

CITY OF LOS ALAMITOS

3191 Katella Avenue
Los Alamitos, CA 90270

AGENDA BUDGET STANDING COMMITTEE SPECIAL MEETING May 8, 2023 – 5:00 p.m.

SAFETY ALERT – NOTICE REGARDING COVID-19

If you wish to attend the City Council meeting in person, the Council Chamber located at 3191 Katella Ave., Los Alamitos, California 90720, will have seating for this meeting and the public shall have the right to observe and offer public comment at this location. **The City of Los Alamitos continues to follow the Centers for Disease Control and Prevention (CDC) guidelines and these provisions are subject change with short notice.**

While you may attend this meeting in person, given the health risks associated with COVID-19, please be advised that you may submit comments on any agenda item or on any item not on the agenda by email to cityclerk@cityoflosalamitos.org with the subject line "PUBLIC COMMENT". Comments **received by 3:00 p.m.** will be compiled, provided to the City Council, and made available to the public before the start of the meeting. Staff will not read email comments at the meeting but the official record will include all email comments received until the close of the meeting.

Please consider carefully before attending this meeting in person and do not attend this meeting in person if you have had direct contact with someone who has tested positive for Coronavirus (COVID- 19), or you are experiencing symptoms such as coughing, sneezing, fever, difficulty breathing or other flu-like symptoms.

NOTICE TO THE PUBLIC – This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.cityoflosalamitos.org once the agenda has been publicly posted.

Each matter on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "for information" or "for discussion" may also be the subject of an "action" taken by the City Council at the same meeting.

Any written materials relating to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection online at www.cityoflosalamitos.org.

1. CALL TO ORDER

2. ROLL CALL

Mayor Doby
Council Member Hasselbrink

3. CONSENT CALENDAR

A. Approval of Minutes

Approve the Minutes of the Special Meeting of April 10, 2023.

4. DISCUSSION ITEMS

A. Review and Discuss the Proposed Draft Budget for FY 23-24 and FY24-25.

This report provides the Budget Standing Committee with the proposed draft budget for FY23-24 and FY24-25.

Recommendation: Review the proposed draft budget for FY23-24 and FY24-25 and provide directions and comments.

B. Review and Discuss Status Update of FY21-22 Audit and ACFR Report.

Recommendation: Review and discuss status update of FY21-22 audit and issuance of the ACFR.

C. Review and Discuss Proposed Revisions to the Purchasing Policy.

Recommendation: Consider proposed changes to the Purchasing Policy.

D. Review and Discuss Park Development/ Quimby Fees.

Recommendation: Review and discuss Park Development/Quimby Fees.

E. Review and Discuss the Proposed Capital Improvement Program for FY23-24.

Recommendation: Review and discuss the proposed Capital Improvement Program for FY23-24.

5. CLOSED SESSION

A. CONFERENCE WITH PROPERTY NEGOTIATOR

City Negotiator:

Chet Simmons, City Manager
Government Code Section 54956.8

B. CONFERENCE WITH LABOR NEGOTTIATOR

City Negotiator: Chet Simmons, City Manager
Employee Organization: Teamsters Local 911
Government Code Section 54957.6

C. CONFERENCE WITH LABOR NEGOTTIATOR

City Negotiator: Chet Simmons, City Manager
Employee Organization: Executive Management, Middle
Management, and Non-Management
Employees
Government Code Section 54957.6

6. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at Los Alamitos City Hall, 3191 Katella Ave. and available on the City's website, www.cityoflosalamitos.org, not less than 24 hours prior to the meeting.

Craig Koehler

Craig Koehler, Finance Director

5/3/23

Date

MINUTES OF THE BUDGET STANDING COMMITTEE OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING

Monday April 10, 2023 – 5:00 p.m.

1. CALL TO ORDER

The Budget Standing Committee met for a Special Meeting at 5:04 p.m., Thursday April 10, 2023, Mayor Doby and Council Member Hasselbrink presiding.

2. ROLL CALL

Present: Committee Members: Mayor Doby
Council Member Hasselbrink

Absent: Committee Members: None

Present: Staff: Chet Simmons, City Manager
Craig Koehler, Finance Director

3. CONSENT CALENDAR

A. Approval of Minutes

Motion/Second: Doby/Hasselbrink

Unanimously Carried: The Budget Standing Committee approved the Minutes of the Special Meeting of March 9, 2023.

4. DISCUSSION ITEMS

A. Review and Discuss the Proposed Draft Budget for FY23-24 and FY24-25.

The Budget Standing Committee reviewed the proposed draft budget for FY23-24 and FY24-25.

B. Review and Discuss Status of FY21-22 Audit and ACFR Report.

The Budget Standing Committee received and update on the audit and Issuance of the ACFR report.

C. Discuss Potential Employee Retention Strategies.

The City Manager discussed potential employee retention strategies with the Budget Standing Committee.

5. ADJOURNMENT

The meeting adjourned at 6:01 p.m.

Craig Koehler, Finance Director

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: **May 8, 2023** **ITEM NUMBER: 4A**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Finance Director**

Subject: **Preliminary Budget for Fiscal Year 2023-24 and Fiscal Year 2024-25**

SUMMARY

This report provides for a review of the preliminary budget for the Fiscal Year 2023-24 and Fiscal Year 2024-25.

RECOMMENDATION

Review and discuss the preliminary budget for Fiscal Year 2023-24 and Fiscal Year 2024-25, provide direction to staff.

BACKGROUND

It is customary to conduct a preliminary analysis of all appropriations for the upcoming fiscal year. This process updates the Budget Standing Committee on the forecasted fiscal status of the City's General Fund and Other Funds. Los Alamitos implemented a two-year budget cycle beginning with the Fiscal Year 2021-22 Budget. This budget cycle will include budget projections for Fiscal Year 2023-24, and an estimate for Fiscal Year 2024-25, that will assist with future planning.

DISCUSSION

The Mid-Year Budget review and projection for the Fiscal Year ending June 30, 2022, was presented to Council on March 21, 2022. Finance staff has conducted meetings with the departments and the City Manager, to review preliminary budget projections for Fiscal Year 2022-23 and Fiscal Year 2023-24.

Staff met with the Budget Standing Committee on April 10, to provide a preliminary report and estimates for FY23-24 and FY24-25. A new sales tax forecast was received from HdL, with reported data through the fourth quarter (December 2022) and included new projections for FY23-24 and FY24-25. New updates on the economy and housing have also been released.

Economic Update

Inflation remains elevated, reflecting continuing imbalances within supply and demand chains. The U.S. Treasury continues to adjust to counter the growth of inflation. The U.S. Treasury began adjustments in March of 2022 with a .25% increase to the Federal Funds rate and have continued a year later with eight additional rate increases ranging from .25% to .75%. The Federal Funds rate is now at 5.25%, following its latest .25% rate hike. This will likely result in tighter credit conditions for consumers and businesses.

Bond Market Indicators

Current bond market conditions are indicative of hedging for a slowdown. The bond yield curve is currently in an inverse relationship. Yield inversion occurs when the yield on a longer tenure bond or note becomes less than the yield for a shorter tenure investment. As of April 20, two-year Treasury Notes were at 4.19%, exceeding both five and ten-year rates by fifty basis points.

Housing

The latest housing data has shown some evidence of a slowdown in activity as well. In addition, higher mortgage rates and potential tighter lending standards continue to weigh on developers and consumers alike. According to the latest market outlook by Beacon Economics, the higher interest rate environment will have a limited effect on home price depreciation within the California market. Overall, housing prices are forecast to fall by an average of 6.3% in 2023.

Fiscal Year 2022-23 and Fiscal Year 2023-24 Budget Overview

The new budget again reflects 2 fiscal years. As shown below, projected revenues (including transfers in) for FY23-24 and FY24-25 are \$23.2 million and \$23.1 million, respectively.

General Fund Projected Revenues

Fiscal Year 2023-24 and 2024-25 projections by category are presented below:

	2022-23	2023-24	2024-25
	Adopted	Proposed	Projection
	Budget		
<u>Revenue Summary</u>			
Property Taxes	4,899,967	5,085,144	5,237,990
Sales Tax	3,403,270	3,937,304	4,064,000
Sales Tax - Local (Measure Y)	5,371,740	6,593,000	6,805,000
Transit Occupancy Tax (TOT)	325,340	530,000	540,000
Business Licenses	819,000	824,000	824,000
Utility Users Tax	2,052,487	1,799,000	1,670,000
Franchise Fees	671,300	655,300	629,300
Licenses & Permits	958,200	1,075,300	1,080,300
Fines & Forfeitures	669,000	696,000	746,000
Use of Money & Property	180,000	300,000	300,000
Other Agencies	12,200	12,200	12,200
Charges for Current Services	702,278	764,818	780,423
Misc.	68,000	50,000	50,000
Total Revenue	20,132,782	22,322,066	22,739,213
Transfers In	1,216,043	870,000	370,000
Total	21,348,825	23,192,066	23,109,213

Property Taxes

The most recent report received from HdL (dated March 29, 2023) indicates that property taxes are continuing an upward trend. The projections for secured property taxes for FY23-24 and FY24-25 are \$2.9 million and \$3.0 million, respectfully. This revenue category encompasses unsecured property taxes, lighting district, and property tax in lieu of VLF. The revenue projection for total property tax revenue for FY23-24 is \$5.1 million and is estimated to be \$5.2 million for FY24-25.

Sales & Use Taxes

A report from HdL, dated April 7, 2023 reflects receipts for the fourth quarter through December 2022. Sales were 5.7% higher than the same quarter for 2021. The major factor driving this change was seen mainly in the business and industry sectors.

The City's share of the countywide pools increased by 1.6%, as compared to the same period for the prior year. Overall taxable sales for all of Orange County grew by 4.6%, compared to the Southern California region at 5.1%, and for the City 5.7%, when compared to the same comparable time period for the prior year.

HdL's latest estimate for Sales & Use Taxes for FY23-24 is \$3.9 million and \$4.1 million for FY24-25.

Measure Y Local Sales Tax

The City's Measure Y local sales tax generated an additional \$1.8 million for the quarter ending December 2022. Continued revenue growth is expected for Measure Y, estimates for FY23-24 and FY24-25 are \$6.6 million and \$6.8 million, respectfully.

Combined estimates for Sales & Use Taxes and Measure Y Local Sales Taxes increased by approximately \$100K from the previous report provided to the Budget Standing Committee at the April 10 meeting.

Transient Occupancy Tax

Transit Occupancy Tax (TOT) includes tax from three hotels. The estimate for FY23-24 is \$530 thousand, and \$540 thousand for FY24-25. A study is planned to review the TOT rate and consider a proposal for an increase that will include a portion of the increase to be used for marketing efforts, and a resulting tax rate that will be comparable with surrounding cities. There are no changes to the estimates provided earlier.

Utility Users Tax, Franchise Fees

Utility Users Tax and Franchise Fees, reflect a downward trend, as consumer usage patterns reflect changes to levels and type of consumption. Estimates for FY23-24 and FY24-25 are reflective of this trend.

Licenses & Permits

Licenses & Permits are expected to reflect continued strong activity for building and construction. Estimates for FY23-24 and FY24-25 are \$1.1 million, with no change from the previous estimate.

Fines & Forfeitures

Fines & Forfeitures revenue include red light camera and parking fines, and other moving violations. Revenue is expected to return to a normalized level in the next fiscal year. Estimates for FY23-24 are \$696K and \$746K for FY24-25.

Charges for Services

Most of the revenue for this category is generated by the Recreation Department's various programs, classes, and special events, and the addition of the Aquatics Program added back to Recreation's full menu of programs. Estimated revenues for FY23-24 and FY24-25 are \$765 thousand and \$780 thousand, respectively, and are expected to exceed FY22-23 revenues. There were no changes to the earlier estimates provided at the April 10 meeting.

General Fund Proposed Expenditures

The proposed expenditures represent further restructuring of the City's internal operations in order to meet the goals set forth in the departments and the City. Projected expenditures (including transfers out) for FY23-24 are \$20.6 million, and \$20.9 million for FY24-25.

The table below reflects the Preliminary General Fund Budget for department expenditures for FY23-24 and FY24-25, including additional proposed staffing positions.

	2022-23	2023-24	2024-25
	Adopted Budget	Proposed	Projected
Expenditure Summary			
City Council	66,895	93,632	98,632
Administration	1,053,023	1,468,749	1,511,440
Finance	835,327	998,979	1,034,997
City Attorney	196,000	196,000	196,000
Police	8,005,752	8,333,125	8,731,349
Development Services	4,446,404	4,969,100	5,133,265
Recreation	2,003,743	2,372,053	2,467,301
Non-Departmental	2,443,181	2,265,894	617,894
Subtotal Department	19,050,325	20,697,532	19,790,878
Transfers Out	1,725,500	1,521,500	1,082,500
Total Expenditures	20,775,825	22,219,032	20,873,378

In addition to maintenance and operational increases, below is a breakdown of the individual departmental expenditures, including additional proposed staffing. Salaries reflect the second year of the two-year COLA adjustments as approved in the latest negotiated MOU agreements. For FY24-25, an estimate of 3% COLA has been used as a placeholder.

City Council

The City Council budget has a proposed increase of \$26,737 over prior budget and reflects additional expenditures for supplies (\$4,875), dues and subscriptions (\$5,720), employee wellness (\$6,600), commission appreciation (\$5,000), and meeting cablecasting (\$1,667).

Further direction is needed on travel and technology:

- Travel – increase budget; specify and limit attendance at events.
- Technology – cell phones or stipends; other electronic devices.

Administration (City Manager, City Clerk, Human Resources)

Administration includes the City Manager, City Clerk, Administrative Services Manager (Human Resources) and Management Analyst. An additional Management Analyst is being proposed to meet increasing demands in Administration. In addition, a Deputy City Clerk has been proposed to assist the City Clerk's department with added workload. Total department expenditures for Administration for FY23-24 and FY24-25 are projected to be approximately \$1.5 million, respectfully.

Finance

The Finance Department now consists of four full-time staff, including Finance Director, Finance Manager, Accountant, and Senior Finance Assistant, and a Part Time Clerical Assistant has been added for additional support. The Finance Manager reflects a salary change adding Tier 1 to enhance recruiting and retention for the position which is currently being recruited. Total Finance department expenditures for FY23-24 and FY24-25 are projected to be \$1.0 million, respectively.

Police

The Police budget consists of nine divisions, Administration, Patrol, Investigation, Records, Communication, Community Outreach, Youth Programs, Traffic, and Emergency Preparedness. Salaries reflect the recently negotiated cost of living adjustments for FY22-23 and FY23-24 and assume the full complement of sworn personnel at 24 sworn officers.

In addition, an additional sworn officer was approved and is being added that will be offset by OCAT through the California Department of Motor Vehicles for a period of three years. The additional position will allow for critical backfill and will enhance overall retention. The total department expenditure for FY23-24 is projected to be \$8.3 million, and \$8.7 million for FY24-25.

Development Services

Development Services consists of Administration, Planning, Neighborhood Preservation, Building Inspection, NPDES, Street, Park, and Facility Maintenance, and City Engineer. The total department expenditures for FY23-24 and FY24-25 are projected to be \$5.0 million and \$5.1 million, respectively.

Costs reflect the proposed positions of an additional Department Secretary and Management Analyst that will provide additional administrative and analytical support, and six additional maintenance positions. The additional maintenance positions are necessary to cover needed repairs, maintenance of the new parks coming online, provide

set-up and takedown for special events, and full seven-day coverage of the City's facilities. This will constitute a fully functioning Public Works department that is able to handle the demands of maintaining the City's infrastructure and facilities, especially at a time when the City is making sizeable investments in both.

For the Economic Development division, the Economic Development will continue to be funded and offset by ARPA. This position will be responsible for Business Licensing and additional oversight of the HdL Business License processing, the Banner Program, Economic Development initiatives, Outdoor Dining, Employment, and New Business Programs.

Recreation and Community Services

Recreation and Community Services include divisions for Administration, Community Services, Day Camp, Playgrounds, Sports, Special Classes and Special Events. Salaries reflect an adjustment of Tier 1 to the Recreation Manager. The proposed change will better align salaries with market and add retention.

Part-Time Salaries are being increased for the Aquatics program, and Special Classes with the expansion of programs. Total department expenditures for Recreation and Community Services are projected to be \$2.4 million for FY23-24, and \$2.5 million for FY24-25.

Staffing Changes

A revision to the Executive Management & Non-Represented Salary Schedule has been proposed to add Tier 1 for the Finance Manager, Administrative Services Manager, and Development Services Manager. In addition, the Recreation Manager is also included in this same category. The approximate cost for this change is 8% higher for the position salaries.

A Deputy City Clerk has been proposed and added to the supervisor salary section. Salary scales for these positions were pegged at Tier 2. This change will allow the City to be more marketable with surrounding cities and enhance recruiting efforts. The fiscal impact of this change is 8% higher with the addition of Tier 1.

As discussed with the BSC at the April 10 meeting, other potential employee retention strategies are being proposed that include salary tier adjustments, flex scheduling, and percentage increases to recognize additional duties. Non-Represented and Teamsters employees that are currently in Tier 2 or Tier 3, are being proposed to move to an equivalent level in Tier 1. The estimated cost for this change is approximately \$139,000.

Non-Departmental

Non-Departmental includes contractual services not associated with other departments, retiree health insurance costs, credit card processing fees, contributions to North SPA, and capital projects funded by Measure Y and General Fund.

Interfund Operating Transfers Out

Interfund transfers out from the General Fund are to other funds to cover Debt Service payments (Fund 31), capital improvement projects funded by the General Fund (Building Improvement Fund 25), transfer to cover facility improvements (Fund 25), and transfers to cover self-insurance costs (Fund 54).

Internal Service Charges

There are no changes being proposed to the Internal Service Charges for FY23-24 and FY24-25. The Internal Service Charges will be reviewed in connection with the Cost Recovery Study to determine proper levels of cost recovery and allocation methodology.

Other Cost Considerations

In connection with the UAL, a report was taken to Council in November for a plan to pay down the unfunded liability. Council adopted Resolution 2022-23, adopting the PERS Unfunded Accrued Liability Pay-Down Funding Policy. The policy establishes the following directives:

- Starting with the 2022/23 Budget cycle, The Los Alamitos City Council directs the City Manager to incorporate within the annual budget an Additional Discretionary Payment (ADP) of at least \$260,000 in order to address the City's current PERS Unfunded Actuarial (UAL). The City Manager is further directed to include the same \$260,000 in subsequent budgets, with the goal of achieving 100% funding within 12 years of adoption of this policy.
- Additionally, upon completion of the City's annual independent financial audit, should a surplus be identified and verified, at least 25% of the identified and verified surplus will be used to make an additional ADP payment. This payment is in addition to and does not supplant the already directed \$260,000 annual payment.
- Any change to or rescission of this policy would require an action approved by the City Council during a public hearing and requiring a finding of extreme financial danger to the City's infrastructure or public safety.

Capital Funding Needs

The proposed Capital Improvement Plan for FY23-24 is once again an aggressive plan and exceeds FY22-23 which was \$4.2M. Many of the facility type projects were formerly funded through department line expenditures and are now included as capital projects to improve tracking and reporting. FY23-24 CIP is projected to be \$7,712,000.

Funding is as follows:

- \$2,062,000 are pending projects,
- \$3,730,000 will be funded by the FY22-23 surplus, and
- \$1,920,000 are funded by Special Funds, as shown below:

PROJECT TITLE	FUNDING SOURCE	ACCOUNT	FY2023-24 PROJECTED
STREETS AND DRAINAGE			
Regular Yearly Work			
ARTERIAL AND RESIDENTIAL TREE TRIMMING	Measure M	26-570-5501.2103	\$ 75,000
Special Funded Projects			
STREET IMPROVEMENT PROJECT (C/O)	Measure Y	10-570-5501.2303	\$ 1,000,000
BLOOMFIELD ST IMPROVEMENT PROJECT (C/O)	Measure M	20-570-5501.2305	\$ 300,000
LAHS TRAFFIC STUDY	Traffic Improvement	44-570-5501.XXXX	\$ 40,000
SAFETY LIGHTS AT INTERSECTIONS	Measure M	26-570-5501.1612	\$ 50,000
CONCRETE/ADA RAMP PROJECT	Measure M	26-570-5501.XXXX	\$ 50,000
KATELLA AVENUE STREET PROJECT	Measure M	26-570-5501.XXXX	\$ 300,000
STREET MARKINGS/STRIPING	Gas Tax	20-570-5501.1003	\$ 85,000
RESIDENTIAL STREET IMPROVEMENT	Gas Tax	20-570-5501.1004	\$ 660,000
Facilities			
COMMUNITY CTR DIVIDER PROJECT (C/O)	Bldg Improvement	25-570-5503.2306	\$ 72,000
REC COMM CENTER ROOF (INS DED)	Facilities	52-570-5503.1941	\$ 10,000
ELECTRIC SVC & WIRING UPGD - PD (C/O)	Facilities	52-570-5501.2005	\$ 40,000
GENERATOR PROJECT (C/O)	Facilities	52-570-5501.2308	\$ 650,000
General Fund (FY22-23 SURPLUS)			
LAUREL PARK TENNIS COURT PROJECT	Gen Fund	10-570-5501.XXXX	\$ 75,000
PD PROPERTY ROOM REMODEL	Gen Fund	10-570-5501.XXXX	\$ 85,000
BRADBURY/ROSSMOOR WAY SIGNAL LIGHT RELOCATION	Gen Fund	10-570-5501.XXXX	\$ 475,000
MEDIAN ISLAND CONCEPT & DESIGN PROJECT	Gen Fund	10-570-5501.XXXX	\$ 175,000
DEMO LATV/PW BLDG	Gen Fund	10-570-5501.XXXX	\$ 150,000
LABOURDETTE PARK PROJECT	Gen Fund	10-570-5501.XXXX	\$ 700,000
STERNS PARK PROJECT	Gen Fund	10-570-5501.XXXX	\$ 300,000
COMMUNITY CTR KITCHENS REMODEL	Gen Fund	10-570-5501.XXXX	\$ 325,000
COMMUNITY CTR SOUND SYSTEM/AV UPGRADE	Gen Fund	10-570-5501.XXXX	\$ 75,000
STORAGE UNIT PD	Gen Fund	10-570-5501.XXXX	\$ 15,000
OUTDOOR AWNING & LIGHTING PD	Gen Fund	10-570-5501.XXXX	\$ 130,000
ROOM ADDITION PROJECT (PW BREAKROOM, LACTATING ROOM)	Gen Fund	10-570-5501.XXXX	\$ 150,000
CITYWIDE TRASH RECEPTACLES	Gen Fund	10-570-5501.XXXX	\$ 250,000
YOUTH CTR REMODEL (DESIGN)	Gen Fund	10-570-5501.XXXX	\$ 250,000
COUNCIL CHAMBER REMODEL (DESIGN)	Gen Fund	10-570-5501.XXXX	\$ 100,000
CIVIC CTR MASTER PLAN	Gen Fund	10-570-5501.XXXX	\$ 225,000
PD LOCKER ROOM REMODEL (DESIGN)	Gen Fund	10-570-5501.XXXX	\$ 75,000
PINE STREET (DESIGN)	Gen Fund	10-570-5501.XXXX	\$ 175,000
CDBG Funding Projects			
LABOURDETTE PARK PROJECT	CDBG	19-570-5501.XXXX	\$ 300,000
STERN PARK PROJECT (C/O)	CDBG	19-570-5501.2301	\$ 350,000
Funding Recap			
Pending CIP Projects			\$ 2,062,000
FY23-24 (FY22-23 Surplus)			\$ 3,730,000
FY23-24 Special Funds			\$ 1,920,000
Total Funded			\$ 7,712,000

Summary of CIP funding:

CAPITAL IMPROVEMENT PROJECTS SUMMARY BY FUND - FISCAL YEAR 2023-24	
CDBG Fund (19)	\$ 650,000
Gas Tax Fund (20)	\$ 1,045,000
Building Improvement (25)	\$ 72,000
Measure M Fund (26)	\$ 475,000
Traffic Improv (44)	\$ 40,000
Facilities Streets and Parks (52)	\$ 700,000
General Fund (FY22-23 Surplus)	\$ 3,730,000
Measure Y	\$ 1,000,000
Total Capital Improvement Projects - Fiscal Year 2023-24 (Including Pending)	\$ 7,712,000

Fiscal Impact

This report presents the preliminary projections for the budget for Fiscal Year 2023-24 and Fiscal Year 2024-25.

Submitted By: Craig Koehler, Finance Director

Approved By: Chet Simmons, City Manager

City of Los Alamitos

CITY COUNCIL AGENDA REPORT

MEETING DATE: May 8, 2023

ITEM NUMBER: 4B

To: Budget Standing Committee Members

Presented By: Craig Koehler, Finance Director

Subject: Annual Comprehensive Financial Report for June 30, 2022

SUMMARY

For Budget Standing Committee review and consideration is the receipt of the fiscal year 2021-22 audit reports.

RECOMMENDATION

Receive an update on the fiscal year 2021-22, audit and Annual Comprehensive Financial Report (ACFR).

BACKGROUND

Each year an independent audit of the City is conducted in conformity with *generally accepted auditing standards* (GAAS). Those standards require that an independent Certified Public Accountant plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The auditor also expresses an opinion on the fairness of the presentation of the financial position and the results of operations of the government's basic financial statements in conformity with *generally accepted accounting principles* (GAAP).

DISCUSSION

This item was pulled from the March 17, 2023 Council Meeting because an error had been detected and brought to the City's attention. The error was in the narrative section of the report in table 2 on page 8 that had a typographical mistake. The error does not have any impact on the audited portion of the financial statements.

Considering the impact of this, Finance contacted one of the auditing firms that had responded to the RFP for auditing services that was issued in 2020 and requested that they perform a peer review of the report to provide a certification as to the report's accuracy and completeness.

The firm providing the review and certification is Rogers, Anderson, Malody & Scott, LLP (RAMS). The partner representing RAMS, that conducted the review is Terry Shea, CPA and Partner. The revised ACFR and certification letter is attached attesting to the completeness and accuracy of the report for the period ending June 30, 2022.

The City will also be engaging with a new firm to conduct the audit for the remaining two years, and has received a proposal from RAMS for those services. A contract to engage RAMS for audit services for FY2022-23 will be made under the City Manager's approval authority.

FISCAL IMPACT

None.

Attachments:

1. *Certification of ACFR by RAMS.*
2. *Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2022.*

Submitted By: Craig Koehler, Finance Director

Approved By: Chet Simmons, City Manager



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS. SINCE 1948

April 10, 2023

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City of Los Alamitos
Attention: Craig Koehler, Director of Finance
3191 Katella Ave.
Los Alamitos, CA 90720

Dear Craig,

Per your request we have reviewed the City of Los Alamitos FY 21-22 ACFR as prepared by Gruber & Lopez dated as of February 6, 2023, as to its completeness and accuracy.

Not having access to the underlying trial balances and audit documentation we reviewed the ACFR for the appropriate statements, required disclosures as well as consistency between the Financial Statement amounts, the MD&A, the Notes to the Financial Statements and the Statistical Section.

The ACFR contains the proper statements, schedules, and reconciliations and the interrelated amounts are consistent between the Financial Statement amounts, the MD&A, the Notes to the Financial Statements and the Statistical Section.

For the required note disclosures, we used the GFOA ACFR Disclosure Checklist. Our review determined the ACFR contained the appropriate note disclosures and the amounts reported agree with the Financial Statement amounts.

In our review of the MD&A we found the amounts in the MD&A agreed with the Financial Statement and the Notes to the Financial Statement amounts.

If you should have any questions or need additional information, please contact us.

Sincerely,

ROGERS, ANDERSON, MALODY & SCOTT, LLP


Terry Shea, CPA



ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FISCAL YEAR ENDED JUNE 30, 2022



Mark

Reimagine



Build



Create



Consider



Promote



Connect



My City ♥ My Los Al

City of Los Alamitos

Los Alamitos, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Prepared by the
Finance Department of Los Alamitos

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City of Los Alamitos
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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February 7, 2023

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Los Alamitos (the City) for the fiscal year ended June 30, 2022.

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 Gruber and Lopez, Inc., 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, 2022. 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 11,780, is 4.3 square miles, and 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 of Los Alamitos employs a staff of forty-eight 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 of Los Alamitos provides many services, including police protection, construction and maintenance of streets and other infrastructure, public improvements, planning and zoning, economic development, 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

Fiscal Year 2022 will continue to be known as the year of recovery, and most business sectors have recovered to the pre-pandemic levels. However, this does not mean that the economy will not face challenges in the coming year. Inflation remains elevated, reflecting imbalances within supply and demand related to the pandemic. Global unrest is present and the resulting hardships have unknown implications on the U.S. economy at this time.

The U.S. Treasury has made a number of recent moves to counter the growth of inflation, representing the most aggressive rate hike campaign by the Federal government since 2005. According to the latest forecast provided by the City's Sales Tax consultant (HdL), a slowdown is expected at the end of calendar year 2022 and into the early quarters of calendar year 2023. As such, the budget has been prepared using a conservative approach and factoring in adjustments that would be reflective of an economic slowdown.

As we transition to Fiscal Year 2022-23, the annual operating budget is balanced, with operating revenues of \$21,348,825 and operating expenditures of \$20,367,325, resulting in an estimated surplus of \$981,500. General Fund balance reserves are projected to total approximately \$16.8 million on July 1, 2022. The City Council reviews its Fund Balance Policy once the books have been closed for the prior fiscal year. The most recent Fund Balance Policy established set aside reserves for CalPERS reserves (\$3.62 million), and other post-employment benefits (OPEB) (\$500,000).

Long-Term Financial Planning and Major Initiatives

Following the adoption of the FY2020-21 budget, the City Council and the residents of Los Alamitos took action. After the City Council unanimously voted to place a revenue measure on the ballot, residents voted to enact a 1.5% sales tax that would be dedicated to ensuring essential services and Los Alamitos residents' quality of life. This new revenue source will allow for the city to continue to provide the needed services to the community, while addressing infrastructure deficiencies.

To further solidify the City's commitment to responsible stewardship of this new revenue, the City Council unanimously approved a Fiscal Sustainability Pledge (FSP). The pledge highlighted specific operations and programs the City Council intended to target in the event of passage of Measure Y, and included Public Safety, essential community services, infrastructure, and stimulating local economic growth. The passage of Measure Y, which is estimated to generate approximately \$5 million in additional revenue, significantly altering the outcome of the previous projections.

As of June 30, 2022, the City's General Fund had fund balance unassigned and assigned of approximately \$16.8 million. Of this amount, \$3.6 million is designated for PERS reserves, and \$500,000 is designated for retiree medical insurance benefits. Non-spendable fund balance consists primarily of prepaid amounts for the 2022-23 Fiscal Year, which were paid during the 2021-22 Fiscal Year.

Annually, the City updates a seven (7) year Capital Improvement Program (CIP). The Capital Improvement Program for Fiscal Year 2022-23 totals \$4,222,269, which includes \$215,000 carried forward from Fiscal Year 2021-22. Projects include, but are not limited to, Phase II Street Improvements and Sterns Park funded by Measure Y, and the New Dutch Haven and Bloomfield Street Improvement Projects. The Capital Improvement Program continues to provide a significant amount of funding for 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, 2021. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

In October 2021, the GFOA issued Statement No. 98, Annual Comprehensive Annual Report, officially changing the name and acronym from CAFR to ACFR (Annual Comprehensive Financial Report). The name has been changed to reflect current approved terminology.

This award is valid for a period of one year only. We believe that our current ACFR 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. The City Council has continued to extend their support to the Finance Department in the planning of responsible and progressive financial operations. We 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.

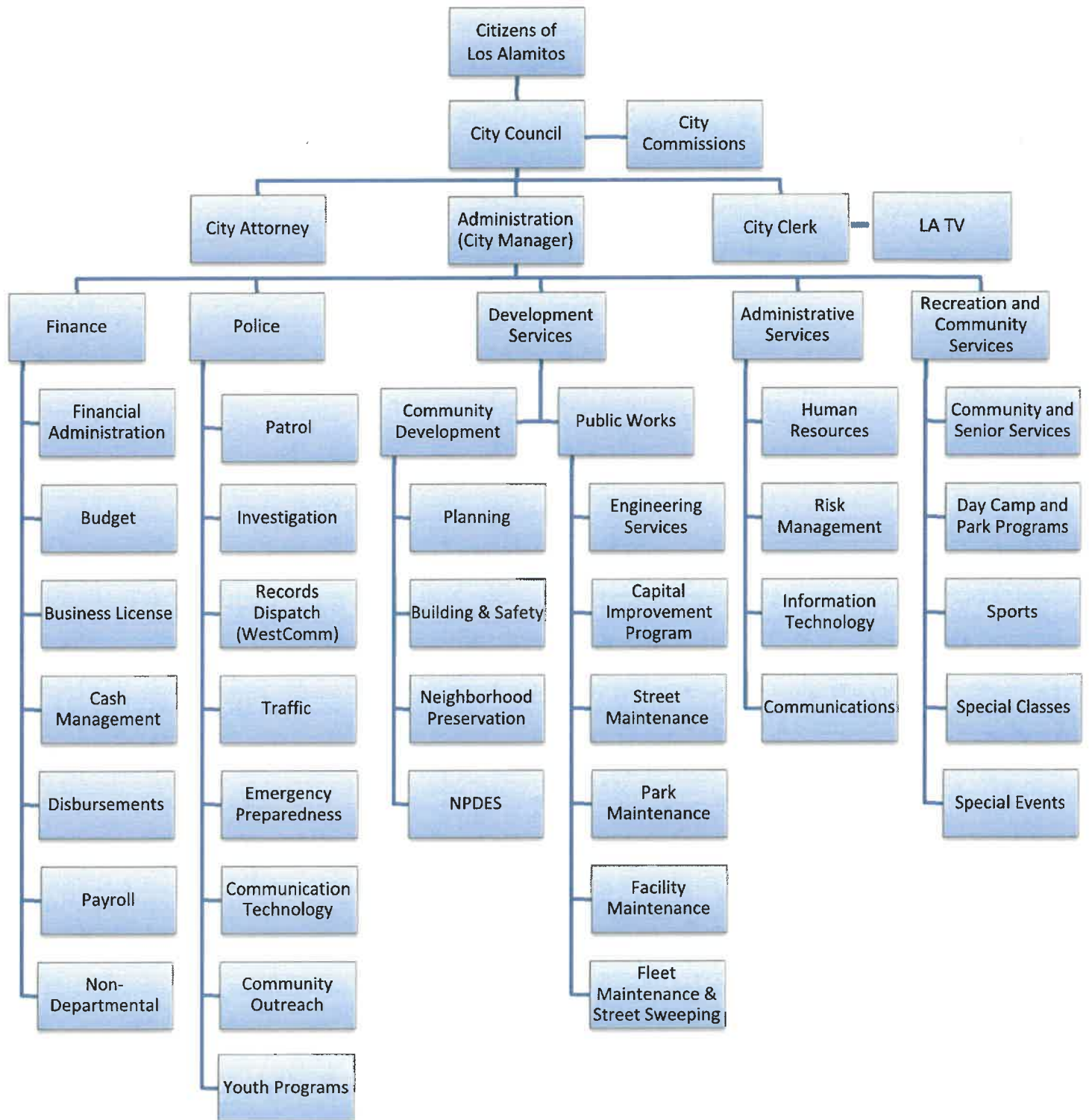
Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Craig Koehler', written over a horizontal line.

Craig Koehler
Finance Director

CITY OF LOS ALAMITOS

Organization



CITY OF LOS ALAMITOS

DIRECTORY OF OFFICIALS (as of June 30, 2022)

CITY COUNCIL

Shelley Hasselbrink, Mayor
Tonya Doby, Mayor Pro Tem
Ron Bates, Council Member
Mark A. Chirco, Council Member
Jordan Nefulda, Council Member

APPOINTED OFFICIALS

Chet Simmons, City Manager
Michael S. Daudt, City Attorney
Windmera Quintanar, City Clerk

EXECUTIVE MANAGEMENT

Chris Kelly, City Engineer
Chelsi Wilson, Administrative Services Manager
Craig Koehler, Finance Director
Emeline Noda, Recreation and Community Services Director
Ron Noda, Development Services Director
Michael Clayborn, Chief of Police



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Los Alamitos
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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

Independent Auditors' Report

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Los Alamitos, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Los Alamitos, California's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Los Alamitos, California, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Los Alamitos, California's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Los Alamitos, California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Los Alamitos, California's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and related ratios, schedule of plan contributions – defined benefit pension plan, schedule of changes in the net OPEB liability and related ratios, schedule of plan contributions – OPEB plan, and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Los Alamitos, California's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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, budgetary schedules, and financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Los Alamitos
Los Alamitos, California
Page 3

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, on our consideration of the City of Los Alamitos, California'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 of Los Alamitos, California'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 of Los Alamitos, California's internal control over financial reporting and compliance.

Gruber and Lopez, Inc.

Gruber and Lopez, Inc.

Newport Beach, California
February 6, 2023

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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, 2022. 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. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are 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 non-major 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,	
	2021	2022
Current and other assets	\$ 19,033,063	\$ 23,872,535
Capital assets	18,966,258	19,871,393
Total assets	37,999,321	43,743,928
Deferred outflows of resources	6,862,828	11,377,136
Current liabilities	1,651,802	3,002,887
Noncurrent liabilities:		
Long-term debt	3,799,410	3,767,244
Net OPEB liability	6,694,357	6,356,967
Net pension liability	22,139,759	14,540,568
Total liabilities	34,285,328	24,664,779
Deferred inflows of resources	2,408,655	13,752,394
Net position:		
Net investment in capital assets	15,623,413	16,544,999
Restricted	2,152,916	2,353,211
Unrestricted	(9,608,245)	(5,197,206)
Total net position	\$ 8,168,084	\$ 13,701,004

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$13,701,004 as of June 30, 2022, an increase of \$5,532,920 from June 30, 2021.

The largest portion of the City's net position reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Unrestricted net position had a deficit balance of \$5,197 million as of June 30, 2022, which relates to the City's net pension liability and OPEB liability.

The City has set-aside \$3.40 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, 2022 and the prior fiscal year is illustrated in Table 2 below.

TABLE 2
Changes in Net Position

	Governmental Activities - June 30,	
	2021	2022
Revenues		
Program revenues:		
Charges for services	\$ 2,272,437	\$ 2,340,283
Operating contributions and grants	1,872,432	676,663
Capital contributions and grants	241,536	308,236
General revenues:		
Taxes:		
Property taxes	4,454,779	4,731,563
Utility users tax	1,834,203	2,122,966
Transit Occupancy Tax	223,450	522,187
Sales taxes	4,854,583	9,670,952
Franchise taxes	725,261	1,070,638
Business licenses	885,569	728,490
Other taxes	548,278	639,883
Investment income	77,885	(665,298)
Other	528,857	83,209
Total revenues	<u>18,519,270</u>	<u>22,229,772</u>
Expenses		
General government	3,493,213	2,547,884
Public safety	7,134,874	6,382,127
Community development	956,687	1,343,945
Recreation and community services	1,471,231	2,043,092
Public works	2,907,145	3,225,592
Interest on long-term debt	330,585	138,286
Total expenditures	<u>16,293,735</u>	<u>15,680,926</u>
Change in net position	2,225,535	6,548,846
Net position, beginning, as restated	<u>5,942,549</u>	<u>7,152,158</u>
Net position, ending	<u>\$ 8,168,084</u>	<u>\$ 13,701,004</u>

Governmental Activities. Governmental activities increased the City's net position by \$5,532,920 compared to a net increase of \$2,225,535 in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

Revenues

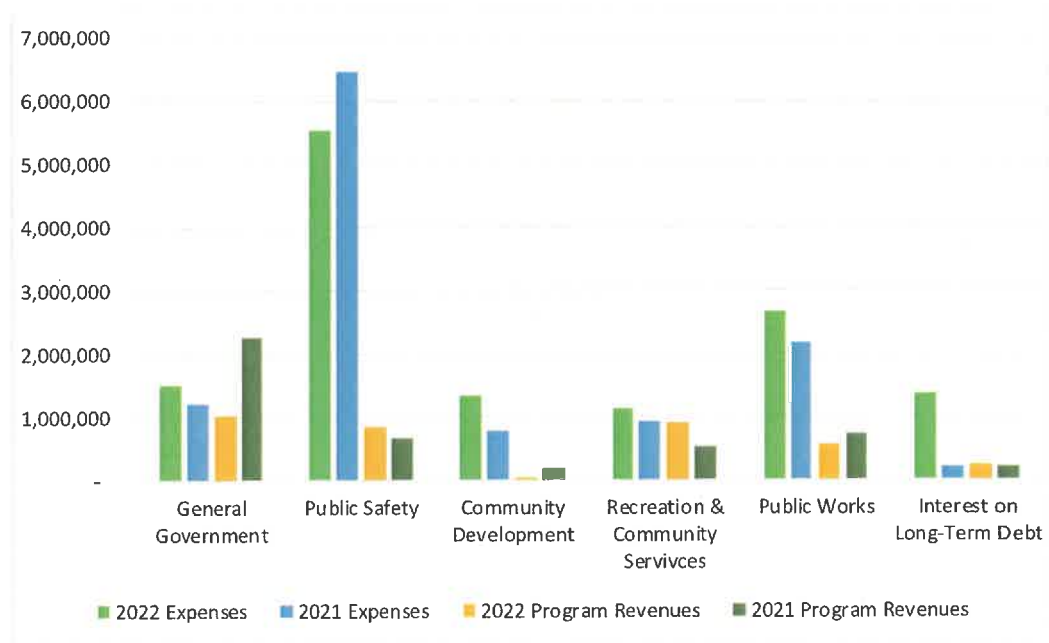
While variances between years exist for the various revenue categories, the total net increase was \$3,710,502, which is largely attributable to the \$4,816,369 increase in sales tax. This was attributable to the passage of Measure Y 1.5%, Local Sales Tax.

Expenses:

Although variances between years exist for the various expense functions, the total net decrease was \$612,809. Decreased expenditures were recognized in General Government, Public Safety, and interest and fiscal charges. 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 below represents 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 \$19,255,631, an increase of \$3,388,299 (21%) from the prior fiscal year's balance. Of this amount, \$4,439,441 or 23.06% 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*. Additionally, \$2,353,211 or 12% 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 \$4,173,344 during the fiscal year compared to a \$3,334,055 increase in the prior year. The increase in the current year is primarily attributable to the increase in sales tax revenue.

Other governmental funds realized an increase in fund balance of \$230,881. While variances between years exist for the various nonmajor governmental funds, the net increase was primarily attributable to an increase in funding for Measure M and State Gas Tax, in other restricted amounts.

General Fund Budgetary Highlights

Actual revenues were \$2,255,980 more than the final budgeted amount, which is primarily due to increased property and sales tax and intergovernmental charges. The expenditures for the General Fund at fiscal year-end were \$960,528 less than the final budgeted expenditures, which is primarily due to a decrease in public safety resulting from vacant positions.

No budget amendments were made during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of Fiscal Year 2021-22, the City had \$19.9 million invested in capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$905,135, which is primarily due to increases in vehicles, infrastructure, and construction in progress.

TABLE 4
City of Los Alamitos Capital Assets Net of Depreciation

	Governmental Activities	
	2021	2022
Land	\$ 5,917,715	\$ 5,917,715
Buildings and Improvements	758,692	716,299
Equipment	254,610	321,731
Vehicles	167,792	224,014
Infrastructure	11,292,992	11,510,215
Construction in progress	624,720	1,181,419
Totals	<u>\$ 19,016,521</u>	<u>\$ 19,871,393</u>

More detail on the City's capital assets can be found in Note 5 to the financial statements of this report.

Long-term liabilities. At the end of fiscal year 2021-22, the City had \$4.1 million in long-term liabilities which includes outstanding bond indebtedness of \$3.35 million along with a capital lease, claims payable and compensated absences. The net increase of \$80,006 over the prior year is primarily due to a net increase in compensated absences.

TABLE 5
City of Los Alamitos Long-Term Liabilities

	Governmental Activities	
	2021	2022
2015 Certificates of participation	\$ 3,342,845	\$ 3,350,121
Capital lease - police vehicles	68,008	62,238
Claims payable	150,663	222,973
Compensated absences	481,842	488,032
Total liabilities	<u>\$ 4,043,358</u>	<u>\$ 4,123,364</u>

More detail on the City's long-term debt can be found in Notes, 6, 7 and 12 to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economy will face challenges in the coming year. Inflation will be a major factor, reflecting imbalances with supply and demand related to the pandemic. The U.S. Treasury will be countering the growth with planned rate hikes. Other factors include supply chain shortages, and global unrest, that will result in hardships and unknown implications on the U.S. economy. According to HdL, the City Sales Tax Consultant, a slowdown is predicted in the later part of 2022 and into to 2023. As such, the budget was prepared using a conservative approach.

On June 13, 2022, the 2022-23 City Budget was adopted. The annual operating budget is balanced, with operating revenues of \$21,348,825 and operating expenditures of \$20,367,325, resulting in an estimated surplus of \$981,500.

Following the adoption of the FY2020-21 budget, the City Council and the residents of Los Alamitos took action. After the City Council unanimously voted to place a revenue measure on the ballot, residents voted to enact a 1.5% sales tax that would be dedicated to ensuring essential services and Los Alamitos residents' quality of life. This new revenue source will allow for the city to continue to provide the needed services to the community, while addressing infrastructure deficiencies.

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 Finance Department at the City of Los Alamitos, 3191 Katella Avenue, Los Alamitos, California, 90720, (562) 431-3538.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LOS ALAMITOS

Statement of Net Position

June 30, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (Note 3)	\$ 21,302,076
Receivables	
Accounts	728,406
Due from employees	1,531
Due from other governments	1,837,614
Prepaid costs	2,659
Cash and investments - restricted (Note 3)	249
Total current assets	<u>23,872,535</u>
Noncurrent assets:	
Capital assets: (Note 5)	
Non-depreciable	7,099,135
Depreciable, net	<u>12,772,258</u>
Total capital assets	<u>19,871,393</u>
Total noncurrent assets	<u>19,871,393</u>
Total assets	<u>43,743,928</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	85,965
Pension deferrals (Note 9)	8,980,782
OPEB deferrals (Note 10)	<u>2,310,389</u>
Total deferred outflows of resources	<u>11,377,136</u>

See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS
Statement of Net Position (Continued)
June 30, 2022

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 910,958
Accrued liabilities	335,009
Accrued interest	32,109
Unearned revenue	1,305,392
Deposits payable	63,299
Compensated absences, due within one year (Note 6)	181,844
Bonds payable, due within one year (Note 7)	89,434
Capital leases, due within one year (Note 7)	12,967
Claims payable, due within one year (Note 12)	71,875
Total current liabilities	<u>3,002,887</u>
Noncurrent liabilities:	
Compensated absences (Note 6)	306,188
Bonds payable (Note 7)	3,260,687
Capital leases (Note 7)	49,271
Claims payable (Note 12)	151,098
Other post-employment benefits liability (Note 10)	6,356,967
Net pension liability (Note 9)	14,540,568
Total noncurrent liabilities	<u>24,664,779</u>
Total liabilities	<u>27,667,666</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals (Note 9)	12,212,746
OPEB deferrals (Note 10)	1,539,648
Total deferred inflows of resources	<u>13,752,394</u>
NET POSITION	
Net investment in capital assets	16,544,999
Restricted for:	
Cable television	73,947
Transportation	1,099,189
Public safety	323,343
Air quality	123,361
Parks	733,371
Total restricted	<u>2,353,211</u>
Unrestricted (Deficit)	<u>(5,197,206)</u>
Total net position	<u>\$ 13,701,004</u>

See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS

Statement of Activities For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenue
Governmental activities:					
General government	\$ 2,547,884	\$ 1,034,978	\$ 1,314	\$ -	\$ 1,036,292
Public safety	6,382,127	410,622	430,502	-	841,124
Community development	1,343,945	2,512	4,667	-	7,179
Recreation and community services	2,043,092	892,015	-	-	892,015
Public works	3,225,592	156	240,180	308,236	548,572
Interest and fiscal charges	138,286	-	-	-	-
Total governmental activities	<u>\$ 15,680,926</u>	<u>\$ 2,340,283</u>	<u>\$ 676,663</u>	<u>\$ 308,236</u>	<u>\$ 3,325,182</u>

See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS
Statement of Activities (Continued)
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Net (expense) Revenue and Changes in Net Position</u>
Governmental activities:	
General government	\$ (1,511,592)
Public safety	(5,541,003)
Community development	(1,336,766)
Recreation and community services	(1,151,077)
Public works	(2,677,020)
Interest and fiscal charges	(138,286)
Total governmental activities	(12,355,744)
General revenues:	
Taxes:	
Property taxes, levied for general purpose	4,731,563
Utility users tax	2,122,966
Transient occupancy tax	522,187
Sales taxes	9,670,952
Franchise fees	1,070,638
Business license taxes	728,490
Other taxes	639,883
Total taxes	19,486,679
Investment earnings	(665,298)
Other	83,209
Total general revenues	18,904,590
Change in net position	6,548,846
Net position - beginning of year (as restated Note 15)	7,152,158
Net position - end of year	<u>\$ 13,701,004</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The Governmental Funds of the City are outlined below:

General Fund - The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Hermosa Beach, these services include general government, safety, community development, culture and recreation and public works.

Nonmajor Governmental Funds - Nonmajor Governmental Funds is the aggregate of all the nonmajor governmental funds.

CITY OF LOS ALAMITOS

Balance Sheet

Governmental Funds

June 30, 2022

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments (Note 3)	\$ 16,387,360	\$ 2,805,469	\$ 19,192,829
Receivables:			
Accounts	710,628	5,676	716,304
Due from employees	1,531	-	1,531
Due from other governments	1,769,808	67,806	1,837,614
Prepaid costs	2,659	-	2,659
Cash and investments - restricted (Note 3)	-	249	249
Total assets	\$ 18,871,986	\$ 2,879,200	\$ 21,751,186
OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 543,286	\$ 247,255	\$ 790,541
Accrued liabilities	335,009	-	335,009
Unearned revenues	1,168,613	136,779	1,305,392
Deposits payable	50,743	12,556	63,299
Total liabilities	2,097,651	396,590	2,494,241
Deferred Inflows of Resources:			
Unavailable revenue	1,314	-	1,314
Total deferred inflows of resources	1,314	-	1,314
Fund Balances: (Note 14)			
Nonspendable	4,190	-	4,190
Restricted	-	2,353,211	2,353,211
Committed	2,620	119	2,739
Assigned	4,195,979	243,462	4,439,441
Unassigned (Deficit)	12,570,232	(114,182)	12,456,050
Total fund balances	16,773,021	2,482,610	19,255,631
Total liabilities, deferred inflows of resources and fund balances	\$ 18,871,986	\$ 2,879,200	\$ 21,751,186

See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

June 30, 2022

Total Fund Balances - Total Governmental Funds	\$ 19,255,631
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Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable	7,099,134	
Depreciable, net of Internal Service Fund of \$719,045	<u>12,053,214</u>	
Total capital assets		19,152,348

Internal Service Funds are used by management to charge garage costs; technology replacement costs; police capital expenditures; facilities, street, parks, and pool capital expenditures; and self-insurance costs to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-wide Statement of Net Position.

Total Internal Service Funds	2,433,487
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Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:

Bonds payable	(3,245,000)	
Interest payable, net of Internal Service Fund of \$1,279	(30,830)	
Unamortized bond premium	(105,121)	
Deferred charge on refunding	85,965	
Compensated absences	<u>(488,032)</u>	(3,783,018)

Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.

1,314

Deferred amounts relates to pension not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	8,980,782
Pension related deferred inflows of resources	(12,212,746)

Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.

(14,540,568)

Deferred amounts relates to other postemployment benefits not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources	2,310,389
OPEB related deferred inflows of resources	(1,539,648)

Net OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.

(6,356,967)

Net position of governmental activities	<u>\$ 13,701,004</u>
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See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	\$ 18,828,358	\$ 658,321	\$ 19,486,679
Licenses and permits	1,034,975	-	1,034,975
Intergovernmental	263,721	435,775	699,496
Charges for services	904,437	156	904,593
Investment earnings (loss)	(684,765)	19,466	(665,299)
Fines and forfeitures	382,498	18,214	400,712
Program revenues	-	284,090	284,090
Miscellaneous	40,826	448	41,274
Total revenues	<u>20,770,050</u>	<u>1,416,470</u>	<u>22,186,520</u>
EXPENDITURES:			
Current:			
General government	2,972,137	20,580	2,992,717
Public safety	6,617,305	-	6,617,305
Community development	1,292,094	-	1,292,094
Recreation and community services	1,911,542	-	1,911,542
Public works	2,801,366	150,246	2,951,612
Capital outlay	73,762	882,769	956,531
Debt service:			
Principal	-	80,000	80,000
Interest and fiscal charges	-	130,494	130,494
Total expenditures	<u>15,668,206</u>	<u>1,264,089</u>	<u>16,932,295</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,101,844</u>	<u>152,381</u>	<u>5,254,225</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (Note 4)	375,000	453,500	828,500
Transfers out (Note 4)	(1,303,500)	(375,000)	(1,678,500)
Total other financing sources (uses)	<u>(928,500)</u>	<u>78,500</u>	<u>(850,000)</u>
NET CHANGE IN FUND BALANCE	4,173,344	230,881	4,404,225
Fund balances, beginning of year, as restated (Note 15)	<u>12,599,677</u>	<u>2,251,729</u>	<u>14,851,406</u>
Fund balances, end of year	<u>\$ 16,773,021</u>	<u>\$ 2,482,610</u>	<u>\$ 19,255,631</u>

See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Governmental-wide Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ 4,404,225**

Governmental activities in the Statement of Activities were reported differently because:

Governmental Funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital assets recorded in the current period is listed below.

Total capital outlay expenditures reported in governmental funds	\$ 957,075	
Plus: repair and maintenance expenditures capitalized	<u>99,840</u>	
Total capital outlay		1,056,915

Depreciation expense of capital assets is reported in the Government-wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds except for the Internal Service fund amount listed below.

Total depreciation reported in Government-wide Statement of Activities	(457,336)	
Less: depreciation reported in the Internal Service Fund	<u>105,446</u>	
Total		(351,890)

Earned but unavailable revenues reported in the governmental funds balance sheet as deferred inflows of resources should be recognized in the Government-wide Statement of Activities as revenue regardless of availability.

1,312

Certain pension 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.

1,394,778

Certain other postemployment benefit 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.

(281,801)

Compensated absences were reported in the Government-wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.

(6,190)

The issuance of long-term debt provides current financial resources to governmental funds. However, the repayment reduces long-term liabilities in the governmental activities Statement of Net Position.

80,000

Amortization of deferred charge on refunding does not use current financial resources and therefore not reported as expenditures in the governmental funds.

551

Internal Service Funds are used by management to charge garage costs; technology replacement costs; police capital expenditures; facilities, street, parks, and pool capital expenditures; and self-insurance costs to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.

250,946

Change in net position of governmental activities

\$ 6,548,846

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PROPRIETARY FUND FINANCIAL STATEMENTS

Internal Service Funds - To account for the costs associated with the City's insurance, for funding equipment replacement, and fleet maintenance.

CITY OF LOS ALAMITOS

Statement of Net Position

Proprietary Funds

June 30, 2022

	Governmental Activities
	Internal Service Funds
ASSETS	
Current assets:	
Cash and investments (Note 3)	\$ 2,109,247
Accounts receivable	12,102
Total current assets	2,121,349
Noncurrent assets:	
Capital assets - net of accumulated depreciation (Note 5)	719,045
Total noncurrent assets	719,045
Total assets	2,840,394
LIABILITIES	
Current liabilities:	
Accounts payable	120,417
Accrued interest	1,279
Accrued claims and judgements	71,875
Capital leases (Note 7)	12,967
Total current liabilities	206,538
Long-term liabilities:	
Accrued claims and judgements	151,098
Capital leases (Note 7)	49,271
Total long-term liabilities	200,369
Total liabilities	406,907
NET POSITION	
Net investment in capital assets	656,807
Unrestricted	1,776,680
Total net position	\$ 2,433,487

See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2022

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES:	
Charges for services	
Garage	\$ 316,840
Police capital	40,000
Technology replacement	190,000
Miscellaneous	41,940
Total operating revenues	<u>588,780</u>
OPERATING EXPENSES:	
Supplies and materials	340,220
Outside services	170,517
Claims expense	563,308
Depreciation	105,446
Total operating expenses	<u>1,179,491</u>
OPERATING INCOME (LOSS)	<u>(590,711)</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest expense	(8,343)
Total non-operating revenues (expenses)	<u>(8,343)</u>
INCOME BEFORE TRANSFERS	(599,054)
Transfers in (Note 4)	850,000
Total transfers	<u>850,000</u>
Change in net position	250,946
Net position, beginning of year	<u>2,182,541</u>
Net position, end of year	<u>\$ 2,433,487</u>

See accompanying notes to the basic financial statements.

CITY OF LOS ALAMITOS

Statement of Cash Flows

Proprietary Funds

For the year ended June 30, 2022

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from interfund charges for garage services	\$ 316,840
Receipts from interfund charges for police capital services	40,000
Receipts from interfund charges for technology replacement services	190,000
Payments to suppliers and service providers	(935,505)
Cash received from (payments to) others	41,940
Net cash provided (used by) operating activities	<u>(346,725)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers in	850,000
Net cash provided (used by) non-capital financing activities	<u>850,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(305,559)
Principal paid on capital debt	(5,570)
Interest paid on capital debt	(8,572)
Net cash provided (used by) capital and related financing activities	<u>(319,701)</u>
Net increase (decrease) in cash and cash equivalents	183,574
Cash and equivalents, beginning of year	1,925,673
Cash and equivalents, end of year	<u>\$ 2,109,247</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED BY) OPERATING ACTIVITIES:	
Operating income (loss)	\$ (590,711)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	105,446
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(4,146)
Increase (decrease) in accounts payable	70,376
Increase (decrease) in claims and judgements	72,310
Total adjustments	<u>243,986</u>
Net cash provided (used) by operating activities	<u>\$ (346,725)</u>

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Los Alamitos
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Los Alamitos, California, (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body forestablishing governmental accounting and financial reporting principles. The following is a summary of the City’s significant policies:

A. Financial Reporting Entity

The City was incorporated on 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 blended 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’s 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.

Management determined that the following entities should be reported as blended component units based on the criteria above. Each blended component unit has a June 30 year-end, has a governing board that is substantially the same as the City’s, there is a financial benefit or burden relationship between the City and the blended component unit, and the City is financially accountable for each of the blended component units.

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

B. Basis of Accounting and Measurement Focus

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 City and the Corporation. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (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.

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.

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 the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, 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, except for internal service fund charges provided and used.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

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.

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.

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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

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.

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.

C. 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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

Cash Equivalents and Cash Flows

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.

D. Internal Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “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.”

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.

E. 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.

F. 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 (except for intangible right-to-use assets), the measurement of which is discussed thereafter. Donated capital assets are recorded at acquisition value at the date of acquisition.

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 unit, 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

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

G. *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 6 for additional information.

H. *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.

I. *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.

J. *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 assets 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. Additionally, the *net difference between projected and actual earnings on pension plan investments* is reported and 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 a *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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Deferred Outflows and Inflows of Resources (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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category. The first item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of *changes of assumptions, differences between expected and actual experiences, adjustments due to differences in proportions, and differences between proportionate share of contributions and actual contributions*. Inflows from changes in net pension liability arise only under a full accrual basis of accounting and are reported in the government-wide Statement of Net Position and proprietary funds Statement of Net Position.

The City also reports one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds' balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. 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.

L. 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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

M. 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 State 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 declared 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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

N. 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.

O. 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, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	June 30, 2021 to June 30, 2022

P. Other Post-Employment Benefits (OPEB)

For purposes of measuring the other post-employment benefits (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 (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Q. New Accounting Pronouncements

The City adopted Statement on Governmental Accounting Standards (GASB Statements) No. 87-*Leases*; No 89-*Accounting for Interest Cost Incurred Before the End of a Construction Period*; No. 90-*Majority Equity Interest*; No. 93-*Replacement of Interbank Offered Rates*; and No. 97-*Certain Component Unit Criteria for Internal Revenue Code 457 Deferred Compensation Plans*. The City implemented GASB No. 87 during fiscal year June 30, 2022. The adoption of the GASB Nos. 89, 90, 93, and 97 did not significantly impact the City.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor: At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key elements and judgement include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses it estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included In the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. The City currently does not have any leases receivable.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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.

Note 2 – Stewardship, Compliance, and Accountability

A. Violations of Legal or Contractual Provisions

Note 2 to Required Supplementary Information, on the Excess of Expenditures over Appropriations, describes budgetary violations that occurred in the General Fund for the year ended June 30, 2022.

B. Deficit Fund Balance

At June 30, 2022, the Community Development Block Grant (CDBG) nonmajor special revenue fund reported a deficit fund balance of \$114,182. The deficit is due to the timing of the receipt of CDBG program reimbursements for expenditures incurred. The deficit will be eliminated as the program reimbursements are received from the grantor agency.

Note 3 – Cash and Investments

A. Summary of Cash and Investments

At June 30, 2022, the City reported \$21,302,076 in unrestricted cash and investments and \$249 in restricted cash and investments held with fiscal agents for a total cash and investment balance of \$21,302,325. Total cash and investments consisted of the following:

Cash on hand	\$ 3,500
Demand deposits	796,570
Investments	<u>20,502,255</u>
Total Cash and Investments	<u>\$ 21,302,325</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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

B. Cash Deposits

The carrying amounts of the City's cash deposits were \$796,570 at June 30, 2022. Bank balances before reconciling items were \$549,966 at that date. The difference of \$246,604 represents outstanding checks, cash deposits in transit, and other reconciling items.

All City's cash and investments as of June 30, 2022, 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.

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

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

C. Investments (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF does not impose limits or restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

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:

<u>Investment Type</u>	<u>Remaining Investment Maturities</u>			<u>Total</u>
	<u>Less than 1 Year</u>	<u>1 to 3 Years</u>	<u>4 to 5 Years</u>	
U.S. Treasury Obligations	\$ -	\$ 938,242	\$ 226,983	\$ 1,165,225
U.S. Agency Securities	-	3,177,967	4,949,937	8,127,904
Certificates of Deposit	743,167	732,413	1,373,104	2,848,684
Agency Investment Fund (LAIF)	8,360,193	-	-	8,360,193
Investment held by Bond Trustee:				
Money Market Mutual Funds	249	-	-	249
Total	\$ 9,103,609	\$4,848,622	\$6,550,024	\$20,502,255

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>AAA</u>	<u>AA+</u>
U.S. Treasury Obligations	\$1,165,225	N/A	\$ -	\$1,165,225	\$ -
U.S. Agency Securities	8,127,904	N/A	-	8,127,904	-
Certificates of Deposit	2,848,684	N/A	2,848,684	-	-
Agency Investment Fund (LAIF)	8,360,193	Not Rated	8,360,193	-	-
Investment held by Bond Trustee:					
Money Market Mutual Funds	<u>249</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>249</u>
Total	<u>\$20,502,255</u>		<u>\$11,208,877</u>	<u>\$9,293,129</u>	<u>\$ 249</u>

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, 2022, 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.

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, 2022, City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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.

The City has the following recurring fair value measurements as of June 30, 2022:

Investments	Totals	Level		
		1	2	Uncategorized
U.S. Treasury Obligations	\$ 1,165,225	\$ 1,165,225	\$ -	\$ -
U.S. Agency Securities	8,127,904	8,127,904	-	-
Certificates of Deposit	2,848,684	-	2,848,684	-
Local Agency Investment Fund (LAIF)	8,360,193	-	-	8,360,193
Investment Held by Fiscal Agent				
Money Market Funds	249	249	-	-
Totals	\$ 20,502,255	\$ 9,293,378	\$ 2,848,684	\$ 8,360,193

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

Note 4 – Interfund Transactions

A. Receivables/Payables

The purpose of the interfund transactions is to make short-term interfund loans from the General Fund to nonmajor governmental funds. These interfund loans are to provide for negative cash balances at year-end and/or operating cash flow. Due to/from amounts are short-term financing, which are paid within one year. There were no such balances as of June 30, 2022.

B. Transfers In/Out

Transfers In	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 375,000	\$ 375,000
Nonmajor Governmental Funds	453,500	-	453,500
Internal Service Funds	850,000	-	850,000
Total	\$ 1,303,500	\$ 375,000	\$ 1,678,500

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 4 – Interfund Transactions (Continued)

B. Transfers In/Out (Continued)

Transfers to the General Fund from the Nonmajor Governmental 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 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 from the General Fund were made to set aside fund for claim reserves, in case of any future incidents.

Note 5 – Capital Assets

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2022 are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	\$ 5,917,715	\$ -	\$ -	\$ 5,917,715
Construction in process	624,720	1,056,916	(500,216)	1,181,420
Total non-depreciable	6,542,435	1,056,916	(500,216)	7,099,135
Depreciable:				
Buildings and improvements	2,295,266	-	-	2,295,266
Equipment	1,266,120	126,030	(56,015)	1,336,135
Right-to-use – leased vehicles	50,263	25,518	-	75,781
Vehicles	1,173,866	103,744	-	1,277,610
Infrastructure- road system	14,109,191	500,215	-	14,609,406
Total depreciable capital assets	18,894,706	755,507	(56,015)	19,594,198
Less accumulated depreciation for:				
Buildings and improvements	1,536,574	42,393	-	1,578,967
Equipment	1,011,510	58,910	(56,015)	1,014,405
Right-to-use – leased vehicles	-	16,780	-	16,780
Vehicles	1,056,337	56,260	-	1,112,597
Infrastructure- road system	2,816,199	282,992	-	3,099,191
Total accumulated depreciation	6,420,620	457,335	(56,015)	6,821,940
Total depreciable capital assets, net	12,474,086	298,172	-	12,772,258
Total capital assets, net	\$ 19,016,521	\$ 1,355,088	\$ (500,216)	\$ 19,871,393

Depreciation expense was charged to governmental activities as follows:

	<u>General</u>	<u>Internal Service</u>	<u>Total</u>
General Government	\$ 18,280	\$ -	\$ 18,280
Public Safety	22,851	-	22,851
Recreation and Community Services	54,840	-	54,840
Public Works	255,918	-	255,918
Internal Service Fund	-	105,446	105,446
Totals	\$ 351,889	\$ 105,446	\$ 457,335

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 5 – Capital Assets (Continued)

	<u>Expenditures Spent-to-date</u>	<u>Remaining Commitment</u>
Construction commitments:		
Government activities – street projects:		
Year 1 Residential Street Improvements	\$ 70,650	\$ 1,177,965
Howard Street from Noel to Lexington	100,957	30,043
Bloomfield from Farquhar to Katella	119,589	40,411
Suburbia Rehabilitation	157,715	29,269
Woodcrest and Carrier Row	19,398	209,685
Storm Drain Management Plan	64,860	10,140
Suburbia Street Project	49,124	73,822

Note 6 – Compensated Absences

The following is a summary of changes in compensated absences for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year
Compensated absences	\$ 481,842	\$ 229,747	\$ 223,557	\$ 488,032	\$ 181,844

There is no repayment schedule for compensated absences. Employee leave benefits are payable to employees upon usage or termination. The City's policies relating to the payment of these benefits are discussed in Note 1. The liability for compensated absences is typically liquidated through the General Fund.

Note 7 – Long-Term Debt

The following is a summary of changes in Governmental Activities long-term debt for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year
2015 Certificates of Participation	\$ 3,325,000	\$ -	\$ 80,000	\$ 3,245,000	\$ 85,000
Unamortized bond premium	109,555	-	4,434	105,121	4,434
	<u>\$ 3,434,555</u>	<u>\$ -</u>	<u>\$ 84,434</u>	<u>\$ 3,350,121</u>	<u>\$ 89,434</u>
Other Long-term Liabilities:					
Lease payable – Police Vehicles	\$ 68,008	\$ -	\$ 5,770	\$ 62,238	\$ 12,967

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Long-Term Debt (Continued)

A. 2015 Certificates of Participation

On September 1, 2015, the City issued the 2015 Certificates of Participation in the amount of \$3,685,000, as a public offering, 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. There are no finance-related consequences related to significant events of default or termination, and there are no acceleration clauses. There are no assets pledged as collateral, no required reserve, and no unused lines of credit. 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 October 1 of each year through October 1, 2045. The outstanding balance as of June 30, 2022 is \$3,245,000. The annual debt service requirements on these bonds are as follows:

Year ending June 30,	Principal	Interest	Total
2023	\$ 85,000	\$ 125,444	\$ 210,444
2024	85,000	121,194	206,194
2025	90,000	116,819	206,819
2026	95,000	112,194	207,194
2027	100,000	107,319	207,319
2028-2032	560,000	482,144	1,042,144
2033-2037	655,000	379,147	1,034,147
2038-2042	805,000	236,900	1,041,900
2043-2046	770,000	63,200	833,200
	<u>\$ 3,245,000</u>	<u>\$ 1,744,361</u>	<u>\$ 4,989,361</u>

B. Lease Payable – Police Vehicles

In December 2020, the City entered into two five-year lease agreements as lessee for the acquisition and use of two vehicles. Initial lease liabilities were recorded in the amounts of \$31,142 and 42,533 during the current fiscal year as a result of implementation of GASB 87. As of June 30, 2022, the value of the lease liabilities were \$16,254 and \$22,204. The City is required to make monthly principal and interest payments of \$519 and \$708 for the vehicles. The leases both have an interest rate of 16.2%. The vehicles both have a five-year estimated useful life. The value of the right-to-use asset as of June 30, 2022 was \$21,244 and \$29,019 less accumulated amortization of \$6,373 and \$8,706, respectively.

In March 2022, the City entered into a five-year lease agreement as lessee for the acquisition and use of a vehicle. An initial lease liability was recorded in the amount of \$25,518 during the current fiscal year as a result of implementation of GASB 87. As of June 30, 2022, the value of the lease liability was \$23,780. The City is required to make monthly principal and interest payments of \$623 for the vehicle. The lease has an interest rate of 16.2%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of June 30, 2022 was \$25,518 less accumulated amortization of \$1,701.

The following future principal and interest payments on the leases payable for June 30 are as follows:

Year ending June 30,	Principal	Interest	Total
2023	\$ 12,967	\$ 9,248	\$ 22,215
2024	15,226	6,989	22,215
2025	17,888	4,327	22,215
2026	12,060	1,561	13,621
2027	4,097	292	4,389
	<u>\$ 62,238</u>	<u>\$ 22,417</u>	<u>\$ 85,255</u>

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Defined Contribution Plans

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 year ended June 30, 2022, the City contributed \$35,121. City employees are invested immediately. City Council has the authority to establish and amend the provisions of this plan.

Note 9 – Defined Benefit Pension Plans

A. Plan Description

The City 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.

B. 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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Defined Benefit Pension Plans (Continued)

B. Benefits Provided (Continued)

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 Employees

- **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.

Miscellaneous Employees

- **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 2021-2022 are as follows:

	Employer Rates
Classic Miscellaneous Members	14.02%
PEPRA Miscellaneous Members	7.59%
Classic Safety Members	23.71%
PEPRA Safety Members	13.13%

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, 2022 was \$1,677,621.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Defined Benefit Pension Plans (Continued)

C. Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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 CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2022, the contributions recognized as a reduction to the net pension liability for the miscellaneous and safety plans was \$772,765 and \$848,052, respectively.

D. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2020 valuations were rolled forward to determine the June 30, 2021 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

E. Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Defined Benefit Pension Plans (Continued)

E. Long-term Expected Rate of Return

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>
Public equity	50.0%
Global fixed income	28.0%
Real assets	13.0%
Private equity	8.0%
Inflation sensitive assets	0.0%
Liquidity	1.0%

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

H. Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The EARSL for PERF C (the CalPERS pool) for the measurement date ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 559,502 (the sum of remaining service lifetimes of the active employees) by 150,958 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Defined Benefit Pension Plans (Continued)

I. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Net Pension Liability

As of June 30, 2022, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability	
Miscellaneous	\$ 7,053,182
Safety	7,487,386
Total Net Pension Liability	<u>\$ 14,540,568</u>

The City's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the plans is measured as of June 30, 2020, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021, were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion – June 30, 2020	0.2450%	0.1772%
Proportion – June 30, 2021	<u>0.3738%</u>	<u>0.2140%</u>
Change – Increase (Decrease)	<u>0.1288%</u>	<u>0.0368%</u>

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

The following presents the net pension liability of the City, 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% (6.15%)
Proportion – June 30, 2020	\$11,611,367	\$ 7,053,182	\$ 3,326,094
Proportion – June 30, 2021	<u>13,283,412</u>	<u>7,487,386</u>	<u>2,726,666</u>
Change – Increase (Decrease)	<u>\$24,894,779</u>	<u>\$14,540,568</u>	<u>\$ 6,052,760</u>

Pension Expense and Pension Deferrals

For the year ended June 30, 2022, the City recognized a total pension expense of \$491,685 for the Miscellaneous plan and \$436,776 for the Safety plan, totaling \$928,461 for all plans. At June 30, 2022, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Defined Benefit Pension Plans (Continued)

I. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

<u>Miscellaneous Plan</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 1,043,161	\$ -
Changes in assumptions	-	-
Difference between expected and actual experience	793,464	2,523
Net difference between projected and actual earnings on pension plan investments	19,639	6,176,695
Adjustment due to differences in proportions	3,063,933	262,567
Difference between actual and proportionate share of contributions	49,624	321,455
Subtotal Miscellaneous Plan	4,969,821	6,763,240
<u>Safety Plan</u>		
Contributions subsequent to measurement date	1,280,078	-
Changes in assumptions	-	-
Difference between expected and actual experience	1,281,287	2,073
Net difference between projected and actual earnings on pension plan investments	7,222	4,463,655
Adjustment due to differences in proportions	1,336,895	33,405
Difference between actual and proportionate share of contributions	105,479	950,373
Subtotal Safety Plan	4,010,961	5,449,506
Total All Plans	\$ 8,980,782	\$ 12,212,746

The \$2,323,239 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, 2023. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year		<u>Deferred Outflows/(Inflows) of Resources</u>		
		Miscellaneous	Safety	Total
Ending June 30,				
2023	\$	(284,108)	\$ (326,250)	\$ (610,358)
2024		(238,549)	(436,791)	(675,340)
2025		(612,429)	(729,233)	(1,341,662)
2026		(1,701,494)	(1,226,349)	(2,927,843)

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Other Post-Employment Benefit (OPEB) Plan

A. Plan Description

In addition to providing pension benefits, the City provides certain health care benefits, through a single- employer OPEB Plan (the Plan), for retired employees in accordance with a City Council resolution. Substantially, all 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, if 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.

B. Employees Covered

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active	50
Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to, but not yet receiving benefits	0
Total	<u>97</u>

C. 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, 2022, the City made no contributions to the plan, which would be recognized as a reduction of the total OPEB liability.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Other Post-Employment Benefit (OPEB) Plan (Continued)

D. Actuarial Methods and Assumptions

The City's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.54%
Inflation	2.50%
Salary Increases	2.75% per year
Investment Rate of Return	2.20%, net of expenses
Mortality Rate	2014 CalPERS Active Mortality for Miscellaneous
Pre-Retirement Turnover	According to the CalPERS Turnover rate table
Healthcare Trend Rate	4.0% 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.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.54 percent. The discount rate is based on the Bond Buyer 20 Bond Index. The City does not participate in a trust fiduciary fund.

F. 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)
Balance at June 30, 2021 (valuation date 6/30/19)	\$ 6,694,357
Changes recognized over the measurement period:	
Service Cost	345,491
Interest	144,055
Changes of assumptions	(973,560)
Actual and expected experience difference	542,385
Benefit Payments	(395,761)
Net Changes	(337,390)
Balance at June 30, 2022 (measurement date 6/30/22)	\$ 6,356,967

G. 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, 2022:

1% Decrease	Current Discount Rate	1% Increase
(2.54%)	(3.54%)	(4.54%)
\$7,038,345	\$6,356,967	\$5,781,635

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Other Post-Employment Benefit (OPEB) Plan (Continued)

H. 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, 2022:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
3.00%	4.00%	5.00%
<u>\$5,879,754</u>	<u>\$6,356,967</u>	<u>\$6,925,807</u>

I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$677,562. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Change in assumptions	\$ 1,828,269	\$ (865,386)
Difference between expected and actual experience	482,120	(674,262)
	<u>\$ 2,310,389</u>	<u>\$ (1,539,648)</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2022	\$ 188,016
2023	188,016
2024	188,016
2025	188,016
2026	158,826
Thereafter	<u>(140,149)</u>
Total	<u>\$ 770,741</u>

Note 11 – 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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 11 – Joint Ventures (Continued)

A. Orange County Fire Authority (Continued)

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 statements of those entities.

Each City pays a contractual fee to the Authority which consists of personal costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2021-2022, the City of Los Alamitos paid \$703,953 to the Authority. Financial information for the Authority may be obtained from the City of Cypress.

C. Integrated Law and Justice Agency for Orange County

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

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

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

Note 12 – 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.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Self-Insurance Program (Continued)

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 \$222,973 reported at June 30, 2022, 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:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability balance as of June 30, 2020	\$ 59,868	\$ 215,605	\$ 275,473
Claims and changes in estimates during the fiscal year ended June 30, 2021	198,587	(177,484)	21,103
Claims payments during the fiscal year ended June 30, 2021	<u>(196,473)</u>	<u>50,560</u>	<u>(145,913)</u>
Liability balance as of June 30, 2021	61,982	88,681	150,663
Claims and changes in estimates during the fiscal year ended June 30, 2022	(27,848)	(72,962)	(100,810)
Claims payments during the fiscal year ended June 30, 2022	<u>37,741</u>	<u>135,379</u>	<u>173,120</u>
Liability balance as of June 30, 2022	<u>\$ 71,875</u>	<u>\$ 151,098</u>	<u>\$ 222,973</u>

Note 13 – Commitments and Contingencies

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

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.

The City's operations may be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may include, but are not limited to, a reduction in certain tax revenues and a decline in the value of investments, which could have an impact on the City's financial position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and City management is in the process of evaluating the impact on the City and its financial statements.

City of Los Alamitos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 14 – Classification of Fund Balances

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At June 30, 2022, fund balances are classified in the governmental funds as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>			
Prepaid expenditures	\$ 2,659	\$ -	\$ 2,659
Due from employees	<u>1,531</u>	<u>-</u>	<u>1,531</u>
<i>Total Nonspendable</i>	<u>4,190</u>	<u>-</u>	<u>4,190</u>
<i>Restricted</i>			
Transportation	-	1,099,189	1,099,189
Cable television	-	73,947	73,947
Public safety	-	323,343	323,343
Air quality	-	123,361	123,361
Parks	<u>-</u>	<u>733,371</u>	<u>733,371</u>
<i>Total Restricted</i>	<u>-</u>	<u>2,353,211</u>	<u>2,353,211</u>
<i>Committed</i>			
Capital projects	<u>2,620</u>	<u>119</u>	<u>2,739</u>
<i>Total Committed</i>	<u>2,620</u>	<u>119</u>	<u>2,739</u>
<i>Assigned</i>			
Other POST-employment benefits	500,000	-	500,000
PERS reserves	3,400,000	-	3,400,000
Capital projects	<u>295,979</u>	<u>243,462</u>	<u>539,441</u>
<i>Total Assigned</i>	<u>4,195,979</u>	<u>243,462</u>	<u>4,439,441</u>
<i>Unassigned</i>	<u>12,570,232</u>	<u>(114,182)</u>	<u>12,456,050</u>
<i>Totals</i>	<u>\$16,773,021</u>	<u>\$ 2,482,610</u>	<u>\$19,255,631</u>

Note 15 – Restatement of Beginning Net Position/Fund Balance

	<u>Governmental Activities</u>	<u>Governmental Funds General Fund</u>
Net position/fund balance at July 1, 2021, as originally reported	\$ 8,168,084	\$13,615,603
Adjustment for understatement of unearned revenue.	<u>(1,015,926)</u>	<u>(1,015,926)</u>
Net position/fund Balance at July 1, 2021, as restated	<u>\$ 7,152,158</u>	<u>\$12,599,677</u>

Note 16 – Subsequent Events

Management has evaluated subsequent events through February 6, 2023 which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the City.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF LOS ALAMITOS
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 12,599,677</u>	<u>\$ 12,599,677</u>	<u>\$ 12,599,677</u>	<u>\$ -</u>
Revenues (inflows):				
Taxes	15,684,074	15,684,074	18,828,358	3,144,284
Licenses and permits	1,142,382	1,142,283	1,034,975	(107,308)
Intergovernmental	20,200	20,200	263,721	243,521
Charges for services	631,924	631,924	904,437	272,513
Investment earnings (loss)	229,280	229,280	(684,765)	(914,045)
Fines and forfeitures	738,309	738,309	382,498	(355,811)
Miscellaneous	68,000	68,000	40,826	(27,174)
Transfers in	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	<u>-</u>
Amount available for appropriations	<u>18,889,169</u>	<u>18,889,070</u>	<u>21,145,050</u>	<u>2,255,980</u>
Charges to appropriations (outflows):				
General government:				
City Council	66,895	66,895	70,021	(3,126)
City Manager / City Clerk	1,051,340	1,051,340	917,014	134,326
Administrative Services	725,906	725,906	662,261	63,645
City Attorney	176,000	176,000	210,871	(34,871)
Non-departmental	584,721	584,721	1,111,970	(527,249)
Public safety	7,394,611	7,394,611	6,617,305	777,306
Community development	1,329,924	1,329,924	1,292,094	37,830
Recreation and community services	1,775,322	1,775,322	1,911,542	(136,220)
Public works	2,259,400	2,259,400	2,801,366	(541,966)
Capital outlay	1,264,615	1,264,615	73,762	1,190,853
Transfers out	<u>1,303,500</u>	<u>1,303,500</u>	<u>1,303,500</u>	<u>-</u>
Total charges to appropriations	<u>17,932,234</u>	<u>17,932,234</u>	<u>16,971,706</u>	<u>960,528</u>
Fund balance, June 30, 2022	<u>\$ 13,556,612</u>	<u>\$ 13,556,513</u>	<u>\$ 16,773,021</u>	<u>\$ 3,216,508</u>

City of Los Alamitos
Required Supplementary Information (Continued) Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2022

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.
4. Budgets for the General, Special Revenue, Debt Service, Traffic Improvement Capital Projects Fund, Building Improvement Capital Project Fund, and Residential Street/Alley Capital Project Fund 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, 2022, based on calculations by City management, proceeds of taxes did not exceed appropriations.

Note 2 – Excess of Expenditures over Appropriations

The following departments had expenditures that exceeded the adopted budget:

	Budget	Actual	Variance
City Council	\$ 66,895	\$ 70,021	\$ (3,126)
City Attorney	176,000	210,871	(34,871)
Non-departmental	584,721	1,111,970	(527,249)
Recreation and community services	1,775,322	1,911,542	(136,220)
Public works	2,259,400	2,801,366	(541,966)

CITY OF LOS ALAMITOS
Required Supplementary Information (Continued)
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	June 30, 2021 ¹ Fiscal Year 2021-22	June 30, 2020 ¹ Fiscal Year 2020-21	June 30, 2019 ¹ Fiscal Year 2019-20	June 30, 2018 ¹ Fiscal Year 2018-19	June 30, 2017 ¹ Fiscal Year 2017-18
City's Proportion of the Net Pension Liability/(Asset)	0.1740%	0.1791%	0.1662%	0.0953%	0.0920%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ 7,053,182	\$ 10,333,777	\$ 9,688,016	\$ 8,999,874	\$ 9,127,183
City's Covered payroll	\$ 1,802,686	\$ 1,853,222	\$ 1,883,036	\$ 1,882,670	\$ 2,067,777
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its covered payroll	391.3%	557.6%	514.5%	478.0%	441.4%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	79.4%	69.3%	70.4%	75.3%	73.3%
	June 30, 2016 ¹ Fiscal Year 2016-17	June 30, 2015 ¹ Fiscal Year 2015-16	June 30, 2014 ¹ Fiscal Year 2014-15		
City's Proportion of the Net Pension Liability/(Asset)	0.0922%	0.0901%	0.0726%		
City's Proportionate share of the Net Pension Liability/(Asset)	\$ 7,975,904	\$ 6,181,642	\$ 4,518,604		
City's Covered payroll	\$ 2,139,951	\$ 2,067,219	\$ 2,042,142		
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its covered payroll	372.7%	299.0%	221.3%		
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	74.1%	78.4%	79.8%		

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. The Measurement date 2014 was the first year of implementation, therefore only eight years are presented.

CITY OF LOS ALAMITOS
Required Supplementary Information (Continued)
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Safety Plan

	June 30, 2021 ¹ Fiscal Year 2021-22	June 30, 2020 ¹ Fiscal Year 2020-21	June 30, 2019 ¹ Fiscal Year 2019-20	June 30, 2018 ¹ Fiscal Year 2018-19	June 30, 2017 ¹ Fiscal Year 2017-18
City's Proportion of the Net Pension Liability/(Asset)	0.1643%	0.1695%	0.1710%	0.1047%	0.0980%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ 7,487,386	\$ 11,805,982	\$ 10,731,155	\$ 9,853,739	\$ 9,719,511
City's Covered payroll	\$ 2,184,348	\$ 1,935,386	\$ 2,287,551	\$ 2,498,046	\$ 2,655,464
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its covered payroll	342.8%	610.0%	469.1%	394.5%	366.0%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	82.4%	71.8%	73.1%	75.3%	73.3%
	June 30, 2016 ¹ Fiscal Year 2016-17	June 30, 2015 ¹ Fiscal Year 2015-16	June 30, 2014 ¹ Fiscal Year 2014-15		
City's Proportion of the Net Pension Liability/(Asset)	0.0965%	0.0922%	0.0891%		
City's Proportionate share of the Net Pension Liability/(Asset)	\$ 8,351,809	\$ 6,328,706	\$ 5,542,493		
City's Covered payroll	\$ 2,534,307	\$ 2,402,592	\$ 2,385,017		
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its covered payroll	329.6%	263.4%	232.4%		
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	74.1%	78.4%	79.8%		

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. The Measurement date 2014 was the first year of implementation, therefore only eight years are presented.

CITY OF LOS ALAMITOS
Required Supplementary Information (Continued)
Schedule of City's Contributions - Pensions
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution ²	\$ 1,043,161	\$ 902,971	\$ 878,063	\$ 706,647	\$ 607,715
Contributions in relation to the actuarially determined contributions ²	<u>\$ (1,043,161)</u>	<u>\$ (902,971)</u>	<u>\$ (878,063)</u>	<u>\$ (706,647)</u>	<u>\$ (607,715)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	\$ 2,174,409	\$ 1,802,686	\$ 1,853,222	\$ 1,883,036	\$ 1,882,670
Contributions as a percentage of covered employee payroll	48.0%	50.1%	47.4%	37.5%	32.3%
	2016-17	2015-16	2014-15		
Actuarially determined contribution ²	\$ 575,534	\$ 478,168	\$ 228,140		
Contributions in relation to the actuarially determined contributions ²	<u>\$ (575,534)</u>	<u>\$ (478,168)</u>	<u>\$ (228,140)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll ²	\$ 2,067,777	\$ 2,139,951	\$ 2,067,219		
Contributions as a percentage of covered employee payroll	27.8%	22.3%	11.0%		

California Public Employees' Retirement System ("CalPERS") Safety Plan

	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution ²	\$ 1,280,078	\$ 1,163,513	\$ 1,075,926	\$ 927,772	\$ 847,090
Contributions in relation to the actuarially determined contributions ²	<u>\$ (1,280,078)</u>	<u>\$ (1,163,513)</u>	<u>\$ (1,075,926)</u>	<u>\$ (927,772)</u>	<u>\$ (847,090)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	\$ 2,103,050	\$ 2,184,348	\$ 1,935,386	\$ 2,287,551	\$ 2,498,046
Contributions as a percentage of covered employee payroll	60.9%	53.3%	55.6%	40.6%	33.9%
	2016-17	2015-16	2014-15		
Actuarially determined contribution ²	\$ 797,034	\$ 748,750	\$ 605,370		
Contributions in relation to the actuarially determined contributions ²	<u>\$ (797,034)</u>	<u>\$ (748,750)</u>	<u>\$ (605,370)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll ²	\$ 2,655,464	\$ 2,534,307	\$ 2,402,592		
Contributions as a percentage of covered employee payroll	30.0%	29.5%	25.2%		

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. The fiscal year 2014 was the first year of implementation, therefore only eight years are presented.

² Covered Payroll represented above is based on pensionable earnings provided by the employer.

Notes to Schedule

None.

CITY OF LOS ALAMITOS
Required Supplementary Information (Continued)
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

	Last Ten Fiscal Years				
For the Measurement Period:	2021-22	2020-21	2019-20	2018-19	2017-18
Total OPEB Liability					
Service cost	\$ 345,491	\$ 333,552	\$ 192,736	\$ 175,452	\$ 170,756
Interest on the total OPEB Liability	144,055	143,962	164,133	157,013	166,352
Actual and expected experience difference	542,385	-	(1,087,077)	-	-
Changes in assumptions	(973,560)	31,397	2,824,825	100,644	-
Changes in benefit terms	-	-	-	-	-
Benefit payments	<u>(395,761)</u>	<u>(383,006)</u>	<u>(238,645)</u>	<u>(237,974)</u>	<u>(228,821)</u>
Net change in total OPEB liability	(337,390)	125,905	1,855,972	195,135	108,287
Total OPEB liability - beginning	<u>6,694,357</u>	<u>6,568,452</u>	<u>4,712,480</u>	<u>4,517,345</u>	<u>4,409,058</u>
Total OPEB liability - ending (a)	<u>\$ 6,356,967</u>	<u>\$ 6,694,357</u>	<u>\$ 6,568,452</u>	<u>\$ 4,712,480</u>	<u>\$ 4,517,345</u>
 Fiduciary net position as a % of total OPEB liability ¹	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%
 Covered-employee payroll	 \$ 4,277,459	 \$ 4,700,996	 \$ 4,502,169	 \$ 4,380,716	 \$ 4,380,716
 Net OPEB liability as a percentage of payroll	 148.6%	 142.4%	 145.9%	 107.6%	 103.1%

* 2018 is the first year of implementation, therefore only five years are available for the required 10-year schedule.

¹ The City does not hold any assets in a qualifying irrevocable trust or equivalent avengement. As such, there is no fiduciary net position of the plan, and the total amount of the OPEB liability is reported.

SUPPLEMENTARY INFORMATION

CITY OF LOS ALAMITOS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds			
	Community Development Block Grant	Measure M	Los Alamitos Television	Office of Traffic Safety
ASSETS				
Cash and investments	\$ 89,930	\$ 574,752	\$ 71,940	\$ 82,603
Accounts receivable	-	-	4,407	1,269
Due from other governments	-	49,588	-	-
Restricted cash and investments with fiscal agent	-	-	-	-
Total assets	<u>\$ 89,930</u>	<u>\$ 624,340</u>	<u>\$ 76,347</u>	<u>\$ 83,872</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 204,112	\$ 25,750	\$ 2,400	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	<u>204,112</u>	<u>25,750</u>	<u>2,400</u>	<u>-</u>
Fund Balances:				
Restricted	-	598,590	73,947	83,872
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(114,182)	-	-	-
Total fund balances	<u>(114,182)</u>	<u>598,590</u>	<u>73,947</u>	<u>83,872</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 89,930</u>	<u>\$ 624,340</u>	<u>\$ 76,347</u>	<u>\$ 83,872</u>

CITY OF LOS ALAMITOS
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds			
	Asset Seizure	Public Safety Augmentation	State Law Enforcement Service	Air Quality
ASSETS				
Cash and investments	\$ 34,179	\$ 15,399	\$ 188,848	\$ 123,361
Accounts receivable	-	-	-	-
Due from other governments	-	13,601	-	-
Restricted cash and investments with fiscal agent	-	-	-	-
Total assets	<u>\$ 34,179</u>	<u>\$ 29,000</u>	<u>\$ 188,848</u>	<u>\$ 123,361</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Deposits payable	12,556	-	-	-
Total liabilities	<u>12,556</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	21,623	29,000	188,848	123,361
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>21,623</u>	<u>29,000</u>	<u>188,848</u>	<u>123,361</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 34,179</u>	<u>\$ 29,000</u>	<u>\$ 188,848</u>	<u>\$ 123,361</u>

CITY OF LOS ALAMITOS
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds	Capital Projects Funds		
	State Gas Tax	Park Development	Building Improvement	Residential Streets/ Alleys
ASSETS				
Cash and investments	\$ 235,797	\$ 733,371	\$ 233,598	\$ 6,804
Accounts receivable	-	-	-	-
Due from other governments	4,617	-	-	-
Restricted cash and investments with fiscal agent	-	-	-	-
Total assets	\$ 240,414	\$ 733,371	\$ 233,598	\$ 6,804
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,798	\$ -	\$ 195	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	14,798	-	195	-
Fund Balances:				
Restricted	225,616	733,371	-	-
Committed	-	-	-	-
Assigned	-	-	233,403	6,804
Unassigned	-	-	-	-
Total fund balances	225,616	733,371	233,403	6,804
Total liabilities, deferred inflows and fund balances	\$ 240,414	\$ 733,371	\$ 233,598	\$ 6,804

CITY OF LOS ALAMITOS
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

	Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Traffic Improvement	Capital Outlay	Debt Service	
ASSETS				
Cash and investments	\$ 411,762	\$ 119	\$ 3,006	\$ 2,805,469
Accounts receivable	-	-	-	5,676
Due from other governments	-	-	-	67,806
Restricted cash and investments with fiscal agent	-	-	249	249
Total assets	\$ 411,762	\$ 119	\$ 3,255	\$ 2,879,200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 247,255
Unearned revenues	136,779	-	-	136,779
Deposits payable	-	-	-	12,556
Total liabilities	136,779	-	-	396,590
Fund Balances:				
Restricted	274,983	-	-	2,353,211
Committed	-	119	-	119
Assigned	-	-	3,255	243,462
Unassigned	-	-	-	(114,182)
Total fund balances	274,983	119	3,255	2,482,610
Total liabilities, deferred inflows and fund balances	\$ 411,762	\$ 119	\$ 3,255	\$ 2,879,200

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			
	Community Development Block Grant	Measure M	Los Alamitos Television	Office of Traffic Safety
REVENUES:				
Taxes	\$ -	\$ -	\$ 18,438	\$ -
Intergovernmental	214,046	-	-	-
Charges for services	-	-	-	-
Investment earnings	342	4,052	541	602
Fines and forfeitures	-	-	-	18,214
Program revenues	-	284,090	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>214,388</u>	<u>288,142</u>	<u>18,979</u>	<u>18,816</u>
EXPENDITURES:				
Current:				
General government	-	-	20,580	-
Public works	-	-	-	-
Capital outlay	318,120	197,730	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>318,120</u>	<u>197,730</u>	<u>20,580</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(103,732)</u>	<u>90,412</u>	<u>(1,601)</u>	<u>18,816</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(5,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
CHANGE IN FUND BALANCES	<u>(103,732)</u>	<u>90,412</u>	<u>(1,601)</u>	<u>13,816</u>
Fund balances (deficits), beginning of year	<u>(10,450)</u>	<u>508,178</u>	<u>75,548</u>	<u>70,056</u>
Fund balances (deficits), end of year	<u>\$ (114,182)</u>	<u>\$ 598,590</u>	<u>\$ 73,947</u>	<u>\$ 83,872</u>

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			
	Asset Seizure	Public Safety Augmentation	State Law Enforcement Service	Air Quality
REVENUES:				
Taxes	\$ -	\$ 125,711	\$ -	\$ -
Intergovernmental	-	-	184,778	10,817
Charges for services	-	-	-	-
Investment earnings	415	387	1,801	864
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	448	-	-	-
Total revenues	<u>863</u>	<u>126,098</u>	<u>186,579</u>	<u>11,681</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>863</u>	<u>126,098</u>	<u>186,579</u>	<u>11,681</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(110,000)	(140,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(110,000)</u>	<u>(140,000)</u>	<u>-</u>
CHANGE IN FUND BALANCES	863	16,098	46,579	11,681
Fund balances (deficits), beginning of year	20,760	12,902	142,269	111,680
Fund balances (deficits), end of year	<u>\$ 21,623</u>	<u>\$ 29,000</u>	<u>\$ 188,848</u>	<u>\$ 123,361</u>

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds	Capital Projects Funds		
	State Gas Tax	Park Development	Building Improvement	Residential Streets/ Alleys [~]
REVENUES:				
Taxes	\$ 514,172	\$ -	\$ -	\$ -
Intergovernmental	-	26,134	-	-
Charges for services	-	-	-	-
Investment earnings	1,644	5,268	449	50
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>515,816</u>	<u>31,402</u>	<u>449</u>	<u>50</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public works	148,648	-	-	-
Capital outlay	257,731	-	109,188	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>406,379</u>	<u>-</u>	<u>109,188</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>109,437</u>	<u>31,402</u>	<u>(108,739)</u>	<u>50</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	240,000	-
Transfers out	(120,000)	-	-	-
Total other financing sources (uses)	<u>(120,000)</u>	<u>-</u>	<u>240,000</u>	<u>-</u>
CHANGE IN FUND BALANCES	<u>(10,563)</u>	<u>31,402</u>	<u>131,261</u>	<u>50</u>
Fund balances (deficits), beginning of year	<u>236,179</u>	<u>701,969</u>	<u>102,142</u>	<u>6,754</u>
Fund balances (deficits), end of year	<u>\$ 225,616</u>	<u>\$ 733,371</u>	<u>\$ 233,403</u>	<u>\$ 6,804</u>

CITY OF LOS ALAMITOS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	<u>Capital Projects Funds</u>		<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Traffic Improvement</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 658,321
Intergovernmental	-	-	-	435,775
Charges for services	156	-	-	156
Investment earnings	3,050	1	-	19,466
Fines and forfeitures	-	-	-	18,214
Program revenues	-	-	-	284,090
Miscellaneous	-	-	-	448
Total revenues	<u>3,206</u>	<u>1</u>	<u>-</u>	<u>1,416,470</u>
EXPENDITURES:				
Current:				
General government	-	-	-	20,580
Public works	1,598	-	-	150,246
Capital outlay	-	-	-	882,769
Debt service:				
Principal	-	-	80,000	80,000
Interest and fiscal charges	-	-	130,494	130,494
Total expenditures	<u>1,598</u>	<u>-</u>	<u>210,494</u>	<u>1,264,089</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,608</u>	<u>1</u>	<u>(210,494)</u>	<u>152,381</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	213,500	453,500
Transfers out	-	-	-	(375,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>213,500</u>	<u>78,500</u>
CHANGE IN FUND BALANCES	<u>1,608</u>	<u>1</u>	<u>3,006</u>	<u>230,881</u>
Fund balances (deficits), beginning of year	<u>273,375</u>	<u>118</u>	<u>249</u>	<u>2,251,729</u>
Fund balances (deficits), end of year	<u>\$ 274,983</u>	<u>\$ 119</u>	<u>\$ 3,255</u>	<u>\$ 2,482,610</u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the Year Ended June 30, 2022

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Fund balance (deficit), July 1, 2021	\$ (10,450)	\$ (10,450)	\$ -
Revenues (inflows):			
Intergovernmental	291,000	214,046	(76,954)
Investment earnings	<u>-</u>	<u>342</u>	<u>342</u>
Amount available for appropriations	<u>291,000</u>	<u>214,388</u>	<u>(76,612)</u>
Charges to appropriations (outflows):			
Capital outlay	<u>291,000</u>	<u>318,120</u>	<u>(27,120)</u>
Total charges to appropriations	<u>291,000</u>	<u>318,120</u>	<u>(27,120)</u>
Fund balance (deficit), June 30, 2022	<u><u>\$ (10,450)</u></u>	<u><u>\$ (114,182)</u></u>	<u><u>\$ (103,732)</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Measure M Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 508,178</u>	<u>\$ 508,178</u>	<u>\$ -</u>
Revenues (inflows):			
Investment earnings	2,500	4,052	1,552
Program revenues	<u>219,988</u>	<u>284,090</u>	<u>64,102</u>
Amount available for appropriations	<u>222,488</u>	<u>288,142</u>	<u>65,654</u>
Charges to appropriations (outflows):			
Capital outlay	<u>466,056</u>	<u>197,730</u>	<u>268,326</u>
Total charges to appropriations	<u>466,056</u>	<u>197,730</u>	<u>268,326</u>
Fund balance, June 30, 2022	<u><u>\$ 264,610</u></u>	<u><u>\$ 598,590</u></u>	<u><u>\$ 333,980</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Los Alamitos Television Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 75,548</u>	<u>\$ 75,548</u>	<u>\$ -</u>
Revenues (inflows):			
Taxes	24,900	18,438	(6,462)
Investment earnings	<u>1,300</u>	<u>541</u>	<u>(759)</u>
Amount available for appropriations	<u>26,200</u>	<u>18,979</u>	<u>(7,221)</u>
Charges to appropriations (outflows):			
General government	<u>45,990</u>	<u>20,580</u>	<u>25,410</u>
Total charges to appropriations	<u>45,990</u>	<u>20,580</u>	<u>25,410</u>
Fund balance, June 30, 2022	<u><u>\$ 55,758</u></u>	<u><u>\$ 73,947</u></u>	<u><u>\$ 18,189</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Office of Traffic Safety Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 70,056</u>	<u>\$ 70,056</u>	<u>\$ -</u>
Revenues (inflows):			
Investment earnings	1,000	602	(398)
Fines and forfeitures	<u>15,000</u>	<u>18,214</u>	<u>3,214</u>
Amount available for appropriations	<u>16,000</u>	<u>18,816</u>	<u>2,816</u>
Charges to appropriations (outflows):			
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total charges to appropriations	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Fund balance, June 30, 2022	<u><u>\$ 81,056</u></u>	<u><u>\$ 83,872</u></u>	<u><u>\$ 2,816</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Asset Seizure Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Fund balance, July 1, 2021	\$ 20,760	\$ 20,760	\$ -
Revenues (inflows):			
Investment earnings	500	415	(85)
Miscellaneous	<u>-</u>	<u>448</u>	<u>448</u>
Amount available for appropriations	<u>500</u>	<u>863</u>	<u>363</u>
Fund balance, June 30, 2022	<u>\$ 21,260</u>	<u>\$ 21,623</u>	<u>\$ 363</u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Public Safety Augmentation Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 12,902</u>	<u>\$ 12,902</u>	<u>\$ -</u>
Revenues (inflows):			
Taxes	110,783	125,711	14,928
Investment earnings	<u>300</u>	<u>387</u>	<u>87</u>
 Amount available for appropriations	<u>111,083</u>	<u>126,098</u>	<u>15,015</u>
 Charges to appropriations (outflows):			
Transfers out	<u>110,000</u>	<u>110,000</u>	<u>-</u>
 Total charges to appropriations	<u>110,000</u>	<u>110,000</u>	<u>-</u>
 Fund balance, June 30, 2022	<u><u>\$ 13,985</u></u>	<u><u>\$ 29,000</u></u>	<u><u>\$ 15,015</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

State Law Enforcement Service Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 142,269</u>	<u>\$ 142,269</u>	<u>\$ -</u>
Revenues (inflows):			
Intergovernmental	160,000	184,778	24,778
Investment earnings	<u>2,500</u>	<u>1,801</u>	<u>(699)</u>
Amount available for appropriations	<u>162,500</u>	<u>186,579</u>	<u>24,079</u>
Charges to appropriations (outflows):			
Transfers out	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Total charges to appropriations	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Fund balance, June 30, 2022	<u><u>\$ 164,769</u></u>	<u><u>\$ 188,848</u></u>	<u><u>\$ 24,079</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Air Quality Special Revenue Fund

For the Year Ended June 30, 2022

	Budgeted Amounts <u>Final</u>	Actual Amounts <u> </u>	Variance with Final Budget <u> </u>
Fund balance, July 1, 2021	\$ 111,680	\$ 111,680	\$ -
Revenues (inflows):			
Intergovernmental	15,000	10,817	(4,183)
Investment earnings	<u>15,000</u>	<u>864</u>	<u>(14,136)</u>
 Amount available for appropriations	 <u>30,000</u>	 <u>11,681</u>	 <u>(18,319)</u>
Charges to appropriations (outflows):			
Public works	<u>61,865</u>	<u>-</u>	<u>61,865</u>
 Total charges to appropriations	 <u>61,865</u>	 <u>-</u>	 <u>61,865</u>
Fund balance, June 30, 2022	<u><u>\$ 79,815</u></u>	<u><u>\$ 123,361</u></u>	<u><u>\$ 43,546</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

State Gas Tax Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 236,179</u>	<u>\$ 236,179</u>	<u>\$ -</u>
Revenues (inflows):			
Taxes	507,531	514,172	6,641
Investment earnings	<u>6,000</u>	<u>1,644</u>	<u>(4,356)</u>
Amount available for appropriations	<u>513,531</u>	<u>515,816</u>	<u>2,285</u>
Charges to appropriations (outflows):			
Public works	-	148,648	(148,648)
Capital outlay	641,067	257,731	383,336
Transfers out	<u>12,000</u>	<u>120,000</u>	<u>(108,000)</u>
Total charges to appropriations	<u>653,067</u>	<u>526,379</u>	<u>126,688</u>
Fund balance, June 30, 2022	<u>\$ 96,643</u>	<u>\$ 225,616</u>	<u>\$ 128,973</u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Park Development Capital Project Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 701,969</u>	<u>\$ 701,969</u>	<u>\$ -</u>
Revenues (inflows):			
Intergovernmental	-	26,134	26,134
Investment earnings	<u>8,600</u>	<u>5,268</u>	<u>(3,332)</u>
 Amount available for appropriations	<u>8,600</u>	<u>31,402</u>	<u>22,802</u>
 Fund balance, June 30, 2022	<u><u>\$ 710,569</u></u>	<u><u>\$ 733,371</u></u>	<u><u>\$ 22,802</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Building Improvement Capital Project Fund

For the Year Ended June 30, 2022

	Budgeted Amounts <u>Final</u>	Actual Amounts <u></u>	Variance with Final Budget <u></u>
Fund balance, July 1, 2021	\$ 102,142	\$ 102,142	\$ -
Revenues (inflows):			
Investment earnings	2,900	449	(2,451)
Transfers in	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Amount available for appropriations	<u>242,900</u>	<u>240,449</u>	<u>(2,451)</u>
Charges to appropriations (outflows):			
Capital outlay	<u>227,000</u>	<u>109,188</u>	<u>117,812</u>
Total charges to appropriations	<u>227,000</u>	<u>109,188</u>	<u>117,812</u>
Fund balance, June 30, 2022	<u><u>\$ 118,042</u></u>	<u><u>\$ 233,403</u></u>	<u><u>\$ 115,361</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Residential Streets/Alleys Capital Project Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 6,754</u>	<u>\$ 6,754</u>	<u>\$ -</u>
Revenues (inflows):			
Investment earnings	<u>100</u>	<u>50</u>	<u>(50)</u>
Amount available for appropriations	<u>100</u>	<u>50</u>	<u>(50)</u>
Fund balance, June 30, 2022	<u><u>\$ 6,854</u></u>	<u><u>\$ 6,804</u></u>	<u><u>\$ (50)</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Traffic Improvement Capital Project Fund For the Year Ended June 30, 2022

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund balance, July 1, 2021	<u>\$ 273,375</u>	<u>\$ 273,375</u>	<u>\$ -</u>
Revenues (inflows):			
Charges for services	15,000	156	(14,844)
Investment earnings	<u>2,500</u>	<u>3,050</u>	<u>550</u>
Amount available for appropriations	<u>17,500</u>	<u>3,206</u>	<u>(14,294)</u>
Charges to appropriations (outflows):			
Public works	<u>-</u>	<u>1,598</u>	<u>(1,598)</u>
Total charges to appropriations	<u>-</u>	<u>1,598</u>	<u>(1,598)</u>
Fund balance, June 30, 2022	<u><u>\$ 290,875</u></u>	<u><u>\$ 274,983</u></u>	<u><u>\$ (15,892)</u></u>

CITY OF LOS ALAMITOS

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Debt Service Fund

For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Fund balance, July 1, 2021	<u>\$ 249</u>	<u>\$ 249</u>	<u>\$ -</u>
Revenues (inflows):			
Investment earnings	200	-	(200)
Transfers in	<u>213,500</u>	<u>213,500</u>	<u>-</u>
 Amount available for appropriations	<u>213,700</u>	<u>213,500</u>	<u>(200)</u>
Charges to appropriations (outflows):			
Debt service:			
Principal	80,000	80,000	-
Interest and fiscal charges	<u>133,594</u>	<u>130,494</u>	<u>3,100</u>
 Total charges to appropriations	<u>213,594</u>	<u>210,494</u>	<u>3,100</u>
 Fund balance, June 30, 2022	<u><u>\$ 355</u></u>	<u><u>\$ 3,255</u></u>	<u><u>\$ 2,900</u></u>

CITY OF LOS ALAMITOS
Combining Statement of Net Position
All Internal Service Funds
June 30, 2022

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Police Capital Expenditures</u>
ASSETS			
Current assets:			
Cash and investments	\$ 585,731	\$ 397,083	\$ 164,927
Accounts receivable	-	-	-
Total current assets	<u>585,731</u>	<u>397,083</u>	<u>164,927</u>
Noncurrent assets:			
Capital assets - net of accumulated depreciation	<u>370,666</u>	<u>8,382</u>	<u>-</u>
Total noncurrent assets	<u>370,666</u>	<u>8,382</u>	<u>-</u>
Total assets	<u>956,397</u>	<u>405,465</u>	<u>164,927</u>
LIABILITIES			
Current liabilities:			
Accounts payable	19,512	70,911	3,294
Accrued interest	1,279	-	-
Accrued claims and judgements	-	-	-
Capital leases	<u>12,967</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>33,758</u>	<u>70,911</u>	<u>3,294</u>
Long-term liabilities:			
Accrued claims and judgements	-	-	-
Capital leases	<u>49,271</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>49,271</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>83,029</u>	<u>70,911</u>	<u>3,294</u>
NET POSITION			
Net investment in capital assets	308,428	8,382	-
Unrestricted	<u>564,940</u>	<u>326,172</u>	<u>161,633</u>
Total net position	<u>\$ 873,368</u>	<u>\$ 334,554</u>	<u>\$ 161,633</u>

CITY OF LOS ALAMITOS
Combining Statement of Net Position
All Internal Service Funds
June 30, 2022

	Facilities, Streets, Parks, and Pool Capital Expenditures	Self- Insurance Trust	Total
ASSETS			
Current assets:			
Cash and investments	\$ 293,558	\$ 667,948	\$ 2,109,247
Accounts receivable	-	12,102	12,102
Total current assets	<u>293,558</u>	<u>680,050</u>	<u>2,121,349</u>
Noncurrent assets:			
Capital assets - net of accumulated depreciation	339,997	-	719,045
Total noncurrent assets	<u>339,997</u>	<u>-</u>	<u>719,045</u>
Total assets	<u>633,555</u>	<u>680,050</u>	<u>2,840,394</u>
LIABILITIES			
Current liabilities:			
Accounts payable	634	26,066	120,417
Accrued interest	-	-	1,279
Accrued claims and judgements	-	71,875	71,875
Capital leases	-	-	12,967
Total current liabilities	<u>634</u>	<u>97,941</u>	<u>206,538</u>
Long-term liabilities:			
Accrued claims and judgements	-	151,098	151,098
Capital leases	-	-	49,271
Total long-term liabilities	<u>-</u>	<u>151,098</u>	<u>200,369</u>
Total liabilities	<u>634</u>	<u>249,039</u>	<u>406,907</u>
NET POSITION			
Net investment in capital assets	339,997	-	656,807
Unrestricted	<u>292,924</u>	<u>431,011</u>	<u>1,776,680</u>
Total net position	<u>\$ 632,921</u>	<u>\$ 431,011</u>	<u>\$ 2,433,487</u>

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenses, and Changes in Net Position

All Internal Service Funds

For the year ended June 30, 2022

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Police Capital Expenditures</u>
OPERATING REVENUES:			
Charges for services:			
Garage	\$ 316,840	\$ -	\$ -
Police capital	-	-	40,000
Technology replacement	-	190,000	-
Miscellaneous	-	-	-
Total operating revenues	<u>316,840</u>	<u>190,000</u>	<u>40,000</u>
OPERATING EXPENSES:			
Supplies and materials	101,553	181,698	56,969
Outside services	39,645	130,328	-
Claims expense	-	-	-
Depreciation	89,726	8,380	-
Total operating expenses	<u>230,924</u>	<u>320,406</u>	<u>56,969</u>
OPERATING INCOME	<u>85,916</u>	<u>(130,406)</u>	<u>(16,969)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest expense	(8,343)	-	-
Total non-operating revenues (expenses)	<u>(8,343)</u>	<u>-</u>	<u>-</u>
INCOME BEFORE TRANSFERS	77,573	(130,406)	(16,969)
Transfers in	-	190,000	-
Total transfers	<u>-</u>	<u>190,000</u>	<u>-</u>
Change in net position	77,573	59,594	(16,969)
Net position, beginning of year	795,795	274,960	178,602
Net position, end of year	<u>\$ 873,368</u>	<u>\$ 334,554</u>	<u>\$ 161,633</u>

CITY OF LOS ALAMITOS

Combining Statement of Revenues, Expenses, and Changes in Net Position

All Internal Service Funds

For the year ended June 30, 2022

	Facilities, Streets, Parks, and Pool Capital Expenditures	Self- Insurance Trust	Total
OPERATING REVENUES:			
Charges for services:			
Garage	\$ -	\$ -	\$ 316,840
Police capital	-	-	40,000
Technology replacement	-	-	190,000
Miscellaneous	-	41,940	41,940
Total operating revenues	-	41,940	588,780
OPERATING EXPENSES:			
Supplies and materials	-	-	340,220
Outside services	544	-	170,517
Claims expense	-	563,308	563,308
Depreciation	7,340	-	105,446
Total operating expenses	7,884	563,308	1,179,491
OPERATING INCOME	(7,884)	(521,368)	(590,711)
NON-OPERATING REVENUES (EXPENSES):			
Interest expense	-	-	(8,343)
Total non-operating revenues (expenses)	-	-	(8,343)
INCOME BEFORE TRANSFERS	(7,884)	(521,368)	(599,054)
Transfers in	-	660,000	850,000
Total transfers	-	660,000	850,000
Change in net position	(7,884)	138,632	250,946
Net position, beginning of year	640,805	292,379	2,182,541
Net position, end of year	<u>\$ 632,921</u>	<u>\$ 431,011</u>	<u>\$ 2,433,487</u>

CITY OF LOS ALAMITOS
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2022

	<u>Garage</u>	<u>Technology Replacement</u>	<u>Police Capital Expenditures</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund charges for garage services	\$ 316,840	\$ -	\$ -
Receipts from interfund charges for police capital services	-	-	40,000
Receipts from interfund charges for technology replacement services	-	190,000	-
Payments to suppliers and service providers	(134,854)	(244,969)	(53,675)
Cash received from (payments to) others	-	-	-
Net cash provided (used by) operating activities	<u>181,986</u>	<u>(54,969)</u>	<u>(13,675)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers in	-	190,000	-
Net cash provided (used by) non-capital financing activities	<u>-</u>	<u>190,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(305,559)	-	-
Principal paid on capital debt	(5,570)	-	-
Interest paid on capital debt	(8,572)	-	-
Net cash provided (used by) capital and related financing activities	<u>(319,701)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(137,715)	135,031	(13,675)
Cash and equivalents, beginning of year	723,446	262,052	178,602
Cash and equivalents, end of year	<u>\$ 585,731</u>	<u>\$ 397,083</u>	<u>\$ 164,927</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED BY) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 85,916	\$ (130,406)	\$ (16,969)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	89,726	8,380	-
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	-
Increase (decrease) in accounts payable	6,344	67,057	3,294
Increase (decrease) in claims and judgements	-	-	-
Total adjustments	<u>96,070</u>	<u>75,437</u>	<u>3,294</u>
Net cash provided (used) by operating activities	<u>\$ 181,986</u>	<u>\$ (54,969)</u>	<u>\$ (13,675)</u>

CITY OF LOS ALAMITOS
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2022

	Facilities, Streets, Parks, and Pool Capital Expenditures	Self- Insurance Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund charges for garage services	\$ -	\$ -	\$ 316,840
Receipts from interfund charges for police capital services	-	-	40,000
Receipts from interfund charges for technology replacement services	-	-	190,000
Payments to suppliers and service providers	-	(502,007)	(935,505)
Cash received from (payments to) others	-	41,940	41,940
Net cash provided (used by) operating activities	-	(460,067)	(346,725)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers in	-	660,000	850,000
Net cash provided (used by) non-capital financing activities	-	660,000	850,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	-	-	(305,559)
Principal paid on capital debt	-	-	(5,570)
Interest paid on capital debt	-	-	(8,572)
Net cash provided (used by) capital and related financing activities	-	-	(319,701)
Net increase (decrease) in cash and cash equivalents	-	199,933	183,574
Cash and equivalents, beginning of year	293,558	468,015	1,925,673
Cash and equivalents, end of year	\$ 293,558	\$ 667,948	\$ 2,109,247
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED BY) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (7,884)	\$ (521,368)	\$ (590,711)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	7,340	-	105,446
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	(4,146)	(4,146)
Increase (decrease) in accounts payable	544	(6,863)	70,376
Increase (decrease) in claims and judgements	-	72,310	72,310
Total adjustments	7,884	61,301	243,986
Net cash provided (used) by operating activities	\$ -	\$ (460,067)	\$ (346,725)

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Los Alamitos's Annual Comprehensive 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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Financial Trends: these schedules contain trend information to help the reader understands how the City's financial performance and well-being has changed over time 101

Revenue Capacity: these schedules contain trend information to help the reader assesses the factors affecting the City's most significant revenue source, property tax 108

Debt Capacity: these schedules present information to help the reader assesses the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future..... 115

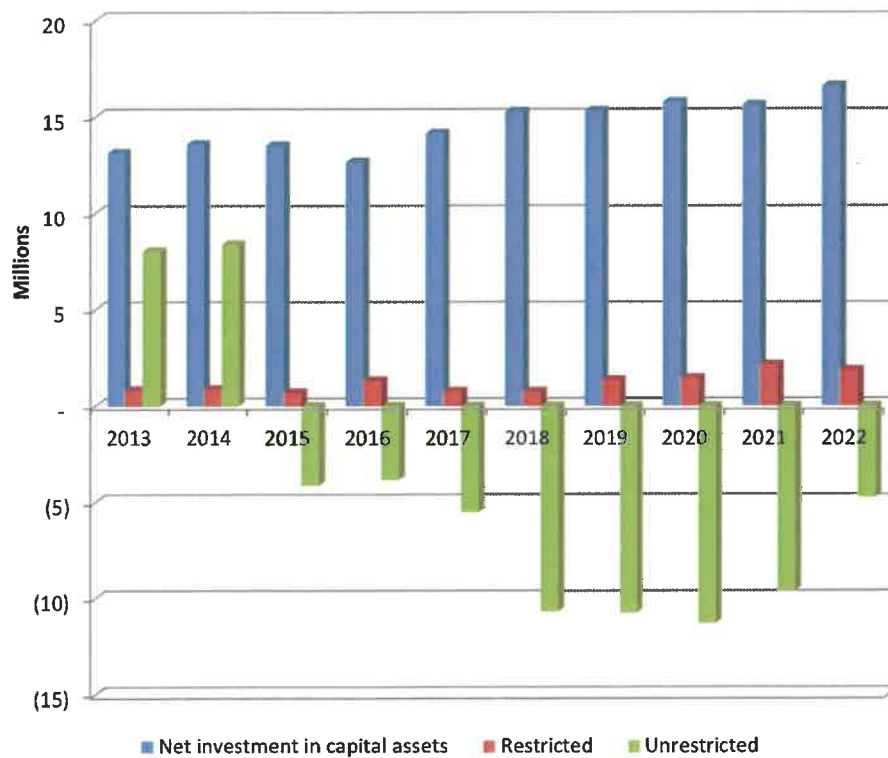
Demographic and Economic Information: these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place 118

Operating Information: these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs 120

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

	2013	2014	2015*	2016	2017
Governmental activities					
Net investment in capital assets	\$ 13,138	\$ 13,585	\$ 13,519	\$ 12,658	\$ 14,156
Restricted	841	878	713	1,334	764
Unrestricted	8,034	8,393	(4,126)	(3,828)	(5,506)
Total governmental activities net position	<u>\$ 22,013</u>	<u>\$ 22,856</u>	<u>\$ 10,106</u>	<u>\$ 10,164</u>	<u>9,414</u>

	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets	\$ 15,281	15,315	15,776	15,623	16,545
Restricted	761	1,350	1,453	2,153	2,353
Unrestricted	(10,679)	(10,746)	(11,287)	(9,608)	(5,197)
Total governmental activities net position	<u>\$ 5,363</u>	<u>5,919</u>	<u>5,942</u>	<u>8,168</u>	<u>13,701</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.

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

	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	\$ 1,377	\$ 2,223	\$ 2,646	\$ 2,976	2,830
Public safety	5,393	5,691	5,463	5,732	6,922
Community development	745	843	714	685	775
Recreation and community services	1,957	1,700	1,772	1,834	1,783
Public works	2,709	2,839	2,592	2,339	2,306
Interest and fiscal charges	168	140	138	302	148
Total governmental activities expenses	<u>12,349</u>	<u>13,436</u>	<u>13,325</u>	<u>13,868</u>	<u>14,764</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	-	385	205	225	272
Public safety	637	735	752	808	825
Community development	435	113	141	80	100
Recreation and community services	1,295	1,242	1,301	1,225	1,087
Public works	-	18	2	139	-
Operating grants	119	323	293	398	453
Capital grants and contributions	349	1,739	629	530	369
Total governmental activities program revenues	<u>2,835</u>	<u>4,555</u>	<u>3,323</u>	<u>3,405</u>	<u>3,106</u>
Net (expense)/revenue					
Governmental activities	(9,514)	(8,881)	(10,002)	(10,463)	(11,658)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	3,734	2,733	2,954	3,118	3,603
Utility users tax	2,160	2,188	2,210	2,092	2,037
Transient occupancy	104	113	132	156	159
Sales	2,117	2,836	3,064	3,357	3,160
Franchise	653	689	712	709	669
Business license	694	551	563	566	609
Other	284	334	348	251	339
	<u>9,746</u>	<u>9,444</u>	<u>9,983</u>	<u>10,249</u>	<u>10,576</u>
Motor vehicle in lieu	5	-	-	-	-
Investment income	27	13	30	86	63
Gain on Sale of property	37	-	-	-	-
Other	36	267	146	185	269
Total governmental activities	<u>9,851</u>	<u>9,724</u>	<u>10,159</u>	<u>10,520</u>	<u>10,908</u>
Changes in Net Position					
Governmental activities	<u>\$ 337</u>	<u>\$ 843</u>	<u>\$ 157</u>	<u>\$ 57</u>	<u>(750)</u>

Source: City of Los Alamitos, Finance Department

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

	2018	2019	2020	2021	2022
Expenses					
Governmental activities:					
General government	\$ 3,517	\$ 3,135	\$ 3,586	\$ 3,493	\$ 2,548
Public safety	6,311	6,556	6,912	7,135	6,382
Community development	1,104	986	1,091	957	1,344
Recreation and community services	1,811	1,746	1,758	1,471	2,043
Public works	2,314	2,415	2,572	2,907	3,226
Interest and fiscal charges	141	142	58	331	138
Total governmental activities expenses	<u>15,198</u>	<u>14,980</u>	<u>15,977</u>	<u>16,294</u>	<u>15,681</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	814	831	1,335	914	1,035
Public safety	859	916	711	478	411
Community development	198	3	3	2	1
Recreation and community services	956	937	781	527	892
Public works	-	167	508	353	1
Operating grants	151	442	628	1,872	677
Capital grants and contributions	391	254	249	241	308
Total governmental activities program revenues	<u>3,369</u>	<u>3,550</u>	<u>4,215</u>	<u>4,387</u>	<u>3,325</u>
Net (expense)/revenue					
Governmental activities	(11,829)	(11,430)	(11,762)	(11,907)	(12,356)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	3,773	3,946	4,169	4,455	4,732
Utility users tax	2,034	1,968	1,988	1,834	2,123
Transient occupancy	167	160	132	223	522
Sales	3,336	3,597	3,227	4,855	9,671
Franchise	691	688	611	725	1,071
Business license	647	684	730	886	728
Other	429	557	564	548	640
	<u>11,077</u>	<u>11,600</u>	<u>11,421</u>	<u>13,526</u>	<u>19,487</u>
Motor vehicle in lieu	-	-	-	-	-
Investment income	102	271	254	78	(665)
Gain on Sale of property	19	-	-	-	-
Other	182	115	110	528	83
Total governmental activities	<u>11,380</u>	<u>11,986</u>	<u>11,785</u>	<u>14,132</u>	<u>18,905</u>
Changes in Net Position					
Governmental activities	<u>(449) \$</u>	<u>556 \$</u>	<u>23 \$</u>	<u>2,225 \$</u>	<u>6,549 \$</u>

Source: City of Los Alamitos, Finance Department

CITY OF LOS ALAMITOS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 6	\$ 8	\$ 684	\$ 59	\$ 17
Committed	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	3,770	7,049	7,484	7,347	7,481
Unassigned	4,085	1,218	(644)	3	56
Reserved	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Total General Fund	<u>7,861</u>	<u>8,275</u>	<u>7,524</u>	<u>7,409</u>	<u>7,554</u>
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	888	829	1,063	1,333	1,334
Committed	-	-	-	-	-
Assigned	898	677	390	1,001	345
Unassigned	(223)	(1,240)	-	-	-
Reserved					
Unreserved, designated reported in:					
Special revenue funds					
Unreserved, reported in:					
Special revenue funds					
Debt service funds					
Capital projects funds					
Total All Other Governmental Funds	<u>1,563</u>	<u>266</u>	<u>1,453</u>	<u>2,334</u>	<u>1,679</u>
Total All Governmental Fund:	<u>\$ 9,424</u>	<u>\$ 8,541</u>	<u>\$ 8,977</u>	<u>\$ 9,743</u>	<u>\$ 9,233</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

CITY OF LOS ALAMITOS
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2018	2019	2020	2021	2022
General Fund					
Nonspendable	\$ 18	\$ 56	\$ 14	\$ 7	\$ 4
Committed	-	3,607	3,286	3	3
Restricted	-	-	-	-	-
Assigned	7,662	4,589	4,196	4,203	4,196
Unassigned	49	588	2,785	9,403	12,570
Reserved	-	-	-	-	-
Unreserved, designated	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Total General Fund	<u>7,729</u>	<u>8,840</u>	<u>10,281</u>	<u>13,616</u>	<u>16,773</u>
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	1,334	1,180	1,453	2,153	2,353
Committed	-	-	-	-	-
Assigned	129	99	200	109	243
Unassigned	-	(4)	(9)	(10)	(114)
Reserved	-	-	-	-	-
Unreserved, designated reported in:	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total All Other Governmental Funds	<u>1,463</u>	<u>1,275</u>	<u>1,644</u>	<u>2,252</u>	<u>2,482</u>
Total All Governmental Fund:	<u>\$ 9,192</u>	<u>\$ 10,115</u>	<u>\$ 11,925</u>	<u>\$ 15,868</u>	<u>\$ 19,255</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

CITY OF LOS ALAMITOS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2013	2014	2015	2016	2017
Revenues					
Taxes	\$ 9,042	\$ 9,420	\$ 10,337	\$ 10,559	\$ 10,724
Licenses and permits	694	937	205	225	272
Intergovernmental	531	150	1,609	245	609
Charges for services	1,752	1,396	1,403	1,459	1,202
Investment earnings	9	2	30	86	63
Fines and forfeitures	615	710	737	781	810
Other	36	581	454	460	476
Total Revenues	12,679	13,196	14,775	13,815	14,156
Expenditures					
General government	1,900	2,097	2,379	2,735	2,029
Public safety	5,280	5,874	5,513	5,711	5,777
Community development	737	830	694	657	715
Recreation and community services	1,889	1,620	1,730	1,739	1,646
Public works	1,831	1,686	1,771	1,963	1,963
Capital outlay	806	1,744	830	213	1,972
Debt service:					
Principal retirement	72	70	76	75	70
Payment to refunded bond escrow agent	-	-	-	220	-
Interest and fiscal charges	144	141	138	311	142
Total Expenditures	12,659	14,062	13,131	13,624	14,314
Excess of revenues over/(under) expenditures	20	(866)	1,644	191	(158)
Other Financing Sources (Uses)					
Transfers in	588	606	684	681	1,280
Transfers out	(588)	(621)	(1,892)	(1,203)	(2,201)
Refunding bonds issued	-	-	-	3,685	-
Bond premium	-	-	-	133	-
Payment to refunded bond escrow agent	-	-	-	(2,722)	-
Total other financing sources	-	(15)	(1,208)	574	(921)
Net change in fund balances	\$ 20	\$ (881)	\$ 436	\$ 765	\$ (1,079)
Debt service as a percentage of noncapital expenditures	1.765%	1.598%	1.813%	2.865%	1.713%
				(1)	

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

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2018	2019	2020	2021	2022
Revenues					
Taxes	\$ 11,078	\$ 11,600	\$ 11,422	\$ 13,526	\$ 19,487
Licenses and permits	814	831	1,462	914	1,035
Intergovernmental	323	294	684	1,888	699
Charges for services	1,169	1,121	1,310	890	905
Investment earnings	106	271	254	78	(665)
Fines and forfeitures	844	900	694	468	401
Other	398	349	301	610	324
Total Revenues	14,732	15,366	16,127	18,374	22,186
Expenditures					
General government	2,243	2,299	2,405	2,240	2,993
Public safety	5,751	5,886	5,585	5,938	6,617
Community development	1,044	928	1,052	1,185	1,292
Recreation and community services	1,598	1,590	1,615	1,391	1,911
Public works	1,943	2,064	1,983	2,379	2,952
Capital outlay	1,068	332	865	490	957
Debt service:					
Principal retirement	70	70	75	75	80
Payment to refunded bond escrow agent	-	-	-	-	-
Interest and fiscal charges	140	139	136	134	130
Total Expenditures	13,857	13,308	13,716	13,832	16,932
Excess of revenues over/(under) expenditures	875	2,058	2,411	4,542	5,254
Other Financing Sources (Uses)					
Transfers in	832	597	808	733	828
Transfers out	(1,752)	(1,157)	(1,409)	(1,334)	(1,678)
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources	(920)	(560)	(601)	(601)	(850)
Net change in fund balances	\$ (45)	\$ 1,498	\$ 1,810	\$ 3,941	\$ 4,404
Debt service as a percentage of noncapital expenditures	1.640%	1.611%	1.642%	1.566%	1.315%

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

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS
 2021/22 Use Category Summary-Basic Property Value Table
 Last Ten Fiscal Years
 (amounts expressed in thousands)

<u>Category</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	\$ 936,234	\$ 968,878	\$ 1,031,002	\$ 1,091,854	\$ 1,143,395
Commercial	288,665	296,984	318,001	359,002	365,544
Industrial	266,381	270,936	271,390	278,399	292,535
Institutional	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Recreational	-	-	-	-	-
Vacant land	8,530	8,917	8,449	9,710	9,905
SBE Nonunitary	222	222	222	222	222
Cross Reference	4,326	3,453	3,265	3,083	3,998
Unsecured	134,342	119,933	143,801	138,386	154,478
Other	-	-	-	-	-
Totals	\$ 1,638,700	\$ 1,669,323	\$ 1,776,130	\$ 1,880,656	\$ 1,970,077
Direct rate	0.10067%	0.11558%	0.11568%	0.11571%	0.11578%

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

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

CITY OF LOS ALAMITOS
 2021/22 Use Category Summary-Basic Property Value Table
 Last Ten Fiscal Years
 (amounts expressed in thousands)

<u>Category</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential	\$ 1,200,335	\$ 1,266,083	\$ 1,332,806	\$ 1,408,761	\$ 1,479,534
Commercial	393,211	405,241	427,330	459,279	506,538
Industrial	292,689	308,001	315,346	382,149	417,895
Institutional	-	-	-	-	-
Miscellaneous	-	1,793	608	555	-
Recreational	-	-	-	-	-
Vacant land	11,648	10,088	19,185	14,902	10,998
SBE Nonunitary	222	970	970	970	401
Cross Reference	4,139	4,109	4,177	3,976	4,002
Unsecured	163,741	161,257	164,509	158,443	189,648
Other	-	-	-	-	-
Totals	\$ 2,065,985	\$ 2,157,542	\$ 2,264,931	\$ 2,429,035	\$ 2,609,016
Direct rate	0.11578%	0.11821%	0.11848%	0.11751%	0.11703%

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

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
2013	\$ 1,504,137	\$ 134,342	\$ -	\$ 1,638,479	0.117
2014	1,549,169	119,933	-	1,669,102	0.117
2015	1,632,107	143,801	-	1,775,908	0.117
2016	1,742,048	138,386	-	1,880,434	0.116
2017	1,806,377	154,478	-	1,960,855	0.116
2018	1,902,022	163,742	-	2,065,764	0.116
2019	1,995,314	161,257	-	2,156,571	0.116
2020	2,099,452	164,509	-	2,263,961	0.116
2021	2,269,621	158,443	-	2,428,064	0.116
2022	2,418,967	189,648	-	2,609,016	0.117

(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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City Direct Rate	0.117	0.117	0.117	0.116	0.116
Overlapping Rates:					
Los Alamitos City General Fund	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
Educational Revenue Augmentation Fund	0.144	0.144	0.144	0.145	0.145
Los Alamitos Unified General Fund	0.412	0.412	0.411	0.412	0.412
North Orange Co. Community College District	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
Orange County Fire Authority	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
Orange County General Fund	0.052	0.052	0.052	0.052	0.052
Orange County Harbors Beaches & Parks Csa 26	0.013	0.013	0.013	0.013	0.013
Orange County Public Library	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
Orange County Transit Authority	0.002	0.002	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006	0.006	0.006
Orange County Water District reserve	0.000	0.000	0.001	0.000	0.000
Rossmoor/Los Alamitos Sewer District	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>
Anaheim High School District	0.029	0.026	0.024	0.049	0.043
Cypress Elementary	0.025	0.027	0.023	0.025	0.024
Garden Grove Unified School District	0.031	0.037	0.041	0.047	0.045
Los Alamitos Sfid	0.042	0.056	0.048	0.052	0.048
Metropolitan Water District	0.004	0.003	0.004	0.004	0.004
N. Orange County Community College	0.019	0.017	0.017	0.030	0.029
Total Voter Approved tax Rate	<u>0.150</u>	<u>0.166</u>	<u>0.157</u>	<u>0.207</u>	<u>0.192</u>
Total Tax Rate	<u>1.150</u>	<u>1.166</u>	<u>1.157</u>	<u>1.207</u>	<u>1.192</u>

Source: HdL Coren and Cone, Orange County Assessor 2011/2012 - 2020/2021 Tax Rate Table

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City Direct Rate	0.116	0.116	0.116	0.116	0.117
Overlapping Rates:					
Los Alamitos City General Fund	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
Educational Revenue Augmentation Fund	0.145	0.145	0.145	0.145	0.145
Los Alamitos Unified General Fund	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
Orange County Department of Education	0.031	0.031	0.031	0.031	0.031
Orange County Fire Authority	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
Orange County General Fund	0.052	0.052	0.052	0.052	0.052
Orange County Harbors Beaches & Parks Csa 26	0.013	0.013	0.013	0.013	0.013
Orange County Public Library	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
Orange County Transit Authority	0.002	0.002	0.002	0.002	0.002
Orange County Vector Control	0.001	0.001	0.001	0.001	0.001
Orange County Water District	0.006	0.006	0.006	0.006	0.006
Orange County Water District Reserve	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
Total Prop 13 Rate	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Anaheim High School District	0.022	0.042	0.040	0.040	0.038
Cypress Elementary	0.031	0.030	0.030	0.033	0.030
Garden Grove Unified School District	0.075	0.068	0.069	0.070	0.074
Los Alamitos Sfid	0.047	0.049	0.080	0.093	0.079
Metropolitan Water District	0.004	0.004	0.004	0.004	0.004
N. Orange County Community College	0.029	0.028	0.024	0.032	0.029
Total Voter Approved tax Rate	<u>0.207</u>	<u>0.221</u>	<u>0.247</u>	<u>0.271</u>	<u>0.253</u>
Total Tax Rate	<u>1.207</u>	<u>1.220</u>	<u>1.247</u>	<u>1.271</u>	<u>1.253</u>

Source: HdL Coren and Cone, Orange County Assessor 2010/2011 - 2019/2020 Tax Rate Table

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

	2022		2013	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 138,698	5.316%	\$ 67,539	4.121%
Los Alamitos APG LLC	129,851	4.977%		
Fine US Long Beach LLC	59,000	2.261%		
JCB Merger Sub LLC	43,248	1.658%		
Trend Offset Printing Inc.	41,169	1.578%	40,574	2.476%
Los Alamitos Corporation Center JV			54,495	3.325%
Don Wilson Staples LLC	39,207	1.503%	30,193	1.842%
Epson America USA	33,750	1.294%		
Bar Bakers LLC	25,361	0.972%		
CGM Katella LLC	20,244	0.776%		
Ganahl Lumber Company	18,781	0.720%	15,148	0.924%
JCB Inc Tinicum Corporation			16,963	1.035%
Bayport Los Alamitos Associates LP			12,355	0.754%
Fine US Long Beach LLC				
Davenport KCC Partners LLC			14,059	0.858%
Arrowhead Products Corporation			11,088	0.677%
Los Altos LLC			10,798	0.659%
ESS WCOT Owner LLC				
Top Ten Totals	<u>\$ 549,309</u>	<u>21.055%</u>	<u>\$ 273,212</u>	<u>16.672%</u>
City Totals	<u>\$ 2,609,016</u>		<u>\$ 1,638,701</u>	

Source: HdL Coren and Cone, Orange County Assessor 2012/13 and 2021/22 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
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%
2019	2,679,049	2,629,318	98.144%	16,951	2,646,269	98.776%
2020	2,786,377	2,742,208	98.415%	21,973	2,764,181	99.203%
2021	2,903,005	2,761,268	95.118%	18,858	2,780,126	95.767%
2022	2,950,445	2,737,154	92.771%	18,843	2,755,997	93.410%

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

Source: Orange County Auditor - Controller

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

Fiscal Year	Governmental Activities		Total Primary Government	Debt as a Percentage of Personal Income ¹	Debt Per Capita ¹
	Certificates of Participation	Capital Lease			
2012	\$ 3,110	\$ 0	\$ 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%	316.02
2019	3,475	137	3,612	0.869%	308.16
2020	3,400	69	3,469	0.782%	299.90
2021	3,325	68	3,393	0.704%	307.51
2022	\$ 3,350	62	3,412	0.587%	294.48

¹ 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, 2022
(amounts expressed in thousands)

2021-2022 Taxable Assessed Valuation: \$ 2,608,517

	Total Debt 6/30/2022	Percent Applicable to City (1)	City's Share of Debt 6/30/2022
<u>DIRECT DEBT</u>			
Vehicle Lease Debt	\$ 62	100.000%	62
Bonded Debt	3,350	100.000%	3,350
TOTAL DIRECT DEBT			\$ 3,412
<u>OVERLAPPING DEBT:</u>			
Anaheim High 2002 Bond Series 2003	\$ 15,504	0.070%	\$ 11
N.OC Community College 2002 Bond Series #2003B	29,293	1.773%	519
Anaheim High 2002 Bond Series 2002A	28,245	0.071%	20
N.OC Community College 2002 Bond 2005 Refunding	27,702	1.773%	491
Los Alamitos SFID #1 2008 Series 2009	23,065	23.810%	5,492
Cypress Elementary 2008 Bond Series A	15,884	0.477%	76
Los Alamitos SFID #1 2008 Series 2010	2,000	23.810%	476
Los Alamitos SFID #1 2008 Series 2010C	2,000	23.810%	476
Garden Grove USD 2010 Series B	114,445	0.006%	7
Los Alamitos SFID #1 208 Series D	19,000	23.810%	4,524
Cypress Elementary 2008 Bond, Series B1 & B2	24,674	0.477%	118
Los Alamitos SFID #1 208 Series E	58,705	23.810%	13,978
Garden Grove USD 2010 Series C	129,585	0.006%	8
Anaheim High 2014 Bond Series 2015	47,045	0.071%	33
N.OC Community College 2014 Bond Series A	34,025	1.773%	603
Garden Grove USD 2016 Series 2017	69,900	0.006%	4
Anaheim High 2018 Bond Series 2014	69,015	0.071%	49
Garden Grove USD 2016 Series 2019	72,510	0.006%	4
Los Alamitos SFID #1 2008 Series A	33,085	23.810%	7,878
Los Alamitos SFID #1 2008 Series F	11,980	23.810%	2,852
N.OC Community College 2014 Bond Series B	112,416	1.773%	1,993
Anaheim High 2014 Bond Series 2019	96,460	0.071%	68
Los Alamitos SFID #1 2008 Series 2020G	8,500	23.810%	2,024
Los Alamitos SFID #1 2008 Series 2020B	39,500	23.810%	9,405
Grden Grove USD 2016 Series 2021	146,000	0.006%	9
Metropolitan Water District	4,052	0.383%	\$ 16
TOTAL OVERLAPPING DEBT			51,134
TOTAL DIRECT & OVERLAPPING DEBT			\$ 54,546

(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 Direct Debt.....	0.14%
Overlapping Debt.....	1.96%
Net Combined Total Debt.....	2.10%

Source - HdL Coren & Cone, Orange County Assessor and Auditor Combined 2021/22 Lien Date Tax Rolls.

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

Legal Debt Margin Calculation for the Current Year

Assessed value	\$ 2,609,016,274
Debt limit (15% of assessed value)	391,352,441
Debt applicable to limit	0
Legal debt margin - Current Year	<u>\$ 391,352,441</u>

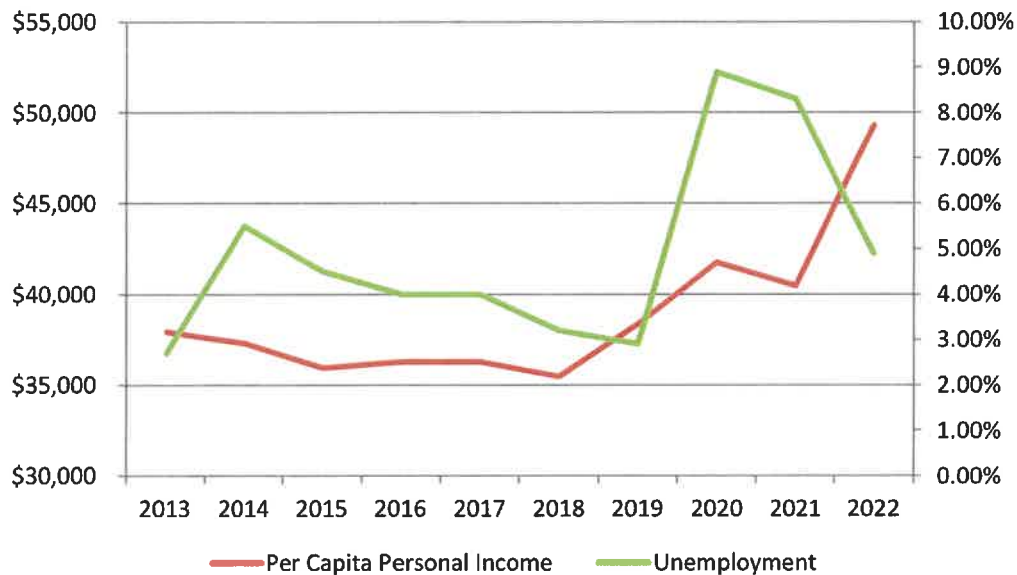
Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2013	\$ 245,805,113	\$ 0	\$ 245,805,113	0
2014	250,398,597	0	250,398,597	0
2015	266,419,511	0	266,419,511	0
2016	282,098,369	0	282,098,369	0
2017	294,161,529	0	294,161,529	0
2018	309,897,790	0	309,897,790	0
2019	323,585,613	3,612,467	319,973,146	1.12%
2020	343,305,168	3,565,517	339,739,651	1.04%
2021	367,857,100	3,325,000	364,532,100	0.90%
2022	394,702,562	3,350,121	391,352,441	0.85%

Source: City of Los Alamitos, Finance 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
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	11,863	430,396	36,280	4.00%
2018	11,721	415,852	35,479	3.20%
2019	11,567	443,756	38,363	2.90%
2020	11,538	481,688	41,747	8.90%
2021	11,873	480,337	40,456	8.30%
2022	11,780	580,872	49,310	4.90%

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
Administration	8	8	8	8	8	8	8	6	6	7
Community Development										
Administration	1	1	1	1	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	5
Patrol	19	19	19	19	19	18	18	13	13	15
Investigation	3	3	3	3	3	3	3	3	2	3
Records	2	2	2	2	2	2	2	2	3	3
Crossing Guards	3	3	3	3	1	1	1	1	1	1
Other PD Support	2	2	2	2	2	2	2	2	3	3
Public Works										
Admin/Engineering	1	1	1	1	1	1	1	1	1	4
Maintenance	10	10	10	10	10	9	9	7	7	6
Recreation & Community Services										
Administration	5	5	5	5	5	4	4	4	2	7
Recreation/Cultural	15	15	15	15	14	11	11	11	9	11

Source: City of Los Alamitos, Finance Department

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Function/Program</u>					
Community Development					
Number of:					
Business licenses	1,964	2,089	2,227	2,169	2,068
Plan checks	141	110	95	96	93
NPDES inspections	126	57	104	60	60
Code violations	97	147	121	267	267
Police					
Number of:					
Part 1 crimes	433	330	299	252	268
Parking violations	1,532	1,766	3,283	3,963	2,997
Traffic (moving) violations	2,177	2,354	1,786	1,473	2,885
Incident & crime reports	1,361	1,293	1,381	1,167	1,254
Public Works					
Square yd of street resurfacing/repair	38,800	20,000	15,000	-	-
Miles of street sweeping	33	33	33	33	33
Number of:					
Street signal maintained	24	25	25	25	25
Trees pruned per year	632	620	615	991	991
Square feet graffiti removal	1,650	1,550	1,245	1,205	1,205
Recreation & Community Services					
Total in attendance:					
Aquatics	230,000	232,000	235,000	163,000	0
Community Services/Seniors	9,800	10,500	10,500	13,180	14,000
Day Camp	2,600	2,800	2,900	2,800	3,000
Park Program	1,400	2,600	4,385	4,262	4,140
Sports	N/A	N/A	N/A	35,500	30,000
Classes	6,400	6,300	6,900	8,900	8,900
Special Events	40,000	41,470	34,200	30,475	34,820

NA - Not Available

Source: City of Los Alamitos, Finance Department

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Function/Program</u>					
Community Development					
Number of:					
Business licenses	2,153	1,806	2,046	2,630	2,413
Plan checks	108	98	74	81	338
NPDES inspections	157	85	79	9	55
Code violations	483	420	451	946	1,892
Police					
Number of:					
Part 1 crimes	209	193	189	330	157
Parking violations	4,043	4,221	1,471	1,470	3,835
Traffic (moving) violations	1,430	1,114	342	636	677
Incident & crime reports	896	752	729	1,046	1,044
Public Works					
Square yd of street resurfacing/repair	-	-	-	-	62,445
Miles of street sweeping	33	33	33	33	858
Number of:					
Street signal maintained	25	25	21	22	28
Trees pruned per year	991	991	995	1,375	1,529
Square feet graffiti removal	1,205	1,205	900	1,100	1,836
Recreation & Community Services					
Total in attendance:					
Aquatics	-	-	-	-	-
Community Services/Seniors	14,100	18,390	17,040	16,000	21,600
Day Camp	4,040	3,500	3,200	4,500	4,400
Park Program	4,040	3,000	2,400	2,250	1,800
Sports	30,500	28,234	14,970	13,000	15,500
Classes	8,800	10,300	9,960	8,000	11,000
Special Events	35,000	38,225	31,600	20,000	35,020

NA - Not Available

Source: City of Los Alamitos, Finance Department

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Community Development										
Code enforcement vehicles	1	1	1	1	1	1	1	1	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	7	7	7	7	8	8	8	8	10	13
Other Vehicles	8	9	9	9	9	9	9	9	11	11
Public Works										
Streets (Miles)	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9	32.9
Street lights	910	911	911	911	911	911	911	911	911	911
Traffic signals	24	25	25	25	25	25	25	25	25	25
Public works vehicles	13	13	13	13	13	11	11	11	11	11
Recreation & Community Services										
Youth centers	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	9	9	9	9	9	9	9	9	9	9
Community service vehicles	2	2	2	2	2	3	3	3	3	3

Source: City of Los Alamitos, Administrative Services Department

CITY OF LOS ALAMITOS
Top 10 Businesses for Fiscal Year 2021-22

Ranking Firm Name

- 1 Ganahl Lumber
- 2 Shell
- 3 Grating Pacific
- 4 Gemini Forrest Products
- 5 Siteone Landscape Supply
- 6 Trend Offset Printing
- 7 Mamas Comfort Food
- 8 Katella Bakery & Deli
- 9 Adamson Police Products
- 10 Chevron

Source: HdL Coren and Cone, Sales Tax Trends and Economic Drivers

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

EMPLOYER	FY2021-22			FY2012-13		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Los Alamitos Medical Center	1,100	1	7.56%	1,035	1	7.33%
Arrowhead Products	780	2	5.36%	578	2	4.09%
Trend Offset Printing	700	3	4.81%	468	3	3.31%
Epson America	693	4	4.76%			
Super Media Sales, Inc.				253	4	1.79%
Mittera California, Inc.	238	5	1.64%			
Discovery Practice Management, Inc.	205	6	1.41%			
Bar Bakers, LLC	200	7	1.37%			
Resare Marketing, Inc.	191	8	1.31%			
Alamitos West Health & Rehabilitation				151	6	1.07%
Evergreen Pharmaceutical of California, Inc.				150	7	1.06%
Katella Delicatessen-Restaurant-Bakery, Inc.	145	9	0.99%	187	5	1.32%
Alliance Spacesystems, LLC	144	10	0.98%	107	10	0.76%
Bloomfield Bakers				141	8	0.99%
Bearing Inspection, Inc.				123	9	0.87%
Total	<u>4,396</u>		<u>30.19%</u>	<u>3,193</u>		<u>22.59%</u>

Source: HdL Companies, City Planning Department, and State of California Employment Development Department

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: **May 8, 2023**

ITEM NUMBER: 4C

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Finance Director**

Subject: **Purchasing Policy Review**

SUMMARY

This report provides information in connection with the City's current purchasing policy as codified in Chapter 2.60 (Purchasing System) of the Los Alamitos Municipal Code, and consideration of modifications.

RECOMMENDATION

Recommend adoption of Ordinance No. 2023-04, "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING AND RESTATING CHAPTER 2.60 (PURCHASING SYSTEM) OF THE LOS ALAMITOS MUNICIPAL CODE".

BACKGROUND

The City's procurement regulations, policies and procedures are codified at Chapter 2.60 (Purchasing System) of the Los Alamitos Municipal Code (the "Purchasing Ordinance"). The Purchasing Ordinance was last amended in 2021. City Staff recommends the proposed amendments to the Purchasing Ordinance based on its experience working with the existing code and following a review of purchasing regulations in surrounding jurisdictions. The proposed Ordinance is intended to streamline the procurement process and provide anticipated gains in efficiency.

DISCUSSION

The current purchasing policy approvals are defined in Chapter 2.60 of the Los Alamitos Municipal Code. The policy has been in place for many years and has provided guidance for purchasing decisions. As City's operations have expanded, and so has the need for modifying the purchasing policy to allow for more efficient operations.

If approved by the Budget Standing Committee and City Council, proposed Ordinance No. 2023-04, would amend LAMC § 2.60 to read as follows:

Purchasing Authority – City Council (Section 2.60.050 A)

Purchases and contracts exceeding \$100,000 shall be awarded by written contract approved by the City Council.

Purchasing Authority - City Manager (Section 2.60.050 B)

Under the current policy, the City Manager's approval authority is limited to purchases, and contracts for supplies, equipment and services up to \$50,000. In many cases, contracts and services exceed this amount, and delays have occurred in engaging needed work in a timely manner. The revision will increase the City Manager's approval authority to \$100,000.

In addition, adding language in connection with the bids, awarding the bid to the lowest "responsible" bidder. In some cases, the lowest bidder may not have completed the required documentation in connection with the bid, and this additional language would allow the flexibility to use the next highest bidder and not delay the award process. If the lowest bidder is not selected, then the decision process must be documented explaining why the lowest bidder was not chosen.

Purchasing Procedure – Purchase Orders (Section 260.060 C2)

Purchase orders shall be used for all goods, materials and equipment for any single item or aggregate purchase with an estimated value of \$7,500, or greater, a change from the previous level of \$5,000.

Purchasing Procedure – Purchase Orders (Section 260.060 D2)

For any single item or aggregate purchase with an estimated value of more than \$10,000, three formal bids shall be obtained. The previous threshold was \$5,000.

Exception to Purchasing Procedure (Section 2.60.070)

The purchasing system's bidding requirements may be dispensed with for emergency purchases. The proposed change would allow the City Manager approval of emergency purchases up to \$100,000 consistent with the proposed approval authority change in Section 2.60.050.

The City Manager or his/her designee shall prepare a report of the circumstances of the emergency as soon as possible and the report will be filed with the City Council at its next regular meeting.

The proposed modifications to the Purchasing System will better align with the operating needs to result in increased efficiencies in workflow and more effective operations for the City.

FISCAL IMPACT

There is no direct, explicit fiscal impact to modifying the purchasing Ordinance. However, it is anticipated that the proposed Ordinance will result in administrative cost savings due to the increased efficiency arising from the increase in threshold amounts, City Manager contract authority, and streamlining of procurement processes.

Submitted By: Craig Koehler, Finance Director
Approved By: Chet Simmons, City Manager

Attachment 1. Ordinance No. 2023-04

ORDINANCE NO. 2023-04

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING AND RESTATING CHAPTER 2.60 (PURCHASING SYSTEM) OF THE LOS ALAMITOS MUNICIPAL CODE

WHEREAS, the City's procurement regulations, policies and procedures are codified at Chapter 2.60 (Purchasing System) of the Los Alamitos Municipal Code (the "Purchasing Ordinance"); and,

WHEREAS, the Purchasing Ordinance was last amended in 2021; and,

WHEREAS, the Purchasing Ordinance is outdated and hinders the City's ability to quickly and efficiently address the needs of the City; and,

WHEREAS, revisions to the Purchasing Ordinance are needed to adhere with best practices and be consistent with surrounding cities; and,

WHEREAS, the proposed amendment and restatement of the Purchasing Ordinance will increase the monetary purchasing thresholds, improve efficiency and enhance City procurement of necessary supplies, equipment, and services.

**THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, DOES
ORDAIN AS FOLLOWS:**

SECTION 1. The foregoing recitals are true and correct.

SECTION 2. Section 2.60 of the Los Alamitos Municipal Code is amended and restated to read as follows:

2.60 Purchasing System

- 2.60.010 Purchasing system adopted.**
- 2.60.020 Definitions.**
- 2.60.030 Purchasing Officer.**
- 2.60.040 Purchasing Agents.**
- 2.60.050 Purchasing Authority.**
- 2.60.060 Purchasing Procedure.**
- 2.60.070 Exception to Purchasing Procedure.**
- 2.60.080 Professional Services.**
- 2.60.090 Informal Bidding Procedure.**
- 2.60.100 Formal Bidding Procedure.**
- 2.60.110 Disposition of Property.**

2.60.010 Purchasing system adopted.

In order to establish efficient procedures for the purchase of supplies, services and equipment, to secure for the City supplies, services and equipment at the lowest possible cost commensurate with the quality needed, to exercise positive financial control over purchases, to clearly define authority for the purchasing function and to ensure the quality of purchases, a purchasing system is hereby adopted.

This chapter shall be known as and may be cited as the "Purchasing System."

2.60.020 Definitions.

For the purpose of carrying out the intent of this chapter, the following words, phrases and terms shall have the meaning ascribed to them in this section:

A. "Facility" means any plant, building, structure, ground facility, utility system, real property, streets and highways, or other public work improvement (subject to the limitation found in the definition for Public Project in this section).

B. "Maintenance work" means work that includes all of the following:

1. Routine, recurring and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes;
2. Minor repainting;
3. Resurfacing of streets and highways at less than one (1) inch;
4. Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

C. "Professional services" means, but is not limited to, any type of professional services that may be lawfully rendered including the services of architects, attorneys, consultants, engineers, physicians, accountants, information technology professionals, or other individuals or organizations professing a high degree of professional or technical expertise, but does not include Public Projects.

D. "Public Works contract" shall have the meaning set forth in California Public Contract Code 1101, as amended from time to time.

E. "Public Project" means any of the following to which the Uniform Public Construction Cost Accounting Act (California Public Contract Code section 22000 et seq.) applies:

1. Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work involving any publicly owned, leased or operated

facility; or

2. Painting or repainting of any publicly owned, leased or operated facility.

F. "Purchase order" means a written authorization by the issuing party for the recipient to provide labor, materials or services for which the issuing party agrees to pay.

G. "Responsible bid" means an offer, submitted by a responsible bidder in ink or typewritten form, to furnish supplies, materials, equipment or contractual services in conformity with specifications, delivery terms and conditions and other requirements included in the invitation for bids.

H. "Responsible bidder" means a bidder who submits a responsible bid; who has furnished, when requested, information and data to prove that his financial resources, production or service facilities, service reputation and experience are adequate to make satisfactory delivery of the supplies, materials, equipment or contractual services on which the bids are made, and who has not violated, or attempted to violate, any provision of this Part.

I. "Supplies, materials and equipment" mean any and all articles or things which shall be furnished to or used by any agency.

2.60.030 Purchasing Officer.

There is created the position of Purchasing Officer. The City Manager shall be the Purchasing Officer. The City Manager may delegate any of the powers and duties conferred upon him or her as Purchasing Officer to any other officer or employee of the City in accordance with Section 2.60.040. The Purchasing Officer directs and supervises the acquisition of all goods and services under the authority of this section. The Purchasing Officer shall:

A. Purchase or contract for supplies and equipment required by any department in accordance with purchasing procedures prescribed by this chapter, such administrative regulations as the purchasing officer shall adopt, and such other rules and regulations as shall be prescribed by the City Council;

B. Negotiate and recommend execution of contracts for the purchase of supplies, equipment and services;

C. Act to procure for the City the needed quality in supplies and equipment;

D. Discourage uniform bidding and endeavor to obtain full and open competition on all purchases of supplies and equipment; provided, however, the Purchasing Officer may request bids based on brand name or specific make or model when he or she has made the determination that such specific makes or names are clearly in the best interest of the

City. Such determination shall be made in writing and shall state the factors taken into account, including, but not limited to, the following:

1. Prior or existing use by the City of the brand or name,
2. Familiarity of the City's employees with the product,
3. Cost savings expected,
4. Spare parts or accessories on hand,
5. Elimination of the need for training on new equipment,
6. Unique adaptability of the brand or name to the City function which it will perform;
7. And overall availability and access to the item in the most timely and efficient manner.

E. Keep informed of current developments in the field of purchasing, prices, market conditions and new products;

F. Prescribe and maintain such forms as are reasonably necessary to the operation of this chapter and any other rules and regulations;

G. Supervise the inspection of all supplies and equipment purchased to ensure conformance with specifications;

H. Recommend the transfer of surplus or unused supplies and equipment between departments as needed and recommend the sale of all supplies and equipment which cannot be used by any agency or which have become unsuitable for City use;

I. Maintain a bidders' list, vendors' catalog file and records needed for the efficient operation of the purchasing department.

The Purchasing Officer may consult with Orange County centralized purchasing before purchases are made.

2.60.040 Purchasing Agents.

The City Manager may delegate responsibility for administering purchasing policies and procedures to one or more department heads. A department head who has been delegated authority by the Purchasing Officer hereunder is referred to herein as a Purchasing Agent. Unless the Purchasing Officer directs otherwise, the authorized Purchasing Agents and their contract authority must be approved in writing by the City Manager and maintained on file with the Director of Finance.

2.60.050 Purchasing Authority

A. City Council. Except as otherwise provided herein purchases and contracts of an estimated value greater than one hundred thousand dollars (\$100,000.00) shall be awarded by written contract approved by the City Council pursuant to the procedure prescribed herein.

B. City Manager. The City Manager is authorized to contract for personal, professional, and consulting services and to purchase equipment and supplies pursuant to this chapter without prior approval of the City Council when the full amount is less than one hundred thousand dollars (\$100,000.00) and there exists an unencumbered amount in the fund account against which the expense is to be charged at least equal to the contract cost.

2.60.060 Purchasing Procedure

A. Availability of Funds. Except in emergencies as defined in Section 2.60.070, no notice of award of contract shall be issued, no contract shall be signed, and no open market purchase order shall be issued unless the unexpended balance in the appropriation or appropriations concerned is sufficient to defray the amount of such contract or purchase order.

B. Purchaser Responsibilities. It shall be the responsibility of the Purchasing Officer or Purchasing Agent handling a purchase:

1. To reduce, to the maximum extent possible, the number of purchase transactions by combining bulk orders and contracts the requirements of departments or City for common-use items or items repetitively purchased.
2. To obtain a completed IRS Form W-9 from any vendor not previously used for City purchases and submit it to the Finance Department. The Finance Department shall perform procedures to ensure the validity of all new vendors before any purchase can be made with the new vendor.
3. Except as otherwise authorized in this chapter or by state or federal law, to select the lowest responsible bidder when bids are solicited, whether formal or informal. If the lowest priced bid is not selected, then the decision process must be documented explaining why the lowest bid was not chosen.
4. If the item(s) to be purchased is only available through one vendor and or sole source provider, written verification that the vendor is the sole source provider must be provided.

C. Purchasing Officer Authority. The Purchasing Officer is authorized to prescribe the use of various types of contracts and orders, including, but not limited to, the following:

1. Petty Cash. Use of petty cash is authorized for single purchases of two-hundred dollars (\$200.00) or less. Petty cash reimbursements must be supported by a receipt and approved by the employee's supervisor. The Finance Department will review the receipts and approvals attached to the request for petty cash replenishment from each department to verify purchases made are approved and legitimate.

2. Purchase Orders. Purchase orders shall be used for all purchases of goods, materials and equipment in accordance with the following:

a. Any single item or aggregate purchase with an estimated value of seven thousand five hundred dollars (\$7,500.00) or greater.

b. When the Purchasing Officer or Purchasing Agent expects to make multiple purchases with a single vendor and purchases are expected to exceed seven thousand five hundred dollars (\$7,500.00) per fiscal year for a single project, he or she should utilize an open purchase order. Open purchase orders must be approved by the Purchasing Officer or Purchasing Agent and renewed every fiscal year.

D. The Purchasing Officer and/or Purchasing Agent shall follow the following procedures with regards to purchases of goods, materials, and equipment:

1. For any single item or aggregate purchase with an estimated value of seven thousand five hundred dollars (\$7,500.00) up to ten thousand dollars (\$10,000.00) the Purchasing Officer and/or Purchasing Delegate shall solicit three (3) informal bids or quotes.

a. Bids or quotes may be obtained from the vendors in verbal or written format.

b. The Purchasing Officer or Purchasing Agent must submit written documentation of the bids and quotes with the purchase order.

2. For any single item or aggregate purchase with an estimated value in excess of ten thousand dollars (\$10,000.00) the Purchasing Officer or Purchasing Agent shall solicit three (3) formal bids.

a. Bids must be obtained in writing from the vendors.

b. The Purchasing Officer or Purchasing Agent must submit written documentation of the bids with the purchase order.

3. Any single item or aggregate purchase of vehicles and heavy-duty equipment and machinery or maintenance with an estimated value of twenty-five thousand dollars (\$25,000.00) or greater must be approved by City Council.

E. Professional development and training costs do not require purchase orders. Any

travel-related costs should also be in accordance with the City's travel policy.

F. Credit Card. Purchases by credit card of goods, material, and equipment must follow the following procedures:

1. Credit cards may be provided to employees as determined appropriate by the Finance Director, in consultation with the employee's immediate supervisor.
2. The Finance Director and in his/her absence the City Manager is responsible for the issuance of credit cards, accounting, monitoring, and generally overseeing compliance with these procedures.
3. Credit card limits will be determined by the finance director and in his/her absence the City Manager. There shall be no cash access feature (cash advance) on the credit cards. The Finance Director shall establish policies for the safekeeping of credit cards and procedures in the event a credit card is lost, stolen or destroyed.
4. Credit cards must only be used by City employees for proper City business purposes. Use of credit cards for personal purchases is strictly prohibited.
5. Employees using credit cards must retain detailed credit card receipts, attach them to the credit card statements and present this documentation to their immediate supervisor for approval. In the case of meals and business travel expenses, each receipt must include the names of all persons involved in the purchase, and a brief description of the business purpose. Receipts shall be reconciled to the monthly credit card statement by the Finance Department. An employee who fails to provide credit card receipts to the Finance Department within three (3) days of when the charges were made may be required, at the Finance Director's discretion, to reimburse the City for the charges, and at the Finance Director's discretion, may have his or her credit card privileges revoked.
6. Each credit card issued in the name of the City of Los Alamitos will be issued for use only under the authority of the Finance Director. Credit cards are the property of the City and shall be returned to the employee's supervisor upon demand or upon termination of employment with the City, whichever occurs first.
7. Before being issued a credit card, employees must complete and sign the acknowledgement form stating that they understand and will comply with the City's credit card policy.
8. Examples of allowable uses of credit cards include, but are not limited to:
 - a. Conferences/training/seminars (registration, airline/car rental, hotel accommodations, meals and fuel).
 - b. Business lunch with representatives from other government agencies or

consultant under contract to the City, furnishing lunch for interview panels and/or evaluation review boards.

c. Publications/manuals.

d. Providing meals, equipment and material to work crews in cases of emergency.

e. Should the credit card be used to purchase goods, materials or services, the purchase must be made in a manner consistent with this chapter.

02.60.070 Exception to Purchasing Procedure.

A. Emergency Purchases. The emergency procedure applies to purchases made necessary from an emergency situation that poses an immediate threat to public health, welfare or safety as determined by the Purchasing Officer for which no time exists to seek City Council action or approval, if such action or approval were otherwise required.

1. An emergency situation is defined as follows:

a. A public disaster;

b. An immediate need to prepare for national or local defense; and

c. A breakdown of equipment, fixtures, machinery or an essential service immediately affecting public health, safety, or welfare.

2. The Purchasing Officer or the Purchasing Agent shall prepare a report of the circumstances of the emergency as soon as possible. The report will be filed with the City Council at its next regular meeting.

B. Bidding: Exceptions.

1. Purchases of supplies and equipment and contracts for Public Projects, except Public Works Contracts, shall be by bidding procedures pursuant to the provisions of Section 2.60.060 and as described in Sections 2.60.080 and 2.60.090 of this chapter;

2. Bidding shall be dispensed with upon authorization of the Purchasing Officer or the Finance Director:

a. Where bidding would be impossible or impractical;

b. Where the commodity or service can be obtained from only one (1) vendor. When there is only one (1) vendor that provides the product or service, the details must be documented and supported in order to dispense with bidding requirements;

c. Where the price of the commodity or service is controlled by law such that bidding would be unlikely to result in any cost savings; or

d. For Public Works contracts that are subject to the provisions of the California Public Contract Code, in which case the contract(s) shall be procured in conformity with the City Charter and the Public Contract Code.

3. For the purposes of this section:

a. "Impossible" shall mean impossibility or extreme and unreasonable difficulty or expense; and

b. "Impractical" shall mean incapable of being performed by the bid procedure.

4. Whenever exceptions to bidding procedures are authorized, the Purchasing Officer shall prepare a report in detail for the City Council at the next regularly scheduled Council meeting.

C. Purchases Through Other Agencies. The procurement policies and procedures set forth in this chapter need not be followed when the City Council or the Purchasing Officer determines that another public agency or government entity, including without limitation the County of Orange, the State of California, and the Federal Government (hereinafter "the acquiring agency") has selected the vendor using competitive bidding procedures substantially the same as or similar to those normally utilized by the City for the acquisition of such materials, supplies, equipment, or services. If such a determination is made, the City Manager or City Council as applicable may proceed to purchase the materials, supplies, equipment or services at a price equivalent to that offered to the acquiring agency.

2.60.080 Professional Services.

A. Use of Requests for Proposals. The Purchasing Officer or purchasing delegate shall make use of the request for proposal (RFP) process and/or obtain quotes for professional services whenever practical.

B. Guidelines for Selection. The Purchasing Officer or Purchasing Agent primarily responsible for the project for which professional services are required shall select firms or individuals based on their ability to perform the specific functions including, but not limited to, such factors as:

1. Overall professional experience, reliability, and continuity of the firm as related to the tasks described in the solicitation for proposals or bids;
2. Professional experience of the firm in executing contracts of a similar nature;

3. Adequacy of personnel numbers within specific disciplines required to complete the work required by the solicitation for proposals or bids;
4. Experience and training of key personnel as related to the work described in the solicitation for proposals or bids;
5. Adequacy of number of principal(s) which are intended to be assigned to the contract;
6. Knowledge of applicable regulations and technology associated with the contract;
7. Quality and timeliness of recently completed or nearly completed projects which were similar to the work described in the solicitation for proposals or bids;
8. Specialized qualifications for the services to be performed

Such factors shall be weighed by the Purchasing Officer or Purchasing Agent and by the City department primarily responsible for the project according to the nature of the contract, the needs of the City and complexity and special requirements of the specific contract for which the services will be provided.

C. RFP Procedures. If a formal RFP is used, the Purchasing Officer or Purchasing Agent shall abide by the following procedures:

1. A request for proposal solicitation document shall be issued to potential individuals or firms. The solicitation document shall discuss the following:
 - a. Scope of work or specification desired.
 - b. List any required qualifications.
 - c. List the evaluation criteria.
 - d. The date of submission for the response by the vendor.
 - e. Only criteria disclosed in the solicitations may be used to evaluate the supplies or services proposed.
2. The solicitation document shall be made available to a minimum of three (3) qualified firms or individuals and shall be made available for no less than fourteen (14) calendar days.
3. Evaluation of proposals received will be conducted by either a City employee or a review committee. Discussions may be conducted, at the discretion of the Purchasing

Officer or Purchasing Agent, with one (1) or more responsible offerors who have submitted a proposal and is determined to be reasonably susceptible for being accepted for award. These discussions may be held for the purpose of clarification to assure full understanding of responsiveness to the solicitation requirements.

4. The Purchasing Officer or Purchasing Agent shall notify the selected contractor and obtain a written contract.

2.60.090 Informal Bidding Procedure.

A. Informal Bidding Procedures. The following shall govern the selection of contractors when a Public Project is anticipated to fall within the monetary limits on informal bids described in applicable laws and regulations, including, but not limited to, the limitations established pursuant to California Public Contract Code section 22032, as the same may be adjusted from time to time:

1. The City shall prepare a notice of the opportunity to bid which describes the project in general terms, states the time and place for the submission of bids and describes how to obtain more detailed information about the project.

2. The City shall mail the notice to all contractors for the category of the work to be bid, as shown on the list of contractors developed and maintained by the Division? of Public Works in accordance with criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission ("Commission").

3. The City may also mail the notice to all construction trade journals specified by the Commission for the County of Orange. Additional contractors and/or construction trade journals may also be notified at the discretion of the Purchasing Agent; provided, however, (1) if the City has not prepared a list of qualified contractors for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission; and (2) if the product or service is proprietary in nature such that it can be legally obtained only from a certain contractor(s), the notice inviting informal bids may be sent exclusively to such contractor(s).

4. All mailings of notices to contractors and construction trade journals pursuant to this section shall be completed not less than ten (10) calendar days before bids are due.

B. Bid Selection. Except as otherwise provided herein, purchases of goods, services, and equipment and public projects shall be awarded to the lowest responsible bidder. The determination of the "lowest responsible bidder" shall be determined by the Purchasing Officer or Purchasing Agent authorized to conduct the procurement.

C. Exceptions. Purchases of goods, services, equipment and public projects (other than public works contracts) may be awarded to a bidder other than the lowest

responsible bidder only upon a written finding, approved by the Purchasing Officer or Purchasing Agent, and supported with written documentation setting forth the reasons that greater overall value to the City will be achieved by awarding to the other bidder. Alternatively, the Purchasing Officer or Purchasing Agent may reject all bids and either halt the procurement or conduct the procurement again. Awards of Public Works contracts and contracts for public projects shall be made in accordance with the City charter, and as applicable, state law.

2.60.100 Formal Bidding Procedure.

A. Bid Solicitation Procedures.

1. The City Council shall approve plans and specifications for all public projects and public works contracts which are required per applicable laws and regulations.
2. The Purchasing Officer or Purchasing Agent shall prepare and provide for advertisement a notice inviting formal bids, stating the time and place for the receiving and opening of sealed bids and distinctly describing the public project, commodity, or class of commodities. The Purchasing Officer or Purchasing Agent shall publish each and every notice inviting bids in accordance with the following requirements:
 - a. The notice shall be published in accordance with the requirements of California Public Contracts Code section 20164, as that section may be modified.
 - b. Contracts for services for the painting, maintenance or repair of public buildings and works specifically governed by Government Code Sections 37901 and 37902 shall be subject to the solicited bid process in accordance with applicable laws.
 - c. The Purchasing Officer or Purchasing Agent shall, in addition, solicit bids from prospective bidders for the class of commodities being purchased or sold as listed on the bidders list, by sending them copies of the newspaper notice or such other notice as will acquaint them with the proposed purchase or sale. All pending purchases or sales shall also, in all cases, be advertised by posting a copy of the contract bid form on a bulletin board in a prominent place in the City Hall and on the City's official website.
 - d. In addition to notice required by this section, the Purchasing Officer or Purchasing Agent may give such other notice as he or she deems proper.
3. All bids shall be presented under sealed cover and accompanied by one (1) of the following forms of bidder's security:
 - a. Cashier's check made payable to the City;
 - b. A certified check made payable to the City; or

c. A bidder's bond executed by an admitted surety insurer, made payable to the City.

4. The security shall be in an amount equal to at least ten (10) percent of the amount bid. A bid shall not be considered unless one (1) of the forms of responsible bidder's security is enclosed with it. If the bidder to whom the contract is awarded shall for ten (10) days after the award fail or neglect to enter into the contract and file the required securities, the City shall deposit in its treasury the bid security if the security is in the form of cash or its equivalent.

5. Provisions shall be included in any invitation for bid and in any contract documents for the furnishing of securities and/or the withholding of retentions earned to ensure performance under a contract in an amount and type as determined by the Director of Development Services, consistent with state law. Provisions shall be included in any invitation for bid and in any contract documents for insurance coverage in an amount, type and term as may be specified by the City.

6. When required by state law, the contractor shall not pay less than the general prevailing rates of wages, as determined by the Director of the Department of Industrial Relations, to all workers employed on a public project or Public Works contract.

B. Formal Bid Opening Procedure. Sealed bids shall be submitted to the City Clerk with the bid number written on the envelope where they will be date and time stamped. All bids must be received and date and time stamped by the City Clerk's clock on or before the date and time due; late bids (as determined by reference to the City Clerk's clock) will be returned unopened. Submitted bids may be withdrawn until the Purchasing Officer, or his or her designee, shall publicly open all bids at the time and place stated in the public notice. A tabulation of all bids shall be available for public inspection in the City Clerk's office during regular business hours for a period of one (1) year after bid opening.

C. Rejection of Formal Bids. In its discretion, the City Council may reject and all bids presented if the Purchasing Officer, prior to rejecting all bids, furnishes a written notice to an apparent low bidder, informing the bidder of the City's intention to reject the bid at least two (2) business days prior to the hearing at which the City Council intends to reject the bid. If after the first invitation of bids all bids are rejected, after reevaluating its cost estimates of the project, the City Council may: (a) abandon the project; (b) re-advertise for bids in the manner prescribed by this chapter; or (c) perform the work with City employees, after passing a resolution by a four-fifths vote of the City Council declaring that the project can be performed more economically by City employees.

D. Award of Formal Bid Contracts. All public works contracts with a value exceeding the limitations established pursuant to California Public Contract Code section 22032, as the same may be adjusted from time to time, shall require the approval of the City Council and shall be executed by the Mayor and approved as to form by the City Attorney. Unless the agreement provides otherwise, the City Manager may approve dollar increases to

contracts that have been approved by the City Council. The extent of the City Manager's authority to approve such increases shall be in the amount of ten thousand dollars (\$10,000.00) or ten (10) percent, whichever is greater, or an amount specifically designated by City Council for the particular project. If a contract is awarded, it shall be awarded by the City Council to the lowest responsible bidder that submits a responsive bid. The determination of the "lowest responsible bidder" shall be at the discretion of the City Council pursuant to the findings and recommendations presented by the Purchasing Officer at the time of award of contract. In determining the lowest responsible bidder, the following shall be considered by the City Council, in addition to price:

1. The ability, capacity and skill of the bidder to perform the contract or provide the services required;
2. Whether the bidder can perform the contract or provide the services promptly, or within the time specified, without delay or interference;
3. The sufficiency of the bidder's financial resources to perform the contract or provide the service;
4. The ability of the bidder to provide future maintenance and services where such maintenance and service is essential;
5. The quality and timeliness of the bidder's performance on previous contracts for the City;
6. Litigation by the bidder on previous contracts with the City;
7. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
8. The bidder is licensed under the Contractors' State License Law (commencing with Section 7000 of the Business and Professions Code of the State of California, as the same may be amended from time to time) to perform the work for which it submitted a bid proposal.

E. Tie Formal Bids. If two (2) or more formal bids received are for the same total amount or unit price, quality and service being equal, the City Council may, at its discretion, accept the one (1) it chooses or accept the lowest bid made by and after negotiation with the tie bidders.

F. No Formal Bids. If no bids are received through the formal or informal procedure, the project may be performed by the employees of the City by force account or through a negotiated contract without further complying with this chapter.

G. Bid Selection. If a contract is awarded, it shall be to the lowest responsible bidder that submits a responsive bid. The determination of the "lowest responsible bidder"

shall be made in accordance with subsection D, above.

2.60.110 Disposition of Property

A. Surplus or Obsolete Commodities. All departments shall submit to the Purchasing Officer at such times and in such form as he or she shall prescribe, reports showing stocks of all supplies, materials and equipment which are no longer used or which have become obsolete, worn out or scrapped. The Purchasing Officer shall have authority to transfer any such commodities which are usable to another or other departments in of the same or similar articles.

The Purchasing Officer shall make a written estimate of the value of any surplus items not usable by any City department or not required for public use. The Purchasing Officer shall have the authority to sell all such supplies, materials and equipment which cannot be used by any department or which have been found by the City Council not to be required for public use or to exchange or trade in such articles in part or full payment for new supplies, materials or equipment of a similar nature. The Purchasing Officer shall report in detail, including the amount of revenue received upon any such sale, to the City Council within forty-five (45) days thereafter.

B. Unclaimed Property in Possession of Police Department. "Unclaimed property" is all personal property, the title of which is not vested in the City of Los Alamitos, which property has come into the possession of the City as lost property, property which has been confiscated or impounded by the City as being in violation of law or any other personal property coming into possession of the City of Los Alamitos which is not specifically provided for by any other provision of law.

1. Procedure.

a. If the estimated value of the unclaimed property exceeds ten dollars (\$10.00) the Police Department or the administrative official who obtained possession of the property shall, within ten (10) days of receipt of the property, notify the owner, if his identity is reasonably ascertainable, that it possesses the property, and where it may be obtained. The Police Department or the Administrative Official may require payment by the owner of a reasonable charge to defray costs of storage and care of the property.

b. If the owner appears within ninety (90) days of the notification given in subparagraph a. above, proves his ownership of the property, and pays all reasonable charges, the Police Department or the Administrative Official shall restore the property to him or her.

c. After retention of the property for four (4) months, the property may be:

- i. Sold at public auction to the highest bidder;

- ii. Retained by the City of Los Alamitos if it is determined that the property is

needed for a public use, and after public notice has been made of the City's intention to retain the property; or

- iii. Where the property is a bicycle or toy in the possession of the police department, the property may, at the discretion of the Chief of Police, be given to the Welfare Department of the County, or to any charitable or nonprofit organization authorized under its Articles of Incorporation to participate in a program or activity designed to prevent juvenile delinquency and which is exempt from income taxation under federal or state law, for use in any program or activity designed to prevent juvenile delinquency.

2. Public Sale or Retention of Property.

a. When it is determined that unclaimed property, valued at fifty dollars (\$50.00) or more, shall be retained or shall be sold at public auction, the Police Department or the Administrative Official, shall cause notice of such sale or retention to be published at least five (5) days before the time fixed therefore once in a newspaper of general circulation published in the county in which such property was found or confiscated, or otherwise in Orange County.

- i. Such notice shall contain the time and the place of the sale.
- ii. Any property remaining unsold after being offered at such public auction may be destroyed or otherwise disposed of by the City.
- iii. Any revenue received from the disposition of public property shall be deposited and recorded in the appropriate City fund and general ledger account by the Finance Director in accordance with the approved budget.

SECTION 4. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance for any reason is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 5. The City Clerk shall certify as to the adoption of this Ordinance and shall cause a summary thereof to be published within fifteen (15) days of the adoption and shall post a Certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk, in accordance with Government Code Section 36933.

PASSED, APPROVED, AND ADOPTED this 15th day of May, 2023.

Tanya Doby, Mayor

ATTEST:

Windmera Quintanar, MMC, City Clerk

APPROVED AS TO FORM:

Michael S. Daudt, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LOS ALAMITOS)

I, Windmera Quintanar, MMC, City Clerk of the City of Los Alamitos, do hereby certify that the foregoing Ordinance was duly introduced and placed upon its first reading at a regular meeting of the City Council on the 15th day of May, 2023, and that thereafter, said Ordinance was duly adopted and passed at a regular meeting of the City Council on the 19th day of June, 2023, by the following roll-call vote, to wit:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

Windmera Quintanar, MMC, City Clerk



CITY OF LOS ALAMITOS

QUIMBY LAND DEDICATION AND IN-LIEU FEE STUDY

MARCH 2023
FINAL REPORT V1.1

PREPARED FOR:
**CITY COUNCIL
CITY OF LOS ALAMITOS**

PREPARED BY:


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CITY OF LOS ALAMITOS

CITY COUNCIL

Tanya Doby, Mayor
Jordan Nefulda, Mayor Pro Tem
Shelley Hasselbrink, Council Member
Emily Hibard, Council Member
Trisha Murphy, Council Member

CITY MANAGER

Chet Simmons

DEVELOPMENT SERVICES DIRECTOR

Ron Noda

DEVELOPMENT SERVICES MANAGER

Irving Montenegro Jr.

ASSOCIATE PLANNER

Tom Oliver

QUIMBY CONSULTANT

Blair Aas, SCI Consulting Group

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EXECUTIVE SUMMARY

INTRODUCTION

The California Government Code contains specific enabling legislation for the dedication of land or fees in lieu of land dedication for neighborhood and community parks by a city, county, or special City. This legislation, codified as Government Section 66477 and known commonly as the “Quimby Act,” also establishes the criteria for determining the land dedication requirement and in-lieu fee based on specific park standards.

City of Los Alamitos (“City”) Municipal Code Chapter 16.18 implements the provisions of Quimby Act, which authorizes the City to require the dedication of land for park facilities and/or payment of in-lieu fees incident to and as a condition of the approval of a tentative tract map or parcel map for certain subdivisions. The condition is consistent with the standards and policies for park facilities adopted in the City General Plan and bears a reasonable relationship to the need for park facilities by the inhabitants of the subdivision.

Two factors determine the amount of land that may be required to be dedicated for a new subdivision. These factors are multiplied by the number of respective dwelling units for the proposed subdivision to determine the acreage to be dedicated for neighborhood and community parks. In some instances, the payment of a fee in lieu of land may be considered. In this case, the Quimby dedication requirement is multiplied by the fair market value of the land, which would otherwise be required to be dedicated for parks to establish a fee in lieu of land dedication.

This Quimby Land Dedication Requirement and In-Lieu Fee Study (“Study”) presents a recalculation of the three factors that determine the City’s Quimby Dedication Requirement and In-Lieu Fee.

SUMMARY OF KEY FINDINGS

Based on a review of the Quimby Act, the 2020 U.S. Census, and the City’s Quimby Ordinance (City Municipal Code Chapter 16.18), the following key findings are presented:

1. The City’s Quimby Ordinance (City Municipal Code Chapter 16.8) has been in effect since the adoption of Ordinance 634 in 2000. The City’s current Quimby in-lieu fees became effective in March 2005, by Resolution No. 1990. At the time, the increase in the new Quimby in-lieu fee was phased over a four-year period. See Appendix A for more detail.

2. According to the 2020 U.S. Census, the average dwelling unit occupancy in the City is 3.02 for single-family detached housing, 2.63 for single-family attached housing, 2.61 for multi-family family housing, and 1.46 for mobile homes (“Quimby Dwelling Unit Occupancy Factor”).
3. Based on the City’s current park inventory and population, the City has 4.4 acres per 1,000 residents. Therefore, the City’s maximum dedication requirement allowed under the Quimby Act is 4.4 acres of land for every new 1,000 residents (“Quimby Standard”).
4. For subdivisions of 50 dwelling units or more, the City may require land for parks for the four residential land use categories in the amounts shown below (“Quimby Land Dedication Requirement”).

FIGURE 1 – QUIMBY LAND DEDICATION REQUIREMENT

Residential Land Use Category	Quimby Land Dedication Requirement
	<i>Land Sq. Ft. per Dwelling Unit</i>
Single-Family Detached Housing	579
Single-Family Attached Housing	504
Multi-Family Housing	500
Mobile Home Development	280

5. A survey of recent vacant residential land sales in the City and environs over the last couple of years shows the fair market value of land suitable for parks to be \$2,986,000 per acre (“Quimby Land Value”).
6. The City may require a fee in lieu of a land dedication for the following five residential land use categories show below (“Quimby In-Lieu Fee”).

FIGURE 2 – QUIMBY IN-LIEU FEE

Residential Land Use Category	Quimby In-Lieu Fee (Maximum)
	<i>Per Dwelling Unit</i>
Single-Family Detached Housing	\$39,690
Single-Family Attached Housing	\$34,549
Multi-Family Housing	\$34,275
Mobile Home Development	\$19,194

QUIMBY DEDICATION REQUIREMENT DETERMINATION

QUIMBY STANDARD

Under the Quimby Act, the dedication of land, or payment of fees, or both, cannot exceed the proportionate amount necessary to provide three (3) acres of park area per 1,000 persons residing within the subdivision unless the amount of existing neighborhood and community park area exceeds that limit, in which case the calculated amount may be adopted as a higher standard not to exceed five (5) acres per 1,000 persons residing within a subdivision.

Based on the City's current parkland inventory, the City has approximately 50.7 acres of park area for neighborhood and community parks. A summary of the City's inventory of parkland is provided in Appendix B. This does not include the City's designated open space areas but includes fields and courts under a joint-use agreement between the City and the Los Alamitos Unified School District. With a current population of approximately 11,607 residents, this represents a ratio of 4.4 acres of neighborhood and community parkland for every 1,000 residents.

Since the City's existing park area is between the minimum 3 acres and the maximum 5 acres per 1,000 residents, the City's maximum land dedication requirement and/or in lieu fee allowed under the Quimby Act is 4.4 acres of parkland for every 1,000 residents.

QUIMBY DWELLING UNIT OCCUPANCY FACTOR

Pursuant to Govt. Code § 64477(a)(2), the amount of land dedicated, or fees paid shall be based upon residential population density, which shall be in part determined based on the average number of persons per household according to the most recent available federal census. Moreover, since different residential land uses have varying household sizes, it is reasonable that the land dedication requirement and associated in-lieu fee be expressed per dwelling unit based on their respective average household size. For this Quimby program, the following four residential land uses have been selected:

- **"Single-Family Detached Housing"** means free-standing one-family dwelling units.
- **"Single-Family Attached Housing"** means a one-family dwelling unit on a separate assessor's parcel that share a common wall, such as townhomes.

- **“Multi-Family Residential Housing”** means buildings or structures designed for two or more families for living or sleeping purposes and having kitchen and bath facilities for each family. This category also includes for-sale condominiums.
- **“Mobile Home Development”** means a development area for residential occupancy in vehicles that require a permit to be moved on a highway, other than a motor vehicle designed or used for human habitation and for being drawn by another vehicle.

A “dwelling unit” generally means one or more rooms in a building or structure, or a portion thereof designed exclusively for residential occupancy by one or more persons for living or sleeping purposes and having kitchen and bath facilities, including mobile homes.

Based on figures from the 2020 U.S. Census, figure 3 below presents the determination of the Quimby dwelling unit occupancy factor for four residential land use categories.

FIGURE 3 – QUIMBY DWELLING UNIT OCCUPANCY FACTOR

Residential Land Use Categories	Occupied Dwelling Units		Total Number of Occupants	Dwelling Unit Occupancy Factor
	Calc	a	b	c = b / a
Single-Family Detached Housing		2,020	6,100	3.02
Single-Family Attached Housing		396	1,087	2.63
Multi-Family Housing		1,626	4,241	2.61
Mobile Home Development		123	179	1.46
Average (2020 Census)		4,165	11,607	2.79

Source: 2020 U.S. Census for the City of Los Alamitos

QUIMBY DEDICATION REQUIREMENT

Based on the City's Quimby standard of 4.4 acres per 1,000 residents allowed under the Quimby Act, the formula for calculating the City's parkland dedication requirement is as follows:

$$\text{Quimby Standard} \times \text{Quimby Dwelling Unit Occupancy Factor} = \text{Quimby Land Dedication Requirement}$$

Figure 4 below presents the City's Quimby land dedication requirement is expressed on a land square footage basis for the four residential land use categories.

FIGURE 4 – QUIMBY LAND DEDICATION REQUIREMENT

Residential Land Use Category	Quimby Standard ²	Quimby Dwelling Unit Occupancy Factor ¹	Quimby Land Dedication Requirement ³
Calc	a	b	c = (a * b) / 1,000 * 43,560
	Acres per 1,000 Residents	Per Dwelling Unit	Land Sq. Ft. per Dwelling Unit
Single-Family Detached Housing	4.40	3.02	579
Single-Family Attached Housing	4.40	2.63	504
Multi-Family Housing	4.40	2.61	500
Mobile Home Development	4.40	1.46	280

Notes:

¹ The District's maximum allowable land per 1,000 residents standard under the Quimby Act.

² See Figure 3.

³ Quimby dedication requirement expressed in terms of park land square feet required per lot or per dwelling unit.

For example, the Quimby land dedication required for a 50 single-family attached subdivision would be 0.6 acres of land for park and recreational facilities.

$$50 \text{ Single-Family Attached Lots/Units} \times 504 \text{ Land Sq. Ft. per Single Family Attached Lot/Unit} = 25,200 \text{ Sq. Ft or } 0.58 \text{ Acres of Land Dedication for the Subdivision}$$

QUIMBY IN-LIEU FEE DETERMINATION

For proposed subdivisions containing fewer than 50 parcels, the Quimby Act allows for the payment of a fee in lieu of land dedication ("Quimby in-lieu fee").¹ The purpose of the Quimby in-lieu fee is to accumulate enough funding from several smaller subdivisions to acquire land for developing neighborhood and community parks within the City. Moreover, while land dedication may be required for larger subdivisions, the City may require in-lieu fees only, or a combination of land dedication and in-lieu fees, to meet the park and recreation goals and objectives of the City.

QUIMBY LAND VALUE

The Quimby Act has no specific requirements relating to the land valuation of dedicated parkland. However, the Act does require that the "amount and location of land to be dedicated or the fees to be paid shall bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the subdivision."

In January 2023, SCI gathered recent vacant land sales in the City and environs over the last couple of years for the land type normally acquired for City parks. To establish a fair market value of land for parks for calculating the City's Quimby in-lieu fee, only the residential land sales were considered. Two land sales were excluded as outliers that resulted in abnormally low and high sales prices. In order to adjust older land sales to reasonably approximate current land value, a commonly used approach was used which is to adjust the land sale by the percentage change in the median home sales price since the effective date of each land sale. For purposes of this Study, median home sales price within the City as reported by the Zillow Real Estate Network was used.

As shown in Appendix C, the baseline average sales price for 13 residential land sales is \$2,762,000 per acre. After adjusting for inflation, the adjusted fair market value to January 2023 based on the 13 residential land sales is \$2,986,000. Arguments for higher land values can be made; however, the presented land value per acre appears to be a fair and conservative value for this Study.

¹ However, when a multi-family development or stock cooperative exceeds 50 dwelling units, a dedication of land may be required, even though the number of parcels may be less than 50. Govt. Code § 66477(a)(7)

QUIMBY IN-LIEU FEE DETERMINATION

Figure 5 below presents the formula and the calculation of the Quimby in-lieu fee based on the City's Quimby land dedication requirement and the established fair market land value of residential land at \$2,986,000 per acre. The Quimby in lieu fee is expressed on a dwelling unit basis for four residential land use categories. Nonresidential subdivisions are not subject to the Quimby program.

$$\begin{array}{ccccc} \text{Quimby} & & & & \\ \text{Land} & & & & \\ \text{Dedication} & \times & \text{Quimby Land} & = & \text{Quimby In-} \\ \text{Requirement} & & \text{Value} & & \text{Lieu Fee} \end{array}$$

FIGURE 5 – QUIMBY IN-LIEU FEE

Residential Land Use Category	Quimby Land Dedication Requirement ¹	Quimby Land Value ²	Quimby In-Lieu Fee (Maximum)
Calc	a	b	c = a * b / 43,560
	<i>Land Sq. Ft. Per Dwelling Unit</i>	<i>Per Acre</i>	<i>Per Dwelling Unit</i>
Single-Family Detached Housing	579	\$2,986,000	\$39,690
Single-Family Attached Housing	504	\$2,986,000	\$34,549
Multi-Family Housing	500	\$2,986,000	\$34,275
Mobile Home Development	280	\$2,986,000	\$19,194

Notes:

¹ Determination of the Quimby Land Dedication Requirement is shown Figure 4.

² See Appendix B for more detail.

It is important to note that the City should periodically review the fair market value of land in the City. If land values change significantly in either direction, the Quimby in-lieu fee should be adjusted accordingly.

Moreover, if a subdivider disputes the land value used to determine the in-lieu fee, the City's Quimby ordinance should allow for value to be reevaluated by based upon a qualified real estate appraisal with all costs for such appraisal to be borne by the subdivider.

QUIMBY PROGRAM ADMINISTRATION REQUIREMENTS

This section summarizes the statutory requirements and provides some recommendations for the annual administration of the Quimby program. The specific statutory requirements for the administration of the Quimby program may be found in California Govt. Code § 66477 et seq.

ACCOUNTING REQUIREMENTS

Proceeds from the Quimby in-lieu fee should be deposited into a separate fund or account so that there will be no commingling with other revenue. Any interest earned by such account should be deposited in that account and expended solely for the purpose for which originally collected.

The City must develop a schedule specifying how, when, and where it will use the land or fees, or both, to develop park or recreational facilities to serve the residents of the subdivision.

Quimby in-lieu fees shall be committed within five years after the payment of the fees or the issuance of building permits on one-half of the lots created by the subdivision, whichever occurs later. If the Quimby in-lieu fees are not committed, they, without any deductions, shall be distributed and paid to the then record owners of the subdivision in the same proportion that the size of their lot bears to the total area of all lots within the subdivision.

ALLOWABLE QUIMBY IN-LIEU EXPENDITURES

Quimby in-lieu fees should be expended solely for the purpose of park land acquisition and developing new or rehabilitating existing neighborhood or community park or recreational facilities to serve the subdivision, except as provided Government Code § 66477(3)(b). It is important to note that the Quimby Act does not define the term “park or recreational purposes.” However, in 1998, the Attorney General opined that the term “recreational purposes” should be broadly construed to include cultural activities, relying on part on the following definition of “recreation” found in Education Code, § 10901(c):

“Recreation means any activity, voluntarily engaged in, which contributes to the physical, mental, or moral development of the individual or group participating therein, and includes any activity in the fields of music, drama, art, handicraft, science, literature, nature study, nature contacting, aquatic sports, and athletics, or any of them, and any informal play incorporating any such activity.”

TRANSPARENCY REQUIREMENTS

The City must post current Quimby Land Dedication Requirements and the Quimby In-Lieu Fees the City's website and update within 30 days of any change.

QUIMBY IN-LIEU FEE EXEMPTIONS

The following construction projects are exempt from the Quimby in-lieu fee.

- A structure owned by a governmental agency.
- Commercial or industrial subdivisions.
- Condominium projects or stock cooperatives that consist of the subdivision of airspace in an existing apartment building that is more than five years old when no new dwelling units are added.

QUIMBY CREDITS

The following circumstances must receive a fee credit.

- If a developer dedicates land or builds specific park facilities under a turn-key agreement, the Quimby in-lieu fee imposed on that development project may be adjusted to reflect a credit for the parks and recreational facilities constructed.
- Common interest developments, as defined in Civil Code § 1351, shall be eligible to receive a credit, as determined by the City Council, against the amount of land required to be dedicated or the amount of the fee imposed, for the value of private open space within the development which is usable for active recreational uses.

QUIMBY LAND VALUE ADJUSTMENT METHOD

The fair market value of land and resulting Quimby in lieu fee established by this Quimby Study are as of January 2023. To keep pace with land inflation, the City should consider annually adjusted the Quimby in lieu fee by percentage change in the median sales price for all homes in the City.

APPENDICES

Appendix A – Current Quimby In-Lieu Fee (2005)

Appendix B – City Park Inventory

Appendix C – Estimate of Fair Market Value of Residential Land

Appendix D – California Govt. Code § 66477 (“The Quimby Act”)

APPENDIX A – CURRENT QUIMBY IN-LIEU FEE (2005)

FIGURE 6 – CURRENT QUIMBY IN-LIEU FEE (2005)

Land Use Category	Unit ¹	Effective March 21, 2005	Effective January 1, 2006	Effective January 1, 2007	Effective January 1, 2008
Single-Family Attached Housing	DU	\$4,500	\$9,038	\$13,538	\$18,076
Duplex Dwelling	DU	\$3,790	\$7,580	\$11,370	\$15,161
Multi-Family	DU	\$3,353	\$6,706	\$10,059	\$13,142
Mobile Home	DU	\$2,478	\$4,956	\$7,434	\$9,913

Notes:

¹ DU means dwelling unit.

APPENDIX B – CITY PARK INVENTORY

FIGURE 7 – CITY PARK INVENTORY

Parks	Total Acres
Coyote Creek Park	3.7
Labourdette Park	0.4
Laurel Park	4.3
Little Cottonwood Park	6.8
Los Alamitos Baseball Fields	9.6
McAuliffe Middle Fields ¹	10.9
Oak Middle Fields ¹	11.9
Orville Lewis Jr. Park	1.7
Roberts Park	0.1
Soroptimist Park	0.2
Stansbury Park	0.6
Sterns Park	0.6
Total Park Acres ¹	50.7

Source: Los Alamitos General Plan

Notes:

¹ Fields are subject to long-term facilities/joint-use agreement between the City and the Los Alamitos Unified School District.

APPENDIX C – ESTIMATE OF FAIR MARKET VALUE OF RESIDENTIAL LAND

FIGURE 8 – ESTIMATE OF FAIR MARKET VALUE OF RESIDENTIAL LAND

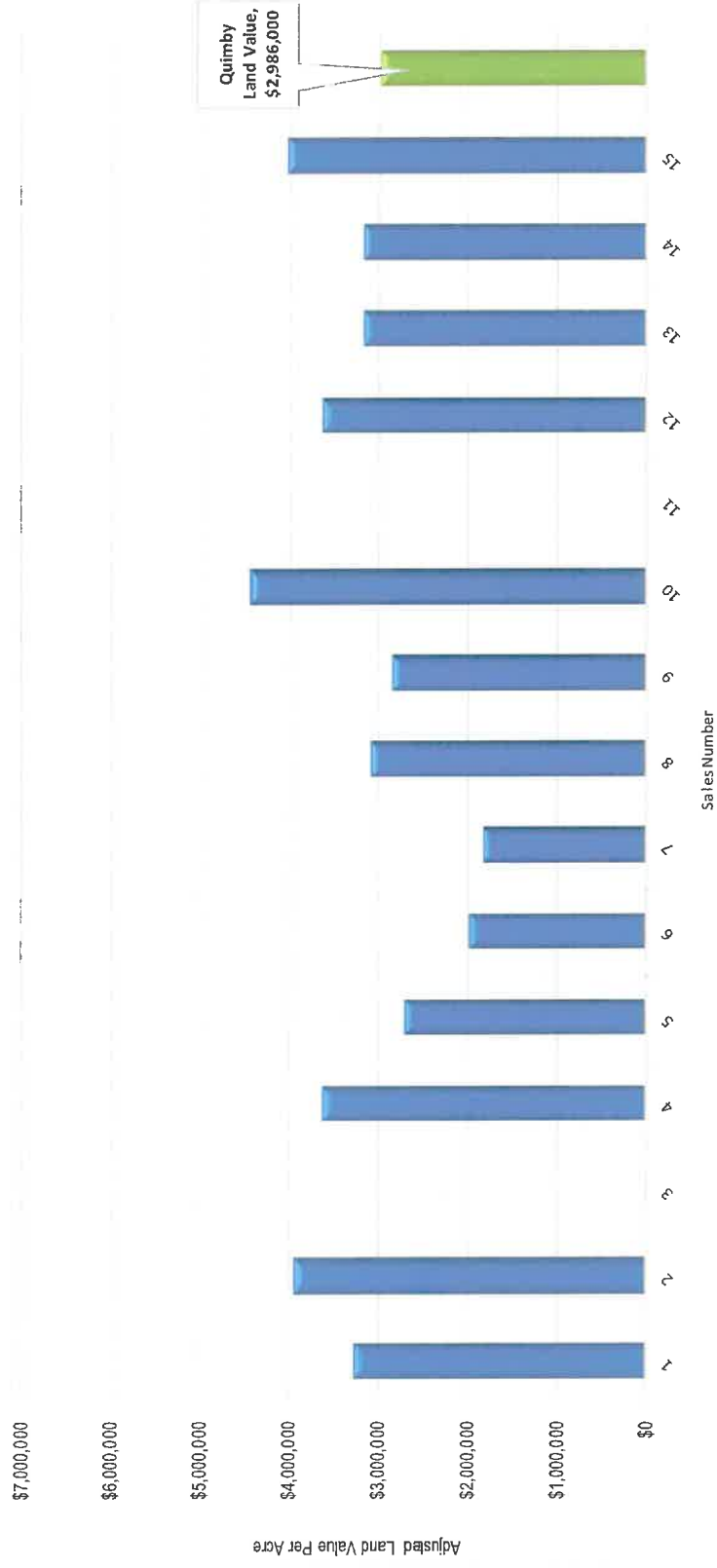
Sale #	APN	Situs Address	Sales Month	Last Price Sold	Land Acres	Average Sales Price Per Acre	Adjust Factor ¹	Current Land Value per Acre	Current Land Value per Sq. Ft.	% Rank	Zoning	Outlier (Excl.)
			Calc	a	b	c = a / b	d	e = c * d	f = e / 43,560	g		
1	096-102-03	7072 Spruce St, Westminster	May-20	\$1,205,000	0.50	\$2,410,000	1.36	\$3,277,600	\$75.24	56%	R2	
2	7039-007-059	0 Rosebn Ave, Artesia	Jul-20	\$810,000	0.28	\$2,882,562	1.37	\$3,949,110	\$90.66	75%	R2	
3	090-483-05	1620 W Orangewood Ave, Anaheim	Sep-20	\$960,000	0.71	\$1,348,315	1.33	\$1,793,258	\$41.17	6%	R1	Yes
4	066-184-27	5891 Stanton Ave, Buena Park	Sep-21	\$470,000	0.14	\$3,277,285	1.11	\$3,637,786	\$83.51	68%	R1	
5	066-112-01	5741 Burnham Ave, Buena Park	Sep-21	\$775,000	0.32	\$2,437,107	1.11	\$2,705,189	\$62.10	25%	R1	
6	127-092-01	9862 Ramm Dr, Anaheim	Oct-21	\$430,000	0.24	\$1,791,735	1.10	\$1,970,909	\$45.25	18%	R1	
7	079-751-08	7181 Kermore Ln, Stanton	Nov-21	\$800,000	0.47	\$1,702,128	1.08	\$1,838,298	\$42.20	12%	R1	
8	079-371-26	7401 Katella Ave, Stanton	Nov-21	\$3,250,000	1.14	\$2,853,380	1.08	\$3,081,651	\$70.74	37%	R1	
9	244-152-56	5619 Ball Rd, Cypress	Dec-21	\$1,000,000	0.37	\$2,688,172	1.06	\$2,849,462	\$65.41	31%	R1	
10	215-091-19	8581 Stanford Ave, Garden Grove	Dec-21	\$825,000	0.20	\$4,203,158	1.06	\$4,455,347	\$102.28	87%	R3	
11	242-182-19	10852 Pine St, Los Alamitos	Apr-22	\$975,000	0.15	\$6,500,000	0.97	\$6,305,000	\$144.74	93%	R1	Yes
12	097-072-11	8031 15th St, Westminster	Jun-22	\$600,000	0.16	\$3,815,474	0.95	\$3,624,701	\$83.21	62%	R1	
13	276-362-17	7911 Orangethorpe Ave, Buena Park	Jul-22	\$739,500	0.22	\$3,328,094	0.96	\$3,194,970	\$73.35	50%	R1	
14	7150-030-001	4415 Parkview Dr, Lakewood	Sep-22	\$1,150,000	0.35	\$3,248,588	0.98	\$3,183,616	\$73.09	43%	R1	
15	262-314-01	8542 La Salle St, Cypress	Dec-22	\$2,500,000	0.62	\$4,032,258	1.00	\$4,032,258	\$92.57	81%	RM-20	
		Quimby Land Value (Los Alamitos)				\$2,762,000	1.08	\$2,986,000	\$68.55			

Source: County of Orange Assessor's Office, County of Los Angeles Assessor's Office, Zillow Real Estate Network, and SCI Consulting Group

Notes:

¹ Based on the change in median sales price for all homes in Orange County, California from sales month to December 2022 as report by Zillow Real Estate Network.

Estimate of Fair Market Value of Residential Vacant Land Los Alamitos, CA



APPENDIX D – CALIFORNIA GOVT. CODE § 66477 (“THE QUIMBY ACT”)

(a) The legislative body of a City or county may, by ordinance, require the dedication of land or impose a requirement of the payment of fees in lieu thereof, or a combination of both, for park or recreational purposes as a condition to the approval of a tentative map or parcel map, if all of the following requirements are met:

(1) The ordinance has been in effect for a period of 30 days prior to the filing of the tentative map of the subdivision or parcel map.

(2) The ordinance includes definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof. The amount of land dedicated or fees paid shall be based upon the residential density, which shall be determined on the basis of the approved or conditionally approved tentative map or parcel map and the average number of persons per household. There shall be a rebuttable presumption that the average number of persons per household by units in a structure is the same as that disclosed by the most recent available federal census or a census taken pursuant to Chapter 17 (commencing with Section 40200) of Part 2 of Division 3 of Title 4. However, the dedication of land, or the payment of fees, or both, shall not exceed the proportionate amount necessary to provide three acres of park area per 1,000 persons residing within a subdivision subject to this section, unless the amount of existing neighborhood and community park area, as calculated pursuant to this subdivision, exceeds that limit, in which case the legislative body may adopt the calculated amount as a higher standard not to exceed five acres per 1,000 persons residing within a subdivision subject to this section.

(A) The park area per 1,000 members of the population of the City, county, or local public agency shall be derived from the ratio that the amount of neighborhood and community park acreage bears to the total population of the City, county, or local public agency as shown in the most recent available federal census. The amount of neighborhood and community park acreage shall be the actual acreage of existing neighborhood and community parks of the City, county, or local public agency as shown on its records, plans, recreational element, maps, or reports as of the date of the most recent available federal census.

(B) For cities incorporated after the date of the most recent available federal census, the park area per 1,000 members of the population of the City shall be derived from the ratio that the amount of neighborhood and community park acreage shown on the maps, records, or reports of the county in which the newly incorporated City is located bears to the total population of the new City as determined pursuant to Section 11005 of the Revenue and Taxation Code. In making any subsequent calculations pursuant to this section, the county in which the newly incorporated City is located shall not include the figures pertaining to the new City which were calculated pursuant to this paragraph. Fees shall be payable at the time of the recording of the final map or parcel map, or at a later time as may be prescribed by local ordinance.

(3) (A) The land, fees, or combination thereof are to be used only for the purpose of developing new or rehabilitating existing neighborhood or community park or recreational facilities to serve the subdivision, except as provided in subparagraph (B).

(B) Notwithstanding subparagraph (A), fees may be used for the purpose of developing new or rehabilitating existing park or recreational facilities in a neighborhood other than the neighborhood in which the subdivision for which fees were paid as a condition to the approval of a tentative map or parcel map is located, if all of the following requirements are met:

- (i) The neighborhood in which the fees are to be expended has fewer than three acres of park area per 1,000 members of the neighborhood population.
- (ii) The neighborhood in which the subdivision for which the fees were paid has a park area per 1,000 members of the neighborhood population ratio that meets or exceeds the ratio calculated pursuant to subparagraph (A) of paragraph (2), but in no event is less than three acres per 1,000 persons.
- (iii) The legislative body holds a public hearing before using the fees pursuant to this subparagraph.
- (iv) The legislative body makes a finding supported by substantial evidence that it is reasonably foreseeable that future inhabitants of the subdivision for which the fee is imposed will use the proposed park and recreational facilities in the neighborhood where the fees are used.
- (v) The fees are used within a specified radius that complies with the City's or county's ordinance adopted pursuant to subdivision (a), and are consistent with the adopted general plan or specific plan of the City or county. For purposes of this clause, "specified radius" includes a planning area, zone of influence, or other geographic region designated by the City or county, that otherwise meets the requirements of this section.
- (4) The legislative body has adopted a general plan or specific plan containing policies and standards for parks and recreational facilities, and the park and recreational facilities are in accordance with definite principles and standards.
- (5) The amount and location of land to be dedicated or the fees to be paid shall bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the subdivision.
- (6) (A) The City, county, or other local public agency to which the land or fees are conveyed or paid shall develop a schedule specifying how, when, and where it will use the land or fees, or both, to develop park or recreational facilities to serve the residents of the subdivision. Any fees collected under the ordinance shall be committed within five years after the payment of the fees or the issuance of building permits on one-half of the lots created by the subdivision, whichever occurs later. If the fees are not committed, they, without any deductions, shall be distributed and paid to the then record owners of the subdivision in the same proportion that the size of their lot bears to the total area of all lots within the subdivision.
- (B) The City, county, or other local agency to which the land or fees are conveyed or paid may enter into a joint or shared use agreement with one or more other public districts in the jurisdiction, including, but not limited to, a school district or community college district, in order to provide access to park or recreational facilities to residents of subdivisions with fewer than three acres of park area per 1,000 members of the population.
- (7) Only the payment of fees may be required in subdivisions containing 50 parcels or less, except that when a condominium project, stock cooperative, or community apartment project, as those terms are defined in Sections 4105, 4125, and 4190 of the Civil Code, exceeds 50 dwelling units, dedication of land may be required notwithstanding that the number of parcels may be less than 50.

(8) Subdivisions containing less than five parcels and not used for residential purposes shall be exempted from the requirements of this section. However, in that event, a condition may be placed on the approval of a parcel map that if a building permit is requested for construction of a residential structure or structures on one or more of the parcels within four years, the fee may be required to be paid by the owner of each parcel as a condition of the issuance of the permit.

(9) If the subdivider provides park and recreational improvements to the dedicated land, the value of the improvements together with any equipment located thereon shall be a credit against the payment of fees or dedication of land required by the ordinance.

(b) Land or fees required under this section shall be conveyed or paid directly to the local public agency which provides park and recreational services on a communitywide level and to the area within which the proposed development will be located, if that agency elects to accept the land or fee. The local agency accepting the land or funds shall develop the land or use the funds in the manner provided in this section.

(c) If park and recreational services and facilities are provided by a public agency other than a City or county, the amount and location of land to be dedicated or fees to be paid shall, subject to paragraph (2) of subdivision (a), be jointly determined by the City or county having jurisdiction and that other public agency.

(d) This section does not apply to commercial or industrial subdivisions or to condominium projects or stock cooperatives that consist of the subdivision of airspace in an existing apartment building that is more than five years old when no new dwelling units are added.

(e) Common interest developments, as defined in Section 1351 of the Civil Code, shall be eligible to receive a credit, as determined by the legislative body, against the amount of land required to be dedicated, or the amount of the fee imposed, pursuant to this section, for the value of private open space within the development which is usable for active recreational uses.

(f) Park and recreation purposes shall include land and facilities for the activity of "recreational community gardening," which activity consists of the cultivation by persons other than, or in addition to, the owner of the land, of plant material not for sale.

(g) This section shall be known, and may be cited, as the Quimby Act.

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