 30, 2012	<u>\$ 260,088</u>	<u>\$ 5,464</u>	<u>\$ (80,330)</u>

**Capital Projects Funds (Continued)**

<b>Building Improvement</b>	<b>Residential Streets / Alleys</b>	<b>Total Capital Projects Funds</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 474,104
			11,742
			278,836
			751
282	193	815	1,761
			7,700
<u>282</u>	<u>193</u>	<u>815</u>	<u>774,894</u>
			29,011
			4,368
22,389	58,167	368,684	589,053
			65,000
			147,747
<u>22,389</u>	<u>58,167</u>	<u>368,684</u>	<u>835,179</u>
<u>(22,107)</u>	<u>(57,974)</u>	<u>(367,869)</u>	<u>(60,285)</u>
			212,667
			(502,787)
			(290,120)
<u>(22,107)</u>	<u>(57,974)</u>	<u>(367,869)</u>	<u>(350,405)</u>
158,462	104,873	476,257	1,218,576
			13,241
<u>158,462</u>	<u>104,873</u>	<u>476,257</u>	<u>1,231,817</u>
<u>\$ 136,355</u>	<u>\$ 46,899</u>	<u>\$ 108,388</u>	<u>\$ 881,412</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Gas Tax Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Taxes	\$ 335,000	\$ 347,447	\$ 12,447
Investment earnings	200	386	186
Total Revenues	<u>335,200</u>	<u>347,833</u>	<u>12,633</u>
Expenditures			
Capital Outlay	<u>239,500</u>	<u>73,231</u>	<u>166,269</u>
Total Expenditures	<u>239,500</u>	<u>73,231</u>	<u>166,269</u>
Excess (Deficit) of Revenues over Expenditures	<u>95,700</u>	<u>274,602</u>	<u>178,902</u>
Other Financing Sources (Uses)			
Transfers out	<u>(177,000)</u>	<u>(177,000)</u>	
Total Other Financing Sources (Uses)	<u>(177,000)</u>	<u>(177,000)</u>	
Net Change in Fund Balances	(81,300)	97,602	178,902
Fund Balances, July 1, 2011	<u>186,322</u>	<u>186,322</u>	
Fund Balances, June 30, 2012	<u>\$ 105,022</u>	<u>\$ 283,924</u>	<u>\$ 178,902</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**CDBG Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 227,652	\$ 137,764	\$ (89,888)
Total Revenues	<u>227,652</u>	<u>137,764</u>	<u>(89,888)</u>
Expenditures			
Capital outlay	89,888	65,858	24,030
Total Expenditures	<u>89,888</u>	<u>65,858</u>	<u>24,030</u>
Excess (Deficit) of Revenues over Expenditures	137,764	71,906	(65,858)
Fund Balance, July 1, 2011	<u>(137,764)</u>	<u>(137,764)</u>	
Fund Balance (Deficit), June 30, 2012	<u>\$ -</u>	<u>\$ (65,858)</u>	<u>\$ (65,858)</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Los Alamitos Television Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Taxes	\$ 45,000	\$ 42,121	\$ (2,879)
Investment earnings	200	235	35
Miscellaneous		7,700	7,700
Total Revenues	<u>45,200</u>	<u>50,056</u>	<u>4,856</u>
Expenditures			
Current:			
General Government	<u>45,200</u>	<u>29,011</u>	<u>16,189</u>
Total Expenditures	<u>45,200</u>	<u>29,011</u>	<u>16,189</u>
Excess (Deficit) of Revenues over Expenditures		21,045	21,045
Fund Balance, July 1, 2011	<u>116,344</u>	<u>116,344</u>	
Fund Balance, June 30, 2012	<u>\$ 116,344</u>	<u>\$ 137,389</u>	<u>\$ 21,045</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Office of Traffic and Safety Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Charges for services	\$ 7,000	\$ 11,742	\$ 4,742
Investment earnings	200		(200)
Intergovernmental	7,500	3,997	(3,503)
Total Revenues	<u>14,700</u>	<u>15,739</u>	<u>1,039</u>
Expenditures			
Current:			
Public Safety	<u>7,500</u>	<u>4,368</u>	<u>3,132</u>
Total Expenditures	<u>7,500</u>	<u>4,368</u>	<u>3,132</u>
Excess (Deficit) of Revenues over Expenditures	<u>7,200</u>	<u>11,371</u>	<u>4,171</u>
Other Financing Sources (Uses)			
Transfers out	<u>(88,505)</u>	<u>(90,773)</u>	<u>(2,268)</u>
Total Other Financing Sources (Uses)	<u>(88,505)</u>	<u>(90,773)</u>	<u>(2,268)</u>
Net Change in Fund Balance	(81,305)	(79,402)	1,903
Fund Balance, July 1, 2011	<u>79,402</u>	<u>79,402</u>	
Fund Balance, June 30, 2012	<u>\$ (1,903)</u>	<u>\$ -</u>	<u>\$ 1,903</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Asset Seizure Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Charges for services	\$ -	\$ 751	\$ 751
Investment earnings	350	192	(158)
Total Revenues	<u>350</u>	<u>943</u>	<u>593</u>
Expenditures			
Capital outlay	<u>75,500</u>	<u>58,598</u>	<u>16,902</u>
Total Expenditures	<u>75,500</u>	<u>58,598</u>	<u>16,902</u>
Excess (Deficit) of Revenues over Expenditures	(75,150)	(57,655)	17,495
Fund Balance, July 1, 2011	<u>129,174</u>	<u>129,174</u>	
Fund Balance, June 30, 2012	<u>\$ 54,024</u>	<u>\$ 71,519</u>	<u>\$ 17,495</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Safety Sales Tax Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 80,000	\$ 84,536	\$ 4,536
Total Revenues	<u>80,000</u>	<u>84,536</u>	<u>4,536</u>
Other Financing Sources (Uses)			
Transfers out	<u>(101,261)</u>	<u>(101,261)</u>	
Total Other Financing Sources (Uses)	<u>(101,261)</u>	<u>(101,261)</u>	
Net Change in Fund Balance	(21,261)	(16,725)	4,536
Fund Balance, July 1, 2011	<u>21,261</u>	<u>21,261</u>	
Fund Balance, June 30, 2012	<u>\$ -</u>	<u>\$ 4,536</u>	<u>\$ 4,536</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**State Law Enforcement Service Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 100,000	\$ 100,000	\$ -
Total Revenues	<u>100,000</u>	<u>100,000</u>	
Other Financing Sources (Uses)			
Transfers out	<u>(133,737)</u>	<u>(133,753)</u>	<u>(16)</u>
Total Other Financing Sources (Uses)	<u>(133,737)</u>	<u>(133,753)</u>	<u>(16)</u>
Net Change in Fund Balance	(33,737)	(33,753)	(16)
Fund Balance, July 1, 2011	<u>33,753</u>	<u>33,753</u>	
Fund Balance, June 30, 2012	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ (16)</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Air Quality Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Intergovernmental	\$ 14,000	\$ 14,393	\$ 393
Investment earnings	100	133	33
Total Revenues	<u>14,100</u>	<u>14,526</u>	<u>426</u>
Expenditures			
Capital outlay	<u>74,000</u>	<u></u>	<u>74,000</u>
Total Expenditures	<u>74,000</u>	<u></u>	<u>74,000</u>
Net Change in Fund Balance	(59,900)	14,526	74,426
Fund Balance, July 1, 2011	<u>66,900</u>	<u>66,900</u>	<u></u>
Fund Balance, June 30, 2012	<u>\$ 7,000</u>	<u>\$ 81,426</u>	<u>\$ 74,426</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**EECBG Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Intergovernmental	\$ 22,683	\$ 22,682	\$ (1)
Total Revenues	<u>22,683</u>	<u>22,682</u>	<u>(1)</u>
Expenditures			
Capital outlay	22,683	22,682	1
Total Expenditures	<u>22,683</u>	<u>22,682</u>	<u>1</u>
Excess (Deficit) of Revenues over Expenditures			
Fund Balance (Deficit), July 1, 2011	(13,241)	(13,241)	
Prior period adjustments		13,241	13,241
Fund Balances, July 1, 2011 (Restated)	<u>(13,241)</u>		<u>13,241</u>
Fund Balance, June 30, 2012	<u>\$ (13,241)</u>	<u>\$ -</u>	<u>\$ 13,241</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures			
Debt service:			
Principal	\$ 65,000	\$ 65,000	\$ -
Interest and fiscal charges	147,667	147,747	(80)
Total Expenditures	<u>212,667</u>	<u>212,747</u>	<u>(80)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(212,667)</u>	<u>(212,747)</u>	<u>(80)</u>
Other Financing Sources (Uses)			
Transfers in	<u>212,667</u>	<u>212,667</u>	
Total Other Financing Sources (Uses)	<u>212,667</u>	<u>212,667</u>	
Net Change in Fund Balance		(80)	(80)
Fund Balance, July 1, 2011	<u>260,168</u>	<u>260,168</u>	
Fund Balance, June 30, 2012	<u>\$ 260,168</u>	<u>\$ 260,088</u>	<u>\$ (80)</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Park Development Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 500	\$ 335	\$ (165)
Total Revenues	<u>500</u>	<u>335</u>	<u>(165)</u>
Expenditures			
Capital outlay	<u>230,000</u>	<u>223,262</u>	<u>6,738</u>
Total Expenditures	<u>230,000</u>	<u>223,262</u>	<u>6,738</u>
Excess (Deficit) of Revenues over Expenditures	(229,500)	(222,927)	6,573
Fund Balance, July 1, 2011	<u>228,391</u>	<u>228,391</u>	
Fund Balance, June 30, 2012	<u>\$ (1,109)</u>	<u>\$ 5,464</u>	<u>\$ 6,573</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Rivers and Mountain Conservancy Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Intergovernmental	\$ 1,040,000	\$ -	\$ (1,040,000)
Investment earnings	250	5	(245)
Total Revenues	<u>1,040,250</u>	<u>5</u>	<u>(1,040,245)</u>
Expenditures			
Capital outlay	<u>1,040,000</u>	<u>64,866</u>	<u>975,134</u>
Total Expenditures	<u>1,040,000</u>	<u>64,866</u>	<u>975,134</u>
Excess (Deficit) of Revenues over Expenditures	250	(64,861)	(65,111)
Fund Balance (Deficit), July 1, 2011	<u>(15,469)</u>	<u>(15,469)</u>	
Fund Balance (Deficit), June 30, 2012	<u>\$ (15,219)</u>	<u>\$ (80,330)</u>	<u>\$ (65,111)</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Building Improvement Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 400	\$ 282	\$ (118)
Total Revenues	<u>400</u>	<u>282</u>	<u>(118)</u>
Expenditures			
Capital outlay	<u>132,000</u>	<u>22,389</u>	<u>109,611</u>
Total Expenditures	<u>132,000</u>	<u>22,389</u>	<u>109,611</u>
Excess (Deficit) of Revenues over Expenditures	(131,600)	(22,107)	109,493
Fund Balance, July 1, 2011	<u>158,462</u>	<u>158,462</u>	
Fund Balance, June 30, 2012	<u>\$ 26,862</u>	<u>\$ 136,355</u>	<u>\$ 109,493</u>

**CITY OF LOS ALAMITOS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Residential Streets/Alleys Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Investment earnings	\$ 300	\$ 193	\$ (107)
Total Revenues	<u>300</u>	<u>193</u>	<u>(107)</u>
Expenditures			
Capital outlay	<u>50,000</u>	<u>58,167</u>	<u>(8,167)</u>
Total Expenditures	<u>50,000</u>	<u>58,167</u>	<u>(8,167)</u>
Excess (Deficit) of Revenues over Expenditures	(49,700)	(57,974)	(8,274)
Fund Balance, July 1, 2011	<u>104,873</u>	<u>104,873</u>	
Fund Balance, June 30, 2012	<u>\$ 55,173</u>	<u>\$ 46,899</u>	<u>\$ (8,274)</u>

**CITY OF LOS ALAMITOS**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2012**

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and investments	\$ 387,267	\$ 223,106	\$ 610,373
Total Current Assets	<u>387,267</u>	<u>223,106</u>	<u>610,373</u>
Noncurrent Assets:			
Capital assets, net	<u>205,730</u>	<u>76,493</u>	<u>282,223</u>
Total Noncurrent Assets	<u>205,730</u>	<u>76,493</u>	<u>282,223</u>
Total Assets	<u>592,997</u>	<u>299,599</u>	<u>892,596</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	52,779	2,577	55,356
Accrued liabilities	5,199		5,199
Compensated absences	2,957		2,957
Long-term Liabilities:			
Compensated absences	<u>12,965</u>		<u>12,965</u>
Total Liabilities	<u>73,900</u>	<u>2,577</u>	<u>76,477</u>
<b>Net Assets</b>			
Invested in capital assets	205,730	76,493	282,223
Unrestricted	<u>313,367</u>	<u>220,529</u>	<u>533,896</u>
Total Net Assets	<u>\$ 519,097</u>	<u>\$ 297,022</u>	<u>\$ 816,119</u>

**CITY OF LOS ALAMITOS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 229,497	\$ 146,000	\$ 375,497
Miscellaneous		3,239	3,239
Total Operating Revenues	<u>229,497</u>	<u>149,239</u>	<u>378,736</u>
Operating Expenses:			
Personnel services	80,597		80,597
Supplies and parts	174,339	10,231	184,570
Outside services	26,172	112,536	138,708
Depreciation	84,050	31,774	115,824
Total Operating Expenses	<u>365,158</u>	<u>154,541</u>	<u>519,699</u>
Operating Loss	<u>(135,661)</u>	<u>(5,302)</u>	<u>(140,963)</u>
Non-Operating Revenues (Expenses):			
Miscellaneous income	<u>3,330</u>		<u>3,330</u>
Total Non-Operating Revenues (Expenses)	<u>3,330</u>		<u>3,330</u>
Changes in Net Assets	(132,331)	(5,302)	(137,633)
Net Assets, July 1, 2011	<u>651,428</u>	<u>302,324</u>	<u>953,752</u>
Net Assets, June 30, 2012	<u>\$ 519,097</u>	<u>\$ 297,022</u>	<u>\$ 816,119</u>

**CITY OF LOS ALAMITOS**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from user departments	\$ 229,497	\$ 149,239	\$ 378,736
Cash paid to suppliers for goods and services	(161,646)	(139,738)	(301,384)
Cash paid to employees for services	(78,550)		(78,550)
Miscellaneous receipts	3,330		3,330
	<u>(7,369)</u>	<u>9,501</u>	<u>2,132</u>
Net Cash Provided (Used) by Operating Activities			
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(133,316)	(10,769)	(144,085)
	<u>(133,316)</u>	<u>(10,769)</u>	<u>(144,085)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities			
Net Decrease in Cash and Cash Equivalents	(140,685)	(1,268)	(141,953)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	527,952	224,374	752,326
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 387,267</u>	<u>\$ 223,106</u>	<u>\$ 610,373</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (135,661)	\$ (5,302)	\$ (140,963)
Add back depreciation expense	84,050	31,774	115,824
Miscellaneous nonoperating income (expense)	3,330		3,330
Change in assets and liabilities:			
Increase (decrease) in accounts payable	38,865	(16,971)	21,894
Increase (decrease) in accrued liabilities	1,792		1,792
Increase (decrease) in compensated absences	255		255
	<u>(7,369)</u>	<u>9,501</u>	<u>2,132</u>
Net Cash Provided (Used) by Operating Activities			

**STATISTICAL SECTION**



## DISCRIPTION OF STATISTICAL SECTION CONTENTS

JUNE 30, 2012

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

Contents:

	<u>PAGES</u>
<u>Financial Trends</u> : these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	91
<u>Revenue Capacity</u> : these schedules contain trend information to help the reader access the City's most significant local revenue source, the property tax.	105
<u>Debt Capacity</u> : these schedules presents information to help the reader access the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	111
<u>Demographic and Economic Information</u> : these schedule offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	117
<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.	121



## **FINANCIAL TREND**

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

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

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

Source: City of Los Alamitos, Finance Department

Fiscal Year				
2008	2009	2010	2011	2012
\$ 9,396	\$ 11,415	\$ 12,370	\$ 12,659	\$ 13,143
2,309	2,093	1,533	1,500	832
7,553	7,146	7,144	7,984	7,681
<u>\$ 19,258</u>	<u>\$ 20,654</u>	<u>\$ 21,047</u>	<u>\$ 22,143</u>	<u>\$ 21,656</u>

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

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

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

Source: City of Los Alamitos, Finance Department

		Fiscal Year							
		2008	2009	2010	2011	2012			
\$	3,178	\$	2,704	\$	2,224	\$	1,659	\$	2,376
	4,922		5,095		5,068		4,912		5,545
	700		578		578		527		705
	2,162		2,114		1,583		1,568		1,770
	1,592		1,616		1,922		1,905		2,007
	209		155		156		153		150
	<u>12,763</u>		<u>12,262</u>		<u>11,531</u>		<u>10,724</u>		<u>12,553</u>
	33		88		117		43		3
	770		663		618		641		511
	52		75		73		150		280
	1,015		1,100		1,180		1,230		1,266
	921		1,315		388		533		112
	191		1,123		708		890		524
	<u>2,982</u>		<u>4,364</u>		<u>3,084</u>		<u>3,487</u>		<u>2,696</u>
	(9,781)		(7,898)		(8,447)		(7,237)		(9,857)
	2,484		2,545		2,654		2,529		3,143
	2,178		2,232		2,178		2,132		2,083
	101		78		70		80		88
	2,912		2,514		2,349		2,148		2,200
	595		603		584		595		683
	606		788		574		471		618
	63		55		65		85		347
	<u>8,939</u>		<u>8,815</u>		<u>8,474</u>		<u>8,040</u>		<u>9,162</u>
	54		41		36		62		6
	277		142		39		27		15
	9		6		5		140		3
	389		289		287		89		207
	<u>9,668</u>		<u>9,293</u>		<u>8,841</u>		<u>8,358</u>		<u>9,393</u>
\$	<u>(113)</u>	\$	<u>1,395</u>	\$	<u>394</u>	\$	<u>1,121</u>	\$	<u>(464)</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			
	2003	2004	2005	2006
<b>General Fund</b>				
Reserved	\$ 14	\$ 76	\$ 16	\$ 170
Unreserved, designated				
Unreserved, undesignated	8,237	7,858	7,982	6,148
<b>Total General Fund</b>	<u>8,251</u>	<u>7,934</u>	<u>7,998</u>	<u>6,318</u>
<b>All Other Governmental Funds</b>				
Reserved	-	-	-	-
Unreserved, designated reported in:				
Special revenue funds	-	-	-	-
Unreserved, reported in:				
Special revenue funds	2,118	2,185	1,925	1,752
Debt service funds	-	-	-	254
Capital projects funds	844	880	836	925
<b>Total All Other Governmental Funds</b>	<u>2,962</u>	<u>3,065</u>	<u>2,761</u>	<u>2,931</u>
<b>Total All Governmental Funds</b>	<u>\$ 11,213</u>	<u>\$ 10,999</u>	<u>\$ 10,759</u>	<u>\$ 9,249</u>

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

Source: City of Los Alamitos, Finance Department

						Fiscal Year	
2007	2008	2009	2010	2011	2012		
				Nonspendable	\$ 4	\$ 7	
				Restricted	-	-	
				Assigned	3,250	3,250	
				Unassigned	4,161	4,496	
\$ 6	\$ 25	\$ 25	\$ 5				
	2,800	2,800	2,800				
6,776	3,078	3,305	3,418				
<u>6,782</u>	<u>5,903</u>	<u>6,130</u>	<u>6,223</u>		<u>7,415</u>	<u>7,753</u>	
				Nonspendable	-	-	
				Restricted	1,550	1,073	
				Assigned	1,201	724	
				Unassigned	(167)	(146)	
-	-	274	261				
-	219	215	216				
2,078	2,098	1,211	1,120				
256	262	-	-				
902	1,040	1,067	1,008				
<u>3,236</u>	<u>3,619</u>	<u>2,767</u>	<u>2,605</u>		<u>2,584</u>	<u>1,651</u>	
<u>\$ 10,018</u>	<u>\$ 9,522</u>	<u>\$ 8,897</u>	<u>\$ 8,828</u>		<u>\$ 9,999</u>	<u>\$ 9,404</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			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 6,338	\$ 6,179	\$ 6,629	\$ 8,004
Licenses and permits	225	591	533	653
Intergovernmental	4,089	1,933	3,596	1,752
Charges for services	789	928	901	1,095
Investment earnings	215	156	203	351
Fines and forfeitures	287	219	167	463
Other	779	463	251	115
<b>Total Revenues</b>	<u>12,722</u>	<u>10,469</u>	<u>12,280</u>	<u>12,433</u>
<b>Expenditures</b>				
General government	1,852	1,928	2,094	2,827
Public safety	3,642	3,909	4,045	4,448
Community Development	500	1,814	582	735
Recreation and community services	1,887	1,007	3,845	2,291
Public works	3,918	1,854	1,842	6,689
Capital outlay	25	151	90	207
Debt Service	-	-	-	111
<b>Total Expenditures</b>	<u>11,824</u>	<u>10,663</u>	<u>12,498</u>	<u>17,308</u>
Excess of revenues over/(under) expenditures	<u>898</u>	<u>(194)</u>	<u>(218)</u>	<u>(4,875)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,392	1,665	3,143	3,603
Transfers out	(5,429)	(1,685)	(3,165)	(3,603)
Residual equity transfers	-	-	-	-
Long term debt issued	-	-	-	3,365
<b>Total other financing sources</b>	<u>(37)</u>	<u>(20)</u>	<u>(22)</u>	<u>3,365</u>
<b>Net change in fund balances</b>	<u>\$ 861</u>	<u>\$ (214)</u>	<u>\$ (240)</u>	<u>\$ (1,510)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.649%

Source: City of Los Alamitos, Finance Department

Fiscal Year						
	2007	2008	2009	2010	2011	2012
\$	8,228	\$ 8,725	\$ 8,387	\$ 7,915	\$ 8,027	\$ 8,087
	475	606	806	604	629	1,247
	1,165	949	1,671	1,542	1,047	475
	843	1,105	1,248	1,256	1,379	1,320
	413	369	198	39	27	15
	634	751	651	622	602	450
	231	299	60	189	245	197
	<u>11,989</u>	<u>12,804</u>	<u>13,021</u>	<u>12,167</u>	<u>11,956</u>	<u>11,791</u>
	2,604	2,739	2,219	2,132	1,892	2,106
	4,511	4,798	4,993	4,923	4,748	4,913
	607	694	574	562	526	623
	2,258	2,118	2,073	1,517	1,527	1,570
	1,398	1,461	1,483	1,717	1,654	1,779
	-	556	2,165	1,260	523	1,183
	121	172	210	213	210	212
	<u>11,499</u>	<u>12,538</u>	<u>13,717</u>	<u>12,324</u>	<u>11,080</u>	<u>12,386</u>
	<u>490</u>	<u>266</u>	<u>(696)</u>	<u>(157)</u>	<u>876</u>	<u>(595)</u>
	969	731	816	635	960	715
	(969)	(1,425)	(745)	(546)	(621)	(715)
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>-</u>	<u>(694)</u>	<u>71</u>	<u>89</u>	<u>339</u>	<u>-</u>
\$	<u>490</u>	<u>(428)</u>	<u>(625)</u>	<u>(68)</u>	<u>1,215</u>	<u>(595)</u>
	1.052%	1.435%	1.818%	1.925%	1.989%	1.892%

CITY OF LOS ALAMITOS

Last Ten Fiscal Years  
(amounts expressed in thousands)

<u>Category</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	568,155	611,278	667,365	758,585	804,318	865,371	898,176	897,118
Commercial	183,624	202,622	214,721	224,025	240,837	262,971	284,259	289,009
Industrial	162,914	168,831	179,150	183,303	190,378	205,802	243,442	248,721
Institutional	4,012	4,509	4,265	57	59	60	61	62
Miscellaneous	13,294	15,761	17,720	24,817	27,387	28,802	627	1,753
Recreational	122	124	127	129	132	-	-	-
Vacant land	2,582	2,499	1,840	2,370	1,894	839	859	876
SBE Nonunitary	651	458	463	462	462	459	222	222
Cross Reference	-	-	-	-	-	-	3,106	3,285
Unsecured	121,315	116,643	135,966	159,280	151,067	156,734	149,735	148,625
Exempt	-	-	-	-	-	-	-	-
Unknown	(651)	3,054	(537)	-	(2)	-	-	-
Totals	\$ 1,056,018	\$ 1,125,779	\$ 1,221,080	\$ 1,353,028	\$ 1,416,532	\$ 1,521,038	\$ 1,580,487	\$ 1,589,671
Direct rate	0.10064%	0.10067%	0.10066%	0.10066%	0.10065%	0.10064%	0.10072%	0.10067%

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

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

<u>2011</u>	<u>2012</u>
925,857	935,865
283,221	278,086
246,247	247,130
-	-
1,749	1,762
-	-
-	-
222	222
3,477	3,367
155,295	138,185
-	-
-	-
\$1,616,068	\$1,604,617
0.10066%	0.10066%



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

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value (2)
2003	934,703	121,315		1,056,018
2004	1,005,396	120,383		1,125,779
2005	1,085,188	135,892		1,221,080
2006	1,193,748	159,280		1,353,028
2007	1,265,004	151,528		1,416,532
2008	1,363,845	157,193		1,521,038
2009	1,430,961	149,526		1,580,487
2010	1,441,254	148,417		1,589,671
2011	1,460,981	155,087		1,616,068
2012	1,466,640	137,977		1,604,617

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

(2) Total includes Nonunitary Taxable Assessed Values.

Note:

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

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



**REVENUE CAPACITY**

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City Direct Rate	0.116	0.116	0.116	0.116	0.116	0.117	0.117
Overlapping Rates:							
Los Alamitos City General Fund	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Los Alamitos City Lighting Reorganization	0.016	0.016	0.016	0.016	0.016	0.016	0.016
Educational Revenue Augmentation Fund	0.145	0.145	0.145	0.145	0.145	0.145	0.144
Los Alamitos Unified General Fund	0.412	0.412	0.412	0.412	0.412	0.412	0.412
North Orange co. Community College District	0.059	0.059	0.059	0.059	0.059	0.059	0.059
Orange County Department of Education	0.031	0.031	0.031	0.031	0.031	0.031	0.031
Orange County Fire Department	0.095	0.095	0.095	0.095	0.095	0.095	0.095
Orange County Flood Control District General	0.017	0.017	0.017	0.017	0.017	0.017	0.017
Orange County General Fund	0.052	0.052	0.052	0.052	0.052	0.052	0.052
Orange County Harbors Beaches & Parks Csa	0.013	0.013	0.013	0.013	0.013	0.013	0.013
Orange County Library District General Fund	0.014	0.014	0.014	0.014	0.014	0.014	0.014
Orange County Sanitation District 3 Operating	0.027	0.027	0.027	0.027	0.027	0.027	0.027
Orange County Transportation Authority	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Orange County Water District reserve	0.001	0.001	0.001	0.001	0.001	0.000	0.001
Rossmoor/Los Alamitos Sewer District	0.009	0.009	0.009	0.009	0.009	0.010	0.010
Total Prop 13 Rate	<u>1.000</u>						
Anaheim High School District	0.026	0.024	0.028	0.024	0.024	0.025	0.024
Cypress Elementary	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Garden Grove Unified School District	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Los Alamitos Sfid	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Metropolitan Water District	0.007	0.006	0.006	0.005	0.005	0.005	0.004
N. Orange County Community College	0.016	0.016	0.014	0.017	0.014	0.015	0.015
Total Voter Approved tax Rate	<u>0.048</u>	<u>0.046</u>	<u>0.048</u>	<u>0.046</u>	<u>0.043</u>	<u>0.045</u>	<u>0.043</u>
Total Tax Rate	<u>1.048</u>	<u>1.045</u>	<u>1.047</u>	<u>1.046</u>	<u>1.042</u>	<u>1.020</u>	<u>1.043</u>

Source: HdL Coren and Cone, Orange County Assessor 2002/2003 - 2011/2012 Tax Rate Table

<u>2010</u>	<u>2011</u>	<u>2012</u>
0.117	0.117	0.117
0.101	0.101	0.101
0.016	0.016	0.016
0.144	0.144	0.144
0.412	0.412	0.412
0.059	0.059	0.059
0.031	0.031	0.031
0.095	0.095	0.095
0.017	0.017	0.017
0.052	0.052	0.052
0.013	0.013	0.013
0.014	0.014	0.014
0.027	0.027	0.027
0.002	0.002	0.002
0.001	0.001	0.001
0.006	0.006	0.006
0.000	0.000	0.000
0.010	0.010	0.010
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
0.026	0.027	0.027
0.022	0.026	0.015
0.000	0.033	0.025
0.020	0.033	0.036
0.004	0.004	0.004
0.018	0.017	0.017
<u>0.089</u>	<u>0.141</u>	<u>0.124</u>
<u>1.089</u>	<u>1.141</u>	<u>1.124</u>

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

	2012		2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 60,841	3.792%	\$	
Los Alamitos Corporation Center JV	53,241	3.318%		
Henrietta C. Lee Trust			45,618	4.317%
Trend Offset Printing Inc.	43,922	2.737%	41,115	3.891%
Don Wilson Staples LLC	29,601	1.845%		
JCB Inc.	16,538	1.031%	14,306	1.354%
Davenport KCC Partners LLC	13,783	0.859%		
Ganahl Lumber Company	13,311	0.830%		
Bayport Los Alamitos Associates LP	12,113	0.755%		
ESS WCOT Owner LLC	10,365	0.646%		
Arrowhead Products Corporation	9,315	0.581%	8,895	0.842%
Calwest Industrial			8,410	0.796%
NME Hospitals Inc.			37,474	3.546%
GTE Directories Service Corporation			7,850	0.743%
Susa Partnership			8,054	0.762%
Los Alamitos Properties			7,794	0.738%
Carramerica Realty Corporation			7,686	0.727%
Top Ten Totals	<u>\$ 263,030</u>	<u>16.392%</u>	<u>\$ 187,202</u>	<u>17.716%</u>
City Totals	<u>\$ 1,604,617</u>		<u>\$ 1,056,669</u>	

Source: HdL Coren and Cone, Orange County Assessor 2002/03 and 2011/12 Tax Rolls

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections for Prior Years (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	1,164,449	1,142,282	98.096%	25,387	1,167,669	100.277%
2004	1,239,628	1,221,864	98.567%	20,478	1,242,342	100.219%
2005	1,380,625	1,356,979	98.287%	4,428	1,361,407	98.608%
2006	1,493,570	1,460,442	97.782%	17,572	1,478,014	98.958%
2007	1,555,871	1,501,044	96.476%	22,569	1,523,613	97.927%
2008	1,647,608	1,583,142	96.087%	32,579	1,615,721	98.065%
2009	1,680,414	1,619,026	96.347%	(3,594)	1,615,432	96.133%
2010	1,677,973	1,358,634	80.969%	56,169	1,414,803	84.316%
2011	1,706,675	1,656,579	97.065%	37,679	1,694,258	99.272%
2012	1,863,810	1,776,861	95.335%	36,779	1,813,640	97.308%

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

Source: Orange County Auditor- Controller



**DEBT CAPACITY**



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

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

Source: City of Los Alamitos, Finance Department



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

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 1,604,186,920
Debt limit (15% of assessed value)	240,628,038
Debt applicable to limit	<u>0</u>
Legal debt margin - Current Year	<u><u>\$ 240,628,038</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2003	150,893,283	0	150,893,283	0
2004	168,368,518	0	168,368,518	0
2005	183,198,572	0	183,198,572	0
2006	200,048,352	0	200,048,352	0
2007	212,479,850	0	212,479,850	0
2008	228,155,675	0	228,155,675	0
2009	237,073,010	0	237,073,010	0
2010	238,450,720	0	238,450,720	0
2011	242,410,136	0	242,410,136	0
2012	240,628,038	0	240,628,038	0

Source: City of Los Alamitos, Finance Department



**DEMOGRAPHIC AND ECONOMIC INFORMATION**



CITY OF LOS ALAMITOS  
 Demographic and Economic Statistics  
 Last Ten Years

Year	City Population	Los Angeles-Long Beach-Santa Ana Area			
		Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2003	11,817	12,824,025	427,549,556	33,340	6.90%
2004	11,933	12,901,515	453,032,702	35,115	6.30%
2005	12,003	12,933,839	475,262,940	36,746	5.00%
2006	12,004	12,950,129	505,197,000	39,011	4.40%
2007	12,146	12,875,587	539,163,000	41,875	4.70%
2008	11,689	12,872,808	552,449,876	42,916	6.60%
2009	12,217	N/A	N/A	N/A	10.80%
2010	11,854	N/A	N/A	N/A	11.60%
2011	11,474	N/A	N/A	N/A	7.80%
2012	11,557	N/A	N/A	N/A	4.80%

N/A - Information is not yet available

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

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

Employer	2011-12			2002-2003*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Los Alamitos Medical Center, Inc	840	1	10.03%			
Arrowhead Products	601	2	7.18%			
Trend Offset Printing Services	541	3	6.46%			
Super Media Sales West, Inc.	253	4	3.02%			
Alamitos West Health Care Center	166	5	1.98%			
Katella Deli	161	6	1.92%			
MDA Information Systems	149	7	1.78%			
Bearing Inspection, Inc.	122	8	1.46%			
Systems Services of America	110	9	1.31%			
Evergreen Pharmaceuticals	104	10	1.24%			
	<u>3,047</u>		<u>36.38%</u>	<u>0</u>		<u>0.00%</u>

\* Information not available

Source: Los Alamitos Community Development Department

**OPERATING INFORMATION**

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

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

Source: City of Los Alamitos, Finance Department

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
5	5	5	5
10	9	8	8
2	2	2	2
1	1	1	1
1	1	1	1
4	4	4	4
21	18	19	19
3	3	3	3
2	2	2	2
3	2	2	2
4	2	2	2
3	2	1	1
11	11	10	10
1	1	1	1
4	4	4	4
15	13	12	11
7	6	6	6

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Community Development</b>						
Number of:						
Business licenses	41	30	19	89	144	261
Plan checks	34	85	74	59	91	60
NPDES inspections	NA	NA	NA	304	208	129
Code violations	NA	30	141	489	911	520
<b>Police</b>						
Number of:						
Part 1 crimes	326	390	501	431	447	396
Parking violations	5,637	2,977	2,998	3,780	3,094	1,882
Traffic (moving) violations	3,922	3,010	1,742	2,040	2,554	2,903
Incident & crime reports	1,806	1,785	2,103	2,091	2,045	1,713
<b>Public Works</b>						
Square yd of street resurfacing/repair	NA	NA	NA	-	-	100,963
Miles of street sweeping	NA	NA	NA	26	40	33
Number of:						
Street signal maintained	NA	NA	NA	20	20	24
Trees pruned per year	NA	NA	NA	327	600	151
Square feet graffiti removal	NA	NA	NA	100	1,300	140
<b>Recreation &amp; Community Services</b>						
Number of enrollees:						
Aquatics	NA	94,100	97,948	122,145	125,331	123,180
Community Services/Seniors	NA	20,340	20,980	20,450	14,771	11,440
Day Camp	NA	810	840	1,080	1,062	3,245
Park Program	NA	6,440	4,369	4,513	4,328	3,521
Sports	NA	6,779	7,871	10,058	1,439	5,700
Classes	NA	4,204	4,092	4,314	2,630	11,464
Special Events	NA	40,381	44,668	41,573	24,300	32,900

NA - Not Available.

Source: City of Los Alamitos, Finance Department

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1,559	1,511	1,921	2,048
76	74	105	119
96	53	240	152
432	442	402	352
375	326	347	356
2,751	2,382	2,389	1,893
1,997	1,848	1,810	1,877
1,538	1,380	1,320	1,356
55,455	64,600	2,500	11,600
33	33	33	33
24	24	24	24
350	200	500	1,230
2,000	1,800	1,700	1,625
200,000	210,000	215,000	225,000
10,150	10,000	9,500	9,700
2,400	2,400	2,500	2,500
1,400	1,000	1,100	1,250
4,000	4,200	5,800	8,800
6,200	6,500	6,600	6,400
33,000	35,000	36,000	37,900

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

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

Source: City of Los Alamitos, Public Works Department

2009      2010      2011      2012

1            1            1            1

1            1            1            1

9            8            8            7

11          9            9            8

32.9        32.9        32.9        32.9

910         910         910         910

24          24          24          24

15          12          12          13

1            1            1            1

1            1            1            1

9            9            9            9

2            2            2            2