

# City of Los Alamitos, California



## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008

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

Nita McKay, Assistant City Manager



City of Los Alamitos  
Comprehensive Annual Financial Report  
For the year ended June 30, 2008

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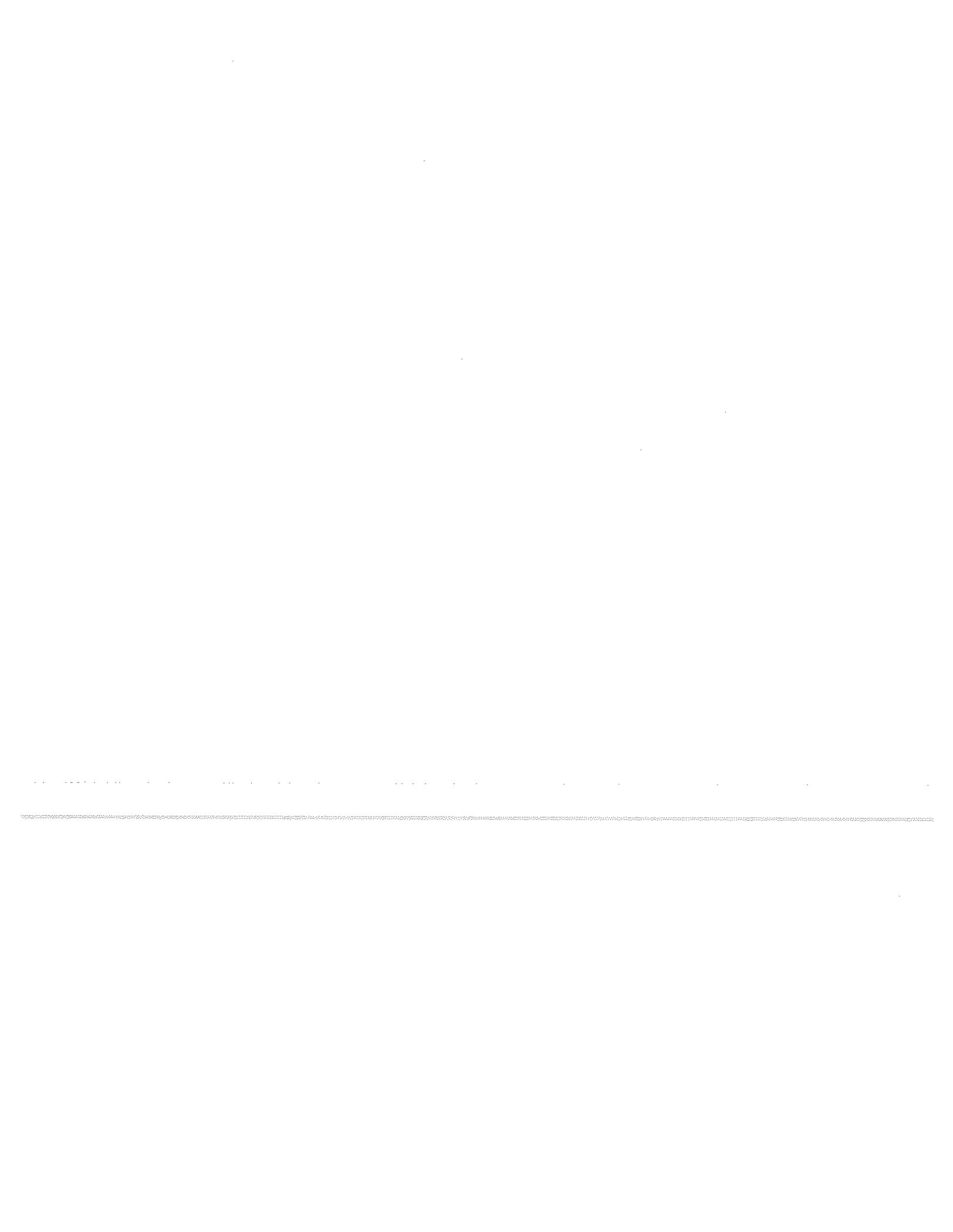
City of Los Alamitos  
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 For the year ended June 30, 2008

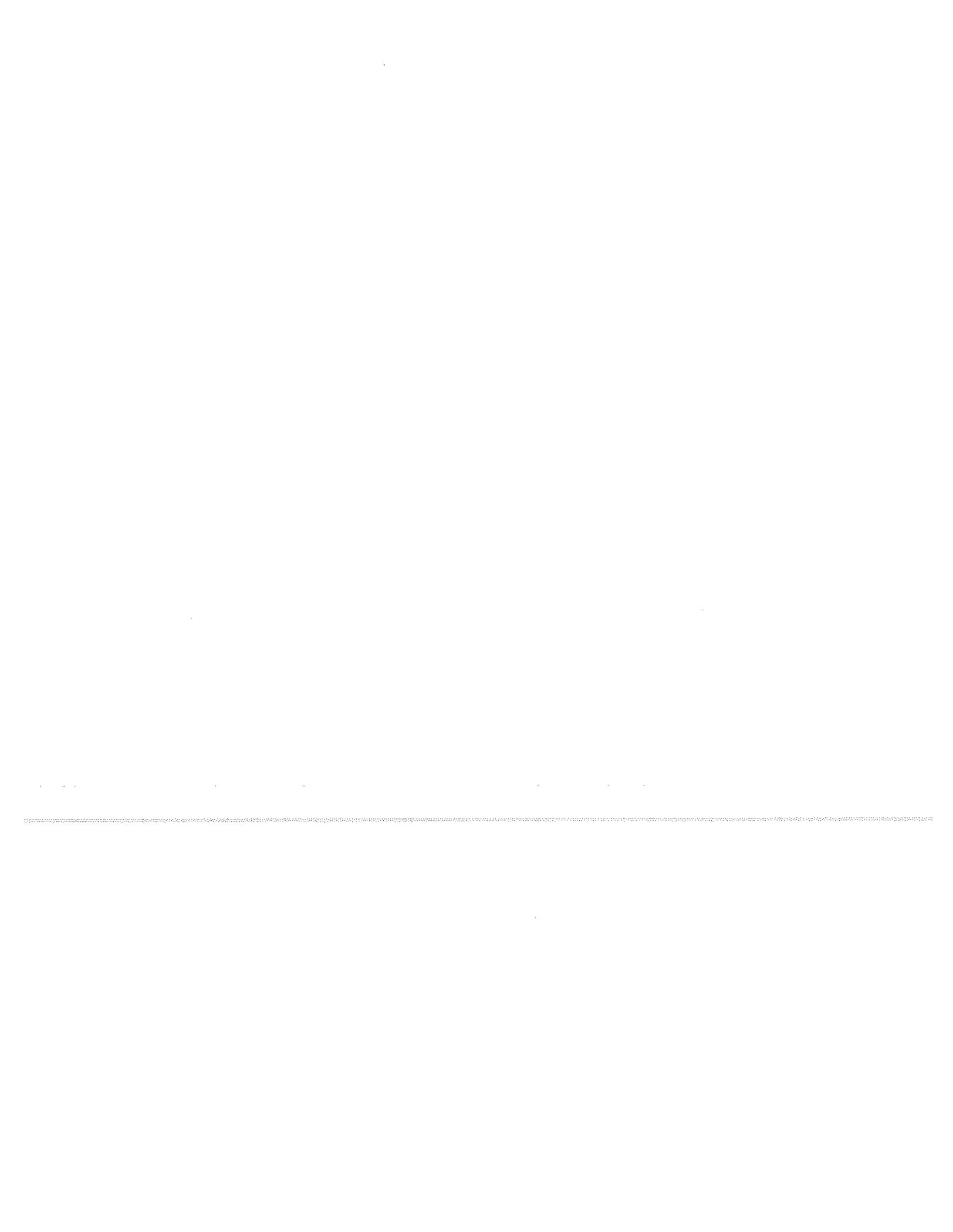
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# CITY OF LOS ALAMITOS



December 18, 2008

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**Mayor:**  
Dean Grose

**Mayor Pro Tem:**  
Marilynn M. Poe

**Council Members:**  
Troy D. Edgar  
Gerri L. Graham-Mejia  
Ken Stephens

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, 2008.

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

The City's financial statements have been audited by Diehl, Evans and Company, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2008. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **City of Los Alamitos Profile**

The City of Los Alamitos, which has a population of 11,689 and is 4.3 square miles, is located in the northwest section of Orange County. The City is strategically located in Southern California, 30 miles from downtown Los Angeles and 10 miles from Anaheim. The City is 10 miles northeast of the seaport terminal of Long Beach, and 13 miles northeast of the Port of Los Angeles. Neighboring communities include Long Beach, Seal Beach, Cypress and Garden Grove.

The City of Los Alamitos is a Charter City and was incorporated on March 1, 1960. The City has a Council-Manager form of government. The City Council is comprised of five members elected bi-annually to four-year alternating terms. The City Council annually elects a Mayor from its members. The City Council appoints the City Manager, who is responsible for the day-to-day administration and management of City business within all City departments. The City employs a staff of sixty-four full-time employees. The City has a contract with Best, Best and Krieger 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 year budget must occur prior to the conclusion of the prior fiscal year. The City Council may modify appropriations with majority approval. The budgets are adopted and presented on a basis consistent with generally accepted accounting principles.

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

## **Economic Outlook**

As with most cities in the State of California, the City of Los Alamitos is facing significant budget issues as a result of the declining national and state economies. Due to the slowing economy, revenue projections for the upcoming fiscal year were conservatively estimated. The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 75% of all General Fund revenues. The majority of the tax revenues are collected from property taxes, sales taxes, and utility users' taxes. Sales tax revenues are expected to decline while the rest of the City's tax revenues are expected to remain relatively flat. While the City expects less revenue growth than in past years, it is believed that the City will be able to maintain vital services to the community, with no increase in expenditures.

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

As of June 30, 2008, the City's General Fund unreserved fund balance totaled \$5,878,033. Of this amount, \$2,800,000 is designated for emergency purposes to provide a source of funds in the event of an unexpected emergency and to fund extraordinary general liability and workers' compensation claims.

The City's Seven-Year Capital Improvement Program (CIP) concentrates on street and road-related projects, making up 93% of total capital projects. The City expects to commence work on the next phase of an extensive residential street improvement project, as well as improvements to the intersection of Ball Road and Bloomfield Avenue.

Finally, the City of Los Alamitos prides itself on the many recreational opportunities afforded its residents. The City is currently in the design stage of a \$1.4 million recreational parkway that will be adjacent to Coyote Creek. This passive recreation area will be landscaped with native plants and include walking trails.

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## **Other Information**

Spending Limitation: Proposition 4, known as the Gann Initiative, was passed in 1979 to limit government spending by capping the total proceeds of taxes that may be appropriated in a fiscal year. When a City exceeds the limit, excess tax revenue must be returned to the citizens through refunds, rebates, or other means. The City is well below the established Gann limit of \$13,653.830.

Risk Management: The City has initiated self-insurance programs to provide for general liability and workers' compensation claims. The City belongs to California Joint Powers Insurance Authority, a joint powers authority insurance pool, to provide insurance coverage for payment of claims beyond its self-insured retention.

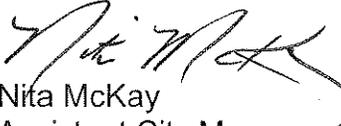
## Awards and Acknowledgements

The California Society of Municipal Finance Officers (CSMFO) awarded a Certificate for Outstanding Financial Reporting to the City of Los Alamitos for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This certificate is issued in recognition of meeting professional standards and criteria in reporting, which reflect a high level of quality in the annual financial statements and in the underlying accounting system.

The City will submit its fiscal year 2007-08 CAFR to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. We believe that our CAFR meets the GFOA requirements.

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

Respectfully submitted,

  
Nita McKay  
Assistant City Manager

## CITY OF LOS ALAMITOS

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### DIRECTORY OF OFFICIALS

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#### CITY COUNCIL

Dean Grose, Mayor  
Marilyn Poe, Mayor Pro Tem  
Troy D. Edgar, Council Member  
Gerri L. Graham-Mejia, Council Member  
Ken Stephens, Council Member

#### APPOINTED OFFICIALS

David Rudat, Interim City Manager  
Dean Derleth, City Attorney  
Susan Vanderpool, City Clerk

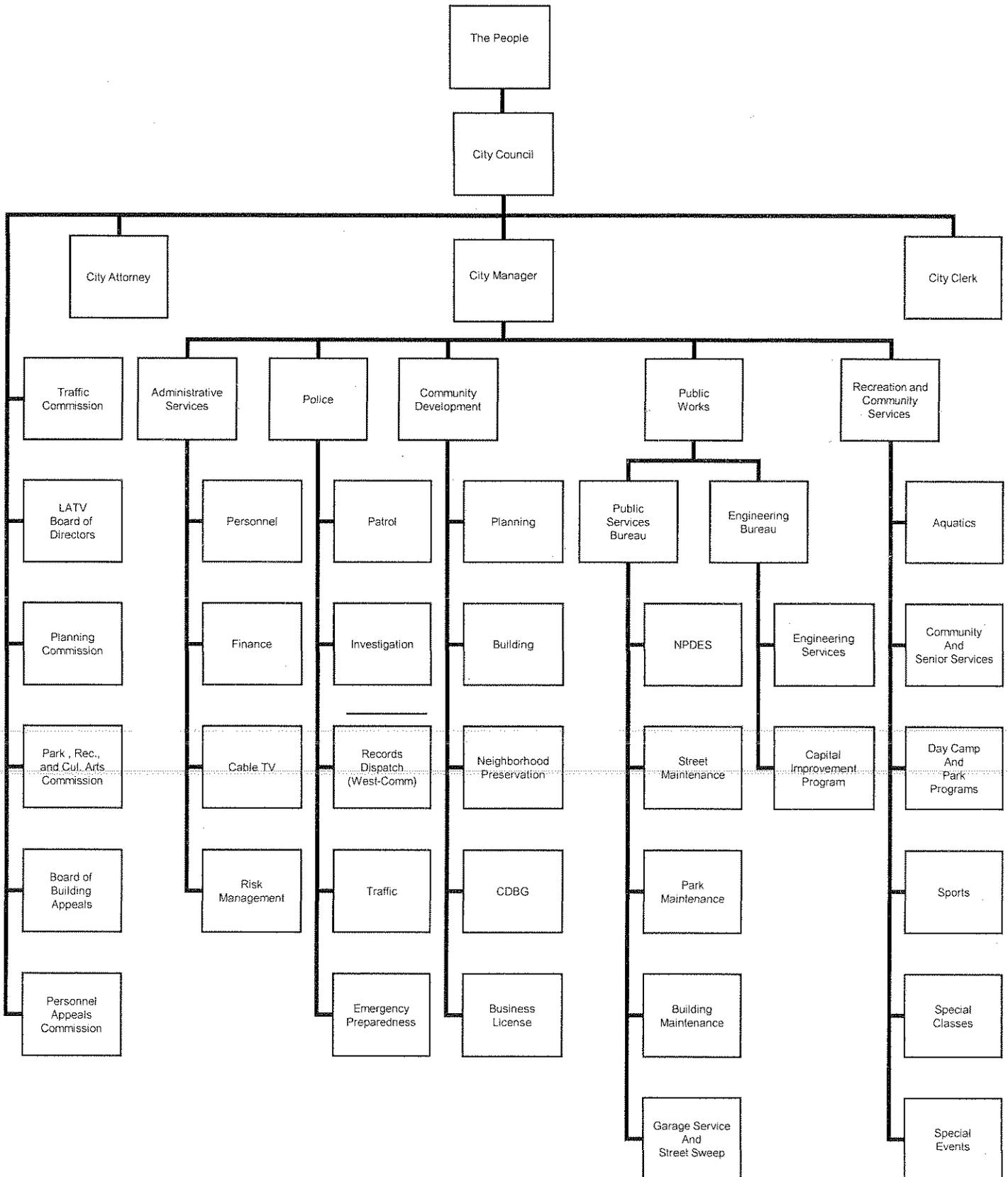
#### EXECUTIVE MANAGEMENT

Nita McKay, Assistant City Manager/City Treasurer  
Steven Mendoza, Director of Community Development  
Todd Mattern, Chief of Police  
William Huber, Interim Director of Public Works/City Engineer  
Angie Avery, Director of Recreation and Community Services

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# City of Los Alamitos Organizational Chart



*California Society of  
Municipal Finance Officers*

Certificate of Award

*Outstanding Financial Reporting 2006-07*

Presented to the

*City of Los Alamitos*

*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

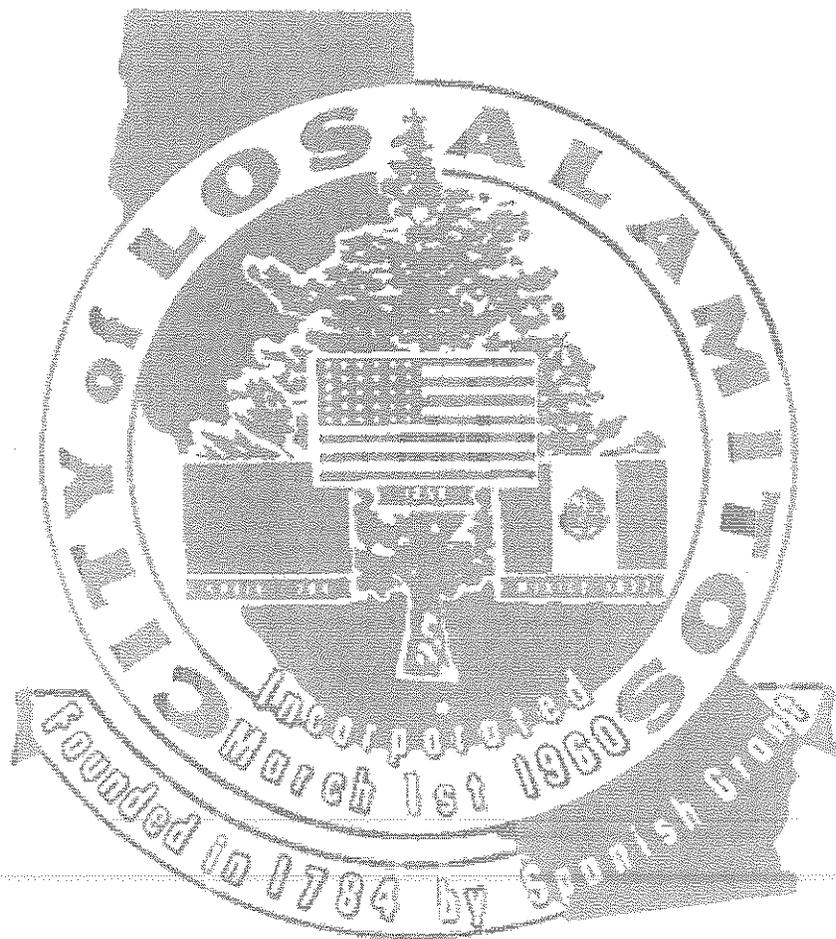
*June 2008*



A handwritten signature in dark ink, appearing to read "Jesse Takahashi".

Jesse Takahashi  
Professional and Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*









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KENNETH R. AMES, CPA  
\*WILLIAM C. PENTZ, CPA

\*A PROFESSIONAL CORPORATION

December 8, 2008

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Los Alamitos, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Los Alamitos' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Los Alamitos, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Measure M Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

- 1 -

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In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2008 on our consideration of the City of Los Alamitos' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, identified in the accompanying table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Los Alamitos' basic financial statements. The introductory section, supplementary information and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Diehl, Evans and Company, LLP*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Los Alamitos offers readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow GASB 34 and other Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences internal service fund activity, and depreciation to the various functions of the City; whereas the City's budget is an operational financial plan for the upcoming fiscal year.

### FINANCIAL HIGHLIGHTS

- The City's net assets decreased by \$113,230 as a result of this year's operations.
- The program and general revenues were \$12,649,773.
- The cost of governmental activities was \$12,763,003.
- The General Fund reported excess revenues over expenditures of \$125,409.
- For the General Fund, actual resources available for appropriation (revenue inflows, debt proceeds, and fund balance) were greater than the final budget by \$200,553 before transfers while actual expenditures (outflows) were \$646,405 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's 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).

See independent auditors' report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The government-wide financial statements include the blending of a separate legal entity - the Los Alamitos Television Corporation. The Corporation was dissolved December 11, 2007 and is reported as a component unit in the Statement of Activities (covering transactions from July 1, 2007 through December 11, 2007). Subsequent to the dissolution, LATV is reported as a special revenue fund.

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

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

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

See independent auditors' report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**TABLE 1**  
**City of Los Alamitos Net Assets**

	Governmental Activities	
	2008	2007 As Restated
Current and other assets	\$ 12,843,194	\$ 11,807,556
Capital assets	12,745,565	12,327,164
Total assets	25,588,759	24,134,720
Long-term debt outstanding	4,455,677	4,116,474
Other liabilities	1,874,869	646,803
Total liabilities	6,330,546	4,763,277
Net assets:		
Invested in capital assets, net of debt	9,395,565	8,962,164
Restricted	2,309,267	2,380,673
Unrestricted	7,553,381	8,028,606
Total net assets	\$ 19,258,213	\$ 19,371,443

The City's net assets from governmental activities decreased by \$113,230. Although, current and other assets increased by \$1.5 million, long term debt and other liabilities increased by \$1.6 million.

The increase in current assets is primarily due to an increase in cash and investment balances. The significant increase in liabilities is due to higher deposits payable and accounts payable/accrued liabilities; also included under liabilities is unearned revenue of \$0.4 million Proposition 1B funds received this fiscal year from the State of California.

Beginning fund balance was adjusted by \$68,061 representing accrued grant receivable written off this fiscal year.

See independent auditors' report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities.** Governmental activities decreased the City of Los Alamitos' net assets by \$113,230. Key elements of the decrease are illustrated in Table 2 below:

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

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 1,870,656	\$ 1,485,361
Operating contributions and grants	920,631	638,014
Capital contributions and grants	190,751	30,459
General revenues:		
Taxes:		
Property taxes	2,483,818	2,354,454
Utility users tax	2,178,315	2,165,318
Sales taxes	2,912,068	3,097,592
Franchise taxes	595,568	602,316
Other taxes	769,365	696,785
Motor vehicle in lieu	53,844	69,618
Investment income	276,824	451,657
Other	397,933	621,239
Total revenues	<u>12,649,773</u>	<u>12,212,813</u>
Expenses:		
General government	3,178,186	2,523,108
Public safety	4,922,149	4,448,929
Community development	699,700	742,732
Recreation and community services	2,162,055	1,902,597
Public works	1,591,775	1,445,267
Interest on long-term debt	<u>209,138</u>	<u>124,724</u>
Total expenditures	<u>12,763,003</u>	<u>11,187,357</u>
Change in net assets	(113,230)	1,025,456
Net assets, beginning	19,439,504	18,651,306
Restatement of net assets/adjustment	<u>(68,061)</u>	<u>(237,258)</u>
Net assets, ending	<u>\$ 19,258,213</u>	<u>\$ 19,439,504</u>

See independent auditors' report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's total revenues were \$12,649,773 while the costs for all programs and services totaled \$12,763,003. The following graphs further illustrate Table 2.

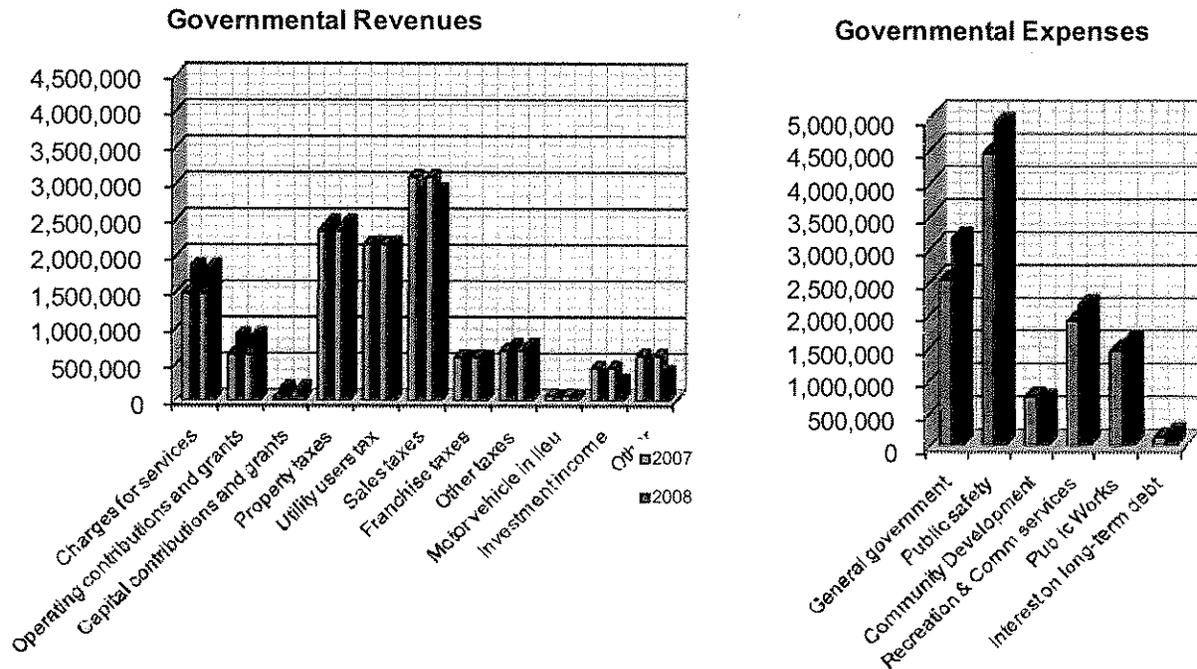


Table 3 below presents the cost of each of the City's six largest programs—general government, public safety, community development, recreation and community services, public works, and interest on long-term debt—as well as each program's *net cost* (total cost less revenues generated by the activities). 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
	2008	2008	2008
General government	\$ 3,178,186	\$ 181,324	\$ 2,996,862
Public safety	4,922,149	899,719	4,022,430
Community development	699,700	52,290	647,410
Recreation and community services	2,162,055	1,154,286	1,007,769
Public works	1,591,775	694,419	897,356
Interest on long-term debt	209,138	-	209,138
<b>Total expenditures</b>	<b>\$ 12,763,003</b>	<b>\$ 2,982,038</b>	<b>\$ 9,780,965</b>

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

See independent auditors' report.

## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$9,521,627, a decrease of \$495,974 from the prior year's balance. Of the ending fund balance, \$5,878,033 is unreserved fund balance in the General Fund, which is available for spending. The non-major governmental funds have an unreserved fund balance of \$2,573,511, while the Measure M Special Revenue Fund shows an unreserved balance of \$1,044,859. The remainder of the fund balance is reserved for loans receivable, encumbrances and prepaid costs to indicate that it is not available for new spending. Other than reserved portions of fund balance, there are no limitations that affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the City of Los Alamitos. At the end of the current fiscal year, excluding operating transfers, the General Fund had revenues over expenditures of \$125,409.

### **General Fund Budgetary Highlights**

The actual expenditures for the General Fund at year-end were \$646,405 less than the final budgeted expenditures. Actual revenues compared favorably to the final budget with a \$200,553 excess before transfers. Budget amendments and supplemental appropriations were made during the year to increase appropriations for unanticipated expenditures after adoption of the original budget in the amount of \$381,694.

### **Measure M Special Revenue Fund Budgetary Highlights**

Year end expenditures for Measure M Special Revenue Fund were \$1,002,528 less than final budget. This is mainly due to the Ball Road and Bloomfield Intersection improvements project which was not completed this fiscal year. Actual revenues were lower than final budget by \$854,101. Budgeted revenues included grant funding and reimbursement from the City of Cypress. Since the project was not completed, budgeted revenues were not realized.

### **Gas Tax Special Revenue Fund Budgetary Highlights**

Gas Tax Fund expenditures completed the fiscal year \$175,329 under budget. Capital improvement projects including Residential Street Improvements and Katella Avenue Median Enhancements were not completed at year end. Revenues were lower than final estimates because \$400,000 in grant funds received in June 2008 for the Residential Street Improvements project were deferred until the following fiscal year. These revenues will be recognized when the related project expenditures are made.

See independent auditors' report.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of fiscal year 2007-2008, the City had \$12.7 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase (including additions and deductions) of \$0.4 million, or 3.4 percent, over the prior year.

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

	Governmental Activities	
	2008	2007
Land	\$ 5,917,715	\$ 5,917,715
Buildings and improvements	1,147,444	1,113,166
Equipment	588,982	613,046
Vehicles	416,597	352,064
Furnitures	12,470	15,219
Infrastructure	4,498,635	4,190,706
Construction in progress	163,722	125,248
Totals	<u>\$ 12,745,565</u>	<u>\$ 12,327,164</u>

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

**Long-term Liabilities.** At the end of fiscal year 2007-2008, the City had \$4.6 million in long-term liabilities which includes an outstanding bond indebtedness of \$3.4 million and \$1.1 million of claims payable and compensated absences. The increase over prior year of 8.2 percent is mainly due to claims payable increasing by \$0.3 million.

**TABLE 5**  
**City of Los Alamitos Long-Term Liabilities**

	Governmental Activities	
	2008	2007
2006 Certificates of participation	\$ 3,350,000	\$ 3,365,000
Claims payable	673,649	351,672
Compensated absences	432,028	399,802
Totals	<u>\$ 4,455,677</u>	<u>\$ 4,116,474</u>

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

See independent auditors' report.

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

The City of Los Alamitos' economic outlook for fiscal year 2008-09 is showing signs of a sluggish economy, as being experienced throughout the state and nation. The fiscal year 2008-09 budget was prepared accordingly with modest increases projected for most revenue sources. Three main revenue sources make up 75% of the City's General Fund. While property taxes and utility users' taxes are projected to show modest increases, sales tax revenue is expected to show a more dramatic decline.

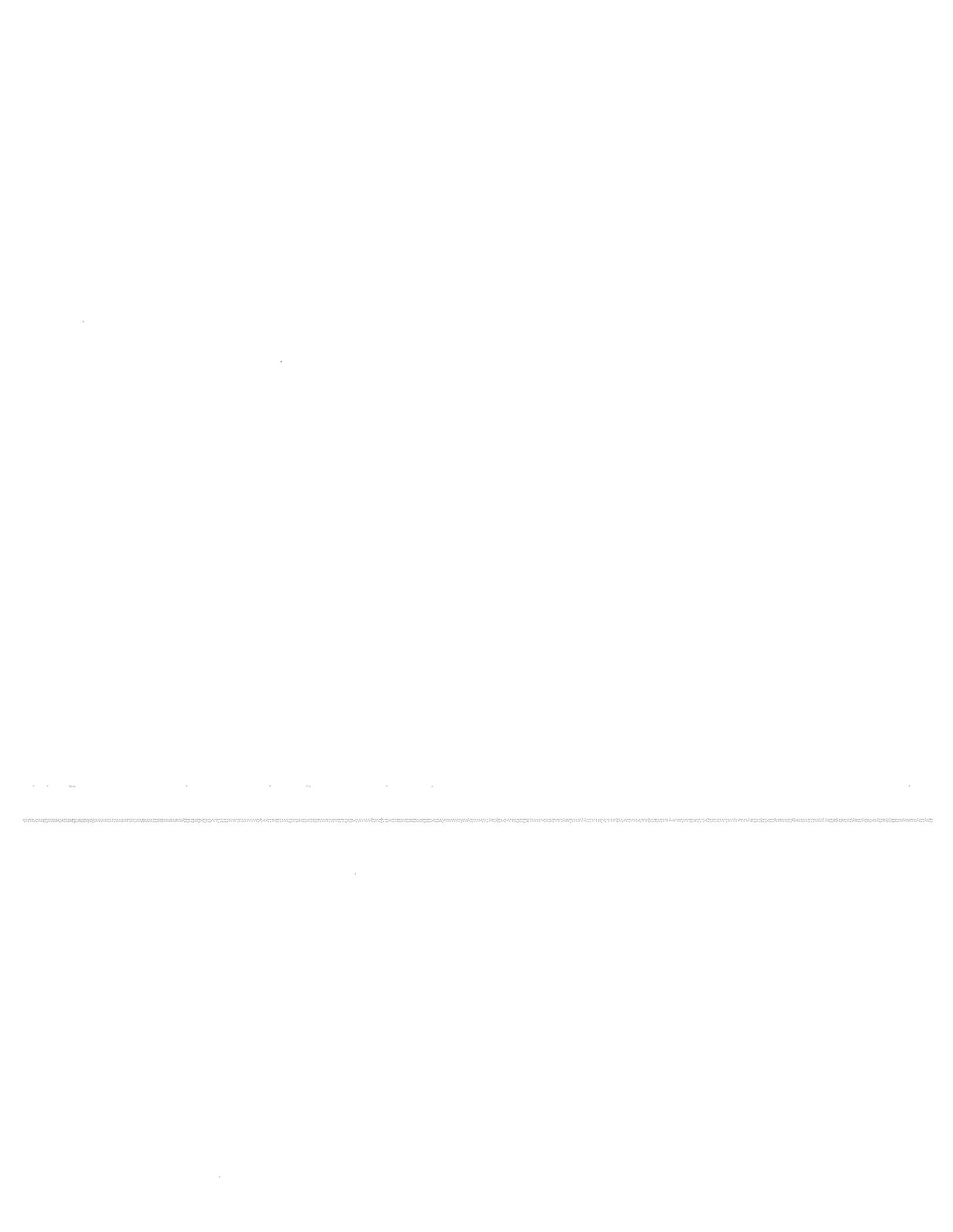
After including certain revenue enhancements, General Fund revenues are estimated to increase 3.3% over the prior fiscal year. General Fund expenditures are budgeted accordingly, with an increase of only .05%, after the implementation of certain budget reductions.

In addition to the City's General Fund budget being balanced for the upcoming fiscal year, departmental mission statements, goals, objectives, and work plans were added to enhance the readability of the document.

## **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, 2008

	Primary Government Governmental Activities	Component Unit Los Alamitos Television
<b>ASSETS:</b>		
Cash and investments	\$ 11,075,272	\$ -
Receivables:		
Accounts	630,614	-
Employee computer loans	9,050	-
Accrued interest	79,267	-
Notes	30,000	-
Prepaid costs	7,998	-
Inventory	25,736	-
Unamortized debt issuance costs	104,059	-
Due from other governments	655,965	-
Restricted assets:		
Cash with fiscal agent	225,233	-
Capital assets:		
Non depreciable assets	6,081,437	-
Depreciable assets, net	6,664,128	-
<b>TOTAL ASSETS</b>	<b>25,588,759</b>	<b>-</b>
<b>LIABILITIES:</b>		
Accounts payable	825,287	-
Accrued liabilities	255,022	-
Interest payable	52,015	-
Deposits payable	342,545	-
Unearned revenue	400,000	-
Long-term liabilities:		
Due within one year	507,866	-
Due in more than one year	3,947,811	-
<b>TOTAL LIABILITIES</b>	<b>6,330,546</b>	<b>-</b>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	9,395,565	-
Restricted for:		
Street and urban development projects	759,839	-
Public safety	101,012	-
Other purposes	1,238,793	-
Debt service	209,623	-
Unrestricted	7,553,381	-
<b>TOTAL NET ASSETS</b>	<b>\$ 19,258,213</b>	<b>\$ -</b>

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

CITY OF LOS ALAMITOS

Statement of Activities  
For the year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 3,178,186	\$ 33,386	\$ 133,945	\$ 13,993
Public safety	4,922,149	770,466	129,253	-
Community development	699,700	52,290	-	-
Recreation and community services	2,162,055	1,014,514	139,772	-
Public works	1,591,775	-	517,661	176,758
Interest on long-term debt	209,138	-	-	-
<b>Total governmental activities</b>	<b>12,763,003</b>	<b>1,870,656</b>	<b>920,631</b>	<b>190,751</b>
<b>Total primary government</b>	<b>\$ 12,763,003</b>	<b>\$ 1,870,656</b>	<b>\$ 920,631</b>	<b>\$ 190,751</b>
<b>Component Unit:</b>				
Los Alamitos Television	\$ 188,403	\$ 1,183	\$ 6,071	\$ -

General revenues:

Taxes:

- Property taxes, levied for general purpose
- Utility users tax
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses and permits
- Other taxes

Motor vehicle in lieu, unrestricted

Investment earnings

Gain on sale of property

Other

Total general revenues

Changes in net assets

Net assets - beginning of year, as restated (Note 14)

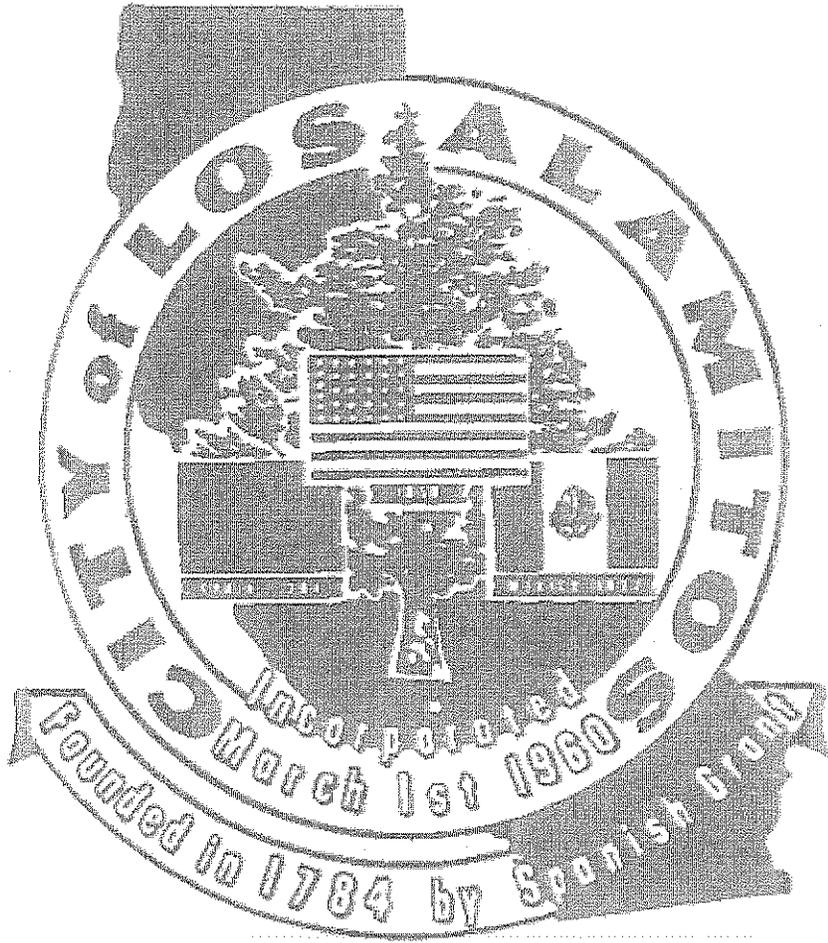
Net assets - end of year

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

Net (Expenses) Revenues and  
Changes in Net Assets

Primary Government Governmental Activities	Component Unit Los Alamitos Television
\$ (2,996,862)	\$ -
(4,022,430)	-
(647,410)	-
(1,007,769)	-
(897,356)	-
(209,138)	-
<u>(9,780,965)</u>	<u>-</u>
<u>(9,780,965)</u>	<u>-</u>
<u>-</u>	<u>(181,149)</u>

2,483,818	-
2,178,315	-
100,826	-
2,912,068	-
595,568	8,491
605,917	-
62,622	-
53,844	-
276,824	.83
8,712	-
<u>389,221</u>	<u>-</u>
<u>9,667,735</u>	<u>8,574</u>
(113,230)	(172,575)
<u>19,371,443</u>	<u>172,575</u>
<u>\$ 19,258,213</u>	<u>\$ -</u>



**FUND FINANCIAL STATEMENTS**

CITY OF LOS ALAMITOS

Balance Sheet  
 Governmental Funds  
 June 30, 2008

	General Fund	Measure M Special Revenue Fund	Gas Tax Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 5,859,040	\$ 1,161,934	\$ 946,026	\$ 1,862,833	\$ 9,829,833
Receivables:					
Accounts	511,600	-	-	118,997	630,597
Employee computer loans	9,050	-	-	-	9,050
Accrued interest	43,545	8,366	7,509	12,085	71,505
Notes	-	-	-	30,000	30,000
Prepaid costs	7,998	-	-	-	7,998
Due from other governments	532,041	29,680	74,068	20,176	655,965
Due from other funds	130,507	-	-	-	130,507
Restricted assets:					
Cash with fiscal agent	-	-	-	225,233	225,233
<b>TOTAL ASSETS</b>	<b>\$ 7,093,781</b>	<b>\$ 1,199,980</b>	<b>\$ 1,027,603</b>	<b>\$ 2,269,324</b>	<b>\$ 11,590,688</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 512,532	\$ 139,494	\$ 20,702	\$ 110,183	\$ 782,911
Accrued liabilities	204,661	15,627	18,718	13,306	252,312
Due to other funds	-	-	-	130,507	130,507
Deferred revenues	130,786	-	400,000	30,000	560,786
Deposits payable	342,545	-	-	-	342,545
<b>TOTAL LIABILITIES</b>	<b>1,190,524</b>	<b>155,121</b>	<b>439,420</b>	<b>283,996</b>	<b>2,069,061</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	8,176	-	-	-	8,176
Loans receivable	9,050	-	-	-	9,050
Prepaid costs	7,998	-	-	-	7,998
Unreserved:					
Designated reported in:					
General fund	2,800,000	-	-	-	2,800,000
Special revenue funds	-	-	-	219,351	219,351
Undesignated reported in:					
General fund	3,078,033	-	-	-	3,078,033
Special revenue funds	-	1,044,859	588,183	464,723	2,097,765
Debt service fund	-	-	-	261,638	261,638
Capital projects funds	-	-	-	1,039,616	1,039,616
<b>TOTAL FUND BALANCES</b>	<b>5,903,257</b>	<b>1,044,859</b>	<b>588,183</b>	<b>1,985,328</b>	<b>9,521,627</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,093,781</b>	<b>\$ 1,199,980</b>	<b>\$ 1,027,603</b>	<b>\$ 2,269,324</b>	<b>\$ 11,590,688</b>

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

CITY OF LOS ALAMITOS

Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets  
June 30, 2008

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Fund balances - total governmental funds		\$ 9,521,627
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		12,201,187
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, 2008 are:		
Certificates of Participation	\$ (3,350,000)	
Deferred charges for issuance costs	104,059	
Claims and judgments	(673,649)	
Compensated absences	(430,330)	
		(4,349,920)
Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds.		(52,015)
Long-term assets that are not available for current use are recorded as deferred revenue under the modified accrual basis of accounting.		160,786
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Assets.		<u>1,776,548</u>
Net assets of governmental activities		<u>\$ 19,258,213</u>

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

CITY OF LOS ALAMITOS

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the year ended June 30, 2008

	General Fund	Measure M Special Revenue Fund	Gas Tax Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 8,414,272	\$ -	\$ 219,647	\$ 91,351	\$ 8,725,270
Licenses and permits	605,917	-	-	-	605,917
Intergovernmental	323,054	351,239	-	275,037	949,330
Charges for services	811,920	-	-	293,258	1,105,178
Investment earnings	226,489	41,208	30,387	71,204	369,288
Fines and forfeitures	732,268	-	-	18,610	750,878
Contributions	155	-	-	134,368	134,523
Miscellaneous	163,788	-	-	-	163,788
<b>TOTAL REVENUES</b>	<b>11,277,863</b>	<b>392,447</b>	<b>250,034</b>	<b>883,828</b>	<b>12,804,172</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General government	2,704,939	-	-	34,535	2,739,474
Public safety	4,795,451	-	-	2,932	4,798,383
Community development	693,957	-	-	-	693,957
Recreation and community services	1,694,223	-	-	424,262	2,118,485
Public works	1,196,796	126,485	-	137,220	1,460,501
Capital outlay	67,088	185,563	242,931	59,939	555,521
<b>Debt service:</b>					
Principal	-	-	-	15,000	15,000
Interest and fiscal charges	-	-	-	157,123	157,123
<b>TOTAL EXPENDITURES</b>	<b>11,152,454</b>	<b>312,048</b>	<b>242,931</b>	<b>831,011</b>	<b>12,538,444</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>125,409</b>	<b>80,399</b>	<b>7,103</b>	<b>52,817</b>	<b>265,728</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	304,643	-	-	426,940	731,583
Transfers out	(1,071,670)	-	(100,000)	(253,554)	(1,425,224)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(767,027)</b>	<b>-</b>	<b>(100,000)</b>	<b>173,386</b>	<b>(693,641)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(641,618)</b>	<b>80,399</b>	<b>(92,897)</b>	<b>226,203</b>	<b>(427,913)</b>
<b>FUND BALANCES - BEGINNING OF YEAR, AS RESTATED</b>	<b>6,544,875</b>	<b>964,460</b>	<b>681,080</b>	<b>1,759,125</b>	<b>9,949,540</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 5,903,257</b>	<b>\$ 1,044,859</b>	<b>\$ 588,183</b>	<b>\$ 1,985,328</b>	<b>\$ 9,521,627</b>

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

CITY OF LOS ALAMITOS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2008**

Net change in fund balances - total governmental funds \$ (427,913)

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 useful lives as depreciation expense. This is the amount by which capitalizable capital outlays and the disposition of capital assets exceeded depreciation in the current period.

Capital expenditures	\$ 555,521	
Depreciation expense	<u>(246,922)</u>	308,599

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets.		13,993
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The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of this difference in the treatment of long-term debt and related items:

Principal payments		15,000
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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	(52,015)	
Amortization of issuance costs	<u>(3,716)</u>	(55,731)

Payment of accrued claims is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.		(321,977)
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Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(31,877)
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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:

Intergovernmental income	(10,000)	
Sales tax	<u>(196,649)</u>	(206,649)

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

593,325

Change in net assets of governmental activities		<u>\$ (113,230)</u>
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See independent auditors' report and notes to basic financial statements.

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement**  
**General Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1, as restated</b>	<b>\$ 6,544,875</b>	<b>\$ 6,544,875</b>	<b>\$ 6,544,875</b>	<b>\$ -</b>
<b>Resources (inflows):</b>				
Taxes	8,387,480	8,293,980	8,414,272	120,292
Licenses and permits	655,100	665,100	605,917	(59,183)
Intergovernmental	348,100	348,100	323,054	(25,046)
Charges of services	725,430	739,130	811,920	72,790
Investment earnings	261,500	261,500	226,489	(35,011)
Fines and forfeitures	574,500	689,500	732,268	42,768
Contributions	-	-	155	155
Miscellaneous	80,000	80,000	163,788	83,788
Transfers from other funds	285,300	285,300	304,643	19,343
	<u>11,317,410</u>	<u>11,362,610</u>	<u>11,582,506</u>	<u>219,896</u>
<b>Amounts Available for Appropriation</b>				
<b>Charges to appropriations (outflows):</b>				
<b>General government:</b>				
City council	104,350	104,350	109,141	(4,791)
City manager/City clerk	671,175	809,503	673,578	135,925
Administrative services	575,150	619,704	590,349	29,355
City attorney	205,500	205,500	211,786	(6,286)
Personnel recruitment	9,200	10,200	11,150	(950)
Building maintenance	199,205	199,095	171,623	27,472
Insurance	637,560	659,690	777,978	(118,288)
Benefits liability reserve	86,000	145,000	159,334	(14,334)
	<u>2,488,140</u>	<u>2,753,042</u>	<u>2,704,939</u>	<u>48,103</u>
<b>Total general government</b>				
<b>Public safety:</b>				
Police administration	1,000,340	1,196,493	969,479	227,014
Patrol	2,700,235	2,682,115	2,433,360	248,755
Investigation	463,260	479,590	502,937	(23,347)
Dispatch	628,500	628,340	609,948	18,392
Crossing guards	62,900	62,700	62,553	147
Police aids	54,200	57,840	57,601	239
Federal grants program	-	-	3,178	(3,178)
State grants program	153,375	169,540	149,256	20,284
Emergency preparedness	12,300	6,000	7,139	(1,139)
	<u>5,075,110</u>	<u>5,282,618</u>	<u>4,795,451</u>	<u>487,167</u>
<b>Total public safety</b>				

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

(Continued)

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement, Continued**  
**General Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (outflows) (Continued):				
Community development:				
Community development administration	\$ 387,820	\$ 368,800	\$ 384,099	\$ (15,299)
Planning	137,895	137,895	78,454	59,441
Neighborhood preservation	99,145	97,585	99,899	(2,314)
Building inspection	182,300	152,010	131,505	20,505
Total community development	807,160	756,290	693,957	62,333
Recreation and community services:				
Recreation and community services administration	638,685	638,827	606,287	32,540
Park maintenance	302,930	331,540	375,572	(44,032)
Community services	71,300	66,730	68,831	(2,101)
Day camp	42,250	42,250	41,730	520
Playground/holiday programs	26,810	26,810	28,060	(1,250)
Sports	194,005	178,720	180,263	(1,543)
Special classes	335,800	335,800	351,189	(15,389)
Special events	49,505	49,505	42,291	7,214
Total recreation and community services	1,661,285	1,670,182	1,694,223	(24,041)
Public works:				
Public works administration	471,305	362,227	359,236	2,991
Street maintenance	748,900	777,710	698,500	79,210
Street sweeping	55,165	51,510	64,415	(12,905)
City engineer	44,000	44,000	74,645	(30,645)
Total public works	1,319,370	1,235,447	1,196,796	38,651
Capital outlay	66,100	101,280	67,088	34,192
Transfers to other funds	215,400	1,071,670	1,071,670	-
Total Charges to Appropriations	11,632,565	12,870,529	12,224,124	646,405
Excess of resources over (under) charges to appropriations	(315,155)	(1,507,919)	(641,618)	866,301
<b>Fund balance, June 30</b>	<b>\$ 6,229,720</b>	<b>\$ 5,036,956</b>	<b>\$ 5,903,257</b>	<b>\$ 866,301</b>

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

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement  
Measure M Special Revenue Fund  
For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1, as restated</b>	<b>\$ 964,460</b>	<b>\$ 964,460</b>	<b>\$ 964,460</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	181,700	1,226,548	351,239	(875,309)
Investment earnings	20,000	20,000	41,208	21,208
Amounts Available for Appropriation	<u>201,700</u>	<u>1,246,548</u>	<u>392,447</u>	<u>(854,101)</u>
Charges to appropriations (outflows):				
Current:				
Public works:				
Street maintenance	-	173,486	126,485	47,001
Capital outlay	<u>1,041,090</u>	<u>1,141,090</u>	<u>185,563</u>	<u>955,527</u>
Total Charges to Appropriations	<u>1,041,090</u>	<u>1,314,576</u>	<u>312,048</u>	<u>1,002,528</u>
Excess of resources over (under) charges to appropriations	<u>(839,390)</u>	<u>(68,028)</u>	<u>80,399</u>	<u>148,427</u>
<b>Fund balance, June 30</b>	<b>\$ 125,070</b>	<b>\$ 896,432</b>	<b>\$ 1,044,859</b>	<b>\$ 148,427</b>

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

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement  
Gas Tax Special Revenue Fund  
For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 681,080</b>	<b>\$ 681,080</b>	<b>\$ 681,080</b>	<b>\$ -</b>
Resources (inflows):				
Taxes	306,900	619,000	219,647	(399,353)
Investment earnings	15,000	15,000	30,387	15,387
Amounts Available for Appropriation	321,900	634,000	250,034	(383,966)
Charges to appropriations (outflows):				
Capital outlay	491,520	418,260	242,931	175,329
Transfers to other funds	100,000	100,000	100,000	-
Total Charges to Appropriations	591,520	518,260	342,931	175,329
Excess of resources over (under) charges to appropriations	(269,620)	115,740	(92,897)	(208,637)
<b>Fund balance, June 30</b>	<b>\$ 411,460</b>	<b>\$ 796,820</b>	<b>\$ 588,183</b>	<b>\$ (208,637)</b>

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

CITY OF LOS ALAMITOS

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2008

	<u>Governmental Activities - Internal Service Funds</u>
ASSETS	
CURRENT ASSETS:	
Cash and investments	\$ 1,245,439
Receivables (net of allowance for uncollectibles):	
Accounts	17
Accrued interest	7,762
Inventory	<u>25,736</u>
TOTAL CURRENT ASSETS	<u>1,278,954</u>
NONCURRENT ASSETS:	
Capital assets, net	<u>544,378</u>
TOTAL NONCURRENT ASSETS	<u>544,378</u>
TOTAL ASSETS	<u>1,823,332</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	42,376
Accrued liabilities	<u>2,710</u>
TOTAL CURRENT LIABILITIES	<u>45,086</u>
NONCURRENT LIABILITIES:	
Compensated absences	<u>1,698</u>
TOTAL NONCURRENT LIABILITIES	<u>1,698</u>
TOTAL LIABILITIES	<u>46,784</u>
NET ASSETS	
Invested in capital assets, net of related debt	544,378
Unrestricted	<u>1,232,170</u>
TOTAL NET ASSETS	<u>\$ 1,776,548</u>

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

CITY OF LOS ALAMITOS

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Funds  
 For the year ended June 30, 2008

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 294,750
 TOTAL OPERATING REVENUES	 <u>294,750</u>
OPERATING EXPENSES:	
Personal services	90,964
Supplies and parts	97,380
Outside services	132,510
Depreciation	112,469
 TOTAL OPERATING EXPENSES	 <u>433,323</u>
 OPERATING LOSS	 <u>(138,573)</u>
NONOPERATING REVENUES:	
Interest revenue	29,545
Sale of property	8,712
 TOTAL NONOPERATING REVENUES	 <u>38,257</u>
 LOSS BEFORE TRANSFERS	 <u>(100,316)</u>
TRANSFERS:	
Transfers in	693,641
 TOTAL TRANSFERS	 <u>693,641</u>
 CHANGES IN NET ASSETS	 <u>593,325</u>
 TOTAL NET ASSETS - BEGINNING OF YEAR	 <u>1,183,223</u>
 TOTAL NET ASSETS - END OF YEAR	 <u>\$ 1,776,548</u>

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

CITY OF LOS ALAMITOS

Statement of Cash Flows  
 Proprietary Funds  
 For the year ended June 30, 2008

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from user departments	\$ 294,733
Cash paid to suppliers for goods and services	(255,490)
Cash paid to employees for services	(89,591)
NET CASH USED BY OPERATING ACTIVITIES	<u>(50,348)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash received from other funds	<u>693,641</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>693,641</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(208,278)
Sale of capital assets	<u>8,712</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(199,566)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest earned	<u>31,714</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>31,714</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	475,441
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>769,998</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,245,439</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (138,573)
Depreciation	112,469
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(17)
(Increase) decrease in inventory	(25,736)
Increase (decrease) in accounts payable	136
Increase (decrease) in accrued liabilities	1,024
Increase (decrease) in compensated absences	<u>349</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (50,348)</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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 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.

The Los Alamitos Television Corporation was incorporated on August 26, 1982, under the Nonprofit Public Benefit Corporation Law of the State of California and was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Its purpose was to provide public access cablevision instruction and cablecasting to the citizens of the City of Los Alamitos. On December 11, 2007, the Corporation was dissolved.

The criteria used in determining the scope of the reporting entity are based on the provisions of Statement No. 14 of the Government Accounting Standards Board (GASB). The City is the primary government unit. Component units are those entities which are financially accountable to the primary government either because the City appoints a voting majority of the component unit's board, or because the component unit provides a financial benefit or imposes a financial burden on the City. The Los Alamitos Public Facilities Corporation is considered to be a blended component unit of the City.

The Los Alamitos Television Corporation is considered to be a discretely-presented component unit of the City. The Corporation is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The Corporation's governing body consisted of two members of the City Council and two members from the public. The Corporation does not provide services primarily to the City. As of July 1, 2007, the Corporation had decided to wind up operations. All remaining net assets were contributed to the City. The Corporation was officially dissolved on December 11, 2007.

B. Basis of Accounting and Measurement Focus:

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

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Government-Wide Financial Statements:**

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

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. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

**Governmental Fund Financial Statements:**

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

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Governmental Fund Financial Statements (Continued):**

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

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

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

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

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

The Measure M Special Revenue Fund is used to account for “local turnback” revenues derived from a voter-approved initiative within Orange County, California. Additional revenue in this fund includes competitive grant funding. Expenditures are specifically restricted for improving the City’s roadways.

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

See independent auditors’ report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Governmental Fund Financial Statements (Continued):**

Additionally, the City reports the following fund types:

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

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs for the 2006 Certificates of Participation (Laurel Park Acquisition).

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

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

**Proprietary Fund Financial Statements:**

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

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

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Proprietary Fund Financial Statements (Continued):**

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

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

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

C. Assets, Liabilities and Net Assets or Equity:

**Deposits and Investments:**

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

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

**Receivables and Payables:**

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

See independent auditors' report.

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 that involve the protection of people and property 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.

**Inventories and Prepaids:**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in the Proprietary Fund consist of fuel held for future use and is accounted for using the consumption method. Inventory costs are recorded as expenditures when used.

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Inventories and Prepaids (Continued):**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The fund balances in the governmental fund types, have been reserved for amounts equal to the prepaid items in the fund-level statements since these amounts are not available for appropriation.

**Capital Assets:**

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years, except for infrastructure assets which have a capitalization threshold of \$20,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Claims and Judgments:**

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

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

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

**Compensated Absences:**

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

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

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

**Cash and Cash Equivalents:**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates:**

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

**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 Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year.
3. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund types during the year. Unexpended appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are recorded as a reserve of fund balance and then reappropriated the following fiscal year.

See independent auditors' report.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

**Budgets and Budgetary Accounting (Continued):**

4. Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt a budget for this type of fund.
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, 2008, based on calculations by City management, proceeds of taxes did not exceed appropriations.

**Deficit Fund Balance:**

The State Park Bond Act Special Revenue Fund had a deficit fund balance of \$33,617 at June 30, 2008. This deficit is primarily due to grant expenditures incurred for which the City has not yet received reimbursements. This deficit will be eliminated by future grant receipts.

**Excess of Expenditures over Appropriations by Department in Individual Funds:**

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
General government:			
City council	\$ 109,141	\$ 104,350	\$ (4,791)
City attorney	211,786	205,500	(6,286)
Non-departmental	937,312	804,690	(132,622)
Recreation and community services	1,694,223	1,670,182	(24,041)

See independent auditors' report.

City of Los Alamitos  
Notes to Basic Financial Statements, Continued  
June 30, 2008

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

**Excess of Expenditures over Appropriations by Department in Individual Funds  
(Continued):**

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Office of Traffic and Safety Special Revenue Fund:			
Public safety:			
Patrol	\$ 2,932	\$ -	\$ (2,932)
Joint Forces Training Base Pool Special Revenue Fund:			
Recreation and community services:			
Aquatics	424,262	421,240	(3,022)

3. CASH AND INVESTMENTS:

**Cash and Investments:**

The following is a summary of cash and investments at June 30, 2008:

	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Totals</u>
Cash and investments	\$ 11,075,272	\$ -	\$ 11,075,272
Restricted cash with fiscal agent	225,233	-	225,233
Total cash and investments	<u>\$ 11,300,505</u>	<u>\$ -</u>	<u>\$ 11,300,505</u>

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2008**

**3. CASH AND INVESTMENTS (CONTINUED):**

**Cash and Investments (Continued):**

Cash and investments at June 30, 2008 consisted of the following:

Demand deposits	\$ 744,270
Investments	<u>10,556,235</u>
Total cash and investments	<u>\$ 11,300,505</u>

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

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

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

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

N/A - Not Applicable

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

See independent auditors' report.

3. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by Debt Agreements:**

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

**Disclosures Relating to Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in LAIF.

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:

<u>Investment Type</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
Local Agency Investment Fund (LAIF)	\$ 10,331,002
Investment held by Bond Trustee:	
Money Market Mutual Funds	<u>225,233</u>
	<u>\$ 10,556,235</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 year end for each investment type:

<u>Investment Type</u>	<u>Total as of June 30, 2008</u>	<u>Minimum Legal Rating</u>	<u>Unrated</u>	<u>AAA</u>
LAIF	\$ 10,331,002	N/A	\$ 10,331,002	\$ -
Investment held by: Bond Trustee:				
Money Market Mutual Funds	<u>225,233</u>	AAA	<u>-</u>	<u>225,233</u>
	<u>\$ 10,556,235</u>		<u>\$ 10,331,002</u>	<u>\$ 225,233</u>

N/A - Not Applicable

See independent auditors' report.

3. CASH AND INVESTMENTS (CONTINUED):

**Concentration of Credit Risk:**

As of June 30, 2008, 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, 2008, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law. The financial institutions used by the City have indicated that there are times during the course of a year where they may not have met the collateral requirements. In addition, due to existing financial market conditions, there is a risk that the City may not be able to recover its deposits in excess of FDIC insurance coverage if a financial institution fails and the market value of the collateral is not sufficient to cover all deposits.

**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.

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2008**

4. NOTE RECEIVABLE:

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

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

The future payments to be received from the City of Cypress are reflected in the financial statements as an amount due from other governmental agencies in the Traffic Improvements Capital Projects Fund with a corresponding amount shown as deferred revenue. Revenue is recorded as payments are received. The amount due from the City of Cypress at June 30, 2008, was \$30,000.

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

5. INTERFUND TRANSACTIONS:

**Interfund Receivables and Payables:**

At June 30, 2008, the City had the following short-term interfund receivables and payables:

Receivable	Payable	Amount
General Fund	Other Governmental Funds	<u>\$ 130,507</u>

The outstanding balances between funds result mainly from temporary operating cash loans.

See independent auditors' report.

City of Los Alamitos  
Notes to Basic Financial Statements, Continued  
June 30, 2008

5. INTERFUND TRANSACTIONS (CONTINUED):

**Transfers:**

Transfers in and out for the year ended June 30, 2008 are as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General Fund	Gas Tax Special Revenue Fund	\$ 100,000
	Other Governmental Funds	204,643
Other Governmental Funds	General Fund	426,940
Internal Service Funds	General Fund	644,730
	Other Governmental Funds	<u>48,911</u>
		<u>\$ 1,425,224</u>

Transfers to the General Fund from the Gas Tax Special Revenue Fund and Other Governmental Funds (the PSAF and SLESF Special Revenue Funds) were made to offset street maintenance costs, offset the salary cost of two officers and purchase a CNG truck for public works.

The General Fund transferred monies to Other Governmental Funds to cover current year debt payments, fund the Coyote Creek project and support pool operations.

Transfers made to the Internal Service Funds were for the purchase of a new financial software, license fees for the City's GIS, cost of the Police Chief's car and cover replacement charges that have been deferred.

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2008**

**6. CAPITAL ASSETS:**

A summary of changes in the Governmental Activities capital assets at June 30, 2008 is as follows:

<b>Governmental Activities:</b>	<u>Balance at July 1, 2007</u>	<u>LATV Corporation Contributed Assets</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Capital assets, not being depreciated:					
Land	\$ 5,917,715	\$ -	\$ -	\$ -	\$ 5,917,715
Construction in progress	<u>125,248</u>	<u>-</u>	<u>61,857</u>	<u>(23,383)</u>	<u>163,722</u>
Total capital assets, not being depreciated	<u>6,042,963</u>	<u>-</u>	<u>61,857</u>	<u>(23,383)</u>	<u>6,081,437</u>
Capital assets, being depreciated:					
Equipment	1,720,825	233,334	96,051	-	2,050,210
Vehicles	1,097,690	-	159,816	(122,397)	1,135,109
Furniture	46,980	-	-	-	46,980
Buildings	1,932,883	-	-	-	1,932,883
Improvements	-	-	73,872	-	73,872
Infrastructure	<u>4,354,186</u>	<u>-</u>	<u>395,587</u>	<u>-</u>	<u>4,749,773</u>
Total capital assets, being depreciated	<u>9,152,564</u>	<u>233,334</u>	<u>725,326</u>	<u>(122,397)</u>	<u>9,988,827</u>
Less accumulated depreciation for:					
Equipment	(1,107,779)	(219,341)	(134,108)	-	(1,461,228)
Vehicles	(745,626)	-	(95,283)	122,397	(718,512)
Furniture	(31,761)	-	(2,749)	-	(34,510)
Buildings	(819,717)	-	(39,594)	-	(859,311)
Improvements	-	-	-	-	-
Infrastructure	<u>(163,480)</u>	<u>-</u>	<u>(87,658)</u>	<u>-</u>	<u>(251,138)</u>
Total accumulated depreciation	<u>(2,868,363)</u>	<u>(219,341)</u>	<u>(359,392)</u>	<u>122,397</u>	<u>(3,324,699)</u>
Total capital assets, being depreciated, net	<u>6,284,201</u>	<u>13,993</u>	<u>365,934</u>	<u>-</u>	<u>6,664,128</u>
Governmental activities capital assets, net	<u>\$ 12,327,164</u>	<u>\$ 13,993</u>	<u>\$ 427,791</u>	<u>\$ (23,383)</u>	<u>\$ 12,745,565</u>

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2008**

**6. CAPITAL ASSETS (CONTINUED):**

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

General Government	\$ 69,504
Public Safety	55,575
Community Development	506
Recreation and Community Services	33,680
Public Works	87,658
Depreciation expense for internal service funds is charged to various functions based on usage of capital assets	<u>112,469</u>
Total depreciation expense - governmental activities	<u>\$ 359,392</u>

**7. LONG-TERM LIABILITIES:**

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year	Due in More Than One Year
2006 Certificates of participation	\$ 3,365,000	\$ -	\$ (15,000)	\$ 3,350,000	\$ 55,000	\$ 3,295,000
Claims payable	351,672	585,320	(263,343)	673,649	275,000	398,649
Compensated absences	<u>399,802</u>	<u>229,911</u>	<u>(197,685)</u>	<u>432,028</u>	<u>177,866</u>	<u>254,162</u>
Total	<u>\$ 4,116,474</u>	<u>\$ 815,231</u>	<u>\$ (476,028)</u>	<u>\$ 4,455,677</u>	<u>\$ 507,866</u>	<u>\$ 3,947,811</u>

**2006 Certificates of Participation:**

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

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2008**

**7. LONG-TERM LIABILITIES (CONTINUED):**

**2006 Certificates of Participation (Continued):**

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

Year Ending June 30,	Principal	Interest	Total
2009	\$ 55,000	\$ 154,842	\$ 209,842
2010	60,000	152,326	212,326
2011	60,000	149,701	209,701
2012	65,000	146,967	211,967
2013	70,000	144,014	214,014
2014 - 2018	385,000	671,834	1,056,834
2019 -2023	480,000	576,829	1,056,829
2024 -2028	615,000	451,569	1,066,569
2029 -2033	780,000	286,682	1,066,682
2034 - 2037	780,000	78,086	858,086
Totals	<u>\$ 3,350,000</u>	<u>\$ 2,812,850</u>	<u>\$ 6,162,850</u>

**Claims Payable:**

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2008, were as follows:

General liability claims	\$ 219,876
Workers' compensation claims	<u>453,773</u>
	<u>\$ 673,649</u>

**Compensated Absences:**

Employee leave benefits are payable to employees upon termination. The City's policies relating to the payment of these benefits are discussed in Note 1.

**8. DEFINED CONTRIBUTION PLAN:**

The City provides pension benefits for all of its part time employees through a defined contribution plan, whereby part time employees authorize the City to withhold funds from earnings to be invested with Nationwide Retirement Solutions, Inc. 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% to a retirement plan. For the year ended June 30, 2008, the City and employees contributed \$33,671 and \$33,670, respectively to the Plan.

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2008**

9. RETIREMENT PLANS:

**Plan Description:**

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

**Funding Policy:**

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

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

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-08 was 6.719% for local miscellaneous members and 20.505% for local safety members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS. The City's contributions to CalPERS for the past three years, which were equal to the required contribution each year, were as follows:

<u>Fiscal Year Ended June 30.</u>	<u>Local Miscellaneous</u>	<u>Local Safety</u>
2008	\$ 137,962	\$ 405,994
2007	156,741	177,626
2006	92,318	199,182

See independent auditors' report.

City of Los Alamitos  
Notes to Basic Financial Statements, Continued  
June 30, 2008

10. RESERVES AND DESIGNATIONS OF FUND BALANCES:

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Reserved for:			
Encumbrances	\$ 8,176	\$ -	\$ 8,176
Loans receivable	9,050	-	9,050
Prepaid costs	7,998	-	7,998
Designated for:			
Emergency reserve	2,800,000	-	2,800,000
Building improvements	-	219,351	219,351
	<u>\$ 2,825,224</u>	<u>\$ 219,351</u>	<u>\$ 3,044,575</u>

A. Reserved for Encumbrances:

Amounts reserved for encumbrances are commitments for materials and services on purchase orders and contracts that are unperformed.

B. Reserved for Loans Receivable:

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

C. Reserved for Prepaid Costs:

This reserve is provided to indicate that prepaid costs are not available as a resource to meet expenditures of the current year.

D. Designated for Emergency Reserve:

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

E. Designated for Building Improvements:

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

See independent auditors’ report.

11. JOINT VENTURES:

**Orange County Fire Authority:**

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

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

**Joint Forces Training Base Swimming Facilities:**

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

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

As of June 30, 2008, \$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.

Audited information is not available. Unaudited financial information may be obtained for the City of Los Alamitos.

See independent auditors' report.

11. JOINT VENTURES (CONTINUED):

**West Communications Financing Authority:**

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

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

Each City pays a contractual fee to the Authority which consists of personnel costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2007-2008, the City of Los Alamitos paid \$453,715 to the Authority.

Audited information is not available. Unaudited financial information may be obtained from the City of Cypress.

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

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

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

Audited information is not available. Unaudited financial information may be obtained from the City of Los Alamitos.

12. LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION:

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 119 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, purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for the 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 government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and nonpolice. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Insurance Authority's investment earnings.

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

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

Workers Compensation

The City also participates in the workers compensation pool administered by the Insurance Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Insurance Authority's investment earnings.

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

**Purchased Insurance:**

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. The City's property currently has all-risk property insurance protection in the amount of \$11,357,687. 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 \$1,000,000 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, 2008, \$673,649 had 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.

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2008**

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

**Self-Insurance:**

Changes in the aggregate liability of claims since June 30, 2008, resulted in the following:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability as of June 30, 2006	\$ 452,990	\$ 600	\$ 453,590
Claims and changes in estimates during the year ended June 30, 2007	56,861	100,356	157,217
Claims payments during the year ended June 30, 2007	<u>(250,523)</u>	<u>(8,612)</u>	<u>(259,135)</u>
Liability as of June 30, 2007	259,328	92,344	351,672
Claims and changes in estimates during the year ended June 30, 2008	454,525	130,795	585,320
Claims payments during the year ended June 30, 2008	<u>(260,080)</u>	<u>(3,263)</u>	<u>(263,343)</u>
Liability as of June 30, 2008	<u>\$ 453,773</u>	<u>\$ 219,876</u>	<u>\$ 673,649</u>

The ultimate amount of losses incurred through June 30, 2008, 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.

**13. POST-EMPLOYMENT HEALTH CARE BENEFITS:**

Retirees are reimbursed for medical insurance based upon employee agreements in effect at the time of retirement. Funds are deducted by CalPERS from the retirees' checks for retirement. The City reimburses the retiree for the City's share of costs. Retirees are eligible to receive this benefit for a period from the date of retirement up to age 65, based on length of service. Reimbursements are financed on a pay-as-you-go basis. Expenditures for post-employment health care benefits for fiscal year 2008 were \$159,336. As of June 30, 2008, 31 participants were eligible to receive benefits.

See independent auditors' report.

City of Los Alamitos  
Notes to Basic Financial Statements, Continued  
June 30, 2008

14. RESTATEMENT NET ASSETS/FUND BALANCES:

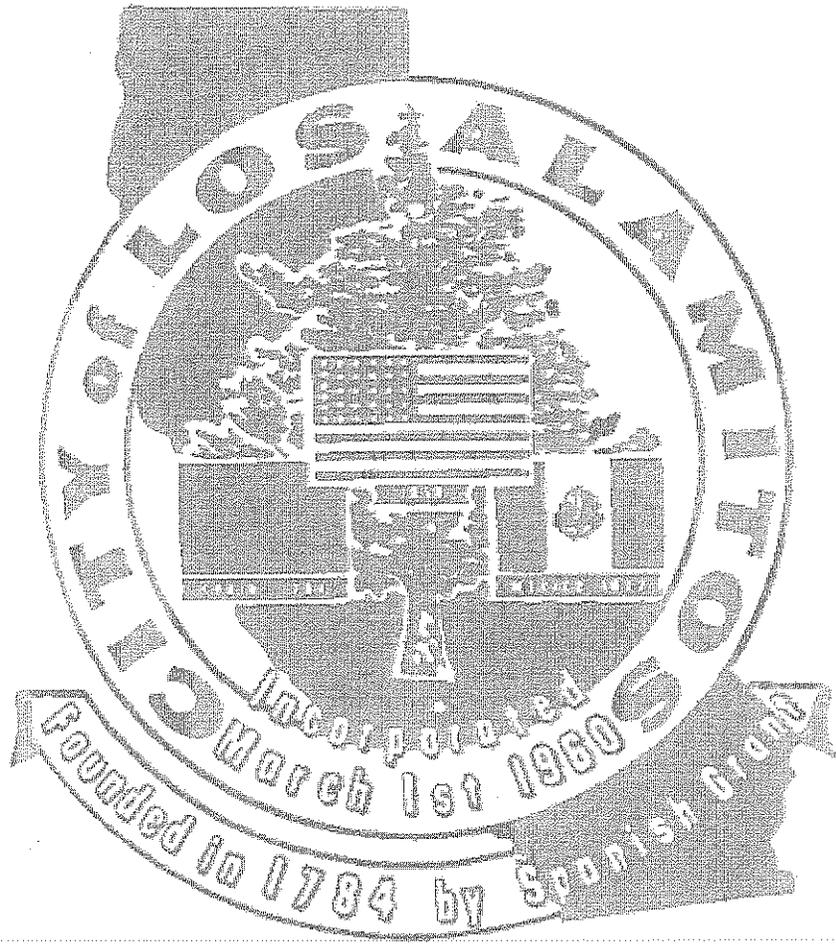
Beginning net assets were restated as follows:

	<u>Primary Government Governmental Activities</u>
Beginning net assets, as previously reported	\$ 19,439,504
Grant receivable was accrued in prior year for unallowed expenses	<u>(68,061)</u>
Beginning net assets, as restated	<u>\$ 19,371,443</u>

Beginning fund balances were restated as follows:

	<u>General Fund</u>	<u>Measure M Special Revenue Fund</u>	<u>Building Improvement Special Revenue Fund</u>
Beginning fund balances, as previously reported	\$ 6,782,149	\$ 1,032,521	\$ -
Grant receivable was accrued in prior year for unallowed expenses	-	(68,061)	-
Revenues and expenditures reported in wrong fund	<u>(237,274)</u>	<u>-</u>	<u>237,274</u>
Beginning fund balances, as restated	<u>\$ 6,544,875</u>	<u>\$ 964,460</u>	<u>\$ 237,274</u>

See independent auditors' report.







**OTHER GOVERNMENTAL FUNDS**

CITY OF LOS ALAMITOS

Combining Balance Sheet  
 Other Governmental Funds  
 June 30, 2008

		<u>Special Revenue Funds</u>	
		<u>Building Improvement</u>	<u>Residential Streets/Alleys</u>
ASSETS			
Pooled cash and investments		\$ 219,030	\$ 190,309
Receivables:			
Accounts		-	-
Accrued interest		1,542	1,833
Notes		-	-
Due from other governments		-	-
Restricted assets:			
Cash and investments with fiscal agent		-	-
		<u>          </u>	<u>          </u>
TOTAL ASSETS		<u>\$ 220,572</u>	<u>\$ 192,142</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ 1,221	\$ 20,486
Accrued liabilities		-	-
Due to other funds		-	-
Deferred revenues		-	-
		<u>          </u>	<u>          </u>
TOTAL LIABILITIES		<u>1,221</u>	<u>20,486</u>
FUND BALANCES (DEFICIT):			
Unreserved:			
Designated for building improvements		219,351	-
Undesignated		-	171,656
		<u>          </u>	<u>          </u>
TOTAL FUND BALANCES (DEFICIT)		<u>219,351</u>	<u>171,656</u>
		<u>\$ 220,572</u>	<u>\$ 192,142</u>

See independent auditors' report.

Special Revenue Funds (Continued)

State Park Bond Act	Office of Traffic and Safety	DEA Enforcement	Public Safety Sales Tax	State Law Enforcement Service	Air Quality	Joint Forces Training Base Pool
\$ -	\$ 92,202	\$ 7,167	\$ -	\$ -	\$ 20,807	\$ 120,984
81,412	114	-	-	-	-	37,471
-	631	-	-	-	129	389
-	-	-	-	-	-	-
-	898	-	15,478	-	3,800	-
-	-	-	-	-	-	-
<u>\$ 81,412</u>	<u>\$ 93,845</u>	<u>\$ 7,167</u>	<u>\$ 15,478</u>	<u>\$ -</u>	<u>\$ 24,736</u>	<u>\$ 158,844</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,297
-	-	-	-	-	-	13,306
115,029	-	-	15,478	-	-	-
-	-	-	-	-	-	-
<u>115,029</u>	<u>-</u>	<u>-</u>	<u>15,478</u>	<u>-</u>	<u>-</u>	<u>87,603</u>
<u>(33,617)</u>	<u>93,845</u>	<u>7,167</u>	<u>-</u>	<u>-</u>	<u>24,736</u>	<u>71,241</u>
<u>(33,617)</u>	<u>93,845</u>	<u>7,167</u>	<u>-</u>	<u>-</u>	<u>24,736</u>	<u>71,241</u>
<u>\$ 81,412</u>	<u>\$ 93,845</u>	<u>\$ 7,167</u>	<u>\$ 15,478</u>	<u>\$ -</u>	<u>\$ 24,736</u>	<u>\$ 158,844</u>

(Continued)

CITY OF LOS ALAMITOS

Combining Balance Sheet, Continued  
 Other Governmental Funds  
 June 30, 2008

	Special Revenue Funds (Continued)		
	Los Alamitos Television	Total Special Revenue Funds	Debt Service Fund
ASSETS			
Pooled cash and investments	\$ 130,537	\$ 781,036	\$ 36,405
Receivables:			
Accounts	-	118,997	-
Accrued interest	948	5,472	-
Notes	-	-	-
Due from other governments	-	20,176	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	225,233
<b>TOTAL ASSETS</b>	<b>\$ 131,485</b>	<b>\$ 925,681</b>	<b>\$ 261,638</b>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 1,790	\$ 97,794	\$ -
Accrued liabilities	-	13,306	-
Due to other funds	-	130,507	-
Deferred revenues	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,790</b>	<b>241,607</b>	<b>-</b>
FUND BALANCES (DEFICIT):			
Unreserved:			
Designated for building improvements	-	219,351	-
Undesignated	129,695	464,723	261,638
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>129,695</b>	<b>684,074</b>	<b>261,638</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 131,485</b>	<b>\$ 925,681</b>	<b>\$ 261,638</b>

See independent auditors' report.

Capital Projects Funds

<u>Traffic Improvement</u>	<u>Park Development</u>	<u>Rivers &amp; Mountains Conservancy Capital Projects</u>	<u>Total Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
\$ 671,245	\$ 268,228	\$ 105,919	\$ 1,045,392	\$ 1,862,833
-	-	-	-	118,997
4,725	1,888	-	6,613	12,085
30,000	-	-	30,000	30,000
-	-	-	-	20,176
-	-	-	-	225,233
<u>\$ 705,970</u>	<u>\$ 270,116</u>	<u>\$ 105,919</u>	<u>\$ 1,082,005</u>	<u>\$ 2,269,324</u>
\$ 882	\$ 3,545	\$ 7,962	\$ 12,389	\$ 110,183
-	-	-	-	13,306
-	-	-	-	130,507
30,000	-	-	30,000	30,000
<u>30,882</u>	<u>3,545</u>	<u>7,962</u>	<u>42,389</u>	<u>283,996</u>
675,088	266,571	97,957	1,039,616	219,351
<u>675,088</u>	<u>266,571</u>	<u>97,957</u>	<u>1,039,616</u>	<u>1,765,977</u>
<u>\$ 705,970</u>	<u>\$ 270,116</u>	<u>\$ 105,919</u>	<u>\$ 1,082,005</u>	<u>\$ 2,269,324</u>

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Other Governmental Funds  
 For the year ended June 30, 2008

	Special Revenue Funds	
	Building Improvement	Residential Streets/Alleys
REVENUES:		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment earnings	8,747	11,396
Fines and forfeitures	-	-
Contributions	-	-
<b>TOTAL REVENUES</b>	<b>8,747</b>	<b>11,396</b>
EXPENDITURES:		
Current:		
General government	5,792	-
Public safety	-	-
Recreation and community services	-	-
Public works	-	137,220
Capital outlay	20,878	-
Debt service:		
Principal expense	-	-
Interest and fiscal charges	-	-
<b>TOTAL EXPENDITURES</b>	<b>26,670</b>	<b>137,220</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(17,923)</b>	<b>(125,824)</b>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(17,923)</b>	<b>(125,824)</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED	237,274	297,480
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 219,351	\$ 171,656

See independent auditors' report.

Special Revenue Funds (Continued)

State Park Bond Act	Office of Traffic and Safety	DEA Enforcement	Public Safety Sales Tax	State Law Enforcement Service	Air Quality	Joint Forces Training Base Pool
\$ -	\$ -	\$ -	\$ 91,351	\$ -	\$ -	\$ -
81,412	3,830	7,167	-	100,002	14,516	58,110
-	-	-	-	-	-	261,259
-	2,311	-	512	1,714	1,439	476
-	18,610	-	-	-	-	-
-	-	-	-	-	-	500
<u>81,412</u>	<u>24,751</u>	<u>7,167</u>	<u>91,863</u>	<u>101,716</u>	<u>15,955</u>	<u>320,345</u>
-	-	-	-	-	-	-
-	2,932	-	-	-	-	-
-	-	-	-	-	-	424,262
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,932	-	-	-	-	424,262
<u>81,412</u>	<u>21,819</u>	<u>7,167</u>	<u>91,863</u>	<u>101,716</u>	<u>15,955</u>	<u>(103,917)</u>
-	-	-	-	-	-	134,540
-	-	-	(91,863)	(112,780)	(48,911)	-
-	-	-	(91,863)	(112,780)	(48,911)	134,540
81,412	21,819	7,167	-	(11,064)	(32,956)	30,623
(115,029)	72,026	-	-	11,064	57,692	40,618
<u>\$ (33,617)</u>	<u>\$ 93,845</u>	<u>\$ 7,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,736</u>	<u>\$ 71,241</u>

(Continued)

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued  
 Other Governmental Funds  
 For the year ended June 30, 2008

	Special Revenue Funds (Continued)		
	Los Alamitos Television	Total Special Revenue Funds	Debt Service Fund
REVENUES:			
Taxes	\$ -	\$ 91,351	\$ -
Intergovernmental	-	265,037	-
Charges for services	22,699	283,958	-
Investment earnings	1,871	28,466	6,108
Fines and forfeitures	-	18,610	-
Contributions	133,868	134,368	-
<b>TOTAL REVENUES</b>	<b>158,438</b>	<b>821,790</b>	<b>6,108</b>
EXPENDITURES:			
Current:			
General government	28,743	34,535	-
Public safety	-	2,932	-
Recreation and community services	-	424,262	-
Public works	-	137,220	-
Capital outlay	-	20,878	-
Debt service:			
Principal expense	-	-	15,000
Interest and fiscal charges	-	-	157,123
<b>TOTAL EXPENDITURES</b>	<b>28,743</b>	<b>619,827</b>	<b>172,123</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>129,695</b>	<b>201,963</b>	<b>(166,015)</b>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	134,540	171,400
Transfers out	-	(253,554)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(119,014)</b>	<b>171,400</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>129,695</b>	<b>82,949</b>	<b>5,385</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	-	601,125	256,253
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 129,695	\$ 684,074	\$ 261,638

See independent auditors' report.

Capital Projects Funds

<u>Traffic Improvement</u>	<u>Park Development</u>	<u>Rivers &amp; Mountains Conservancy Capital Projects</u>	<u>Total Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 91,351
10,000	-	-	10,000	275,037
-	9,300	-	9,300	293,258
26,026	10,604	-	36,630	71,204
-	-	-	-	18,610
-	-	-	-	134,368
<u>36,026</u>	<u>19,904</u>	<u>-</u>	<u>55,930</u>	<u>883,828</u>
-	-	-	-	34,535
-	-	-	-	2,932
-	-	-	-	424,262
-	-	-	-	137,220
5,908	10,110	23,043	39,061	59,939
-	-	-	-	15,000
-	-	-	-	157,123
<u>5,908</u>	<u>10,110</u>	<u>23,043</u>	<u>39,061</u>	<u>831,011</u>
<u>30,118</u>	<u>9,794</u>	<u>(23,043)</u>	<u>16,869</u>	<u>52,817</u>
-	-	121,000	121,000	426,940
-	-	-	-	(253,554)
-	-	121,000	121,000	173,386
30,118	9,794	97,957	137,869	226,203
<u>644,970</u>	<u>256,777</u>	<u>-</u>	<u>901,747</u>	<u>1,759,125</u>
<u>\$ 675,088</u>	<u>\$ 266,571</u>	<u>\$ 97,957</u>	<u>\$ 1,039,616</u>	<u>\$ 1,985,328</u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Building Improvement Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1, as restated</b>	<b>\$ 237,274</b>	<b>\$ 237,274</b>	<b>\$ 237,274</b>	<b>\$ -</b>
Resources (inflows):				
Investment earnings	13,500	13,500	8,747	(4,753)
Amounts Available for Appropriation	13,500	13,500	8,747	(4,753)
Charges to appropriations (outflows):				
Current:				
General government:				
Building maintenance	-	21,617	5,792	15,825
Capital outlay	85,000	85,000	20,878	64,122
Total Charges to Appropriations	85,000	106,617	26,670	79,947
Excess of resources over (under) charges to appropriations	(71,500)	(93,117)	(17,923)	75,194
<b>Fund balance, June 30</b>	<b>\$ 165,774</b>	<b>\$ 144,157</b>	<b>\$ 219,351</b>	<b>\$ 75,194</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Residential Streets/Alleys Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 297,480</b>	<b>\$ 297,480</b>	<b>\$ 297,480</b>	<b>\$ -</b>
Resources (inflows):				
Investment earnings	10,000	10,000	11,396	1,396
Amounts Available for Appropriation	10,000	10,000	11,396	1,396
Charges to appropriations (outflows):				
Current:				
Public works:				
Street maintenance	80,000	168,400	137,220	31,180
Total Charges to Appropriations	80,000	168,400	137,220	31,180
Excess of resources over (under) charges to appropriations	(70,000)	(158,400)	(125,824)	32,576
<b>Fund balance, June 30</b>	<b>\$ 227,480</b>	<b>\$ 139,080</b>	<b>\$ 171,656</b>	<b>\$ 32,576</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 State Park Bond Act Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance (deficit), July 1</b>	<b>\$ (115,029)</b>	<b>\$ (115,029)</b>	<b>\$ (115,029)</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	20,000	-	81,412	81,412
Amounts Available for Appropriation	20,000	-	81,412	81,412
<b>Fund balance (deficit), June 30</b>	<b>\$ (95,029)</b>	<b>\$ (115,029)</b>	<b>\$ (33,617)</b>	<b>\$ 81,412</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Office of Traffic and Safety Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 72,026</b>	<b>\$ 72,026</b>	<b>\$ 72,026</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	-	-	3,830	3,830
Investment earnings	-	-	2,311	2,311
Fines and forfeitures	20,000	20,000	18,610	(1,390)
Amounts Available for Appropriation	20,000	20,000	24,751	4,751
Charges to appropriations (outflows):				
Current:				
Public safety:				
Patrol	-	-	2,932	(2,932)
Total Charges to Appropriations	-	-	2,932	(2,932)
Excess of resources over (under) charges to appropriations	20,000	20,000	21,819	1,819
<b>Fund balance, June 30</b>	<b>\$ 92,026</b>	<b>\$ 92,026</b>	<b>\$ 93,845</b>	<b>\$ 1,819</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 DEA Enforcement Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Resources (inflows):				
Intergovernmental	<u>-</u>	<u>-</u>	<u>7,167</u>	<u>7,167</u>
			<u>-</u>	
Amounts Available for Appropriation	<u>-</u>	<u>-</u>	<u>7,167</u>	<u>7,167</u>
<b>Fund balance, June 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,167</u></u>	<u><u>\$ 7,167</u></u>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Public Safety Sales Tax Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Resources (inflows):				
Taxes	81,000	81,000	91,351	10,351
Investment earnings	300	300	512	212
Amounts Available for Appropriation	81,300	81,300	91,863	10,563
Charges to appropriations (outflows):				
Transfers to other funds	81,300	81,300	91,863	(10,563)
Total Charges to Appropriations	81,300	81,300	91,863	(10,563)
Excess of resources over (under) charges to appropriations	-	-	-	-
<b>Fund balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 State Law Enforcement Service Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 11,064</b>	<b>\$ 11,064</b>	<b>\$ 11,064</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	101,000	101,000	100,002	(998)
Investment earnings	3,000	3,000	1,714	(1,286)
Amounts Available for Appropriation	104,000	104,000	101,716	(2,284)
Charges to appropriations (outflows):				
Transfers to other funds	104,000	104,000	112,780	(8,780)
Total Charges to Appropriations	104,000	104,000	112,780	(8,780)
Excess of resources over (under) charges to appropriations	-	-	(11,064)	(11,064)
<b>Fund balance, June 30</b>	<b>\$ 11,064</b>	<b>\$ 11,064</b>	<b>\$ -</b>	<b>\$ (11,064)</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Air Quality Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<u>\$ 57,692</u>	<u>\$ 57,692</u>	<u>\$ 57,692</u>	<u>\$ -</u>
Resources (inflows):				
Intergovernmental	14,500	14,500	14,516	16
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>1,439</u>	<u>(1,561)</u>
Amounts Available for Appropriation	<u>17,500</u>	<u>17,500</u>	<u>15,955</u>	<u>(1,545)</u>
Charges to appropriations (outflows):				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>48,911</u>	<u>(48,911)</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>48,911</u>	<u>(48,911)</u>
Excess of resources over (under) charges to appropriations	<u>17,500</u>	<u>17,500</u>	<u>(32,956)</u>	<u>(50,456)</u>
<b>Fund balance, June 30</b>	<u><u>\$ 75,192</u></u>	<u><u>\$ 75,192</u></u>	<u><u>\$ 24,736</u></u>	<u><u>\$ (50,456)</u></u>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Joint Forces Training Base Pool Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 40,618</b>	<b>\$ 40,618</b>	<b>\$ 40,618</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	60,000	60,000	58,110	(1,890)
Charges for services	239,000	239,000	261,259	22,259
Investment earnings			476	476
Contributions	1,000	1,000	500	(500)
Transfers from other funds	44,000	134,540	134,540	-
Amounts Available for Appropriation	<u>344,000</u>	<u>434,540</u>	<u>454,885</u>	<u>20,345</u>
Charges to appropriations (outflows):				
Current:				
Recreation and community services:				
Aquatics	<u>330,700</u>	<u>421,240</u>	<u>424,262</u>	<u>(3,022)</u>
Total Charges to Appropriations	<u>330,700</u>	<u>421,240</u>	<u>424,262</u>	<u>(3,022)</u>
Excess of resources over (under) charges to appropriations	<u>13,300</u>	<u>13,300</u>	<u>30,623</u>	<u>17,323</u>
<b>Fund balance, June 30</b>	<b>\$ 53,918</b>	<b>\$ 53,918</b>	<b>\$ 71,241</b>	<b>\$ 17,323</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Los Alamitos Television Special Revenue Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Resources (inflows):				
Charges for services	1,350	1,350	22,699	21,349
Investment earnings	60	60	1,871	1,811
Contributions	-	-	133,868	133,868
Amounts Available for Appropriation	1,410	1,410	158,438	157,028
Charges to appropriations (outflows):				
Current:				
General government	38,590	38,590	28,743	9,847
Total Charges to Appropriations	38,590	38,590	28,743	9,847
Excess of resources over (under) charges to appropriations	(37,180)	(37,180)	129,695	166,875
<b>Fund balance, June 30</b>	<b>\$ (37,180)</b>	<b>\$ (37,180)</b>	<b>\$ 129,695</b>	<b>\$ 166,875</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Debt Service Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 256,253</b>	<b>\$ 256,253</b>	<b>\$ 256,253</b>	<b>\$ -</b>
Resources (inflows):				
Investment earnings	10,000	10,000	6,108	(3,892)
Transfers from other funds	171,400	171,400	171,400	-
Amounts Available for Appropriation	181,400	181,400	177,508	(3,892)
Charges to appropriations (outflows):				
Debt service:				
Principal expense	-	-	15,000	(15,000)
Interest and fiscal charges	171,400	171,400	157,123	14,277
Total Charges to Appropriations	171,400	171,400	172,123	(723)
Excess of resources over (under) charges to appropriations	10,000	10,000	5,385	(4,615)
<b>Fund balance, June 30</b>	<b>\$ 266,253</b>	<b>\$ 266,253</b>	<b>\$ 261,638</b>	<b>\$ (4,615)</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Traffic Improvement Capital Projects Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 644,970</b>	<b>\$ 644,970</b>	<b>\$ 644,970</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	10,000	10,000	10,000	-
Investment earnings	20,000	20,000	26,026	6,026
Amounts Available for Appropriation	30,000	30,000	36,026	6,026
Charges to appropriations (outflows)				
Capital outlay	80,000	80,000	5,908	74,092
Total Charges to Appropriations	80,000	80,000	5,908	74,092
Excess of resources over (under) charges to appropriations	(50,000)	(50,000)	30,118	80,118
<b>Fund balance, June 30</b>	<b>\$ 594,970</b>	<b>\$ 594,970</b>	<b>\$ 675,088</b>	<b>\$ 80,118</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Park Development Capital Projects Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<u>\$ 256,777</u>	<u>\$ 256,777</u>	<u>\$ 256,777</u>	<u>\$ -</u>
Resources (inflows):				
Charges for services	-	-	9,300	9,300
Investment earnings	15,000	15,000	10,604	(4,396)
Amounts Available for Appropriation	<u>15,000</u>	<u>15,000</u>	<u>19,904</u>	<u>4,904</u>
Charges to appropriations (outflows):				
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>10,110</u>	<u>9,890</u>
Total Charges to Appropriations	<u>20,000</u>	<u>20,000</u>	<u>10,110</u>	<u>9,890</u>
Excess of resources over (under) charges to appropriations	<u>(5,000)</u>	<u>(5,000)</u>	<u>9,794</u>	<u>14,794</u>
<b>Fund balance, June 30</b>	<u><u>\$ 251,777</u></u>	<u><u>\$ 251,777</u></u>	<u><u>\$ 266,571</u></u>	<u><u>\$ 14,794</u></u>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Rivers & Mountains Conservancy Capital Projects Fund  
 For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Resources (inflows):				
Intergovernmental	-	234,590	-	(234,590)
Transfers from other funds	-	121,000	121,000	-
			-	
Amounts Available for Appropriation	-	355,590	121,000	(234,590)
Charges to appropriations (outflows):				
Capital outlay	-	201,000	23,043	177,957
Total Charges to Appropriations	-	201,000	23,043	177,957
Excess of resources over (under) charges to appropriations	-	154,590	97,957	(56,633)
<b>Fund balance, June 30</b>	<u>\$ -</u>	<u>\$ 154,590</u>	<u>\$ 97,957</u>	<u>\$ (56,633)</u>

See independent auditors' report.



**INTERNAL SERVICE FUNDS**

CITY OF LOS ALAMITOS

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2008

ASSETS	Garage	Technology Replacement	Total
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ 770,550	\$ 474,889	\$ 1,245,439
Receivables (net of allowance for uncollectibles):			
Accounts	17	-	17
Accrued interest	4,816	2,946	7,762
Inventory	25,736	-	25,736
<b>TOTAL CURRENT ASSETS</b>	<b>801,119</b>	<b>477,835</b>	<b>1,278,954</b>
<b>NONCURRENT ASSETS:</b>			
Capital assets, net	495,916	48,462	544,378
<b>TOTAL NONCURRENT ASSETS</b>	<b>495,916</b>	<b>48,462</b>	<b>544,378</b>
<b>TOTAL ASSETS</b>	<b>1,297,035</b>	<b>526,297</b>	<b>1,823,332</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	5,835	36,541	42,376
Accrued liabilities	2,710	-	2,710
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,545</b>	<b>36,541</b>	<b>45,086</b>
<b>NON CURRENT LIABILITIES:</b>			
Compensated absences	1,698	-	1,698
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,698</b>	<b>-</b>	<b>1,698</b>
<b>TOTAL LIABILITIES</b>	<b>10,243</b>	<b>36,541</b>	<b>46,784</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	495,916	48,462	544,378
Unrestricted	790,876	441,294	1,232,170
<b>TOTAL NET ASSETS</b>	<b>\$ 1,286,792</b>	<b>\$ 489,756</b>	<b>\$ 1,776,548</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenses and Changes in Net Assets  
 Internal Service Funds  
 For the year ended June 30, 2008

	Garage	Technology Replacement	Total
OPERATING REVENUES:			
Charges for services	\$ 219,950	\$ 74,800	\$ 294,750
<b>TOTAL OPERATING REVENUES</b>	<b>219,950</b>	<b>74,800</b>	<b>294,750</b>
OPERATING EXPENSES:			
Personal services	90,964	-	90,964
Supplies and parts	94,019	3,361	97,380
Outside services	41,721	90,789	132,510
Depreciation	112,469	-	112,469
<b>TOTAL OPERATING EXPENSES</b>	<b>339,173</b>	<b>94,150</b>	<b>433,323</b>
<b>OPERATING LOSS</b>	<b>(119,223)</b>	<b>(19,350)</b>	<b>(138,573)</b>
NONOPERATING REVENUES:			
Interest revenue	18,673	10,872	29,545
Sale of property	8,712	-	8,712
<b>TOTAL NONOPERATING REVENUES</b>	<b>27,385</b>	<b>10,872</b>	<b>38,257</b>
<b>LOSS BEFORE TRANSFERS</b>	<b>(91,838)</b>	<b>(8,478)</b>	<b>(100,316)</b>
TRANSFERS:			
Transfers in	426,641	267,000	693,641
<b>TOTAL TRANSFERS</b>	<b>426,641</b>	<b>267,000</b>	<b>693,641</b>
<b>CHANGE IN NET ASSETS</b>	<b>334,803</b>	<b>258,522</b>	<b>593,325</b>
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	<b>951,989</b>	<b>231,234</b>	<b>1,183,223</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$ 1,286,792</b>	<b>\$ 489,756</b>	<b>\$ 1,776,548</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended June 30, 2008

	Garage	Technology Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from user departments	\$ 219,933	\$ 74,800	\$ 294,733
Cash paid to suppliers for goods and services	(187,603)	(67,887)	(255,490)
Cash paid to employees for services	(89,591)	-	(89,591)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(57,261)</u>	<u>6,913</u>	<u>(50,348)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received from other funds	426,641	267,000	693,641
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>426,641</u>	<u>267,000</u>	<u>693,641</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(159,816)	(48,462)	(208,278)
Sale of capital assets	8,712	-	8,712
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(151,104)</u>	<u>(48,462)</u>	<u>(199,566)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest earned	20,634	11,080	31,714
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>20,634</u>	<u>11,080</u>	<u>31,714</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	238,910	236,531	475,441
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	531,640	238,358	769,998
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 770,550</u>	<u>\$ 474,889</u>	<u>\$ 1,245,439</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating loss	\$ (119,223)	\$ (19,350)	\$ (138,573)
Depreciation	112,469	-	112,469
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(17)	-	(17)
(Increase) decrease in inventory	(25,736)	-	(25,736)
Increase (decrease) in accounts payable	(26,127)	26,263	136
Increase (decrease) in accrued liabilities	1,024	-	1,024
Increase (decrease) in compensated absences	349	-	349
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (57,261)</u>	<u>\$ 6,913</u>	<u>\$ (50,348)</u>

See independent auditors' report.





# DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2008

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	88
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	96
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	104
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	107
<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.	109

CITY OF LOS ALAMITOS

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

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

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

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Fiscal Year	
<u>2007</u>	<u>2008</u>
\$ 8,962	\$ 9,396
2,449	2,309
<u>8,029</u>	<u>7,553</u>
<u>\$ 19,440</u>	<u>\$ 19,258</u>

CITY OF LOS ALAMITOS

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

	Fiscal Year		
	2004	2005	2006
<b>Expenses:</b>			
Governmental activities:			
General government	\$ 1,863	\$ 2,201	\$ 2,303
Public safety	4,006	4,087	4,410
Urban development/Community development	1,704	298	881
Culture and recreation/Recreation and community services	1,887	1,878	2,197
Highways and streets/Public works	130	1,507	1,599
Interest on long-term debt	-	-	-
Total governmental activities expenses	<u>9,590</u>	<u>9,971</u>	<u>11,390</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	36	12	17
Public safety	236	192	482
Urban development/Community development	75	56	74
Culture and recreation/Recreation and community services	827	818	998
Operating Grants and Contributions	732	1,541	740
Capital Grants and Contributions	323	965	554
Total governmental activities program revenues	<u>2,229</u>	<u>3,584</u>	<u>2,865</u>
<b>Net (expense)/revenue</b>			
Governmental activities	<u>(7,361)</u>	<u>(6,387)</u>	<u>(8,525)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Property	1,244	1,372	2,301
Utility users	1,626	1,636	1,969
Transient occupancy	67	72	73
Sales	2,610	3,144	2,907
Franchise	519	539	566
Business license taxes and permits	591	533	652
Other	86	87	104
Total taxes	<u>6,743</u>	<u>7,383</u>	<u>8,572</u>
Motor vehicle in lieu	548	760	78
Investment earnings	167	219	382
Gain on sale of property	-	-	-
Other	793	559	388
Total Governmental activities	<u>8,251</u>	<u>8,921</u>	<u>9,420</u>
<b>Change in n Net Assets</b>			
Governmental activities	<u>\$ 890</u>	<u>\$ 2,534</u>	<u>\$ 895</u>

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

Source: City of Los Alamitos, Finance Department

Fiscal Year	
2007	2008
\$ 2,523	\$ 3,178
4,449	4,922
743	700
1,902	2,162
1,445	1,592
125	209
<u>11,187</u>	<u>12,763</u>

10	33
659	770
54	52
762	1,015
638	921
30	191
<u>2,153</u>	<u>2,982</u>

<u>(9,034)</u>	<u>(9,781)</u>
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2,354	2,484
2,165	2,178
93	101
3,098	2,912
602	595
475	606
129	63
<u>8,916</u>	<u>8,939</u>
70	54
452	277
-	9
621	389
<u>10,059</u>	<u>9,668</u>

<u>\$ 1,025</u>	<u>\$ (113)</u>
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CITY OF LOS ALAMITOS

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)**

	Fiscal Year		
	1999	2000	2001
General Fund:			
Reserved	\$ 22	\$ 21	\$ 14
Unreserved, designated	-	-	-
Unreserved, undesignated	4,053	5,331	6,765
Total General Fund	<u>4,075</u>	<u>5,352</u>	<u>6,779</u>
All Other Governmental Funds:			
Reserved	-	-	-
Unreserved, designated reported in:			
Special revenue funds	-	-	-
Unreserved, undesignated reported in:			
Special revenue funds	1,116	1,436	1,331
Debt service fund	-	-	-
Capital projects funds	451	479	653
Total All Other Governmental Funds	<u>1,567</u>	<u>1,915</u>	<u>1,984</u>
Total All Governmental Funds	<u>\$ 5,642</u>	<u>\$ 7,267</u>	<u>\$ 8,763</u>

Source: City of Los Alamitos, Finance Department

							Fiscal Year	
2002	2003	2004	2005	2006	2007	2008		
\$ 25	\$ 14	\$ 76	\$ 16	\$ 170	\$ 6	\$ 25		
-	-	-	-	-	-	2,800		
<u>8,011</u>	<u>8,237</u>	<u>7,858</u>	<u>7,982</u>	<u>6,148</u>	<u>6,776</u>	<u>3,078</u>		
<u>8,036</u>	<u>8,251</u>	<u>7,934</u>	<u>7,998</u>	<u>6,318</u>	<u>6,782</u>	<u>5,903</u>		
-	-	-	-	-	-	-		
-	-	-	-	-	-	219		
1,492	2,118	2,185	1,925	1,752	2,078	2,098		
-	-	-	-	254	256	262		
<u>824</u>	<u>844</u>	<u>880</u>	<u>836</u>	<u>925</u>	<u>902</u>	<u>1,040</u>		
<u>2,316</u>	<u>2,962</u>	<u>3,065</u>	<u>2,761</u>	<u>2,931</u>	<u>3,236</u>	<u>3,619</u>		
<u>\$ 10,352</u>	<u>\$ 11,213</u>	<u>\$ 10,999</u>	<u>\$ 10,759</u>	<u>\$ 9,249</u>	<u>\$ 10,018</u>	<u>\$ 9,522</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		
	1999	2000	2001
<b>Revenues:</b>			
Taxes	\$ 5,531	\$ 6,245	\$ 6,619
Licenses an permits	125	116	157
Intergovernmental	1,194	1,762	2,935
Charges for services	611	620	698
Fines and forfeitures	150	191	305
Investment earnings	296	311	407
Other	277	901	652
Total Revenues	8,184	10,146	11,773
<b>Expenditures:</b>			
General government	1,951	1,677	1,783
Public safety	2,855	2,864	3,369
Community development	402	494	419
Recreation and community services	1,594	1,653	1,756
Public works	982	1,361	2,536
Capital outlay	431	455	366
Debt service	-	-	-
Total Expenditures	8,215	8,504	10,229
Excess of revenues over (under) expenditures	(31)	1,642	1,544
<b>Other Financing Sources (Uses)</b>			
Transfers in	793	1,319	2,540
Transfers out	(793)	(1,319)	(2,588)
Residual equity transfers	-	(17)	-
Long term debt issued	-	-	-
Total other financing sources (uses)	-	(17)	(48)
Net change in fund balances	\$ (31)	\$ 1,625	\$ 1,496
Debt service as a percentage of noncapital expenditures	0.000%	0.000%	0.000%

Source: City of Los Alamitos, Finance Department

							Fiscal Year						
2002		2003		2004		2005		2006		2007		2008	
\$	6,386	\$	6,338	\$	6,179	\$	6,629	\$	8,004	\$	8,228	\$	8,725
	155		225		591		533		653		475		606
	4,321		4,089		1,933		3,596		1,752		1,165		949
	677		789		928		901		1,095		843		1,105
	299		287		219		167		463		634		751
	340		215		156		203		351		413		369
	1,368		779		463		251		115		231		299
	<u>13,546</u>		<u>12,722</u>		<u>10,469</u>		<u>12,280</u>		<u>12,433</u>		<u>11,989</u>		<u>12,804</u>
	1,713		1,852		1,928		2,094		2,827		2,604		2,739
	3,537		3,642		3,909		4,045		4,448		4,511		4,798
	486		500		1,814		582		735		607		694
	2,197		1,887		1,007		3,845		2,291		2,258		2,118
	3,678		3,918		1,854		1,842		6,689		1,398		1,461
	346		25		151		90		207		-		556
	-		-		-		-		111		121		172
	<u>11,957</u>		<u>11,824</u>		<u>10,663</u>		<u>12,498</u>		<u>17,308</u>		<u>11,499</u>		<u>12,538</u>
	<u>1,589</u>		<u>898</u>		<u>(194)</u>		<u>(218)</u>		<u>(4,875)</u>		<u>490</u>		<u>266</u>
	3,583		5,392		1,665		3,143		3,603		969		731
	(3,583)		(5,429)		(1,685)		(3,165)		(3,603)		(969)		(1,425)
	-		-		-		-		-		-		-
	-		-		-		-		3,365		-		-
	<u>-</u>		<u>(37)</u>		<u>(20)</u>		<u>(22)</u>		<u>3,365</u>		<u>-</u>		<u>(694)</u>
\$	<u>1,589</u>	\$	<u>861</u>	\$	<u>(214)</u>	\$	<u>(240)</u>	\$	<u>(1,510)</u>	\$	<u>490</u>	\$	<u>(428)</u>
	0.000%		0.000%		0.000%		0.000%		0.649%		1.052%		1.432%

CITY OF LOS ALAMITOS

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

Category	Fiscal Year		
	1999	2000	2001
Residential	\$ 449,042	\$ 476,266	\$ 503,912
Commercial	147,530	156,231	172,250
Industrial	115,084	145,402	148,669
Institutional	4,075	-	4,180
Miscellaneous	16,820	-	12,482
Recreational	113	-	117
Vacant land	2,705	-	704
SBE Nonunitary	886	886	885
Unsecured	108,635	108,101	112,524
Exempt	-	(9)	-
Unknown	204	(878)	103
Totals	<u>\$ 845,094</u>	<u>\$ 885,999</u>	<u>\$ 955,826</u>
Direct Rate	0.10074%	0.10071%	0.10071%

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

		Fiscal Year					
	2002	2003	2004	2005	2006	2007	2008
\$	532,754	\$ 568,155	\$ 611,278	\$ 667,365	\$ 758,585	\$ 804,318	\$ 865,371
	180,841	183,624	202,622	214,721	224,025	240,837	262,971
	152,146	162,914	168,831	179,150	183,303	190,378	205,802
	3,934	4,012	4,509	4,265	57	59	60
	18,772	13,294	15,761	17,720	24,817	27,387	28,802
	120	122	124	127	129	132	-
	2,869	2,582	2,499	1,840	2,370	1,894	839
	651	651	458	463	462	462	459
	117,546	121,315	116,643	135,966	159,280	151,067	156,734
	-	-	-	-	-	-	-
	439	(651)	3,054	(537)	-	(2)	-
<u>\$</u>	<u>1,010,072</u>	<u>\$ 1,056,018</u>	<u>\$ 1,125,779</u>	<u>\$ 1,221,080</u>	<u>\$ 1,353,028</u>	<u>\$ 1,416,532</u>	<u>\$ 1,521,038</u>
	0.10059%	0.10064%	0.10067%	0.10066%	0.10066%	0.10065%	0.10064%



CITY OF LOS ALAMITOS

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

Fiscal Year	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value (2)
1999	\$ 736,459	\$ 108,635	\$ -	\$ 845,094
2000	777,898	108,101	-	885,999
2001	843,302	112,524	-	955,826
2002	892,526	117,546	-	1,010,072
2003	934,703	121,315	-	1,056,018
2004	1,005,396	120,383	-	1,125,779
2005	1,085,188	135,892	-	1,221,080
2006	1,193,748	156,280	-	1,350,028
2007	1,265,004	151,528	-	1,416,532
2008	1,363,845	157,193	-	1,521,038

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

(2) Total does not include Nonunitary Taxable Assessed Values.

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

CITY OF LOS ALAMITOS

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

	Fiscal Year		
	1999	2000	2001
City Direct Rate	0.116	0.116	0.116
Overlapping Rates:			
Los Alamitos City General Fund	0.100	0.100	0.100
Los Alamitos City Lighting Reorganization	0.016	0.016	0.016
Education Revenue Augmentation Fund	0.145	0.145	0.145
Los Alamitos Unified General Fund	0.412	0.412	0.412
North Orange County Community College District	0.059	0.059	0.059
Orange County Department of Education	0.031	0.031	0.031
Orange County Fire Department	0.095	0.095	0.095
Orange County Flood Control District General	0.017	0.017	0.017
Orange County General Fund	0.052	0.052	0.052
Orange County Harbors, Beaches and Parks	0.013	0.013	0.013
Orange County Library District General Fund	0.014	0.014	0.014
Orange County Sanitation District 3 Operating	0.027	0.027	0.027
Orange County Transportation Authority	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006
Orange County Water District Reserve	0.001	0.001	0.001
Rossmoor/Los Alamitos Sewer District	0.009	0.009	0.009
Total Proposition 13 Rate	1.000	1.000	1.000
Metro Water District - MWDOC 1205999	0.009	0.009	0.009
Metro Water District - MWDOC Original Area	-	-	-
North Orange County Community College 2002 Bond 2005 Refunding	-	-	-
North Orange County Community College 2002 Bond Series #2002A	-	-	-
North Orange County Community College 2002 Bond Series #2003B	-	-	-
Total Voter Approved Tax Rate	0.009	0.009	0.009
Total Tax Rate	1.009	1.009	1.009

Source: HdL Coren and Cone, Orange County Assessor 1998/1999 - 2007/2008 Tax Rate Table

Fiscal Year						
2002	2003	2004	2005	2006	2007	2008
<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.117</u>
0.100	0.100	0.100	0.100	0.100	0.100	0.100
0.016	0.016	0.016	0.016	0.016	0.016	0.016
0.145	0.145	0.145	0.145	0.145	0.145	0.145
0.412	0.412	0.412	0.412	0.412	0.412	0.412
0.059	0.059	0.059	0.059	0.059	0.059	0.059
0.031	0.031	0.031	0.031	0.031	0.031	0.031
0.095	0.095	0.095	0.095	0.095	0.095	0.095
0.017	0.017	0.017	0.017	0.017	0.017	0.017
0.052	0.052	0.052	0.052	0.052	0.052	0.052
0.013	0.013	0.013	0.013	0.013	0.013	0.013
0.014	0.014	0.014	0.014	0.014	0.014	0.014
0.027	0.027	0.027	0.027	0.027	0.027	0.027
0.002	0.002	0.002	0.002	0.002	0.002	0.002
0.001	0.001	0.001	0.001	0.001	0.001	0.001
0.006	0.006	0.006	0.006	0.006	0.006	0.006
0.001	0.001	0.001	0.001	0.001	0.001	0.001
0.009	0.009	0.009	0.009	0.009	0.009	0.009
<u>1.000</u>						
-	0.006	0.006	0.006	0.005	0.005	0.005
0.008	-	-	-	-	-	-
-	-	-	-	0.012	0.009	0.009
-	0.016	0.014	0.013	0.001	0.002	0.003
-	-	0.002	0.001	0.004	0.003	0.003
<u>0.008</u>	<u>0.022</u>	<u>0.022</u>	<u>0.020</u>	<u>0.022</u>	<u>0.019</u>	<u>0.020</u>
<u>1.008</u>	<u>1.022</u>	<u>1.022</u>	<u>1.020</u>	<u>1.022</u>	<u>1.019</u>	<u>1.020</u>

CITY OF LOS ALAMITOS

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

	2008			1999		
	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Valuation
Los Alamitos Medical Center	\$ 68,044	1	4.474%	\$ 36,190	2	4.282%
Trend Offset Printing, Inc.	60,093	2	3.951%	38,579	1	4.565%
Henrietta C. Lee Trust	50,780	3	3.339%			
Don Wilson Staples LLC	18,419	4	1.211%			
Davenport KCC Partners LLC	15,810	5	1.039%			
JCB, Inc.	15,804	6	1.039%	13,235	4	1.566%
Ganahl Lumber Company	14,722	7	0.968%			
Bayport Los Alamitos Associates LP	11,567	8	0.760%			
Arrowhead Products Corporation	9,963	9	0.655%	5,572	9	0.659%
ESS WCOT Owner LLC	9,913	10	0.652%			
NME Hospitals, Inc.				30,054	3	3.556%
GTE Directories Service Corporation				12,836	5	1.519%
Bixby Land Company				8,148	6	0.964%
Los Alamitos Properties				7,170	7	0.848%
Davison Properties No. 6				6,230	8	0.737%
Los Alamitos Commercenter				5,190	10	0.614%
Top Ten Totals	<u>\$ 275,115</u>		<u>18.087%</u>	<u>\$ 163,204</u>		<u>19.312%</u>
City Totals	<u>\$ 1,521,038</u>			<u>\$ 845,094</u>		

Source: HdL Coren & Cone, Orange County Assessor 1998/99 and 2007/08 Tax Rolls

CITY OF LOS ALAMITOS

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years (1)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
1999	\$ 949,400	\$ 917,570	96.647%	\$ 20,544	\$ 938,114	98.811%
2000	1,001,850	978,317	97.651%	24,521	1,002,838	100.099%
2001	1,073,537	1,046,477	97.479%	25,780	1,072,257	99.881%
2002	1,129,835	1,099,129	97.282%	19,181	1,118,310	98.980%
2003	1,164,449	1,142,282	98.096%	25,387	1,167,669	100.277%
2004	1,239,628	1,221,864	98.567%	20,478	1,242,342	100.219%
2005	1,380,625	1,356,979	98.287%	4,428	1,361,407	98.608%
2006	1,493,570	1,460,442	97.782%	17,572	1,478,014	98.958%
2007	1,555,871	1,501,044	96.476%	22,569	1,523,613	97.927%
2008	1,647,608	1,583,142	96.087%	32,579	1,615,721	98.065%

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

CITY OF LOS ALAMITOS

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

Fiscal Year	Governmental Activities Certificates of Participation	Total Primary Government	Percentage of Assessed Valuation	Per Capita
2004	\$ -	\$ -	0.000%	\$ -
2005	-	-	0.000%	-
2006	3,365	3,365	0.252%	280.32
2007	3,365	3,365	0.238%	277.05
2008	3,350	3,350	0.220%	286.59

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

Source: City of Los Alamitos, Finance Department

**CITY OF LOS ALAMITOS**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2008  
(amounts expressed in thousands)**

	Total Debt Debt 6/30/08	% Applicable (1)	City's Share of Debt 6/30/08
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Orange County Teeter Plan Obligations	\$ 123,725	0.412%	\$ 510
Metropolitan Water District	327,215	0.086%	281
North Orange County Joint Community College District	233,349	1.961%	4,576
Anaheim Union School District	123,484	0.094%	116
Los Alamitos Unified District Community Facilities District #90-1	9,220	22.371%	2,063
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>7,546</u>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	532,326	0.412%	\$ 2,193
Orange County Pension Obligations	72,729	0.412%	300
Orange County Board of Education Certificates of Participation	19,590	0.412%	81
Municipal Water District of Orange County Water Facilities Corporation	19,295	0.489%	94
Orange County Sanitation District Certificates of Participation	104,240	0.549%	572
Los Alamitos Unified School District Certificates of Participation	20,372	22.371%	4,557
Anaheim Union High School District Certificates of Participation	42,975	0.094%	40
North Orange County Regional Occupational Program Certificates	11,810	2.029%	240
City of Los Alamitos	3,350	100.000%	3,350
Orange County Fire Authority	10,365	0.801%	83
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			<u>11,510</u>
Less: MWDOC Water Facilities Corporation (100% self-supporting)			94
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u>\$ 11,416</u>
GROSS COMBINED TOTAL DEBT (2)			<u>\$ 19,056</u>
NET COMBINED TOTAL DEBT			<u>\$ 18,962</u>

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Ratios to Adjusted Assessed Valuation:**

Combined Direct Debt (\$3,350,000)	0.22%
Total Overlapping Tax and Assessment Debt	0.50%
Gross Combined Total Debt	1.26%
Net Combined Total Debt	1.25%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

Source: California Municipal Statistics, Inc

**CITY OF LOS ALAMITOS**

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

Legal Debt Margin Calculation for the Current Year:

Assessed value	\$ 1,521,037,832
Debt limit (15% of assessed value)	228,155,675
Debt applicable to limit	-
Legal debt margin - current year	<u>\$ 228,155,675</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
1999	\$ 126,897,201	\$ -	\$ 126,897,201	0.00%
2000	133,032,715	-	133,032,715	0.00%
2001	143,573,871	-	143,573,871	0.00%
2002	151,423,426	-	151,423,426	0.00%
2003	150,893,283	-	150,893,283	0.00%
2004	168,368,518	-	168,368,518	0.00%
2005	183,198,572	-	183,198,572	0.00%
2006	200,048,352	-	200,048,352	0.00%
2007	212,479,850	-	212,479,850	0.00%
2008	228,155,675	-	228,155,675	0.00%

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS

Demographic and Economic Statistics  
Last Ten Years

Fiscal Year	City Population	Los Angeles - Long Beach - Santa Ana Area			
		Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
1999	12,087	12,253,223	\$ 360,275,382	\$ 29,402	5.10%
2000	12,129	12,405,509	385,053,436	31,039	5.10%
2001	11,730	12,561,218	403,518,592	32,124	5.20%
2002	11,718	12,708,788	412,753,239	32,478	6.70%
2003	11,817	12,824,025	427,549,556	33,340	6.90%
2004	11,933	12,901,515	453,032,702	35,115	6.30%
2005	12,003	12,933,839	475,262,940	36,746	5.00%
2006	12,004	12,950,129	505,197,000	39,011	4.40%
2007	12,146	12,875,587	539,163,000	41,875	4.70%
2008	11,689	N/A	N/A	N/A	6.60%

N/A - Information is not yet available

Sources:

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

**CITY OF LOS ALAMITOS**

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

Principal Employers	2007-08			1998-99 *		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Los Alamitos Medical Center, Inc.	962	1	19.90%			
Arrowhead Products	563	2	11.65%			
Trend Offset Printing	535	3	11.07%			
Dynamic Cooking Systems, Inc.	309	4	6.39%			
Bloomfield Bakers	300	5	6.21%			
Isec Incorporated	175	6	3.62%			
Furon Company	157	7	3.25%			
Systems Services of America	150	8	3.10%			
Bearing Inspection, Inc.	144	9	2.98%			
Alamitos West Health Care Center	134	10	2.77%			
	<u>3,429</u>		<u>70.94%</u>	<u>-</u>		<u>-</u>

\* - Information not available

**CITY OF LOS ALAMITOS**

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Government:</b>										
City council	5	5	5	5	5	5	5	5	5	5
Administrative services	8	7	8	8	8	7	8	9	9	7
<b>Public Safety (Police):</b>										
Administration	4	4	4	4	4	4	4	4	4	4
Patrol	19	19	20	21	21	21	21	21	21	20
Investigation	3	3	3	3	3	3	3	3	3	3
Records	1	1	1	1	1	2	2	2	2	2
Crossing guards	2	2	2	2	2	2	2	3	3	4
Other police department support	6	6	5	5	5	4	4	4	4	2
<b>Community Development:</b>										
Administration	2	2	2	2	2	2	2	2	2	2
Planning	1	3	3	3	2	1	1	1	1	1
Code enforcement	1	1	2	2	2	1	1	1	1	1
<b>Recreation and Community Services:</b>										
Administration	4	4	4	4	4	4	4	4	4	4
Recreation/Cultural	12	12	12	13	13	12	13	13	13	17
Aquatics	2	2	2	2	2	5	5	7	7	7
<b>Public Works:</b>										
Administration/Engineering	2	1	1	1	1	1	1	2	3	3
Maintenance	11	12	12	12	11	12	13	13	13	11
Mechanic	1	1	1	1	1	1	1	1	1	1

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety (Police): *										
Number of:										
Part I crimes	N/A	386	352	357	326	390	501	431	447	396
Parking violations	N/A	2,019	2,219	2,849	5,637	2,977	2,998	3,780	3,094	1,882
Traffic (moving) violations	N/A	1,968	3,133	3,760	3,922	3,010	1,742	2,040	2,554	2,903
Incident and crime reports	N/A	1,900	1,850	1,801	1,806	1,785	2,103	2,091	2,045	1,713
Community Development:										
Number of:										
Business licenses	N/A	N/A	23	12	41	30	19	86	144	261
Plan checks	N/A	N/A	25	8	34	85	74	59	91	60
NPDES inspections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	304	208	129
Code violations	N/A	N/A	N/A	N/A	N/A	30	141	489	911	520
Recreation and Community Services:										
Number of enrollees:										
Aquatics	N/A	N/A	N/A	N/A	N/A	94,100	97,948	122,145	125,331	123,180
Community services/seniors	N/A	N/A	N/A	N/A	N/A	20,340	20,980	20,450	14,771	11,440
Day camp	N/A	N/A	N/A	N/A	N/A	810	840	1,080	1,062	3,245
Park program	N/A	N/A	N/A	N/A	N/A	6,440	4,369	4,513	4,328	3,521
Sports	N/A	N/A	N/A	N/A	N/A	6,779	7,871	10,058	1,439	5,700
Classes	N/A	N/A	N/A	N/A	N/A	4,204	4,092	4,314	2,630	11,464
Special events	N/A	N/A	N/A	N/A	N/A	40,381	44,668	41,573	24,300	32,900
Public Works:										
Square yard of:										
Street resurfacing/repair	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	100,963
Miles of:										
Street sweeping	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26	40	33
Number of:										
Street signal maintained	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20	20	24
Trees pruned per year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	327	600	151
Square feet graffiti removal	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100	1,300	140

N/A - Not Available

\* - Statistical information based on calendar year.

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety (Police):										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	7	8	8	8	8	8	7	7	9	9
Other vehicles	10	9	8	8	11	14	14	13	10	10
Community Development:										
Code enforcement vehicles	1	1	1	3	3	3	3	1	1	1
Recreation and Community Services:										
Youth centers	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	8	8	8	8	8	8	8	9	9	9
Community service vehicles	2	2	2	2	2	2	2	2	2	2
Public Works:										
Miles of Streets	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9
Street lights	783	907	907	907	907	907	910	910	910	910
Traffic signals	22	22	22	22	22	22	23	23	23	24
Public works vehicles	13	13	13	14	14	13	13	14	14	14

Source: City of Los Alamitos, Finance Department

