

# City of Los Alamitos, California



## **Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009**

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, 2009**

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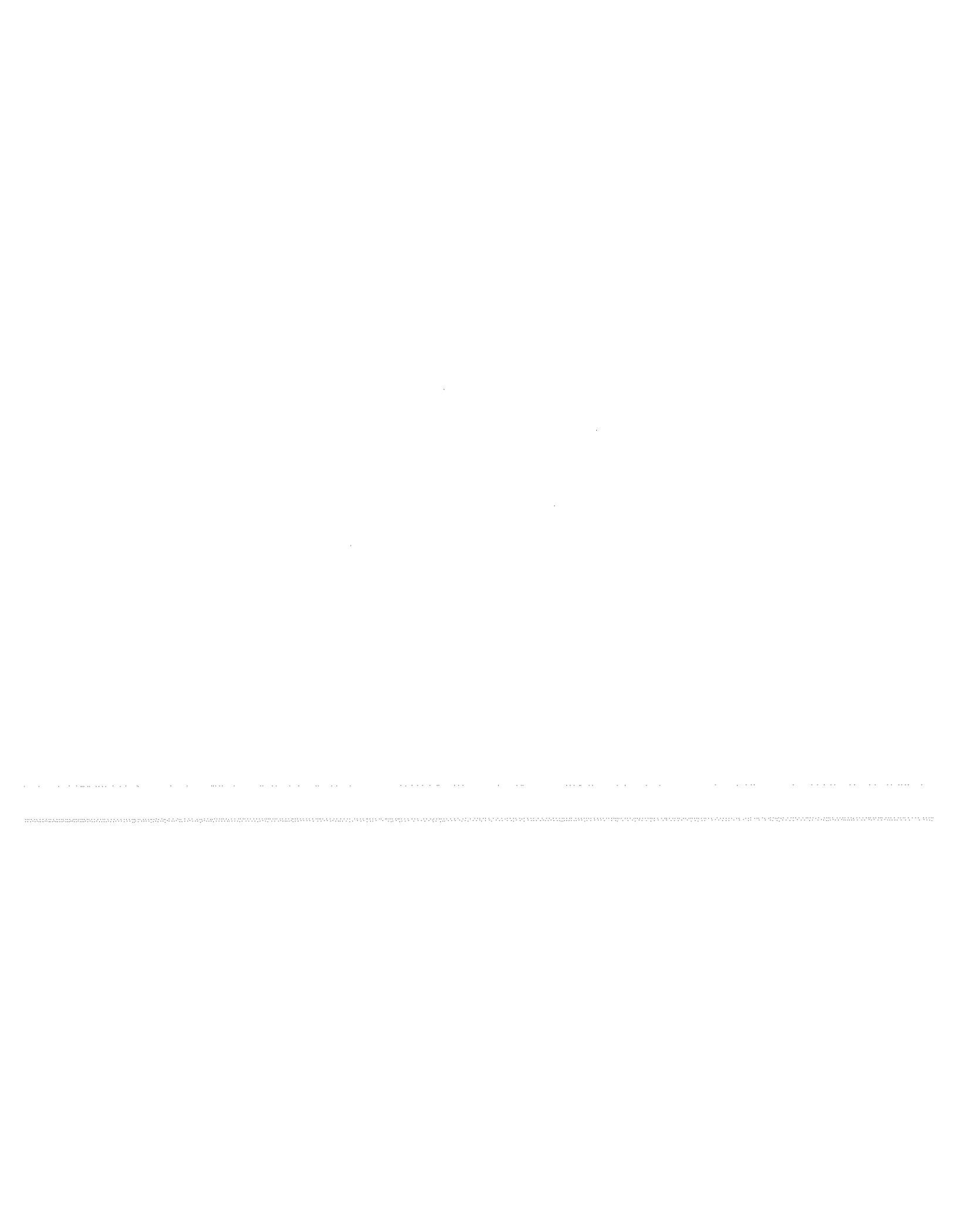
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# CITY OF LOS ALAMITOS



December 31, 2009

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Los Alamitos (the City) for the fiscal year ended June 30, 2009.

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, 2009. 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.

**Mayor:**  
Marilynn M. Poe

**Mayor Pro Tem:**  
Ken Stephens

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

**City Manager:**  
Jeffrey L. Stewart

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

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

The City of Los Alamitos, which has a population of 12,217 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-two 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 budget must occur prior to the conclusion of the prior fiscal year. The City Council may modify appropriations with majority approval. The budgets are adopted and presented on a basis consistent with generally accepted accounting principles.

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

## **Economic Outlook**

As with most cities in the State of California, the City of Los Alamitos is facing significant budget issues as a result of the declining national and state economies. The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 75% of all General Fund revenues. The majority of the tax revenues are collected from property taxes, sales taxes, and utility users' taxes. After seeing several years of significant increases in sales and property taxes, the City's sales tax revenues declined 17% in fiscal year 2008-09. Although we have projected a continued decline in this revenue source, it is not expected to decline to the same degree that it did in the past fiscal year. Because of the stellar school programs within its boundaries, the City has been fortunate to maintain a steady growth in property taxes, while maintaining home values. The City's property tax revenues are expected to weather the economy, remaining flat in the upcoming fiscal year. The City's third major tax revenue source, utility users' tax, is also expected to maintain the level that it has reached over the past number of years. While the City expects a reduction in revenue sources during the upcoming fiscal year, significant budgetary reductions have been made on the expenditure side to produce a balanced budget while maintaining vital services to the community.

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

As of June 30, 2009, the City's General Fund unreserved fund balance totaled \$6,105,424. Of this amount, \$2,800,000 is designated for emergency purposes to provide a source of funds in the event of an unexpected emergency and to fund extraordinary general liability and workers' compensation claims.

The City's Seven-Year Capital Improvement Program (CIP) concentrates on street and road-related projects, making up 95% of total capital projects. The City expects to commence work on the next phase of an extensive residential street improvement project, as well as improvements to a major thoroughfare, Katella Avenue, utilizing economic stimulus funds.

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

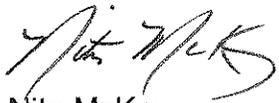
## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Los Alamitos for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the first year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published

an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal 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

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

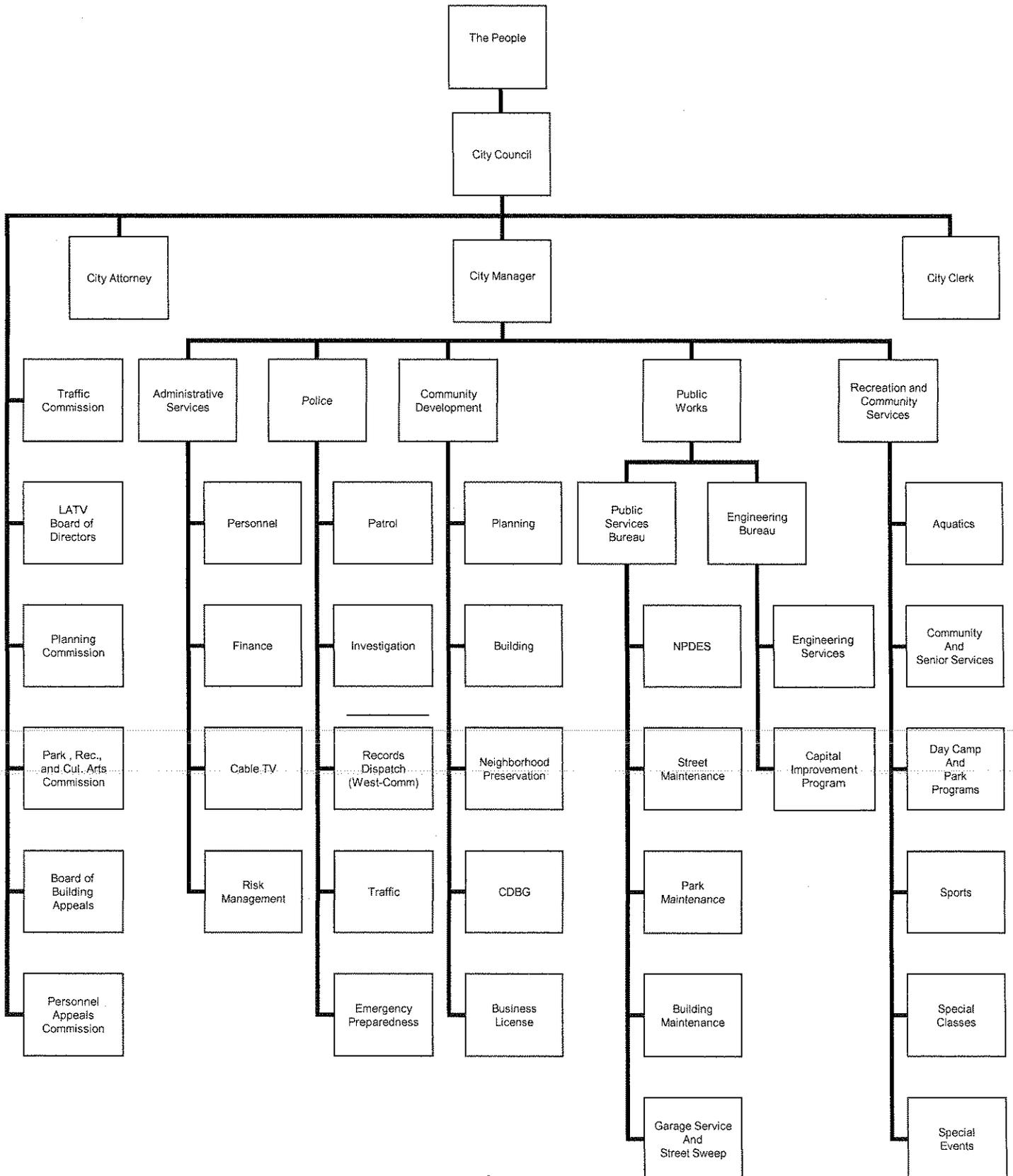
#### APPOINTED OFFICIALS

Jeffrey L. Stewart, City Manager  
Sandra J. Levin, Interim City Attorney  
C. Darleen Cordova, Interim City Clerk

#### EXECUTIVE MANAGEMENT

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

# City of Los Alamitos Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Los Alamitos  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. P. M.", is written above the title.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery", is written above the title.

Executive Director









**DIEHL, EVANS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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

\*A PROFESSIONAL CORPORATION

December 18, 2009

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Los Alamitos, as of and for the year ended June 30, 2009, 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, each major fund, and the aggregate remaining fund information of the City of Los Alamitos, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, the Measure M Special Revenue Fund and the Traffic Improvement Capital Projects 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 18, 2009 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 analysis of the City's financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow GASB 34 and other Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences internal service fund activity, and depreciation to the various functions of the City; whereas the City's budget is an operational financial plan for the upcoming fiscal year.

### FINANCIAL HIGHLIGHTS

- The City's net assets increased by \$1,395,395 as a result of this year's operations.
- The program and general revenues were \$13,657,046.
- The cost of governmental activities was \$12,261,651.
- The General Fund reported excess revenues over expenditures of \$197,284.
- For the General Fund, actual resources available for appropriation (revenue inflows, debt proceeds, and fund balance) were greater than the final budget by \$179,976 before transfers while actual expenditures (outflows) were \$288,074 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.

See independent auditors' report.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The City of Los Alamitos maintains 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 Revenue Fund and the Traffic Improvement Capital Projects 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 other governmental funds is provided in the form of combining statements elsewhere in this report.

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

See independent auditors' report.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Notes to the basic 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 other 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	
	2009	2008
Current and other assets	\$ 11,746,186	\$ 12,843,194
Capital assets	14,709,869	12,745,565
Total assets	26,456,055	25,588,759
Long-term debt outstanding	4,825,081	4,455,677
Other liabilities	977,366	1,874,869
Total liabilities	5,802,447	6,330,546
Net assets:		
Invested in capital assets, net of debt	11,414,869	9,395,565
Restricted	2,092,689	2,309,267
Unrestricted	7,146,050	7,553,381
Total net assets	\$ 20,653,608	\$ 19,258,213

The City's net assets from governmental activities increased by \$1,395,395. Although, current and other assets decreased by \$1.1 million, capital assets increased by \$2.0 million. Long term debt and other liabilities decreased by \$0.5 million.

The decrease in current assets is primarily due to a decrease in cash and investment balances. The significant increase in capital assets is due to the completion of significant street rehabilitation projects during the fiscal year, and the decrease in liabilities is due to lower deposits payable and the recognition of prior year unearned revenue associated with one of the large capital projects.

See independent auditors' report.

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

**Governmental Activities.** Governmental activities increased the City of Los Alamitos' net assets by \$1,395,395. Key elements of the increase are illustrated in Table 2 below:

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

	Governmental Activities	
	2009	2008
Revenues		
Program revenues:		
Charges for services	\$ 1,925,580	\$ 1,870,656
Operating contributions and grants	1,315,379	920,631
Capital contributions and grants	1,123,075	190,751
General revenues:		
Taxes:		
Property taxes	2,545,407	2,483,818
Utility users tax	2,232,470	2,178,315
Sales taxes	2,513,510	2,912,068
Franchise taxes	602,606	595,568
Other taxes	921,154	769,365
Motor vehicle in lieu, unrestricted	41,447	53,844
Investment earnings	141,679	276,824
Other	294,739	397,933
Total revenues	<u>13,657,046</u>	<u>12,649,773</u>
Expenses		
General government	2,703,547	3,178,186
Public safety	5,095,312	4,922,149
Community development	578,127	699,700
Recreation and community services	2,113,599	2,162,055
Public works	1,616,276	1,591,775
Interest on long-term debt	154,790	209,138
Total expenditures	<u>12,261,651</u>	<u>12,763,003</u>
Change in net assets	1,395,395	(113,230)
Net assets, beginning	19,258,213	19,439,504
Restatement of net assets/adjustment	-	(68,061)
Net assets, ending	<u>\$ 20,653,608</u>	<u>\$ 19,258,213</u>

See independent auditors' report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's total revenues were \$13,657,046 while the costs for all programs and services totaled \$12,261,651. The following graphs further illustrate Table 2.

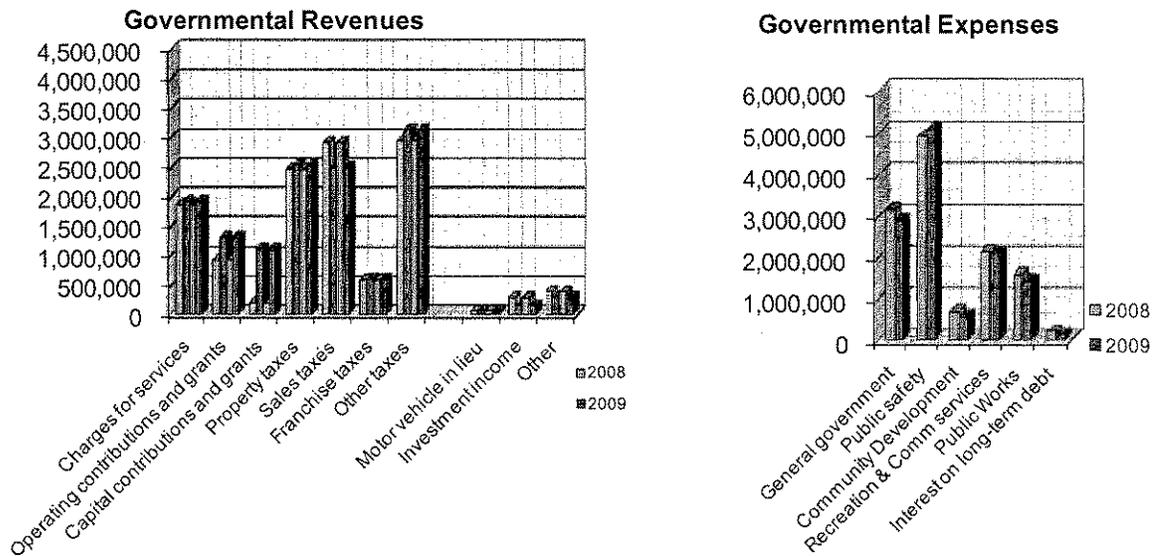


Table 3 below presents the cost of each of the City's six largest programs—general government, public safety, community development, recreation and community services, public works, and interest on long-term debt—as well as each program's *net cost* (total cost less revenues generated by the activities). 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
	2009	2009	2009
General government	\$ 2,703,547	\$ 99,774	\$ 2,603,773
Public safety	5,095,312	802,429	4,292,883
Community development	578,127	123,584	454,543
Recreation and community services	2,113,599	1,157,385	956,214
Public works	1,616,276	2,180,862	(564,586)
Interest on long-term debt	154,790	-	154,790
<b>Total expenditures</b>	<b>\$ 12,261,651</b>	<b>\$ 4,364,034</b>	<b>\$ 7,897,617</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 \$8,896,521, a decrease of \$625,106 from the prior year's balance. Of the ending fund balance, \$6,105,424 is unreserved fund balance in the General Fund, which is available for spending. The Measure M Special Revenue Fund shows an unreserved fund balance of \$236,202 and the Traffic Improvement Capital Projects Fund shows an unreserved fund balance of \$728,669 and the other governmental funds have an unreserved fund balance of \$1,528,480. The remainder of the fund balance is reserved for loans receivable, encumbrances, inventory, debt service and prepaid costs to indicate that it is not available for new spending. Other than reserved portions of fund balance, there are no limitations that affect the availability of fund resources for future use.

The fund balance of the City's General Fund increased \$226,683 during the fiscal year. The increase is primarily attributable to a decline in expenditures for the fiscal year rather than an increase in revenues. General government and community development expenditures decreased because of budgetary reductions made during the City's mid-year budget review process. Additionally, during the prior fiscal year, significant transfers were made to fund the City's garage replacement and technology replacement programs in the internal service funds. These accounted for a decrease in other financing sources in the current fiscal year of \$695,130.

The Measure M Special Revenue Fund showed a decrease in fund balance of \$805,934 for the fiscal year mainly due to the completion of two large capital improvement projects. A large portion of the City's residential street improvement project, including the "Carrier Row" neighborhood, was finalized, as well as the Ball Road and Bloomfield Street storm drain project, amounting to \$1.3 million in expenditures.

A slight increase in fund balance of \$53,581 was recognized in the Traffic Improvement Capital Improvement Fund during the fiscal year, while the other government funds realized a decline in fund balance of only \$99,436 for fiscal year 2008-09.

See independent auditors' report.

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

### General Fund Budgetary Highlights

The actual expenditures for the General Fund at year-end were \$288,074 less than the final budgeted expenditures. Actual revenues compared favorably to the final budget with a \$179,976 excess before transfers. Budget amendments and supplemental appropriations were made during the year which decreased appropriations in the amount of \$371,664.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of FY 2008-09, the City had \$14.7 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 \$2.0 million, or 15.4 percent, over the prior year.

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

	Governmental Activities	
	2009	2008
Land	\$ 5,917,715	\$ 5,917,715
Buildings and Improvements	1,143,669	1,147,444
Equipment	520,031	588,982
Vehicles	436,322	416,597
Furnitures	9,763	12,470
Infrastructure	6,606,195	4,498,635
Construction in progress	76,174	163,722
Totals	<u>\$ 14,709,869</u>	<u>\$ 12,745,565</u>

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

See independent auditors' report.

## CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

**Long-term liabilities.** At the end of fiscal year 2008-09, the City had \$4.8 million in long-term liabilities which includes an outstanding bond indebtedness of \$3.3 million and \$1.5 million of claims payable and compensated absences. The increase over prior year of 8.3 percent is mainly due to claims payable increasing by \$0.4 million.

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

	Government Activities	
	2009	2008
2006 Certificates of participation	\$ 3,295,000	\$ 3,350,000
Claims payable	1,087,161	673,649
Compensated absences	442,920	432,028
Total expenditures	<u>\$ 4,825,081</u>	<u>\$ 4,455,677</u>

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Los Alamitos' economic outlook for fiscal year 2009-10 is not encouraging, as the City is experiencing the effects of the national recession. Most cities in California are facing significant budgetary issues as a result of the declining national and state economies. The City of Los Alamitos is no exception. The City's budget is balanced and includes expenditure reductions to offset the recessionary impacts of the economy on City revenues. During the budget development process this year, a comprehensive line-by-line review of all expenditures was performed to reduce operating expenditures, providing program efficiencies, while maintaining the delivery of essential services to the community. Numerous budgetary reductions were included in the upcoming fiscal year's adopted budget in order to compensate for the loss the City is experiencing in its core revenue sources.

With the sluggish housing market and the predictions that the bottom has not yet been reached in Orange County, California, we were very conservative with the projections for property tax revenues for fiscal year 2009-10, with no increases projected. Additionally, with the slowdown in the economy, we projected a further decline in the City's sales tax revenue for the upcoming fiscal year. The third revenue source, utility users' tax, is projected to provide an increase due to the addition of a new wireless telephone revenue source during the upcoming fiscal year. This increase goes a long way in compensating for the reductions elsewhere in the General Fund. These three revenue sources make up 69% of the City's General Fund revenues.

With departmental mission statements, goals, accomplishments, program descriptions, service objectives and work plans, the City of Los Alamitos continues to adopt a budget that not only serves as financial plan, but also a communication device, policy tool and operations guide for the City Council and citizens of Los Alamitos.

See independent auditors' report.

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

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

See independent auditors' report.







**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**CITY OF LOS ALAMITOS**

**Statement of Net Assets  
June 30, 2009**

	Governmental Activities
<b>ASSETS:</b>	
Cash and investments	\$ 9,174,778
Receivables:	
Accounts	1,081,972
Employee computer loans	10,795
Accrued interest	32,471
Notes	20,000
Prepaid costs	5,394
Inventory	18,602
Unamortized debt issuance costs	100,343
Due from other governments	1,081,117
Restricted assets:	
Cash with fiscal agent	220,714
Capital assets:	
Non depreciable assets	5,993,889
Depreciable assets, net	8,715,980
<b>TOTAL ASSETS</b>	<b>26,456,055</b>
<b>LIABILITIES:</b>	
Accounts payable	545,392
Accrued liabilities	185,349
Interest payable	51,213
Deposits payable	46,457
Unearned revenue	148,955
Long-term liabilities:	
Due within one year	470,674
Due in more than one year	4,354,407
<b>TOTAL LIABILITIES</b>	<b>5,802,447</b>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	11,414,869
Restricted for:	
Street and urban development projects	780,299
Public safety	142,585
Recreation and community services	920,378
Debt service	210,453
Air quality improvement	38,974
Unrestricted	7,146,050
<b>TOTAL NET ASSETS</b>	<b>\$ 20,653,608</b>

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

CITY OF LOS ALAMITOS

Statement of Activities  
For the year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Primary Governmental Activities
<b>Governmental Activities:</b>					
General government	\$ 2,703,547	\$ 87,546	\$ 12,228	\$ -	\$ (2,603,773)
Public safety	5,095,312	663,127	139,302	-	(4,292,883)
Community development	578,127	75,224	48,360	-	(454,543)
Recreation and community services	2,113,599	1,099,683	57,702	-	(956,214)
Public works	1,616,276	-	1,057,787	1,123,075	564,586
Interest on long-term debt	154,790	-	-	-	(154,790)
<b>Total Governmental Activities</b>	<b>\$ 12,261,651</b>	<b>\$ 1,925,580</b>	<b>\$ 1,315,379</b>	<b>\$ 1,123,075</b>	<b>(7,897,617)</b>

General revenues:

Taxes:

Property taxes, levied for general purpose	2,545,407
Utility users tax	2,232,470
Transient occupancy taxes	77,919
Sales taxes	2,513,510
Franchise taxes	602,606
Business licenses and permits	787,730
Other taxes	55,505
Motor vehicle in lieu, unrestricted	41,447
Investment earnings	141,679
Gain on sale of property	5,784
Other	288,955

Total general revenues 9,293,012

Changes in net assets 1,395,395

Net assets - beginning of year 19,258,213

Net assets - end of year \$ 20,653,608

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

**FUND FINANCIAL STATEMENTS**

CITY OF LOS ALAMITOS

Balance Sheet  
Governmental Funds  
June 30, 2009

	General Fund	Measure M Special Revenue Fund	Traffic Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 5,690,494	\$ -	\$ 850,163	\$ 1,580,795	\$ 8,121,452
Receivables:					
Accounts	464,293	577,186	-	40,493	1,081,972
Employee computer loans	10,795	-	-	-	10,795
Accrued interest	24,741	-	2,841	4,889	32,471
Notes	-	-	20,000	-	20,000
Prepaid costs	1,394	-	-	4,000	5,394
Inventory	6,427	-	-	-	6,427
Due from other governments	399,110	565,939	65,379	50,689	1,081,117
Due from other funds	216,570	-	-	-	216,570
Restricted assets:					
Cash with fiscal agent	-	-	-	220,714	220,714
<b>TOTAL ASSETS</b>	<b>\$ 6,813,824</b>	<b>\$ 1,143,125</b>	<b>\$ 938,383</b>	<b>\$ 1,901,580</b>	<b>\$ 10,796,912</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 418,290	\$ 31,043	\$ -	\$ 64,673	\$ 514,006
Accrued liabilities	173,580	-	-	9,665	183,245
Due to other funds	-	188,315	-	28,255	216,570
Deferred revenues	45,557	684,842	209,714	-	940,113
Deposits payable	46,457	-	-	-	46,457
<b>TOTAL LIABILITIES</b>	<b>683,884</b>	<b>904,200</b>	<b>209,714</b>	<b>102,593</b>	<b>1,900,391</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Inventory	6,427	-	-	-	6,427
Loans receivable	10,795	-	-	-	10,795
Prepaid costs	1,394	-	-	4,000	5,394
Debt service	-	-	-	261,666	261,666
Encumbrances	5,900	2,723	-	4,841	13,464
Unreserved:					
Designated reported in:					
General fund	2,800,000	-	-	-	2,800,000
Special revenue funds	-	-	-	215,379	215,379
Undesignated reported in:					
General fund	3,305,424	-	-	-	3,305,424
Special revenue funds	-	236,202	-	974,875	1,211,077
Capital projects funds	-	-	728,669	338,226	1,066,895
<b>TOTAL FUND BALANCES</b>	<b>6,129,940</b>	<b>238,925</b>	<b>728,669</b>	<b>1,798,987</b>	<b>8,896,521</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,813,824</b>	<b>\$ 1,143,125</b>	<b>\$ 938,383</b>	<b>\$ 1,901,580</b>	<b>\$ 10,796,912</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, 2009**

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Fund balances - total governmental funds	\$ 8,896,521
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.	14,143,012
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, 2009 are:	
Certificates of Participation	\$ (3,295,000)
Deferred charges for issuance costs	100,343
Claims and judgments	(1,087,161)
Compensated absences	(442,577)
	<u>(4,724,395)</u>
Accrued interest payable from the current portion of interest due on bonds payable has not been reported in the governmental funds.	(51,213)
Long-term assets that are not available for current use are recorded as deferred revenue under the modified accrual basis of accounting.	791,158
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>1,598,525</u>
Net assets of governmental activities	<u>\$ 20,653,608</u>

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

CITY OF LOS ALAMITOS

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the year ended June 30, 2009

	General Fund	Measure M Special Revenue Fund	Traffic Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 8,002,712	\$ -	\$ -	\$ 384,357	\$ 8,387,069
Licenses and permits	806,254	-	-	-	806,254
Intergovernmental	323,622	652,406	48,233	646,021	1,670,282
Charges for services	911,649	-	-	336,732	1,248,381
Investment earnings	132,059	14,938	13,777	37,015	197,789
Fines and forfeitures	640,522	-	-	10,680	651,202
Contributions	225	-	-	505	730
Miscellaneous	59,183	-	-	-	59,183
<b>TOTAL REVENUES</b>	<b>10,876,226</b>	<b>667,344</b>	<b>62,010</b>	<b>1,415,310</b>	<b>13,020,890</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,178,393	-	-	40,010	2,218,403
Public safety	4,990,961	-	-	2,043	4,993,004
Community development	574,439	-	-	-	574,439
Recreation and community services	1,640,341	-	-	432,928	2,073,269
Public works	1,286,008	59,928	-	137,094	1,483,030
Capital outlay	8,800	1,413,350	8,429	733,980	2,164,559
Debt service:					
Principal	-	-	-	55,000	55,000
Interest and fiscal charges	-	-	-	155,592	155,592
<b>TOTAL EXPENDITURES</b>	<b>10,678,942</b>	<b>1,473,278</b>	<b>8,429</b>	<b>1,556,647</b>	<b>13,717,296</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>197,284</b>	<b>(805,934)</b>	<b>53,581</b>	<b>(141,337)</b>	<b>(696,406)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	405,939	-	-	410,157	816,096
Transfers out	(376,540)	-	-	(368,256)	(744,796)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>29,399</b>	<b>-</b>	<b>-</b>	<b>41,901</b>	<b>71,300</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>226,683</b>	<b>(805,934)</b>	<b>53,581</b>	<b>(99,436)</b>	<b>(625,106)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>5,903,257</b>	<b>1,044,859</b>	<b>675,088</b>	<b>1,898,423</b>	<b>9,521,627</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 6,129,940</b>	<b>\$ 238,925</b>	<b>\$ 728,669</b>	<b>\$ 1,798,987</b>	<b>\$ 8,896,521</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, 2009**

Net change in fund balances - total governmental funds		\$ (625,106)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalizable capital outlays and the disposition of capital assets exceeded depreciation in the current period.</p>		
Capital expenditures	\$ 2,164,559	
Depreciation expense	<u>(222,734)</u>	
		1,941,825
<p>The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of this difference in the treatment of long-term debt and related items:</p>		
Principal payments		55,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Interest expense	802	
Amortization of issuance costs	<u>(3,716)</u>	
		(2,914)
Payment of accrued claims is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.		(413,512)
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.		(12,247)
<p>Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds:</p>		
Intergovernmental income	715,601	
Property tax	(21,855)	
Sales tax	<u>(63,374)</u>	
		630,372
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.		<u>(178,023)</u>
Change in net assets of governmental activities		<u>\$ 1,395,395</u>

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

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement  
General Fund  
For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 5,903,257</b>	<b>\$ 5,903,257</b>	<b>\$ 5,903,257</b>	<b>\$ -</b>
Resources (inflows):				
Taxes	8,290,740	8,095,710	8,002,712	(92,998)
Licenses and permits	906,600	642,620	806,254	163,634
Intergovernmental	327,270	329,620	323,622	(5,998)
Charges of services	806,440	801,140	911,649	110,509
Investment earnings	266,730	149,200	132,059	(17,141)
Fines and forfeitures	688,000	605,590	640,522	34,932
Contributions	-	-	225	225
Miscellaneous	69,500	72,370	59,183	(13,187)
Transfers from other funds	323,200	442,860	405,939	(36,921)
Amounts Available for Appropriation	<u>11,678,480</u>	<u>11,139,110</u>	<u>11,282,165</u>	<u>143,055</u>
Charges to appropriations (outflows):				
General government:				
City council	101,240	80,750	77,276	3,474
City manager/City clerk	653,490	587,680	558,488	29,192
Administrative services	680,140	606,480	594,322	12,158
City attorney	205,500	195,500	174,484	21,016
Nondepartmental	728,630	787,340	773,823	13,517
Total general government	<u>2,369,000</u>	<u>2,257,750</u>	<u>2,178,393</u>	<u>79,357</u>
Public safety	<u>5,297,430</u>	<u>5,189,476</u>	<u>4,990,961</u>	<u>198,515</u>
Community development	<u>579,460</u>	<u>579,310</u>	<u>574,439</u>	<u>4,871</u>
Recreation and community services	<u>1,705,860</u>	<u>1,605,629</u>	<u>1,640,341</u>	<u>(34,712)</u>

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

(Continued)

CITY OF LOS ALAMITOS

**Budgetary Comparison Statement, Continued**  
**General Fund**  
**For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (outflows) (Continued):				
Public works	\$ 1,455,470	\$ 1,317,351	\$ 1,286,008	\$ 31,343
Capital outlay	5,000	17,500	8,800	8,700
Transfers to other funds	303,000	376,540	376,540	-
Total Charges to Appropriations	11,715,220	11,343,556	11,055,482	288,074
Excess of resources over (under) charges to appropriations	(36,740)	(204,446)	226,683	431,129
<b>Fund balance, June 30</b>	<b>\$ 5,866,517</b>	<b>\$ 5,698,811</b>	<b>\$ 6,129,940</b>	<b>\$ 431,129</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, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 1,044,859</b>	<b>\$ 1,044,859</b>	<b>\$ 1,044,859</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	418,790	1,286,880	652,406	(634,474)
Investment earnings	35,000	35,000	14,938	(20,062)
Amounts Available for Appropriation	453,790	1,321,880	667,344	(654,536)
Charges to appropriations (outflows):				
Current:				
Public works:				
Street maintenance	15,000	15,000	59,928	(44,928)
Capital outlay	706,200	1,661,730	1,413,350	248,380
Total Charges to Appropriations	721,200	1,676,730	1,473,278	203,452
Excess of resources over (under) charges to appropriations	(267,410)	(354,850)	(805,934)	(451,084)
<b>Fund balance, June 30</b>	<b>\$ 777,449</b>	<b>\$ 690,009</b>	<b>\$ 238,925</b>	<b>\$ (451,084)</b>

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

CITY OF LOS ALAMITOS

Statement of Net Assets  
Proprietary Funds  
June 30, 2009

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	Governmental Activities - Internal Service Funds
ASSETS	
CURRENT ASSETS:	
Cash and investments	\$ 1,053,326
Inventory	12,175
TOTAL CURRENT ASSETS	<u>1,065,501</u>
NONCURRENT ASSETS:	
Capital assets, net	<u>566,857</u>
TOTAL NONCURRENT ASSETS	<u>566,857</u>
TOTAL ASSETS	<u>1,632,358</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	31,386
Accrued liabilities	<u>2,104</u>
TOTAL CURRENT LIABILITIES	<u>33,490</u>
NONCURRENT LIABILITIES:	
Compensated absences	<u>343</u>
TOTAL NONCURRENT LIABILITIES	<u>343</u>
TOTAL LIABILITIES	<u>33,833</u>
NET ASSETS	
Invested in capital assets	566,857
Unrestricted	<u>1,031,668</u>
TOTAL NET ASSETS	<u>\$ 1,598,525</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, 2009

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 393,050
TOTAL OPERATING REVENUES	<u>393,050</u>
OPERATING EXPENSES:	
Personal services	88,306
Supplies and parts	127,546
Outside services	150,988
Depreciation	<u>138,717</u>
TOTAL OPERATING EXPENSES	<u>505,557</u>
OPERATING LOSS	<u>(112,507)</u>
NONOPERATING REVENUES:	
Gain on sale of capital assets	<u>5,784</u>
TOTAL NONOPERATING REVENUES	<u>5,784</u>
LOSS BEFORE TRANSFERS	<u>(106,723)</u>
TRANSFERS:	
Transfers out	<u>(71,300)</u>
TOTAL TRANSFERS	<u>(71,300)</u>
CHANGES IN NET ASSETS	<u>(178,023)</u>
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>1,776,548</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 1,598,525</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, 2009**

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from user departments	\$ 393,067
Cash paid to suppliers for goods and services	(275,963)
Cash paid to employees for services	(90,267)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>26,837</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash provided to other funds	(71,300)
<b>NET CASH USED BY         NONCAPITAL FINANCING ACTIVITIES</b>	<u>(71,300)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(161,196)
Proceeds from sale of capital assets	5,784
<b>NET CASH USED BY CAPITAL AND         RELATED FINANCING ACTIVITIES</b>	<u>(155,412)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest earned	7,762
<b>NET CASH PROVIDED BY         INVESTING ACTIVITIES</b>	<u>7,762</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(192,113)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,245,439</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,053,326</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (112,507)
Depreciation	138,717
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	17
(Increase) decrease in inventory	13,561
Increase (decrease) in accounts payable	(10,990)
Increase (decrease) in accrued liabilities	(606)
Increase (decrease) in compensated absences	(1,355)
<b>NET CASH PROVIDED BY         OPERATING ACTIVITIES</b>	<u>\$ 26,837</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 component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. This entity is legally separate from the City. However, the City of Los Alamitos' elected officials have continuing accountability for fiscal matters of this entity.

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

Blended Component Units:

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

B. Basis of Accounting and Measurement Focus:

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

See independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Government-Wide Financial Statements:**

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

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. 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 taxes, sales taxes, intergovernmental revenues and other taxes. Expenditures are generally recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term liabilities, and compensated absences which are recognized as expenditures only when payment is due.

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

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

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

The 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 Traffic Improvement Capital Projects Fund is used to account for traffic mitigation fees and development fees from the City of Cypress. Expenditures are restricted to projects related to improving traffic conditions within the City.

See independent auditors’ report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

Additionally, the City reports the following fund types:

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

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

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

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

**Proprietary Fund Financial Statements:**

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

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

See independent auditors' report.

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 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 General Fund consist of supplies held for future use and are accounted for using the consumption method. Inventories in the Proprietary Fund consist of fuel and parts held for future use and are 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 is included as part of the capitalized value of the assets constructed on the government-wide and proprietary fund financial statements. No interest was capitalized during the year ended June 30, 2009.

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.

See independent auditors' report.

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:

A. Budgets and Budgetary Accounting:

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

1. The annual budget is adopted by the City Council and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers substantially all City expenditures. Actual expenditures may not exceed budgeted appropriations at the department level. The City 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.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

A. Budgets and Budgetary Accounting (Continued):

4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt a budget for this type of fund.
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, 2009, based on calculations by City management, proceeds of taxes did not exceed appropriations.

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

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
Recreation and community services	\$ 1,640,341	\$ 1,605,629	\$ (34,712)
Measure M Special Revenue Fund:			
Public works:			
Street maintenance	59,928	15,000	(44,928)
Debt Service Fund:			
Debt service:			
Interest and fiscal charges	155,592	154,850	(742)
Los Alamitos Television Special Revenue Fund:			
General government	40,010	33,730	(6,280)
Capital outlay	4,189	-	(4,189)

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

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3. CASH AND INVESTMENTS:

**Cash and Investments:**

The following is a summary of cash and investments at June 30, 2009:

	<u>Governmental Activities</u>
Cash and investments	\$ 9,174,778
Restricted cash with fiscal agent	<u>220,714</u>
Total cash and investments	<u>\$ 9,395,492</u>

Cash and investments at June 30, 2009 consisted of the following:

Demand deposits	\$ 584,230
Investments	<u>8,811,262</u>
Total cash and investments	<u>\$ 9,395,492</u>

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

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

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

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

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

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

<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.

**Investments Authorized by Debt Agreements:**

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

**Disclosures Relating to Interest Rate Risk:**

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

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

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

**Disclosures Relating to Interest Rate Risk (Continued):**

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
Local Agency Investment Fund (LAIF)	\$ 8,590,548
Investment held by Bond Trustee:	
Money Market Mutual Funds	<u>220,714</u>
	<u>\$ 8,811,262</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, 2009</u>	<u>Minimum Legal Rating</u>	<u>Unrated</u>	<u>AAA</u>
LAIF	\$ 8,590,548	N/A	\$ 8,590,548	\$ -
Investment held by:				
Bond Trustee:				
Money Market Mutual Funds	<u>220,714</u>	A	<u>-</u>	<u>220,714</u>
	<u>\$ 8,811,262</u>		<u>\$ 8,590,548</u>	<u>\$ 220,714</u>

N/A - Not Applicable

**Concentration of Credit Risk:**

As of June 30, 2009, the City has not invested more than 5% of its total investments in any one issuer. Investments in external investment pools are excluded from this requirement.

See independent auditors' report.

3. CASH AND INVESTMENTS (CONTINUED):

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's investment policy does not contain any additional provisions that would limit the exposure to custodial credit risk for deposits. However the policy does stipulate that mortgage collateral cannot be used to secure deposits, and that the use of a third party bank trust department is to act as the City's safekeeping agent for investments. At June 30, 2009, 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, 2009**

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 Improvement Capital Projects Fund with a corresponding amount shown as deferred revenue. Revenue is recorded as payments are received. The amount due from the City of Cypress at June 30, 2009, was \$20,000.

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, 2009, the City had the following short-term interfund receivables and payables:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Measure M Special Revenue Fund	\$ 188,315
	Other Governmental Funds	<u>28,255</u>
		<u>\$ 216,570</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, 2009**

5. INTERFUND TRANSACTIONS (CONTINUED):

**Transfers:**

Transfers in and out for the year ended June 30, 2009 are as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 334,639
	Internal Service Fund	71,300
Other Governmental Funds	General Fund	376,540
	Other Governmental Funds	<u>33,617</u>
		<u>\$ 816,096</u>

Transfers to the General Fund from the Other Governmental Funds (the Gas Tax, Office of Traffic and Safety, Public Safety Sales Tax and State Law Enforcement Services Special Revenue Funds and Rivers and Mountains Conservancy Capital Project Fund) were made to offset street maintenance costs, offset the salary and training cost of the City's motor officer program and reimbursement for the Coyote Creek Park project.

Transfers to the General Fund from the Technology Replacement Internal Service Fund was made to transfer amounts budgeted in excess of actual cost of financial software.

The General Fund and Other Governmental Funds transferred monies to Other Governmental Funds to cover current year debt payments, support pool operations and reimbursement for the park playground project.

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

**6. CAPITAL ASSETS:**

A summary of changes in the Governmental Activities capital assets at June 30, 2009 is as follows:

<b>Governmental Activities:</b>	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Capital assets, not being depreciated:				
Land	\$ 5,917,715	\$ -	\$ -	\$ 5,917,715
Construction in progress	<u>163,722</u>	<u>13,629</u>	<u>(101,177)</u>	<u>76,174</u>
Total capital assets, not being depreciated	<u>6,081,437</u>	<u>13,629</u>	<u>(101,177)</u>	<u>5,993,889</u>
Capital assets, being depreciated:				
Equipment	2,050,210	35,448	-	2,085,658
Vehicles	1,135,109	129,937	(41,568)	1,223,478
Furniture	46,980	-	-	46,980
Buildings	1,932,883	-	-	1,932,883
Improvements	73,872	45,029	-	118,901
Infrastructure	<u>4,749,773</u>	<u>2,202,889</u>	<u>-</u>	<u>6,952,662</u>
Total capital assets, being depreciated	<u>9,988,827</u>	<u>2,413,303</u>	<u>(41,568)</u>	<u>12,360,562</u>
Less accumulated depreciation for:				
Equipment	(1,461,228)	(104,399)	-	(1,565,627)
Vehicles	(718,512)	(110,212)	41,568	(787,156)
Furniture	(34,510)	(2,707)	-	(37,217)
Buildings	(859,311)	(39,484)	-	(898,795)
Improvements	-	(9,320)	-	(9,320)
Infrastructure	<u>(251,138)</u>	<u>(95,329)</u>	<u>-</u>	<u>(346,467)</u>
Total accumulated depreciation	<u>(3,324,699)</u>	<u>(361,451)</u>	<u>41,568</u>	<u>(3,644,582)</u>
Total capital assets, being depreciated, net	<u>6,664,128</u>	<u>2,051,852</u>	<u>-</u>	<u>8,715,980</u>
Governmental activities capital assets, net	<u>\$ 12,745,565</u>	<u>\$ 2,065,481</u>	<u>\$ (101,177)</u>	<u>\$ 14,709,869</u>

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

6. CAPITAL ASSETS (CONTINUED):

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

General Government	\$ 49,281
Public Safety	43,671
Community Development	504
Recreation and Community Services	33,949
Public Works	95,329
Depreciation expense for internal service funds is charged to various functions based on usage of capital assets	<u>138,717</u>
Total depreciation expense - governmental activities	<u>\$ 361,451</u>

7. LONG-TERM LIABILITIES:

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2009:

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2009</u>	Due Within <u>One Year</u>	Due in More Than <u>One Year</u>
2006 Certificates of participation	\$ 3,350,000	\$ -	\$ (55,000)	\$ 3,295,000	\$ 60,000	\$ 3,235,000
Claims payable	673,649	584,002	(170,490)	1,087,161	200,000	887,161
Compensated absences	<u>432,028</u>	<u>266,653</u>	<u>(255,761)</u>	<u>442,920</u>	<u>210,674</u>	<u>232,246</u>
Total	<u>\$ 4,455,677</u>	<u>\$ 850,655</u>	<u>\$ (481,251)</u>	<u>\$ 4,825,081</u>	<u>\$ 470,674</u>	<u>\$ 4,354,407</u>

**2006 Certificates of Participation:**

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

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	70,000	140,951	210,951
2015 - 2019	405,000	654,553	1,059,553
2020 - 2024	500,000	554,734	1,054,734
2025 - 2029	645,000	421,984	1,066,984
2030 - 2034	820,000	248,255	1,068,255
2035 - 2037	600,000	44,620	644,620
Totals	<u>\$ 3,295,000</u>	<u>\$ 2,658,105</u>	<u>\$ 5,953,105</u>

**Claims Payable:**

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2009, were as follows:

General liability claims	\$ 217,614
Workers' compensation claims	<u>869,547</u>
	<u>\$ 1,087,161</u>

**Compensated Absences:**

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

**8. DEFINED CONTRIBUTION PLAN:**

The City provides pension benefits for all of its part time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the City's 457 plan. Federal legislation requires contributions of at least 7.5% of the employees' salary. For the year ended June 30, 2009, the City and employees contributed \$29,167 and \$29,167, respectively to the plan. City Council has the authority to establish and amend the provisions of this plan.

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

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 2008-09 was 6.792% for local miscellaneous members and 20.396% 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>
2009	\$ 148,409	\$ 427,974
2008	137,962	405,994
2007	156,741	177,626

See independent auditors' report.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

**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	Measure M Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Reserved for:				
Inventory	\$ 6,427	\$ -	\$ -	\$ 6,427
Loans receivable	10,795	-	-	10,795
Prepaid costs	1,394	-	4,000	5,394
Debt service	-	-	261,666	261,666
Encumbrances	5,900	2,723	4,841	13,464
Designated for:				
Emergency reserve	2,800,000	-	-	2,800,000
Building improvements	-	-	187,149	187,149
Capital improvements	-	-	28,230	28,230
	<u>\$ 2,824,516</u>	<u>\$ 2,723</u>	<u>\$ 485,886</u>	<u>\$ 3,313,125</u>

**A. Reserved for Inventory:**

This reserve is provided to indicate that the inventory balance is not available as a spendable resource to meet expenditures of the current year.

**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. Reserved for Debt Service:**

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

See independent auditors’ report.

**10. RESERVES AND DESIGNATIONS OF FUND BALANCES (CONTINUED):**

**E. Reserved for Encumbrances:**

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

**F. Designated for Emergency Reserve:**

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

**G. Designated for Building Improvements:**

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

**H. Designated for Capital Improvements:**

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

**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.

See independent auditors' report.

11. JOINT VENTURES (CONTINUED):

**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, 2009, \$839,389 of improvements to the JFTB swimming facilities had been made. These improvements are not included as capital assets because of the cancellable nature of the sublicense and operating agreements and because the City does not retain title to these improvements.

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

**West Communications Financing Authority:**

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

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

Each City pays a contractual fee to the Authority which consists of personnel costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2008-2009, the City of Los Alamitos paid \$464,933 to the Authority.

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

See independent auditors' report.

11. JOINT VENTURES (CONTINUED):

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

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

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

Financial information for this arrangement 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 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Insurance Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

**Self-Insurance Programs of the Insurance Authority:**

General Liability Insurance

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies; (4b) subject to a \$3,000,000 annual aggregate deductible; (4c) and a quota-sharing agreement whereby the Insurance Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

See independent auditors' report.

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

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

General Liability Insurance (Continued)

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

Workers' Compensation

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

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

**Purchased Insurance:**

Property Insurance

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

See independent auditors' report.

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

**Purchased Insurance (Continued):**

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

**Adequacy of Protection**

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

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

All self-insurance activity is reported in the City's General Fund. At June 30, 2009, \$1,087,161 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.

**City of Los Alamitos**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2009**

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

**Self-Insurance:**

Changes in the aggregate liability of claims since June 30, 2009, resulted in the following:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</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	453,773	219,876	673,649
Claims and changes in estimates during the year ended June 30, 2009	564,267	19,735	584,002
Claims payments during the year ended June 30, 2009	<u>(148,493)</u>	<u>(21,997)</u>	<u>(170,490)</u>
Liability as of June 30, 2009	<u>\$ 869,547</u>	<u>\$ 217,614</u>	<u>\$ 1,087,161</u>

The ultimate amount of losses incurred through June 30, 2009, 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 2009 were \$139,352. As of June 30, 2009, 30 participants were eligible to receive benefits.

See independent auditors' report.





**OTHER GOVERNMENTAL FUNDS**

**CITY OF LOS ALAMITOS**

**Combining Balance Sheet  
Other Governmental Funds  
June 30, 2009**

	Special Revenue Funds		
	Building Improvement	Gas Tax	Residential Streets/Alleys
<b>ASSETS</b>			
Pooled cash and investments	\$ 188,321	\$ 389,951	\$ 143,675
Receivables:			
Accounts	-	-	-
Accrued interest	682	1,092	556
Prepaid costs	-	4,000	-
Due from other governments	-	18,008	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 189,003</b>	<b>\$ 413,051</b>	<b>\$ 144,231</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,854	\$ 13,815	\$ 2,093
Accrued liabilities	-	-	-
Due to other funds	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,854</b>	<b>13,815</b>	<b>2,093</b>
<b>FUND BALANCES:</b>			
Reserved for:			
Prepaid costs	-	4,000	-
Debt service	-	-	-
Encumbrances	-	4,841	-
Unreserved:			
Designated for building improvements	187,149	-	-
Designated for capital improvements	-	-	-
Undesignated	-	390,395	142,138
<b>TOTAL FUND BALANCES</b>	<b>187,149</b>	<b>399,236</b>	<b>142,138</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 189,003</b>	<b>\$ 413,051</b>	<b>\$ 144,231</b>

See independent auditors' report.

Special Revenue Funds (Continued)

Los Alamitos Television	Office of Traffic and Safety	State Park Bond Act	DEA Enforcement	Public Safety Sales Tax	State Law Enforcement Service	Air Quality
\$ 129,354	\$ 87,392	\$ -	\$ 53,507	\$ -	\$ -	\$ 35,455
27,140	342	-	-	-	-	-
461	318	-	-	-	-	119
-	-	-	-	-	-	-
-	1,026	-	-	12,495	15,760	3,400
-	-	-	-	-	-	-
<u>\$ 156,955</u>	<u>\$ 89,078</u>	<u>\$ -</u>	<u>\$ 53,507</u>	<u>\$ 12,495</u>	<u>\$ 15,760</u>	<u>\$ 38,974</u>
\$ 3,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	12,495	15,760	-
<u>3,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,495</u>	<u>15,760</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
153,608	89,078	-	53,507	-	-	38,974
<u>153,608</u>	<u>89,078</u>	<u>-</u>	<u>53,507</u>	<u>-</u>	<u>-</u>	<u>38,974</u>
<u>\$ 156,955</u>	<u>\$ 89,078</u>	<u>\$ -</u>	<u>\$ 53,507</u>	<u>\$ 12,495</u>	<u>\$ 15,760</u>	<u>\$ 38,974</u>

(Continued)

CITY OF LOS ALAMITOS

Combining Balance Sheet, Continued  
 Other Governmental Funds  
 June 30, 2009

	Special Revenue Funds (Continued)		
	Joint Forces Training Base Pool	Total Special Revenue Funds	Debt Service Fund
ASSETS			
Pooled cash and investments	\$ 175,247	\$ 1,202,902	\$ 40,952
Receivables:			
Accounts	13,011	40,493	-
Accrued interest	376	3,604	-
Prepaid costs	-	4,000	-
Due from other governments	-	50,689	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	220,714
<b>TOTAL ASSETS</b>	<b>\$ 188,634</b>	<b>\$ 1,301,688</b>	<b>\$ 261,666</b>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 43,564	\$ 64,673	\$ -
Accrued liabilities	9,665	9,665	-
Due to other funds	-	28,255	-
<b>TOTAL LIABILITIES</b>	<b>53,229</b>	<b>102,593</b>	<b>-</b>
FUND BALANCES:			
Reserved for:			
Prepaid costs	-	4,000	-
Debt service	-	-	261,666
Encumbrances	-	4,841	-
Unreserved:			
Designated for building improvements	-	187,149	-
Designated for capital improvements	28,230	28,230	-
Undesignated	107,175	974,875	-
<b>TOTAL FUND BALANCES</b>	<b>135,405</b>	<b>1,199,095</b>	<b>261,666</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 188,634</b>	<b>\$ 1,301,688</b>	<b>\$ 261,666</b>

See independent auditors' report.

Capital Projects Funds			
Park Development	Rivers & Mountains Conservancy Capital Projects	Total Capital Projects Funds	Total Other Governmental Funds
\$ 237,167	\$ 99,774	\$ 336,941	\$ 1,580,795
-	-	-	40,493
928	357	1,285	4,889
-	-	-	4,000
-	-	-	50,689
-	-	-	220,714
<u>\$ 238,095</u>	<u>\$ 100,131</u>	<u>\$ 338,226</u>	<u>\$ 1,901,580</u>
\$ -	\$ -	\$ -	\$ 64,673
-	-	-	9,665
-	-	-	28,255
-	-	-	102,593
-	-	-	4,000
-	-	-	261,666
-	-	-	4,841
-	-	-	187,149
-	-	-	28,230
238,095	100,131	338,226	1,313,101
238,095	100,131	338,226	1,798,987
<u>\$ 238,095</u>	<u>\$ 100,131</u>	<u>\$ 338,226</u>	<u>\$ 1,901,580</u>

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Other Governmental Funds  
 For the year ended June 30, 2009

	Special Revenue Funds		
	Building Improvement	Gas Tax	Residential Streets/Alleys
REVENUES:			
Taxes	\$ -	\$ 303,921	\$ -
Intergovernmental	-	400,000	-
Charges for services	-	-	-
Investment earnings	4,027	15,038	3,232
Fines and forfeitures	-	-	-
Contributions	-	-	-
<b>TOTAL REVENUES</b>	<b>4,027</b>	<b>718,959</b>	<b>3,232</b>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Recreation and community services	-	-	-
Public works	-	104,344	32,750
Capital outlay	36,229	693,562	-
Debt service:			
Principal expense	-	-	-
Interest and fiscal charges	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>36,229</b>	<b>797,906</b>	<b>32,750</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(32,202)</b>	<b>(78,947)</b>	<b>(29,518)</b>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(110,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(110,000)</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(32,202)</b>	<b>(188,947)</b>	<b>(29,518)</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	219,351	588,183	171,656
FUND BALANCES - END OF YEAR	\$ 187,149	\$ 399,236	\$ 142,138

See independent auditors' report.

Special Revenue Funds (Continued)

Los Alamitos Television	Office of Traffic and Safety	State Park Bond Act	DEA Enforcement	Public Safety Sales Tax	State Law Enforcement Service	Air Quality
\$ -	\$ -	\$ -	\$ -	\$ 80,436	\$ -	\$ -
-	4,786	-	46,340	-	75,843	13,714
65,758	-	-	-	-	-	-
2,354	1,810	-	-	-	-	524
-	10,680	-	-	-	-	-
-	-	-	-	-	-	-
<u>68,112</u>	<u>17,276</u>	<u>-</u>	<u>46,340</u>	<u>80,436</u>	<u>75,843</u>	<u>14,238</u>
40,010	-	-	-	-	-	-
-	2,043	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,189	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>44,199</u>	<u>2,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>23,913</u>	<u>15,233</u>	<u>-</u>	<u>46,340</u>	<u>80,436</u>	<u>75,843</u>	<u>14,238</u>
-	-	33,617	-	-	-	-
-	(20,000)	-	-	(80,436)	(75,843)	-
-	(20,000)	33,617	-	(80,436)	(75,843)	-
23,913	(4,767)	33,617	46,340	-	-	14,238
<u>129,695</u>	<u>93,845</u>	<u>(33,617)</u>	<u>7,167</u>	<u>-</u>	<u>-</u>	<u>24,736</u>
<u>\$ 153,608</u>	<u>\$ 89,078</u>	<u>\$ -</u>	<u>\$ 53,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,974</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, 2009

	Special Revenue Funds (Continued)		
	Joint Forces Training Base Pool	Total Special Revenue Funds	Debt Service Fund
REVENUES:			
Taxes	\$ -	\$ 384,357	\$ -
Intergovernmental	56,978	597,661	-
Charges for services	270,974	336,732	-
Investment earnings	1,945	28,930	770
Fines and forfeitures	-	10,680	-
Contributions	505	505	-
<b>TOTAL REVENUES</b>	<b>330,402</b>	<b>1,358,865</b>	<b>770</b>
EXPENDITURES:			
Current:			
General government	-	40,010	-
Public safety	-	2,043	-
Recreation and community services	432,928	432,928	-
Public works	-	137,094	-
Capital outlay	-	733,980	-
Debt service:			
Principal expense	-	-	55,000
Interest and fiscal charges	-	-	155,592
<b>TOTAL EXPENDITURES</b>	<b>432,928</b>	<b>1,346,055</b>	<b>210,592</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(102,526)</b>	<b>12,810</b>	<b>(209,822)</b>
OTHER FINANCING SOURCES (USES):			
Transfers in	166,690	200,307	209,850
Transfers out	-	(286,279)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>166,690</b>	<b>(85,972)</b>	<b>209,850</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>64,164</b>	<b>(73,162)</b>	<b>28</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	71,241	1,272,257	261,638
FUND BALANCES - END OF YEAR	\$ 135,405	\$ 1,199,095	\$ 261,666

See independent auditors' report.

Capital Projects Funds			
Park Development	Rivers & Mountains Conservancy Capital Projects	Total Capital Projects Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 384,357
-	48,360	48,360	646,021
-	-	-	336,732
5,141	2,174	7,315	37,015
-	-	-	10,680
-	-	-	505
<u>5,141</u>	<u>50,534</u>	<u>55,675</u>	<u>1,415,310</u>
-	-	-	40,010
-	-	-	2,043
-	-	-	432,928
-	-	-	137,094
-	-	-	733,980
-	-	-	55,000
-	-	-	155,592
-	-	-	<u>1,556,647</u>
<u>5,141</u>	<u>50,534</u>	<u>55,675</u>	<u>(141,337)</u>
-	-	-	410,157
<u>(33,617)</u>	<u>(48,360)</u>	<u>(81,977)</u>	<u>(368,256)</u>
<u>(33,617)</u>	<u>(48,360)</u>	<u>(81,977)</u>	<u>41,901</u>
(28,476)	2,174	(26,302)	(99,436)
<u>266,571</u>	<u>97,957</u>	<u>364,528</u>	<u>1,898,423</u>
<u>\$ 238,095</u>	<u>\$ 100,131</u>	<u>\$ 338,226</u>	<u>\$ 1,798,987</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 219,351</b>	<b>\$ 219,351</b>	<b>\$ 219,351</b>	<b>\$ -</b>
Resources (inflows):				
Investment earnings	10,000	10,000	4,027	(5,973)
Amounts Available for Appropriation	10,000	10,000	4,027	(5,973)
Charges to appropriations (outflows):				
Capital outlay	40,000	119,210	36,229	82,981
Total Charges to Appropriations	40,000	119,210	36,229	82,981
Excess of resources over (under) charges to appropriations	(30,000)	(109,210)	(32,202)	77,008
<b>Fund balance, June 30</b>	<b>\$ 189,351</b>	<b>\$ 110,141</b>	<b>\$ 187,149</b>	<b>\$ 77,008</b>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Gas Tax Special Revenue Fund  
 For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 588,183</b>	<b>\$ 588,183</b>	<b>\$ 588,183</b>	<b>\$ -</b>
Resources (inflows):				
Taxes	228,630	228,630	303,921	75,291
Intergovernmental	400,000	400,000	400,000	-
Investment earnings	20,000	20,000	15,038	(4,962)
Amounts Available for Appropriation	648,630	648,630	718,959	70,329
Charges to appropriations (outflows):				
Current:				
Public works:				
Administration	42,450	42,450	19,270	23,180
Street maintenance	400,000	85,350	85,074	276
Capital outlay	208,000	761,470	693,562	67,908
Transfers to other funds	110,000	110,000	110,000	-
Total Charges to Appropriations	760,450	999,270	907,906	91,364
Excess of resources over (under) charges to appropriations	(111,820)	(350,640)	(188,947)	161,693
<b>Fund balance, June 30</b>	<b>\$ 476,363</b>	<b>\$ 237,543</b>	<b>\$ 399,236</b>	<b>\$ 161,693</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 171,656</b>	<b>\$ 171,656</b>	<b>\$ 171,656</b>	<b>\$ -</b>
Resources (inflows):				
Investment earnings	10,000	10,000	3,232	(6,768)
Amounts Available for Appropriation	10,000	10,000	3,232	(6,768)
Charges to appropriations (outflows):				
Current:				
Public works:				
Street maintenance	40,000	40,000	32,750	7,250
Total Charges to Appropriations	40,000	40,000	32,750	7,250
Excess of resources over (under) charges to appropriations	(30,000)	(30,000)	(29,518)	482
<b>Fund balance, June 30</b>	<b>\$ 141,656</b>	<b>\$ 141,656</b>	<b>\$ 142,138</b>	<b>\$ 482</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 129,695</b>	<b>\$ 129,695</b>	<b>\$ 129,695</b>	<b>\$ -</b>
Resources (inflows):				
Charges for services	28,130	28,130	65,758	37,628
Investment earnings	2,000	2,000	2,354	354
Amounts Available for Appropriation	30,130	30,130	68,112	37,982
Charges to appropriations (outflows):				
Current:				
General government	34,020	33,730	40,010	(6,280)
Capital outlay	-	-	4,189	(4,189)
Total Charges to Appropriations	34,020	33,730	44,199	(10,469)
Excess of resources over (under) charges to appropriations	(3,890)	(3,600)	23,913	27,513
<b>Fund balance, June 30</b>	<b>\$ 125,805</b>	<b>\$ 126,095</b>	<b>\$ 153,608</b>	<b>\$ 27,513</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 93,845</b>	<b>\$ 93,845</b>	<b>\$ 93,845</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	15,000	15,000	4,786	(10,214)
Investment earnings	-	-	1,810	1,810
Fines and forfeitures	20,000	20,000	10,680	(9,320)
Amounts Available for Appropriation	35,000	35,000	17,276	(17,724)
Charges to appropriations (outflows):				
Current:				
Public safety:				
Patrol	10,000	10,000	2,043	7,957
Traffic	4,700	4,700	-	4,700
Transfers to other funds	20,000	20,000	20,000	-
Total Charges to Appropriations	34,700	34,700	22,043	12,657
Excess of resources over (under) charges to appropriations	300	300	(4,767)	(5,067)
<b>Fund balance, June 30</b>	<b>\$ 94,145</b>	<b>\$ 94,145</b>	<b>\$ 89,078</b>	<b>\$ (5,067)</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance (deficit), July 1</b>	<u>\$ (33,617)</u>	<u>\$ (33,617)</u>	<u>\$ (33,617)</u>	<u>\$ -</u>
Resources (inflows):				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>33,617</u>	<u>33,617</u>
Amounts Available for Appropriation	<u>-</u>	<u>-</u>	<u>33,617</u>	<u>33,617</u>
<b>Fund balance, June 30</b>	<u><u>\$ (33,617)</u></u>	<u><u>\$ (33,617)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,617</u></u>

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<u>\$ 7,167</u>	<u>\$ 7,167</u>	<u>\$ 7,167</u>	<u>\$ -</u>
Resources (inflows):				
Intergovernmental	<u>-</u>	<u>-</u>	<u>46,340</u>	<u>46,340</u>
Amounts Available for Appropriation	<u>-</u>	<u>-</u>	<u>46,340</u>	<u>46,340</u>
<b>Fund balance, June 30</b>	<u><u>\$ 7,167</u></u>	<u><u>\$ 7,167</u></u>	<u><u>\$ 53,507</u></u>	<u><u>\$ 46,340</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, 2009**

	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	92,800	92,800	80,436	(12,364)
Amounts Available for Appropriation	92,800	92,800	80,436	(12,364)
Charges to appropriations (outflows):				
Transfers to other funds	92,800	92,800	80,436	12,364
Total Charges to Appropriations	92,800	92,800	80,436	12,364
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, 2009

	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	100,000	100,000	75,843	(24,157)
Investment earnings	400	400	-	(400)
Amounts Available for Appropriation	<u>100,400</u>	<u>100,400</u>	<u>75,843</u>	<u>(24,557)</u>
Charges to appropriations (outflows):				
Transfers to other funds	<u>100,400</u>	<u>100,400</u>	<u>75,843</u>	<u>24,557</u>
Total Charges to Appropriations	<u>100,400</u>	<u>100,400</u>	<u>75,843</u>	<u>24,557</u>
Excess of resources over (under) charges to appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, June 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 Air Quality Special Revenue Fund  
 For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<u>\$ 24,736</u>	<u>\$ 24,736</u>	<u>\$ 24,736</u>	<u>\$ -</u>
Resources (inflows):				
Intergovernmental	14,000	14,000	13,714	(286)
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>524</u>	<u>(1,476)</u>
Amounts Available for Appropriation	<u>16,000</u>	<u>16,000</u>	<u>14,238</u>	<u>(1,762)</u>
Excess of resources over (under) charges to appropriations	<u>16,000</u>	<u>16,000</u>	<u>14,238</u>	<u>(1,762)</u>
<b>Fund balance, June 30</b>	<u><u>\$ 40,736</u></u>	<u><u>\$ 40,736</u></u>	<u><u>\$ 38,974</u></u>	<u><u>\$ (1,762)</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, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 71,241</b>	<b>\$ 71,241</b>	<b>\$ 71,241</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	78,000	52,000	56,978	4,978
Charges for services	249,000	241,850	270,974	29,124
Investment earnings	500	1,000	1,945	945
Contributions	-	260	505	245
Transfers from other funds	93,150	166,690	166,690	-
Amounts Available for Appropriation	420,650	461,800	497,092	35,292
Charges to appropriations (outflows):				
Current:				
Recreation and community services:				
Aquatics	463,470	443,470	432,928	10,542
Total Charges to Appropriations	463,470	443,470	432,928	10,542
Excess of resources over (under) charges to appropriations	(42,820)	18,330	64,164	45,834
<b>Fund balance, June 30</b>	<b>\$ 28,421</b>	<b>\$ 89,571</b>	<b>\$ 135,405</b>	<b>\$ 45,834</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 261,638</b>	<b>\$ 261,638</b>	<b>\$ 261,638</b>	<b>\$ -</b>
Resources (inflows):				
Investment earnings	10,000	10,000	770	(9,230)
Transfers from other funds	209,850	209,850	209,850	-
Amounts Available for Appropriation	219,850	219,850	210,620	(9,230)
Charges to appropriations (outflows):				
Debt service:				
Principal expense	55,000	55,000	55,000	-
Interest and fiscal charges	154,850	154,850	155,592	(742)
Total Charges to Appropriations	209,850	209,850	210,592	(742)
Excess of resources over (under) charges to appropriations	10,000	10,000	28	(9,972)
<b>Fund balance, June 30</b>	<b>\$ 271,638</b>	<b>\$ 271,638</b>	<b>\$ 261,666</b>	<b>\$ (9,972)</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 266,571</b>	<b>\$ 266,571</b>	<b>\$ 266,571</b>	<b>\$ -</b>
Resources (inflows):				
Investment earnings	12,000	12,000	5,141	(6,859)
Amounts Available for Appropriation	12,000	12,000	5,141	(6,859)
Charges to appropriations (outflows):				
Transfers to other funds	-	-	33,617	(33,617)
Total Charges to Appropriations	-	-	33,617	(33,617)
Excess of resources over (under) charges to appropriations	12,000	12,000	(28,476)	(40,476)
<b>Fund balance, June 30</b>	<b>\$ 278,571</b>	<b>\$ 278,571</b>	<b>\$ 238,095</b>	<b>\$ (40,476)</b>

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 97,957</b>	<b>\$ 97,957</b>	<b>\$ 97,957</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	75,000	75,000	48,360	(26,640)
Investment earnings	-	-	2,174	2,174
			-	
Amounts Available for Appropriation	<u>75,000</u>	<u>75,000</u>	<u>50,534</u>	<u>(24,466)</u>
Charges to appropriations (outflows):				
Capital outlay	75,000	252,960	-	252,960
Transfers to other funds	-	48,360	48,360	-
Total Charges to Appropriations	<u>75,000</u>	<u>301,320</u>	<u>48,360</u>	<u>252,960</u>
Excess of resources over (under) charges to appropriations	<u>-</u>	<u>(226,320)</u>	<u>2,174</u>	<u>228,494</u>
<b>Fund balance, June 30</b>	<b><u>\$ 97,957</u></b>	<b><u>\$ (128,363)</u></b>	<b><u>\$ 100,131</u></b>	<b><u>\$ 228,494</u></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 - Major Fund  
For the year ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund balance, July 1</b>	<b>\$ 675,088</b>	<b>\$ 675,088</b>	<b>\$ 675,088</b>	<b>\$ -</b>
Resources (inflows):				
Intergovernmental	50,800	50,800	48,233	(2,567)
Investment earnings	28,000	28,000	13,777	(14,223)
Amounts Available for Appropriation	78,800	78,800	62,010	(16,790)
Charges to appropriations (outflows)				
Capital outlay	160,800	234,890	8,429	226,461
Total Charges to Appropriations	160,800	234,890	8,429	226,461
Excess of resources over (under) charges to appropriations	(82,000)	(156,090)	53,581	209,671
<b>Fund balance, June 30</b>	<b>\$ 593,088</b>	<b>\$ 518,998</b>	<b>\$ 728,669</b>	<b>\$ 209,671</b>

See independent auditors' report.

**INTERNAL SERVICE FUNDS**

CITY OF LOS ALAMITOS

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2009

ASSETS	Garage	Technology Replacement	Total
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ 678,296	\$ 375,030	\$ 1,053,326
Inventory	12,175	-	12,175
<b>TOTAL CURRENT ASSETS</b>	<b>690,471</b>	<b>375,030</b>	<b>1,065,501</b>
<b>NONCURRENT ASSETS:</b>			
Capital assets, net	509,807	57,050	566,857
<b>TOTAL NONCURRENT ASSETS</b>	<b>509,807</b>	<b>57,050</b>	<b>566,857</b>
<b>TOTAL ASSETS</b>	<b>1,200,278</b>	<b>432,080</b>	<b>1,632,358</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	15,077	16,309	31,386
Accrued liabilities	2,104	-	2,104
<b>TOTAL CURRENT LIABILITIES</b>	<b>17,181</b>	<b>16,309</b>	<b>33,490</b>
<b>NONCURRENT LIABILITIES:</b>			
Compensated absences	343	-	343
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>343</b>	<b>-</b>	<b>343</b>
<b>TOTAL LIABILITIES</b>	<b>17,524</b>	<b>16,309</b>	<b>33,833</b>
<b>NET ASSETS</b>			
Invested in capital assets	509,807	57,050	566,857
Unrestricted	672,947	358,721	1,031,668
<b>TOTAL NET ASSETS</b>	<b>\$ 1,182,754</b>	<b>\$ 415,771</b>	<b>\$ 1,598,525</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, 2009

	Garage	Technology Replacement	Total
OPERATING REVENUES:			
Charges for services	\$ 255,420	\$ 137,630	\$ 393,050
<b>TOTAL OPERATING REVENUES</b>	<b>255,420</b>	<b>137,630</b>	<b>393,050</b>
OPERATING EXPENSES:			
Personal services	88,306	-	88,306
Supplies and parts	126,926	620	127,546
Outside services	22,980	128,008	150,988
Depreciation	127,030	11,687	138,717
<b>TOTAL OPERATING EXPENSES</b>	<b>365,242</b>	<b>140,315</b>	<b>505,557</b>
<b>OPERATING LOSS</b>	<b>(109,822)</b>	<b>(2,685)</b>	<b>(112,507)</b>
NONOPERATING REVENUES:			
Gain on sale of capital assets	5,784	-	5,784
<b>TOTAL NONOPERATING REVENUES</b>	<b>5,784</b>	<b>-</b>	<b>5,784</b>
<b>LOSS BEFORE TRANSFERS</b>	<b>(104,038)</b>	<b>(2,685)</b>	<b>(106,723)</b>
TRANSFERS:			
Transfers out	-	(71,300)	(71,300)
<b>TOTAL TRANSFERS</b>	<b>-</b>	<b>(71,300)</b>	<b>(71,300)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(104,038)</b>	<b>(73,985)</b>	<b>(178,023)</b>
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	<b>1,286,792</b>	<b>489,756</b>	<b>1,776,548</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$ 1,182,754</b>	<b>\$ 415,771</b>	<b>\$ 1,598,525</b>

See independent auditors' report.

**CITY OF LOS ALAMITOS**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended June 30, 2009**

	Garage	Technology Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from user departments	\$ 255,437	\$ 137,630	\$ 393,067
Cash paid to suppliers for goods and services	(127,103)	(148,860)	(275,963)
Cash paid to employees for services	(90,267)	-	(90,267)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>38,067</u>	<u>(11,230)</u>	<u>26,837</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash provided to other funds	-	(71,300)	(71,300)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(71,300)</u>	<u>(71,300)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(140,921)	(20,275)	(161,196)
Proceeds from sale of capital assets	5,784	-	5,784
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(135,137)</u>	<u>(20,275)</u>	<u>(155,412)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	4,816	2,946	7,762
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,816</u>	<u>2,946</u>	<u>7,762</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(92,254)	(99,859)	(192,113)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>770,550</u>	<u>474,889</u>	<u>1,245,439</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 678,296</u>	<u>\$ 375,030</u>	<u>\$ 1,053,326</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating loss	\$ (109,822)	\$ (2,685)	\$ (112,507)
Depreciation	127,030	11,687	138,717
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	17	-	17
(Increase) decrease in inventory	13,561	-	13,561
Increase (decrease) in accounts payable	9,242	(20,232)	(10,990)
Increase (decrease) in accrued liabilities	(606)	-	(606)
Increase (decrease) in compensated absences	(1,355)	-	(1,355)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 38,067</u>	<u>\$ (11,230)</u>	<u>\$ 26,837</u>

See independent auditors' report.





## DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2009

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.	86
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	94
<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.	102
<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.	105
<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.	107

**CITY OF LOS ALAMITOS**

**Net Assets by Component  
Last Six 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	 \$ 14,706	 \$ 17,756	 \$ 18,651

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		
2007	2008	2009
\$ 8,962	\$ 9,396	\$ 11,415
2,449	2,309	2,093
8,029	7,553	7,146
<u>\$ 19,440</u>	<u>\$ 19,258</u>	<u>\$ 20,654</u>

**CITY OF LOS ALAMITOS**

**Changes in Net Assets  
Last Six 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	2009
\$ 2,523	\$ 3,178	\$ 2,704
4,449	4,922	5,095
743	700	578
1,902	2,162	2,114
1,445	1,592	1,616
125	209	155
<u>11,187</u>	<u>12,763</u>	<u>12,262</u>
10	33	88
659	770	663
54	52	75
762	1,015	1,100
638	921	1,315
30	191	1,123
<u>2,153</u>	<u>2,982</u>	<u>4,364</u>
<u>(9,034)</u>	<u>(9,781)</u>	<u>(7,898)</u>
2,354	2,484	2,545
2,165	2,178	2,232
93	101	78
3,098	2,912	2,514
602	595	603
475	606	788
129	63	55
<u>8,916</u>	<u>8,939</u>	<u>8,815</u>
70	54	41
452	277	142
-	9	6
621	389	289
<u>10,059</u>	<u>9,668</u>	<u>9,293</u>
<u>\$ 1,025</u>	<u>\$ (113)</u>	<u>\$ 1,395</u>

**CITY OF LOS ALAMITOS**

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

	Fiscal Year		
	2000	2001	2002
General Fund:			
Reserved	\$ 21	\$ 14	\$ 25
Unreserved, designated	-	-	-
Unreserved, undesignated	5,331	6,765	8,011
Total General Fund	5,352	6,779	8,036
All Other Governmental Funds:			
Reserved	-	-	-
Unreserved, designated reported in:			
Special revenue funds	-	-	-
Unreserved, undesignated reported in:			
Special revenue funds	1,436	1,331	1,492
Debt service fund	-	-	-
Capital projects funds	479	653	824
Total All Other Governmental Funds	1,915	1,984	2,316
Total All Governmental Funds	\$ 7,267	\$ 8,763	\$ 10,352

Source: City of Los Alamitos, Finance Department

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
\$ 14	\$ 76	\$ 16	\$ 170	\$ 6	\$ 25	\$ 25
-	-	-	-	-	2,800	2,800
<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>3,305</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>	<u>6,130</u>
-	-	-	-	-	-	274
-	-	-	-	-	219	215
2,118	2,185	1,925	1,752	2,078	2,098	1,211
-	-	-	254	256	262	-
<u>844</u>	<u>880</u>	<u>836</u>	<u>925</u>	<u>902</u>	<u>1,040</u>	<u>1,067</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>2,767</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>	<u>\$ 8,897</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		
	2000	2001	2002
<b>Revenues:</b>			
Taxes	\$ 6,245	\$ 6,619	\$ 6,386
Licenses and permits	116	157	155
Intergovernmental	1,762	2,935	4,321
Charges for services	620	698	677
Investment earnings	311	407	340
Fines and forfeitures	191	305	299
Other	901	652	1,368
<b>Total Revenues</b>	<b>10,146</b>	<b>11,773</b>	<b>13,546</b>
<b>Expenditures:</b>			
General government	1,677	1,783	1,713
Public safety	2,864	3,369	3,537
Community development	494	419	486
Recreation and community services	1,653	1,756	2,197
Public works	1,361	2,536	3,678
Capital outlay	455	366	346
Debt service	-	-	-
<b>Total Expenditures</b>	<b>8,504</b>	<b>10,229</b>	<b>11,957</b>
Excess of revenues over (under) expenditures	1,642	1,544	1,589
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,319	2,540	3,583
Transfers out	(1,319)	(2,588)	(3,583)
Residual equity transfers	(17)	-	-
Long term debt issued	-	-	-
<b>Total other financing sources (uses)</b>	<b>(17)</b>	<b>(48)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 1,625</b>	<b>\$ 1,496</b>	<b>\$ 1,589</b>
Debt service as a percentage of noncapital expenditures	0.000%	0.000%	0.000%

Source: City of Los Alamitos, Finance Department

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
\$ 6,338	\$ 6,179	\$ 6,629	\$ 8,004	\$ 8,228	\$ 8,725	\$ 8,387
225	591	533	653	475	606	806
4,089	1,933	3,596	1,752	1,165	949	1,671
789	928	901	1,095	843	1,105	1,248
215	156	203	351	413	369	198
287	219	167	463	634	751	651
779	463	251	115	231	299	60
<u>12,722</u>	<u>10,469</u>	<u>12,280</u>	<u>12,433</u>	<u>11,989</u>	<u>12,804</u>	<u>13,021</u>
1,852	1,928	2,094	2,827	2,604	2,739	2,219
3,642	3,909	4,045	4,448	4,511	4,798	4,993
500	1,814	582	735	607	694	574
1,887	1,007	3,845	2,291	2,258	2,118	2,073
3,918	1,854	1,842	6,689	1,398	1,461	1,483
25	151	90	207	-	556	2,165
-	-	-	111	121	172	210
<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>13,717</u>
<u>898</u>	<u>(194)</u>	<u>(218)</u>	<u>(4,875)</u>	<u>490</u>	<u>266</u>	<u>(696)</u>
5,392	1,665	3,143	3,603	969	731	816
(5,429)	(1,685)	(3,165)	(3,603)	(969)	(1,425)	(745)
-	-	-	-	-	-	-
-	-	-	3,365	-	-	-
<u>(37)</u>	<u>(20)</u>	<u>(22)</u>	<u>3,365</u>	<u>-</u>	<u>(694)</u>	<u>71</u>
<u>\$ 861</u>	<u>\$ (214)</u>	<u>\$ (240)</u>	<u>\$ (1,510)</u>	<u>\$ 490</u>	<u>\$ (428)</u>	<u>\$ (625)</u>
0.000%	0.000%	0.000%	0.649%	1.052%	1.432%	1.818%

**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		
	2000	2001	2002
Residential	\$ 476,266	\$ 503,912	\$ 532,754
Commercial	156,231	172,250	180,841
Industrial	145,402	148,669	152,146
Institutional	-	4,180	3,934
Miscellaneous	-	12,482	18,772
Recreational	-	117	120
Vacant land	-	704	2,869
SBE Nonunitary	886	885	651
Cross Reference	-	-	-
Unsecured	108,101	112,524	117,546
Exempt	(9)	-	-
Unknown	(878)	103	439
<b>Totals</b>	<b>\$ 885,999</b>	<b>\$ 955,826</b>	<b>\$ 1,010,072</b>
Direct Rate	0.11600%	0.11600%	0.11600%

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											
		2003	2004	2005	2006	2007	2008	2009					
\$	568,155	\$	611,278	\$	667,365	\$	758,585	\$	804,318	\$	865,371	\$	898,176
	183,624		202,622		214,721		224,025		240,837		262,971		284,259
	162,914		168,831		179,150		183,303		190,378		205,802		243,442
	4,012		4,509		4,265		57		59		60		61
	13,294		15,761		17,720		24,817		27,387		28,802		627
	122		124		127		129		132		-		-
	2,582		2,499		1,840		2,370		1,894		839		859
	651		458		463		462		462		459		222
	-		-		-		-		-		-		3,106
	121,315		116,643		135,966		159,280		151,067		156,734		149,735
	-		-		-		-		-		-		-
	(651)		3,054		(537)		-		(2)		-		-
<b>\$</b>	<b>1,056,018</b>	<b>\$</b>	<b>1,125,779</b>	<b>\$</b>	<b>1,221,080</b>	<b>\$</b>	<b>1,353,028</b>	<b>\$</b>	<b>1,416,532</b>	<b>\$</b>	<b>1,521,038</b>	<b>\$</b>	<b>1,580,487</b>
	0.11600%		0.11600%		0.11600%		0.11600%		0.11600%		0.11700%		0.11700%



**CITY OF LOS ALAMITOS**

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

Fiscal Year	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value (2)
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	159,280	-	1,353,028
2007	1,265,004	151,528	-	1,416,532
2008	1,363,845	157,193	-	1,521,038
2009	1,430,961	149,526	-	1,580,487

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

(2) Total includes Nonunitary Taxable Assessed Values.

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

**CITY OF LOS ALAMITOS**

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

	Fiscal Year		
	2000	2001	2002
City Direct Rate	<u>0.116</u>	<u>0.116</u>	<u>0.116</u>
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	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Metro Water District - MWDOC 1205999	0.009	0.009	-
Metro Water District - MWDOC Original Area	-	-	0.008
North Orange County Community College 2002 Bond 2005 Refunding	-	-	-
North Orange County Community College 2002 Bond Series #2002A	-	-	-
North Orange County Community College 2002 Bond Series #2003B	-	-	-
Total Voter Approved Tax Rate	<u>0.009</u>	<u>0.009</u>	<u>0.008</u>
Total Tax Rate	<u>1.009</u>	<u>1.009</u>	<u>1.008</u>

Source: HdL Coren and Cone, Orange County Assessor 1999/2000 - 2008/2009 Tax Rate Table

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.116</u>	<u>0.117</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	0.144
0.412	0.412	0.412	0.412	0.412	0.412	0.412
0.059	0.059	0.059	0.059	0.059	0.059	0.059
0.031	0.031	0.031	0.031	0.031	0.031	0.031
0.095	0.095	0.095	0.095	0.095	0.095	0.095
0.017	0.017	0.017	0.017	0.017	0.017	0.017
0.052	0.052	0.052	0.052	0.052	0.052	0.052
0.013	0.013	0.013	0.013	0.013	0.013	0.013
0.014	0.014	0.014	0.014	0.014	0.014	0.014
0.027	0.027	0.027	0.027	0.027	0.027	0.027
0.002	0.002	0.002	0.002	0.002	0.002	0.002
0.001	0.001	0.001	0.001	0.001	0.001	0.001
0.006	0.006	0.006	0.006	0.006	0.006	0.006
0.001	0.001	0.001	0.001	0.001	0.001	0.001
0.009	0.009	0.009	0.009	0.009	0.009	0.010
<u>1.000</u>						
0.006	0.006	0.006	0.005	0.005	0.005	0.004
-	-	-	-	-	-	-
-	-	-	0.012	0.009	0.009	0.009
0.016	0.014	0.013	0.001	0.002	0.003	0.003
-	0.002	0.001	0.004	0.003	0.003	0.003
<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>0.019</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>	<u>1.019</u>

**CITY OF LOS ALAMITOS**

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

	2009			2000		
	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total City Taxable Assessed Valuation
Los Alamitos Medical Center	\$ 68,078	1	4.307%	\$		
Henrietta C. Lee Trust	53,438	2	3.381%	39,294	1	4.435%
Trend Offset Printing Inc.	49,640	3	3.141%	29,281	3	3.305%
Don Wilson Staples LLC	32,832	4	2.077%			
JCB, Inc.	16,399	5	1.038%	13,480	4	1.521%
Davenport KCC Partners LLC	16,335	6	1.034%			
Ganahl Lumber Company	14,987	7	0.948%			
Bayport Los Alamitos Associates LP	11,910	8	0.754%			
Arrowhead Products Corporation	10,730	9	0.679%	6,519	10	0.736%
ESS WCOT Owner LLC	10,205	10	0.646%			
NME Hospitals, Inc.				30,272	2	3.417%
GTE Directories Service Corporation				12,152	5	1.372%
Susa Partnership				7,500	6	0.847%
Pacific Gulf Properties				7,435	7	0.839%
Shahram Afshani				7,344	8	0.829%
Carramerica Realty Corporation				7,235	9	0.817%
<b>Top Ten Totals</b>	<b>\$ 284,554</b>		<b>18.004%</b>	<b>\$ 160,512</b>		<b>18.116%</b>
<b>City Totals</b>	<b>\$ 1,580,487</b>			<b>\$ 885,999</b>		

Source: HdL Coren & Cone, Orange County Assessor 1999/00 and 2008/09 Tax Rolls

**CITY OF LOS ALAMITOS**

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2000	\$ 1,001,850	\$ 978,317	97.651%	\$ 23,533	\$ 1,001,850	100.000%
2001	1,073,537	1,046,477	97.479%	27,060	1,073,537	100.000%
2002	1,129,835	1,099,129	97.282%	30,706	1,129,835	100.000%
2003	1,164,449	1,142,282	98.096%	22,167	1,164,449	100.000%
2004	1,239,628	1,221,864	98.567%	17,764	1,239,628	100.000%
2005	1,380,625	1,356,979	98.287%	23,646	1,380,625	100.000%
2006	1,493,570	1,460,442	97.782%	20,851	1,481,293	99.178%
2007	1,555,871	1,501,044	96.476%	(1)	1,501,043	96.476%
2008	1,647,608	1,583,142	96.087%	(1)	1,583,141	96.087%
2009	1,680,414	1,619,026	96.347%	(1)	1,619,025	96.347%

(1) Information not available.



**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
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	12,872,808	552,449,876	42,916	6.60%
2009	12,217	N/A	N/A	N/A	10.80%

N/A - Information is not yet available

**Sources:**

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

CITY OF LOS ALAMITOS

Principal Employers  
Current Year and Nine Years Ago

Principal Employers	2008-09			1999-00 *		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Los Alamitos Medical Center, Inc.	940	1	18.61%			
Arrowhead Products	501	2	9.92%			
Trend Offset Printing	475	3	9.40%			
Idearc	324	4	6.41%			
Alamitos West Health Care Center	180	5	3.56%			
Bloomfield Bakers	150	6	2.97%			
Systems Services of America	150	7	2.97%			
Bearing Inspection, Inc.	139	8	2.75%			
Pharmacy Advantage	123	9	2.43%			
KDC Company	94	10	1.86%			
	<u>3,076</u>		<u>60.88%</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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government:</b>										
City council	5	5	5	5	5	5	5	5	5	5
Administration	7	8	8	8	7	8	9	9	11	10
<b>Public Safety (Police):</b>										
Administration	4	4	4	4	4	4	4	4	4	4
Patrol	19	20	21	21	21	21	21	21	20	21
Investigation	3	3	3	3	3	3	3	3	3	3
Records	1	1	1	1	2	2	2	2	2	2
Crossing guards	2	2	2	2	2	2	3	3	4	3
Other police department support	6	5	5	5	4	4	4	4	2	4
<b>Community Development:</b>										
Administration	2	2	2	2	2	2	2	2	2	2
Planning	3	3	3	2	1	1	1	1	1	1
Code enforcement	1	2	2	2	1	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	13	13	12	13	13	13	17	15
Aquatics	2	2	2	2	5	5	7	7	7	7
<b>Public Works:</b>										
Administration/Engineering	1	1	1	1	1	1	2	3	3	3
Maintenance	12	12	12	11	12	13	13	13	11	11
Mechanic	1	1	1	1	1	1	1	1	1	1

Source: City of Los Alamitos, Finance Department

**CITY OF LOS ALAMITOS**

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public Safety (Police): *</b>										
Number of:										
Part I crimes	386	352	357	326	390	501	431	447	396	375
Parking violations	2,019	2,219	2,849	5,637	2,977	2,998	3,780	3,094	1,882	2,751
Traffic (moving) violations	1,968	3,133	3,760	3,922	3,010	1,742	2,040	2,554	2,903	1,997
Incident and crime reports	1,900	1,850	1,801	1,806	1,785	2,103	2,091	2,045	1,713	1,538
<b>Community Development:</b>										
Number of:										
Business licenses	N/A	23	12	41	30	19	86	144	261	1,559
Plan checks	N/A	25	8	34	85	74	59	91	60	76
NPDES inspections	N/A	N/A	N/A	N/A	N/A	N/A	304	208	129	96
Code violations	N/A	N/A	N/A	N/A	30	141	489	911	520	432
<b>Recreation and Community Services:</b>										
Number of enrollees:										
Aquatics	N/A	N/A	N/A	N/A	94,100	97,948	122,145	125,331	123,180	200,000
Community services/seniors	N/A	N/A	N/A	N/A	20,340	20,980	20,450	14,771	11,440	10,150
Day camp	N/A	N/A	N/A	N/A	810	840	1,080	1,062	3,245	2,400
Park program	N/A	N/A	N/A	N/A	6,440	4,369	4,513	4,328	3,521	1,400
Sports	N/A	N/A	N/A	N/A	6,779	7,871	10,058	1,439	5,700	4,000
Classes	N/A	N/A	N/A	N/A	4,204	4,092	4,314	2,630	11,464	6,200
Special events	N/A	N/A	N/A	N/A	40,381	44,668	41,573	24,300	32,900	33,000
<b>Public Works:</b>										
Square yard of:										
Street resurfacing/repair	N/A	N/A	N/A	N/A	N/A	N/A	-	-	100,963	55,455
Miles of:										
Street sweeping	N/A	N/A	N/A	N/A	N/A	N/A	26	40	33	33
Number of:										
Street signal maintained	N/A	N/A	N/A	N/A	N/A	N/A	20	20	24	24
Trees pruned per year	N/A	N/A	N/A	N/A	N/A	N/A	327	600	151	350
Square feet graffiti removal	N/A	N/A	N/A	N/A	N/A	N/A	100	1,300	140	2,000

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public Safety (Police):</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicle	8	8	8	8	8	7	7	9	9	9
Other vehicles	9	8	8	11	14	14	13	10	10	11
<b>Community Development:</b>										
Code enforcement vehicles	1	1	3	3	3	3	1	1	1	1
<b>Recreation and Community Services:</b>										
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	9	9	9	9
Community service vehicles	2	2	2	2	2	2	2	2	2	2
<b>Public Works:</b>										
Miles of Streets	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9
Street lights	907	907	907	907	907	910	910	910	910	910
Traffic signals	22	22	22	22	22	23	23	23	24	24
Public works vehicles	13	13	14	14	13	13	14	14	14	15

Source: City of Los Alamitos, Finance Department

