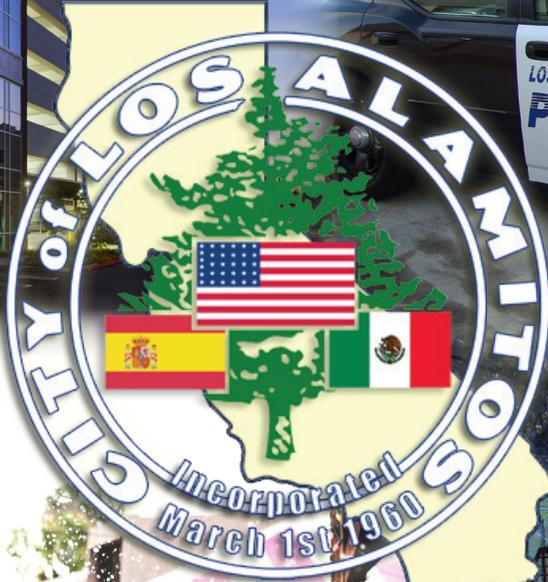


CITY OF  
**Los Alamitos**  
*California*



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016**

CITY OF LOS ALAMITOS, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2016

Prepared by:  
JASON AL-IMAM  
ADMINISTRATIVE SERVICES DIRECTOR



CITY OF LOS ALAMITOS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2016

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December 20, 2016

## **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, 2016.

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 Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

The City of Los Alamitos, which has a population of 11,738 and is 4.3 square miles, is located in the northwest section of Orange County. The City is strategically located in Southern California, 30 miles from downtown Los Angeles and 10 miles from Anaheim. The City is 10 miles northeast of the seaport terminal of Long Beach, and 13 miles northeast of the Port of Los Angeles. Neighboring communities include Long Beach, Seal Beach, Cypress and Garden Grove.

The City of Los Alamitos is a Charter City and was incorporated on March 1, 1960. The City has a Council-Manager form of government. The City Council is comprised of

five members elected bi-annually to four-year alternating terms. The City Council annually elects a Mayor from its members. The City Council appoints the City Manager, who is responsible for the day-to-day administration and management of City business within all City departments. The City employs a staff of fifty full-time employees. The City has contracts with Wallin, Kress, Reisman & Kranitz for city attorney services and Liebert Cassidy Whitmore for legal services related to labor and employment law.

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

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

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

### **Economic Outlook**

The economy continues to grow. The City of Los Alamitos and the County of Orange has outperformed much of California. The City's labor market continues to improve with the unemployment rate currently at approximately 4.1% compared to 4.2% a year ago.

The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 77% of all General Fund revenues. The majority of the tax revenues are collected from property taxes, sales taxes, and utility users' taxes. The City's sales tax revenues have increased over the past several years and are expected to continue to increase next year, which reflects a strong robust and thriving local economy. The City's property tax revenues are expected to continue to show positive growth from FY15-16, based upon an increase in assessed valuations of 3%. The City's third major tax revenue source, utility users' tax, is expected to remain relatively flat over the prior year. General Fund revenues are projected to decrease next fiscal year by approximately \$271,000. This decrease in revenue is largely due to charges for services and fines and forfeitures which are down approximately \$212,000. However, the City's 2016-17 budget is balanced with revenues projected to exceed expenditures while continuing to maintain vital services to the community.

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

As of June 30, 2016, the City's General Fund had fund balance reserves of approximately \$7.4 million. Of this amount, \$3.2 million is committed for emergencies. Assigned fund balance amounts to approximately \$4.1 million, which is primarily comprised of \$3.4 million designated for PERS reserves and \$500 thousand designated for retiree medical insurance benefits. Nonspendable fund balance consists primarily of prepaid amounts for the 2016-17 Fiscal Year, which were paid during the 2015-16 Fiscal Year.

Annually, the City updates a five (5) year Capital Improvement Program (CIP). The Capital Improvement Program for Fiscal Year 2016-17 totals \$2,809,748. Projects include, but are not limited to, the Los Alamitos Boulevard Revitalization Project, Old Dutch Haven, Coyote Creek improvements, and park playground improvements. The Capital Improvement Program continues to provide a significant amount of funding for public safety, parks and streets.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the first year that the City has received this prestigious award since 2008. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

This award is valid for a period of one year only. We believe that our current CAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

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 and the City Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



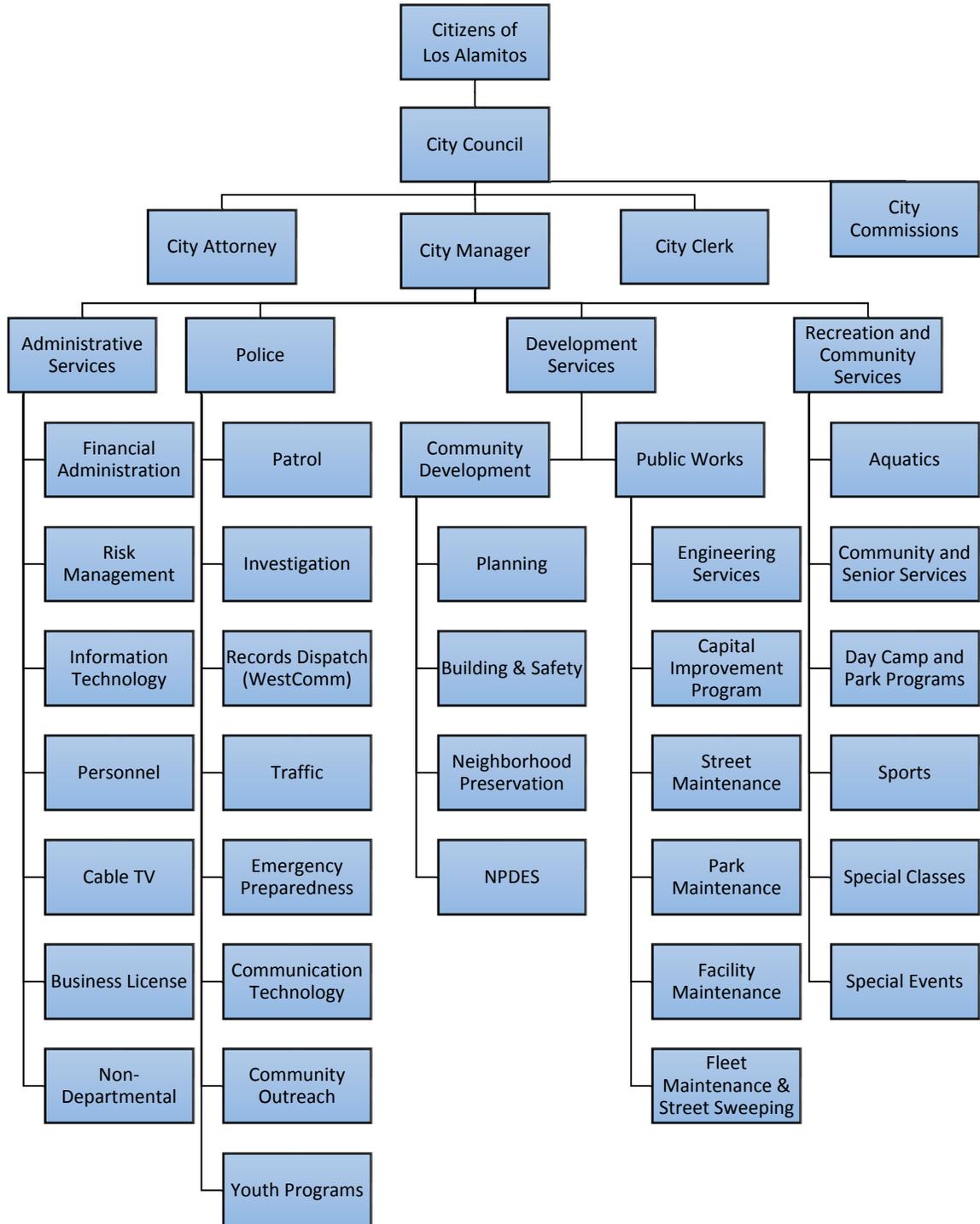
Bret M. Plumlee  
City Manager



Jason Al-Imam  
Administrative Services Director/Treasurer

# CITY OF LOS ALAMITOS

## ORGANIZATION CHART



## CITY OF LOS ALAMITOS

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### DIRECTORY OF OFFICIALS

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#### CITY COUNCIL

Shelley Hasselbrink, Mayor  
Troy D. Edgar, Mayor Pro Tem  
Richard D. Murphy, Council Member  
Warren Kusumoto, Council Member  
Josh Wilson, Council Member

#### APPOINTED OFFICIALS

Bret M. Plumlee, City Manager  
Cary Reisman, City Attorney  
Windmera Quintanar, City Clerk

#### EXECUTIVE MANAGEMENT

Eric R. Nuñez, Chief of Police  
Steven Mendoza, Development Services Director  
David Hunt, City Engineer  
Corey Lakin, Director of Recreation and Community Services  
Jason Al-Imam, Administrative Services Director/City Treasurer



Government Finance Officers Association

**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, 2015**

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, California (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Los Alamitos, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.





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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the general fund, the schedule of proportionate share of the net pension liability – cost-sharing multiple-employer miscellaneous and safety plans, the schedule of plan contributions – cost-sharing multiple-employer miscellaneous and safety plans, and the schedule of funding progress – other post-employment benefits (OPEB), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



CPAs AND ADVISORS

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea California  
December 20, 2016



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**





## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Los Alamitos ("City") offers readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal. The presentation of the City's financial data in this analysis and statements will differ from the City's budget, in that the analysis and statements are required to follow Governmental Accounting Standards Board Statement Number 34 and other Statements to allocate costs associated with capital related items, long-term debt transactions, accrued interest, compensated absences internal service fund activity, and depreciation to the various functions of the City; whereas the City's budget is an operational financial plan for the upcoming fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position is 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).

The government-wide financial statements distinguish functions of the City 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 include general government, public safety, community development, recreation and community services, and public works. The City has no business-type activities.

The Governmental Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified accrual basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the Basic Financial Statements fully describe these bases of accounting.

**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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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 maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Rivers & Mountains Conservancy Fund, which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

The City uses internal service funds to account for its self-insured insurance programs, fleet of vehicles, equipment, technology upgrades and replacements and other capital related activities. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. Internal service funds are presented as proprietary funds because internal service funds follow the accrual basis of accounting.

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

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

## Government-wide Financial Analysis

Tables 1 and 2 focus on the net position and changes in net position of the City's governmental activities.

**TABLE 1**  
**Net Position**

	Governmental Activities – June 30,	
	2016	2015
Current and other assets	\$ 13,054,279	\$ 11,813,386
Capital assets, net	16,189,281	16,414,830
Total assets	29,243,560	28,228,216
Deferred outflows of resources	1,569,806	1,090,070
Current liabilities	1,268,284	1,271,810
Noncurrent liabilities		
Long-term liabilities	4,439,678	3,631,997
Net OPEB obligation	697,578	528,933
Net pension liability	12,510,348	10,061,097
Total liabilities	18,915,888	15,493,837
Deferred inflows of resources	1,733,882	3,717,960
Net position:		
Net investment in capital assets	12,657,925	13,519,830
Restricted	1,333,271	1,062,861
Unrestricted	(3,827,600)	(4,476,202)
Total net position	\$ 10,163,596	\$ 10,106,489

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$10,163,596 at June 30, 2016, an increase of \$57,107 from June 30, 2015.

The largest portion of the City's net position reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Unrestricted net position had a deficit balance of \$3.8 million at June 30, 2016, which relates to the City's net pension liability. The City has set-aside \$3.4 million for its unfunded pension liability. However, since these funds are not held in an irrevocable trust the net pension liability has not been reduced to account for these funds that have been set-aside.

A condensed summary of activities for the period ended June 30, 2016 and the prior fiscal year is illustrated in Table 2 below.

**TABLE 2**  
**Changes in Net Position**

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 2,477,055	\$ 2,401,188
Operating contributions and grants	398,156	293,281
Capital contributions and grants	530,408	629,343
General revenues:		
Taxes:		
Property taxes	3,118,179	2,953,960
Utility users tax	2,092,019	2,209,473
Sales taxes	3,356,372	3,063,989
Franchise taxes	708,923	711,731
Business license tax	565,849	562,621
Other taxes	407,042	480,236
Investment income	86,024	30,283
Other	184,997	146,196
Total revenues	13,925,024	13,482,301
Expenses		
General government	2,975,549	2,645,804
Public safety	5,732,490	5,463,068
Community development	685,405	714,086
Recreation and community services	1,834,429	1,772,083
Public works	2,338,549	2,591,562
Interest and fiscal charges	301,495	137,949
Total expenses	13,867,917	13,324,552
Change in net position	57,107	157,749
Net position, beginning of year	10,106,489	9,948,740
Net position, end of year	\$ 10,163,596	\$ 10,106,489

**Governmental Activities.** Governmental activities increased the City’s net position by \$57,107 (1 percent) compared to a net increase of \$157,749 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

**Revenues:**

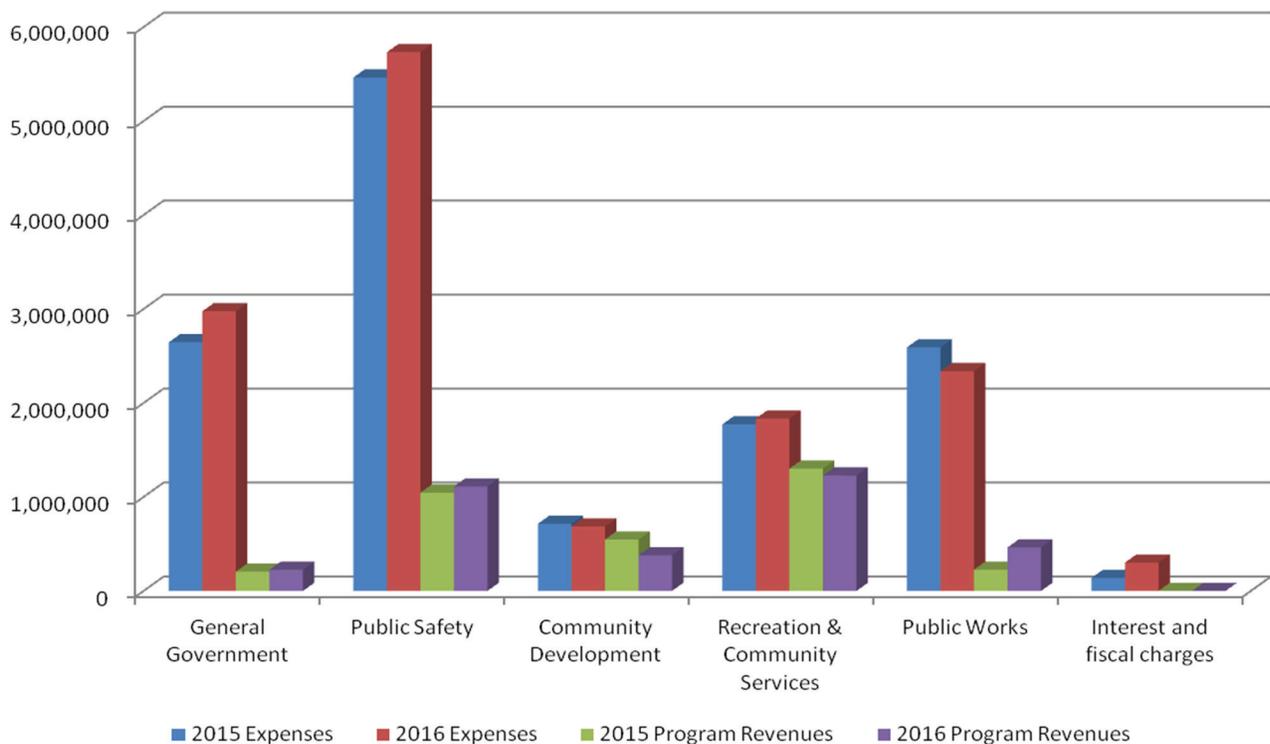
- While variances between years exist for the various revenue categories, the total net increase was \$442,723, which is largely attributable to the \$292,383 (10%) increase in sales tax revenue. Approximately half of the increase in sales tax revenue is attributable to strong growth in building and construction while a portion of the increase in revenue is attributable to the State catching up on amounts owed to the City.

**Expenses:**

- While variances between years exist for the various expense functions, the total net increase was \$543,365, which is largely attributable to increases in pension costs. Pension costs increased by approximately \$300,000 due to increases in contribution rates to CalPERS associated with shorter amortization periods for unfunded pensions, which will help to reduce the City’s pension liabilities and paves the way for long-term fiscal sustainability.

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 and fiscal charges—as well as their respective program revenues.

**TABLE 3  
Expenses and Program Revenues**



See the Statement of Activities for further detail on program revenues and general revenues.

## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$9,742,660 an increase of \$765,853 (9 percent) from the prior fiscal year's balance. \$5,103,139 or 52% of fund balance is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the fund balance classification *assigned*. 14% of fund balance (\$1,333,271) is restricted, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. Additionally, 33% of fund balance (\$3,247,282) is committed for emergencies.

The fund balance of the City's General Fund decreased \$115,239 during the fiscal year compared to a \$750,831 increase in the prior year. The decrease in the current year is primarily attributable to the transfer of approximately \$522,000 to two Internal Service Funds for claims reserves and capital funding for a computer-aided dispatch and record management system. The decrease of \$750,831 in the prior year was primarily attributable to the transfer of \$1.1 million to two new internal service funds.

The Rivers & Mountains Conservancy Fund began and ended the year with no fund balance. This fund is used to account for the capital outlay associated with the Coyote Creek Improvements Project, which is offset with grant funding from the State.

Other governmental funds realized an increase in fund balance of \$765,853. While variances between years exist for the various nonmajor governmental funds, the net increase was primarily attributable to an increase in the Debt Service Fund, which is associated with the remaining unspent proceeds from the 2015 Certificates of Participation.

### General Fund Budgetary Highlights

Actual revenues were \$160,186 more than the final budgeted amount, which is primarily due to better than projected fines and forfeitures. The expenditures for the General Fund at fiscal year-end were \$427,014 less than the final budgeted expenditures, which is primarily due to vacancies in the Police Department.

Budget amendments and supplemental appropriations were made during the fiscal year which decreased revenue projections by approximately \$96,915 and also increased appropriations in the amount of approximately \$407,155. The net decrease in budgeted revenues was largely due to a reduction in the budgeted parking meter revenue. The increase in budgeted appropriations is primarily due to an increase in the amount transferred to Internal Service Funds for claims reserves and capital replacement.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of FY 2015-16 the City had \$16.2 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net decrease of \$225,549, which is primarily due to depreciation expense. There was \$210,588 in capital asset additions, which was offset by \$413,158 of depreciation expense and \$22,979 from the net loss on the disposal of capital assets.

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

	Governmental Activities	
	2016	2015
Land	\$ 5,917,715	\$ 5,917,715
Buildings and improvements	977,254	1,027,611
Equipment	205,468	250,101
Vehicles	167,029	223,908
Infrastructure	8,694,321	8,899,751
Construction in progress	227,494	95,744
Totals	<u>\$ 16,189,281</u>	<u>\$ 16,414,830</u>

More detail on the City's capital assets can be found in Note 4 to the financial statements of this report.

**Long-term liabilities.** At the end of fiscal year 2015-16, the City had \$4.3 million in long-term liabilities which includes outstanding bond indebtedness of \$3.7 million along with claims payable and compensated absences. The net increase of \$676,045 over the prior year is primarily due to the issuance of the 2015 Certificates of Participation, which refinanced the 2006 Certificates of Participation and provided for \$915,000 of new money.

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

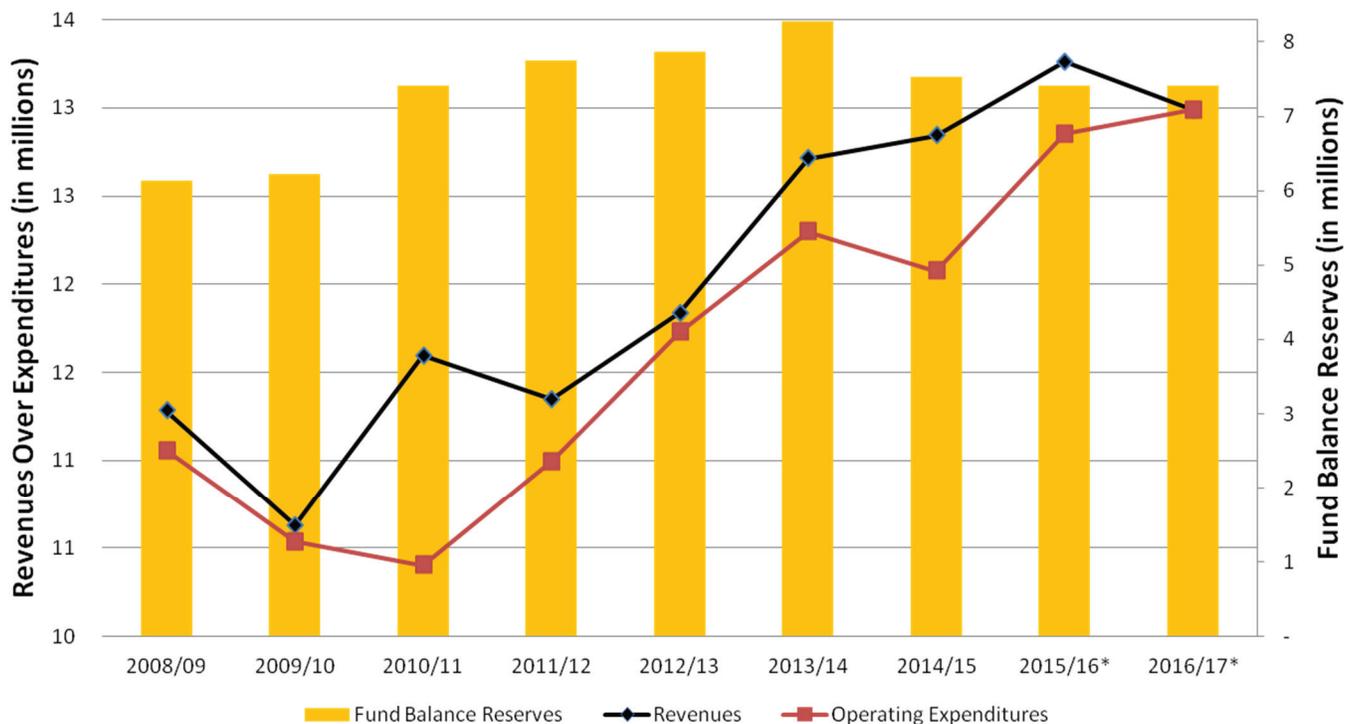
	Governmental Activities	
	2016	2015
2006 Certificates of participation	\$ -	\$ 2,895,000
2015 Certificates of participation	3,685,000	-
Claims payable	133,650	178,545
Compensated absences	489,392	558,452
Total long-term liabilities	<u>\$ 4,308,042</u>	<u>\$ 3,631,997</u>

More detail on the City's long-term liabilities can be found in Note 5 to the financial statements of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic growth in the area continues to accelerate for another year. In Orange County especially, leading economic indicators such as employment, consumer confidence, housing and hotel occupancy remain strong. The City's unemployment rate is currently 4.1%, versus 4.2% a year ago. Real Gross Domestic Product (GDP) grew at an annual rate of 2.4% in 2014 and 2015 as the U.S. economy continues to show moderate and steady growth. Home values have also continued to increase in Los Alamitos, with an approximate 3% increase in net taxable assessed values. Interest rates remain very low, and inflation has stayed below 2%. Overall, the consensus seems to be continued gradual economic growth.

The total adopted appropriations for all budgeted funds for Fiscal Year 2016-17 was \$18,102,698, which included \$901,248 of estimated capital appropriations that were carried-over from the prior year. The General Fund operating budgeted was balanced with operating revenues of \$12,989,394 and operating expenditures of \$12,989,127. As reflected in the graph below, the operating revenues of the General Fund have consistently exceeded expenditures over the last 9 years due to actions taken by the City Council to balance the budget and build reserves.



The City continues to adopt a budget that not only serves as financial plan, but also a communication device, policy tool and operations guide for the City Council and citizens of Los Alamitos. It is anticipated that the City will remain in good financial condition throughout the fiscal year and beyond.

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

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



## **GOVERNMENT – WIDE FINANCIAL STATEMENTS**

CITY OF LOS ALAMITOS

STATEMENT OF NET POSITION  
JUNE 30, 2016

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 10,287,117
Receivables:	
Accounts	441,957
Accrued interest	19,785
Due from employees	5,376
Due from other governments	1,371,642
Prepaid costs	57,949
Restricted assets:	
Cash and investments with fiscal agent	870,453
Capital assets not being depreciated	6,145,209
Capital assets, net of depreciation	10,044,072
	<hr/>
<b>Total Assets</b>	<b>29,243,560</b>
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	120,228
Deferred pension related items	1,449,578
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>1,569,806</b>
<b>Liabilities</b>	
Accounts payable	468,293
Accrued liabilities	414,201
Accrued interest	35,242
Unearned revenue	215,680
Deposits payable	134,868
Noncurrent liabilities:	
Due within one year	481,415
Due in more than one year	3,958,263
Net OPEB obligation	697,578
Net pension liability	12,510,348
	<hr/>
<b>Total Liabilities</b>	<b>18,915,888</b>
<b>Deferred Inflows of Resources</b>	
Deferred pension related items	1,733,882
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>1,733,882</b>
<b>Net Position</b>	
Net investment in capital assets	12,657,925
Restricted for:	
Cable television	77,848
Transportation	707,792
Public safety	93,545
Air quality	50,756
Parks	403,330
Unrestricted	(3,827,600)
	<hr/>
<b>Total Net Position</b>	<b>\$ 10,163,596</b>

CITY OF LOS ALAMITOS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants		
Governmental Activities:					
General government	\$ 2,975,549	\$ 225,066	\$ -	\$ -	\$ (2,750,483)
Public safety	5,732,490	807,518	303,916	-	(4,621,056)
Community development	685,405	80,432	-	298,037	(306,936)
Recreation and community services	1,834,429	1,224,675	3,242	-	(606,512)
Public works	2,338,549	139,364	90,998	232,371	(1,875,816)
Interest and fiscal charges	301,495	-	-	-	(301,495)
<b>Total Governmental Activities</b>	<b>\$ 13,867,917</b>	<b>\$ 2,477,055</b>	<b>\$ 398,156</b>	<b>\$ 530,408</b>	<b>(10,462,298)</b>
<b>General Revenues</b>					
Taxes:					
					3,118,179
					2,092,019
					156,088
					3,356,372
					708,923
					565,849
					250,954
					86,024
					184,997
					<b>10,519,405</b>
					57,107
					10,106,489
					<b>\$ 10,163,596</b>



## **FUND FINANCIAL STATEMENTS**

CITY OF LOS ALAMITOS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General	Capital Projects Funds		Total Governmental Funds
		Rivers & Mountains Conservancy	Nonmajor Governmental Funds	
<b>Assets</b>				
Pooled cash and investments	\$ 6,789,828	\$ -	\$ 1,551,667	\$ 8,341,495
Receivables:				
Accounts	437,475	-	4,482	441,957
Accrued interest	19,785	-	-	19,785
Due from employees	5,376	-	-	5,376
Due from other governments	1,101,622	189,378	80,642	1,371,642
Due from other funds	189,164	-	-	189,164
Prepaid costs	53,592	-	-	53,592
Restricted assets:				
Cash and investments with fiscal agent	-	-	870,453	870,453
<b>Total Assets</b>	<b>\$ 8,596,842</b>	<b>\$ 189,378</b>	<b>\$ 2,507,244</b>	<b>\$ 11,293,464</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 424,614	\$ 999	\$ 23,560	\$ 449,173
Accrued liabilities	393,534	-	-	393,534
Unearned revenues	66,725	-	148,955	215,680
Deposits payable	134,868	-	-	134,868
Due to other funds	-	188,379	785	189,164
<b>Total Liabilities</b>	<b>1,019,741</b>	<b>189,378</b>	<b>173,300</b>	<b>1,382,419</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	168,385	-	-	168,385
<b>Total Deferred Inflows of Resources</b>	<b>168,385</b>	<b>-</b>	<b>-</b>	<b>168,385</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid costs	53,592	-	-	53,592
Employee loans	5,376	-	-	5,376
<b>Restricted for:</b>				
Cable television	-	-	77,848	77,848
Transportation	-	-	707,792	707,792
Public safety	-	-	93,545	93,545
Air quality	-	-	50,756	50,756
Parks	-	-	403,330	403,330
<b>Committed to:</b>				
Emergencies	3,247,282	-	-	3,247,282
<b>Assigned to:</b>				
OPEB	500,000	-	-	500,000
PERS reserves	3,400,000	-	-	3,400,000
Los Alamitos Boulevard rehabilitation	200,000	-	-	200,000
Capital projects	-	-	1,000,673	1,000,673
Other	2,466	-	-	2,466
<b>Total Fund Balances</b>	<b>7,408,716</b>	<b>-</b>	<b>2,333,944</b>	<b>9,742,660</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,596,842</b>	<b>\$ 189,378</b>	<b>\$ 2,507,244</b>	<b>\$ 11,293,464</b>

CITY OF LOS ALAMITOS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

Total Fund Balances - Governmental Funds	\$	9,742,660
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		15,988,199
Adjustments to net pension liability arise from timing differences between the measurement date of the liability and when activities affecting the liability actually occur, and from changes in actuarial assumptions that result in a revaluation of the liability. These adjustments are recorded as deferred outflows and inflows of resources and are amortized over their remaining service life. These include:		
Deferred pension related outflows	\$	1,430,826
Deferred pension related inflows		<u>(1,708,610)</u>
		(277,784)
Governmental funds report activities relating to proceeds received from issuing debt and payments made to refund outstanding debt. The amount necessary to reacquire the outstanding debt in excess of the net carrying value of the debt is considered a loss, which is recorded as a deferred outflow of resources and amortized over its remaining service life.		120,228
Accrued interest on long-term debt does not require current financial resources. Therefore, accrued interest is not reported as a liability in the governmental funds balance sheet.		(35,242)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. These include:		
Certificates of Participation		(3,685,000)
Unamortized premium on Certificates of Participation		(131,636)
Compensated absences		<u>(489,392)</u>
		(4,306,028)
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(697,578)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		(12,332,180)
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred and reported as unavailable revenues in the governmental funds.		168,385
Internal service funds are used by management to charge the costs of certain activities, such as insurance and accrued benefits, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide Statement of Net Position.		<u>1,792,936</u>
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>10,163,596</u></b>

CITY OF LOS ALAMITOS

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	General	Capital Projects Funds		Total Governmental Funds
		Rivers & Mountains Conservancy	Nonmajor Governmental Funds	
<b>Revenues</b>				
Taxes	\$ 10,176,340	\$ -	\$ 382,374	\$ 10,558,714
Licenses and permits	225,066	-	-	225,066
Intergovernmental	12,513	90,998	141,472	244,983
Charges for services	1,319,560	-	139,364	1,458,924
Investment earnings	75,034	-	10,990	86,024
Fines and forfeitures	775,449	-	5,472	780,921
Program revenues	-	-	212,916	212,916
Miscellaneous	240,768	-	6,500	247,268
<b>Total Revenues</b>	<b>12,824,730</b>	<b>90,998</b>	<b>899,088</b>	<b>13,814,816</b>
<b>Expenditures</b>				
Current:				
General government	2,710,330	-	24,737	2,735,067
Public safety	5,700,408	-	10,400	5,710,808
Community development	656,810	-	-	656,810
Recreation and community services	1,738,515	-	-	1,738,515
Public works	1,861,995	-	101,002	1,962,997
Capital outlay	-	19,100	194,161	213,261
Debt service:				
Principal retirement	-	-	75,000	75,000
Payment to refunded bond escrow agent	-	-	220,186	220,186
Interest and fiscal charges	-	-	310,839	310,839
<b>Total Expenditures</b>	<b>12,668,058</b>	<b>19,100</b>	<b>936,325</b>	<b>13,623,483</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,672	71,898	(37,237)	191,333
<b>Other Financing Sources (Uses)</b>				
Transfers in	435,187	-	246,133	681,320
Transfers out	(707,098)	(71,898)	(424,222)	(1,203,218)
Refunding bonds issued	-	-	3,685,000	3,685,000
Bond premium	-	-	133,246	133,246
Payment to refunded bond escrow agent	-	-	(2,721,828)	(2,721,828)
<b>Total Other Financing Sources (Uses)</b>	<b>(271,911)</b>	<b>(71,898)</b>	<b>918,329</b>	<b>574,520</b>
Net Change in Fund Balances	(115,239)	-	881,092	765,853
Fund Balances, Beginning of Year	7,523,955	-	1,452,852	8,976,807
<b>Fund Balances, End of Year</b>	<b>\$ 7,408,716</b>	<b>\$ -</b>	<b>\$ 2,333,944</b>	<b>\$ 9,742,660</b>

**CITY OF LOS ALAMITOS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$	765,853
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation expense of \$287,331 exceeded capital outlays of \$153,193 in the current period.		(134,138)
The net loss on the disposal of capital assets does not affect current financial resources but decreases net position.		(14,236)
Pension obligation 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.		(98,522)
Interest payments on long-term debt are reported as an expenditure in the governmental funds when interest payments actually occur, but does not account for future interest due on long-term debt since accrued interest does not require current financial resources. The change in accrued interest is reported in the government-wide Statement of Activities.		9,520
Long-term debt activities are not considered revenues or expenses in the government-wide Statement of Activities, but are considered revenues, expenditures, and sources and uses in governmental funds. These include:		
Principal payments on long-term debt	\$	75,000
Existing resources to advance refunding bond escrow agent		220,186
Payments to advance refunding bond escrow agent		2,599,814
Proceeds from issuance of long-term debt		(3,685,000)
Original issue premium		(131,636)
Loss on advance refunding		120,228
		(801,408)
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.		52,204
Claims payables previously reported exclusively in the government-wide statements is now being reported in the internal service funds. A reclassification was performed to move the outstanding claims to the internal service funds.		178,545
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense.		(168,645)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		107,383
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet operations, to individual funds. The funds' revenues and expenses are included as governmental activities in the Statement of Activities.		160,551
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>57,107</b>

CITY OF LOS ALAMITOS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2016

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
Current:	
Cash and investments	\$ 1,945,622
Prepaid costs	4,357
	<hr/>
<b>Total Current Assets</b>	<b>1,949,979</b>
Noncurrent:	
Capital assets, net of accumulated depreciation	201,082
	<hr/>
<b>Total Noncurrent Assets</b>	<b>201,082</b>
	<hr/>
<b>Total Assets</b>	<b>2,151,061</b>
<hr/>	
<b>Deferred Outflows of Resources</b>	
Deferred pension related items	18,752
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>18,752</b>
<hr/>	
<b>Liabilities</b>	
Current:	
Accounts payable	19,120
Accrued liabilities	20,667
Claims payable	133,650
	<hr/>
<b>Total Current Liabilities</b>	<b>173,437</b>
Noncurrent:	
Net pension liability	178,168
	<hr/>
<b>Total Noncurrent Liabilities</b>	<b>178,168</b>
	<hr/>
<b>Total Liabilities</b>	<b>351,605</b>
<hr/>	
<b>Deferred Inflows of Resources</b>	
Deferred pension related items	25,272
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>25,272</b>
<hr/>	
<b>Net Position</b>	
Investment in capital assets	201,082
Unrestricted	1,591,854
	<hr/>
<b>Total Net Position</b>	<b>\$ 1,792,936</b>
	<hr/> <hr/>

CITY OF LOS ALAMITOS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating Revenues</b>	
Charges for services	\$ 381,713
<b>Total Operating Revenues</b>	<b>381,713</b>
<b>Operating Expenses</b>	
Personnel services	103,895
Supplies and materials	189,417
Outside services	187,114
Claims expense	133,650
Depreciation expense	125,827
<b>Total Operating Expenses</b>	<b>739,903</b>
Operating Loss	(358,190)
<b>Nonoperating Revenues (Expenses)</b>	
Insurance reimbursements	1,831
Gain (loss) on disposal of capital assets	(4,988)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(3,157)</b>
Loss Before Transfers	(361,347)
Transfers in	521,898
Changes in Net Position	160,551
Net Position, Beginning of Year	1,632,385
<b>Net Position, End of Year</b>	<b>\$ 1,792,936</b>

CITY OF LOS ALAMITOS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from interfund charges for services	\$ 381,713
Cash paid to suppliers for goods and services	(373,226)
Cash paid to employees for services	(95,976)
	<u>(87,489)</u>
<b>Net Cash Used for Operating Activities</b>	<b>(87,489)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Cash transfers in	521,898
Insurance reimbursements	1,831
	<u>523,729</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>523,729</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of capital assets	(57,395)
Proceeds from sales of capital assets	3,755
	<u>(53,640)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(53,640)</b>
Net Increase in Cash and Cash Equivalents	382,600
Cash and Cash Equivalents, Beginning of Year	<u>1,563,022</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,945,622</b>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating loss	\$ (358,190)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities</b>	
Depreciation	125,827
Increase in accounts payable	3,305
Increase in accrued liabilities	17,632
Increase in claims payable	133,650
Decrease in compensated absences	(16,856)
Increase in salaries and benefits	7,143
	<u>270,701</u>
<b>Total Adjustments</b>	<b>270,701</b>
<b>Net Cash Used for Operating Activities</b>	<b>\$ (87,489)</b>

## **NOTES TO BASIC FINANCIAL STATEMENTS**



## CITY OF LOS ALAMITOS

### NOTES TO BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2016

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#### Note 1: Summary of Significant Accounting Policies

The accounting policies of the City of Los Alamitos, California, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The most significant accounting policies are described below.

##### 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 financial statements include the financial activities of the City, the primary government, and its component unit, the Los Alamitos Public Financing Corporation (the Corporation). 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 Unit

**The Los Alamitos Public Facilities 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.

##### b. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including the Statement of Net Position and the Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

##### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government and its component unit. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

The Statement of Net Position presents the financial position of the governmental activities of the City and its component unit, and the Statement of Activities reports expenses of each specific governmental function, offset by program revenues attributable to each functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues that are attributable to functional programs are separated into three categories:

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

Charges for services report fees and other charges to users of the City's services, operating grants and contributions finance annual operating activities and can include restricted investment income, and capital grants and contributions fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restriction to these program uses. Other revenues sources not included with program revenues are reported as general revenues of the City. These can include taxes or unrestricted investment income.

**Fund Financial Statements**

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, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses as appropriate. The City uses two categories of funds: governmental and proprietary.

The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. Individual governmental fund identified as being Major, as prescribed by governmental accounting standards or by Management of the City, are reported in separate columns on the financial statements.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balance of the current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance.

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 fund balance as presented in these statements to the net position presented in the government-wide financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 1: Summary of Significant Accounting Policies (Continued)**

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34, or are elected by Management of the City based on Management's belief that the presentation of the funds are particularly important to financial statement users for reasons including public interest or consistency of reporting. 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 **Rivers & Mountains Conservancy Capital Projects Fund** is used to account for funding for the preservation of urban open space and habitat in Los Angeles and Orange counties.

Additionally, the City reports the following fund types:

- The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than for debt service or capital projects) that are restricted by law or administrative action or committed to expenditures for specified purposes.
- The **Capital Projects Funds** are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities, other than those financed by Internal Service Funds.
- The **Debt Service Fund** is used to account for and report financial resources that are restricted, committed, or assigned for the payment of, long-term debt principal, interest, and related costs for the 2006 Certificates of Participation (Laurel Park Acquisition).

Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The reporting focus on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary funds are classified as 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 internal service funds are used to account for its self-insured insurance programs, fleet of vehicles, equipment, technology upgrades, and replacements and other capital related activities.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**c. Measurement Focus**

**Government-Wide Financial Statements**

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 Position. The Statement of Activities presents changes in net position. 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. All internal balances and transactions have been eliminated from their respective statements to avoid over reporting relating assets, liabilities, revenues and expenses, with the exception of internal service fund charges provided and used.

**Fund Financial Statements**

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

Like the government-wide statements, all 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 Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. 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.

**d. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Revenue – Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the availability is defined within 60 days of year-end.

**Revenue – Non-Exchange Transactions**

Non-exchange transactions in which the City receives value without directly giving equal value in return, includes sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transaction also must be available (generally 60 days after year-end) before it can be recognized in the governmental funds. However, the City has adopted a 12-month recognition period for grant revenues.

**Unavailable Revenue**

Unavailable revenue, presented under deferred inflows of resources, arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods when both revenue recognition criteria are met, the deferred inflow is removed from the balance sheet and revenue is recognized.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria listed above have been satisfied. In subsequent periods when the government has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Proprietary Funds Operating and Non-Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**e. Cash, Cash Equivalents and Investments**

**Cash Management**

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

**Investments Valuation**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

**State Investment Pool**

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as a result of changes in interest rates.

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

**f. Receivables**

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 "interfund advances receivable/payable" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

Advances between funds, as reported in the fund financial statements, are presented as nonspendable in fund balances to indicate that they are not in a spendable form.

**g. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expenditure/expense when consumed.

**h. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years, except for infrastructure assets which have a capitalization threshold of \$20,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

**i. Compensated Absences Payable**

Under certain circumstances and according to the negotiated labor agreements, employees of the City are allowed to accumulate annual leave. This amount is accrued in the government-wide and proprietary fund statements. Refer to Note 5c for additional information.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**j. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs except for any portion related to prepaid insurance were recognized as expense in the period incurred.

**k. Claims and Judgments**

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

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

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

**l. Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items which qualify for reporting in this category.

Deferred pension related items relate to the net pension obligation reported in the statement of net position. These outflows are the results of contributions made after the measurement date, which are expensed in the following year, and of adjustments due to differences in proportions, which are deferred and amortized over the expected average remaining life time. Deferred outflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position and proprietary funds Statement of Net Position. The City also reports deferred charge on refunding which results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunded or refunding debt.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 1: Summary of Significant Accounting Policies (Continued)**

In addition to liabilities, the statements of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category. The first item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of net differences between projected and actual earnings on pension plan investments and net difference between proportion actuarial and actual contributions. Inflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position and proprietary funds Statement of Net Position. The second item, unavailable revenues, arises under a modified accrual basis of accounting, and is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**m. Net Position**

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

- **Net Investment in Capital Assets** – the portion of net position that is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.
- **Restricted** – the portion of net position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions, which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, funds restricted to community development projects purposes and funds for use in sewer operations and sewer connection fees.
- **Unrestricted** – the portion of net position that is not restricted as to use.

**n. Net Position Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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Note 1: Summary of Significant Accounting Policies (Continued)

o. Fund Balance

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

- **Nonspendable** – the portion of a fund balance that includes amounts that cannot be spent because they are either not in a spendable form, such as prepaid items, inventories, or loans receivable.
- **Restricted** – the portion of a fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments); or (b) imposed by law through constitutional provisions or enabling legislation. Examples of restricted fund balances include Gas Tax, Asset Seizure, and Measure M funds.
- **Committed** – the portion of a fund balance that included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, and remain binding unless removed in the same manner.
  - a. The City Council, as the City’s highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a resolution.
  - b. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.
  - c. City Council Action to commit fund balance needs to occur within the fiscal reporting periods; however, the amount can be determined subsequently.
- **Assigned** – amounts that are constrained by the City’s intent to be used for specific purposes, but are neither Restricted nor Committed, should be reported as Assigned fund balance. This policy hereby delegated the authority to assign amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the City’s annual financial statements. Examples of assigned fund balance are funds intended for Capital Improvement Projects and Equipment Replacement.
- **Unassigned** – residual net resources in excess of what can properly be classified in one of the other four categories and do not have any specific spending limitations. The General Fund is the only fund that should report this category of fund balance.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

---

**Note 1: Summary of Significant Accounting Policies (Continued)**

**p. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**q. Pensions**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the pension plans fiduciary net positions and additions to/deductions from the pension plans fiduciary net positions have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	June 30, 2014 to June 30, 2015

**r. 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.

Property taxes are assessed, collected and allocated by Orange County throughout the fiscal year according to the following property tax calendar.

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1st installment, February 1, 2nd installment
Delinquent Dates	December 11, 1st installment, April 11, 2nd installment

Property taxes receivable for the governmental fund types, which have been remitted within 60 days subsequent to year end, are considered measurable and available and recognized as revenues. All other property taxes are offset by deferred property tax inflows of resources and, accordingly, have not been recorded as revenue. Taxes are considered past due on the above delinquent dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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Note 1: Summary of Significant Accounting Policies (Continued)

s. Functional Classifications

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

- **General government** – includes legislative activities, which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities that provide management or support services across more than one functional area.
- **Public safety** – includes those activities that involve the protection of people and property.
- **Community development** – includes those activities such as planning, code enforcement, and building and safety inspections.
- **Recreation and community services** – includes those activities that involve the community cultural and leisure activities.
- **Public works** – includes those activities that involve the maintenance and improvement of City streets, roads, and park development and maintenance.
- **Capital outlay** – includes purchases of property, plant and equipment which are expensed in the governmental funds because governmental funds use the current financial resources measurement focus.
- **Principal retirement** – includes principal payments for long-term liabilities.
- **Interest and fiscal charges** – includes current payments for interest on the City's long-term debt.

t. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

u. Effect of New Accounting Standards

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 72 – Fair Value Measurement and Application.** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City has fully conformed and implemented to GASB Statement No. 72 as of June 30, 2016.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 2: Cash and Investments**

**a. Summary of Cash and Investments**

As of June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 10,287,117
Restricted cash and investments with fiscal agent	<u>870,453</u>
Total Cash and Investments	<u>\$ 11,157,570</u>

As of June 30, 2016, cash and investments consisted of the following:

Cash on hand	\$ 3,500
Demand deposits	494,912
Investments	<u>10,659,158</u>
Total Cash and Investments	<u>\$ 11,157,570</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.

**b. Cash Deposits**

The carrying amounts of the City's cash deposits were \$494,912 at June 30, 2016. Bank balances before reconciling items were \$557,567 at that date. The difference of \$62,655 represents outstanding checks, cash deposits in transit, and other reconciling items.

All City's cash and investments as of June 30, 2016 were collateralized or insured with securities held by pledging financial institutions in the City's name. The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

Note 2: Cash and Investments (Continued)

c. Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Certificates of Deposit	5 years	None	\$ 250,000
Negotiable Certificates of Deposit	5 years	30%	30%
Local Agency Investment Fund (LAIF)	N/A	None	\$50 million

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	30 years	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Money Market Mutual Funds	None	None	None
Investment Agreements	None	None	None
Local Agency Bonds	None	None	None
Medium Tern Notes	5 years	30%	None
Negotiable Certificates for Deposits	None	30%	None
Local Agency Investment Fund (LAIF)	None	None	None

**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

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**Note 2: Cash and Investments (Continued)**

pro-rata shares 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.

**d. Risk Disclosures**

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	12 months to 36 months	36 month to 60 months	
Federal Agency Securities	\$ -	\$ 1,263,225	\$ 525,437	\$ 1,788,662
Certificates of Deposit	744,681	1,231,000	245,000	2,220,681
Local Agency Investment Fund (LAIF)	5,779,362	-	-	5,779,362
Investment held by Bond Trustee:				
Money Market Mutual Funds	870,453	-	-	870,453
<b>Total</b>	<b>\$ 7,394,496</b>	<b>\$ 2,494,225</b>	<b>\$ 770,437</b>	<b>\$ 10,659,158</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Totals	Minimum Legal Rating	Ratings at End of Year		
			Not Rated	AA+	AAA
Federal Agency Securities	\$ 1,788,662	N/A	\$ -	\$ -	\$ 1,788,662
Certificates of Deposit	2,220,681	N/A	2,220,681	-	-
Local Agency Investment Fund (LAIF)	5,779,362	Not Rated	5,779,362	-	-
Investment held by Bond Trustee:					
Money Market Mutual Funds	870,453	N/A	-	870,453	-
<b>Totals</b>	<b>\$ 10,659,158</b>		<b>\$ 8,000,043</b>	<b>\$ 870,453</b>	<b>\$ 1,788,662</b>

N/A - Not Applicable

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 2: Cash and Investments (Continued)**

**Concentration of Credit Risk**

The City’s investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. As of June 30, 2016, in accordance with GASB Statement No. 40 requirements, the City is exposed to concentration of credit risk whenever they have invested more than 5% of their total investments in any one issuer. As of June 30, 2016, the City has invested more than 5% of their total investments in the following issuers:

Issuer	Investment Type	Amount	% of Investment
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 1,275,464	11.97%

**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, 2016, City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

**Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.”

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

**Note 2: Cash and Investments (Continued)**

The City has the following recurring fair value measurements as of June 30, 2016:

Investments	Totals	Level		
		1	2	3
Local Agency Investment Fund	\$ 5,779,362	\$ -	\$ 5,779,362	\$ -
Federal Home Loan Mortgage Corp.	1,275,464	-	1,275,464	-
Federal Home Loan Mortgage Association	513,198	-	513,198	-
Certificates of Deposit	2,220,681	-	2,220,681	-
Investment Held by Fiscal Agent				
Money Market Funds	870,453	870,453	-	-
<b>Totals</b>	<b>\$ 10,659,158</b>	<b>\$ 870,453</b>	<b>\$ 9,788,705</b>	<b>\$ -</b>

Deposits and securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Local Agency Investment Funds classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors. Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

**Note 3: Interfund Transactions**

**a. Receivables/Payables**

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

Due to Other Funds	Due from Other Funds
	General Fund
Rivers & Mountains Conservancy	\$ 188,379
Nonmajor Governmental Funds	785
<b>Total</b>	<b>\$ 189,164</b>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

**Note 3: Interfund Transactions (Continued)**

**b. Transfers**

Transfers to and from funds for the fiscal year ended June 30, 2016 is as follows:

Transfers Out	Transfers In			Total
	Governmental Funds		Proprietary Funds	
	General Fund	Other Governmental Funds	Internal Service Funds	
Governmental Funds				
General Fund	\$ -	\$ 185,200	\$ 521,898	\$ 707,098
Rivers & Mountants Conservancy	71,898	-	-	71,898
Other Governmental Funds	363,289	60,933	-	424,222
Total	\$ 435,187	\$ 246,133	\$ 521,898	\$ 1,203,218

Transfers to the General Fund from the Other Governmental Funds (the Gas Tax, Supplemental Law Enforcement Services, Office of Traffic Safety, and Public Safety Augmentation Special Revenue Funds) were made to fund street maintenance, partially offset the cost of Police services, and to partially offset the cost of the Police Department motor officer program and other costs pertaining to traffic safety programs.

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

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

Note 4: Capital Assets

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2016 is as follows:

<u>Governmental Activities:</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 5,917,715	\$ -	\$ -	\$ 5,917,715
Construction in progress	95,744	131,750	-	227,494
Total capital assets not being depreciated	<u>6,013,459</u>	<u>131,750</u>	<u>-</u>	<u>6,145,209</u>
Depreciable capital assets:				
Equipment	1,864,668	21,443	858,949	1,027,162
Vehicles	1,121,948	57,395	58,919	1,120,424
Furniture	46,980	-	46,980	-
Buildings	1,932,883	-	3,885	1,928,998
Improvements	366,268	-	-	366,268
Infrastructure	10,254,687	-	-	10,254,687
Total capital assets being depreciated	<u>15,587,434</u>	<u>78,838</u>	<u>968,733</u>	<u>14,697,539</u>
Less: accumulated depreciation for:				
Equipment	(1,614,567)	(45,485)	838,358	(821,694)
Vehicles	(898,040)	(114,274)	58,919	(953,395)
Furniture	(46,980)	-	46,980	-
Buildings	(1,125,961)	(30,838)	1,497	(1,155,302)
Improvements	(145,579)	(17,131)	-	(162,710)
Infrastructure	(1,354,936)	(205,430)	-	(1,560,366)
Total accumulated depreciation	<u>(5,186,063)</u>	<u>(413,158)</u>	<u>945,754</u>	<u>(4,653,467)</u>
Total capital assets, being depreciated, net	<u>10,401,371</u>	<u>(334,320)</u>	<u>22,979</u>	<u>10,044,072</u>
Government activities capital assets, net	<u>\$ 16,414,830</u>	<u>\$ (202,570)</u>	<u>\$ 22,979</u>	<u>\$ 16,189,281</u>

Depreciation expense was charged to governmental activities as follows:

	<u>General</u>	<u>Internal Service</u>	<u>Total</u>
General Government	\$ 14,414	\$ -	\$ 14,414
Public Safety	20,118	-	20,118
Recreation and Community Services	44,005	-	44,005
Public Works	208,794	-	208,794
Internal Service Fund	-	125,827	125,827
Totals	<u>\$ 287,331</u>	<u>\$ 125,827</u>	<u>\$ 413,158</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

**Note 5: Long-Term Liabilities**

The following is a summary of changes in Governmental Activities long-term debt for the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due in One Year
2006 Certificates of Participation	\$ 2,895,000	\$ -	\$ 2,895,000	\$ -	\$ -
2015 Certificates of Participation	-	3,685,000	-	3,685,000	70,000
Claims Payable	178,545	31,852	76,747	133,650	133,650
Compensated Absences	558,452	252,727	321,787	489,392	277,765
<b>Totals</b>	<b>\$ 3,631,997</b>	<b>\$ 3,969,579</b>	<b>\$ 3,293,534</b>	<b>\$ 4,308,042</b>	<b>\$ 481,415</b>
			Add: Unamortized Premium	131,636	
			Total Debt	<b>\$ 4,439,678</b>	

**a. 2006 Certificates of Participation**

On May 9, 2006, the City issued \$3,365,000 Certificates of Participation Series 2006. Interest on the bonds is payable semiannually on September 1 and March 1, commencing March 1, 2007, at rates which range from 4.375% to 4.85%. Principal payments began September 1, 2007, and continue on September 1 of each year through September 1, 2036. The proceeds from these bonds were utilized for the acquisition of Laurel Park. The City refunded the 2006 Certificates of Participation Series 2006 with the Certificates of Participation Series 2015.

**b. 2015 Certificates of Participation**

On September 1, 2015, the City issued the 2015 Certificates of Participation in the amount of \$3,685,000, to refund the outstanding balance of the 2006 (Laurel Park Acquisition) Certificates of Participation in an advanced refunding transaction, and to finance the design, acquisition, and construction of certain capital improvement projects. Interest on the bonds is payable semiannually on October 1 and April 1, commencing April 1, 2016, at rates which range from 2.00% to 5.00%. Principal payments begin October 1, 2017, and continue on October 1 of each year through October 1, 2045. The outstanding balance as of June 30, 2016 is \$3,685,000.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2017	\$ 70,000	\$ 140,269	\$ 210,269
2018	70,000	138,869	208,869
2019	70,000	137,469	207,469
2020	75,000	135,269	210,269
2021	75,000	132,269	207,269
2022-2026	435,000	604,819	1,039,819
2027-2031	540,000	500,294	1,040,294
2032-2036	635,000	402,516	1,037,516
2037-2041	770,000	268,400	1,038,400
2042-2046	945,000	97,500	1,042,500
<b>Totals</b>	<b>\$ 3,685,000</b>	<b>\$ 2,557,674</b>	<b>\$ 6,242,674</b>

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 5: Long-Term Liabilities (Continued)**

The advance refunding resulted in the City effectively increasing its aggregate debt service payments by \$301,474 over the remaining maturity period of the previously outstanding 2006 (Laurel Park Acquisition) Certificates of Participation, to obtain an economic gain of \$174,852 (difference between the present values of the debt service payments on the old and new debt).

**c. Claims Payable**

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2016, were as follows:

General Liability Claims	\$ 25,893
Workers' Compensation Claims	<u>107,757</u>
Total Claims Payable	<u>\$ 133,650</u>

See Note 10 for additional information on claims payable.

**d. 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. Compensated absences as of June 30, 2016 was \$489,392.

**Note 6: Defined Contribution Plan**

The City provides pension benefits for all of its part time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the City's 457 plan. Federal legislation requires contributions of at least 7.5% of the employees' salary. For the fiscal years ended June 30, 2016, 2015 and 2014, the City contributed \$27,966, \$26,283, and \$25,361, respectively, each year. City employees are invested immediately. City Council has the authority to establish and amend the provisions of this plan.

**Note 7: Defined Benefit Pension Plans**

***Plan Description***

The City of Los Alamitos contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan for full-time safety and miscellaneous employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by CalPERS. Copies of CalPERS' annual financial report may be obtained from their executive office at: 400 P Street, Sacramento, CA 95814.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 7: Defined Benefit Pension Plans (Continued)**

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The City has a multiple tier retirement plan with benefits varying by plan for both miscellaneous and safety employees hired on or before specific dates as follows:

**Safety:**

- **Legacy POA Employees** – The retirement formula is 3% at age 50 for safety employees covered under the Los Alamitos Police Officers' Association (POA) that were hired on or before December 31, 2012. The City pays 1/9 of the employee share (9%). Beginning July 1, 2016, employees will pay their entire share (9%).
- **Non-Represented Safety Employees** – The retirement formula for Non-Represented Safety Employees hired on or before December 31, 2012 is 3% at age 50. The employee is responsible for the employee share (9%).
- **Safety PEPRA Employees** – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013. The employee must pay one-half (1/2) of the normal cost of the benefit. The normal cost is currently 23% - one-half of which is 11.5%, which is paid by the employee.

*Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.*

**Miscellaneous:**

- **Legacy CEA Employees** – The retirement formula is 2.7% at age 55 for miscellaneous employees covered under the Los Alamitos City Employees Association (CEA) hired on or before December 31, 2012.
  - For employees hired on or before April 1, 2011, the City pays 1/8 of the employee share (8%). Beginning November 1, 2016, the employee is responsible for the employee share.
  - For employees hired after April 1, 2011, the employee is responsible for the employee share (8%).
- **Non-Represented Miscellaneous Employees** – The retirement formula for Non-Represented Miscellaneous Employees hired on or before December 31, 2012 is 2.7% at age 55. The employee is responsible for the employee share (8%) with the exception of the City Manager whereby the City pays the employee share (8%).

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 7: Defined Benefit Pension Plans (Continued)**

- **Miscellaneous PEPRA Employees** – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013. The employee must pay one-half (1/2) of the normal cost of the benefit. The normal cost is currently 12.5% - one-half of which is 6.25%, which is paid by the employee.

*Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.*

Additionally, the City is required to contribute the actuarially determined 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 rates for fiscal year 2015-2016 are as follows:

	<u>Employer Rates</u>
Classic Miscellaneous Members	10.96%
PEPRA Miscellaneous Members	6.25%
Classic Safety Members	18.52%
PEPRA Safety Members	11.50%

The employer rate for each plan does not include the additional City payment made towards the unfunded pension liability. Payment towards the unfunded liability for the fiscal year ended June 30, 2016 was \$564,473.

***Contribution Description***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as a reduction to the net pension liability for the miscellaneous and safety plans was \$228,140 and \$606,370, respectively.

***Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

<u>Proportionate Share of Net Pension Liability</u>	
Miscellaneous Plans	\$ 6,181,642
Safety	6,328,706
<b>Total Net Pension Liability</b>	<b><u>\$ 12,510,348</u></b>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

**Note 7: Defined Benefit Pension Plans (Continued)**

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

Proportions as a percentage of the CalPERS Miscellaneous Plan:

	<u>Miscellaneous</u>
Proportion - June 30, 2014	0.18283%
Proportion - June 30, 2015	0.22533%
Change - Increase (Decrease)	23.24564%

Proportions as a percentage of the CalPERS Safety risk pool:

	<u>Safety</u>
Proportion - June 30, 2014	0.14776%
Proportion - June 30, 2015	0.15359%
Change - Increase (Decrease)	3.94559%

For the year ended June 30, 2016, the City recognized a total pension expense of \$602,566 for all plans in total. At June 30, 2016, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

<u>Miscellaneous Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contribution subsequent to the measurement date	\$ 478,168	\$ -
Changes in Assumptions	-	144,559
Difference between Expected and Actual Experience	15,280	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	72,469
Adjustment due to Difference in Proportions	157,168	-
Difference between proportion actuarial and actual contributions	-	659,826
<b>Total</b>	<b>\$ 650,616</b>	<b>\$ 876,854</b>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

Note 7: Defined Benefit Pension Plans (Continued)

<b>Safety Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
City contribution subsequent to the measurement date	\$ 748,750	\$ -
Changes in Assumptions	-	372,760
Difference between Expected and Actual Experience	-	81,046
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	188,917
Adjustment due to Difference in Proportions	50,212	-
Difference between proportion actuarial and actual contributions	-	214,305
<b>Total</b>	<b>\$ 798,962</b>	<b>\$ 857,028</b>

<b>Total Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
City contribution subsequent to the measurement date	\$ 1,226,918	\$ -
Changes in Assumptions	-	517,319
Difference between Expected and Actual Experience	15,280	81,046
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	261,386
Adjustment due to Difference in Proportions	207,380	-
Difference between proportion actuarial and actual contributions	-	874,131
<b>Total</b>	<b>\$ 1,449,578</b>	<b>\$ 1,733,882</b>

\$1,226,918 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2017	\$ (667,748)
2018	(653,149)
2019	(514,867)
2020	324,542
2021	-
Thereafter	-

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 7: Defined Benefit Pension Plans (Continued)**

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

***Change of Assumptions***

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 7: Defined Benefit Pension Plans (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**Note 7: Defined Benefit Pension Plans (Continued)**

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Irwindale, calculated using the discount rate of 7.65%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.65%) or 1 percentage point higher (8.65%) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous	\$ 10,006,217	\$ 6,181,642	\$ 3,024,011
Safety	10,662,675	6,328,706	2,774,932

**Note 8: Other Post-Employment Benefits (OPEB) Plan**

***Plan Description***

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

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

Tier 1 – Employees Hired Before August 1, 1994(1) receive one of the following:

- Miscellaneous and Safety Employees with 10 years of service with the City, with a regular service retirement, shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent, provided that employee plus one dependent coverage was in effect upon the date of retirement, up to Medicare age, and up to \$300 per month thereafter for life.
- Employees age fifty (50) or over received up to \$300 per month for life.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 8: Other Post-Employment Benefits (OPEB) Plan (Continued)**

Tier 2 – Employees Hired On or After August 1, 1994(1) receive one of the following:

- Miscellaneous Employees with at least 15 years of continuous service with the City, and have reached the age of fifty-five (55) shall be eligible to receive 100% of the monthly benefit applicable towards the employee and one dependent, provided that employee plus one dependent coverage was in effect upon the date of retirement, up to Medicare age, and up to \$300 per month thereafter for life.
- Safety Employees with 10 years of service with the City shall be eligible to receive 50% of the monthly benefit applicable towards the employee and one dependent, provided that employee plus one dependent coverage was in effect upon the date of retirement. The percentage increases by 5% per year to 100% at 20 years of service up to Medicare age, and up to \$300 per month thereafter for life.

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

***Funding Policy***

The contribution requirements of plan members and the City are established and may be amended by the City Council, and/or the employee associations. The City is currently funding this OPEB obligation based on a pay-as-you-go basis. During the fiscal year ended June 30, 2016, the City paid \$202,223 in health care costs for its retirees and their covered dependents.

***Annual OPEB Cost and Net OPEB Obligation***

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

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

Annual required contribution	\$ 373,223
Interest on net OPEB obligation	23,802
Adjustment to annual required contribution	<u>(26,157)</u>
Annual OPEB cost (expense)	370,868
Actual contributions made	<u>(202,223)</u>
Change in net OPEB obligation	168,645
Net OPEB Obligation - beginning of fiscal year	<u>528,933</u>
Net OPEB Obligation - end of fiscal year	<u><u>\$ 697,578</u></u>

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**


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**Note 8: Other Post-Employment Benefits (OPEB) Plan (Continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended 2014-2016 and the two preceding fiscal years were as follows:

## Three Year Trend Information for OPEB Plan

Fiscal Year Ended	Annual OPEB Cost	Percental of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$ 244,401	62.61%	\$ 480,646
6/30/15	228,441	78.86%	528,933
6/30/16	228,441	88.52%	697,578

***Funded Status and Funding Progress***

The City has set-aside \$500,000 for OPEB. However, since these funds are not held in an irrevocable trust, the actuarial value of these funds are not accounted for as plan assets. The actuarial accrued liability for benefits was \$2,805,980, and the actuarial value of plan assets was zero, resulting in an unfunded accrued actuarial liability (UAAL) of \$2,805,980. The covered payroll (annual payroll of active employees covered by the plan) was \$4,461,973 and the ratio of the UAAL to the covered payroll was 62.89%.

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

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment return/discount rate of 4.5% per annum, projected salary increases of 2.75% per annum, a general inflation rate of 2.75% per annum, and a medical trend rate of 4.0%. A level percentage of payroll method was used to allocate amortization cost by year. An open amortization period of 25 years was used.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 9: Joint Ventures**

**a. 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 (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. Since the creation of the Authority, five additional cities have joined the Authority as members. 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 eight cities. The County pays all structural fire fees it collects to the Authority. The eight cities for which the County does not collect structural fire fees are considered "cash contract cities" and, accordingly, make cash contributions based on the Authority's annual budget.

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

**b. 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 2015-2016, the City of Los Alamitos paid \$538,664 to the Authority. Financial information for the Authority may be obtained from the City of Cypress.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 9: Joint Ventures (Continued)**

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

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

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

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

**Note 10: Liability, Property and Workers' Compensation Protection**

The City of Los Alamitos is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the 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 lines of coverage. The California JPIA 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 nine-member Executive Committee.

**a. Self-Insurance Programs of the Insurance Authority**

**General Liability Insurance**

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis.

This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016

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**Note 10: Liability, Property and Workers' Compensation Protection (Continued)**

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

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of:

- (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

**b. Workers' Compensation**

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

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 10: Liability, Property and Workers' Compensation Protection (Continued)**

Protection is provided per statutory liability under California Workers' Compensation Law.

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

**c. Purchased Insurance**

**Property Insurance**

The City of Los Alamitos participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Los Alamitos property is currently insured according to a schedule of covered property submitted by the City of Los Alamitos to the Authority. City of Los Alamitos property currently has all-risk property insurance protection in the amount of \$10 Million. 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 retrospective adjustments.

**Crime Insurance**

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

**Pollution Legal Liability Insurance**

The City of Los Alamitos participates in the pollution legal liability insurance program, which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Monrovia. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy. The insurance is arranged by the 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 2014-2016.

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, 2016, \$133,650 has been accrued for general liability and workers' compensation claims. This amount represents estimates of amounts to be paid for reported and incurred, but not reported, claims based upon past experience, modified for current trends and information.

**CITY OF LOS ALAMITOS**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**Note 10: Liability, Property and Workers' Compensation Protection (Continued)**

**d. Self-Insurance**

The ultimate amount of losses incurred through June 30, 2016, 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.

	Workers' Compensation	General Liability	Total
Liability as of June 30, 2014	\$ -	\$ 49,518	\$ 49,518
Claims and changes in estimates during the fiscal year ended June 30, 2015	157,461	150,125	307,586
Claims payments during the fiscal year ended June 30, 2015	<u>(31,744)</u>	<u>(146,815)</u>	<u>(178,559)</u>
Liability balance as of June 30, 2015	125,717	52,828	178,545
Claims and changes in estimates during the fiscal year ended June 30, 2016	23,313	8,539	31,852
Claims payments during the fiscal year ended June 30, 2016	<u>(41,273)</u>	<u>(35,474)</u>	<u>(76,747)</u>
Liability balance as of June 30, 2016	<u>\$ 107,757</u>	<u>\$ 25,893</u>	<u>\$ 133,650</u>

**Note 11: Contingent Liabilities**

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

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

**Note 12: Subsequent Events**

**Capital Lease Financing for Seven Police Vehicles**

In July 2016 the City entered into a Lease Purchase Agreement in the amount of \$270,000 with Wells Fargo Equipment Finance, Inc. for the financing of seven police vehicles. The capital lease requires annual debt service payments of \$70,641.23 over a four-year term at an interest rate of 1.8446%. The first annual payment is due on July 1, 2017.

**Insurance Authority Participation**

Effective July 1, 2016, the City rescinded its participation in the California Joint Powers Insurance Authority (CJPIA) and joined the California State Association of Counties Excess Insurance Authority ("EIA"). Beginning July 1, 2016, excess insurance coverage for Workers' Compensation and General Liability is provided through the EIA with self-insured retentions of \$125,000 and \$100,000 per occurrence for each respective program. The EIA provides coverage up to the statutory limit for Workers Compensation and up to \$25 million per occurrence for General Liability.



**REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 7,523,955	\$ 7,523,955	\$ 7,523,955	\$ -
<b>Resources (Inflows)</b>				
Taxes	10,251,975	10,183,367	10,176,340	(7,027)
Licenses and permits	110,500	209,500	225,066	15,566
Intergovernmental	10,000	19,283	12,513	(6,770)
Charges for services	1,366,174	1,268,722	1,319,560	50,838
Use of money and property	57,000	57,000	75,034	18,034
Fines and forfeitures	847,500	715,300	775,449	60,149
Miscellaneous	187,830	208,994	240,768	31,774
Transfers in	365,667	437,565	435,187	(2,378)
<b>Amounts Available for Appropriations</b>	<b>20,720,601</b>	<b>20,623,686</b>	<b>20,783,872</b>	<b>160,186</b>
<b>Charges to Appropriations (Outflow)</b>				
General government				
City council	75,415	75,415	71,701	3,714
City manager / City clerk	556,473	556,473	554,670	1,803
Administrative services	691,455	715,458	697,825	17,633
City attorney	156,000	118,000	120,200	(2,200)
Non-departmental	1,163,294	1,287,434	1,265,934	21,500
Public safety	5,927,947	5,810,047	5,700,408	109,639
Community development	629,720	659,920	656,810	3,110
Recreation and community services	1,893,397	1,798,322	1,738,515	59,807
Public works	2,116,114	2,074,003	1,861,995	212,008
Transfers out	185,200	707,098	707,098	-
<b>Total Charges to Appropriations</b>	<b>13,395,015</b>	<b>13,802,170</b>	<b>13,375,156</b>	<b>427,014</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,325,586</b>	<b>\$ 6,821,516</b>	<b>\$ 7,408,716</b>	<b>\$ 587,200</b>

CITY OF LOS ALAMITOS

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
COST-SHARING MULTIPLE-EMPLOYER MISCELLANEOUS PLANS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>
<b>Miscellaneous</b>		
Proportion of the Net Pension Liability	0.05628%	0.07262%
Proportionate Share of the Net Pension Liability	\$ 6,181,841	\$ 4,518,604
Covered Payroll	\$ 1,902,090	\$ 1,852,373
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	325.00%	243.94%
Plan Fiduciary Net Position	\$ 21,888,393	\$ 23,147,912
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.98%	83.67%
<b>Miscellaneous PEPRA</b>		
Proportion of the Net Pension Liability	0.00000%	0.00000%
Proportionate Share of the Net Pension Liability	\$ (199)	\$ -
Covered Payroll	\$ 165,129	\$ 189,769
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	-0.12%	0.00%
Plan Fiduciary Net Position	\$ 13,293	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.52%	0.00%

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administration expense) to 7.65 percent.

(1) Historical information is required only for measurement for which GASB Statement No. 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF LOS ALAMITOS

**SCHEDULE OF PLAN CONTRIBUTIONS  
COST-SHARING MULTIPLE-EMPLOYER MISCELLANEOUS PLANS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>
<b>Miscellaneous</b>		
Actuarially Determined Contribution	\$ 459,860	\$ 228,140
Contribution in Relation to the Actuarially Determined Contribution	(459,860)	(228,140)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,845,648	\$ 1,902,090
Contributions as a Percentage of Covered Payroll	24.92%	11.99%
<b>Miscellaneous PEPRA</b>		
Actuarially Determined Contribution	\$ 18,308	\$ -
Contribution in Relation to the Actuarially Determined Contribution	(18,308)	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 294,303	\$ 165,129
Contributions as a Percentage of Covered Payroll	6.22%	0.00%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	15 year smoothed market
Inflation	2.75%
Salary Increases	3.3% to 14.20%
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	minimum 50 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF LOS ALAMITOS

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
COST-SHARING MULTIPLE-EMPLOYER SAFETY PLANS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>
<b>Safety First Tier</b>		
Proportion of the Net Pension Liability	0.05762%	0.08907%
Proportionate Share of the Net Pension Liability	\$ 6,328,723	\$ 5,542,493
Covered Payroll	\$ 2,309,487	\$ 2,355,481
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	274.03%	235.30%
Plan Fiduciary Net Position	\$ 25,277,031	\$ 24,453,699
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.98%	81.52%
<b>Safety PEPRA</b>		
Proportion of the Net Pension Liability	0.00000%	0.00000%
Proportionate Share of the Net Pension Liability	\$ (17)	\$ -
Covered Payroll	\$ 93,106	\$ 29,536
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	-0.02%	0.00%
Plan Fiduciary Net Position	\$ 3,643	\$ -
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.47%	0.00%

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administration expense) to 7.65 percent.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

CITY OF LOS ALAMITOS

**SCHEDULE OF PLAN CONTRIBUTIONS  
COST-SHARING MULTIPLE-EMPLOYER SAFETY PLAN  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>
<b>Safety First Tier</b>		
Actuarially Determined Contribution	\$ 713,856	\$ 605,370
Contribution in Relation to the Actuarially Determined Contribution	(713,856)	(605,370)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,221,447	\$ 2,309,487
Contributions as a Percentage of Covered Payroll	32.13%	26.21%
<b>Safety PEPRA</b>		
Actuarially Determined Contribution	\$ 34,894	\$ -
Contribution in Relation to the Actuarially Determined Contribution	(34,894)	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 312,860	\$ 93,106
Contributions as a Percentage of Covered Payroll	11.15%	0.00%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	3.3% to 14.20%
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	minimum 50 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF LOS ALAMITOS

**SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)  
JUNE 30, 2016**

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The schedule of funding progress below shows the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to covered payroll for each of the prior actuarial valuation periods. The required contributions were determined as part of the actuarial valuation using the entry age normal actuarial cost method.

**Schedule of Funding Progress - Other Post-Employment Benefit Plan**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
8/1/2009	\$ 2,695,891	\$ -	\$ 2,695,891	0.0%	\$ 405,520	664.8%
12/1/2012	2,724,102	(20,292)	2,744,394	-0.7%	4,400,809	62.4%
12/1/2015	2,805,980	-	2,805,980	0.0%	4,461,973	62.9%

**CITY OF LOS ALAMITOS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Note 1: Budgets and Budgetary Accounting Data**

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

1. The annual budget is adopted by the City Council and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers substantially all City expenditures. Actual expenditures may not exceed budgeted appropriations at the department level. The City's fund structure includes the following departments: City Council, City Manager/City Clerk, Administrative Services, City Attorney, Public Safety, Community Development, Recreation and Community Services, and Public Works. The City Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the fiscal year.
3. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund types during the fiscal year. Unexpended appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are recorded as a reserve of fund balance and then reappropriated the following fiscal year.
4. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt a budget for this type of fund.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2016, based on calculations by City management, proceeds of taxes did not exceed appropriations.

**Note 2: Excess of Expenditures Over Appropriations**

For the year ended June 30, 2016, expenditures exceeded appropriations as follows:

<u>Fund/Department</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess of Expenditures Over Appropriations</u>
<b>General Fund</b>			
City attorney	\$ 120,200	\$ 118,000	\$ 2,200



## OTHER SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds			
	Measure M	Gas Tax	Los Alamitos Television	Office of Traffic Safety
<b>Assets</b>				
Pooled cash and investments	\$ 253,797	\$ 315,425	\$ 88,734	\$ 1
Receivables:				
Accounts	-	-	4,140	342
Due from other governments	38,274	20,645	-	-
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b>\$ 292,071</b>	<b>\$ 336,070</b>	<b>\$ 92,874</b>	<b>\$ 343</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,037	\$ 2,998	\$ 15,026	\$ -
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>4,037</b>	<b>2,998</b>	<b>15,026</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Cable television	-	-	77,848	-
Transportation	288,034	333,072	-	-
Public safety	-	-	-	343
Air quality	-	-	-	-
Parks	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<b>288,034</b>	<b>333,072</b>	<b>77,848</b>	<b>343</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 292,071</b>	<b>\$ 336,070</b>	<b>\$ 92,874</b>	<b>\$ 343</b>

**Special Revenue Funds**

<b>Asset Seizure</b>	<b>Public Safety Augmentation</b>	<b>State Law Enforcement Service</b>	<b>Air Quality</b>
\$ 61,602	\$ -	\$ 14,522	\$ 46,896
-	-	-	-
-	17,725	138	3,860
-	-	-	-
<b>\$ 61,602</b>	<b>\$ 17,725</b>	<b>\$ 14,660</b>	<b>\$ 50,756</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	785	-	-
-	<b>785</b>	-	-
-	-	-	-
-	-	-	-
61,602	16,940	14,660	-
-	-	-	50,756
-	-	-	-
-	-	-	-
<b>61,602</b>	<b>16,940</b>	<b>14,660</b>	<b>50,756</b>
<b>\$ 61,602</b>	<b>\$ 17,725</b>	<b>\$ 14,660</b>	<b>\$ 50,756</b>

(Continued)

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	Capital Projects Funds			
	Traffic Improvement	Park Development	Building Improvement	Residential Streets/Alleys
<b>Assets</b>				
Pooled cash and investments	\$ 237,140	\$ 403,330	\$ 120,031	\$ 6,273
Receivables:				
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b>\$ 237,140</b>	<b>\$ 403,330</b>	<b>\$ 120,031</b>	<b>\$ 6,273</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,499	\$ -	\$ -	\$ -
Unearned revenues	148,955	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>150,454</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Cable television	-	-	-	-
Transportation	86,686	-	-	-
Public safety	-	-	-	-
Air quality	-	-	-	-
Parks	-	403,330	-	-
<b>Assigned to:</b>				
Capital projects	-	-	120,031	6,273
<b>Total Fund Balances</b>	<b>86,686</b>	<b>403,330</b>	<b>120,031</b>	<b>6,273</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 237,140</b>	<b>\$ 403,330</b>	<b>\$ 120,031</b>	<b>\$ 6,273</b>

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<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Capital Outlay</b>	<b>Debt Service</b>	
\$ -	\$ 3,916	\$ 1,551,667
-	-	4,482
-	-	80,642
-	870,453	870,453
<b>\$ -</b>	<b>\$ 874,369</b>	<b>\$ 2,507,244</b>

\$ -	\$ -	\$ 23,560
-	-	148,955
-	-	785
-	-	<b>173,300</b>

-	-	77,848
-	-	707,792
-	-	93,545
-	-	50,756
-	-	403,330
-	874,369	1,000,673
-	<b>874,369</b>	<b>2,333,944</b>
<b>\$ -</b>	<b>\$ 874,369</b>	<b>\$ 2,507,244</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Measure M	Gas Tax	Los Alamitos Television	Office of Traffic Safety
<b>Revenues</b>				
Taxes	\$ -	\$ 250,954	\$ 31,760	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	1,741	2,154	838	120
Fines and forfeitures	-	-	-	5,472
Program revenues	212,916	-	-	-
Miscellaneous	-	-	6,500	-
<b>Total Revenues</b>	<b>214,657</b>	<b>253,108</b>	<b>39,098</b>	<b>5,592</b>
<b>Expenditures</b>				
Current:				
General government	-	-	24,737	-
Public safety	-	-	-	-
Public works	60,867	31,449	-	-
Capital outlay	24,691	27,026	81,511	-
Debt service:				
Principal retirement	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>85,558</b>	<b>58,475</b>	<b>106,248</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	129,099	194,633	(67,150)	5,592
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(130,817)	-	(20,622)
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(130,817)</b>	<b>-</b>	<b>(20,622)</b>
Net Change in Fund Balances	129,099	63,816	(67,150)	(15,030)
Fund Balances, Beginning of Year	158,935	269,256	144,998	15,373
<b>Fund Balances, End of Year</b>	<b>\$ 288,034</b>	<b>\$ 333,072</b>	<b>\$ 77,848</b>	<b>\$ 343</b>

**Special Revenue Funds**

<b>Asset Seizure</b>	<b>Public Safety Augmentation</b>	<b>State Law Enforcement Service</b>	<b>Air Quality</b>
\$ -	\$ 99,660	\$ -	\$ -
12,144	-	114,626	14,702
-	-	-	-
424	188	34	317
-	-	-	-
-	-	-	-
-	-	-	-
<b>12,568</b>	<b>99,848</b>	<b>114,660</b>	<b>15,019</b>
-	-	-	-
10,400	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>10,400</b>	<b>-</b>	<b>-</b>	<b>-</b>
2,168	99,848	114,660	15,019
-	-	-	-
-	(107,850)	(100,000)	(4,000)
-	-	-	-
-	-	-	-
-	-	-	-
<b>-</b>	<b>(107,850)</b>	<b>(100,000)</b>	<b>(4,000)</b>
2,168	(8,002)	14,660	11,019
59,434	24,942	-	39,737
<b>\$ 61,602</b>	<b>\$ 16,940</b>	<b>\$ 14,660</b>	<b>\$ 50,756</b>

(Continued)

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016 (CONTINUED)

	Capital Projects Funds			
	Traffic Improvement	Park Development	Building Improvement	Residential Streets/Alleys
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	139,364	-	-
Investment earnings	1,757	2,406	944	48
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,757</b>	<b>141,770</b>	<b>944</b>	<b>48</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,397	1,300	4,989	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,397</b>	<b>1,300</b>	<b>4,989</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(640)	140,470	(4,045)	48
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(640)	140,470	(4,045)	48
Fund Balances, Beginning of Year	87,326	262,860	124,076	6,225
<b>Fund Balances, End of Year</b>	<b>\$ 86,686</b>	<b>\$ 403,330</b>	<b>\$ 120,031</b>	<b>\$ 6,273</b>

<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Capital Outlay</u>	<u>Debt Service</u>	
\$ -	\$ -	\$ 382,374
-	-	141,472
-	-	139,364
-	19	10,990
-	-	5,472
-	-	212,916
-	-	6,500
<b>-</b>	<b>19</b>	<b>899,088</b>
-	-	24,737
-	-	10,400
-	-	101,002
60,933	-	194,161
-	75,000	75,000
-	220,186	220,186
-	310,839	310,839
<b>60,933</b>	<b>606,025</b>	<b>936,325</b>
(60,933)	(606,006)	(37,237)
60,933	185,200	246,133
-	(60,933)	(424,222)
-	3,685,000	3,685,000
-	133,246	133,246
-	(2,721,828)	(2,721,828)
<b>60,933</b>	<b>1,220,685</b>	<b>918,329</b>
-	614,679	881,092
-	259,690	1,452,852
<b>\$ -</b>	<b>\$ 874,369</b>	<b>\$ 2,333,944</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 MEASURE M  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 158,935	\$ 158,935	\$ 158,935	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	-	-	1,741	1,741
Program revenues	221,254	221,254	212,916	(8,338)
<b>Amounts Available for Appropriations</b>	<b>380,189</b>	<b>380,189</b>	<b>373,592</b>	<b>(6,597)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	79,100	79,100	60,867	18,233
Capital outlay	147,000	97,000	24,691	72,309
<b>Total Charges to Appropriations</b>	<b>226,100</b>	<b>176,100</b>	<b>85,558</b>	<b>90,542</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 154,089</b>	<b>\$ 204,089</b>	<b>\$ 288,034</b>	<b>\$ 83,945</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 269,256	\$ 269,256	\$ 269,256	\$ -
<b>Resources (Inflows)</b>				
Taxes	265,461	265,461	250,954	(14,507)
Investment earnings	200	200	2,154	1,954
<b>Amounts Available for Appropriations</b>	<b>534,917</b>	<b>534,917</b>	<b>522,364</b>	<b>(12,553)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	37,500	45,000	31,449	13,551
Capital outlay	119,675	119,675	27,026	92,649
Transfers out	130,817	130,817	130,817	-
<b>Total Charges to Appropriations</b>	<b>287,992</b>	<b>295,492</b>	<b>189,292</b>	<b>106,200</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 246,925</b>	<b>\$ 239,425</b>	<b>\$ 333,072</b>	<b>\$ 93,647</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 LOS ALAMITOS TELEVISION  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 144,998	\$ 144,998	\$ 144,998	\$ -
<b>Resources (Inflows)</b>				
Taxes	31,200	31,200	31,760	560
Investment earnings	200	200	838	638
Miscellaneous	6,500	6,500	6,500	-
<b>Amounts Available for Appropriations</b>	<b>182,898</b>	<b>182,898</b>	<b>184,096</b>	<b>1,198</b>
<b>Charges to Appropriations (Outflow)</b>				
General government	27,300	27,300	24,737	2,563
Capital outlay	83,372	83,372	81,511	1,861
<b>Total Charges to Appropriations</b>	<b>110,672</b>	<b>110,672</b>	<b>106,248</b>	<b>4,424</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 72,226</b>	<b>\$ 72,226</b>	<b>\$ 77,848</b>	<b>\$ 5,622</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 OFFICE OF TRAFFIC SAFETY  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,373	\$ 15,373	\$ 15,373	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	-	-	120	120
Fines and forfeitures	10,000	10,000	5,472	(4,528)
<b>Amounts Available for Appropriations</b>	<b>25,373</b>	<b>25,373</b>	<b>20,965</b>	<b>(4,408)</b>
<b>Charges to Appropriations (Outflow)</b>				
Transfers out	23,000	23,000	20,622	2,378
<b>Total Charges to Appropriations</b>	<b>23,000</b>	<b>23,000</b>	<b>20,622</b>	<b>2,378</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,373</b>	<b>\$ 2,373</b>	<b>\$ 343</b>	<b>\$ (2,030)</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 ASSET SEIZURE  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 59,434	\$ 59,434	\$ 59,434	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	-	-	12,144	12,144
Investment earnings	150	150	424	274
<b>Amounts Available for Appropriations</b>	<b>59,584</b>	<b>59,584</b>	<b>72,002</b>	<b>12,418</b>
<b>Charges to Appropriations (Outflow)</b>				
Public safety	-	-	10,400	(10,400)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>10,400</b>	<b>(10,400)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 59,584</b>	<b>\$ 59,584</b>	<b>\$ 61,602</b>	<b>\$ 2,018</b>

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC SAFETY AUGMENTATION  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 24,942	\$ 24,942	\$ 24,942	\$ -
<b>Resources (Inflows)</b>				
Taxes	97,850	97,850	99,660	1,810
Investment earnings	-	-	188	188
<b>Amounts Available for Appropriations</b>	<b>122,792</b>	<b>122,792</b>	<b>124,790</b>	<b>1,998</b>
<b>Charges to Appropriations (Outflow)</b>				
Transfers out	107,850	107,850	107,850	-
<b>Total Charges to Appropriations</b>	<b>107,850</b>	<b>107,850</b>	<b>107,850</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 14,942</b>	<b>\$ 14,942</b>	<b>\$ 16,940</b>	<b>\$ 1,998</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 STATE LAW ENFORCEMENT SERVICE  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	100,000	100,000	114,626	14,626
Investment earnings	-	-	34	34
<b>Amounts Available for Appropriations</b>	<b>100,000</b>	<b>100,000</b>	<b>114,660</b>	<b>14,660</b>
<b>Charges to Appropriations (Outflow)</b>				
Transfers out	100,000	100,000	100,000	-
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,660</b>	<b>\$ 14,660</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39,737	\$ 39,737	\$ 39,737	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	14,000	14,000	14,702	702
Investment earnings	100	100	317	217
<b>Amounts Available for Appropriations</b>	<b>53,837</b>	<b>53,837</b>	<b>54,756</b>	<b>919</b>
<b>Charges to Appropriations (Outflow)</b>				
Transfers out	4,000	4,000	4,000	-
<b>Total Charges to Appropriations</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 49,837</b>	<b>\$ 49,837</b>	<b>\$ 50,756</b>	<b>\$ 919</b>

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC IMPROVEMENT  
YEAR ENDED JUNE 30, 2016**

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	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 87,326	\$ 87,326	\$ 87,326	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	500	500	1,757	1,257
<b>Amounts Available for Appropriations</b>	<b>87,826</b>	<b>87,826</b>	<b>89,083</b>	<b>1,257</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	7,500	8,400	2,397	6,003
Capital outlay	12,675	11,775	-	11,775
<b>Total Charges to Appropriations</b>	<b>20,175</b>	<b>20,175</b>	<b>2,397</b>	<b>17,778</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 67,651</b>	<b>\$ 67,651</b>	<b>\$ 86,686</b>	<b>\$ 19,035</b>

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE  
RIVERS & MOUNTAINS CONSERVANCY  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	-	-	90,998	90,998
<b>Amounts Available for Appropriations</b>	<b>-</b>	<b>-</b>	<b>90,998</b>	<b>90,998</b>
<b>Charges to Appropriations (Outflow)</b>				
Capital outlay	414,081	414,081	19,100	394,981
Transfers out	-	71,898	71,898	-
<b>Total Charges to Appropriations</b>	<b>414,081</b>	<b>485,979</b>	<b>90,998</b>	<b>394,981</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (414,081)</b>	<b>\$ (485,979)</b>	<b>\$ -</b>	<b>\$ 485,979</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 PARK DEVELOPMENT  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 262,860	\$ 262,860	\$ 262,860	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	72,000	72,000	-	(72,000)
Charges for services	157,440	157,440	139,364	(18,076)
Investment earnings	250	250	2,406	2,156
<b>Amounts Available for Appropriations</b>	<b>492,550</b>	<b>492,550</b>	<b>404,630</b>	<b>(87,920)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	-	1,300	1,300	-
Capital outlay	343,000	341,700	-	341,700
<b>Total Charges to Appropriations</b>	<b>343,000</b>	<b>343,000</b>	<b>1,300</b>	<b>341,700</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 149,550</b>	<b>\$ 149,550</b>	<b>\$ 403,330</b>	<b>\$ 253,780</b>

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE  
BUILDING IMPROVEMENT  
YEAR ENDED JUNE 30, 2016**

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	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 124,076	\$ 124,076	\$ 124,076	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	-	-	944	944
<b>Amounts Available for Appropriations</b>	<b>124,076</b>	<b>124,076</b>	<b>125,020</b>	<b>944</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	95,339	95,339	4,989	90,350
Capital outlay	20,000	20,000	-	20,000
<b>Total Charges to Appropriations</b>	<b>115,339</b>	<b>115,339</b>	<b>4,989</b>	<b>110,350</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 8,737</b>	<b>\$ 8,737</b>	<b>\$ 120,031</b>	<b>\$ 111,294</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 259,690	\$ 259,690	\$ 259,690	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	-	-	19	19
Transfers in	185,200	185,200	185,200	-
Refunding bonds issued	3,685,000	3,685,000	3,685,000	-
Bond premium	133,246	133,246	133,246	-
<b>Amounts Available for Appropriations</b>	<b>4,263,136</b>	<b>4,263,136</b>	<b>4,263,155</b>	<b>19</b>
<b>Charges to Appropriations (Outflow)</b>				
Debt service:				
Principal retirement	75,000	75,000	75,000	-
Payment to refunded bond escrow agent	-	220,186	220,186	-
Interest and fiscal charges	316,418	316,418	310,839	5,579
Transfers out	-	-	60,933	(60,933)
Payment to refunded bond escrow agent	2,942,014	2,721,828	2,721,828	-
<b>Total Charges to Appropriations</b>	<b>3,333,432</b>	<b>3,333,432</b>	<b>3,388,786</b>	<b>(55,354)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 929,704</b>	<b>\$ 929,704</b>	<b>\$ 874,369</b>	<b>\$ (55,335)</b>



CITY OF LOS ALAMITOS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2016

	Governmental Activities		
	Garage	Technology Replacement	Police Capital Expenditures
<b>Assets</b>			
Current:			
Cash and investments	\$ 140,752	\$ 185,132	\$ 878,161
Prepaid costs	-	4,357	-
<b>Total Current Assets</b>	<b>140,752</b>	<b>189,489</b>	<b>878,161</b>
Noncurrent:			
Capital assets, net of accumulated depreciation	191,684	9,398	-
<b>Total Noncurrent Assets</b>	<b>191,684</b>	<b>9,398</b>	<b>-</b>
<b>Total Assets</b>	<b>332,436</b>	<b>198,887</b>	<b>878,161</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension related items	18,752	-	-
<b>Total Deferred Outflows of Resources</b>	<b>18,752</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Current:			
Accounts payable	15,413	3,707	-
Accrued liabilities	20,667	-	-
Claims payable	-	-	-
<b>Total Current Liabilities</b>	<b>36,080</b>	<b>3,707</b>	<b>-</b>
Noncurrent:			
Net pension liability	178,168	-	-
<b>Total Noncurrent Liabilities</b>	<b>178,168</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>214,248</b>	<b>3,707</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension related items	25,272	-	-
<b>Total Deferred Inflows of Resources</b>	<b>25,272</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>			
Investment in capital assets	191,684	9,398	-
Unrestricted	(80,016)	185,782	878,161
<b>Total Net Position</b>	<b>\$ 111,668</b>	<b>\$ 195,180</b>	<b>\$ 878,161</b>

<b>Governmental Activities</b>		
<b>Facilities, Streets, Parks, and Pool Capital Expenditures</b>	<b>Self Insurance Trust</b>	<b>Total Internal Service Funds</b>
\$ 391,577	\$ 350,000	\$ 1,945,622
-	-	4,357
<b>391,577</b>	<b>350,000</b>	<b>1,949,979</b>
-	-	201,082
-	-	<b>201,082</b>
<b>391,577</b>	<b>350,000</b>	<b>2,151,061</b>
-	-	18,752
-	-	<b>18,752</b>
-	-	19,120
-	-	20,667
-	133,650	133,650
-	<b>133,650</b>	<b>173,437</b>
-	-	178,168
-	-	<b>178,168</b>
-	<b>133,650</b>	<b>351,605</b>
-	-	25,272
-	-	<b>25,272</b>
-	-	201,082
391,577	216,350	1,591,854
<b>\$ 391,577</b>	<b>\$ 216,350</b>	<b>\$ 1,792,936</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016

	Governmental Activities		
	Garage	Technology Replacement	Police Capital Expenditures
<b>Operating Revenues</b>			
Charges for services	\$ 234,018	\$ 147,695	\$ -
<b>Total Operating Revenues</b>	<b>234,018</b>	<b>147,695</b>	<b>-</b>
<b>Operating Expenses</b>			
Personnel services	103,895	-	-
Supplies and materials	113,420	13,849	62,148
Outside services	31,209	97,589	58,316
Claims expense	-	-	-
Depreciation expense	120,734	5,093	-
<b>Total Operating Expenses</b>	<b>369,258</b>	<b>116,531</b>	<b>120,464</b>
Operating Income (Loss)	(135,240)	31,164	(120,464)
<b>Nonoperating Revenues (Expenses)</b>			
Insurance reimbursements	1,831	-	-
Gain (loss) on disposal of capital assets	994	(5,982)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,825</b>	<b>(5,982)</b>	<b>-</b>
Income (Loss) Before Transfers	(132,415)	25,182	(120,464)
Transfers in	-	-	171,898
Changes in Net Position	(132,415)	25,182	51,434
Net Position, Beginning of Year	244,083	169,998	826,727
<b>Net Position, End of Year</b>	<b>\$ 111,668</b>	<b>\$ 195,180</b>	<b>\$ 878,161</b>

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<b>Governmental Activities</b>		
<b>Facilities, Streets, Parks, and Pool Capital Expenditures</b>	<b>Self Insurance Trust</b>	<b>Total Internal Service Funds</b>
\$ -	\$ -	\$ 381,713
-	-	<b>381,713</b>
-	-	103,895
-	-	189,417
-	-	187,114
-	133,650	133,650
-	-	125,827
-	<b>133,650</b>	<b>739,903</b>
-	(133,650)	(358,190)
-	-	1,831
-	-	(4,988)
-	-	<b>(3,157)</b>
-	(133,650)	(361,347)
-	350,000	521,898
-	216,350	160,551
391,577	-	1,632,385
<b>\$ 391,577</b>	<b>\$ 216,350</b>	<b>\$ 1,792,936</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>		
	<u>Garage</u>	<u>Technology Replacement</u>	<u>Police Capital Expenditures</u>
<b>Cash Flows from Operating Activities</b>			
Cash received from interfund charges for services	\$ 234,018	\$ 147,695	\$ -
Cash paid to suppliers for goods and services	(143,786)	(108,976)	(120,464)
Cash paid to employees for services	(95,976)	-	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(5,744)</b>	<b>38,719</b>	<b>(120,464)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Cash transfers in	-	-	171,898
Insurance reimbursements	1,831	-	-
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>1,831</b>	<b>-</b>	<b>171,898</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(57,395)	-	-
Proceeds from sales of capital assets	3,755	-	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(53,640)</b>	<b>-</b>	<b>-</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(57,553)	38,719	51,434
Cash and Cash Equivalents, Beginning of Year	198,305	146,413	826,727
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 140,752</b>	<b>\$ 185,132</b>	<b>\$ 878,161</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ (135,240)	\$ 31,164	\$ (120,464)
<b>Adjustments to Reconcile Operating Income (Loss) Net Cash Provided by (Used for) Operating Activities</b>			
Depreciation	120,734	5,093	-
Increase in accounts payable	843	2,462	-
Increase in accrued liabilities	17,632	-	-
Increase in claims payable	-	-	-
Decrease in compensated absences	(16,856)	-	-
Increase in salaries and benefits	7,143	-	-
<b>Total Adjustments</b>	<b>129,496</b>	<b>7,555</b>	<b>-</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (5,744)</b>	<b>\$ 38,719</b>	<b>\$ (120,464)</b>

<b>Governmental Activities</b>		
<b>Facilities, Streets, Parks, and Pool Capital Expenditures</b>	<b>Self Insurance Trust</b>	<b>Total Internal Service Funds</b>
\$ -	\$ -	\$ 381,713
-	-	(373,226)
-	-	(95,976)
-	-	<b>(87,489)</b>
-	350,000	521,898
-	-	1,831
-	<b>350,000</b>	<b>523,729</b>
-	-	(57,395)
-	-	3,755
-	-	<b>(53,640)</b>
-	350,000	382,600
391,577	-	1,563,022
<b>\$ 391,577</b>	<b>\$ 350,000</b>	<b>\$ 1,945,622</b>
\$ -	\$ (133,650)	\$ (358,190)
-	-	125,827
-	-	3,305
-	-	17,632
-	133,650	133,650
-	-	(16,856)
-	-	7,143
-	<b>133,650</b>	<b>270,701</b>
<b>\$ -</b>	<b>\$ -</b>	<b>\$ (87,489)</b>



## STATISTICAL SECTION



**CITY OF LOS ALAMITOS**

**DESCRIPTION OF STATISTICAL SECTION CONTENTS  
JUNE 30, 2016**

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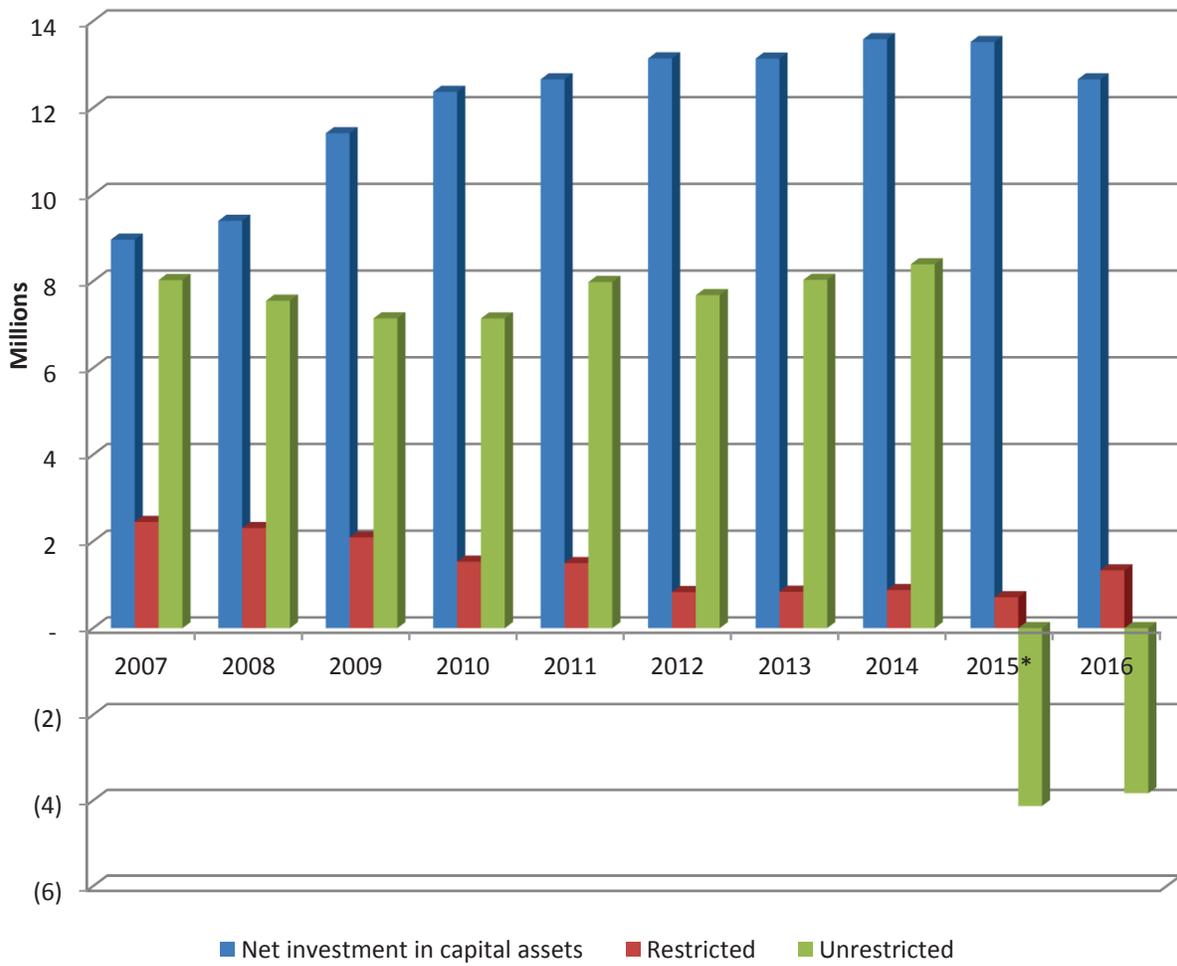
This part of the City of Los Alamitos’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government’s overall financial health.

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<u>Revenue Capacity:</u> these schedules contain trend information to help the reader assesses the factors affecting the City’s most significant revenue source, property tax. ....	118
<u>Debt Capacity:</u> these schedules present information to help the reader assesses the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.....	126
<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.....	129
<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. ....	132

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 8,962	\$ 9,396	\$ 11,415	\$ 12,370
Restricted	2,449	2,309	2,093	1,533
Unrestricted	8,029	7,553	7,146	7,144
Total governmental activities net position	<u>\$ 19,440</u>	<u>\$ 19,258</u>	<u>\$ 20,654</u>	<u>\$ 21,047</u>



Source: City of Los Alamitos, Administrative Services Department

\* In Fiscal Year 2014-15 the City implemented GASB Statement No. 68, which resulted in a \$12.8 million decrease to the City's net position in relation to accounting for the City's net pension liability and related deferrals.

Fiscal Year					
2011	2012	2013	2014	2015*	2016
\$ 12,659	\$ 13,143	\$ 13,138	\$ 13,585	\$ 13,519	\$ 12,658
1,500	832	841	878	713	1,334
7,984	7,681	8,034	8,393	(4,126)	(3,828)
<u>\$ 22,143</u>	<u>\$ 21,656</u>	<u>\$ 22,013</u>	<u>\$ 22,856</u>	<u>\$ 10,106</u>	<u>\$ 10,164</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,523	\$ 3,178	\$ 2,704	\$ 2,224
Public safety	4,449	4,922	5,095	5,068
Community development	743	700	578	578
Recreation and community services	1,902	2,162	2,114	1,583
Public works	1,445	1,592	1,616	1,922
Interest and fiscal charges	125	209	155	156
Total governmental activities expenses	<u>11,187</u>	<u>12,763</u>	<u>12,262</u>	<u>11,531</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	10	33	88	117
Public safety	659	770	663	618
Community development	54	52	75	73
Recreation and community services	762	1,015	1,100	1,180
Public works	-	-	-	-
Operating grants	638	921	1,315	388
Capital grants and contributions	30	191	1,123	708
Total governmental activities program revenues	<u>2,153</u>	<u>2,982</u>	<u>4,364</u>	<u>3,084</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(9,034)	(9,781)	(7,898)	(8,447)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property	2,354	2,484	2,545	2,654
Utility users tax	2,165	2,178	2,232	2,178
Transient occupancy	93	101	78	70
Sales	3,098	2,912	2,514	2,349
Franchise	602	595	603	584
Business license	475	606	788	574
Other	129	63	55	65
	<u>8,916</u>	<u>8,939</u>	<u>8,815</u>	<u>8,474</u>
Motor vehicle in lieu	70	54	41	36
Investment income	452	277	142	39
Gain on Sale of property	-	9	6	5
Other	621	389	289	287
Total governmental activities	<u>10,059</u>	<u>9,668</u>	<u>9,293</u>	<u>8,841</u>
<b>Changes in Net Position</b>				
Governmental activities	<u>\$ 1,025</u>	<u>\$ (113)</u>	<u>\$ 1,395</u>	<u>\$ 394</u>

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,659	\$ 2,376	\$ 1,377	\$ 2,223	\$ 2,646	\$ 2,976
4,912	5,545	5,393	5,691	5,463	5,732
527	705	745	843	714	685
1,568	1,770	1,957	1,700	1,772	1,834
1,905	2,007	2,709	2,839	2,592	2,339
153	150	168	140	138	302
<u>10,724</u>	<u>12,553</u>	<u>12,349</u>	<u>13,436</u>	<u>13,325</u>	<u>13,868</u>
43	3	-	385	205	225
641	511	637	735	752	808
150	280	435	113	141	80
1,230	1,266	1,295	1,242	1,301	1,225
-	-	-	18	2	139
533	112	119	323	293	398
890	524	349	1,739	629	530
<u>3,487</u>	<u>2,696</u>	<u>2,835</u>	<u>4,555</u>	<u>3,323</u>	<u>3,405</u>
(7,237)	(9,857)	(9,514)	(8,881)	(10,002)	(10,463)
2,529	3,143	3,734	2,733	2,954	3,118
2,132	2,083	2,160	2,188	2,210	2,092
80	88	104	113	132	156
2,148	2,200	2,117	2,836	3,064	3,357
595	683	653	689	712	709
471	618	694	551	563	566
85	347	284	334	348	251
<u>8,040</u>	<u>9,162</u>	<u>9,746</u>	<u>9,444</u>	<u>9,983</u>	<u>10,249</u>
62	6	5	-	-	-
27	15	27	13	30	86
140	3	37	-	-	-
89	207	36	267	146	185
<u>8,358</u>	<u>9,393</u>	<u>9,851</u>	<u>9,724</u>	<u>10,159</u>	<u>10,520</u>
<u>\$ 1,121</u>	<u>\$ (464)</u>	<u>\$ 337</u>	<u>\$ 843</u>	<u>\$ 157</u>	<u>\$ 57</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			
	2007	2008	2009	2010
<b>General Fund</b>				
Nonspendable				
Committed				
Restricted				
Assigned				
Unassigned				
Reserved	\$ 6	\$ 25	\$ 25	\$ 5
Unreserved, designated	-	2,800	2,800	2,800
Unreserved, undesignated	6,776	3,078	3,305	3,418
<b>Total General Fund</b>	<u>6,782</u>	<u>5,903</u>	<u>6,130</u>	<u>6,223</u>
<b>All Other Governmental Funds</b>				
Nonspendable				
Restricted				
Assigned				
Unassigned				
Reserved	-	-	274	261
Unreserved, designated reported in:				
Special revenue funds	-	219	215	216
Unreserved, reported in:				
Special revenue funds	2,078	2,098	1,211	1,120
Debt service funds	256	262	-	-
Capital projects funds	902	1,040	1,067	1,008
<b>Total All Other Governmental Funds</b>	<u>3,236</u>	<u>3,619</u>	<u>2,767</u>	<u>2,605</u>
<b>Total All Governmental Funds</b>	<u>\$ 10,018</u>	<u>\$ 9,522</u>	<u>\$ 8,897</u>	<u>\$ 8,828</u>

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

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 4	\$ 7	\$ 6	\$ 8	\$ 684	\$ 59
-	-	-	-	3,274	3,247
-	-	-	-	-	-
3,250	3,250	3,770	7,049	4,210	4,103
4,161	4,496	4,085	1,218	(644)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,415</u>	<u>7,753</u>	<u>7,861</u>	<u>8,275</u>	<u>7,524</u>	<u>7,409</u>
-	-	-	-	-	-
1,550	1,073	888	829	1,063	1,333
1,201	724	898	677	390	1,001
(167)	(146)	(223)	(1,240)	-	-
<u>2,584</u>	<u>1,651</u>	<u>1,563</u>	<u>266</u>	<u>1,453</u>	<u>2,334</u>
<u>\$ 9,999</u>	<u>\$ 9,404</u>	<u>\$ 9,424</u>	<u>\$ 8,541</u>	<u>\$ 8,977</u>	<u>\$ 9,743</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)

	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 8,228	\$ 8,725	\$ 8,387	\$ 7,915
Licenses and permits	475	606	806	604
Intergovernmental	1,165	949	1,671	1,542
Charges for services	843	1,105	1,248	1,256
Investment earnings	413	369	198	39
Fines and forfeitures	634	751	651	622
Other	231	299	60	189
<b>Total Revenues</b>	<u>11,989</u>	<u>12,804</u>	<u>13,021</u>	<u>12,167</u>
<b>Expenditures</b>				
General government	2,604	2,739	2,219	2,132
Public safety	4,511	4,798	4,993	4,923
Community development	607	694	574	562
Recreation and community services	2,258	2,118	2,073	1,517
Public works	1,398	1,461	1,483	1,717
Capital outlay	-	556	2,165	1,260
Debt service:				
Principal retirement	-	15	55	61
Payment to refunded bond escrow agent	-	-	-	-
Interest and fiscal charges	121	157	155	152
<b>Total Expenditures</b>	<u>11,499</u>	<u>12,538</u>	<u>13,717</u>	<u>12,324</u>
Excess of revenues over/(under) expenditures	<u>490</u>	<u>266</u>	<u>(696)</u>	<u>(157)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	969	731	816	635
Transfers out	(969)	(1,425)	(745)	(546)
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>(694)</u>	<u>71</u>	<u>89</u>
<b>Net change in fund balances</b>	<u>\$ 490</u>	<u>\$ (428)</u>	<u>\$ (625)</u>	<u>\$ (68)</u>
Debt service as a percentage of noncapital expenditures	1.052%	1.435%	1.818%	1.925%

(1) Increase in debt service related to issuance of 2015 Certificates of Participation

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year						
	2011	2012	2013	2014	2015	2016
\$	8,027	\$ 8,087	\$ 9,042	\$ 9,420	\$ 10,337	\$ 10,559
	629	1,247	694	937	205	225
	1,047	475	531	150	1,609	245
	1,379	1,320	1,752	1,396	1,403	1,459
	27	15	9	2	30	86
	602	450	615	710	737	781
	245	197	36	581	454	460
	<u>11,956</u>	<u>11,791</u>	<u>12,679</u>	<u>13,196</u>	<u>14,775</u>	<u>13,815</u>
	1,892	2,106	1,900	2,097	2,379	2,735
	4,748	4,913	5,280	5,874	5,513	5,711
	526	623	737	830	694	657
	1,527	1,570	1,889	1,620	1,730	1,739
	1,654	1,779	1,831	1,686	1,771	1,963
	523	1,183	806	1,744	830	213
	60	65	72	70	76	75
	-	-	-	-	-	220
	150	147	144	141	138	311
	<u>11,080</u>	<u>12,386</u>	<u>12,659</u>	<u>14,062</u>	<u>13,131</u>	<u>13,624</u>
	<u>876</u>	<u>(595)</u>	<u>20</u>	<u>(866)</u>	<u>1,644</u>	<u>191</u>
	960	715	588	606	684	681
	(621)	(715)	(588)	(621)	(1,892)	(1,203)
	-	-	-	-	-	3,685
	-	-	-	-	-	133
	-	-	-	-	-	(2,722)
	<u>339</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(1,208)</u>	<u>574</u>
\$	<u>1,215</u>	<u>(595)</u>	<u>20</u>	<u>(881)</u>	<u>436</u>	<u>765</u>
	1.966%	1.878%	1.732%	1.593%	1.665%	2.319%
						(1)

CITY OF LOS ALAMITOS  
 2015/16 Use Category Summary-Basic Property Value Table  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

<u>Category</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	\$ 804,318	\$ 865,371	\$ 898,176	\$ 897,118	\$ 925,857	\$ 935,865
Commercial	240,837	262,971	284,259	289,009	283,221	278,086
Industrial	190,378	205,802	243,442	248,721	246,247	247,130
Institutional	59	60	61	62	-	-
Miscellaneous	27,387	28,802	627	1,753	1,749	1,762
Recreational	132	-	-	-	-	-
Vacant land	1,894	839	859	876	-	-
SBE Nonunitary	462	459	222	222	222	222
Cross Reference	-	-	3,106	3,285	3,477	3,367
Unsecured	151,067	156,734	149,735	148,625	155,295	138,185
Other	(2)	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,416,532</b>	<b>\$ 1,521,038</b>	<b>\$ 1,580,487</b>	<b>\$ 1,589,671</b>	<b>\$ 1,616,068</b>	<b>\$ 1,604,617</b>
Direct rate	0.10065%	0.10064%	0.10072%	0.10067%	0.10066%	0.10066%

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	957,266	\$ 994,876	\$ 1,057,040	\$ 1,117,850
	288,363	288,722	309,701	351,113
	252,384	253,201	253,653	260,291
	-	-	-	-
	1,797	-	-	-
	-	-	-	-
	-	8,917	8,449	9,710
	222	222	222	222
	4,327	3,453	3,265	3,083
	134,342	119,933	143,801	138,386
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
\$	1,638,701	\$ 1,669,324	\$ 1,776,131	\$ 1,880,655
	0.10067%	0.10090%	0.11700%	0.11570%



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

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions (1)	Taxable Assessed Value (2)	Total Direct Tax Rate
2007	\$ 1,265,004	\$ 151,571	\$ -	\$ 1,416,575	0.116
2008	1,363,845	157,613	-	1,521,458	0.117
2009	1,430,530	149,956	-	1,580,486	0.117
2010	1,440,825	148,847	-	1,589,672	0.117
2011	1,460,551	155,517	-	1,616,068	0.117
2012	1,466,210	138,407	-	1,604,617	0.117
2013	1,504,137	134,564	-	1,638,701	0.117
2014	1,549,169	120,155	-	1,669,324	0.117
2015	1,632,108	144,023	-	1,776,131	0.117
2016	1,742,048	138,608	-	1,880,656	0.116

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

(2) Total includes Nonunitary Taxable Assessed Values.

Note:

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

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City Direct Rate	0.116	0.117	0.117	0.117	0.117	0.117
Overlapping Rates:						
Los Alamitos City General Fund	0.100	0.100	0.100	0.101	0.101	0.101
Los Alamitos City Lighting Reorganization	0.016	0.016	0.016	0.016	0.016	0.016
Educational Revenue Augmentation Fund	0.145	0.145	0.144	0.144	0.144	0.144
Los Alamitos Unified General Fund	0.412	0.412	0.412	0.412	0.412	0.412
North Orange Co. Community College District	0.059	0.059	0.059	0.059	0.059	0.059
Orange County Department of Education	0.031	0.031	0.031	0.031	0.031	0.031
Orange County Fire Department	0.095	0.095	0.095	0.095	0.095	0.095
Orange County Flood Control District General	0.017	0.017	0.017	0.017	0.017	0.017
Orange County General Fund	0.052	0.052	0.052	0.052	0.052	0.052
Orange County Harbors Beaches & Parks Csa	0.013	0.013	0.013	0.013	0.013	0.013
Orange County Library District General Fund	0.014	0.014	0.014	0.014	0.014	0.014
Orange County Sanitation District 3 Operating	0.027	0.027	0.027	0.027	0.027	0.027
Orange County Transportation Authority	0.002	0.002	0.002	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006	0.006	0.006	0.006
Orange County Water District reserve	0.001	0.000	0.001	0.000	0.000	0.000
Rossmoor/Los Alamitos Sewer District	0.009	0.010	0.010	0.010	0.010	0.010
Total Prop 13 Rate	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Anaheim High School District	0.024	0.025	0.024	0.026	0.027	0.027
Cypress Elementary	0.000	0.000	0.000	0.022	0.026	0.015
Garden Grove Unified School District	0.000	0.000	0.000	0.000	0.033	0.025
Los Alamitos Sfid	0.000	0.000	0.000	0.020	0.033	0.036
Metropolitan Water District	0.005	0.005	0.004	0.004	0.004	0.004
N. Orange County Community College	0.014	0.015	0.015	0.018	0.017	0.017
Total Voter Approved tax Rate	<u>0.043</u>	<u>0.045</u>	<u>0.043</u>	<u>0.089</u>	<u>0.141</u>	<u>0.124</u>
Total Tax Rate	<u>1.042</u>	<u>1.045</u>	<u>1.020</u>	<u>1.089</u>	<u>1.141</u>	<u>1.124</u>

Source: HdL Coren and Cone, Orange County Assessor 2006/2007 - 2015/2016 Tax Rate Table

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
0.117	0.117	0.117	0.116
0.101	0.101	0.101	0.101
0.016	0.016	0.016	0.016
0.144	0.144	0.144	0.145
0.412	0.412	0.411	0.412
0.059	0.059	0.059	0.059
0.031	0.031	0.031	0.031
0.095	0.095	0.095	0.095
0.017	0.017	0.017	0.017
0.052	0.052	0.052	0.052
0.013	0.013	0.013	0.013
0.014	0.014	0.014	0.014
0.027	0.027	0.027	0.027
0.002	0.002	0.002	0.002
0.001	0.001	0.001	0.001
0.006	0.006	0.006	0.006
0.000	0.000	0.001	0.000
0.010	0.010	0.010	0.010
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
0.029	0.026	0.024	0.049
0.025	0.027	0.023	0.025
0.031	0.037	0.041	0.047
0.042	0.056	0.048	0.052
0.004	0.003	0.004	0.004
0.019	0.017	0.017	0.030
<u>0.150</u>	<u>0.166</u>	<u>0.157</u>	<u>0.207</u>
<u>1.150</u>	<u>1.166</u>	<u>1.157</u>	<u>1.207</u>

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

	2016		2007	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 104,326	5.547%	\$ 61,900	4.370%
Los Alamitos Corporation Center JV	55,556	2.954%		
Trend Offset Printing Inc.	49,601	2.637%	57,940	4.090%
Henrietta C. Lee Trust			49,784	3.514%
Don Wilson Staples LLC	31,555	1.678%		
CGM Katella LLC	18,232	0.969%		
JCB Inc.	17,728	0.943%	15,495	1.094%
Ganahl Lumber Company	15,592	0.829%		
Apartments Unlimited			14,463	1.021%
Arrowhead Products Corporation	13,650	0.726%	12,779	0.902%
Katella Property Owner LLC	13,000	0.691%		
Bayport Los Alamitos Associates LP	12,912	0.687%	11,340	0.801%
Laeroc 2002 Katella			10,987	0.776%
Verizon Directories Distribution			11,443	0.808%
Los Alamitos LLC			9,919	0.700%
Top Ten Totals	<u>\$ 332,152</u>	<u>17.661%</u>	<u>\$ 256,050</u>	<u>18.075%</u>
City Totals	<u>\$ 1,880,656</u>		<u>\$ 1,416,574</u>	

Source: HdL Coren and Cone, Orange County Assessor 2006/07 and 2015/16 Tax Rolls

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections for Prior Years (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$ 1,555,871	\$1,501,044	96.476%	22,569	\$ 1,523,613	97.927%
2008	1,647,608	1,583,142	96.087%	32,579	1,615,720	98.065%
2009	1,680,414	1,619,026	96.347%	(3,594)	1,615,433	96.133%
2010	1,677,973	1,358,634	80.969%	56,169	1,414,803	84.316%
2011	1,706,675	1,656,579	97.065%	37,679	1,694,258	99.272%
2012	1,863,810	1,776,861	95.335%	36,779	1,813,640	97.308%
2013	2,013,958	1,959,000	97.271%	24,090	1,983,090	98.467%
2014	2,010,346	1,981,110	98.546%	24,524	2,005,634	99.766%
2015	2,130,906	2,081,181	97.666%	19,659	2,100,840	98.589%
2016	2,261,032	2,220,841	98.222%	18,519	2,239,360	99.041%

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

Source: Orange County Auditor- Controller

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

Fiscal Year	Governmental Activities Certificates of Participation	Total Primary Government	Debt as a Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
2007	\$ 3,365	\$ 3,365	0.848%	\$281.21
2008	3,350	3,350	0.800%	278.05
2009	3,295	3,295	0.774%	271.69
2010	3,235	3,235	0.781%	265.14
2011	3,175	3,175	0.789%	258.76
2012	3,110	3,110	0.743%	269.10
2013	3,055	3,055	0.693%	262.77
2014	2,970	2,970	0.668%	253.22
2015	2,895	2,895	0.662%	246.91
2016	3,685	3,685	0.874%	313.94

<sup>1</sup> Ratio is calculated using personal income and population data for the prior calendar year

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS  
 Direct and Overlapping Governmental Activity Debt  
 As of June 30, 2016  
 (amounts expressed in thousands)

2015-2016 Taxable Assessed Valuation: \$ 1,880,656

	Total Debt <u>6/30/2016</u>	Percent Applicable to City (1)	City's Share of Debt <u>6/30/2016</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 92,685	0.077%	71
North Orange County Joint Community College District	271,564	1.669%	4,532
Garden Grove Unified School District	240,640	0.013%	31
Los Alamitos Unified District School Facilities Improvement Dist #1	100,990	22.377%	22,599
Anaheim Union High School District	144,804	0.073%	106
Cypress School District	41,782	0.478%	<u>200</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ <u>27,539</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 124,614	0.378%	\$ 471
Orange County Pension obligations	353,418	0.378%	1,336
Orange County Board of Education Certificates of Participation	14,840	0.378%	56
Municipal Water District of Orange County Water Facilities Corp	2,770	0.451%	12
Los Alamitos Unified School District Certificates of Participation	42,003	20.301%	8,527
Anaheim Union High School District Certificates of Participation	5,000	0.073%	4
Cypress School District Certificates of Participation	7,365	0.478%	35
North Orange County Regional Occupational Program Certificates	10,190	1.714%	175
City of Los Alamitos Certificates of Participation	3,685	100.000%	<u>3,685</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ <u>14,301</u>
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>12</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 14,289
TOTAL DIRECT DEBT			\$ 3,685
GROSS OVERLAPPING DEBT			\$ 38,155
TOTAL NET OVERLAPPING DEBT			\$ 38,143
GROSS COMBINED TOTAL DEBT (2)			\$ 41,840 (2)
NET COMBINED TOTAL DEBT			\$ 41,828

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.46%
<b>Total Direct Debt (3,685,000).....</b>	<b>0.20%</b>
Gross Combined Total Debt.....	2.22%
Net Combined Total Debt.....	2.22%

Source -California Municipal Statistics, Inc.

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

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 1,880,655,792
Debt limit (15% of assessed value)	282,098,369
Debt applicable to limit	-
Legal debt margin - Current Year	<u>\$ 282,098,369</u>

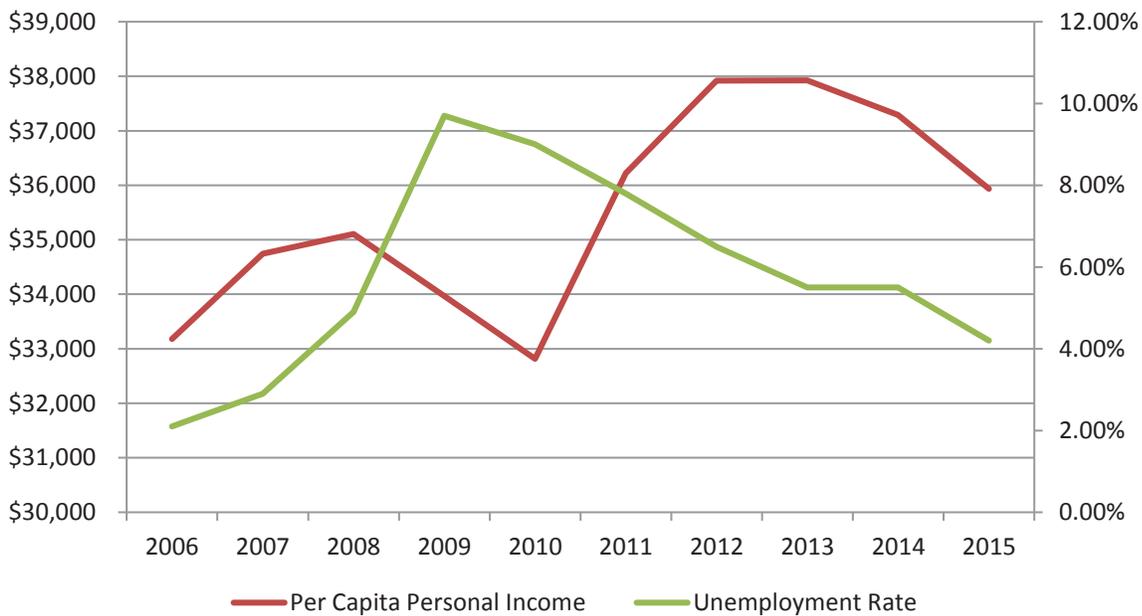
Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2007	\$ 212,479,850	\$ -	\$ 212,479,850	\$ -
2008	228,155,675	-	212,479,850	-
2009	237,073,010	-	228,155,675	-
2010	238,450,720	-	237,073,010	-
2011	242,410,136	-	238,450,720	-
2012	240,628,038	-	240,628,038	-
2013	245,805,113	-	245,805,113	-
2014	250,398,597	-	245,805,113	-
2015	266,419,511	-	266,419,511	-
2016	282,098,369	-	282,098,369	-

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2006	11,966	\$ 396,990	\$ 33,177	2.10%
2007	12,048	418,572	34,742	2.90%
2008	12,128	425,740	35,104	4.90%
2009	12,201	414,466	33,970	9.70%
2010	12,270	402,640	32,815	9.00%
2011	11,557	418,606	36,221	7.80%
2012	11,626	440,823	37,917	6.50%
2013	11,729	444,811	37,924	5.50%
2014	11,725	437,214	37,289	5.50%
2015	11,738	421,786	35,933	4.20%

**Per Capita Personal Income and Unemployment**



Sources: Population: California State Department of Finance  
 Unemployment Rate: California Employment Development Department  
 Personal Income and Per Capita Income: ESRI



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

Employer	2015-16			2006-07		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Los Alamitos Medical Center	1,100	1	11.82%			
Arrowhead Products	960	2	10.31%	600	3	10.41%
Trend Offset Printing Services	625	3	6.71%	609	2	10.57%
Katella Deli	184	4	1.98%	150	9	2.60%
Alamitos West Health Care Center	156	5	1.68%			
Ganahl Lumber	138	6	1.48%			
Millie and Severson, Inc	129	7	1.39%			
Bearing Inspection, Inc.	97	8	1.04%	151	8	2.62%
College Park Realty, Inc.	92	9	0.99%			
Bar Bakers LLC	92	10	0.99%			
Pepsi Cola Federation Credit Union				800	1	13.88%
Idearc Media				400	4	6.94%
Kdc Inc				399	5	6.92%
Dob Sab Inc				300	6	5.20%
Bloomfield Bakers				170	7	2.95%
Pacific Edge International				150	10	2.60%
	<u>3,573</u>		<u>38.38%</u>	<u>3,729</u>		<u>64.69%</u>

Source: City of Los Alamitos, Administrative Services Department

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government							
City Council	5	5	5	5	5	5	5
Administration	9	11	10	9	8	8	8
Community Development							
Administration	2	2	2	2	2	2	1
Planning	1	1	1	1	1	1	1
Code Enforcement	1	1	1	1	1	1	1
Police							
Administration	4	4	4	4	4	4	4
Patrol	21	20	21	18	19	19	19
Investigation	3	3	3	3	3	3	3
Records	2	2	2	2	2	2	2
Crossing Guards	3	4	3	2	2	2	3
Other PD Support	4	2	4	2	2	2	2
Public Works							
Admin/Engineering	3	3	3	2	1	1	1
Maintenance	13	11	11	11	10	10	10
Mechanic	1	1	1	1	1	1	1
Recreation & Community Services							
Administration	4	4	4	4	4	4	5
Recreation/Cultural	20	24	22	19	18	17	15

Source: City of Los Alamitos, Administrative Services Department

<u>2014</u>	<u>2015</u>	<u>2016</u>
5	5	5
8	8	8
1	1	1
1	1	1
1	1	1
4	4	4
19	19	19
3	3	3
2	2	2
3	3	3
2	2	2
1	1	1
10	10	10
1	1	1
5	5	5
15	15	15

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Community Development						
Number of:						
Business licenses	NA	NA	1,900	1,900	1,921	2,048
Plan checks	91	60	76	74	105	119
NPDES inspections	208	129	96	53	240	152
Code violations	911	520	432	442	402	352
Police						
Number of:						
Part 1 crimes	447	396	375	326	347	356
Parking violations	3,094	1,882	2,751	2,382	2,389	1,893
Traffic (moving) violations	2,554	2,903	1,997	1,848	1,810	1,877
Incident & crime reports	2,045	1,713	1,538	1,380	1,320	1,356
Public Works						
Square yd of street resurfacing/repair	-	100,963	55,455	64,600	2,500	11,600
Miles of street sweeping	40	33	33	33	33	33
Number of:						
Street signal maintained	20	24	24	24	24	24
Trees pruned per year	600	151	350	200	500	1,230
Square feet graffiti removal	1,300	140	2,000	1,800	1,700	1,625
Recreation & Community Services						
Total in attendance:						
Aquatics	125,331	123,180	200,000	210,000	215,000	225,000
Community Services/Seniors	14,771	11,440	10,150	10,000	9,500	9,700
Day Camp	1,062	3,245	2,400	2,400	2,500	2,500
Park Program	4,328	3,521	1,400	1,000	1,100	1,250
Sports	N/A	N/A	N/A	N/A	N/A	N/A
Classes	2,630	11,464	6,200	6,500	6,600	6,400
Special Events	24,300	32,900	33,000	35,000	36,000	34,000

NA - Not Available

\* The Joint Forces Training Base (JFTB) took over operations of the pool in February 2016. The City continues to offer swimming lessons whereas all other City-managed aquatics programs have ceased due to the change in management at the pool.

Source: City of Los Alamitos, Administrative Services Department

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1,964	2,089	2,227	2,169
141	110	95	96
126	57	104	60
97	147	121	267
433	330	299	252
1,532	1,766	3,283	3,963
2,177	2,354	1,786	1,473
1,361	1,293	1,381	1,167
38,800	20,000	15,000	-
33	33	33	33
24	25	25	25
632	620	615	991
1,650	1,550	1,245	1,205
230,000	232,000	235,000	163,000 *
9,800	10,500	10,500	13,180
2,600	2,800	2,900	2,800
1,400	2,600	4,385	4,262
N/A	N/A	N/A	35,500
6,400	6,300	6,900	8,900
35,000	35,000	35,200	36,475

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Community Development							
Code enforcement vehicles	1	1	1	1	1	1	1
Police							
Stations	1	1	1	1	1	1	1
Patrol Vehicles	9	9	9	8	8	7	7
Other Vehicles	10	10	11	9	9	8	8
Public Works							
Streets (Miles)	32.9	32.9	32.9	32.9	32.9	32.9	32.9
Street lights	910	910	910	910	910	910	910
Traffic signals	23	24	24	24	24	24	24
Public works vehicles	14	14	15	12	12	13	13
Recreation & Community Services							
Youth centers	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1
Parks	9	9	9	9	9	9	9
Community service vehicles	2	2	2	2	2	2	2

Source: City of Los Alamitos, Administrative Services Department

2014      2015      2016

1            1            1

1            1            1

7            7            7

9            9            9

32.9        32.9        32.9

911         911         911

25          25          25

13          13          13

1            1            1

1            1            1

9            9            9

2            2            2

