



CITY OF  
**Los Alamitos**  
*California*



**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2018**

CITY OF LOS ALAMITOS, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:  
MARIA-LUISA VALDEZ  
ADMINISTRATIVE SERVICES DIRECTOR



CITY OF LOS ALAMITOS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018

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December 18, 2018

## **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, 2018.

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, 2018. 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-two budgeted 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 4.9% compared to the state's unemployment rate of 5.5%.

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 FY17-18, 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 decrease next fiscal year by approximately \$457,000. However, the City's 2018-19 budget is balanced with revenues projected to exceed expenditures by \$10,470 while continuing to maintain vital services to the community.

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

As of June 30, 2018, the City's General Fund had fund balance unassigned and assigned of approximately \$7.7 million. Of this amount, \$3.39 million is assigned for emergencies, \$3.62 million designated for PERS reserves, \$500 thousand designated for retiree medical insurance benefits and approximately \$155 thousand is assigned for encumbrances. Nonspendable fund balance consists primarily of prepaid amounts for the 2018-19 Fiscal Year, which were paid during the 2017-18 Fiscal Year.

Annually, the City updates a five (5) year Capital Improvement Program (CIP). The Capital Improvement Program for Fiscal Year 2018-19 totals \$1,700,738, which includes \$396,088 carried forward from Fiscal Year 2017-18. Projects include, but are not limited to, the Fenley Pump Station New Motor, City Hall Generator, Labourdette Park playground equipment and other street 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, 2017. 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 Finance Department. I would like to express my appreciation to all members of the department who assisted in its preparation. The City Council has continued to extend their support to the Finance Department in the planning of responsible and progressive financial operations. I would like to thank the Mayor 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,



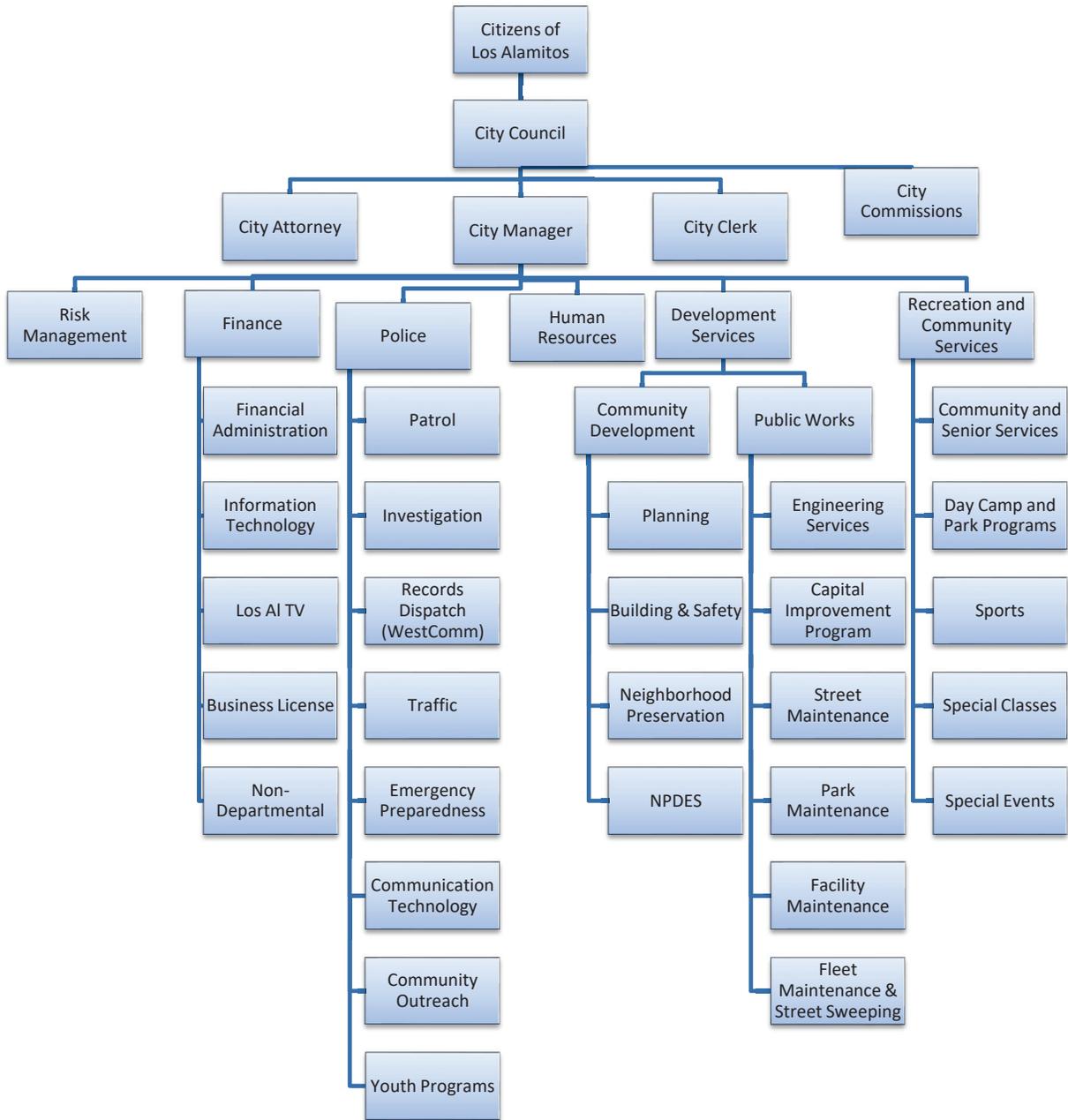
Bret M. Plumlee  
City Manager



Maria-Luisa Valdez  
Finance Director/City Treasurer

# CITY OF LOS ALAMITOS

## ORGANIZATIONAL CHART



# CITY OF LOS ALAMITOS

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## DIRECTORY OF OFFICIALS

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### CITY COUNCIL

Troy D. Edgar, Mayor  
Warren Kusumoto, Mayor Pro Tem  
Mark A. Chirco, Council Member  
Richard D. Murphy, Council Member  
Shelley Hasselbrink, 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  
Maria-Luisa Valdez, Finance Director/City Treasurer  
Les Johnson, Development Services Director  
Emeline Noda, Manager of Recreation and Community Services  
Ron Noda, Manager of Recreation and Community Services  
Chelsi Wilson, Executive Assistant to the City Manager  
Sean Connolly, Police Captain  
Chris Karrer, Police Captain  
Robert Acosta, Division Chief - Orange County Fire Authority



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, 2017**

*Christopher P. Morrell*

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, 2018, 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, 2018, 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.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2017 as described in Note 1 to the basic financial statements. In addition, the Total OPEB liability is reported in the statement of Net position in the amount of \$4,517,345 as of the measurement date. The City hired a qualified actuary to evaluate the Total OPEB Liability as of the measurement date as required by GASB Statement No. 75. The Total OPEB Liability is calculated by actuaries using estimates and actuarial techniques from actuarial valuation as of June 30, 2017. The actuary applied the Section 3.7.7(c)(4) of the ASOP No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments. Our opinion is not modified with respect to this matter.

### ***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 schedules for the general fund, the schedule of proportionate share of the net pension liability, the schedule of plan contributions, and the schedule of changes in Total OPEB and related ratio 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.



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

*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 nonmajor 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018 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.

Brea, California  
December 18, 2018





## 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, 2018. 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 Traffic Improvement Fund, which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

## Government-wide Financial Analysis

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

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

	Governmental Activities - June 30,	
	2018	2017*
Current and other assets	\$ 11,819,927	\$ 12,511,935
Capital assets	19,042,829	17,975,812
Total assets	30,862,756	30,487,747
Deferred outflows of resources	5,571,455	4,198,348
Current liabilities	1,453,068	2,024,753
Noncurrent liabilities:		
Long-term liabilities	4,995,324	4,803,821
Total OPEB liability	4,517,345	4,409,058
Net pension liability	18,846,694	16,327,713
Total liabilities	29,812,431	27,565,345
Deferred inflows of resources	1,259,024	1,309,242
Net position:		
Net investment in capital assets	15,280,671	14,366,504
Restricted	761,141	763,873
Unrestricted	(10,679,056)	(9,318,869)
Total net position	\$ 5,362,756	\$ 5,811,508

*\*Certain reclassifications have been made to prior year balances to conform with the current year's presentation and to account for the prior year restatement.*

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$5,362,756 as of June 30, 2018, a decrease of \$448,752 from June 30, 2017.

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 \$10.7 million as of June 30, 2018, which relates to the City's net pension liability and OPEB liability. The City has set-aside \$3.62 million for its unfunded pension liability and \$500,000 for its OPEB 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, 2018 and the prior fiscal year is illustrated in Table 2 below.

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

	Governmental Activities - June 30,	
	2018	2017*
Revenues		
Program revenues:		
Charges for services	\$ 2,827,168	\$ 2,283,688
Operating contributions and grants	151,009	453,386
Capital contributions and grants	390,619	369,274
General revenues:		
Taxes:		
Property taxes	3,773,441	3,602,724
Utility users tax	2,033,871	2,036,826
Sales taxes	3,336,434	3,159,568
Franchise taxes	690,734	669,032
Business Licenses	647,433	608,967
Other taxes	596,100	498,734
Investment income	101,885	63,183
Gain on sale of property	18,590	-
Other	181,590	269,216
Total revenues	<u>14,748,874</u>	<u>14,014,598</u>
Expenses		
General government	3,516,839	2,829,637
Public safety	6,311,228	6,921,683
Community development	1,103,579	775,615
Recreation and community services	1,810,947	1,783,021
Public works	2,313,769	2,306,427
Interest on long-term debt	141,264	148,110
Total expenditures	<u>15,197,626</u>	<u>14,764,493</u>
Change in net position	(448,752)	(749,895)
Net position, beginning, as restated	<u>5,811,508</u>	<u>6,561,403</u>
Net position, ending	<u>\$ 5,362,756</u>	<u>\$ 5,811,508</u>

*\*Certain reclassifications have been made to prior year balances to conform with the current year's presentation and to account for the prior year restatement.*

**Governmental Activities.** Governmental activities decreased the City’s net position by \$448,752 (8 percent) compared to a net decrease of \$749,895 in the prior year. Key elements of this year’s activity in relation to the prior year are as follows:

**Revenues:**

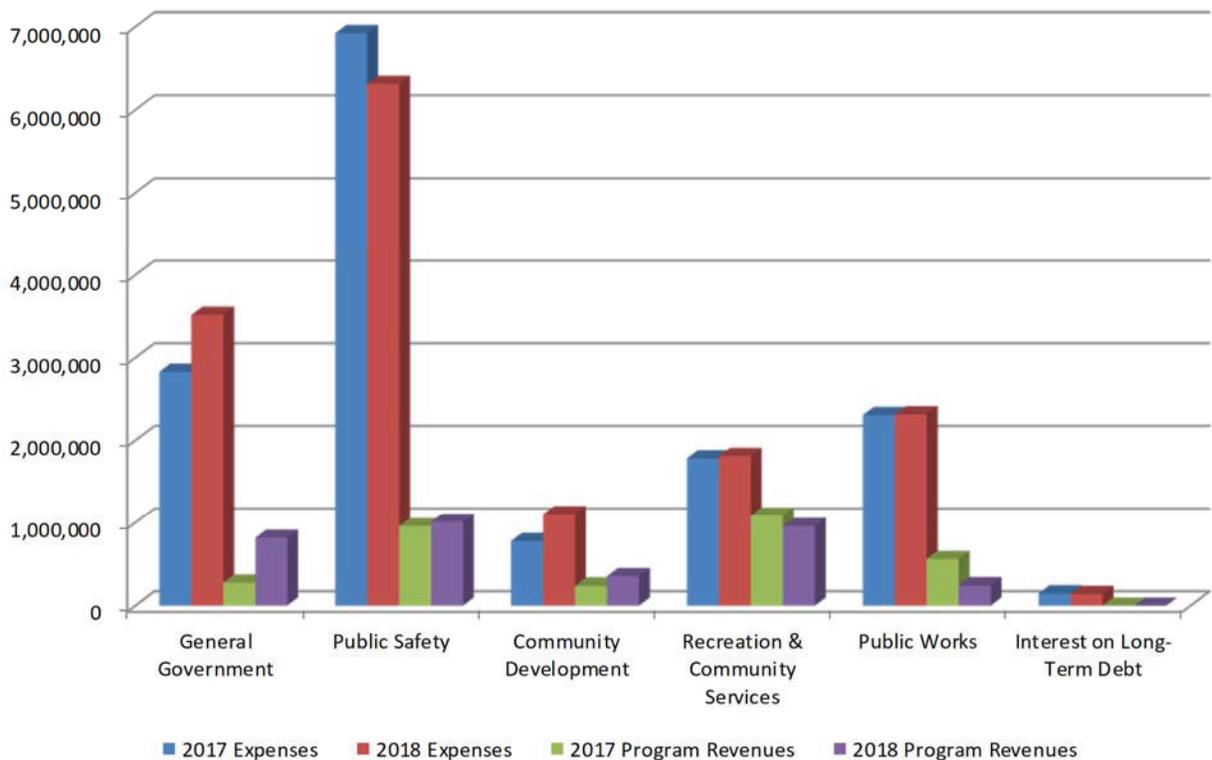
- While variances between years exist for the various revenue categories, the total net increase was \$734,276, which is largely attributable to the \$542,151 (199%) increase in permits. This was attributable to the full-recovery of costs from the implementation of the new Master Fee Schedule. Additionally, the City received permit revenue from large projects, which were not anticipated, and lastly there were 34% more permits were issued in Fiscal Year 2017-18 when compared to the prior fiscal year.

**Expenses:**

- While variances between years exist for the various expense functions, the total net increase was \$433,133, which is largely attributable to increases in pension costs. Pension costs increased by approximately \$200,000 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 \$8,618,639 a decrease of \$44,898 (1 percent) from the prior fiscal year's balance. \$3,387,075 or 39.3% of fund balance is restricted for emergencies, which is reported within the fund balance classification *committed*. \$4,403,781 or 51.1% 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*. \$761,141 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.

The fund balance of the City's General Fund increased by \$174,097 during the fiscal year compared to a \$145,869 increase in the prior year. The increase in the current year is primarily attributable to the increase in sales and property tax revenue, similarly to the prior year.

The Traffic Improvement Capital Project Fund decreased by \$57,986 during the fiscal year compared to a \$9,663 decrease in the prior year. This is primarily due to expenditures relating to the Los Alamitos Boulevard Median Beautification project.

Other governmental funds realized a decrease in fund balance of \$161,009. 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 paying down the debt for the 2015 Certificates of Participation.

### **General Fund Budgetary Highlights**

Actual revenues were \$900,438 more than the final budgeted amount, which is primarily due to better than projected licenses and permits, and property taxes. The expenditures for the General Fund at fiscal year-end were \$639,172 less than the final budgeted expenditures, which is primarily due to vacancies in the Police Department.

Budget amendments and supplemental appropriations were made during the fiscal year which increased appropriations in the amount of approximately \$1,074,000. The increase in budgeted appropriations is primarily due to increase in transfers to internal service funds to capital funding for vehicle replacements, self-insurance and facility maintenance. 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 Fiscal Year 2017-18, the City had \$19.04 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$1,067,017, which is primarily due to completion of \$846 thousand of infrastructure capital projects relating to the Los Alamitos Boulevard Median beautification project. There was \$1,498,552 in capital asset additions, which was offset by \$431,535 of depreciation expense.

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

	Governmental Activities	
	2018	2017
Land	\$ 5,917,715	\$ 5,917,715
Buildings and Improvements	887,700	931,922
Equipment	395,052	458,163
Vehicles	267,372	286,609
Infrastructure	9,623,688	9,565,740
Construction in progress	1,951,302	815,663
Totals	<u>\$ 19,042,829</u>	<u>\$ 17,975,812</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 2017-18, the City had \$4.9 million in long-term liabilities which includes outstanding bond indebtedness of \$3.545 million along with a capital lease, claims payable and compensated absences. The net decrease of \$54,093 over the prior year is due to debt payments made to the 2015 Certificates of Participation and the capital lease.

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

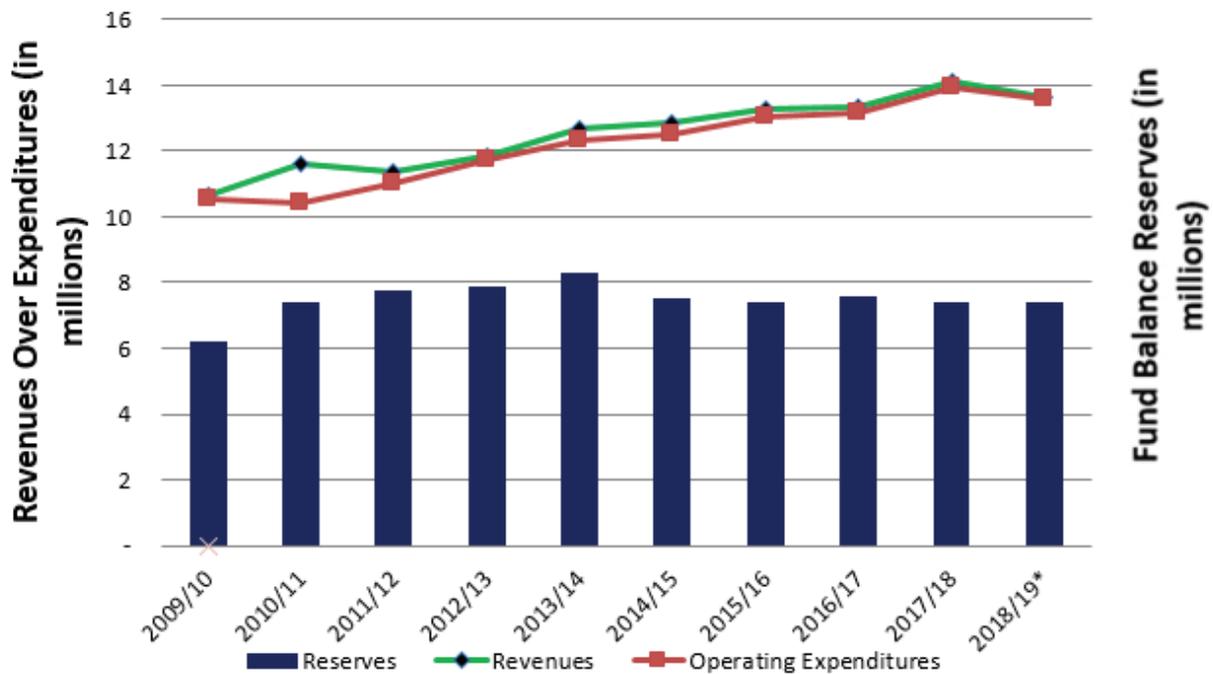
	Governmental Activities	
	2018	2017
2015 Certificates of participation	\$ 3,545,000	\$ 3,615,000
Capital lease - police vehicles	204,339	270,000
Claims payable	602,699	207,573
Compensated absences	520,488	584,046
Total liabilities	<u>\$ 4,872,526</u>	<u>\$ 4,676,619</u>

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 confident, housing and hotel occupancy remain strong. The City's unemployment rate is currently unemployment rate currently at approximately 4.9% compared to the state's unemployment rate of 5.5%. Real Gross Domestic Product (GDP) grew at an annual rate of 3.5% in 2018 and 2.4% in 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 \$17,325,226, which included \$551,052 of estimated capital appropriations that were carried-over from the prior year. The General Fund operating budgeted was balanced with operating revenues of \$13,558,770 and operating expenditures of \$13,548,300. 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.



CITY OF LOS ALAMITOS

STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments	\$ 10,459,758
Receivables:	
Accounts	402,679
Accrued interest	45,457
Due from employees	9,031
Due from other governments	879,163
Prepaid costs	22,699
Restricted assets:	
Cash and investments	851
Cash and investments with fiscal agent	289
Capital assets not being depreciated	7,869,017
Capital assets, net of depreciation	11,173,812
<b>Total Assets</b>	<b><u>30,862,756</u></b>
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	108,839
Deferred pension related items	5,462,616
<b>Total Deferred Outflows of Resources</b>	<b><u>5,571,455</u></b>
<b>Liabilities</b>	
Accounts payable	874,467
Accrued liabilities	203,336
Accrued interest	38,301
Unearned revenue	264,898
Deposits payable	72,066
Noncurrent liabilities:	
Due within one year	760,325
Due in more than one year	4,234,999
Total OPEB liability	4,517,345
Net pension liability	18,846,694
<b>Total Liabilities</b>	<b><u>29,812,431</u></b>
<b>Deferred Inflows of Resources</b>	
Deferred pension related items	1,259,024
<b>Total Deferred Inflows of Resources</b>	<b><u>1,259,024</u></b>
<b>Net Position</b>	
Net investment in capital assets	15,280,671
Restricted for:	
Cable television	90,236
Transportation	293,561
Public safety	164,703
Air quality	82,245
Parks	130,365
Capital projects	31
Unrestricted	(10,679,056)
<b>Total Net Position</b>	<b><u>\$ 5,362,756</u></b>

CITY OF LOS ALAMITOS

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Governmental Activities:					
General government	\$ 3,516,839	\$ 813,909	\$ -	\$ -	\$ (2,702,930)
Public safety	6,311,228	859,557	151,009	-	(5,300,662)
Community development	1,103,579	197,562	-	151,543	(754,474)
Recreation and community services	1,810,947	956,140	-	-	(854,807)
Public works	2,313,769	-	-	239,076	(2,074,693)
Interest and fiscal charges	141,264	-	-	-	(141,264)
<b>Total Governmental Activities</b>	<b>\$ 15,197,626</b>	<b>\$ 2,827,168</b>	<b>\$ 151,009</b>	<b>\$ 390,619</b>	<b>(11,828,830)</b>
<b>General Revenues</b>					
Taxes:					
Property taxes, levied for general purpose					3,773,441
Utility users taxes					2,033,871
Transient occupancy taxes					167,390
Sales taxes					3,336,434
Franchise taxes					690,734
Business licenses taxes					647,433
Other taxes					428,710
Investment earnings					101,885
Other					181,590
Gain on sale of capital asset					18,590
<b>Total General Revenues</b>					<b>11,380,078</b>
Change in Net Position					(448,752)
Net Position, Beginning of Year, as Restated					5,811,508
<b>Net Position, End of Year</b>					<b>\$ 5,362,756</b>

CITY OF LOS ALAMITOS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>General</u>	<u>Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>Traffic Improvement</u>		
<b>Assets</b>				
Pooled cash and investments	\$ 7,666,628	\$ 165,531	\$ 820,285	\$ 8,652,444
Receivables:				
Accounts	395,889	-	6,790	402,679
Accrued interest	45,457	-	-	45,457
Due from employees	9,031	-	-	9,031
Due from other governments	695,313	-	183,850	879,163
Due from other funds	63,138	-	-	63,138
Prepaid costs	9,305	-	-	9,305
Restricted assets:				
Cash and investments with fiscal agent	-	-	289	289
<b>Total Assets</b>	<b>\$ 8,884,761</b>	<b>\$ 165,531</b>	<b>\$ 1,011,214</b>	<b>\$ 10,061,506</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 754,467	\$ 9,715	\$ 75,247	\$ 839,429
Accrued liabilities	203,336	-	-	203,336
Unearned revenues	128,119	136,779	-	264,898
Deposits payable	70,157	-	1,909	72,066
Due to other funds	-	-	63,138	63,138
<b>Total Liabilities</b>	<b>1,156,079</b>	<b>146,494</b>	<b>140,294</b>	<b>1,442,867</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid costs	9,305	-	-	9,305
Employee loans	9,031	-	-	9,031
<b>Restricted for:</b>				
Cable television	-	-	90,236	90,236
Transportation	-	19,037	274,524	293,561
Public safety	-	-	164,703	164,703
Air quality	-	-	82,245	82,245
Parks	-	-	130,365	130,365
Capital Projects	-	-	31	31
<b>Committed to:</b>				
Emergencies	3,387,075	-	-	3,387,075
<b>Assigned to:</b>				
OPEB	500,000	-	-	500,000
PERS reserves	3,620,000	-	-	3,620,000
Capital projects	-	-	128,816	128,816
Zoning Code & Development Projects	154,965	-	-	154,965
<b>Unassigned</b>	<b>48,306</b>	<b>-</b>	<b>-</b>	<b>48,306</b>
<b>Total Fund Balances</b>	<b>7,728,682</b>	<b>19,037</b>	<b>870,920</b>	<b>8,618,639</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,884,761</b>	<b>\$ 165,531</b>	<b>\$ 1,011,214</b>	<b>\$ 10,061,506</b>

CITY OF LOS ALAMITOS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

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Total Fund Balances - Governmental Funds \$ 8,618,639

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. 18,350,436

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	\$ 5,462,616	
Deferred pension related inflows	<u>(1,259,024)</u>	4,203,592

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. 108,839

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. (34,542)

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	(3,545,000)	
Unamortized premium on Certificates of Participation	(122,798)	
Claims Payable	(250,000)	
Compensated absences	<u>(520,488)</u>	(4,438,286)

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. (4,517,345)

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. (18,846,694)

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. 1,918,117

**Net Position of Governmental Activities \$ 5,362,756**

## CITY OF LOS ALAMITOS

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018**

	<u>Capital Projects Funds</u>			
	<u>General</u>	<u>Traffic Improvement</u>	<u>Nonmajor Governmental Funds</u>	
<b>Revenues</b>				
Taxes	\$ 10,621,925	\$ -	\$ 456,088	\$ 11,078,013
Licenses and permits	813,909	-	-	813,909
Intergovernmental	17,772	-	305,526	323,298
Charges for services	1,168,707	-	-	1,168,707
Investment earnings	90,321	2,389	12,947	105,657
Fines and forfeitures	827,300	-	17,252	844,552
Program revenues	-	-	218,330	218,330
Miscellaneous	172,325	-	7,339	179,664
<b>Total Revenues</b>	<b>13,712,259</b>	<b>2,389</b>	<b>1,017,482</b>	<b>14,732,130</b>
<b>Expenditures</b>				
Current:				
General government	2,212,773	-	29,775	2,242,548
Public safety	5,750,629	-	-	5,750,629
Community development	1,044,019	-	-	1,044,019
Recreation and community services	1,598,062	-	-	1,598,062
Public works	1,901,362	-	41,838	1,943,200
Capital outlay	295,979	60,375	711,573	1,067,927
Debt service:				
Principal retirement	-	-	70,000	70,000
Interest and fiscal charges	-	-	140,305	140,305
<b>Total Expenditures</b>	<b>12,802,824</b>	<b>60,375</b>	<b>993,491</b>	<b>13,856,690</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	909,435	(57,986)	23,991	875,440
<b>Other Financing Sources (Uses)</b>				
Transfers in	400,000	-	432,179	832,179
Transfers out	(1,135,338)	-	(617,179)	(1,752,517)
<b>Total Other Financing Sources (Uses)</b>	<b>(735,338)</b>	<b>-</b>	<b>(185,000)</b>	<b>(920,338)</b>
Net Change in Fund Balances	174,097	(57,986)	(161,009)	(44,898)
Fund Balances, Beginning of Year	7,554,585	77,023	1,031,929	8,663,537
<b>Fund Balances, End of Year</b>	<b>\$ 7,728,682</b>	<b>\$ 19,037</b>	<b>\$ 870,920</b>	<b>\$ 8,618,639</b>

See Notes to Financial Statements

CITY OF LOS ALAMITOS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

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Net Change in Fund Balances - Total Governmental Funds \$ (44,898)

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 \$323,949 exceeded capital outlays of \$1,055,851. 731,902

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. (1,284,953)

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	4,404	
Amortization of deferred charge	<u>(5,713)</u>	68,691

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. 63,558

Long-term claims payables for litigation are reported in the Statement Activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (250,000)

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. (108,287)

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. 374,885

**Change in Net Position of Governmental Activities \$ (448,752)**

CITY OF LOS ALAMITOS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>	
Current:	
Cash and investments	\$ 1,807,314
Receivables:	
Prepaid costs	13,394
Restricted:	
Cash and investments	851
	<u>1,821,559</u>
<b>Total Current Assets</b>	<b>1,821,559</b>
Noncurrent:	
Capital assets, net of accumulated depreciation	692,393
	<u>692,393</u>
<b>Total Noncurrent Assets</b>	<b>692,393</b>
<b>Total Assets</b>	<b>2,513,952</b>
<b>Liabilities</b>	
Current:	
Accounts payable	35,038
Accrued interest	3,759
Claims payable	352,699
Capital leases	66,872
	<u>458,368</u>
<b>Total Current Liabilities</b>	<b>458,368</b>
Noncurrent:	
Capital leases	137,467
	<u>137,467</u>
<b>Total Noncurrent Liabilities</b>	<b>137,467</b>
<b>Total Liabilities</b>	<b>595,835</b>
<b>Net Position</b>	
Net Investment in capital assets	488,905
Unrestricted	1,429,212
	<u>1,918,117</u>
<b>Total Net Position</b>	<b>\$ 1,918,117</b>

CITY OF LOS ALAMITOS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating Revenues</b>	
Charges for services	\$ 450,025
<b>Total Operating Revenues</b>	<b>450,025</b>
<b>Operating Expenses</b>	
Personnel services	10,550
Supplies and materials	144,910
Outside services	275,049
Claims expense	669,137
Depreciation expense	107,586
<b>Total Operating Expenses</b>	<b>1,207,232</b>
Operating Loss	(757,207)
<b>Nonoperating Revenues (Expenses)</b>	
Interest expense	(3,772)
Insurance reimbursements	1,926
Contributions	195,010
Gain (loss) on disposal of capital assets	18,590
<b>Total Nonoperating Revenues (Expenses)</b>	<b>211,754</b>
Loss Before Transfers	(545,453)
Transfers in	920,338
Changes in Net Position	374,885
Net Position, Beginning of Year	1,543,232
<b>Net Position, End of Year</b>	<b>\$ 1,918,117</b>

CITY OF LOS ALAMITOS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2018

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from interfund charges for services	\$ 450,025
Cash paid to suppliers for goods and services	(1,033,306)
Cash paid to employees for services	(205,560)
	<u>(788,841)</u>
<b>Net Cash Used for Operating Activities</b>	<b>(788,841)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Cash transfers in	920,338
Contributions	195,010
Interest expense	(4,980)
Insurance reimbursements	1,926
	<u>1,112,294</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>1,112,294</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of capital assets	(442,701)
Principal paid on capital debt	(65,661)
Proceeds from sales of capital assets	18,590
	<u>(489,772)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(489,772)</b>
Net Increase in Cash and Cash Equivalents	(166,319)
Cash and Cash Equivalents, Beginning of Year	<u>1,974,484</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,808,165</b>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating loss	\$ (757,207)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities</b>	
Depreciation	107,586
(Increase) decrease in accounts receivable	11,362
(Increase) decrease in prepaid expense	(13,394)
Increase (decrease) in accounts payable	(87,304)
Increase (decrease) in claims payable	145,126
Increase (decrease) in pension and related items	(195,010)
	<u>(31,634)</u>
<b>Total Adjustments</b>	<b>(31,634)</b>
<b>Net Cash Used for Operating Activities</b>	<b>\$ (788,841)</b>



## CITY OF LOS ALAMITOS

### NOTES TO BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018

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

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

##### a. Description of Reporting Entity

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

The financial statements include the financial activities of the City, the primary government, and its component unit, the Los Alamitos Public Financing Corporation (the Corporation). The component unit, discussed below, is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. This entity is legally separate from the City. However, the City of Los Alamitos' elected officials have continuing accountability for fiscal matters of this entity.

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

##### Blended Component Unit

The Los Alamitos Public Facilities Corporation was formed February 6, 2006, pursuant to the Non-Profit Corporation Law of the State of California for the purpose of assisting the City in financing the acquisition, construction and improvement for public benefit within the City limits. The Corporation is governed by a five-member board that is the City Council of the City of Los Alamitos. Separate financial statements are not prepared.

##### b. Basis of Presentation

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

##### Government-Wide Financial Statements

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

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

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

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

**Fund Financial Statements**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses as appropriate. The City uses two categories of funds: governmental and proprietary.

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

Governmental Funds

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34 or are elected by Management of the City based on Management's belief that the presentation of the funds are particularly important to financial statement users for reasons including public interest or consistency of reporting. The City reports the following major governmental funds:

- The **General Fund** is used to account for all of the general operations and other financial transactions of the City, which are not accounted for by another fund.
- The **Traffic Improvement Fund** is used to account for the costs associated with capital projects for traffic improvement.

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, 2018**

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

**c. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. All internal balances and transactions have been eliminated from their respective statements to avoid over reporting relating assets, liabilities, revenues and expenses, with the exception of internal service fund charges provided and used.

**Fund Financial Statements**

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

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

**d. Basis of Accounting**

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

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

**Revenue – Exchange Transactions**

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

**Revenue – Non-Exchange Transactions**

Non-exchange transactions in which the City receives value without directly giving equal value in return, includes sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. 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, 2018**

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

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

**g. Prepaid Items**

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

**h. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$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, 2018

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

**j. Long-Term Obligations**

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

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

**k. Claims and Judgments**

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

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

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

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

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

Deferred pension related items relate to the net pension obligation reported in the statement of net position. These outflows are the results of contributions made after the measurement date, which are recognized in the following year, and consist of adjustments due to differences in proportions, changes in assumptions, and differences between expected and actual experiences, which are deferred and amortized over the expected average remaining life time. In addition, the Net difference between projected and actual earnings on pension plan investments, which are amortized over 5 years. Deferred outflows from changes in net pension liability arise only under a full accrual basis of accounting and are reported in the government-wide Statement of Net Position and proprietary funds Statement of Net Position. The City also reports deferred charge on refunding which results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunded or refunding debt.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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

In addition to liabilities, the statements of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item which qualifies for reporting in this category. The 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, changes of assumptions, differences between expected and actual experiences, adjustments due to differences in proportions and net differences 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.

**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 funds restricted to community development projects purposes and funds for use in building improvements and governmental grants.
- **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, 2018

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Note 1: Summary of Significant Accounting Policies (Continued)

o. Fund Balance

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

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

In July 2017, City Council established a Reserve for Emergencies to be maintained at 25% of General Fund appropriations. The reserve is only to be used, with council approval, in the case of a natural disaster or financial emergency. A financial emergency is considered when annual revenues decrease by 5% or more or when annual expenditures increase by 5% or more.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**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, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	June 30, 2016 to June 30, 2017

**r. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require 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	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**s. 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.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR FISCAL YEAR ENDED JUNE 30, 2018

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

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.

**t. 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.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

**u. 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.

**v. New Accounting Pronouncements**

The City implemented GASB Statement No. 75 Accounting and Financial Reporting for Postemployment benefits other than pensions. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and deferred outflows and expenses. The statement supersedes GASB Statement No. 45.

**Note 2: Cash and Investments**

**a. Summary of Cash and Investments**

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

Cash and investments	\$10,459,758
Restricted cash and investments with fiscal agent	<u>1,140</u>
Total Cash and Investments	<u>\$10,460,898</u>

As of June 30, 2018, cash and investments consisted of the following:

Cash on hand	\$ 3,500
Demand deposits	275,819
Investments	<u>10,181,579</u>
Total Cash and Investments	<u>\$10,460,898</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 \$275,819 at June 30, 2018. Bank balances before reconciling items were \$553,428 at that date. The difference of \$277,609 represents outstanding checks, cash deposits in transit, and other reconciling items.

All City's cash and investments as of June 30, 2018 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, 2018**

**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, 2018**
**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	\$ 1,246,488	\$ -	\$ 716,875	\$ 1,963,363
Certificates of Deposit	247,794	1,239,350	494,000	1,981,144
Local Agency Investment Fund (LAIF)	6,235,932	-	-	6,235,932
Investment held by Bond Trustee:				
Money Market Mutual Funds	1,140	-	-	1,140
<b>Total</b>	<b>\$ 7,731,354</b>	<b>\$ 1,239,350</b>	<b>\$ 1,210,875</b>	<b>\$ 10,181,579</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Totals	Minimum Legal Rating	Ratings at End of Year		
			Not Rated	AA+	AAA
Federal Agency Securities	\$ 1,963,363	N/A	\$ -	\$ -	\$ 1,963,363
Certificates of Deposit	1,981,144	N/A	1,981,144	-	-
Local Agency Investment Fund (LAIF)	6,235,932	Not Rated	6,235,932	-	-
Investment held by Bond Trustee:					
Money Market Mutual Funds	1,140	N/A	-	1,140	-
<b>Totals</b>	<b>\$ 10,181,579</b>		<b>\$ 8,217,076</b>	<b>\$ 1,140</b>	<b>\$ 1,963,363</b>

N/A - Not Applicable

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018**


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**Note 2: Cash and Investments (Continued)****Concentration of Credit Risk**

The City's investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. As of June 30, 2018, 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, 2018, 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	\$ 749,465	7.37%
Federal National Mortgage Association	Federal Agency Securities	1,213,898	11.93%

**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, 2018, 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, 2018

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

The City has the following recurring fair value measurements as of June 30, 2018:

Investments	Totals	Level		
		1	2	3
Local Agency Investment Fund	\$ 6,235,932	\$ -	\$ 6,229,383	\$ -
Federal Home Loan Mortgage Corp.	749,465	-	749,465	-
Federal Home Loan Mortgage Association	1,213,898	-	1,213,898	-
Certificates of Deposit	1,981,144	-	1,981,144	-
Investment Held by Fiscal Agent				
Money Market Funds	1,140	1,140	-	-
Totals	<u>\$ 10,181,579</u>	<u>\$ 1,140</u>	<u>\$ 10,173,890</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
Community Development Block Grant	\$ 63,138
Total	<u>\$ 63,138</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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

**b. Transfers**

Transfers to and from funds for the fiscal year ended June 30, 2018, are as follows:

Transfers Out	Transfers In			Total
	Governmental Funds		Proprietary Funds	
	General Fund	Other Governmental Funds	Internal Service Funds	
Governmental Funds				
General Fund	\$ -	\$ 215,000	\$ 920,338	\$ 1,135,338
Other Governmental Funds	400,000	217,179	-	617,179
Total	\$ 400,000	\$ 432,179	\$ 920,338	\$ 1,752,517

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, 2018

**Note 4: Capital Assets**

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2018, are as follows:

<u>Governmental Activities:</u>	<u>Balance June 30, 2017</u>	<u>Construction in Progress Completed</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:					
Land	\$ 5,917,715	\$ -	\$ -	\$ -	\$ 5,917,715
Construction in progress	815,663	(287,212)	1,422,851	-	1,951,302
Total capital assets not being depreciated	<u>6,733,378</u>	<u>(287,212)</u>	<u>1,422,851</u>	<u>-</u>	<u>7,869,017</u>
Depreciable capital assets:					
Equipment	1,259,374	-	-	5,200	1,254,174
Vehicles	1,291,218	-	75,701	230,741	1,136,178
Buildings	1,928,998	-	-	-	1,928,998
Improvements	366,268	-	-	-	366,268
Infrastructure	11,331,536	287,212	-	-	11,618,748
Total capital assets being depreciated	<u>16,177,394</u>	<u>287,212</u>	<u>75,701</u>	<u>235,941</u>	<u>16,304,366</u>
Less: accumulated depreciation for:					
Equipment	(801,211)	-	(63,111)	5,200	(859,122)
Vehicles	(1,004,609)	-	(94,938)	230,741	(868,806)
Buildings	(1,186,102)	-	(29,690)	-	(1,215,792)
Improvements	(177,242)	-	(14,532)	-	(191,774)
Infrastructure	(1,765,796)	-	(229,264)	-	(1,995,060)
Total accumulated depreciation	<u>(4,934,960)</u>	<u>-</u>	<u>(431,535)</u>	<u>235,941</u>	<u>(5,130,554)</u>
Total capital assets, being depreciated, net	<u>11,242,434</u>	<u>287,212</u>	<u>(355,834)</u>	<u>-</u>	<u>11,173,812</u>
Government activities capital assets, net	<u>\$ 17,975,812</u>	<u>\$ -</u>	<u>\$ 1,067,017</u>	<u>\$ -</u>	<u>\$ 19,042,829</u>

Depreciation expense was charged to governmental activities as follows:

	<u>General</u>	<u>Internal Service</u>	<u>Total</u>
General Government	\$ 16,828	\$ -	\$ 16,828
Public Safety	21,036	-	21,036
Recreation and Community Services	50,485	-	50,485
Public Works	235,600	-	235,600
Internal Service Fund	-	107,586	107,586
Totals	<u>\$ 323,949</u>	<u>\$ 107,586</u>	<u>\$ 431,535</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

**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, 2018:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due in One Year</u>
2015 Certificates of Participation	\$ 3,615,000	\$ -	\$ 70,000	\$ 3,545,000	\$ 70,000
Capital Lease - Police Vehicle	270,000	-	65,661	204,339	66,872
Claims Payable	207,573	549,836	154,710	602,699	352,699
Compensated Absences	584,046	244,441	307,999	520,488	270,754
Total	<u>\$ 4,676,619</u>	<u>\$ 794,277</u>	<u>\$ 598,370</u>	<u>4,872,526</u>	<u>\$ 760,325</u>
				Add: Unamortized Premium	122,798
				Total Debt	<u>\$ 4,995,324</u>

**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, 2018 is \$3,545,000.

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

Fiscal Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	85,000	125,444	210,444
2024-2028	475,000	560,769	1,035,769
2029-2033	580,000	463,934	1,043,934
2034-2038	680,000	354,113	1,034,113
2039-2043	835,000	204,100	1,039,100
2044-2046	590,000	36,000	626,000
Totals	<u>\$ 3,545,000</u>	<u>\$ 2,278,536</u>	<u>\$ 5,823,536</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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**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.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$ 66,872	\$ 3,769	\$ 70,641
2020	68,105	2,536	70,641
2021	69,362	1,279	70,641
Totals	<u>\$ 204,339</u>	<u>\$ 7,584</u>	<u>\$ 211,923</u>

**c. Claims Payable**

Estimated claims payable from general liability and workers' compensation claims as determined by outside claims administrators as of June 30, 2018, were as follows:

General Liability Claims	\$ 518,293
Workers' Compensation Claims	84,406
Total Claims Payable	<u>\$ 602,699</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, 2018 was \$520,488.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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**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, 2018, 2017, and 2016, the City contributed \$24,921, \$25,088, and \$27,966, 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, California 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 employee is responsible for the employee 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 23.49% - one-half of which is 11.745%, 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, 2018

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**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. 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 12.783% - one-half of which is 6.3915%, 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 2017-2018 are as follows:

	Employer Rates
Classic Miscellaneous Members	11.675%
PEPRA Miscellaneous Members	6.533%
Classic Safety Members	19.723%
PEPRA Safety Members	11.990%

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, 2018 was \$797,058.

***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, 2018**

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

For the year ended June 30, 2018, the contributions recognized as a reduction to the net pension liability for the miscellaneous and safety plans was \$575,534 and \$797,034, respectively.

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

<b>Proportionate Share of Net Pension Liability</b>	
Miscellaneous Plans	\$ 9,127,183
Safety	9,719,511
<b>Total Net Pension Liability</b>	<b>\$ 18,846,694</b>

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 were as follows:

Proportions as a percentage of the CalPERS Miscellaneous Plan:

	<b>Miscellaneous</b>
Proportion - June 30, 2016	0.22960%
Proportion - June 30, 2017	0.23153%
Change - Increase (Decrease)	0.84370%

Proportions as a percentage of the CalPERS Safety risk pool:

	<b>Safety</b>
Proportion - June 30, 2016	0.16126%
Proportion - June 30, 2017	0.16266%
Change - Increase (Decrease)	0.87315%

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

Note 7: Defined Benefit Pension Plans (Continued)

For the year ended June 30, 2018, the City recognized a total pension expense of \$1,257,270 for the Miscellaneous plan and \$1,287,474 for the Safety plan, totaling \$2,544,744 for all plans. At June 30, 2018, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

<u>Miscellaneous Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contribution subsequent to the measurement date	\$ 607,715	\$ -
Changes in Assumptions	1,305,661	99,558
Difference between Expected and Actual Experience	10,523	150,762
Net Difference between Projected and Actual Earnings on Pension Plan Investments	295,287	-
Adjustment due to Difference in Proportions	256,242	72,082
Difference between proportion actuarial and actual contributions	-	441,412
<b>Total</b>	<b>\$ 2,475,428</b>	<b>\$ 763,814</b>

<u>Safety Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contribution subsequent to the measurement date	\$ 847,090	\$ -
Changes in Assumptions	1,618,613	124,184
Difference between Expected and Actual Experience	111,609	29,100
Net Difference between Projected and Actual Earnings on Pension Plan Investments	352,921	-
Adjustment due to Difference in Proportions	56,955	90,706
Difference between proportion actuarial and actual contributions	-	251,220
<b>Total</b>	<b>\$ 2,987,188</b>	<b>\$ 495,210</b>

<u>Total Plans</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contribution subsequent to the measurement date	\$ 1,454,805	\$ -
Changes in Assumptions	2,924,274	223,742
Difference between Expected and Actual Experience	122,132	179,862
Net Difference between Projected and Actual Earnings on Pension Plan Investments	648,208	-
Adjustment due to Difference in Proportions	313,197	162,788
Difference between proportion actuarial and actual contributions	-	692,632
<b>Total</b>	<b>\$ 5,462,616</b>	<b>\$ 1,259,024</b>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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

\$1,454,805 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, 2018. 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,	Miscellaneous Deferred Outflows/(Inflows) of Resources	Safety Deferred Outflows/(Inflows) of Resources	Total Deferred Outflows/(Inflows) of Resources
2018	\$ 188,766	\$ 311,267	\$ 500,033
2019	708,814	958,062	1,666,876
2020	381,636	582,066	963,704
2021	(175,317)	(206,507)	(381,824)
2022	-	-	-
Thereafter	-	-	-

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

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and the June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies, Based on entry age and service
Investment Rate of Return	7.00% (1)
Mortality Rate Table (2)	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

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation  
(2) 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, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Change in Assumptions**

The accounting discount rate was changed from 7.65% to 7.15%.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0	0.80	2.27
Inflation Assets	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)

(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, 2018**

**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 7.15%, 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 (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 13,431,015	\$ 9,127,183	\$ 5,562,671
Safety	15,066,737	9,719,511	5,348,420
	<u>\$ 28,497,752</u>	<u>\$ 18,846,694</u>	<u>\$ 10,911,091</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, 2018**

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

***Employees Covered***

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active	45
Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to, but not yet receiving benefits	0
Total	<u>84</u>

***Contributions***

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. For the measurement date ended June 30, 2018, the City's cash contributions were \$242,842.

***Total OPEB Liability***

The City's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	3.80%
Inflation	2.75%
Salary Increases	2.75% per year
Investment Rate of Return	3.8%, net of expenses
Mortality Rate	2014 CalPERS Active Mortality for Miscellaneous Employees
Pre-Retirement Turnover	According to the CalPERS 2009 Turnover rate tables
Healthcare Trend Rate	4% per year

The actuary applied section 3.7.7(c)4 Actuarial Standards of Practice No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefit payments.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.8 percent. The discount rate is based on the Bond Buyer 20 Bond Index. The City does not participate in a trust fiduciary fund.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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

***Changes in the Total OPEB Liability***

The changes in the Total OPEB liability for the Plan are as follows:

	Increase (Decrease)
	Total OPEB Liability/(Assets)
<b>Balance at June 30,2017 (valuation date 6/30/2017)</b>	<b>\$ 4,409,058</b>
<b>Changes recognized over the measurement period:</b>	
Service Cost	170,756
Interest	166,352
Changes of assumptions	-
Contributions - employer	-
Net investment income	-
Benefit Payments	(228,821)
Administrative expense	-
<b>Net Changes</b>	<b>108,287</b>
<b>Balance at June 30, 2018 (measurement date 06/30/2018)</b>	<b>\$ 4,517,345</b>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the Total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB Liability	\$ 5,036,866	\$ 4,517,345	\$ 4,083,869

***Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the Total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease 3.00%	Current Healthcare Cost Trent Rates 4.00%	1% Increase 5.00%
Total OPEB Liability	\$ 4,338,535	\$ 4,517,345	\$ 4,693,436

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$337,108. As of fiscal year ended June 30, 2018, the City did not report deferred inflows or outflows of resources related to OPEB.

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**Note 9: Joint Ventures**

**a. Orange County Fire Authority**

In January 1995, the City of Los Alamitos entered into a joint powers agreement with 17 other cities within the County of Orange to create the Orange County Fire Authority (Authority). The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services, and related and incidental services including, but not limited to emergency medical and transport services, as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. Since the creation of the Authority, five additional cities have joined the Authority as members. The Authority's governing board consists of one representative from each city and two from the County.

The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for eight cities. The County pays all structural fire fees it collects to the Authority. The eight cities for which the County does not collect structural fire fees are considered "cash contract cities" and, accordingly, make cash contributions based on the Authority's annual budget.

Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. The City has a financial interest in the Authority; however, it does not have an equity interest. Also, the City does not have an ongoing financial responsibility. Financial statements of the Authority may be obtained from its office at Post Office Box 57115, Irvine, California 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 2017-2018, the City of Los Alamitos paid \$589,131 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.

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

**Note 10: 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 \$602,699 reported at June 30, 2018, 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, 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	82,531	125,042	207,573
Claims and changes in estimates during the fiscal year ended June 30, 2018	41,650	402,060	443,710
Claims payments during the fiscal year ended June 30, 2018	<u>(39,775)</u>	<u>(8,809)</u>	<u>(48,584)</u>
Liability balance as of June 30, 2018	<u>\$ 84,406</u>	<u>\$ 518,293</u>	<u>\$ 602,699</u>

CITY OF LOS ALAMITOS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR FISCAL YEAR ENDED JUNE 30, 2018

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**Note 11: Commitments and Contingencies**

The City is subject to litigation arising in the normal course of business.

A liability in the amount of \$250,000 related to estimated claims liability regarding a potential lawsuit due to the City opposing SB-54, has been included in the City's government-wide financial statements.

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

**Note 12: Restatement of Net Position**

Beginning Net position was originally reported as \$9,413,701 and has been restated by (\$3,602,193) as part of the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions. The restatement was necessary to report the OPEB liability as of the beginning of the accounting period.

**Government-Wide**

Net Position, as previously reported, June 30, 2017	\$ 9,413,701
Effect of GASB 75 implementation	(3,602,193)
Net Position, as restated, July 1, 2017	<u>\$ 5,811,508</u>



CITY OF LOS ALAMITOS

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 7,554,585	\$ 7,554,585	\$ 7,554,585	\$ -
<b>Resources (Inflows)</b>				
Taxes	10,370,686	10,370,686	10,621,925	251,239
Licenses and permits	186,000	186,000	813,909	627,909
Intergovernmental	71,418	71,418	17,772	(53,646)
Charges for services	1,154,759	1,154,759	1,168,707	13,948
Use of money and property	72,000	72,000	90,321	18,321
Fines and forfeitures	740,300	740,300	827,300	87,000
Miscellaneous	216,658	216,658	172,325	(44,333)
Transfers in	400,000	400,000	400,000	-
<b>Amounts Available for Appropriations</b>	<b>20,766,406</b>	<b>20,766,406</b>	<b>21,666,844</b>	<b>900,438</b>
<b>Charges to Appropriations (Outflow)</b>				
General government				
City council	75,772	75,772	64,062	11,710
City manager / City clerk	628,025	648,025	630,487	17,538
Administrative services	765,359	765,359	765,158	201
City attorney	121,000	247,000	297,249	(50,249)
Non-departmental	78,151	478,151	455,817	22,334
Public safety	6,198,261	6,087,081	5,750,629	336,452
Community development	679,601	1,164,601	1,044,019	120,582
Recreation and community services	1,805,395	1,719,075	1,598,062	121,013
Public works	2,020,453	1,960,953	1,901,362	59,591
Capital outlay	295,979	295,979	295,979	-
Transfers out	835,338	1,135,338	1,135,338	-
<b>Total Charges to Appropriations</b>	<b>13,503,334</b>	<b>14,577,334</b>	<b>13,938,162</b>	<b>639,172</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,263,072</b>	<b>\$ 6,189,072</b>	<b>\$ 7,728,682</b>	<b>\$ 1,539,610</b>

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Miscellaneous</b>				
Proportion of the Net Pension Liability	0.09203%	0.09217%	0.09006%	0.07262%
Proportionate Share of the Net Pension Liability	\$ 9,127,183	\$ 7,975,904	\$ 6,181,642	\$ 4,518,604
Covered Payroll	\$ 2,067,777	\$ 2,139,951	\$ 2,067,219	\$ 2,042,142
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	441.40%	372.71%	299.03%	221.27%
Plan Fiduciary Net Position	\$ 22,162,744	\$ 20,797,207	\$ 21,901,686	\$ 23,147,912
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.31%	74.06%	78.40%	79.82%
	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Safety</b>				
Proportion of the Net Pension Liability	0.09801%	0.09652%	0.09220%	0.08907%
Proportionate Share of the Net Pension Liability	\$ 9,719,511	\$ 8,351,809	\$ 6,328,706	\$ 5,542,493
Covered Payroll	\$ 2,655,464	\$ 2,534,307	\$ 2,402,592	\$ 2,385,017
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	366.02%	329.55%	263.41%	232.39%
Plan Fiduciary Net Position	\$ 28,497,602	\$ 25,463,727	\$ 25,280,674	\$ 24,453,699
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.31%	74.06%	78.40%	79.82%

**Notes to Schedule:**

Changes of Assumptions: In Fiscal Year 2016-17, the financial reporting discount rate was lowered from 7.65. percent to 7.15

(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 four 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Miscellaneous</b>				
Actuarially Determined Contribution	\$ 607,715	\$ 575,534	\$ 478,168	\$ 228,140
Contribution in Relation to the Actuarially Determined Contribution	<u>(607,715)</u>	<u>(575,534)</u>	<u>(478,168)</u>	<u>(228,140)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,882,670	\$ 2,067,777	\$ 2,139,951	\$ 2,067,219
Contributions as a Percentage of Covered Payroll	32.28%	27.83%	22.34%	11.04%
<b>Safety</b>				
Actuarially Determined Contribution	\$ 847,090	\$ 797,034	\$ 748,750	\$ 605,370
Contribution in Relation to the Actuarially Determined Contribution	<u>(847,090)</u>	<u>(797,034)</u>	<u>(748,750)</u>	<u>(605,370)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,498,046	\$ 2,655,464	\$ 2,534,307	\$ 2,402,592
Contributions as a Percentage of Covered Payroll	33.91%	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 four years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2015
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	Varies, Based on Entry Age and service
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 CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 170,756
Interest on the total OPEB liability	166,352
Actual and expected experience difference	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	(228,821)
<b>Net change in total OPEB liability</b>	<b>108,287</b>
<b>Total OPEB liability - beginning</b>	<b>4,409,058</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 4,517,345</b>

**Plan fiduciary net position as a percentage of the total OPEB liability** 0.00%

**Covered-employee payroll** \$ 4,380,716

**Net OPEB liability as a percentage of covered-employee payroll** 103.12%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Notes to Schedule:**

**Changes in assumptions:** There were no changes in assumptions.

**CITY OF LOS ALAMITOS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

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

1. The annual budget is adopted by the City Council and provides for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers substantially all City expenditures. Actual expenditures may not exceed budgeted appropriations at the department level. The City’s fund structure includes the following departments: City Council, City Manager/City Clerk, Administrative Services, City Attorney, Public Safety, Community Development, Recreation and Community Services, and Public Works. The City Manager is authorized to transfer budgeted amounts between the accounts of any department. Budgets are controlled at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the fiscal year.
3. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Fund types during the fiscal year. Unexpended appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are recorded as 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, 2018, based on calculations by City management, proceeds of taxes did not exceed appropriations.

**Expenditures in Excess of Appropriations**

The following department had expenditures that exceeded the adopted budget:

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>City Attorney</b>	\$ 247,000	\$ 297,249	\$ (50,249)

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Special Revenue Funds</u>			
	<u>Measure M</u>	<u>Gas Tax</u>	<u>Los Alamitos Television</u>	<u>Office of Traffic Safety</u>
<b>Assets</b>				
Pooled cash and investments	\$ 127,647	\$ 87,581	\$ 86,917	\$ 15,985
Receivables:				
Accounts	-	-	6,500	290
Due from other governments	37,716	46,337	4,152	-
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 165,363</u></b>	<b><u>\$ 133,918</u></b>	<b><u>\$ 97,569</u></b>	<b><u>\$ 16,275</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities</b>				
Accounts payable	\$ 12,281	\$ 12,476	\$ 7,333	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>12,281</u></b>	<b><u>12,476</u></b>	<b><u>7,333</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Cable television	-	-	90,236	-
Transportation	153,082	121,442	-	-
Public safety	-	-	-	16,275
Air quality	-	-	-	-
Parks	-	-	-	-
Capital Projects	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<b><u>153,082</u></b>	<b><u>121,442</u></b>	<b><u>90,236</u></b>	<b><u>16,275</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 165,363</u></b>	<b><u>\$ 133,918</u></b>	<b><u>\$ 97,569</u></b>	<b><u>\$ 16,275</u></b>

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

(CONTINUED)

	<b>Special Revenue Funds</b>			
	<b>Asset Seizure</b>	<b>Public Safety Augmentation</b>	<b>State Law Enforcement Service</b>	<b>Air Quality</b>
<b>Assets</b>				
Pooled cash and investments	\$ 61,628	\$ 5,804	\$ 64,197	\$ 78,380
Receivables:				
Accounts	-	-	-	-
Due from other governments	-	18,708	-	3,865
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b>\$ 61,628</b>	<b>\$ 24,512</b>	<b>\$ 64,197</b>	<b>\$ 82,245</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	1,909	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,909</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Cable television	-	-	-	-
Transportation	-	-	-	-
Public safety	59,719	24,512	64,197	-
Air quality	-	-	-	82,245
Parks	-	-	-	-
Capital Projects	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<b>59,719</b>	<b>24,512</b>	<b>64,197</b>	<b>82,245</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 61,628</b>	<b>\$ 24,512</b>	<b>\$ 64,197</b>	<b>\$ 82,245</b>

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special	Capital Projects Funds		
	Revenue Funds			
	Community	Park	Building	Residential
	Development	Development	Improvement	Streets/Alleys
	Block Grant			
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 130,365	\$ 115,076	\$ 6,418
Receivables:				
Accounts	-	-	-	-
Due from other governments	73,072	-	-	-
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b>\$ 73,072</b>	<b>\$ 130,365</b>	<b>\$ 115,076</b>	<b>\$ 6,418</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities</b>				
Accounts payable	\$ 9,903	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Due to other funds	63,138	-	-	-
<b>Total Liabilities</b>	<b>73,041</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Cable television	-	-	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Air quality	-	-	-	-
Parks	-	130,365	-	-
Capital Projects	31	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	115,076	6,418
<b>Total Fund Balances</b>	<b>31</b>	<b>130,365</b>	<b>115,076</b>	<b>6,418</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 73,072</b>	<b>\$ 130,365</b>	<b>\$ 115,076</b>	<b>\$ 6,418</b>

CITY OF LOS ALAMITOS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Outlay</u>	<u>Debt Service</u>	
<b>Assets</b>			
Pooled cash and investments	\$ 33,254	\$ 7,033	\$ 820,285
Receivables:			
Accounts	-	-	6,790
Due from other governments	-	-	183,850
Restricted assets:			
Cash and investments with fiscal agent	-	289	289
<b>Total Assets</b>	<b><u>\$ 33,254</u></b>	<b><u>\$ 7,322</u></b>	<b><u>\$ 1,011,214</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities</b>			
Accounts payable	\$ 33,254	\$ -	\$ 75,247
Deposits payable	-	-	1,909
Due to other funds	-	-	63,138
<b>Total Liabilities</b>	<b><u>33,254</u></b>	<b><u>-</u></b>	<b><u>140,294</u></b>
<b>Fund Balances</b>			
<b>Restricted for:</b>			
Cable television	-	-	90,236
Transportation	-	-	274,524
Public safety	-	-	164,703
Air quality	-	-	82,245
Parks	-	-	130,365
Capital Projects	-	-	31
<b>Assigned to:</b>			
Capital projects	-	7,322	128,816
<b>Total Fund Balances</b>	<b><u>-</u></b>	<b><u>7,322</u></b>	<b><u>870,920</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 33,254</u></b>	<b><u>\$ 7,322</u></b>	<b><u>\$ 1,011,214</u></b>

## CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	<b>Special Revenue Funds</b>			
	<b>Measure M</b>	<b>Gas Tax</b>	<b>Los Alamitos Television</b>	<b>Office of Traffic Safety</b>
<b>Revenues</b>				
Taxes	\$ -	\$ 322,642	\$ 27,378	\$ -
Intergovernmental	-	-	-	-
Investment earnings	2,027	1,295	1,190	121
Fines and forfeitures	-	-	-	17,252
Program revenues	218,330	-	-	-
Miscellaneous	-	-	6,500	-
<b>Total Revenues</b>	<b>220,357</b>	<b>323,937</b>	<b>35,068</b>	<b>17,373</b>
<b>Expenditures</b>				
Current:				
General government	-	-	29,775	-
Public works	16,763	17,408	-	-
Capital outlay	165,597	169,145	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>182,360</b>	<b>186,553</b>	<b>29,775</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,997	137,384	5,293	17,373
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(185,000)	-	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(185,000)</b>	<b>-</b>	<b>(5,000)</b>
Net Change in Fund Balances	37,997	(47,616)	5,293	12,373
Fund Balances, Beginning of Year	115,085	169,058	84,943	3,902
<b>Fund Balances, End of Year</b>	<b>\$ 153,082</b>	<b>\$ 121,442</b>	<b>\$ 90,236</b>	<b>\$ 16,275</b>

## CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	<b>Special Revenue Funds</b>			
	<b>Asset Seizure</b>	<b>Public Safety Augmentation</b>	<b>State Law Enforcement Service</b>	<b>Air Quality</b>
<b>Revenues</b>				
Taxes	\$ -	\$ 106,068	\$ -	\$ -
Intergovernmental	-	-	139,416	14,567
Investment earnings	820	237	619	953
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	839	-	-	-
<b>Total Revenues</b>	<b>1,659</b>	<b>106,305</b>	<b>140,035</b>	<b>15,520</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,659	106,305	140,035	15,520
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(100,000)	(110,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(100,000)</b>	<b>(110,000)</b>	<b>-</b>
Net Change in Fund Balances	1,659	6,305	30,035	15,520
Fund Balances, Beginning of Year	58,060	18,207	34,162	66,725
<b>Fund Balances, End of Year</b>	<b>\$ 59,719</b>	<b>\$ 24,512</b>	<b>\$ 64,197</b>	<b>\$ 82,245</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds		
	Community Development Block Grant	Park Development	Building Improvement	Residential Streets/Alleys
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	151,543	-	-	-
Investment earnings	13	1,784	1,589	86
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>151,556</b>	<b>1,784</b>	<b>1,589</b>	<b>86</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public works	-	-	7,667	-
Capital outlay	151,543	8,109	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>151,543</b>	<b>8,109</b>	<b>7,667</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13	(6,325)	(6,078)	86
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	13	(6,325)	(6,078)	86
Fund Balances, Beginning of Year	18	136,690	121,154	6,332
<b>Fund Balances, End of Year</b>	<b>\$ 31</b>	<b>\$ 130,365</b>	<b>\$ 115,076</b>	<b>\$ 6,418</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Outlay</u>	<u>Debt Service</u>	
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 456,088
Intergovernmental	-	-	305,526
Investment earnings	-	2,213	12,947
Fines and forfeitures	-	-	17,252
Program revenues	-	-	218,330
Miscellaneous	-	-	7,339
<b>Total Revenues</b>	<b>-</b>	<b>2,213</b>	<b>1,017,482</b>
<b>Expenditures</b>			
Current:			
General government	-	-	29,775
Public works	-	-	41,838
Capital outlay	217,179	-	711,573
Debt service:			
Principal retirement	-	70,000	70,000
Interest and fiscal charges	-	140,305	140,305
<b>Total Expenditures</b>	<b>217,179</b>	<b>210,305</b>	<b>993,491</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(217,179)	(208,092)	23,991
<b>Other Financing Sources (Uses)</b>			
Transfers in	217,179	215,000	432,179
Transfers out	-	(217,179)	(617,179)
<b>Total Other Financing Sources (Uses)</b>	<b>217,179</b>	<b>(2,179)</b>	<b>(185,000)</b>
Net Change in Fund Balances	-	(210,271)	(161,009)
Fund Balances, Beginning of Year	-	217,593	1,031,929
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 7,322</b>	<b>\$ 870,920</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 MEASURE M  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 115,085	\$ 115,085	\$ 115,085	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	400	400	2,027	1,627
Program revenues	218,000	218,000	218,330	330
<b>Amounts Available for Appropriations</b>	<b>333,485</b>	<b>333,485</b>	<b>335,442</b>	<b>1,957</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	28,501	28,501	16,763	11,738
Capital outlay	211,439	257,154	165,597	91,557
<b>Total Charges to Appropriations</b>	<b>239,940</b>	<b>285,655</b>	<b>182,360</b>	<b>103,295</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 93,545</b>	<b>\$ 47,830</b>	<b>\$ 153,082</b>	<b>\$ 105,252</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 169,058	\$ 169,058	\$ 169,058	\$ -
<b>Resources (Inflows)</b>				
Taxes	341,661	341,661	322,642	(19,019)
Investment earnings	100	100	1,295	1,195
<b>Amounts Available for Appropriations</b>	<b>510,819</b>	<b>510,819</b>	<b>492,995</b>	<b>(17,824)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	34,502	34,502	17,408	17,094
Capital outlay	192,611	269,932	169,145	100,787
Transfers out	185,000	185,000	185,000	-
<b>Total Charges to Appropriations</b>	<b>412,113</b>	<b>489,434</b>	<b>371,553</b>	<b>117,881</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 98,706</b>	<b>\$ 21,385</b>	<b>\$ 121,442</b>	<b>\$ 100,057</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 LOS ALAMITOS TELEVISION  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 84,943	\$ 84,943	\$ 84,943	\$ -
<b>Resources (Inflows)</b>				
Taxes	30,238	30,238	27,378	(2,860)
Investment earnings	700	700	1,190	490
Miscellaneous	6,500	6,500	6,500	-
<b>Amounts Available for Appropriations</b>	<b>122,381</b>	<b>122,381</b>	<b>120,011</b>	<b>(2,370)</b>
<b>Charges to Appropriations (Outflow)</b>				
General government	37,996	37,996	29,775	8,221
<b>Total Charges to Appropriations</b>	<b>37,996</b>	<b>37,996</b>	<b>29,775</b>	<b>8,221</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 84,385</b>	<b>\$ 84,385</b>	<b>\$ 90,236</b>	<b>\$ 5,851</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 OFFICE OF TRAFFIC SAFETY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,902	\$ 3,902	\$ 3,902	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	-	-	121	121
Fines and forfeitures	5,000	5,000	17,252	12,252
<b>Amounts Available for Appropriations</b>	<b>8,902</b>	<b>8,902</b>	<b>21,275</b>	<b>12,373</b>
<b>Charges to Appropriations (Outflow)</b>				
Transfers out	5,000	5,000	5,000	-
<b>Total Charges to Appropriations</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,902</b>	<b>\$ 3,902</b>	<b>\$ 16,275</b>	<b>\$ 12,373</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 ASSET SEIZURE  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 58,060	\$ 58,060	\$ 58,060	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	500	500	820	320
Miscellaneous	-	-	839	839
<b>Amounts Available for Appropriations</b>	<b>58,560</b>	<b>58,560</b>	<b>59,719</b>	<b>1,159</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 58,560</b>	<b>\$ 58,560</b>	<b>\$ 59,719</b>	<b>\$ 1,159</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC SAFETY AUGMENTATION  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,207	\$ 18,207	\$ 18,207	\$ -
<b>Resources (Inflows)</b>				
Taxes	102,000	102,000	106,068	4,068
Investment earnings	100	100	237	137
<b>Amounts Available for Appropriations</b>	<b>120,307</b>	<b>120,307</b>	<b>124,512</b>	<b>4,205</b>
<b>Charges to Appropriations (Outflow)</b>				
Transfers out	100,000	100,000	100,000	-
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 20,307</b>	<b>\$ 20,307</b>	<b>\$ 24,512</b>	<b>\$ 4,205</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 STATE LAW ENFORCEMENT SERVICE  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 34,162	\$ 34,162	\$ 34,162	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	110,000	110,000	139,416	29,416
Investment earnings	50	50	619	569
<b>Amounts Available for Appropriations</b>	<b>144,212</b>	<b>144,212</b>	<b>174,197</b>	<b>29,985</b>
<b>Charges to Appropriations (Outflow)</b>				
Transfers out	110,000	110,000	110,000	-
<b>Total Charges to Appropriations</b>	<b>110,000</b>	<b>110,000</b>	<b>110,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 34,212</b>	<b>\$ 34,212</b>	<b>\$ 64,197</b>	<b>\$ 29,985</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 66,725	\$ 66,725	\$ 66,725	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	14,750	14,750	14,567	(183)
Investment earnings	400	400	953	553
<b>Amounts Available for Appropriations</b>	<b>81,875</b>	<b>81,875</b>	<b>82,245</b>	<b>370</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 81,875</b>	<b>\$ 81,875</b>	<b>\$ 82,245</b>	<b>\$ 370</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18	\$ 18	\$ 18	\$ -
<b>Resources (Inflows)</b>				
Intergovernmental	202,500	202,500	151,543	(50,957)
Investment earnings	100	100	13	(87)
<b>Amounts Available for Appropriations</b>	<b>202,618</b>	<b>202,618</b>	<b>151,574</b>	<b>(51,044)</b>
<b>Charges to Appropriations (Outflow)</b>				
Capital outlay	202,500	202,500	151,543	50,957
<b>Total Charges to Appropriations</b>	<b>202,500</b>	<b>202,500</b>	<b>151,543</b>	<b>50,957</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 118</b>	<b>\$ 118</b>	<b>\$ 31</b>	<b>\$ (87)</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC IMPROVEMENT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 77,023	\$ 77,023	\$ 77,023	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	50	50	2,389	2,339
Miscellaneous	136,779	136,779	-	(136,779)
<b>Amounts Available for Appropriations</b>	<b>213,852</b>	<b>213,852</b>	<b>79,412</b>	<b>(134,440)</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	6,001	6,001	-	6,001
Capital outlay	206,679	206,679	60,375	146,304
<b>Total Charges to Appropriations</b>	<b>212,680</b>	<b>212,680</b>	<b>60,375</b>	<b>152,305</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,172</b>	<b>\$ 1,172</b>	<b>\$ 19,037</b>	<b>\$ 17,865</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 PARK DEVELOPMENT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 136,690	\$ 136,690	\$ 136,690	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	200	200	1,784	1,584
<b>Amounts Available for Appropriations</b>	<b>136,890</b>	<b>136,890</b>	<b>138,474</b>	<b>1,584</b>
<b>Charges to Appropriations (Outflow)</b>				
Capital outlay	-	-	8,109	(8,109)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>8,109</b>	<b>(8,109)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 136,890</b>	<b>\$ 136,890</b>	<b>\$ 130,365</b>	<b>\$ (6,525)</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 BUILDING IMPROVEMENT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 121,154	\$ 121,154	\$ 121,154	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	100	100	1,589	1,489
<b>Amounts Available for Appropriations</b>	<b>121,254</b>	<b>121,254</b>	<b>122,743</b>	<b>1,489</b>
<b>Charges to Appropriations (Outflow)</b>				
Public works	90,351	90,351	7,667	82,684
<b>Total Charges to Appropriations</b>	<b>90,351</b>	<b>90,351</b>	<b>7,667</b>	<b>82,684</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 30,903</b>	<b>\$ 30,903</b>	<b>\$ 115,076</b>	<b>\$ 84,173</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 RESIDENTIAL STREETS/ALLEYS  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,332	\$ 6,332	\$ 6,332	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	45	45	86	41
<b>Amounts Available for Appropriations</b>	<b>6,377</b>	<b>6,377</b>	<b>6,418</b>	<b>41</b>
<b>Charges to Appropriations (Outflow)</b>				
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,377</b>	<b>\$ 6,377</b>	<b>\$ 6,418</b>	<b>\$ 41</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL OUTLAY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Transfers in	217,179	217,179	217,179	-
<b>Amounts Available for Appropriations</b>	<b>217,179</b>	<b>217,179</b>	<b>217,179</b>	-
<b>Charges to Appropriations (Outflow)</b>				
Capital outlay	217,179	217,179	217,179	-
<b>Total Charges to Appropriations</b>	<b>217,179</b>	<b>217,179</b>	<b>217,179</b>	-
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF LOS ALAMITOS

BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 217,593	\$ 217,593	\$ 217,593	\$ -
<b>Resources (Inflows)</b>				
Investment earnings	20	20	2,213	2,193
Transfers in	215,000	215,000	215,000	-
<b>Amounts Available for Appropriations</b>	<b>432,613</b>	<b>432,613</b>	<b>434,806</b>	<b>2,193</b>
<b>Charges to Appropriations (Outflow)</b>				
Debt service:				
Principal retirement	70,000	70,000	70,000	-
Interest and fiscal charges	140,500	140,500	140,305	195
Transfers out	217,179	217,179	217,179	-
<b>Total Charges to Appropriations</b>	<b>427,679</b>	<b>427,679</b>	<b>427,484</b>	<b>195</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,934</b>	<b>\$ 4,934</b>	<b>\$ 7,322</b>	<b>\$ 2,388</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

	<u>Governmental Activities</u>		
	<u>Garage</u>	<u>Technology Replacement</u>	<u>Police Capital Expenditures</u>
<b>Assets</b>			
Current:			
Cash and investments	\$ 571,490	\$ 188,044	\$ 98,736
Prepaid costs	-	13,394	-
Restricted:			
Cash and investments	851	-	-
<b>Total Current Assets</b>	<b>572,341</b>	<b>201,438</b>	<b>98,736</b>
Noncurrent:			
Capital assets, net of accumulated depreciation	283,491	41,902	-
<b>Total Noncurrent Assets</b>	<b>283,491</b>	<b>41,902</b>	<b>-</b>
<b>Total Assets</b>	<b>855,832</b>	<b>243,340</b>	<b>98,736</b>
<b>Liabilities</b>			
Current:			
Accounts payable	10,837	356	-
Accrued interest	3,759	-	-
Claims payable	-	-	-
Capital leases	66,872	-	-
<b>Total Current Liabilities</b>	<b>81,468</b>	<b>356</b>	<b>-</b>
Noncurrent:			
Capital leases	137,467	-	-
<b>Total Noncurrent Liabilities</b>	<b>137,467</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>218,935</b>	<b>356</b>	<b>-</b>
<b>Net Position</b>			
Net Investment in capital assets	80,003	41,902	-
Unrestricted	556,894	201,082	98,736
<b>Total Net Position</b>	<b>\$ 636,897</b>	<b>\$ 242,984</b>	<b>\$ 98,736</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

	<u>Governmental Activities</u>		
	<u>Facilities, Streets, Parks, and Pool Capital Expenditures</u>	<u>Self Insurance Trust</u>	<u>Total Internal Service Funds</u>
<b>Assets</b>			
Current:			
Cash and investments	\$ 242,927	\$ 706,117	\$ 1,807,314
Prepaid costs	-	-	13,394
Restricted:			
Cash and investments	-	-	851
<b>Total Current Assets</b>	<b>242,927</b>	<b>706,117</b>	<b>1,821,559</b>
Noncurrent:			
Capital assets, net of accumulated depreciation	367,000	-	692,393
<b>Total Noncurrent Assets</b>	<b>367,000</b>	<b>-</b>	<b>692,393</b>
<b>Total Assets</b>	<b>609,927</b>	<b>706,117</b>	<b>2,513,952</b>
<b>Liabilities</b>			
Current:			
Accounts payable	18,350	5,495	35,038
Accrued interest	-	-	3,759
Claims payable	-	352,699	352,699
Capital leases	-	-	66,872
<b>Total Current Liabilities</b>	<b>18,350</b>	<b>358,194</b>	<b>458,368</b>
Noncurrent:			
Capital leases	-	-	137,467
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>137,467</b>
<b>Total Liabilities</b>	<b>18,350</b>	<b>358,194</b>	<b>595,835</b>
<b>Net Position</b>			
Net Investment in capital assets	367,000	-	488,905
Unrestricted	224,577	347,923	1,429,212
<b>Total Net Position</b>	<b>\$ 591,577</b>	<b>\$ 347,923</b>	<b>\$ 1,918,117</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018

	Governmental Activities		
	Garage	Technology Replacement	Police Capital Expenditures
<b>Operating Revenues</b>			
Charges for services	\$ 304,025	\$ 146,000	\$ -
<b>Total Operating Revenues</b>	<b>304,025</b>	<b>146,000</b>	<b>-</b>
<b>Operating Expenses</b>			
Personnel services	10,550	-	-
Supplies and materials	104,558	40,352	-
Outside services	39,872	105,491	129,686
Claims expense	-	-	-
Depreciation expense	99,206	8,380	-
<b>Total Operating Expenses</b>	<b>254,186</b>	<b>154,223</b>	<b>129,686</b>
Operating Income (Loss)	49,839	(8,223)	(129,686)
<b>Nonoperating Revenues (Expenses)</b>			
Interest expense	(3,772)	-	-
Insurance reimbursements	1,926	-	-
Contributions	195,010	-	-
Gain (loss) on disposal of capital assets	18,590	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>211,754</b>	<b>-</b>	<b>-</b>
Income (Loss) Before Transfers	261,593	(8,223)	(129,686)
Transfers in	100,000	-	-
Changes in Net Position	361,593	(8,223)	(129,686)
Net Position, Beginning of Year	275,304	251,207	228,422
<b>Net Position, End of Year</b>	<b>\$ 636,897</b>	<b>\$ 242,984</b>	<b>\$ 98,736</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>		
	<u>Facilities, Streets, Parks, and Pool Capital Expenditures</u>	<u>Self Insurance Trust</u>	<u>Total Internal Service Funds</u>
<b>Operating Revenues</b>			
Charges for services	\$ -	\$ -	\$ 450,025
<b>Total Operating Revenues</b>	<b>-</b>	<b>-</b>	<b>450,025</b>
<b>Operating Expenses</b>			
Personnel services	-	-	10,550
Supplies and materials	-	-	144,910
Outside services	-	-	275,049
Claims expense	-	669,137	669,137
Depreciation expense	-	-	107,586
<b>Total Operating Expenses</b>	<b>-</b>	<b>669,137</b>	<b>1,207,232</b>
Operating Income (Loss)	-	(669,137)	(757,207)
<b>Nonoperating Revenues (Expenses)</b>			
Interest expense	-	-	(3,772)
Insurance reimbursements	-	-	1,926
Contributions	-	-	195,010
Gain (loss) on disposal of capital assets	-	-	18,590
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>211,754</b>
Income (Loss) Before Transfers	-	(669,137)	(545,453)
Transfers in	100,000	720,338	920,338
Changes in Net Position	100,000	51,201	374,885
Net Position, Beginning of Year	491,577	296,722	1,543,232
<b>Net Position, End of Year</b>	<b>\$ 591,577</b>	<b>\$ 347,923</b>	<b>\$ 1,918,117</b>

CITY OF LOS ALAMITOS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>		
	<u>Garage</u>	<u>Technology Replacement</u>	<u>Police Capital Expenditures</u>
<b>Cash Flows from Operating Activities</b>			
Cash received from interfund charges for services	\$ 304,025	\$ 146,000	\$ -
Cash received from (paid to) suppliers for goods and services	(240,247)	(162,642)	(129,686)
Cash paid to employees for services	(205,560)	-	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(141,782)</b>	<b>(16,642)</b>	<b>(129,686)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Cash transfers in	100,000	-	-
Contributions	195,010	-	-
Interest expense	(4,980)	-	-
Insurance reimbursements	1,926	-	-
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>291,956</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(75,701)	-	-
Principal paid on capital debt	(65,661)	-	-
Proceeds from sales of capital assets	18,590	-	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(122,772)</b>	<b>-</b>	<b>-</b>
Net Increase (Decrease) in Cash and Cash Equivalents	27,402	(16,642)	(129,686)
Cash and Cash Equivalents, Beginning of Year	544,939	204,686	228,422
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 572,341</b>	<b>\$ 188,044</b>	<b>\$ 98,736</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ 49,839	\$ (8,223)	\$ (129,686)
<b>Adjustments to Reconcile Operating Income (Loss) Net Cash Provided by (Used for) Operating Activities</b>			
Depreciation	99,206	8,380	-
(Increase) decrease in accounts receivable	-	-	-
(Increase) decrease in prepaid expense	-	(13,394)	-
Increase (decrease) in accounts payable	(95,817)	(3,405)	-
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in pension and related items	(195,010)	-	-
<b>Total Adjustments</b>	<b>(191,621)</b>	<b>(8,419)</b>	<b>-</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (141,782)</b>	<b>\$ (16,642)</b>	<b>\$ (129,686)</b>

## CITY OF LOS ALAMITOS

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018**

	<u>Governmental Activities</u>		<b>Total Internal Service Funds</b>
	<b>Facilities, Streets, Parks, and Pool Capital Expenditures</b>	<b>Self Insurance Trust</b>	
<b>Cash Flows from Operating Activities</b>			
Cash received from interfund charges for services	\$ -	\$ -	\$ 450,025
Cash received from (paid to) suppliers for goods and services	18,350	(519,081)	(1,033,306)
Cash paid to employees for services	-	-	(205,560)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>18,350</b>	<b>(519,081)</b>	<b>(788,841)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Cash transfers in	100,000	720,338	920,338
Contributions			195,010
Interest expense	-	-	(4,980)
Insurance reimbursements	-	-	1,926
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>100,000</b>	<b>720,338</b>	<b>1,112,294</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(367,000)	-	(442,701)
Principal paid on capital debt	-	-	(65,661)
Proceeds from sales of capital assets	-	-	18,590
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(367,000)</b>	<b>-</b>	<b>(489,772)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(248,650)	201,257	(166,319)
Cash and Cash Equivalents, Beginning of Year	491,577	504,860	1,974,484
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 242,927</b>	<b>\$ 706,117</b>	<b>\$ 1,808,165</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ -	\$ (669,137)	\$ (757,207)
<b>Adjustments to Reconcile Operating Income (Loss) Net Cash Provided by (Used for) Operating Activities</b>			
Depreciation	-	-	107,586
(Increase) decrease in accounts receivable	-	11,362	11,362
(Increase) decrease in prepaid expense	-	-	(13,394)
Increase (decrease) in accounts payable	18,350	(6,432)	(87,304)
Increase (decrease) in claims payable	-	145,126	145,126
Increase (decrease) in pension and related items	-	-	(195,010)
<b>Total Adjustments</b>	<b>18,350</b>	<b>150,056</b>	<b>(31,634)</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 18,350</b>	<b>\$ (519,081)</b>	<b>\$ (788,841)</b>

**CITY OF LOS ALAMITOS**

**DESCRIPTION OF STATISTICAL SECTION CONTENTS  
JUNE 30, 2018**

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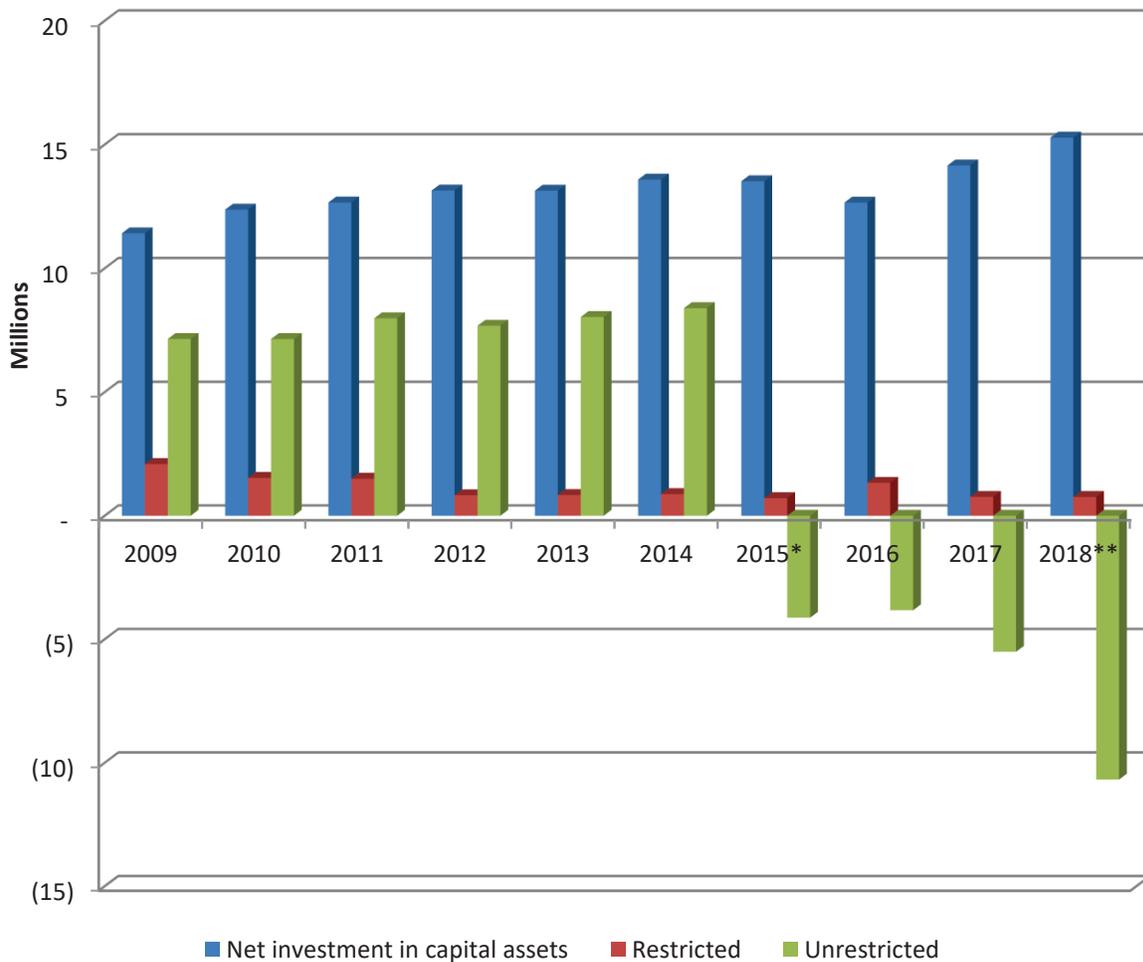
This part of the City of Los Alamitos’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government’s overall financial health.

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

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 11,415	\$ 12,370	\$ 12,659	\$ 13,143
Restricted	2,093	1,533	1,500	832
Unrestricted	7,146	7,144	7,984	7,681
Total governmental activities net position	<u>\$ 20,654</u>	<u>\$ 21,047</u>	<u>\$ 22,143</u>	<u>\$ 21,656</u>



Source: City of Los Alamitos, Finance 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.

\*\* In Fiscal Year 2017-18 the City implemented GASB Statement No. 75, which resulted in a \$3.6 million decrease to the City's net position in relation to accounting for the City's total OPEB liability.

Fiscal Year					
2013	2014	2015*	2016	2017	2018**
\$ 13,138	\$ 13,585	\$ 13,519	\$ 12,658	\$ 14,156	\$ 15,281
841	878	713	1,334	764	761
8,034	8,393	(4,126)	(3,828)	(5,506)	(10,679)
<u>\$ 22,013</u>	<u>\$ 22,856</u>	<u>\$ 10,106</u>	<u>\$ 10,164</u>	<u>\$ 9,414</u>	<u>\$ 5,363</u>

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,704	\$ 2,224	\$ 1,659	\$ 2,376
Public safety	5,095	5,068	4,912	5,545
Community development	578	578	527	705
Recreation and community services	2,114	1,583	1,568	1,770
Public works	1,616	1,922	1,905	2,007
Interest and fiscal charges	155	156	153	150
Total governmental activities expenses	<u>12,262</u>	<u>11,531</u>	<u>10,724</u>	<u>12,553</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
General government	88	117	43	3
Public safety	663	618	641	511
Community development	75	73	150	280
Recreation and community services	1,100	1,180	1,230	1,266
Public works	-	-	-	-
Operating grants	1,315	388	533	112
Capital grants and contributions	1,123	708	890	524
Total governmental activities program revenues	<u>4,364</u>	<u>3,084</u>	<u>3,487</u>	<u>2,696</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(7,898)	(8,447)	(7,237)	(9,857)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property	2,545	2,654	2,529	3,143
Utility users tax	2,232	2,178	2,132	2,083
Transient occupancy	78	70	80	88
Sales	2,514	2,349	2,148	2,200
Franchise	603	584	595	683
Business license	788	574	471	618
Other	55	65	85	347
	<u>8,815</u>	<u>8,474</u>	<u>8,040</u>	<u>9,162</u>
Motor vehicle in lieu	41	36	62	6
Investment income	142	39	27	15
Gain on Sale of property	6	5	140	3
Other	289	287	89	207
Total governmental activities	<u>9,293</u>	<u>8,841</u>	<u>8,358</u>	<u>9,393</u>
<b>Changes in Net Position</b>				
Governmental activities	<u>\$ 1,395</u>	<u>\$ 394</u>	<u>\$ 1,121</u>	<u>\$ (464)</u>

Source: City of Los Alamitos, Finance Department

Fiscal Year

	2013	2014	2015	2016	2017	2018
\$	1,377	\$ 2,223	\$ 2,646	\$ 2,976	\$ 2,830	\$ 3,517
	5,393	5,691	5,463	5,732	6,922	6,311
	745	843	714	685	775	1,104
	1,957	1,700	1,772	1,834	1,783	1,811
	2,709	2,839	2,592	2,339	2,306	2,314
	168	140	138	302	148	141
	<u>12,349</u>	<u>13,436</u>	<u>13,325</u>	<u>13,868</u>	<u>14,764</u>	<u>15,198</u>
	-	385	205	225	272	814
	637	735	752	808	825	859
	435	113	141	80	100	198
	1,295	1,242	1,301	1,225	1,087	956
	-	18	2	139	-	-
	119	323	293	398	453	151
	349	1,739	629	530	369	391
	<u>2,835</u>	<u>4,555</u>	<u>3,323</u>	<u>3,405</u>	<u>3,106</u>	<u>3,369</u>
	(9,514)	(8,881)	(10,002)	(10,463)	(11,658)	(11,829)
	3,734	2,733	2,954	3,118	3,603	3,773
	2,160	2,188	2,210	2,092	2,037	2,034
	104	113	132	156	159	167
	2,117	2,836	3,064	3,357	3,160	3,336
	653	689	712	709	669	691
	694	551	563	566	609	647
	284	334	348	251	339	429
	<u>9,746</u>	<u>9,444</u>	<u>9,983</u>	<u>10,249</u>	<u>10,576</u>	<u>11,077</u>
	5	-	-	-	-	-
	27	13	30	86	63	102
	37	-	-	-	-	19
	36	267	146	185	269	182
	<u>9,851</u>	<u>9,724</u>	<u>10,159</u>	<u>10,520</u>	<u>10,908</u>	<u>11,380</u>
\$	<u>337</u>	\$ <u>843</u>	\$ <u>157</u>	\$ <u>57</u>	\$ <u>(750)</u>	\$ <u>(449)</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			
	2009	2010	2011	2012
<b>General Fund</b>				
Nonspendable			\$ 4	\$ 7
Committed			-	-
Restricted			-	-
Assigned			3,250	3,250
Unassigned			4,161	4,496
Reserved	\$ 25	\$ 5	-	-
Unreserved, designated	2,800	2,800	-	-
Unreserved, undesignated	3,305	3,418	-	-
<b>Total General Fund</b>	<u>6,130</u>	<u>6,223</u>	<u>7,415</u>	<u>7,753</u>
<b>All Other Governmental Funds</b>				
Nonspendable			-	-
Restricted			1,550	1,073
Assigned			1,201	724
Unassigned			(167)	(146)
Reserved	274	261		
Unreserved, designated reported in:				
Special revenue funds	215	216		
Unreserved, reported in:				
Special revenue funds	1,211	1,120		
Debt service funds	-	-		
Capital projects funds	1,067	1,008		
<b>Total All Other Governmental Funds</b>	<u>2,767</u>	<u>2,605</u>	<u>2,584</u>	<u>1,651</u>
<b>Total All Governmental Funds</b>	<u>\$ 8,897</u>	<u>\$ 8,828</u>	<u>\$ 9,999</u>	<u>\$ 9,404</u>

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

Source: City of Los Alamitos, Finance Department

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 6	\$ 8	\$ 684	\$ 59	\$ 17	\$ 18	
-	-	-	-	-	3,387	
-	-	-	-	-	-	
3,770	7,049	7,484	7,347	7,481	4,275	
4,085	1,218	(644)	3	56	49	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>7,861</u>	<u>8,275</u>	<u>7,524</u>	<u>7,409</u>	<u>7,554</u>	<u>7,729</u>	
-	-	-	-	-	-	
888	829	1,063	1,333	764	761	
898	677	390	1,001	345	129	
(223)	(1,240)	-	-	-	-	
<u>1,563</u>	<u>266</u>	<u>1,453</u>	<u>2,334</u>	<u>1,109</u>	<u>890</u>	
<u>\$ 9,424</u>	<u>\$ 8,541</u>	<u>\$ 8,977</u>	<u>\$ 9,743</u>	<u>\$ 8,663</u>	<u>\$ 8,619</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)

	2009	2010	2011	2012
<b>Revenues</b>				
Taxes	\$ 8,387	\$ 7,915	\$ 8,027	\$ 8,087
Licenses and permits	806	604	629	1,247
Intergovernmental	1,671	1,542	1,047	475
Charges for services	1,248	1,256	1,379	1,320
Investment earnings	198	39	27	15
Fines and forfeitures	651	622	602	450
Other	60	189	245	197
<b>Total Revenues</b>	<b>13,021</b>	<b>12,167</b>	<b>11,956</b>	<b>11,791</b>
<b>Expenditures</b>				
General government	2,219	2,132	1,892	2,106
Public safety	4,993	4,923	4,748	4,913
Community development	574	562	526	623
Recreation and community services	2,073	1,517	1,527	1,570
Public works	1,483	1,717	1,654	1,779
Capital outlay	2,165	1,260	523	1,183
Debt service:				
Principal retirement	55	61	60	65
Payment to refunded bond escrow agent	-	-	-	-
Interest and fiscal charges	155	152	150	147
<b>Total Expenditures</b>	<b>13,717</b>	<b>12,324</b>	<b>11,080</b>	<b>12,386</b>
Excess of revenues over/(under) expenditures	(696)	(157)	876	(595)
<b>Other Financing Sources (Uses)</b>				
Transfers in	816	635	960	715
Transfers out	(745)	(546)	(621)	(715)
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total other financing sources</b>	<b>71</b>	<b>89</b>	<b>339</b>	<b>-</b>
Net change in fund balances	\$ (625)	\$ (68)	\$ 1,215	\$ (595)
Debt service as a percentage of noncapital expenditures	1.818%	1.925%	1.966%	1.878%

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

Source: City of Los Alamitos, Administrative Services Department

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 9,042	\$ 9,420	\$ 10,337	\$ 10,559	\$ 10,724	\$ 11,078	
694	937	205	225	272	814	
531	150	1,609	245	609	323	
1,752	1,396	1,403	1,459	1,202	1,169	
9	2	30	86	63	106	
615	710	737	781	810	844	
36	581	454	460	476	398	
<u>12,679</u>	<u>13,196</u>	<u>14,775</u>	<u>13,815</u>	<u>14,156</u>	<u>14,732</u>	
1,900	2,097	2,379	2,735	2,029	2,243	
5,280	5,874	5,513	5,711	5,777	5,751	
737	830	694	657	715	1,044	
1,889	1,620	1,730	1,739	1,646	1,598	
1,831	1,686	1,771	1,963	1,963	1,943	
806	1,744	830	213	1,972	1,068	
72	70	76	75	70	70	
-	-	-	220	-	-	
144	141	138	311	142	140	
<u>12,659</u>	<u>14,062</u>	<u>13,131</u>	<u>13,624</u>	<u>14,314</u>	<u>13,857</u>	
20	(866)	1,644	191	(158)	875	
588	606	684	681	1,280	832	
(588)	(621)	(1,892)	(1,203)	(2,201)	(1,752)	
-	-	-	3,685	-	-	
-	-	-	133	-	-	
-	-	-	(2,722)	-	-	
<u>-</u>	<u>(15)</u>	<u>(1,208)</u>	<u>574</u>	<u>(921)</u>	<u>(920)</u>	
<u>\$ 20</u>	<u>\$ (881)</u>	<u>\$ 436</u>	<u>\$ 765</u>	<u>\$ (1,079)</u>	<u>\$ (45)</u>	
1.765%	1.598%	1.813%	2.865%	1.713%	1.640%	
			(1)			

CITY OF LOS ALAMITOS  
 2017/18 Use Category Summary-Basic Property Value Table  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

<u>Category</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential	\$ 898,176	\$ 897,118	\$ 925,857	\$ 935,865	\$ 957,266	\$ 994,876
Commercial	284,259	289,009	283,221	278,086	288,363	288,722
Industrial	243,442	248,721	246,247	247,130	252,384	253,201
Institutional	61	62	-	-	-	-
Miscellaneous	627	1,753	1,749	1,762	1,797	-
Recreational	-	-	-	-	-	-
Vacant land	859	876	-	-	-	8,917
SBE Nonunitary	222	222	222	222	222	222
Cross Reference	3,106	3,285	3,477	3,367	4,327	3,453
Unsecured	149,735	148,625	155,295	138,185	134,342	119,933
Other	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 1,580,487</b>	<b>\$ 1,589,671</b>	<b>\$ 1,616,068</b>	<b>\$ 1,604,617</b>	<b>\$ 1,638,701</b>	<b>\$ 1,669,324</b>
Direct rate	0.10072%	0.10067%	0.10066%	0.10066%	0.10067%	0.10090%

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,057,040	\$ 1,117,850	\$ 1,165,824	\$ 1,200,335
309,701	351,113	358,116	393,211
253,653	260,291	268,534	292,689
-	-	-	-
-	-	-	-
-	-	-	-
8,449	9,710	9,905	11,648
222	222	222	222
3,265	3,083	3,998	4,139
143,801	138,386	154,478	163,741
-	-	-	-
<hr/>			
\$ 1,776,131	\$ 1,880,655	\$ 1,961,077	\$ 2,065,985
0.11700%	0.11570%	0.11578%	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
2009	1,430,530	149,956	\$ -	\$ 1,580,486	0.117
2010	1,440,825	148,847	-	1,589,672	0.117
2011	1,460,551	155,517	-	1,616,068	0.117
2012	1,466,210	138,407	-	1,604,617	0.117
2013	1,504,137	134,564	-	1,638,701	0.117
2014	1,549,169	120,155	-	1,669,324	0.117
2015	1,632,108	144,023	-	1,776,131	0.117
2016	1,742,048	138,608	-	1,880,656	0.116
2017	1,806,599	154,478	-	1,961,077	0.116
2018	1,902,244	163,741	-	2,065,985	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>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
Overlapping Rates:						
Los Alamitos City General Fund	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
Educational Revenue Augmentation Fund	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
North Orange Co. Community College District	0.059	0.059	0.059	0.059	0.059	0.059
Orange County Department of Education	0.031	0.031	0.031	0.031	0.031	0.031
Orange County Fire Authority	0.095	0.095	0.095	0.095	0.095	0.095
Orange County Flood Control District General	0.017	0.017	0.017	0.017	0.017	0.017
Orange County General Fund	0.052	0.052	0.052	0.052	0.052	0.052
Orange County Harbors Beaches & Parks Csa	0.013	0.013	0.013	0.013	0.013	0.013
Orange County Library District General Fund	0.014	0.014	0.014	0.014	0.014	0.014
Orange County Sanitation District 3 Operating	0.027	0.027	0.027	0.027	0.027	0.027
Orange County Transportation Authority	0.002	0.002	0.002	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006	0.006	0.006	0.006
Orange County Water District reserve	0.001	0.000	0.000	0.000	0.000	0.000
Rossmoor/Los Alamitos Sewer District	0.010	0.010	0.010	0.010	0.010	0.010
Total Prop 13 Rate	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Anaheim High School District	0.024	0.026	0.0275	0.027	0.029	0.026
Cypress Elementary	0.000	0.022	0.0262	0.015	0.025	0.027
Garden Grove Unified School District	0.000	0.000	0.033	0.025	0.031	0.037
Los Alamitos Sfid	0.000	0.020	0.0335	0.036	0.042	0.056
Metropolitan Water District	0.004	0.004	0.0037	0.004	0.004	0.003
N. Orange County Community College	0.015	0.018	0.017	0.017	0.019	0.017
Total Voter Approved tax Rate	<u>0.043</u>	<u>0.090</u>	<u>0.141</u>	<u>0.124</u>	<u>0.150</u>	<u>0.166</u>
Total Tax Rate	<u>1.020</u>	<u>1.090</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 2008/2009 - 2017/2018 Tax Rate Table

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
0.117	0.116	0.116	0.116
0.101	0.101	0.101	0.101
0.016	0.016	0.016	0.016
0.144	0.145	0.145	0.145
0.411	0.412	0.412	0.412
0.059	0.059	0.059	0.059
0.031	0.031	0.031	0.031
0.095	0.095	0.095	0.095
0.017	0.017	0.017	0.017
0.052	0.052	0.052	0.052
0.013	0.013	0.013	0.013
0.014	0.014	0.014	0.014
0.027	0.027	0.027	0.027
0.002	0.002	0.002	0.002
0.001	0.001	0.001	0.001
0.006	0.006	0.006	0.006
0.001	0.000	0.000	0.000
0.010	0.010	0.010	0.010
<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
0.024	0.049	0.043	0.022
0.023	0.025	0.024	0.031
0.041	0.047	0.045	0.075
0.048	0.052	0.048	0.047
0.004	0.004	0.004	0.004
0.017	0.030	0.029	0.029
<u>0.157</u>	<u>0.207</u>	<u>0.192</u>	<u>0.208</u>
<u>1.157</u>	<u>1.207</u>	<u>1.192</u>	<u>1.208</u>

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

	2018		2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 120,536	5.834%	\$ 67,333	4.260%
Los Alamitos Corporation Center JV	57,534	2.785%		
Henrietta C. Lee Trust			51,817	3.279%
Trend Offset Printing Inc.	46,590	2.255%	49,176	3.111%
Don Wilson Staples LLC	32,740	1.585%	32,188	2.037%
CGM Katella LLC	18,880	0.914%		
Bar Bakers LLC	18,424	0.892%		
Davenport KCC Partners LLC			16,126	1.020%
JCB Inc.	18,359	0.889%	16,120	1.020%
Ganahl Lumber Company	16,343	0.791%	14,847	0.939%
Bayport Los Alamitos Associates LP	13,371	0.647%	11,798	0.746%
Katella Property Owner LLC	13,198	0.639%		
Arrowhead Products Corporation			10,630	0.673%
Los Alamitos LLC			10,320	0.653%
Top Ten Totals	<u>\$ 355,975</u>	<u>17.230%</u>	<u>\$ 280,355</u>	<u>17.739%</u>
City Totals	<u>\$ 2,065,985</u>		<u>\$ 1,580,487</u>	

Source: HdL Coren and Cone, Orange County Assessor 2008/09 and 2017/18 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
2009	\$ 1,680,414	\$1,619,027	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%
2018	2,457,342	2,440,391	99.310%	16,019	2,456,410	99.962%

(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 <sup>1</sup>	Debt Per Capita <sup>1</sup>
	Certificates of Participation	Capital Lease			
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
2018	\$ 3,545	204	\$ 3,749	0.871%	\$319.36

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

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS  
 Direct and Overlapping Governmental Activity Debt  
 As of June 30, 2018  
 (amounts expressed in thousands)

2017-2018 Taxable Assessed Valuation: \$ 2,065,985

	<u>Total Debt 6/30/2018</u>	<u>Percent Applicable to City (1)</u>	<u>City's Share of Debt 6/30/2018</u>
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	\$ 12,318	0.416%	51
North Orange County Joint Community College District	201,255	1.700%	3,421
Garden Grove Unified School District	328,540	0.008%	26
Los Alamitos Unified District School Facilities Improvement Dist #1	105,330	22.873%	24,092
Anaheim Union High School District	200,729	0.071%	143
Cypress School District	38,427	0.467%	<u>179</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 27,912
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Orange County General Fund Obligations	\$ 227,516	0.378%	\$ 860
Orange County Pension obligations	386,762	0.378%	1,462
Orange County Board of Education Certificates of Participation	14,440	0.378%	55
Municipal Water District of Orange County Water Facilities Corp	2,770	0.451%	12
Los Alamitos Unified School District Certificates of Participation	49,285	22.763%	11,219
Anaheim Union High School District Certificates of Participation	5,000	0.073%	4
Cypress School District Certificates of Participation	7,365	0.478%	35
North Orange County Regional Occupational Program Certificates	10,190	1.714%	175
City of Los Alamitos Capital Lease	204	100.000%	204
City of Los Alamitos Certificates of Participation	3,545	100.000%	<u>3,545</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 17,571
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>(12)</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 17,583
TOTAL DIRECT DEBT			\$ 3,749
GROSS OVERLAPPING DEBT			\$ 41,938
TOTAL NET OVERLAPPING DEBT			\$ 41,950
GROSS COMBINED TOTAL DEBT (2)			\$ 45,483 (2)
NET COMBINED TOTAL DEBT			\$ 45,495

- (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.....	1.35%
<b>Total Direct Debt (3,749,000).....</b>	<b>0.18%</b>
Gross Combined Total Debt.....	1.53%
Net Combined Total Debt.....	1.53%

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	\$ 2,065,985,268
Debt limit (15% of assessed value)	309,897,790
Debt applicable to limit	<u>0</u>
Legal debt margin - Current Year	<u><u>\$ 309,897,790</u></u>

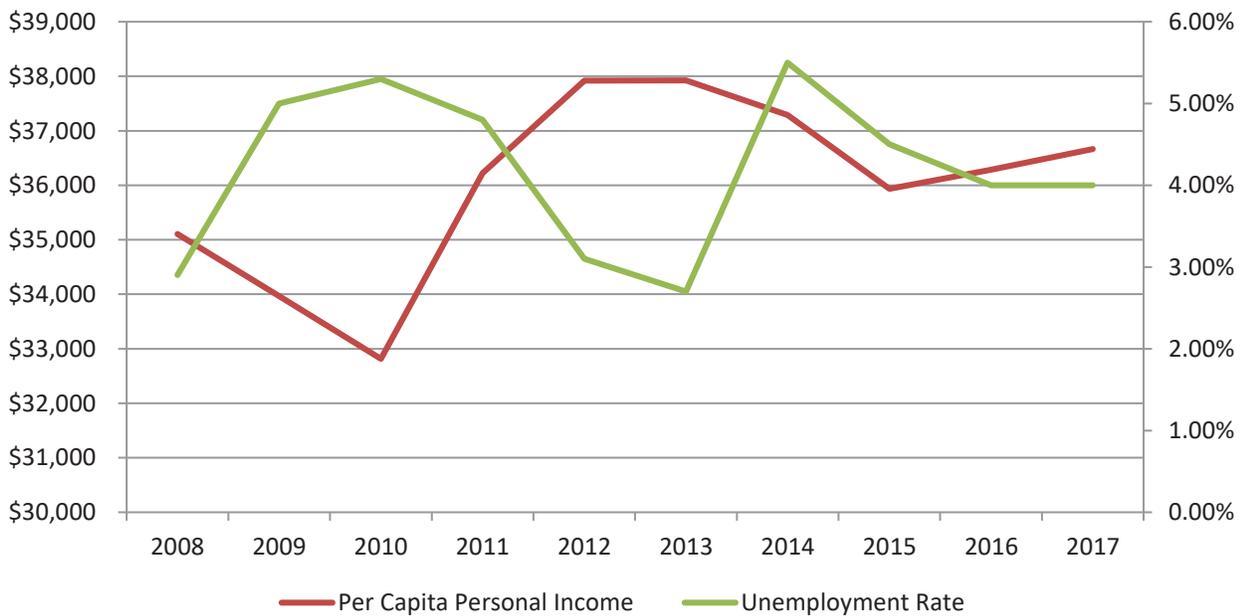
Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2009	\$ 237,073,010	\$ 0	\$ 228,155,675	\$ 0
2010	238,450,720	0	237,073,010	0
2011	242,410,136	0	238,450,720	0
2012	240,628,038	0	240,628,038	0
2013	245,805,113	0	245,805,113	0
2014	250,398,597	0	245,805,113	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
2018	309,897,790	0	309,897,790	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
2008	12,128	425,740	35,104	2.90%
2009	12,201	414,466	33,970	5.00%
2010	12,270	402,640	32,815	5.30%
2011	11,557	418,606	36,221	4.80%
2012	11,626	440,823	37,917	3.10%
2013	11,729	444,811	37,924	2.70%
2014	11,725	437,214	37,289	5.50%
2015	11,738	421,786	35,933	4.50%
2016	11,739	425,943	36,284	4.00%
2017	11,739	430,396	36,664	4.00%

**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	2017-18			2008-09		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Los Alamitos Medical Center	1,100	1	11.95%	940	1	19.90%
Arrowhead Products	960	2	10.43%	501	2	11.65%
Trend Offset Printing Services	625	3	6.79%	475	3	11.07%
Katella Delicatessen and Restaurant	184	4	2.00%			
Alamitos West Health Care Center	156	5	1.69%	180	5	2.77%
Ganahl Lumber	138	6	1.50%			
Millie and Severson, Inc	129	7	1.40%			
Bearing Inspection, Inc.	97	8	1.05%	139	8	2.98%
College Park Realty	92	9	1.00%			
Bar Bakers LLC	92	10	1.00%			
Idearc				324	4	2.98%
Bloomfield Bakers				150	6	6.21%
Systems Services of America				150	7	3.10%
Pharmacy Advantage				123	9	3.62%
KDC Company				94	10	3.25%
	<u>3,573</u>		<u>38.82%</u>	<u>3,076</u>		<u>67.53%</u>

Source: City of Los Alamitos, Finance Department

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
Administration	10	9	8	8	8	8	8	8	8	8
Community Development										
Administration	2	2	2	2	1	1	1	1	1	1
Planning	1	1	1	1	1	1	1	1	1	1
Code Enforcement	1	1	1	1	1	1	1	1	1	1
Police										
Administration	4	4	4	4	4	4	4	4	4	4
Patrol	21	18	19	19	19	19	19	19	19	18
Investigation	3	3	3	3	3	3	3	3	3	3
Records	2	2	2	2	2	2	2	2	2	2
Crossing Guards	3	2	2	2	3	3	3	3	1	1
Other PD Support	4	2	2	2	2	2	2	2	2	2
Public Works										
Admin/Engineering	3	2	1	1	1	1	1	1	1	1
Maintenance	11	11	10	10	10	10	10	10	10	9
Mechanic	1	1	1	1	1	1	1	1	1	0
Recreation & Community Services										
Administration	4	4	4	4	5	5	5	5	5	4
Recreation/Cultural	22	19	18	17	15	15	15	15	14	11

Source: City of Los Alamitos, Administrative Services Department

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Community Development</b>						
Number of:						
Business licenses	1,900	1,900	1,921	2,048	1,964	2,089
Plan checks	76	74	105	119	141	110
NPDES inspections	96	53	240	152	126	57
Code violations	432	442	402	352	97	147
<b>Police</b>						
Number of:						
Part 1 crimes	375	326	347	356	433	330
Parking violations	2,751	2,382	2,389	1,893	1,532	1,766
Traffic (moving) violations	1,997	1,848	1,810	1,877	2,177	2,354
Incident & crime reports	1,538	1,380	1,320	1,356	1,361	1,293
<b>Public Works</b>						
Square yd of street resurfacing/repair	55,455	64,600	2,500	11,600	38,800	20,000
Miles of street sweeping	33	33	33	33	33	33
Number of:						
Street signal maintained	24	24	24	24	24	25
Trees pruned per year	350	200	500	1,230	632	620
Square feet graffiti removal	2,000	1,800	1,700	1,625	1,650	1,550
<b>Recreation &amp; Community Services</b>						
Total in attendance:						
Aquatics	200,000	210,000	215,000	225,000	230,000	232,000
Community Services/Seniors	10,150	10,000	9,500	9,700	9,800	10,500
Day Camp	2,400	2,400	2,500	2,500	2,600	2,800
Park Program	1,400	1,000	1,100	1,250	1,400	2,600
Sports	N/A	N/A	N/A	N/A	N/A	N/A
Classes	6,200	6,500	6,600	6,400	6,400	6,300
Special Events	33,000	35,000	36,000	37,900	40,000	41,470

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, Finance Department

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
2,227	2,169	2,068	2,153
95	96	93	108
104	60	60	157
121	267	267	483
299	252	268	209
3,283	3,963	2,997	4,043
1,786	1,473	2,885	1,430
1,381	1,167	1,254	896
15,000	-	-	-
33	33	33	33
25	25	25	25
615	991	991	991
1,245	1,205	1,205	1,205
235,000	163,000	0	0 *
10,500	13,180	14,000	14,100
2,900	2,800	3,000	4,040
4,385	4,262	4,140	4,040
N/A	35,500	30,000	30,500
6,900	8,900	8,900	8,800
34,200	30,475	34,820	35,000

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Community Development						
Code enforcement vehicles	1	1	1	1	1	1
Police						
Stations	1	1	1	1	1	1
Patrol Vehicles	9	8	8	7	7	7
Other Vehicles	11	9	9	8	8	9
Public Works						
Streets (Miles)	32.9	32.9	32.9	32.9	32.9	32.9
Street lights	910	910	910	910	910	911
Traffic signals	24	24	24	24	24	25
Public works vehicles	15	12	12	13	13	13
Recreation & Community Services						
Youth centers	1	1	1	1	1	1
Community centers	1	1	1	1	1	1
Parks	9	9	9	9	9	9
Community service vehicles	2	2	2	2	2	2

Source: City of Los Alamitos, Administrative Services Department

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1	1	1	1
1	1	1	1
7	7	8	8
9	9	9	9
32.9	32.9	32.9	32.9
911	911	911	911
25	25	25	25
13	13	13	11
1	1	1	1
1	1	1	1
9	9	9	9
2	2	2	3

