



CITY OF
Los Alamitos
California

**Comprehensive Annual
Financial Report
Fiscal Year
Ended June 30, 2017**



CITY OF LOS ALAMITOS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2017

Prepared by:
MARIA-LUISA VALDEZ
INTERIM ADMINISTRATIVE SERVICES DIRECTOR



CITY OF LOS ALAMITOS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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November 27, 2017

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, 2017.

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, 2017. 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 11,636 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 Woodruff, Spradlin & Smart 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 4.3% compared to 4.1% a year ago.

The City of Los Alamitos relies heavily on taxes, its primary source of revenue, comprising approximately 80% 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 property tax revenues have increased over the past years and are expected to continue to increase next year, based upon an increase in assessed valuations of 3%. The City's sales tax revenues are expected to continue to show positive growth from FY16-17, which reflects a strong robust and thriving local economy. 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 slightly decrease next fiscal year by approximately \$10,000. However, the City's 2017-18 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, 2017, the City's General Fund had fund balance committed and assigned of approximately \$7.5 million. Of this amount, \$3.3 million is committed for emergencies. Assigned fund balance amounts to approximately \$4.2 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 2017-18 Fiscal Year, which were paid during the 2016-17 Fiscal Year.

Annually, the City updates a five (5) year Capital Improvement Program (CIP). The Capital Improvement Program for Fiscal Year 2017-18 totals \$1,996,484. Projects include, but are not limited to, the Los Alamitos Boulevard Revitalization Project, Old Dutch Haven Neighborhood Street Project, 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, 2016. 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,



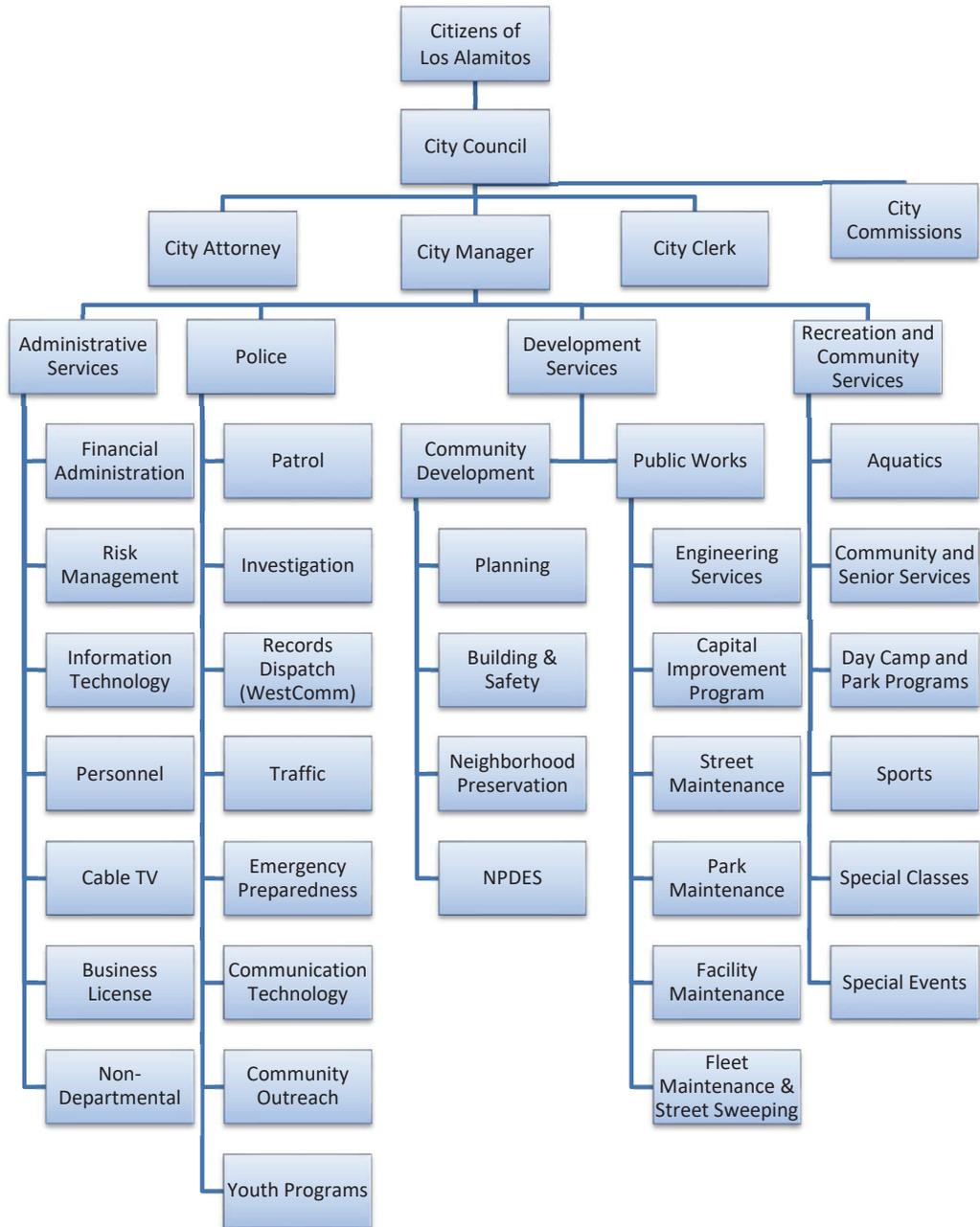
Bret M. Plumlee
City Manager



Maria-Luisa Valdez
Interim Administrative Services
Director/Treasurer

CITY OF LOS ALAMITOS

ORGANIZATIONAL CHART



CITY OF LOS ALAMITOS

DIRECTORY OF OFFICIALS

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
Michael S. Daudt, City Attorney
Windmera Quintanar, City Clerk

EXECUTIVE MANAGEMENT

Eric R. Nunez, Chief of Police
Steven Mendoza, Development Services Director
David Hunt, City Engineer
Corey Lakin, Director of Recreation and Community Services
Maria-Luisa Valdez, Interim 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, 2016

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 City of Los Alamitos, California, (the City) as of and for the year ended June 30, 2017, 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.



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

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, 2017, 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.

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, the schedule of plan contributions, and the schedule of funding progress 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 nonmajor 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 nonmajor 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.



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 November 27, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 & Lingham, LLP

Brea, California
November 27, 2017



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, 2017. 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	
	2017	2016
Current and other assets	\$ 12,511,935	\$ 13,054,279
Capital assets	17,975,812	16,189,281
Total assets	30,487,747	29,243,560
Deferred outflows of resources	4,198,348	1,569,806
Current liabilities	2,024,753	1,268,284
Noncurrent liabilities:		
Long-term liabilities	4,803,821	4,439,678
Net OPEB obligation	806,865	697,578
Net pension liability	16,327,713	12,510,348
Total liabilities	23,963,152	18,915,888
Deferred inflows of resources	1,309,242	1,733,882
Net position:		
Net investment in capital assets	14,366,504	12,657,925
Restricted	763,873	1,333,271
Unrestricted	(5,716,676)	(3,827,600)
Total net position	\$ 9,413,701	\$ 10,163,596

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$9,413,701 as of June 30, 2017, a decrease of \$749,895 from June 30, 2016.

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 \$5.7 million as of June 30, 2017, 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, 2017 and the prior fiscal year is illustrated in Table 2 below.

TABLE 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services	\$ 2,283,688	\$ 2,477,055
Operating contributions and grants	453,386	398,156
Capital contributions and grants	369,274	530,408
General revenues:		
Taxes:		
Property taxes	3,602,724	3,118,179
Utility users tax	2,036,826	2,092,019
Sales taxes	3,159,568	3,356,372
Franchise taxes	669,032	708,923
Business license tax	608,967	565,849
Other taxes	498,734	407,042
Investment income	63,183	86,024
Other	269,216	184,997
Total revenues	<u>14,014,598</u>	<u>13,925,024</u>
Expenses		
General government	2,829,637	2,975,549
Public safety	6,921,683	5,732,490
Community development	775,615	685,405
Recreation and community services	1,783,021	1,834,429
Public works	2,306,427	2,338,549
Interest and fiscal charges	148,110	301,495
Total expenses	<u>14,764,493</u>	<u>13,867,917</u>
Change in net position	(749,895)	57,107
Net position, beginning of year	<u>10,163,596</u>	<u>10,106,489</u>
Net position, end of year	<u>\$ 9,413,701</u>	<u>\$ 10,163,596</u>

Governmental Activities. Governmental activities decreased the City’s net position by \$749,895 (7 percent) compared to a net increase of \$57,107 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

Revenues:

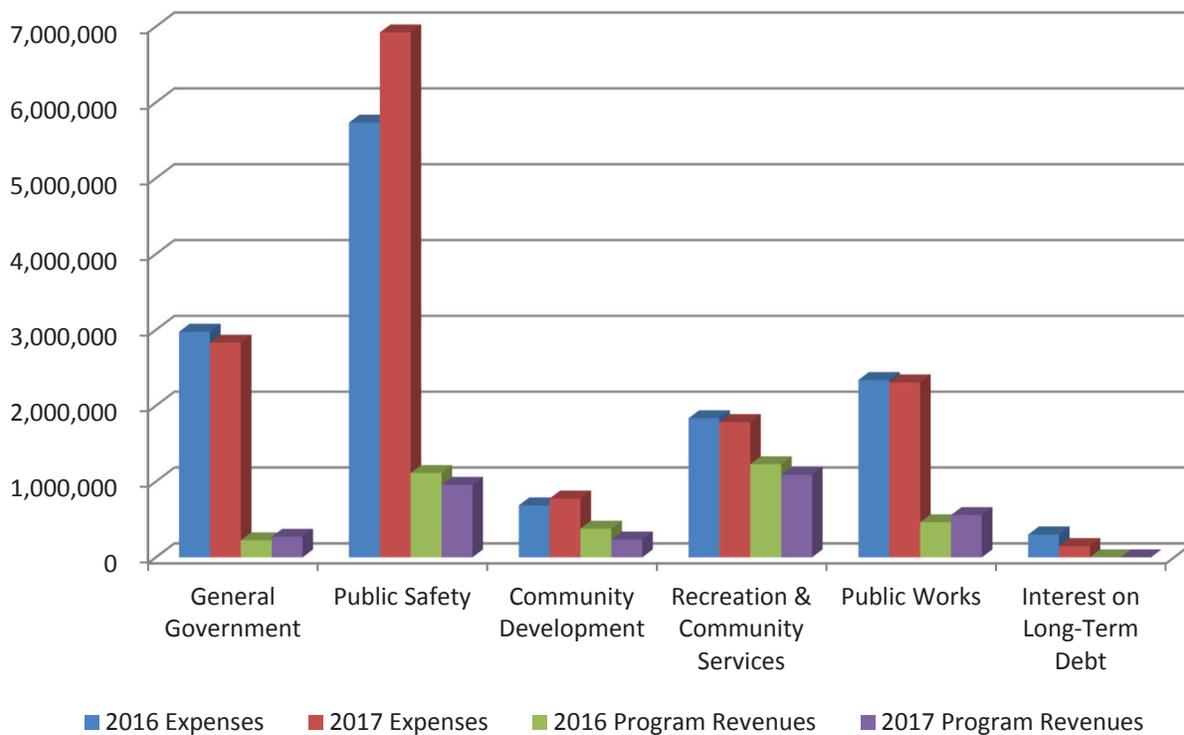
- While variances between years exist for the various revenue categories, the total net increase was \$89,565, which is largely attributable to the \$484,545 (16%) increase in property tax revenue. The property transfer tax and supplemental property taxes increased from the prior year due to higher than expected turnover in properties.

Expenses:

- While variances between years exist for the various expense functions, the total net increase was \$896,576, which is largely attributable to increases in pension costs. Pension costs increased by approximately \$904,000 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 \$8,663,573, a decrease of \$1,079,123 (11 percent) from the prior fiscal year's balance. \$4,597,010 or 53.1% 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*. \$763,873 or 8.8% of fund balance 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, \$3,285,984 or 37.9% of fund balance is committed for emergencies.

The fund balance of the City's General Fund increased by \$145,869 during the fiscal year compared to a \$115,239 decrease in the prior year. The increase in the current year is primarily attributable to the increase in property taxes. The decrease in the prior year was primarily attributable to the transfer of \$522,000 to two new internal service funds for claims reserves and capital funding for a computer-aided dispatch and record management system.

The Rivers & Mountains Conservancy and Capital Outlay Funds began and ended the year with no fund balances. This Rivers & Mountains Conservancy 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. The Capital Outlay Fund is used to account for the Old Dutch Haven and Los Alamitos Boulevard projects which are funded by the 2015 Certificates of Participation.

Other governmental funds realized a decrease in fund balance of \$1,224,992. While variances between years exist for the various nonmajor governmental funds, the net decrease was primarily attributable to a decrease in the Debt Service Fund, which is associated with spending the remaining unspent proceeds from the 2015 Certificates of Participation.

General Fund Budgetary Highlights

Actual revenues were \$272,457 more than the final budgeted amount, which is primarily due to better than projected licenses and permits, and fines and forfeitures. The expenditures for the General Fund at fiscal year-end were \$490,347 less than the final budgeted expenditures, which is primarily due to six vacancy freezes throughout the City.

Budget amendments and supplemental appropriations were made during the fiscal year which increased revenue projections by approximately \$71,018 and also increased appropriations in the amount of approximately \$688,221. The net increase in budgeted revenues was largely due to an expected police grant in governmental revenue which will be received in fiscal year 2017/18. The increase in budgeted appropriations is primarily due to increase in transfers to internal service funds to capital funding for vehicle replacements and technology upgrades. Additionally, there was an increase costs in community development and public works departments, which is offset by the higher than expected increase in revenue for licenses and permits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of FY 2016-17 the City had \$17.98 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$1,786,531, which is primarily due to completion of \$1.1 million of infrastructure capital projects including the Coyote Creek bike path and Old Dutch Haven rehabilitation project. There was \$2,194,495 in capital asset additions, which was offset by \$400,004 of depreciation expense and \$7,960 from the net loss on the disposal of capital assets.

TABLE 4
City of Los Alamitos Capital Assets Net of Depreciation

	Governmental Activities	
	2017	2016
Land	\$ 5,917,715	\$ 5,917,715
Buildings and Improvements	931,922	977,254
Equipment	458,163	205,468
Vehicles	286,609	167,029
Infrastructure	9,565,740	8,694,321
Construction in progress	815,663	227,494
Totals	<u>\$ 17,975,812</u>	<u>\$ 16,189,281</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 2016-17, the City had \$4.7 million in long-term liabilities which includes outstanding bond indebtedness of \$3.6 million along with a capital lease, claims payable and compensated absences. The net increase of \$368,577 over the prior year is primarily due to the issuance of the capital lease, which was issued in July 2016 for 7 new vehicles.

TABLE 5
City of Los Alamitos Long-Term Liabilities

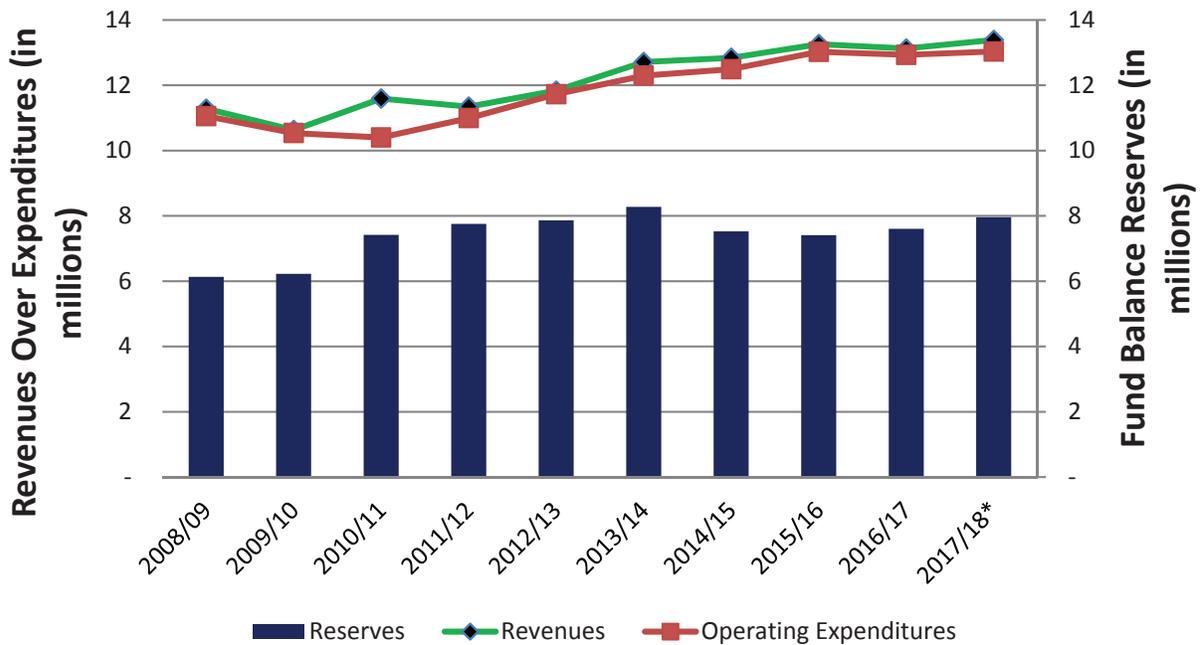
	Governmental Activities	
	2017	2016
2015 Certificates of participation	\$ 3,615,000	\$ 3,685,000
Capital lease - police vehicles	270,000	-
Claims payable	207,573	133,650
Compensated absences	584,046	489,392
Total liabilities	<u>\$ 4,676,619</u>	<u>\$ 4,308,042</u>

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 4.3%, versus 4.1% a year ago. Real Gross Domestic Product (GDP) grew at an annual rate of 2.4% in 2016 and 2017 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 2017-18 was \$17,163,181, which included \$1,540,155 of estimated capital appropriations that were carried-over from the prior year. The General Fund operating budgeted was balanced with operating revenues of \$13,211,821 and operating expenditures of \$13,503,334. 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.



* Estimated

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, 2017

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 10,417,690
Receivables:	
Accounts	542,351
Accrued interest	26,998
Due from employees	6,075
Due from other governments	1,219,884
Prepaid costs	10,595
Restricted assets:	
Cash and investments	77,414
Cash and investments with fiscal agent	210,928
Capital assets not being depreciated	6,733,378
Capital assets, net of depreciation	<u>11,242,434</u>
Total Assets	<u>30,487,747</u>
Deferred Outflows of Resources	
Deferred charge on refunding	114,552
Deferred pension related items	<u>4,083,796</u>
Total Deferred Outflows of Resources	<u>4,198,348</u>
Liabilities	
Accounts payable	1,429,143
Accrued liabilities	161,139
Accrued interest	39,859
Unearned revenue	337,331
Deposits payable	57,281
Noncurrent liabilities:	
Due within one year	620,999
Due in more than one year	4,182,822
Net OPEB obligation	806,865
Net pension liability	<u>16,327,713</u>
Total Liabilities	<u>23,963,152</u>
Deferred Inflows of Resources	
Deferred pension related items	<u>1,309,242</u>
Total Deferred Inflows of Resources	<u>1,309,242</u>
Net Position	
Net investment in capital assets	14,366,504
Restricted for:	
Cable television	84,943
Transportation	361,166
Public safety	114,331
Air quality	66,725
Parks	136,690
Capital projects	18
Unrestricted	<u>(5,716,676)</u>
Total Net Position	<u>\$ 9,413,701</u>

CITY OF LOS ALAMITOS

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

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	\$ 2,829,637	\$ 271,758	\$ -	\$ -	\$ (2,557,879)
Public safety	6,921,683	825,171	130,244	-	(5,966,268)
Community development	775,615	99,591	-	135,000	(541,024)
Recreation and community services	1,783,021	1,087,168	-	-	(695,853)
Public works	2,306,427	-	323,142	234,274	(1,749,011)
Interest and fiscal charges	148,110	-	-	-	(148,110)
Total Governmental Activities	\$ 14,764,493	\$ 2,283,688	\$ 453,386	\$ 369,274	(11,658,145)
General Revenues					
Taxes:					
Property taxes, levied for general purpose					3,602,724
Utility users taxes					2,036,826
Transient occupancy taxes					159,236
Sales taxes					3,159,568
Franchise taxes					669,032
Business licenses taxes					608,967
Other taxes					339,498
Investment earnings					63,183
Other					269,216
Total General Revenues					10,908,250
Change in Net Position					(749,895)
Net Position, Beginning of Year					10,163,596
Net Position, End of Year					\$ 9,413,701

FUND FINANCIAL STATEMENTS



CITY OF LOS ALAMITOS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Projects Funds				Total Governmental Funds
	General	Rivers & Mountains Conservancy	Capital Outlay	Nonmajor Governmental Funds	
Assets					
Pooled cash and investments	\$ 6,988,712	\$ -	\$ 517,356	\$ 1,014,552	\$ 8,520,620
Receivables:					
Accounts	526,867	-	-	4,122	530,989
Accrued interest	26,998	-	-	-	26,998
Due from employees	6,075	-	-	-	6,075
Due from other governments	618,801	508,379	-	92,704	1,219,884
Due from other funds	225,280	-	-	-	225,280
Prepaid costs	10,595	-	-	-	10,595
Restricted assets:					
Cash and investments with fiscal agent	-	-	-	210,928	210,928
Total Assets	\$ 8,403,328	\$ 508,379	\$ 517,356	\$ 1,322,306	\$ 10,751,369
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 431,670	\$ 283,099	\$ 517,356	\$ 74,676	\$ 1,306,801
Accrued liabilities	161,139	-	-	-	161,139
Unearned revenues	200,552	-	-	136,779	337,331
Deposits payable	55,382	-	-	1,899	57,281
Due to other funds	-	225,280	-	-	225,280
Total Liabilities	848,743	508,379	517,356	213,354	2,087,832
Fund Balances					
Nonspendable:					
Prepaid costs	10,595	-	-	-	10,595
Employee loans	6,075	-	-	-	6,075
Restricted for:					
Cable television	-	-	-	84,943	84,943
Transportation	-	-	-	361,166	361,166
Public safety	-	-	-	114,331	114,331
Air quality	-	-	-	66,725	66,725
Parks	-	-	-	136,690	136,690
Capital Projects	-	-	-	18	18
Committed to:					
Emergencies	3,285,984	-	-	-	3,285,984
Assigned to:					
OPEB	500,000	-	-	-	500,000
PERS reserves	3,400,000	-	-	-	3,400,000
Los Alamitos Boulevard rehabilitation	295,979	-	-	-	295,979
Capital projects	-	-	-	345,079	345,079
Other	55,952	-	-	-	55,952
Total Fund Balances	7,554,585	-	-	1,108,952	8,663,537
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,403,328	\$ 508,379	\$ 517,356	\$ 1,322,306	\$ 10,751,369

CITY OF LOS ALAMITOS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances - Governmental Funds		\$ 8,663,537
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.		17,618,534
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	\$ 4,026,764	
Deferred pension related inflows	<u>(1,287,082)</u>	2,739,682
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.		114,552
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.		(34,892)
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	(3,615,000)	
Unamortized premium on Certificates of Participation	(127,202)	
Compensated absences	<u>(584,046)</u>	(4,326,248)
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.		(806,865)
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.		(16,097,831)
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>1,543,232</u>
Net Position of Governmental Activities		<u>\$ 9,413,701</u>

CITY OF LOS ALAMITOS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Projects Funds				Total Governmental Funds
	General	Rivers & Mountains Conservancy	Capital Outlay	Nonmajor Governmental Funds	
Revenues					
Taxes	\$ 10,354,484	\$ -	\$ -	\$ 369,736	\$ 10,724,220
Licenses and permits	271,758	-	-	-	271,758
Intergovernmental	6,178	319,001	-	283,954	609,133
Charges for services	1,201,784	-	-	-	1,201,784
Investment earnings	48,782	-	-	14,401	63,183
Fines and forfeitures	801,596	-	-	8,550	810,146
Program revenues	-	-	-	213,527	213,527
Miscellaneous	243,250	-	-	18,676	261,926
Total Revenues	12,927,832	319,001	-	908,844	14,155,677
Expenditures					
Current:					
General government	1,998,592	-	-	30,374	2,028,966
Public safety	5,773,288	-	-	4,112	5,777,400
Community development	714,446	-	-	-	714,446
Recreation and community services	1,646,217	-	-	-	1,646,217
Public works	1,917,629	-	-	45,438	1,963,067
Capital outlay	1,491	319,001	660,289	991,334	1,972,115
Debt service:					
Principal retirement	-	-	-	70,000	70,000
Interest and fiscal charges	-	-	-	142,251	142,251
Total Expenditures	12,051,663	319,001	660,289	1,283,509	14,314,462
Excess (Deficiency) of Revenues Over (Under) Expenditures	876,169	-	(660,289)	(374,665)	(158,785)
Other Financing Sources (Uses)					
Transfers in	405,038	-	660,289	215,000	1,280,327
Transfers out	(1,135,338)	-	-	(1,065,327)	(2,200,665)
Total Other Financing Sources (Uses)	(730,300)	-	660,289	(850,327)	(920,338)
Net Change in Fund Balances	145,869	-	-	(1,224,992)	(1,079,123)
Fund Balances, Beginning of Year	7,408,716	-	-	2,333,944	9,742,660
Fund Balances, End of Year	\$ 7,554,585	\$ -	\$ -	\$ 1,108,952	\$ 8,663,537

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, 2017**

Net Change in Fund Balances - Total Governmental Funds \$ (1,079,123)

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 \$308,693 exceeded capital outlays of \$1,939,026 and loss of \$7,962 in the current period. 1,630,335

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. (748,185)

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. 350

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	\$ 70,000	
Amortization of original issue premium	4,434	
Amortization of deferred charge	<u>(5,676)</u>	68,758

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. (94,654)

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. (109,287)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (168,385)

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. (249,704)

Change in Net Position of Governmental Activities \$ (749,895)

CITY OF LOS ALAMITOS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>
Assets	
Current:	
Cash and investments	\$ 1,897,070
Receivables:	
Accounts	11,362
Restricted:	
Cash and investments	<u>77,414</u>
Total Current Assets	<u>1,985,846</u>
Noncurrent:	
Capital assets, net of accumulated depreciation	<u>357,278</u>
Total Noncurrent Assets	<u>357,278</u>
Total Assets	<u>2,343,124</u>
Deferred Outflows of Resources	
Deferred pension related items	<u>57,032</u>
Total Deferred Outflows of Resources	<u>57,032</u>
Liabilities	
Current:	
Accounts payable	122,342
Accrued interest	4,967
Claims payable	207,573
Capital leases	<u>65,661</u>
Total Current Liabilities	<u>400,543</u>
Noncurrent:	
Capital leases	204,339
Net pension liability	<u>229,882</u>
Total Noncurrent Liabilities	<u>434,221</u>
Total Liabilities	<u>834,764</u>
Deferred Inflows of Resources	
Deferred pension related items	<u>22,160</u>
Total Deferred Inflows of Resources	<u>22,160</u>
Net Position	
Net Investment in capital assets	87,278
Restricted for police vehicles	77,414
Unrestricted	<u>1,378,540</u>
Total Net Position	<u>\$ 1,543,232</u>

CITY OF LOS ALAMITOS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>
Operating Revenues	
Charges for services	\$ 447,788
Miscellaneous	11,544
Total Operating Revenues	<u>459,332</u>
Operating Expenses	
Personnel services	23,857
Supplies and materials	393,981
Outside services	583,092
Claims expense	551,510
Depreciation expense	91,311
Total Operating Expenses	<u>1,643,751</u>
Operating Loss	<u>(1,184,419)</u>
Nonoperating Revenues (Expenses)	
Interest expense	(4,967)
Insurance reimbursements	27,306
Gain (loss) on disposal of capital assets	(7,962)
Total Nonoperating Revenues (Expenses)	<u>14,377</u>
Loss Before Transfers	(1,170,042)
Transfers in	<u>920,338</u>
Changes in Net Position	(249,704)
Net Position, Beginning of Year	<u>1,792,936</u>
Net Position, End of Year	<u>\$ 1,543,232</u>

CITY OF LOS ALAMITOS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities	
Cash received from interfund charges for services	\$ 447,788
Cash received from/(paid to) interfund service provided	(477,587)
Cash paid to suppliers for goods and services	(880,856)
Cash paid to employees for services	(34,202)
Cash received from (payments to) others	11,544
	<hr/>
Net Cash Used for Operating Activities	(933,313)
Cash Flows from Non-Capital Financing Activities	
Cash transfers in	920,338
Insurance reimbursements	27,306
	<hr/>
Net Cash Provided by Non-Capital Financing Activities	947,644
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(255,469)
Capital lease issued	270,000
	<hr/>
Net Cash Used for Capital and Related Financing Activities	14,531
Net Increase in Cash and Cash Equivalents	28,862
Cash and Cash Equivalents, Beginning of Year	1,945,622
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 1,974,484
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ (1,184,419)
	<hr/>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	91,311
(Increase) decrease in accounts receivable	(11,362)
(Increase) decrease in prepaid expense	4,357
Increase (decrease) in accounts payable	103,222
Increase (decrease) in accrued liabilities	(20,667)
Increase (decrease) in claims payable	73,923
Increase (decrease) in pension and related items	10,322
	<hr/>
Total Adjustments	251,106
	<hr/>
Net Cash Used for Operating Activities	\$ (933,313)
	<hr/> <hr/>



NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2017

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, 2017**

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, 2017

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.
- The **Capital Outlay Fund** is used to account for the costs associated with the development and/or maintenance of the City's major capital projects.

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, 2017**

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.

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. Major revenue sources susceptible to accrual include property tax, sales tax, utility users tax, franchise Tax, and licenses. 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, 2017

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 \$5,000 and an estimated useful life in excess of two years, except for computer software and hardware and 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 acquisition 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	4 - 15 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 5d for additional information.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

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 refunding debt.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

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, 2017

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 reports a positive unassigned fund balance amount. In governmental funds, other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, the City reports a negative unassigned fund balance in that fund.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	June 30, 2015 to June 30, 2016

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, 2017

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.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments

a. Summary of Cash and Investments

As of June 30, 2017, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$ 10,495,104
Restricted cash and investments with fiscal agent	<u>210,928</u>
Total Cash and Investments	<u><u>\$ 10,706,032</u></u>

As of June 30, 2017, cash and investments consisted of the following:

Cash on hand	\$ 3,500
Demand deposits	1,199,725
Investments	<u>9,502,807</u>
Total Cash and Investments	<u><u>\$ 10,706,032</u></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 \$1,199,725 at June 30, 2017. Bank balances before reconciling items were \$610,818 at that date. The difference of \$588,907 represents outstanding checks, cash deposits in transit, and other reconciling items.

All City's cash and investments as of June 30, 2017 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, 2017

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 Term 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, 2017**

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	\$ 1,248,933	\$ -	\$ 733,532	\$ 1,982,465
Certificates of Deposit	248,000	1,243,315	248,000	1,739,315
Local Agency Investment Fund (LAIF)	5,492,685	-	-	5,492,685
Investment held by Bond Trustee:				
Money Market Mutual Funds	288,342	-	-	288,342
Total	\$ 7,277,960	\$ 1,243,315	\$ 981,532	\$ 9,502,807

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	\$ 1,982,465	N/A	\$ -	\$ -	\$ 1,982,465
Certificates of Deposit	1,739,315	N/A	1,739,315	-	-
Local Agency Investment Fund (LAIF)	5,492,685	Not Rated	5,492,685	-	-
Investment held by Bond Trustee:					
Money Market Mutual Funds	288,342	N/A	-	288,342	-
Totals	\$ 9,502,807		\$ 7,232,000	\$ 288,342	\$ 1,982,465

N/A - Not Applicable

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, 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, 2017, 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	\$ 745,725	7.85%
Federal National Mortgage Association	Federal Agency Securities	\$ 1,236,740	13.01%

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, 2017, 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, 2017

Note 2: Cash and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2017:

Investments	Totals	Level		
		1	2	3
Local Agency Investment Fund	\$5,492,685	\$ -	\$5,492,685	\$ -
Federal Home Loan Mortgage Corp.	745,725	-	745,725	-
Federal Home Loan Mortgage Association	1,238,740	-	1,238,740	-
Certificates of Deposit	1,739,315	-	1,739,315	-
Investment Held by Fiscal Agent				
Money Market Funds	288,342	288,342	-	-
Totals	<u>\$9,504,807</u>	<u>\$ 288,342</u>	<u>\$9,216,465</u>	<u>\$ -</u>

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	\$ 225,280
Total	<u>\$ 225,280</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

Note 3: Interfund Transactions (Continued)

b. Transfers

Transfers to and from funds for the fiscal year ended June 30, 2017 are as follows:

Transfers Out	Transfers In				Total
	Governmental Funds		Other Governmental Funds	Proprietary Funds	
	General Fund	Capital Outlay Fund		Internal Service Funds	
Governmental Funds					
General Fund	\$ -	\$ -	\$ 215,000	\$ 920,338	\$ 1,135,338
Other Governmental Funds	405,038	660,289	-	-	1,065,327
Total	\$ 405,038	\$ 660,289	\$ 215,000	\$ 920,338	\$ 2,200,665

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.

Transfers to the Internal Services Funds (the Self-Insurance Fund) from the General Fund were made to set aside fund for claim reserves, in case of any future incidents.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

Note 4: Capital Assets

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2017 are as follows:

<u>Governmental Activities:</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 5,917,715	\$ -	\$ -	\$ 5,917,715
Construction in progress	227,494	588,169	-	815,663
Total capital assets not being depreciated	<u>6,145,209</u>	<u>588,169</u>	<u>-</u>	<u>6,733,378</u>
Depreciable capital assets:				
Equipment	1,027,162	332,671	100,459	1,259,374
Vehicles	1,120,424	196,806	26,012	1,291,218
Buildings	1,928,998	-	-	1,928,998
Improvements	366,268	-	-	366,268
Infrastructure	10,254,687	1,076,849	-	11,331,536
Total capital assets being depreciated	<u>14,697,539</u>	<u>1,606,326</u>	<u>126,471</u>	<u>16,177,394</u>
Less: accumulated depreciation for:				
Equipment	(821,694)	(72,016)	92,499	(801,211)
Vehicles	(953,395)	(77,226)	26,012	(1,004,609)
Buildings	(1,155,302)	(30,800)	-	(1,186,102)
Improvements	(162,710)	(14,532)	-	(177,242)
Infrastructure	(1,560,366)	(205,430)	-	(1,765,796)
Total accumulated depreciation	<u>(4,653,467)</u>	<u>(400,004)</u>	<u>118,511</u>	<u>(4,934,960)</u>
Total capital assets, being depreciated, net	<u>10,044,072</u>	<u>1,206,322</u>	<u>7,960</u>	<u>11,242,434</u>
Government activities capital assets, net	<u>\$ 16,189,281</u>	<u>\$ 1,794,491</u>	<u>\$ 7,960</u>	<u>\$ 17,975,812</u>

Depreciation expense was charged to governmental activities as follows:

	<u>General</u>	<u>Internal Service</u>	<u>Total</u>
General Government	\$ 15,486	\$ -	\$ 15,486
Public Safety	21,614	-	21,614
Recreation and Community Services	47,277	-	47,277
Public Works	224,316	-	224,316
Internal Service Fund	-	91,311	91,311
Totals	<u>\$ 308,693</u>	<u>\$ 91,311</u>	<u>\$ 400,004</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

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, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due in One Year
2015 Certificates of Participation	\$ 3,685,000	\$ -	\$ 70,000	\$ 3,615,000	\$ 70,000
Capital Lease - Police Vehicles	-	270,000	-	270,000	65,661
Claims Payable	133,650	80,664	6,741	207,573	207,573
Compensated Absences	489,392	277,598	182,944	584,046	277,765
Totals	\$ 4,308,042	\$ 628,262	\$ 259,685	\$ 4,676,619	\$ 620,999
			Add: Unamortized Premium	127,202	
			Total Debt	\$ 4,803,821	

a. 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, 2017 is \$3,615,000.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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	80,000	129,169	209,169
2023-2027	455,000	582,969	1,037,969
2028-2032	560,000	482,144	1,042,144
2033-2037	655,000	379,147	1,034,147
2038-2042	805,000	236,900	1,041,900
2043-2046	770,000	63,200	833,200
Totals	\$ 3,615,000	\$ 2,417,405	\$ 6,032,405

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

Note 5: Long-Term Liabilities (Continued)

b. Capital Lease – 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 over a four-year term at an interest rate of 1.8446%. The vehicles acquired under the lease have been recorded in the Garage Fund. At June 30, 2017, only six vehicles were purchased at a cost of \$192,586 and the remaining proceeds of \$77,414 are recorded as restricted cash until spent.

The annual debt service requirements on the lease is as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 65,661	\$ 4,980	\$ 70,641
2019	66,872	3,769	70,641
2020	68,105	2,536	70,641
2021	69,362	1,279	70,641
Totals	<u>\$ 270,000</u>	<u>\$ 12,564</u>	<u>\$ 282,564</u>

c. Claims Payable

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2017, were as follows:

General Liability Claims	\$ 125,042
Workers' Compensation Claims	<u>82,531</u>
Total Claims Payable	<u>\$ 207,573</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, 2017 was \$584,046.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

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, 2017, 2016 and 2015, the City contributed \$25,088, \$27,966, and \$26,283, 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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR FISCAL YEAR ENDED JUNE 30, 2017

Note 7: Defined Benefit Pension Plans (Continued)

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%).
- **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 2016-2017 are as follows:

	Employer Rates
Classic Miscellaneous Members	11.634%
PEPRA Miscellaneous Members	6.555%
Classic Safety Members	19.536%
PEPRA Safety Members	12.082%

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, 2017 was \$683,098.

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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Note 7: Defined Benefit Pension Plans (Continued)

For the year ended June 30, 2017, the contributions recognized as a reduction to the net pension liability for the miscellaneous and safety plans was \$478,168 and \$748,750, respectively.

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

As of June 30, 2017, 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	\$ 7,975,904
Safety	8,351,809
Total Net Pension Liability	<u>\$ 16,327,713</u>

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 were as follows:

Proportions as a percentage of the CalPERS Miscellaneous Plan:

	<u>Miscellaneous</u>
Proportion - June 30, 2015	0.22533%
Proportion - June 30, 2016	0.22960%
Change - Increase (Decrease)	1.89367%

Proportions as a percentage of the CalPERS Safety risk pool:

	<u>Safety</u>
Proportion - June 30, 2015	0.15359%
Proportion - June 30, 2016	0.16126%
Change - Increase (Decrease)	4.99121%

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

Note 7: Defined Benefit Pension Plans (Continued)

For the year ended June 30, 2017, the City recognized a total pension expense of \$758,475 for all plans in total. At June 30, 2017, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contribution subsequent to the measurement date	\$ 575,534	\$ -
Changes in Assumptions	-	177,681
Difference between Expected and Actual Experience	18,783	4,305
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	924,773	-
Adjustment due to Difference in Proportions	459,671	-
Difference between proportion actuarial and actual contributions	-	586,884
Total	\$ 1,978,761	\$ 768,870

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contribution subsequent to the measurement date	\$ 797,034	\$ -
Changes in Assumptions	-	241,044
Difference between Expected and Actual Experience	-	55,284
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	1,184,239	-
Adjustment due to Difference in Proportions	123,762	15,893
Difference between proportion actuarial and actual contributions	-	228,151
Total	\$ 2,105,035	\$ 540,372

Total Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
City contribution subsequent to the measurement date	\$ 1,372,568	\$ -
Changes in Assumptions	-	418,725
Difference between Expected and Actual Experience	18,783	59,589
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	2,109,012	-
Adjustment due to Difference in Proportions	583,433	15,893
Difference between proportion actuarial and actual contributions	-	815,035
Total	\$ 4,083,796	\$ 1,309,242

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Note 7: Defined Benefit Pension Plans (Continued)

\$1,372,568 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, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2018	\$ (144,639)
2019	2,260
2020	996,546
2021	547,819
2022	-
Thereafter	-

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016 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, 2015 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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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.

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.

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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	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	1.0	(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

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Note 7: Defined Benefit Pension Plans (Continued)

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

The following presents the net pension liability of the City of Los Alamitos, 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	\$ 11,849,661	\$ 7,975,904	\$ 4,774,436
Safety	12,942,053	8,351,809	4,583,689
	<u>\$ 24,791,714</u>	<u>\$ 16,327,713</u>	<u>\$ 9,358,125</u>

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

Plan Description

In addition to providing pension benefits, the City provides certain health care benefits, through a single employer OPEB Plan, 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.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR FISCAL YEAR ENDED JUNE 30, 2017

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

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council, and/or the employee associations. The City is currently funding this OPEB obligation based on a pay-as-you-go basis. During the fiscal year ended June 30, 2017, the City paid \$267,239 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	31,384
Adjustment to annual required contribution	<u>(28,081)</u>
Annual OPEB cost (expense)	376,526
Actual contributions made	<u>(267,239)</u>
Change in net OPEB obligation	109,287
Net OPEB Obligation - beginning of fiscal year	<u>697,578</u>
Net OPEB Obligation - end of fiscal year	<u><u>\$ 806,865</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 and the two preceding fiscal years were as follows:

Three Year Trend Information for OPEB Plan

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 228,441	78.86%	\$ 528,933
6/30/2016	370,868	54.53%	697,578
6/30/2017	376,526	70.97%	806,865

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

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

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 62.9%.

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.

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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Note 9: Joint Ventures (Continued)

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

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 2016-2017, the City of Los Alamitos paid \$559,574 to the Authority. Financial information for the Authority may be obtained from the City of Cypress.

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.

CITY OF LOS ALAMITOS

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Note 10: Self-Insurance Program

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

The City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss when it became a member of EIA for liability, master crime, and workers' compensation coverage. All funds of the City participate in the program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The estimated claims liability of \$207,573 reported at June 30, 2017, is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The above amount includes an estimate for incurred but not reported claims.

During the last three fiscal years none of the above programs of protection have had settlements or judgments that exceeded the insured coverage amount. There have been no significant reductions in insured liability coverage from the prior year.

Changes in the reported liability for the last two fiscal years are as follows:

	Workers' Compensation	General Liability	Total
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	107,757	25,893	133,650
Claims and changes in estimates during the fiscal year ended June 30, 2017	(24,028)	104,692	80,664
Claims payments during the fiscal year ended June 30, 2017	<u>(1,198)</u>	<u>(5,543)</u>	<u>(6,741)</u>
Liability balance as of June 30, 2017	<u>\$ 82,531</u>	<u>\$ 125,042</u>	<u>\$ 207,573</u>

Note 11: Commitments and Contingencies

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.

CITY OF LOS ALAMITOS

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Note 11: Commitments and Contingencies (Continued)

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 restricted, committed, or assigned fund balance and then reappropriated the following fiscal year. Significant encumbrances at June 30, 2017 were related to the General Fund and were \$49,900.

Construction commitments as of June 30, 2017 included \$948,729 remaining commitment for Los Alamitos Blvd. project.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	<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	\$ 7,408,716	\$ 7,408,716	\$ 7,408,716	\$ -
Resources (Inflows)				
Taxes	10,261,050	10,261,050	10,354,484	93,434
Licenses and permits	143,500	143,500	271,758	128,258
Intergovernmental	10,000	73,418	6,178	(67,240)
Charges for services	1,145,213	1,145,213	1,201,784	56,571
Use of money and property	52,500	52,500	48,782	(3,718)
Fines and forfeitures	720,300	720,300	801,596	81,296
Miscellaneous	242,832	250,432	243,250	(7,182)
Transfers in	414,000	414,000	405,038	(8,962)
Amounts Available for Appropriations	20,398,111	20,469,129	20,741,586	272,457
Charges to Appropriations (Outflow)				
General government				
City council	77,429	77,429	77,340	89
City manager / City clerk	607,533	614,033	613,951	82
Administrative services	735,367	752,060	745,154	6,906
City attorney	121,000	121,000	117,201	3,799
Non-departmental	308,698	449,708	444,946	4,762
Public safety	6,013,833	5,871,433	5,773,288	98,145
Community development	658,587	748,587	714,446	34,141
Recreation and community services	1,758,443	1,758,443	1,646,217	112,226
Public works	1,872,899	1,949,317	1,917,629	31,688
Capital outlay	-	200,000	1,491	198,509
Transfers out	835,338	1,135,338	1,135,338	-
Total Charges to Appropriations	12,989,127	13,677,348	13,187,001	490,347
Budgetary Fund Balance, June 30	\$ 7,408,984	\$ 6,791,781	\$ 7,554,585	\$ 762,804

CITY OF LOS ALAMITOS

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Miscellaneous			
Proportion of the Net Pension Liability	0.09217%	0.09006%	0.07262%
Proportionate Share of the Net Pension Liability	\$ 7,975,904	\$ 6,181,642	\$ 4,518,604
Covered Payroll	\$ 2,139,951	\$ 2,067,219	\$ 2,042,142
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	372.71%	299.03%	221.27%
Plan Fiduciary Net Position	\$ 20,797,207	\$ 21,901,686	\$ 23,147,912
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.06%	78.40%	79.82%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Safety			
Proportion of the Net Pension Liability	0.09652%	0.09220%	0.08907%
Proportionate Share of the Net Pension Liability	\$ 8,351,809	\$ 6,328,706	\$ 5,542,493
Covered Payroll	\$ 2,534,307	\$ 2,402,592	\$ 2,385,017
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	329.55%	263.41%	232.39%
Plan Fiduciary Net Position	\$ 25,463,727	\$ 25,280,674	\$ 24,453,699
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.06%	78.40%	79.82%

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).

(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 two years is shown.

CITY OF LOS ALAMITOS

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Miscellaneous			
Actuarially Determined Contribution	\$ 575,534	\$ 478,168	\$ 228,140
Contribution in Relation to the Actuarially Determined Contribution	(575,534)	(478,168)	(228,140)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,067,777	\$ 2,139,951	\$ 2,067,219
Contributions as a Percentage of Covered Payroll	27.83%	22.34%	11.04%
Safety			
Actuarially Determined Contribution	\$ 797,034	\$ 748,750	\$ 605,370
Contribution in Relation to the Actuarially Determined Contribution	(797,034)	(748,750)	(605,370)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,655,464	\$ 2,534,307	\$ 2,402,592
Contributions as a Percentage of Covered Payroll	30.01%	29.54%	25.20%

(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 three years are shown.

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	Market Value
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, 2017**

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	-	2,724,102	0.0%	4,400,809	61.9%
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, 2017

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 restricted, committed, or assigned 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, 2017, based on calculations by City management, proceeds of taxes did not exceed appropriations.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Measure M	Gas Tax	Los Alamitos Television	Office of Traffic Safety
Assets				
Pooled cash and investments	\$ 79,136	\$ 191,040	\$ 80,281	\$ 3,902
Receivables:				
Accounts	-	-	4,122	-
Due from other governments	38,036	22,893	7,992	-
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
Total Assets	\$ 117,172	\$ 213,933	\$ 92,395	\$ 3,902
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,087	\$ 44,875	\$ 7,452	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	2,087	44,875	7,452	-
Fund Balances				
Restricted for:				
Cable television	-	-	84,943	-
Transportation	115,085	169,058	-	-
Public safety	-	-	-	3,902
Air quality	-	-	-	-
Parks	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Total Fund Balances	115,085	169,058	84,943	3,902
Total Liabilities and Fund Balances	\$ 117,172	\$ 213,933	\$ 92,395	\$ 3,902

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Asset Seizure	Public Safety Augmentation	State Law Enforcement Service	Air Quality
Assets				
Pooled cash and investments	\$ 61,320	\$ 76	\$ 32,650	\$ 62,585
Receivables:				
Accounts	-	-	-	-
Due from other governments	-	18,131	1,512	4,140
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
Total Assets	\$ 61,320	\$ 18,207	\$ 34,162	\$ 66,725
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,361	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Deposits payable	1,899	-	-	-
Total Liabilities	3,260	-	-	-
Fund Balances				
Restricted for:				
Cable television	-	-	-	-
Transportation	-	-	-	-
Public safety	58,060	18,207	34,162	-
Air quality	-	-	-	66,725
Parks	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Total Fund Balances	58,060	18,207	34,162	66,725
Total Liabilities and Fund Balances	\$ 61,320	\$ 18,207	\$ 34,162	\$ 66,725

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Capital Projects Funds			
	Community Development Block Grant	Traffic Improvement	Park Development	Building Improvement
Assets				
Pooled cash and investments	\$ 6,925	\$ 214,391	\$ 148,095	\$ 121,154
Receivables:				
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
Total Assets	\$ 6,925	\$ 214,391	\$ 148,095	\$ 121,154
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 6,907	\$ 589	\$ 11,405	\$ -
Unearned revenues	-	136,779	-	-
Deposits payable	-	-	-	-
Total Liabilities	6,907	137,368	11,405	-
Fund Balances				
Restricted for:				
Cable television	-	-	-	-
Transportation	-	77,023	-	-
Public safety	-	-	-	-
Air quality	-	-	-	-
Parks	-	-	136,690	-
Capital Projects	18	-	-	-
Assigned to:				
Capital projects	-	-	-	121,154
Total Fund Balances	18	77,023	136,690	121,154
Total Liabilities and Fund Balances	\$ 6,925	\$ 214,391	\$ 148,095	\$ 121,154

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Residential Streets/Alleys</u>	<u>Debt Service</u>	
Assets			
Pooled cash and investments	\$ 6,332	\$ 6,665	\$ 1,014,552
Receivables:			
Accounts	-	-	4,122
Due from other governments	-	-	92,704
Restricted assets:			
Cash and investments with fiscal agent	-	210,928	210,928
Total Assets	\$ 6,332	\$ 217,593	\$ 1,322,306
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 74,676
Unearned revenues	-	-	136,779
Deposits payable	-	-	1,899
Total Liabilities	-	-	213,354
Fund Balances			
Restricted for:			
Cable television	-	-	84,943
Transportation	-	-	361,166
Public safety	-	-	114,331
Air quality	-	-	66,725
Parks	-	-	136,690
Capital Projects	-	-	18
Assigned to:			
Capital projects	6,332	217,593	345,079
Total Fund Balances	6,332	217,593	1,108,952
Total Liabilities and Fund Balances	\$ 6,332	\$ 217,593	\$ 1,322,306

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Measure M	Gas Tax	Los Alamitos Television	Office of Traffic Safety
Revenues				
Taxes	\$ -	\$ 233,329	\$ 30,238	\$ -
Intergovernmental	-	-	-	-
Investment earnings	2,678	2,313	731	9
Fines and forfeitures	-	-	-	8,550
Program revenues	213,527	-	-	-
Miscellaneous	-	-	6,500	-
Total Revenues	216,205	235,642	37,469	8,559
Expenditures				
Current:				
General government	-	-	30,374	-
Public safety	-	-	-	-
Public works	25,838	19,600	-	-
Capital outlay	363,316	195,056	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	389,154	214,656	30,374	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,949)	20,986	7,095	8,559
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(185,000)	-	(5,000)
Total Other Financing Sources (Uses)	-	(185,000)	-	(5,000)
Net Change in Fund Balances	(172,949)	(164,014)	7,095	3,559
Fund Balances, Beginning of Year	288,034	333,072	77,848	343
Fund Balances, End of Year	\$ 115,085	\$ 169,058	\$ 84,943	\$ 3,902

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Asset Seizure	Public Safety Augmentation	State Law Enforcement Service	Air Quality
Revenues				
Taxes	\$ -	\$ 106,169	\$ -	\$ -
Intergovernmental	-	-	129,324	15,489
Investment earnings	570	136	178	480
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	570	106,305	129,502	15,969
Expenditures				
Current:				
General government	-	-	-	-
Public safety	4,112	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	4,112	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,542)	106,305	129,502	15,969
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(105,038)	(110,000)	-
Total Other Financing Sources (Uses)	-	(105,038)	(110,000)	-
Net Change in Fund Balances	(3,542)	1,267	19,502	15,969
Fund Balances, Beginning of Year	61,602	16,940	14,660	50,756
Fund Balances, End of Year	\$ 58,060	\$ 18,207	\$ 34,162	\$ 66,725

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Projects Funds			
	Community Development Block Grant	Traffic Improvement	Park Development	Building Improvement
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	135,000	-	4,141	-
Investment earnings	18	2,112	3,230	1,123
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	-	12,176	-	-
Total Revenues	135,018	14,288	7,371	1,123
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay	135,000	23,951	274,011	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	135,000	23,951	274,011	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	18	(9,663)	(266,640)	1,123
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	18	(9,663)	(266,640)	1,123
Fund Balances, Beginning of Year	-	86,686	403,330	120,031
Fund Balances, End of Year	\$ 18	\$ 77,023	\$ 136,690	\$ 121,154

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
	Residential Streets/Alleys	Debt Service	
Revenues			
Taxes	\$ -	\$ -	\$ 369,736
Intergovernmental	-	-	283,954
Investment earnings	59	764	14,401
Fines and forfeitures	-	-	8,550
Program revenues	-	-	213,527
Miscellaneous	-	-	18,676
Total Revenues	59	764	908,844
Expenditures			
Current:			
General government	-	-	30,374
Public safety	-	-	4,112
Public works	-	-	45,438
Capital outlay	-	-	991,334
Debt service:			
Principal retirement	-	70,000	70,000
Interest and fiscal charges	-	142,251	142,251
Total Expenditures	-	212,251	1,283,509
Excess (Deficiency) of Revenues Over (Under) Expenditures	59	(211,487)	(374,665)
Other Financing Sources (Uses)			
Transfers in	-	215,000	215,000
Transfers out	-	(660,289)	(1,065,327)
Total Other Financing Sources (Uses)	-	(445,289)	(850,327)
Net Change in Fund Balances	59	(656,776)	(1,224,992)
Fund Balances, Beginning of Year	6,273	874,369	2,333,944
Fund Balances, End of Year	\$ 6,332	\$ 217,593	\$ 1,108,952

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 MEASURE M
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 288,034	\$ 288,034	\$ 288,034	\$ -
Resources (Inflows)				
Investment earnings	800	800	2,678	1,878
Program revenues	215,000	215,000	213,527	(1,473)
Amounts Available for Appropriations	503,834	503,834	504,239	405
Charges to Appropriations (Outflow)				
Public works	37,339	37,339	25,838	11,501
Capital outlay	421,217	455,203	363,316	91,887
Total Charges to Appropriations	458,556	492,542	389,154	103,388
Budgetary Fund Balance, June 30	\$ 45,278	\$ 11,292	\$ 115,085	\$ 103,793

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 333,072	\$ 333,072	\$ 333,072	\$ -
Resources (Inflows)				
Taxes	247,219	247,219	233,329	(13,890)
Investment earnings	1,200	1,200	2,313	1,113
Amounts Available for Appropriations	581,491	581,491	568,714	(12,777)
Charges to Appropriations (Outflow)				
Public works	59,502	59,502	19,600	39,902
Capital outlay	208,937	335,781	195,056	140,725
Transfers out	185,000	185,000	185,000	-
Total Charges to Appropriations	453,439	580,283	399,656	180,627
Budgetary Fund Balance, June 30	\$ 128,052	\$ 1,208	\$ 169,058	\$ 167,850

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 LOS ALAMITOS TELEVISION
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 77,848	\$ 77,848	\$ 77,848	\$ -
Resources (Inflows)				
Taxes	31,350	31,350	30,238	(1,112)
Investment earnings	250	250	731	481
Miscellaneous	6,500	6,500	6,500	-
Amounts Available for Appropriations	115,948	115,948	115,317	(631)
Charges to Appropriations (Outflow)				
General government	30,446	30,446	30,374	72
Total Charges to Appropriations	30,446	30,446	30,374	72
Budgetary Fund Balance, June 30	\$ 85,502	\$ 85,502	\$ 84,943	\$ (559)

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 OFFICE OF TRAFFIC SAFETY
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 343	\$ 343	\$ 343	\$ -
Resources (Inflows)				
Investment earnings	70	70	9	(61)
Fines and forfeitures	5,000	5,000	8,550	3,550
Amounts Available for Appropriations	5,413	5,413	8,902	3,489
Charges to Appropriations (Outflow)				
Transfers out	5,000	5,000	5,000	-
Total Charges to Appropriations	5,000	5,000	5,000	-
Budgetary Fund Balance, June 30	\$ 413	\$ 413	\$ 3,902	\$ 3,489

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 ASSET SEIZURE
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 61,602	\$ 61,602	\$ 61,602	\$ -
Resources (Inflows)				
Investment earnings	200	200	570	370
Amounts Available for Appropriations	61,802	61,802	62,172	370
Charges to Appropriations (Outflow)				
Public safety	-	4,112	4,112	-
Total Charges to Appropriations	-	4,112	4,112	-
Budgetary Fund Balance, June 30	\$ 61,802	\$ 57,690	\$ 58,060	\$ 370

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY AUGMENTATION
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 16,940	\$ 16,940	\$ 16,940	\$ -
Resources (Inflows)				
Taxes	99,000	99,000	106,169	7,169
Investment earnings	100	100	136	36
Amounts Available for Appropriations	116,040	116,040	123,245	7,205
Charges to Appropriations (Outflow)				
Transfers out	110,000	110,000	105,038	4,962
Total Charges to Appropriations	110,000	110,000	105,038	4,962
Budgetary Fund Balance, June 30	\$ 6,040	\$ 6,040	\$ 18,207	\$ 12,167

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
STATE LAW ENFORCEMENT SERVICE
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,660	\$ 14,660	\$ 14,660	\$ -
Resources (Inflows)				
Intergovernmental	110,000	110,000	129,324	19,324
Investment earnings	-	-	178	178
Amounts Available for Appropriations	124,660	124,660	144,162	19,502
Charges to Appropriations (Outflow)				
Transfers out	110,000	110,000	110,000	-
Total Charges to Appropriations	110,000	110,000	110,000	-
Budgetary Fund Balance, June 30	\$ 14,660	\$ 14,660	\$ 34,162	\$ 19,502

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 50,756	\$ 50,756	\$ 50,756	\$ -
Resources (Inflows)				
Intergovernmental	14,000	14,000	15,489	1,489
Investment earnings	150	150	480	330
Amounts Available for Appropriations	64,906	64,906	66,725	1,819
Charges to Appropriations (Outflow)				
Transfers out	4,000	4,000	-	4,000
Total Charges to Appropriations	4,000	4,000	-	4,000
Budgetary Fund Balance, June 30	\$ 60,906	\$ 60,906	\$ 66,725	\$ 5,819

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Intergovernmental	135,000	135,000	135,000	-
Investment earnings	-	-	18	18
Amounts Available for Appropriations	135,000	135,000	135,018	18
Charges to Appropriations (Outflow)				
Capital outlay	266,400	266,400	135,000	131,400
Total Charges to Appropriations	266,400	266,400	135,000	131,400
Budgetary Fund Balance, June 30	\$ (131,400)	\$ (131,400)	\$ 18	\$ 131,418

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC IMPROVEMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 86,686	\$ 86,686	\$ 86,686	\$ -
Resources (Inflows)				
Investment earnings	1,000	1,000	2,112	1,112
Miscellaneous	-	148,955	12,176	(136,779)
Amounts Available for Appropriations	87,686	236,641	100,974	(135,667)
Charges to Appropriations (Outflow)				
Public works	6,001	6,001	-	6,001
Capital outlay	-	230,630	23,951	206,679
Total Charges to Appropriations	6,001	236,631	23,951	212,680
Budgetary Fund Balance, June 30	\$ 81,685	\$ 10	\$ 77,023	\$ 77,013

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
RIVERS & MOUNTAINS CONSERVANCY
YEAR ENDED JUNE 30, 2017**

	<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	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Intergovernmental	377,653	377,653	319,001	(58,652)
Amounts Available for Appropriations	377,653	377,653	319,001	(58,652)
Charges to Appropriations (Outflow)				
Capital outlay	319,001	319,001	319,001	-
Total Charges to Appropriations	319,001	319,001	319,001	-
Budgetary Fund Balance, June 30	\$ 58,652	\$ 58,652	\$ -	\$ (58,652)

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 403,330	\$ 403,330	\$ 403,330	\$ -
Resources (Inflows)				
Intergovernmental	140,000	140,000	4,141	(135,859)
Investment earnings	1,000	1,000	3,230	2,230
Amounts Available for Appropriations	544,330	544,330	410,701	(133,629)
Charges to Appropriations (Outflow)				
Capital outlay	467,500	467,500	274,011	193,489
Total Charges to Appropriations	467,500	467,500	274,011	193,489
Budgetary Fund Balance, June 30	\$ 76,830	\$ 76,830	\$ 136,690	\$ 59,860

CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE
BUILDING IMPROVEMENT
YEAR ENDED JUNE 30, 2017**

	<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	\$ 120,031	\$ 120,031	\$ 120,031	\$ -
Resources (Inflows)				
Investment earnings	500	500	1,123	623
Amounts Available for Appropriations	120,531	120,531	121,154	623
Charges to Appropriations (Outflow)				
Public works	90,351	90,351	-	90,351
Total Charges to Appropriations	90,351	90,351	-	90,351
Budgetary Fund Balance, June 30	\$ 30,180	\$ 30,180	\$ 121,154	\$ 90,974

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 RESIDENTIAL STREETS/ALLEYS
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,273	\$ 6,273	\$ 6,273	\$ -
Resources (Inflows)				
Investment earnings	40	40	59	19
Amounts Available for Appropriations	6,313	6,313	6,332	19
Charges to Appropriations (Outflow)				
Total Charges to Appropriations	-	-	-	-
Budgetary Fund Balance, June 30	\$ 6,313	\$ 6,313	\$ 6,332	\$ 19

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 CAPITAL OUTLAY
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Transfers in	430,000	430,000	660,289	230,289
Amounts Available for Appropriations	430,000	430,000	660,289	230,289
Charges to Appropriations (Outflow)				
Capital outlay	430,000	907,468	660,289	247,179
Total Charges to Appropriations	430,000	907,468	660,289	247,179
Budgetary Fund Balance, June 30	\$ -	\$ (477,468)	\$ -	\$ 477,468

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 874,369	\$ 874,369	\$ 874,369	\$ -
Resources (Inflows)				
Investment earnings	20	20	764	744
Transfers in	215,000	215,000	215,000	-
Amounts Available for Appropriations	1,089,389	1,089,389	1,090,133	744
Charges to Appropriations (Outflow)				
Debt service:				
Principal retirement	70,000	70,000	70,000	-
Interest and fiscal charges	141,769	141,769	142,251	(482)
Transfers out	430,000	430,000	660,289	(230,289)
Total Charges to Appropriations	641,769	641,769	872,540	(230,771)
Budgetary Fund Balance, June 30	\$ 447,620	\$ 447,620	\$ 217,593	\$ (230,027)

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Governmental Activities		
	Garage	Technology Replacement	Police Capital Expenditures
Assets			
Current:			
Cash and investments	\$ 467,525	\$ 204,686	\$ 228,422
Receivables:			
Accounts	-	-	-
Restricted:			
Cash and investments	77,414	-	-
Total Current Assets	544,939	204,686	228,422
Noncurrent:			
Capital assets, net of accumulated depreciation	306,996	50,282	-
Total Noncurrent Assets	306,996	50,282	-
Total Assets	851,935	254,968	228,422
Deferred Outflows of Resources			
Deferred pension related items	57,032	-	-
Total Deferred Outflows of Resources	57,032	-	-
Liabilities			
Current:			
Accounts payable	106,654	3,761	-
Accrued interest	4,967	-	-
Claims payable	-	-	-
Capital leases	65,661	-	-
Total Current Liabilities	177,282	3,761	-
Noncurrent:			
Capital leases	204,339	-	-
Net pension liability	229,882	-	-
Total Noncurrent Liabilities	434,221	-	-
Total Liabilities	611,503	3,761	-
Deferred Inflows of Resources			
Deferred pension related items	22,160	-	-
Total Deferred Inflows of Resources	22,160	-	-
Net Position			
Net Investment in capital assets	36,996	50,282	-
Restricted for police vehicles	77,414	-	-
Unrestricted	160,894	200,925	228,422
Total Net Position	\$ 275,304	\$ 251,207	\$ 228,422

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	<u>Governmental Activities</u>		
	<u>Facilities, Streets, Parks, and Pool Capital Expenditures</u>	<u>Self Insurance Trust</u>	<u>Total Internal Service Funds</u>
Assets			
Current:			
Cash and investments	\$ 491,577	\$ 504,860	\$ 1,897,070
Receivables:			
Accounts	-	11,362	11,362
Restricted:			
Cash and investments	-	-	77,414
Total Current Assets	491,577	516,222	1,985,846
Noncurrent:			
Capital assets, net of accumulated depreciation	-	-	357,278
Total Noncurrent Assets	-	-	357,278
Total Assets	491,577	516,222	2,343,124
Deferred Outflows of Resources			
Deferred pension related items	-	-	57,032
Total Deferred Outflows of Resources	-	-	57,032
Liabilities			
Current:			
Accounts payable	-	11,927	122,342
Accrued interest	-	-	4,967
Claims payable	-	207,573	207,573
Capital leases	-	-	65,661
Total Current Liabilities	-	219,500	400,543
Noncurrent:			
Capital leases	-	-	204,339
Net pension liability	-	-	229,882
Total Noncurrent Liabilities	-	-	434,221
Total Liabilities	-	219,500	834,764
Deferred Inflows of Resources			
Deferred pension related items	-	-	22,160
Total Deferred Inflows of Resources	-	-	22,160
Net Position			
Net Investment in capital assets	-	-	87,278
Restricted for police vehicles	-	-	77,414
Unrestricted	491,577	296,722	1,378,540
Total Net Position	\$ 491,577	\$ 296,722	\$ 1,543,232

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities		
	Garage	Technology Replacement	Police Capital Expenditures
Operating Revenues			
Charges for services	\$ 304,026	\$ 143,762	\$ -
Miscellaneous	-	-	-
Total Operating Revenues	304,026	143,762	-
Operating Expenses			
Personnel services	23,857	-	-
Supplies and materials	122,774	62,003	209,204
Outside services	34,603	107,954	440,535
Claims expense	-	-	-
Depreciation expense	81,495	9,816	-
Total Operating Expenses	262,729	179,773	649,739
Operating Income (Loss)	41,297	(36,011)	(649,739)
Nonoperating Revenues (Expenses)			
Interest expense	(4,967)	-	-
Insurance reimbursements	27,306	-	-
Gain (loss) on disposal of capital assets	-	(7,962)	-
Total Nonoperating Revenues (Expenses)	22,339	(7,962)	-
Income (Loss) Before Transfers	63,636	(43,973)	(649,739)
Transfers in	100,000	100,000	-
Changes in Net Position	163,636	56,027	(649,739)
Net Position, Beginning of Year	111,668	195,180	878,161
Net Position, End of Year	\$ 275,304	\$ 251,207	\$ 228,422

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities</u>		
	<u>Facilities, Streets, Parks, and Pool Capital Expenditures</u>	<u>Self Insurance Trust</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services	\$ -	\$ -	\$ 447,788
Miscellaneous	-	11,544	11,544
Total Operating Revenues	-	11,544	459,332
Operating Expenses			
Personnel services	-	-	23,857
Supplies and materials	-	-	393,981
Outside services	-	-	583,092
Claims expense	-	551,510	551,510
Depreciation expense	-	-	91,311
Total Operating Expenses	-	551,510	1,643,751
Operating Income (Loss)	-	(539,966)	(1,184,419)
Nonoperating Revenues (Expenses)			
Interest expense	-	-	(4,967)
Insurance reimbursements	-	-	27,306
Gain (loss) on disposal of capital assets	-	-	(7,962)
Total Nonoperating Revenues (Expenses)	-	-	14,377
Income (Loss) Before Transfers	-	(539,966)	(1,170,042)
Transfers in	100,000	620,338	920,338
Changes in Net Position	100,000	80,372	(249,704)
Net Position, Beginning of Year	391,577	216,350	1,792,936
Net Position, End of Year	\$ 491,577	\$ 296,722	\$ 1,543,232

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities		
	Garage	Technology Replacement	Police Capital Expenditures
Cash Flows from Operating Activities			
Cash received from interfund charges for services	\$ 304,026	\$ 143,762	\$ -
Cash received from (paid to) for charges for services	-	-	-
Cash paid to suppliers for goods and services	(66,136)	(165,546)	(649,739)
Cash paid to employees for services	(34,202)	-	-
Cash received from (payments to) others	-	-	-
Net Cash Provided by (Used for) Operating Activities	203,688	(21,784)	(649,739)
Cash Flows from Non-Capital Financing Activities			
Cash transfers in	100,000	100,000	-
Insurance reimbursements	27,306	-	-
Net Cash Provided by Non-Capital Financing Activities	127,306	100,000	-
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(196,807)	(58,662)	-
Capital lease issued	270,000	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	73,193	(58,662)	-
Net Increase (Decrease) in Cash and Cash Equivalents	404,187	19,554	(649,739)
Cash and Cash Equivalents, Beginning of Year	140,752	185,132	878,161
Cash and Cash Equivalents, End of Year	\$ 544,939	\$ 204,686	\$ 228,422
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ 41,297	\$ (36,011)	\$ (649,739)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided by (Used for) Operating Activities			
Depreciation	81,495	9,816	-
(Increase) decrease in accounts receivable	-	-	-
(Increase) decrease in prepaid expense	-	4,357	-
Increase (decrease) in accounts payable	91,241	54	-
Increase (decrease) in accrued liabilities	(20,667)	-	-
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in pension and related items	10,322	-	-
Total Adjustments	162,391	14,227	-
Net Cash Provided by (Used for) Operating Activities	\$ 203,688	\$ (21,784)	\$ (649,739)

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	<u>Governmental Activities</u>		
	<u>Facilities, Streets, Parks, and Pool Capital Expenditures</u>	<u>Self Insurance Trust</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities			
Cash received from interfund charges for services	\$ -	\$ -	\$ 447,788
Cash received from (paid to) for charges for services	-	(477,587)	(477,587)
Cash paid to suppliers for goods and services	-	565	(880,856)
Cash paid to employees for services	-	-	(34,202)
Cash received from (payments to) others	-	11,544	11,544
Net Cash Provided by (Used for) Operating Activities	-	(465,478)	(933,313)
Cash Flows from Non-Capital Financing Activities			
Cash transfers in	100,000	620,338	920,338
Insurance reimbursements	-	-	27,306
Net Cash Provided by Non-Capital Financing Activities	100,000	620,338	947,644
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	-	(255,469)
Capital lease issued	-	-	270,000
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	14,531
Net Increase (Decrease) in Cash and Cash Equivalents	100,000	154,860	28,862
Cash and Cash Equivalents, Beginning of Year	391,577	350,000	1,945,622
Cash and Cash Equivalents, End of Year	\$ 491,577	\$ 504,860	\$ 1,974,484
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ -	\$ (539,966)	\$ (1,184,419)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided by (Used for) Operating Activities			
Depreciation	-	-	91,311
(Increase) decrease in accounts receivable	-	(11,362)	(11,362)
(Increase) decrease in prepaid expense	-	-	4,357
Increase (decrease) in accounts payable	-	11,927	103,222
Increase (decrease) in accrued liabilities	-	-	(20,667)
Increase (decrease) in claims payable	-	73,923	73,923
Increase (decrease) in pension and related items	-	-	10,322
Total Adjustments	-	74,488	251,106
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ (465,478)	\$ (933,313)



STATISTICAL SECTION



CITY OF LOS ALAMITOS

**DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2017**

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

CONTENTS:

Page(s)

Financial Trends: these schedules contain trend information to help the reader understands how the City’s financial performance and well-being has changed over time.....

Revenue Capacity: these schedules contain trend information to help the reader assesses the factors affecting the City’s most significant revenue source, property tax

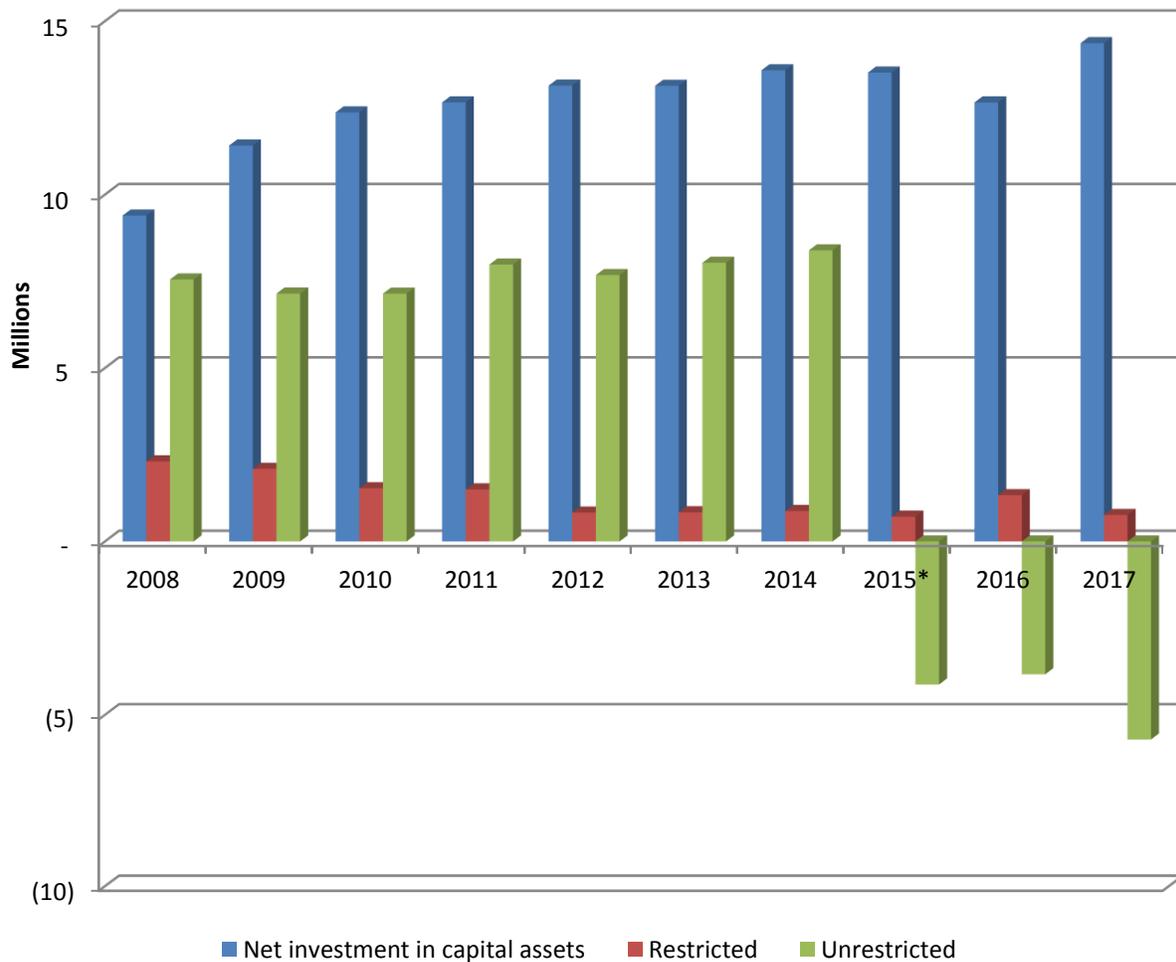
Debt Capacity: these schedules present information to help the reader assesses the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.....

Demographic and Economic Information: these schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.....

Operating Information: 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

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 9,396	\$ 11,415	\$ 12,370	\$ 12,659
Restricted	2,309	2,093	1,533	1,500
Unrestricted	7,553	7,146	7,144	7,984
Total governmental activities net position	<u>\$ 19,258</u>	<u>\$ 20,654</u>	<u>\$ 21,047</u>	<u>\$ 22,143</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					
2012	2013	2014	2015*	2016	2017
\$ 13,143	\$ 13,138	\$ 13,585	\$ 13,519	\$ 12,658	\$ 14,366
832	841	878	713	1,334	764
7,681	8,034	8,393	(4,126)	(3,828)	(5,716)
<u>\$ 21,656</u>	<u>\$ 22,013</u>	<u>\$ 22,856</u>	<u>\$ 10,106</u>	<u>\$ 10,164</u>	<u>\$ 9,414</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 3,178	\$ 2,704	\$ 2,224	\$ 1,659
Public safety	4,922	5,095	5,068	4,912
Community development	700	578	578	527
Recreation and community services	2,162	2,114	1,583	1,568
Public works	1,592	1,616	1,922	1,905
Interest and fiscal charges	209	155	156	153
Total governmental activities expenses	<u>12,763</u>	<u>12,262</u>	<u>11,531</u>	<u>10,724</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	33	88	117	43
Public safety	770	663	618	641
Community development	52	75	73	150
Recreation and community services	1,015	1,100	1,180	1,230
Public works	-	-	-	-
Operating grants	921	1,315	388	533
Capital grants and contributions	191	1,123	708	890
Total governmental activities program revenues	<u>2,982</u>	<u>4,364</u>	<u>3,084</u>	<u>3,487</u>
Net (expense)/revenue				
Governmental activities	(9,781)	(7,898)	(8,447)	(7,237)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	2,484	2,545	2,654	2,529
Utility users tax	2,178	2,232	2,178	2,132
Transient occupancy	101	78	70	80
Sales	2,912	2,514	2,349	2,148
Franchise	595	603	584	595
Business license	606	788	574	471
Other	63	55	65	85
	<u>8,939</u>	<u>8,815</u>	<u>8,474</u>	<u>8,040</u>
Motor vehicle in lieu	54	41	36	62
Investment income	277	142	39	27
Gain on Sale of property	9	6	5	140
Other	389	289	287	89
Total governmental activities	<u>9,668</u>	<u>9,293</u>	<u>8,841</u>	<u>8,358</u>
Changes in Net Position				
Governmental activities	<u>\$ (113)</u>	<u>\$ 1,395</u>	<u>\$ 394</u>	<u>\$ 1,121</u>

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 2,376	\$ 1,377	\$ 2,223	\$ 2,646	\$ 2,976	\$ 2,830
5,545	5,393	5,691	5,463	5,732	6,922
705	745	843	714	685	775
1,770	1,957	1,700	1,772	1,834	1,783
2,007	2,709	2,839	2,592	2,339	2,306
150	168	140	138	302	148
<u>12,553</u>	<u>12,349</u>	<u>13,436</u>	<u>13,325</u>	<u>13,868</u>	<u>14,764</u>
3	-	385	205	225	272
511	637	735	752	808	825
280	435	113	141	80	100
1,266	1,295	1,242	1,301	1,225	1,087
-	-	18	2	139	-
112	119	323	293	398	453
524	349	1,739	629	530	369
<u>2,696</u>	<u>2,835</u>	<u>4,555</u>	<u>3,323</u>	<u>3,405</u>	<u>3,106</u>
(9,857)	(9,514)	(8,881)	(10,002)	(10,463)	(11,658)
3,143	3,734	2,733	2,954	3,118	3,603
2,083	2,160	2,188	2,210	2,092	2,037
88	104	113	132	156	159
2,200	2,117	2,836	3,064	3,357	3,160
683	653	689	712	709	669
618	694	551	563	566	609
347	284	334	348	251	339
<u>9,162</u>	<u>9,746</u>	<u>9,444</u>	<u>9,983</u>	<u>10,249</u>	<u>10,576</u>
6	5	-	-	-	-
15	27	13	30	86	63
3	37	-	-	-	-
207	36	267	146	185	269
<u>9,393</u>	<u>9,851</u>	<u>9,724</u>	<u>10,159</u>	<u>10,520</u>	<u>10,908</u>
<u>\$ (464)</u>	<u>\$ 337</u>	<u>\$ 843</u>	<u>\$ 157</u>	<u>\$ 57</u>	<u>\$ (750)</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			
	2008	2009	2010	2011
General Fund				
Nonspendable				\$ 4
Committed				-
Restricted				-
Assigned				3,250
Unassigned				4,161
Reserved	\$ 25	\$ 25	\$ 5	-
Unreserved, designated	2,800	2,800	2,800	-
Unreserved, undesignated	3,078	3,305	3,418	-
Total General Fund	<u>5,903</u>	<u>6,130</u>	<u>6,223</u>	<u>7,415</u>
All Other Governmental Funds				
Nonspendable				-
Restricted				1,550
Assigned				1,201
Unassigned				(167)
Reserved	-	274	261	
Unreserved, designated reported in:				
Special revenue funds	219	215	216	
Unreserved, reported in:				
Special revenue funds	2,098	1,211	1,120	
Debt service funds	262	-	-	
Capital projects funds	1,040	1,067	1,008	
Total All Other Governmental Funds	<u>3,619</u>	<u>2,767</u>	<u>2,605</u>	<u>2,584</u>
Total All Governmental Funds	<u>\$ 9,522</u>	<u>\$ 8,897</u>	<u>\$ 8,828</u>	<u>\$ 9,999</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						
2012	2013	2014	2015	2016	2017	
\$ 7	\$ 6	\$ 8	\$ 684	\$ 59	\$ 17	
-	-	-	3,274	3,247	3,286	
-	-	-	-	-	-	
3,250	3,770	7,049	4,210	4,103	4,252	
4,496	4,085	1,218	(644)	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>7,753</u>	<u>7,861</u>	<u>8,275</u>	<u>7,524</u>	<u>7,409</u>	<u>7,555</u>	
-	-	-	-	-	-	
1,073	888	829	1,063	1,333	764	
724	898	677	390	1,001	345	
(146)	(223)	(1,240)	-	-	-	
<u>1,651</u>	<u>1,563</u>	<u>266</u>	<u>1,453</u>	<u>2,334</u>	<u>1,109</u>	
<u>\$ 9,404</u>	<u>\$ 9,424</u>	<u>\$ 8,541</u>	<u>\$ 8,977</u>	<u>\$ 9,743</u>	<u>\$ 8,664</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)

	2008	2009	2010	2011
Revenues				
Taxes	\$ 8,725	\$ 8,387	\$ 7,915	\$ 8,027
Licenses and permits	606	806	604	629
Intergovernmental	949	1,671	1,542	1,047
Charges for services	1,105	1,248	1,256	1,379
Investment earnings	369	198	39	27
Fines and forfeitures	751	651	622	602
Other	299	60	189	245
Total Revenues	<u>12,804</u>	<u>13,021</u>	<u>12,167</u>	<u>11,956</u>
Expenditures				
General government	2,739	2,219	2,132	1,892
Public safety	4,798	4,993	4,923	4,748
Community development	694	574	562	526
Recreation and community services	2,118	2,073	1,517	1,527
Public works	1,461	1,483	1,717	1,654
Capital outlay	556	2,165	1,260	523
Debt service:				
Principal retirement	15	55	61	60
Payment to refunded bond escrow agent	-	-	-	-
Interest and fiscal charges	157	155	152	150
Total Expenditures	<u>12,538</u>	<u>13,717</u>	<u>12,324</u>	<u>11,080</u>
Excess of revenues over/(under) expenditures	<u>266</u>	<u>(696)</u>	<u>(157)</u>	<u>876</u>
Other Financing Sources (Uses)				
Transfers in	731	816	635	960
Transfers out	(1,425)	(745)	(546)	(621)
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources	<u>(694)</u>	<u>71</u>	<u>89</u>	<u>339</u>
Net change in fund balances	<u>\$ (428)</u>	<u>\$ (625)</u>	<u>\$ (68)</u>	<u>\$ 1,215</u>
Debt service as a percentage of noncapital expenditures	1.435%	1.818%	1.925%	1.966%

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

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	8,087	\$ 9,042	\$ 9,420	\$ 10,337	\$ 10,559	\$ 10,724
	1,247	694	937	205	225	272
	475	531	150	1,609	245	609
	1,320	1,752	1,396	1,403	1,459	1,202
	15	9	2	30	86	63
	450	615	710	737	781	810
	197	36	581	454	460	476
	<u>11,791</u>	<u>12,679</u>	<u>13,196</u>	<u>14,775</u>	<u>13,815</u>	<u>14,156</u>
	2,106	1,900	2,097	2,379	2,735	2,029
	4,913	5,280	5,874	5,513	5,711	5,777
	623	737	830	694	657	715
	1,570	1,889	1,620	1,730	1,739	1,646
	1,779	1,831	1,686	1,771	1,963	1,963
	1,183	806	1,744	830	213	1,972
	65	72	70	76	75	70
	-	-	-	-	220	-
	147	144	141	138	311	142
	<u>12,386</u>	<u>12,659</u>	<u>14,062</u>	<u>13,131</u>	<u>13,624</u>	<u>14,314</u>
	<u>(595)</u>	<u>20</u>	<u>(866)</u>	<u>1,644</u>	<u>191</u>	<u>(158)</u>
	715	588	606	684	681	1,280
	(715)	(588)	(621)	(1,892)	(1,203)	(2,201)
	-	-	-	-	3,685	-
	-	-	-	-	133	-
	-	-	-	-	(2,722)	-
	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(1,208)</u>	<u>574</u>	<u>(921)</u>
\$	<u>(595)</u>	<u>\$ 20</u>	<u>\$ (881)</u>	<u>\$ 436</u>	<u>\$ 765</u>	<u>\$ (1,079)</u>
	1.878%	1.732%	1.593%	1.665%	2.319%	1.718%
				(1)		

CITY OF LOS ALAMITOS
 2016/17 Use Category Summary-Basic Property Value Table
 Last Ten Fiscal Years
 (amounts expressed in thousands)

<u>Category</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	\$ 865,371	\$ 898,176	\$ 897,118	\$ 925,857	\$ 935,865	\$ 957,266
Commercial	262,971	284,259	289,009	283,221	278,086	288,363
Industrial	205,802	243,442	248,721	246,247	247,130	252,384
Institutional	60	61	62	-	-	-
Miscellaneous	28,802	627	1,753	1,749	1,762	1,797
Recreational	-	-	-	-	-	-
Vacant land	839	859	876	-	-	-
SBE Nonunitary	459	222	222	222	222	222
Cross Reference	-	3,106	3,285	3,477	3,367	4,327
Unsecured	156,734	149,735	148,625	155,295	138,185	134,342
Other	-	-	-	-	-	-
Totals	\$ 1,521,038	\$ 1,580,487	\$ 1,589,671	\$ 1,616,068	\$ 1,604,617	\$ 1,638,701
Direct rate	0.10064%	0.10072%	0.10067%	0.10066%	0.10066%	0.10067%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	994,876	\$1,057,040	\$1,117,850	\$1,165,824
	288,722	309,701	351,113	358,116
	253,201	253,653	260,291	268,534
	-	-	-	-
	-	-	-	-
	-	-	-	-
	8,917	8,449	9,710	9,905
	222	222	222	222
	3,453	3,265	3,083	3,998
	119,933	143,801	138,386	154,478
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
\$	1,669,324	\$1,776,131	\$1,880,655	\$1,961,077
	0.10090%	0.00000%	0.00000%	0.11578%



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
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	-	1,788,869	0.117
2015	1,632,108	144,023	-	1,776,131	0.117
2016	1,742,048	138,608	-	1,880,656	0.116
2017	1,806,599	154,478	-	1,961,077	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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City Direct Rate	0.117	0.117	0.117	0.117	0.117	0.117	0.117
Overlapping Rates:							
Los Alamitos City General Fund	0.100	0.100	0.101	0.101	0.101	0.101	0.101
Los Alamitos City Lighting Reorganization	0.016	0.016	0.016	0.016	0.016	0.016	0.016
Educational Revenue Augmentation Fund	0.145	0.144	0.144	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	0.412
North Orange Co. Community College District	0.059	0.059	0.059	0.059	0.059	0.059	0.059
Orange County Department of Education	0.031	0.031	0.031	0.031	0.031	0.031	0.031
Orange County Fire Department	0.095	0.095	0.095	0.095	0.095	0.095	0.095
Orange County Flood Control District General	0.017	0.017	0.017	0.017	0.017	0.017	0.017
Orange County General Fund	0.052	0.052	0.052	0.052	0.052	0.052	0.052
Orange County Harbors Beaches & Parks Csa	0.013	0.013	0.013	0.013	0.013	0.013	0.013
Orange County Library District General Fund	0.014	0.014	0.014	0.014	0.014	0.014	0.014
Orange County Sanitation District 3 Operating	0.027	0.027	0.027	0.027	0.027	0.027	0.027
Orange County Transportation Authority	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Orange County Water District reserve	0.000	0.001	0.000	0.000	0.000	0.000	0.000
Rossmoor/Los Alamitos Sewer District	0.010	0.010	0.010	0.010	0.010	0.010	0.010
Total Prop 13 Rate	<u>1.000</u>						
Anaheim High School District	0.025	0.024	0.026	0.027	0.027	0.029	0.026
Cypress Elementary	0.000	0.000	0.022	0.026	0.015	0.025	0.027
Garden Grove Unified School District	0.000	0.000	0.000	0.033	0.025	0.031	0.037
Los Alamitos Sfid	0.000	0.000	0.020	0.033	0.036	0.042	0.056
Metropolitan Water District	0.005	0.004	0.004	0.004	0.004	0.004	0.003
N. Orange County Community College	0.015	0.015	0.018	0.017	0.017	0.019	0.017
Total Voter Approved tax Rate	<u>0.045</u>	<u>0.043</u>	<u>0.089</u>	<u>0.141</u>	<u>0.124</u>	<u>0.150</u>	<u>0.166</u>
Total Tax Rate	<u>1.045</u>	<u>1.020</u>	<u>1.089</u>	<u>1.141</u>	<u>1.124</u>	<u>1.150</u>	<u>1.166</u>

Source: HdL Coren and Cone, Orange County Assessor 2007/2008 - 2016/2017 Tax Rate Table

<u>2015</u>	<u>2016</u>	<u>2017</u>
0.117	0.116	0.116
0.101	0.101	0.101
0.016	0.016	0.016
0.144	0.145	0.145
0.411	0.412	0.412
0.059	0.059	0.059
0.031	0.031	0.031
0.095	0.095	0.095
0.017	0.017	0.017
0.052	0.052	0.052
0.013	0.013	0.013
0.014	0.014	0.014
0.027	0.027	0.027
0.002	0.002	0.002
0.001	0.001	0.001
0.006	0.006	0.006
0.001	0.000	0.000
0.010	0.010	0.010
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
0.024	0.049	0.043
0.023	0.025	0.024
0.041	0.047	0.045
0.048	0.052	0.048
0.004	0.004	0.004
0.017	0.030	0.029
<u>0.157</u>	<u>0.207</u>	<u>0.192</u>
<u>1.157</u>	<u>1.207</u>	<u>1.192</u>

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

	2017		2008	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 106,528	5.432%	\$ 67,719	4.451%
Los Alamitos Corporation Center JV	56,403	2.876%		
Trend Offset Printing Inc.	47,596	2.427%	60,093	3.950%
Henrietta C. Lee Trust			50,780	3.338%
Don Wilson Staples LLC	32,036	1.634%	12,992	0.854%
CGM Katella LLC	18,510	0.944%		
Davenport KCC Partners LLC			15,810	1.039%
JCB Inc.	17,999	0.918%	15,804	1.039%
Ganahl Lumber Company	16,554	0.844%	14,736	0.969%
Katella Property Owner LLC	13,198	0.673%		
Bayport Los Alamitos Associates LP	13,109	0.668%	11,567	0.760%
Bar Bakers LLC	12,945	0.660%		
Los Alamitos LLC			10,118	0.665%
Arrowhead Products Corporation			9,963	0.655%
Top Ten Totals	<u>\$ 334,878</u>	<u>17.076%</u>	<u>\$ 269,582</u>	<u>17.719%</u>
City Totals	<u>\$ 1,961,077</u>		<u>\$ 1,521,458</u>	

Source: HdL Coren and Cone, Orange County Assessor 2006/07 and 2016/17 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
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%
2017	2,347,295	2,314,148	98.588%	17,812	2,331,960	99.347%

(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		Total Primary Government	Debt as a Percentage of Personal Income ¹	Debt Per Capita ¹
	Certificates of Participation	Capital Lease			
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
2017	\$ 3,615	270	\$ 3,885	0.912%	\$330.95

¹ 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, 2017
 (amounts expressed in thousands)

2016-2017 Taxable Assessed Valuation: \$ 1,961,259

	<u>Total Debt 6/30/2017</u>	<u>Percent Applicable to City (1)</u>	<u>City's Share of Debt 6/30/2017</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 74,905	0.076%	57
North Orange County Joint Community College District	240,284	1.658%	3,984
Garden Grove Unified School District	329,640	0.009%	30
Los Alamitos Unified District School Facilities Improvement Dist #1	104,615	22.661%	23,707
Anaheim Union High School District	130,664	0.069%	90
Cypress School District	40,993	0.453%	186
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 28,053
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 227,516	0.374%	\$ 851
Orange County Pension obligations	762,303	0.374%	2,851
Orange County Board of Education Certificates of Participation	14,440	0.374%	54
Los Alamitos Unified School District Certificates of Participation	42,902	20.507%	8,798
Anaheim Union High School District Certificates of Participation	39,595	0.069%	27
Cypress School District Certificates of Participation	7,030	0.453%	32
North Orange County Regional Occupational Program Certificates	9,910	1.705%	169
City of Los Alamitos Certificates of Participation	3,615	100.000%	3,615
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 16,397
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 16,397
TOTAL DIRECT DEBT			\$ 3,615
GROSS OVERLAPPING DEBT			\$ 40,835
TOTAL NET OVERLAPPING DEBT			\$ 40,835
GROSS COMBINED TOTAL DEBT (2)			\$ 44,450 (2)
NET COMBINED TOTAL DEBT			\$ 44,450

- (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.....	1.43%
Total Direct Debt (3,615,000).....	0.18%
Gross Combined Total Debt.....	2.27%
Net Combined Total Debt.....	2.27%

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	\$ 1,961,076,858
Debt limit (15% of assessed value)	294,161,529
Debt applicable to limit	<u>0</u>
Legal debt margin - Current Year	<u><u>\$ 294,161,529</u></u>

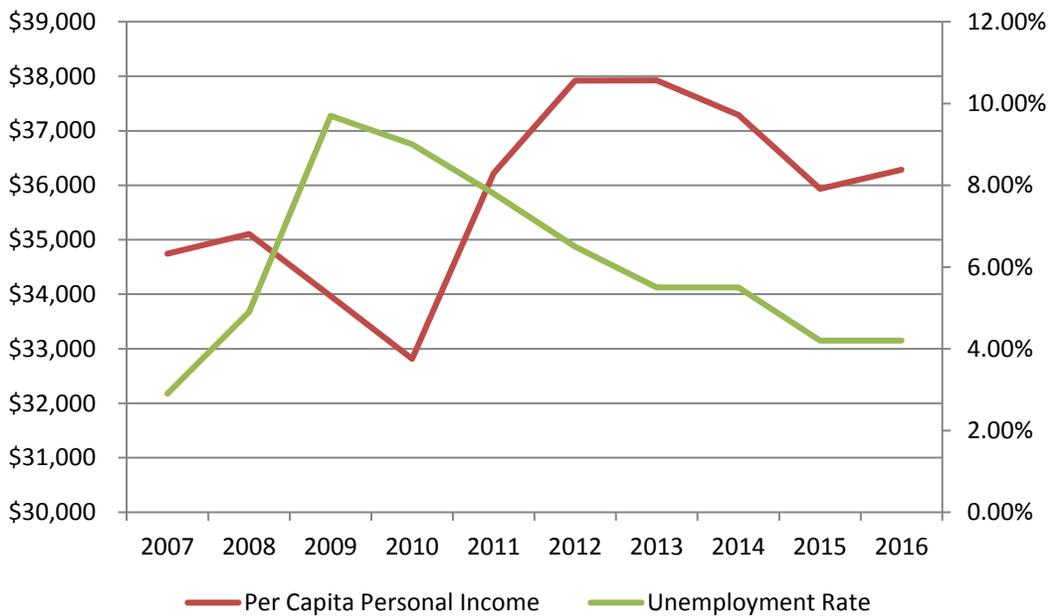
Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2008	\$ 228,155,675	\$ 0	\$ 212,479,850	\$ 0
2009	237,073,010	0	228,155,675	0
2010	238,450,720	0	237,073,010	0
2011	242,410,136	0	238,450,720	0
2012	240,628,038	0	240,628,038	0
2013	245,805,113	0	245,805,113	0
2014	250,398,597	0	245,805,113	0
2015	266,419,511	0	266,419,511	0
2016	282,098,369	0	282,098,369	0
2017	294,161,529	0	294,161,529	0

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
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%
2016	11,739	425,943	36,284	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	2016-17			2007-08		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Los Alamitos Medical Center	1,150	1	11.45%	962	1	19.90%
Arrowhead Products	870	2	8.66%	563	2	11.65%
Trend Offset Printing Services	700	3	6.97%	535	3	11.07%
Katella Deli	188	4	1.87%			
Alamitos West Health Care Center	155	5	1.54%	134	10	2.77%
Millie and Severson, Inc	137	6	1.36%			
Ganahl Lumber	133	7	1.32%			
Alliance Spacesystems, LLC	99	8	0.99%			
Bearing Inspection, Inc.	97	9	0.97%	144	9	2.98%
Discovery Practice Management, Inc.	95	10	0.95%			
Dynamic Cooking Systems, Inc.				309	4	6.39%
Bloomfield Bakers				300	5	6.21%
Isec Incorporated				175	6	3.62%
Furon Company				157	7	3.25%
Systems Services of America				150	8	3.10%
	<u>3,624</u>		<u>36.08%</u>	<u>3,429</u>		<u>70.94%</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government							
City Council	5	5	5	5	5	5	5
Administration	11	10	9	8	8	8	8
Community Development							
Administration	2	2	2	2	2	1	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	20	21	18	19	19	19	19
Investigation	3	3	3	3	3	3	3
Records	2	2	2	2	2	2	2
Crossing Guards	4	3	2	2	2	3	3
Other PD Support	2	4	2	2	2	2	2
Public Works							
Admin/Engineering	3	3	2	1	1	1	1
Maintenance	11	11	11	10	10	10	10
Mechanic	1	1	1	1	1	1	1
Recreation & Community Services							
Administration	4	4	4	4	4	5	5
Recreation/Cultural	24	22	19	18	17	15	15

Source: City of Los Alamitos, Administrative Services Department

<u>2015</u>	<u>2016</u>	<u>2017</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	1
2	2	2
1	1	1
10	10	10
1	1	1
5	5	5
15	15	14

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Community Development						
Number of:						
Business licenses	NA	1,900	1,900	1,921	2,048	1,964
Plan checks	60	76	74	105	119	141
NPDES inspections	129	96	53	240	152	126
Code violations	520	432	442	402	352	97
Police						
Number of:						
Part 1 crimes	396	375	326	347	356	433
Parking violations	1,882	2,751	2,382	2,389	1,893	1,532
Traffic (moving) violations	2,903	1,997	1,848	1,810	1,877	2,177
Incident & crime reports	1,713	1,538	1,380	1,320	1,356	1,361
Public Works						
Square yd of street resurfacing/repair	100,963	55,455	64,600	2,500	11,600	38,800
Miles of street sweeping	33	33	33	33	33	33
Number of:						
Street signal maintained	24	24	24	24	24	24
Trees pruned per year	151	350	200	500	1,230	632
Square feet graffiti removal	140	2,000	1,800	1,700	1,625	1,650
Recreation & Community Services						
Total in attendance:						
Aquatics	123,180	200,000	210,000	215,000	225,000	230,000
Community Services/Seniors	11,440	10,150	10,000	9,500	9,700	9,800
Day Camp	3,245	2,400	2,400	2,500	2,500	2,600
Park Program	3,521	1,400	1,000	1,100	1,250	1,400
Sports	N/A	N/A	N/A	N/A	N/A	N/A
Classes	11,464	6,200	6,500	6,600	6,400	6,400
Special Events	32,900	33,000	35,000	36,000	37,900	40,000

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
2,089	2,227	2,169	2,068
110	95	96	93
57	104	60	60
147	121	267	267
330	299	252	268
1,766	3,283	3,963	2,997
2,354	1,786	1,473	2,885
1,293	1,381	1,167	1,254
20,000	15,000	-	-
33	33	33	33
25	25	25	25
620	615	991	991
1,550	1,245	1,205	1,205
232,000	235,000	163,000	0 *
10,500	10,500	13,180	14,000
2,800	2,900	2,800	3,000
2,600	4,385	4,262	4,140
N/A	N/A	35,500	30,000
6,300	6,900	8,900	8,900
41,470	34,200	30,475	34,820

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

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

Source: City of Los Alamitos, Administrative Services Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1	1	1	1	1	1
1	1	1	1	1	1
7	7	7	7	7	8
8	8	9	9	9	9
32.9	32.9	32.9	32.9	32.9	32.9
910	910	911	911	911	911
24	24	25	25	25	25
13	13	13	13	13	13
1	1	1	1	1	1
1	1	1	1	1	1
9	9	9	9	9	9
2	2	2	2	2	2

