

CITY OF LOS ALAMITOS
Council Chamber
3191 Katella Ave., Los Alamitos CA 90720

BUDGET STANDING COMMITTEE AGENDA
SPECIAL MEETING

Tuesday, June 11, 2024 – 5:00 PM

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 Budget Standing Committee at the same meeting.

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

It is the intention of the City of Los Alamitos to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee, or a participant at this meeting, you will need special assistance beyond what is normally provided, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made.

1. CALL TO ORDER

2. ROLL CALL

Mayor Pro Tem Shelley Hasselbrink
Council Member Tanya Doby

3. ORAL COMMUNICATIONS

At this time, any individual in the audience may come forward to speak on any item within the subject matter jurisdiction of the Budget Standing Committee. Remarks are to be limited to not more than five minutes per speaker.

4. CONSENT CALENDAR

All Consent Calendar items may be acted upon by one motion unless a Committee Member requests separate action on a specific item.

A. Approval of Minutes (Finance)

Approve the minutes of the Budget Standing Committee Special Meeting of May 6, 2024.

Recommendation:

Approve the minutes of the Budget Standing Committee Special Meeting of May 6, 2024.

5. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

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

B. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

City Negotiator: Chet Simmons, City Manager
Employee Organization: Executive Management, Non-Represented
Authority: Government Code Section 54957.6

C. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

City Negotiator: Chet Simmons, City Manager
Employee Organization: Police Officers Association
Employees Authority: Government Code Section 54957.6

6. DISCUSSION ITEM

A. Annual Comprehensive Financial Report for June 30, 2023 (Finance)

For the Budget Standing Committee's consideration is the receipt of the fiscal year 2022-23 audit reports.

Recommendation:

Receive fiscal year 2022-23 audit reports and recommend forwarding for Council approval.

B. City General Fund Reserve (Finance)

City General Fund Reserve Policy

Recommendation:

Review the City's General Fund Reserve policy and consider changes.

C. City Council Chamber Audio and Video Broadcasting (Administration)

This item addresses the audio and visual services for Council meetings in light of the upcoming transition from our old Council Chambers to our new state-of-the-art facilities.

Recommendation:

Authorize staff to request proposals for the provision of audio and visual services during City Council meetings and other events as required.

D. Payroll Automation Procurement (Finance)

This item will discuss the potential outsourcing of the City's payroll process due to the limitations of the current Enterprise Resource Planning (ERP) system.

Recommendation:

Authorize staff to explore potential options for outsourcing the payroll process.

E. Short Term Investment Strategies (Finance)

Discuss Short Term Investment Strategies Used To Maximize Return and Maintain Cash Flow.

Recommendation:

Discuss short term investment strategies used to maximize returns and maintain cash flow and liquidity.

F. Soroptimist Park Renovation Using Proposition 68 Funding (Administration)

This item will discuss Proposition 68 grant funding for the Soroptimist Park Renovation.

Recommendation:

Authorize staff to follow the guidelines to receive Proposition 68 grant funding to renovate the Soroptimist Park Renovation.

G. Delinquent Business License Discussion (Administration)

This item will discuss options to pursue delinquent business license renewals in the City.

Recommendation:

Provide direction to Staff concerning delinquent business licenses.

H. Printing Expenditures (Administration)

This item will discuss printing expenditures.

Recommendation:

There is no recommendation for this item.

7. ITEMS FROM STAFF AND THE COMMITTEE

At this time, Committee Members and Staff may also report on items not specifically described on the Agenda that are of interest to the community, provided no action or discussion is taken except to provide Staff direction to report back or to place the item on a future Agenda.

8. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at the Los Alamitos City Hall, 3191 Katella Ave. and online at www.cityoflosalamitos.org not less than 72 hours prior to the meeting.

Craig Koehler, Finance Director

Dated: June 6, 2024

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

SPECIAL MEETING
Monday, May 6, 2024 – 5:00 p.m.

1. CALL TO ORDER

The Budget Standing Committee met for a Special Meeting at 5:06 p.m., Monday, May 6, 2024, with Mayor Pro Tem Hasselbrink and Council Member Doby presiding.

2. ROLL CALL

Present: Committee Members: Mayor Pro Tem Hasselbrink
Council Member Doby

Absent: Committee Members: None

Present: Staff: Chet Simmons, City Manager
Craig Koehler, Finance Director
Ron Noda, Deputy City Manager
Mathew Lightner, Management Analyst

3. Oral Communications

There is none to report.

4. CONSENT CALENDAR

A. Approval of Minutes

Motion/Second: Doby /Hasselbrink
Unanimously Carried: The Budget Standing Committee approved the Minutes of the Special Meeting of April 22, 2024.

5. DISCUSSION ITEMS

A. Preliminary Draft Budget for Fiscal Year 2024-25 and Fiscal Year 2025-26 (Finance)

Staff provided the Committee with a second review of the preliminary draft General Fund budget for Fiscal Years 2024-25 and 2025-26.

6. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

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

B. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

City Negotiator Chet Simmons, City Manager
Employee Organization: Executive Management, Non-Represented
Authority: Government Code Section 54957.6

C. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

City Negotiator Chet Simmons, City Manager
Employee Organization: Police Officers Association
Authority: Government Code Section 54957.6

The Budget Standing Committee adjourned from the Closed Session with no reportable action.

7. ITEMS FROM STAFF AND THE COMMITTEE

None.

8. ADJOURNMENT

The meeting was adjourned at 6:30 p.m.

Craig Koehler, Finance Director

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 5A

To: Budget Standing Committee Members

Presented By: Chet Simmons, City Manager

Subject: CONFERENCE WITH LABOR NEGOTIATOR

SUMMARY

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

RECOMMENDATION

BACKGROUND

DISCUSSION

FISCAL IMPACT

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 5B

To: Budget Standing Committee Members

Presented By: Chet Simmons, City Manager

Subject: CONFERENCE WITH LABOR NEGOTIATOR

SUMMARY

City Negotiator: Chet Simmons, City Manager

Employee Organization: Executive Management, Non-Represented

Authority: Government Code Section 54957.6

RECOMMENDATION

BACKGROUND

DISCUSSION

FISCAL IMPACT

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 5C

To: Budget Standing Committee Members

Presented By: Chet Simmons, City Manager

Subject: CONFERENCE WITH LABOR NEGOTIATOR

SUMMARY

City Negotiator: Chet Simmons, City Manager
Employee Organization: Police Officers Association
Employees Authority: Government Code Section 54957.6

RECOMMENDATION

BACKGROUND

DISCUSSION

FISCAL IMPACT

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6A

To: Budget Standing Committee Members

Presented By: Craig Koehler, Director of Finance

Subject: Annual Comprehensive Financial Report for June 30, 2023

SUMMARY

For the Budget Standing Committee's consideration is the receipt of the fiscal year 2022-23 audit reports.

RECOMMENDATION

Receive fiscal year 2022-23 audit reports and recommend forwarding for Council approval.

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

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) (formerly CAFR) for the fiscal year ended June 30, 2015, and consistently through 2021.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The award is valid for a period of one year only. Staff believes the current fiscal year 2022-23 ACFR continues to meet the award program's requirements and will be submitted again to the GFOA. .

This is the first year that Rogers, Anderson, Malody & Scott (RAMS) has audited the City's financial records. The change was due to significant report discrepancies by the former auditor. As such, this year's audit was more concentrated and vigorous and required additional time. Additional levels of review were also performed, including a review by the firm's partners.

The resulting audit report, the Annual Comprehensive Financial Report (ACFR), is attached,

along with the accompanying letters: Auditor's Management Comment Letter, Report on Internal Controls (GAGAS), GANN Compliance, Communication SAAS 114, and City Management's Representation Letter.

Management Comment Letter

As noted by the auditor, in some instances, the client-prepared journal entries lacked documentation when they were prepared and approved. Currently, the face of the journal entry has a printed date when it is prepared and is initialed by both the preparer and the Director upon approval. A system-generated report with the date the entry is prepared is also attached as a backup. A revised procedure will incorporate handwritten dates and applicable signatures on the journal entry cover page as recommended.

Report on Internal Controls

Findings 2023-001 2023-004.

See management responses included with the letter.

FISCAL IMPACT

None.

- Attachment:
1. Annual Comprehensive Financial Report (ACFR) - Fiscal Year Ended June 30, 2023
 2. Management Comment Letter - Los Alamitos
 3. Report on Internal Controls - Government Auditing Standard (GAGAS) - Los Alamitos
 4. GANN Appropriations Limit Report - Los Alamitos
 5. Statement of Auditing Standards (SAS 114) - Los Alamitos

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

FISCAL YEAR ENDED JUNE 30, 2023



My City  My Los Al

This page intentionally left blank.

City of Los Alamitos

Los Alamitos, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Prepared by the
Finance Department of Los Alamitos

This page intentionally left blank.

TABLE OF CONTENTS

INTRODUCTORY SECTION (UNAUDITED):

Letter of Transmittal	i
Organization Chart	v
Principal Officials of the City of Los Alamitos	vi
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	vii

FINANCIAL SECTION:

Independent Auditor's Report on Financial Statements	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-wide Statement of Net Activities	20
Proprietary Fund Financial Statements:	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23
Notes to the Basic Financial Statements	24
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	68
Notes to the Budgetary Comparison Schedule	69
Schedule of the City's Proportionate Share of the Total Pension Liability and Related Ratios – Miscellaneous	71
Schedule of the City's Proportionate Share of the Total Pension Liability and Related Ratios – Safety	72
Schedule of Contributions – Pension - Miscellaneous	73
Schedule of Contributions – Pension - Safety	74
Schedule of Changes in the Net OPEB Liability and Related Ratios	75

TABLE OF CONTENTS, (Continued)

FINANCIAL SECTION, (CONTINUED):

Supplementary Information:

Nonmajor Governmental Funds:

Combining Balance Sheet 76

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 80

Schedule of Revenues, Expenditures, and Changes in Fund Balance –

Budget and Actual:

Nonmajor Special Revenue Funds:

Community Development Block Grant 84

Measure M 85

Los Alamitos Television 86

Office of Traffic Safety 87

Asset Seizure 88

Public Safety Augmentation 89

State Law Enforcement Agency 90

Air Quality 91

State Gas Tax 92

Nonmajor Capital Project Funds:

Park Development 93

Building Improvement 94

Residential Streets/Alleys 95

Traffic Improvement 96

Nonmajor Debt Service Fund:

Debt Service 97

Internal Service Funds:

Combining Statement of Net Position 98

Combining Statement of Revenues, Expenses, and Changes in Net Position 99

Combining Statement of Cash Flows 100

TABLE OF CONTENTS, (Continued)

STATISTICAL SECTION (Unaudited):

Net Position by Component Last Ten Fiscal Years	101
Changes in Net Position Last Ten Fiscal Years	102
Fund Balances of Governmental Funds Last Ten Fiscal Years	104
Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years	106
2022/23 Use Category Summary – Basic Property Value Table Last Ten Fiscal Years	108
Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years ..	110
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	111
Principal Property Taxpayers Current Year and Ten Years Ago	113
Property Tax Levies and Collections Last Ten Fiscal Years	114
Ratio of Outstanding Debt by Type Last Ten Fiscal Years	115
Direct and Overlapping Governmental Activity Debt	116
Legal Debt Margin Information	117
Demographic and Economic Statistics	118
Full-Time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years	119
Operating Indicators by Function/Program Last Ten Fiscal Years	120
Capital Asset Statistics by Function/Program Last Ten Fiscal Years	122
Top 10 Businesses for Fiscal Year 2022/23	123
Principal Employers Current and Ten Years Ago	124

This page intentionally left blank.



May 8, 2024

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

It is my pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Los Alamitos (the City) for the fiscal year ended June 30, 2023.

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 Rogers, Anderson, Malody & Scott, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2023. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires 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 11,535, is 4.3 square miles and is in the northwest 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 comprises 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 & 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

Inflation remains a crucial factor as we transition into Fiscal Year 2023-24, affecting financial markets, consumer buying power, and housing costs. The U.S Treasury has made key adjustments to increase the federal funds rate, now at 5.33% as of November 17, 2023. An economic slowdown predicted at the end of 2022 has not yet transpired. As such, the City is anticipating standard growth patterns for the balance of 2023, and at the same time, keeping a careful watch on any significant shifts in the U.S. economy.

The Fiscal Year 2023-24 annual operating budget is balanced with operating revenues of \$23,192,066 and operating expenditures of \$22,679,208, resulting in an estimated surplus of \$512,858. General fund balance reserves are projected to be \$20,966,025 on June 30, 2024. The City Council reviews its Fund Balance Policy once the books have been closed for the prior year. The current reserve includes \$3,400,000 for CalPERS reserves and \$500,000 for other post-employment benefits (OPEB).

Long-Term Financial Planning and Major Initiatives

A report was taken to the Council in November 2022 for a plan to pay down the PERS unfunded liability. Council adopted Resolution 2022-33, adopting the PERS Unfunded Accrued Liability Pay-Down Funding Policy. The policy establishes directives for an Additional Discretionary Payment (ADP) of at least \$260,000 to address the City's current PERS Unfunded Actuarial (UAL) and includes the same \$260,000 in subsequent budgets.

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 support 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 a finding of extreme financial danger to the City's infrastructure or public safety.

In November 2023, the City Council approved funding a Section 115 Trust with monthly installments of \$50,000, to reduce the City's PERS UAL further. Payments to fund the trust will be offset by an equal reduction to the City's CalPERS Reserve. The approved policies will allow the City to fund 100% of the unfunded portion of the pension liability (UAL) within 12 years, or less. This undertaking will be reported annually so the Council can monitor the plan's progress and make adjustments as the plan progresses.

The proposed Capital Improvement Plan for FY23-24 is once again aggressive and exceeds FY22-23, which was \$4.2 million. Many 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 \$8,012,000.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. The City received this award for publishing an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements.

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 its 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 in maintaining the highest standards of professionalism in managing the City's finances.

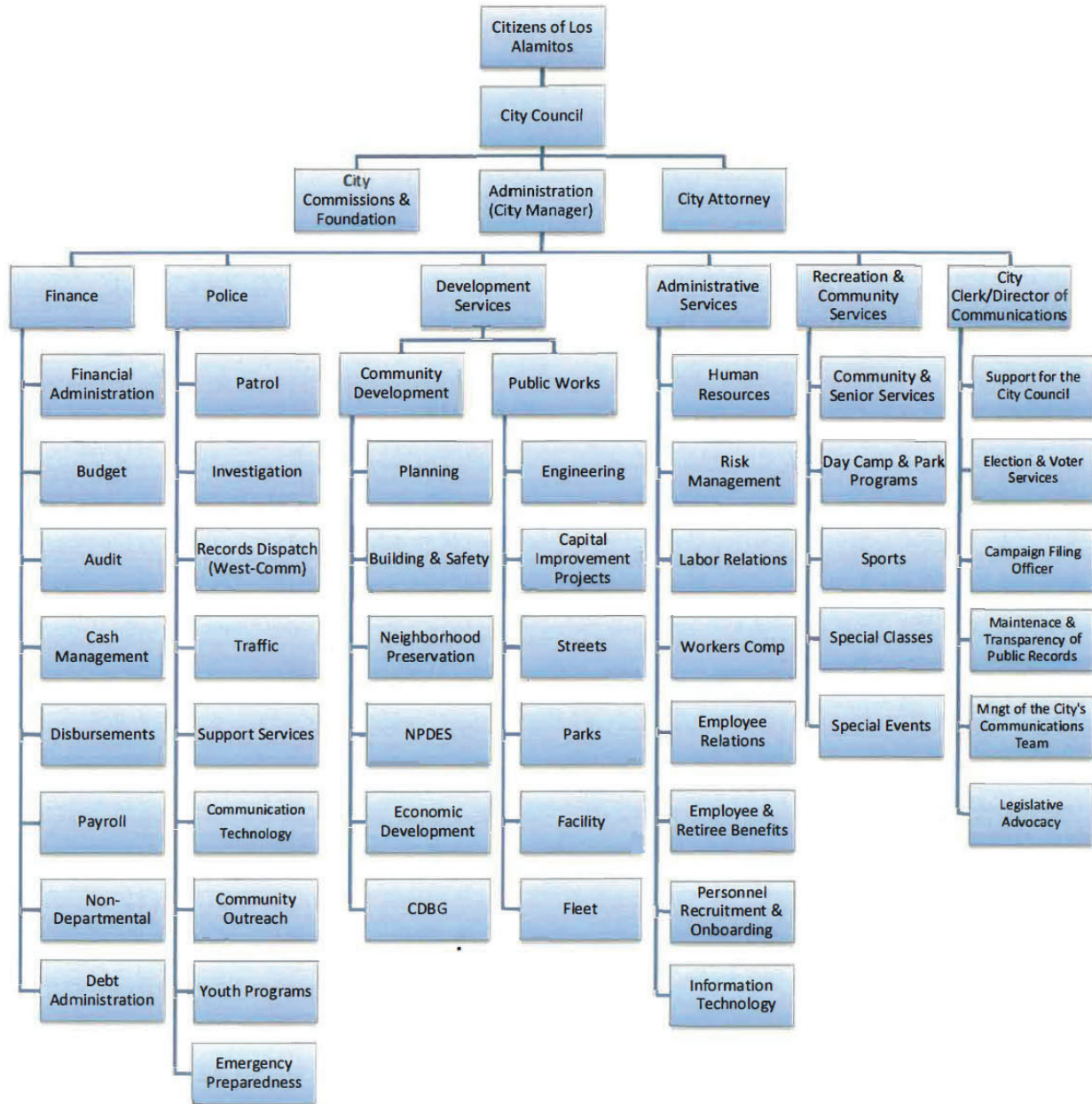
Respectfully submitted,

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

Craig Koehler
Finance Director, City Treasurer

CITY OF LOS ALAMITOS

Organization



City of Los Alamitos

List of Principal Officials

June 30, 2023

City Council

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member

Tanya Doby
Jordan Nefulda
Shelley Hasselbrink
Emily Hibard
Trisha Murphy

Appointed Officials

City Manager
City Attorney
City Clerk

Chet Simmons
Michael S. Daudt
Windmera Quintanar

Executive Management

City Engineer
Administrative Services Manager
Finance Director
Recreation and Community Services Director
Development Services Director
Chief of Police

Chris Kelley
Chelsi Wilson
Craig Koehler
Emeline Noda
Ron Noda
Michael Claborn



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Los Alamitos
California**

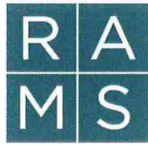
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

This page intentionally left blank.



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

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Proud Member of
AlliottGlobalAlliance™

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of City of Los Alamitos, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

Responsibilities of Management for the Financial Statements

The City's 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'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 GAAS and *Government 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 GAAS and *Government 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'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'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 required supplementary information, as listed in the table of contents, 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's basic financial statements. The combining and individual nonmajor fund financial statements and the nonmajor fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 accompanying supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 May 8, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
May 8, 2024

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal, which can be found in the introductory section of this report and with the City's financial statements. 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 the Generally Accepted Accounting Principles (GAAP), 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.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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.

City of Los Alamitos

Management's Discussion and Analysis For the Year Ended June 30, 2023

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

The tables below focus on the net position and changes in net position of the City's governmental activities.

CITY OF LOS ALAMITOS		
Net Position		
	Governmental Activities	
	2023	2022
Current and other assets	\$ 28,476,201	\$ 23,872,535
Capital assets	22,556,719	19,871,393
Total assets	51,032,920	43,743,928
Deferred outflows of resources	13,079,352	11,377,136
Current liabilities	6,802,935	3,002,887
Noncurrent liabilities:		
Long-term debt	4,022,074	3,767,244
Total pension liability	25,577,351	14,540,568
Total OPEB liability	5,307,449	6,356,967
Total liabilities	41,709,809	27,667,666
Deferred inflows of resources	4,912,541	13,752,394
Net position:		
Net investment in capital assets	17,439,434	16,544,999
Restricted	1,949,699	2,353,211
Unrestricted	(1,899,211)	(5,197,206)
Total net position	\$ 17,489,922	\$ 13,701,004

The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$17,489,922 as of June 30, 2023, an increase of \$3,788,918 from June 30, 2022.

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 \$1,899,211 million as of June 30, 2023, which relates to the City's net pension liability and OPEB liability.

City of Los Alamitos

Management's Discussion and Analysis For the Year Ended June 30, 2023

The City has set-aside \$3.4 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, 2023, and the prior fiscal year is illustrated in the table below.

CITY OF LOS ALAMITOS		
Changes in Net Position		
	Governmental Activities 2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 2,493,433	\$ 2,340,283
Operating grants and contributions	1,071,181	676,663
Capital grants and contributions	263,947	308,236
General revenues:		
Taxes:		
Property taxes	5,067,346	4,731,563
Utility users tax	2,307,629	2,122,966
Transit occupancy tax	634,856	522,187
Sales taxes	10,718,253	9,670,952
Franchise fees	861,364	1,070,638
Business license tax	630,887	728,490
Other taxes	671,064	639,883
Investment income	(131,935)	(665,298)
Other	131,111	83,209
Total revenues	24,719,136	22,229,772
Expenses		
General government	3,616,887	2,547,884
Public safety	8,823,526	6,382,127
Community development	2,121,209	1,343,945
Recreation and community services	2,808,658	2,043,092
Public works	3,333,005	3,225,592
Interest on long-term debt	226,933	138,286
Total expenditures	20,930,218	15,680,926
Change in net position	3,788,918	6,548,846
Net position, beginning, as restated	13,701,004	7,152,158
Net position, ending	\$ 17,489,922	\$ 13,701,004

Management's Discussion and Analysis
For the Year Ended June 30, 2023

Governmental Activities. Governmental activities increased the City's net position by \$3,788,918 compared to a net increase of \$6,548,846 in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

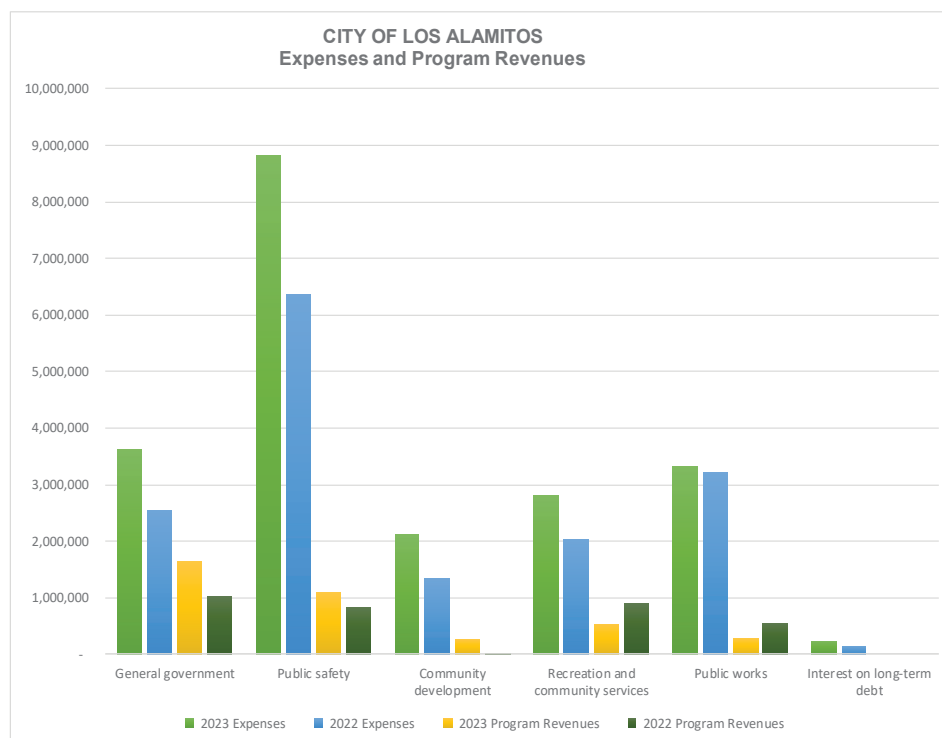
Revenues

While variances between years exist for the various revenue categories, the total net increase was \$2,489,364, which is largely attributable to the \$1,047,301 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 increase was \$5,249,292. Increased expenditures were recognized in General Government, Public Safety, and interest and fiscal charges. The table 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.

The table 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.



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

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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 \$22,382,191, an increase of \$3,126,560 (16%) from the prior fiscal year's balance. Of this amount, \$4,238,682 or 19% 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, \$1,949,699 or 9% 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 \$3,325,340 during the fiscal year compared to a \$4,173,344 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 a decrease in fund balance of \$198,780. While variances between years exist for the various nonmajor governmental funds, the net decrease was primarily attributable to a decrease in funding for Measure M and State Gas Tax, in other restricted amounts.

General Fund Budgetary Highlights

Actual revenues were \$1,332,262 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 \$460,374 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 2022-23, the City had \$22.6 million invested in capital assets, including land, buildings, infrastructure, equipment, and right-to-use assets. This amount represents a net increase of \$2,685,329 and right-to-use assets, which is primarily due to increases in vehicles, infrastructure, and construction in progress.

City of Los Alamitos

Management's Discussion and Analysis For the Year Ended June 30, 2023

CITY OF LOS ALAMITOS		
City of Los Alamitos Capital Assets Net of Depreciation		
	Governmental Activities	
	2023	2022
Land	\$ 5,917,715	\$ 5,917,715
Buildings and improvements	711,235	716,298
Right-to-use assets - buildings	176,500	-
Infrastructure	13,235,463	11,510,214
Equipment	420,056	321,730
Vehicles	189,777	165,013
Right-to-use assets - vehicles	309,811	59,001
Construction in progress	1,596,162	1,181,419
Totals	\$ 22,556,719	\$ 19,871,390

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 2022-23, the City had \$5.9 million in long-term liabilities which includes outstanding bond indebtedness of \$3.3 million along with leases payable, claims payable and compensated absences. The net increase of \$1,787,373 over the prior year is primarily due to a net increase in lease liabilities and claims payable.

CITY OF LOS ALAMITOS		
City of Los Alamitos Long-Term Liabilities		
	Governmental Activities	
	2023	2022
2015 Certificates of participation	\$ 3,260,769	\$ 3,350,121
Leases payable - police vehicles	329,542	62,238
Leases payable - warehouse	189,632	-
Claims payable	1,623,789	222,973
Compensated absences	507,005	488,032
Total liabilities	\$ 5,910,737	\$ 4,123,364

More detail on the City's long-term debt can be found in Notes, 6, 7 and 11 to the financial statements of this report.

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank.

City of Los Alamitos

Statement of Net Position June 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (Note 3)	\$ 25,637,141
Receivables	
Accounts	201,734
Due from employees	162
Due from other governments	2,601,396
Prepaid costs	35,519
Cash and investments - restricted (Note 3)	249
Total Current Assets	28,476,201
Noncurrent assets:	
Capital assets: (Note 5)	
Non-depreciable	7,513,877
Depreciable, net	15,042,842
Total Capital Assets	22,556,719
Total Noncurrent Assets	22,556,719
Total Assets	51,032,920
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	85,414
Pension related (Note 8)	11,117,343
OPEB related (Note 9)	1,876,595
Total Deferred Outflows of Resources	13,079,352

The accompanying notes are an integral part of these financial statements.

City of Los Alamitos

Statement of Net Position, (Continued) June 30, 2023

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,251,928
Accrued liabilities	697,713
Accrued interest	32,109
Unearned revenue	2,540,074
Deposits payable	66,109
Compensated absences, due within one year (Note 6)	219,324
Bonds payable, due within one year (Note 7)	85,000
Leases payable, due within one year (Note 7)	111,648
Claims payable, due within one year (Note 11)	1,472,691
Total OPEB liability, due within one year (Note 9)	<u>326,339</u>
Total Current Liabilities	<u>6,802,935</u>
Noncurrent liabilities:	
Compensated absences (Note 6)	287,681
Bonds payable (Note 7)	3,175,769
Leases payable (Note 7)	407,526
Claims payable (Note 11)	151,098
Net pension liability (Note 8)	25,577,351
Total OPEB liability (Note 9)	<u>5,307,449</u>
Total Noncurrent Liabilities	<u>34,906,874</u>
Total Liabilities	<u>41,709,809</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 8)	2,917,181
OPEB related (Note 9)	<u>1,995,360</u>
Total Deferred Inflows of Resources	<u>4,912,541</u>
NET POSITION	
Net investment in capital assets	17,439,434
Restricted for:	
Transportation	566,948
Cable television	61,257
Public safety	408,087
Air quality	166,956
Parks	<u>746,451</u>
Total Restricted	<u>1,949,699</u>
Unrestricted (deficit)	<u>(1,899,211)</u>
Total Net Position	<u>\$ 17,489,922</u>

The accompanying notes are an integral part of these financial statements.

City of Los Alamitos

Statement of Activities For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenue
Governmental activities:					
General government	\$ 3,616,887	\$ 1,556,580	\$ 102,322	\$ -	\$ 1,658,902
Public safety	8,823,526	390,089	712,145	-	1,102,234
Community development	2,121,209	1,214	246,043	-	247,257
Recreation and community services	2,808,658	545,550	-	-	545,550
Public works	3,333,005	-	10,671	263,947	274,618
Interest on long-term debt	226,933	-	-	-	-
Total Governmental Activities	<u>\$ 20,930,218</u>	<u>\$ 2,493,433</u>	<u>\$ 1,071,181</u>	<u>\$ 263,947</u>	<u>\$ 3,828,561</u>

The accompanying notes are an integral part of these financial statements.

City of Los Alamitos

Statement of Activities, (Continued) For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position
Governmental activities:	
General government	\$ (1,957,985)
Public safety	(7,721,292)
Community development	(1,873,952)
Recreation and community services	(2,263,108)
Public works	(3,058,387)
Interest on long-term debt	(226,933)
Total Governmental Activities	(17,101,657)
General revenues:	
Taxes:	
Property taxes, levied for general purpose	5,067,346
Utility users tax	2,307,629
Transient occupancy tax	634,856
Sales taxes	10,718,253
Franchise fees	861,364
Business license taxes	630,887
Other taxes	671,064
Total Taxes	20,891,399
Investment earnings	(131,935)
Other	131,111
Total General Revenues	20,890,575
Change in Net Position	3,788,918
Net Position, Beginning of Year	13,701,004
Net Position, End of Year	\$ 17,489,922

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The Governmental Funds of the City are as follows:

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. These services include general government, safety, community development, recreation and community services, and public works.

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

This page intentionally left blank.

City of Los Alamitos

Balance Sheet Governmental Funds June 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments (Note 3)	\$ 21,247,739	\$ 2,721,153	\$ 23,968,892
Receivables:			
Accounts	201,734	-	201,734
Due from employees	162	-	162
Due from other governments	2,545,685	55,711	2,601,396
Prepaid costs	35,519	-	35,519
Cash and investments - restricted (Note 3)	-	249	249
Total Assets	\$ 24,030,839	\$ 2,777,113	\$ 26,807,952
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,021,393	\$ 100,472	\$ 1,121,865
Accrued liabilities	697,713	-	697,713
Unearned revenues	2,173,768	366,306	2,540,074
Deposits payable	64,605	1,504	66,109
Total Liabilities	3,957,479	468,282	4,425,761
Fund Balances: (Note 13)			
Nonspendable	35,681	-	35,681
Restricted	-	1,949,699	1,949,699
Committed	1,582,719	134,632	1,717,351
Assigned	3,900,000	338,682	4,238,682
Unassigned (deficit)	14,554,960	(114,182)	14,440,778
Total Fund Balances	20,073,360	2,308,831	22,382,191
Total Liabilities and Fund Balances	\$ 24,030,839	\$ 2,777,113	\$ 26,807,952

The accompanying notes are an integral part of these financial statements.

City of Los Alamitos

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position June 30, 2023

Total fund balances - governmental funds \$ 22,382,191

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Nondepreciable	\$ 7,513,877	
Depreciable, net of Internal Service Fund of \$1,005,777	<u>14,037,065</u>	
Total Capital Assets		21,550,942

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		589,353
------------------------------	--	---------

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	(3,160,000)	
Interest payable, net of Internal Service Fund of \$1,279	(30,830)	
Unamortized bond premium	(100,769)	
Leases payable - warehouse	(189,632)	
Deferred charge on refunding	85,414	
Compensated absences	<u>(507,005)</u>	(3,902,822)

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	11,117,343	
Pension related deferred inflows of resources	<u>(2,917,181)</u>	8,200,162

Total pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.		(25,577,351)
---	--	--------------

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	1,876,595	
OPEB related deferred inflows of resources	<u>(1,995,360)</u>	(118,765)

Total OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.		<u>(5,633,788)</u>
--	--	--------------------

Net Position of Governmental Activities		<u>\$ 17,489,922</u>
---	--	----------------------

The accompanying notes are an integral part of these financial statements.

City of Los Alamitos

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 20,438,555	\$ 677,845	\$ 21,116,400
Licenses and permits	814,892	-	814,892
Intergovernmental	449,741	240,910	690,651
Charges for services	881,378	-	881,378
Investment earnings	(184,106)	52,171	(131,935)
Fines and forfeitures	549,352	25,771	575,123
Program revenues	-	252,814	252,814
Miscellaneous	513,979	7,148	521,127
Total Revenues	23,463,791	1,256,659	24,720,450
EXPENDITURES			
Current:			
General government	3,032,900	21,842	3,054,742
Public safety	7,698,807	-	7,698,807
Community development	1,902,518	-	1,902,518
Recreation and community services	2,485,133	-	2,485,133
Public works	2,851,433	183,084	3,034,517
Capital outlay	1,562,722	1,034,497	2,597,219
Debt service:			
Principal	8,930	85,000	93,930
Interest and fiscal charges	39,070	126,516	165,586
Total Expenditures	19,581,513	1,450,939	21,032,452
Revenues Over (Under) Expenditures	3,882,278	(194,280)	3,687,998
OTHER FINANCING SOURCES (USES)			
Lease acquisition	198,562	-	198,562
Transfers in (Note 4)	370,000	365,500	735,500
Transfers out (Note 4)	(1,125,500)	(370,000)	(1,495,500)
Total Other Financing Sources (Uses)	(556,938)	(4,500)	(561,438)
Net Change in Fund Balances	3,325,340	(198,780)	3,126,560
Fund Balances, Beginning of Year, as Restated (Note 14)	16,748,020	2,507,611	19,255,631
Fund Balances, End of Year	\$ 20,073,360	\$ 2,308,831	\$ 22,382,191

The accompanying notes are an integral part of these financial statements.

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-wide Statement of Net Activities
For the Year Ended June 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 3,126,560

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.

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

Total capital outlay expenditures reported in governmental funds	\$ 2,597,219	
Plus: repair and maintenance expenditures capitalized	<u>247,374</u>	
Total Capital Outlay		2,844,593

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	(645,271)	
Less: depreciation reported in the Internal Service Fund	<u>199,272</u>	
Total		(445,999)

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. (1,314)

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. 395,343

Certain other post-employment 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. (166,327)

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. (18,973)

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. (100,280)

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 (1,844,134)

Change in Net Position of Governmental Activities \$ 3,788,918

The accompanying notes are an integral part of these financial statements.

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.

This page intentionally left blank.

City of Los Alamitos

Statement of Net Position Proprietary Funds June 30, 2023

	Governmental Activities Internal Service Funds
ASSETS	
Current Assets:	
Cash and investments (Note 3)	\$ 1,668,249
Total Current Assets	1,668,249
Noncurrent Assets:	
Capital assets - net of accumulated depreciation (Note 5)	1,005,777
Total Noncurrent Assets	1,005,777
Total Assets	2,674,026
LIABILITIES	
Current Liabilities:	
Accounts payable	130,063
Accrued interest	1,279
Claims and judgements	1,472,691
Leases payable (Note 7)	71,563
Total Current Liabilities	1,675,596
Long-term Liabilities:	
Claims and judgements	151,098
Leases payable (Note 7)	257,979
Total Long-term Liabilities	409,077
Total Liabilities	2,084,673
NET POSITION (DEFICIT)	
Net investment in capital assets	676,235
Unrestricted	(86,882)
Total Net Position	\$ 589,353

The accompanying notes are an integral part of these financial statements.

City of Los Alamitos

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2023

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for services	
Garage	\$ 377,055
Technology replacement	195,871
Total Operating Revenues	572,926
OPERATING EXPENSES	
Supplies and materials	586,451
Outside services	244,731
Claims expense	2,081,458
Depreciation	199,272
Total Operating Expenses	3,111,912
Operating Income (Loss)	(2,538,986)
NON-OPERATING REVENUES (EXPENSES)	
Interest expense	(65,148)
Total Non-Operating Revenues (Expenses)	(65,148)
Income (Loss) Before Transfers	(2,604,134)
TRANSFERS	
Transfers in (Note 4)	760,000
Total Transfers	760,000
Change in Net Position	(1,844,134)
Net Position, Beginning of Year	2,433,487
Net Position, End of Year	\$ 589,353

The accompanying notes are an integral part of these financial statements.

City of Los Alamitos

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund charges for garage services	\$ 377,055
Receipts from interfund charges for technology replacement services	195,871
Payments to suppliers and service providers	(1,502,178)
Cash received from (payments to) others	12,102
Net Cash Used for Operating Activities	(917,150)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	760,000
Net Cash Provided by Non-Capital Financing Activities	760,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(168,195)
Principal paid on capital debt	(50,505)
Interest paid on capital debt	(65,148)
Net Cash Used for Capital and Related Financing Activities	(283,848)
Net decrease in cash and cash equivalents	(440,998)
Cash and equivalents, beginning of year	2,109,247
Cash and equivalents, end of year	\$ 1,668,249
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating loss	\$ (2,538,986)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Depreciation	199,272
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	12,102
Increase (decrease) in accounts payable	9,646
Increase (decrease) in claims and judgements	1,400,816
Total Adjustments	1,621,836
Net Cash Used for Operating Activities	\$ (917,150)

The accompanying notes are an integral part of these financial statements.

This page intentionally left blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

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 for establishing 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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.

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B) Basis of Accounting and Measurement Focus, (Continued)

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.

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B) Basis of Accounting and Measurement Focus, (Continued)

Additionally, the City reports the following fund types:

- The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B) Basis of Accounting and Measurement Focus, (Continued)

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B) Basis of Accounting and Measurement Focus, (Continued)

Revenue – Non-Exchange Transactions

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

Unavailable Revenue

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

Unearned Revenue

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

Expenses/Expenditures

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

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B) Basis of Accounting and Measurement Focus, (Continued)

Proprietary Funds Operating and Non-Operating Revenues and Expenses

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

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.

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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:

Capital Asset Classes	Lives
Equipment	5-10 years
Vehicles	4-15 years
Furniture	7 years
Buildings	50 years
Improvements	5-20 years
Infrastructure	50 years

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

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 are 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

J) Deferred Outflows and Inflows of Resources, (Continued)

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 lifetime. 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.

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 qualifies 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:

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

K) Net Position, (Continued)

- 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.

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

M) Fund Balance, (Continued)

- 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.
 - 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.
 - 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.
 - 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

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, 2021
Measurement Date (MD)	June 30, 2022
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, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	June 30, 2022 to June 30, 2023

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Q) New Accounting Pronouncements

The City adopted Statement on Governmental Accounting Standards (GASB Statements) No. 96-*Subscription-Based Information Technology Arrangement Activities (SBITA)*. The primary objective of the statement is to improve guidance regarding the identification of subscription activities for accounting and financial reporting purposes and how those activities should be reported in the financial statements. The adoption of the GASB No. 96 did not significantly impact the City.

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 the discount rate it uses to discount the expected lease payments to present value, lease term, and 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

R) Leases, (Continued)

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 the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The City uses its 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.

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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.

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

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, 2023.

B) Deficit Fund Balance

At June 30, 2023, 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.

3) CASH AND INVESTMENTS

A) Summary of Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 25,637,141
Cash and investments - restricted	<u>249</u>
Total Cash and Investments	<u><u>\$ 25,637,390</u></u>

Cash and Investments at June 30, 2023 consisted of the following:

Cash on hand	\$ 3,500
Demand deposits	709,067
Investments	<u>24,924,823</u>
Total Cash and Investments	<u><u>\$ 25,637,390</u></u>

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

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

3) CASH AND INVESTMENTS, (CONTINUED)
B) Cash Deposits

All City's cash and investments as of June 30, 2023, 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	\$75 million
Medium Term Notes	5 years	30%	None
Local Agency Bonds	5 years	None	None
Commercial Paper	270 days	25%	None

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

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

3) CASH AND INVESTMENTS, (CONTINUED)
C) Investments, (Continued)

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 N	None	None	None
Local Agency Bonds	None	None	None
Medium Tern Notes	5 years	30%	None
Negotiable Certificates for Deposits	None	30%	None
Local Agency Investment Fund (LAIF)	None	None	None

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

3) CASH AND INVESTMENTS, (CONTINUED)

D) Risk Disclosures, (Continued)

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

Investment Type	Remaining Investment Maturities			Total
	Less Than 1 Year	1 to 3 Years	4 to 5 Years	
U.S. Treasury Obligations	\$ 249,825	\$ 1,157,705	\$ -	\$ 1,407,530
U.S. Agency Securities	478,865	8,138,719	970,249	9,587,833
Certificates of Deposit	733,352	2,977,089	476,143	4,186,584
Agency Investment Fund (LAIF)	6,464,705	-	-	6,464,705
Medium Term Notes	-	-	242,666	242,666
Local Agency Bonds	-	948,381	1,098,308	2,046,689
Commercial Paper	988,567	-	-	988,567
Investment held by Bond Trustee: Money Market Mutual Funds	249	-	-	249
Total	\$ 8,915,563	\$ 13,221,894	\$ 2,787,366	\$ 24,924,823

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Not Rated	AAA	AA+	A+
U.S. Treasury Obligations	\$ 1,407,531	N/A	\$ -	\$ 1,407,531	\$ -	\$ -
U.S. Agency Securities	9,587,833	N/A	-	9,587,833	-	-
Certificates of Deposit	4,186,583	N/A	4,186,583	-	-	-
Agency Investment Fund (LAIF)	6,464,705	Not Rated	6,464,705	-	-	-
Medium Term Notes	242,666	A	-	-	-	242,666
Local Agency Bonds	2,046,689	N/A	-	-	2,046,689	-
Commercial Paper	988,567	A	-	-	-	988,567
Investment held by Bond Trustee: Money Market Mutual Funds	249	N/A	-	-	249	-
Totals	\$ 24,924,823		\$ 10,651,288	\$ 10,995,364	\$ 2,046,938	\$ 1,231,233

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, 2023, 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

3) CASH AND INVESTMENTS, (CONTINUED)

D) Risk Disclosures, (Continued)

Investments in any one issuer (other than U.S. treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Reported amount	Percent of portfolio
Federal Home Loan Bank	\$ 6,987,975	28%
Federal Home Loan Mortgage Corporation	1,445,071	6%

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 function as the City's safekeeping agent for investments. At June 30, 2023, City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Fair Value Hierarchy

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

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

3) CASH AND INVESTMENTS, (CONTINUED)

D) Risk Disclosures, (Continued)

The City has the following recurring fair value measurements as of June 30, 2023:

Investments	Totals	Level		
		1	2	Uncategorized
U.S. Treasury Obligations	\$ 1,407,530	\$ 1,407,530	\$ -	\$ -
U.S. Agency Securities	9,587,833	9,587,833	-	-
Certificates of Deposit	4,186,584	-	4,186,584	-
Agency Investment Fund (LAIF)	6,464,705	-	-	6,464,705
Medium Term Notes	242,666	-	242,666	-
Local Agency Bonds	2,046,689	-	2,046,689	-
Commercial Paper	988,567	-	988,567	-
Investment held by Bond Trustee:				
Money Market Mutual Funds	249	249	-	-
Totals	<u>\$ 24,924,823</u>	<u>\$ 10,995,612</u>	<u>\$ 7,464,506</u>	<u>\$ 6,464,705</u>

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.

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, 2023.

B) Transfers In/Out

Transfers In	Transfers Out		Total
	General Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 370,000	\$ 370,000
Nonmajor Governmental Funds	365,500	-	365,500
Internal Service Funds	760,000	-	760,000
Total	<u>\$ 1,125,500</u>	<u>\$ 370,000</u>	<u>\$ 1,495,500</u>

City of Los Alamitos

Notes to the Basic Financial Statements For the Year Ended June 30, 2023

5) CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the fiscal year ended June 30, 2023 are as follows:

Description	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Non-depreciable:				
Land	\$ 5,917,715	\$ -	\$ -	\$ 5,917,715
Construction in process	1,181,419	2,473,695	(2,058,952)	1,596,162
Total Non-depreciable	7,099,134	2,473,695	(2,058,952)	7,513,877
Depreciable/amortizable:				
Buildings and improvements	2,295,266	41,300	-	2,336,566
Right-to-use assets - buildings	-	198,562	-	198,562
Infrastructure - road system	14,609,406	2,058,952	-	16,668,358
Equipment	1,336,135	185,343	-	1,521,478
Vehicles	1,277,610	113,890	(103,287)	1,288,213
Right-to-use assets - vehicles	75,781	317,810	-	393,591
Total Depreciable Capital Assets	19,594,198	2,915,857	(103,287)	22,406,768
Less accumulated depreciation/amortization for:				
Buildings and improvements	(1,578,968)	(46,363)	-	(1,625,331)
Right-to-use assets - buildings	-	(22,062)	-	(22,062)
Infrastructure - road system	(3,099,192)	(333,703)	-	(3,432,895)
Equipment	(1,014,405)	(87,017)	-	(1,101,422)
Vehicles	(1,112,597)	(89,126)	103,287	(1,098,436)
Right-to-use assets - vehicles	(16,780)	(67,000)	-	(83,780)
Total Accumulated Depreciation/Amortization	(6,821,942)	(645,271)	103,287	(7,363,926)
Total Depreciable/Amortizable Capital Assets, Net	12,772,256	2,270,586	-	15,042,842
Total Capital Assets, Net	\$ 19,871,390	\$ 4,744,281	\$ (2,058,952)	\$ 22,556,719

Depreciation/amortization expense was charged to governmental activities as follows:

	General	Internal Service	Total
General government	\$ 95,087	\$ -	\$ 95,087
Public safety	181,343	-	181,343
Community development	44,288	-	44,288
Recreation and community services	66,766	-	66,766
Public works	58,515	-	58,515
Internal Service Fund	-	199,272	199,272
Totals	\$ 445,999	\$ 199,272	\$ 645,271

City of Los Alamitos

Notes to the Basic Financial Statements For the Year Ended June 30, 2023

5) CAPITAL ASSETS, (CONTINUED)

	<u>Expenditures Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction commitments:		
Government activities – street projects:		
New Dutch Haven St Impr.	\$ 311,171	\$ 151,330
Bloomfield St Impr	48,786	251,214
Phase II Street Impr.	43,011	956,989
Sterns Park Project (Y)	24,270	625,730
Briggman Street Widening	196,857	78,143

6) COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2023 is as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Compensated absences	\$ 488,032	\$ 269,689	\$(250,716)	\$ 507,005	\$ 219,324

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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

7) LONG-TERM DEBT

The following is a summary of changes in Governmental Activities long-term debt for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
2015 Certificates of Participation	\$ 3,245,000	\$ -	\$ (85,000)	\$ 3,160,000	\$ 85,000
Unamortized bond premium	105,121	-	(4,352)	100,769	-
Total	\$ 3,350,121	\$ -	\$ (89,352)	\$ 3,260,769	\$ 85,000
Other Long-term Liabilities:					
Lease Payable – Police Vehicles	\$ 62,238	\$ 317,809	\$ (50,505)	\$ 329,542	\$ 71,563
Lease Payable – Warehouse	-	198,562	(8,930)	189,632	40,085
Total	\$ 62,238	\$ 516,371	\$ (59,435)	\$ 519,174	\$ 111,648

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, 2023 is \$3,160,000. The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	105,000	103,244	208,244
2029-2033	580,000	463,935	1,043,935
2034-2038	680,000	354,113	1,034,113
2039-2043	835,000	204,100	1,039,100
2044-2046	590,000	36,000	626,000
Total	\$ 3,160,000	\$ 1,618,918	\$ 4,778,918

City of Los Alamitos

Notes to the Basic Financial Statements For the Year Ended June 30, 2023

7) LONG-TERM DEBT, (CONTINUED)

B) Leases Payable

The City has entered into leases as a Lessee for use of various police vehicles and a warehouse. The initial lease liabilities were recorded in the range between \$16,254 to \$198,562. The City is required to make monthly fixed payments in the range between \$519 to \$12,000. As of June 30, 2023, the value of the lease liability is \$519,174. The leases have an interest rate in the range between 5% to 16.2%. The various police vehicles and the warehouse have a five-year estimated useful life. The value of the right-to-use asset as of June 30, 2023 was \$592,153 with accumulated amortization of \$105,842, is included with buildings and vehicles which is detailed in Note 5.

The following future principal and interest payments on the leases payable for June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 111,648	\$ 151,343	\$ 262,991
2025	155,443	107,549	262,992
2026	151,252	41,210	192,462
2027	76,471	10,748	87,219
2028	24,360	1,659	26,019
Total	<u>\$ 519,174</u>	<u>\$ 312,509</u>	<u>\$ 831,683</u>

The remainder of this page has been left blank intentionally.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

8) RETIREMENT PLANS

A) General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

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 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

8) RETIREMENT PLANS, (CONTINUED)

A) General Information about the Pension Plans, (Continued)

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	87	58
Inactive employees entitled to but not yet receiving benefits	37	36
Active employees	31	18
Total	155	112

Contributions

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. Employer Contributions to the Plan for the fiscal year ended June 30, 2023 were \$2,604,174. The actual employer payments of \$2,267,288 made to CalPERS by the City during the measurement period ended June 30, 2022, differed from the City's proportionate share of the employer's contributions of \$3,416,753 by \$1,149,465, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

8) RETIREMENT PLANS, (CONTINUED)

B) Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

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.

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

8) RETIREMENT PLANS, (CONTINUED)
B) Net Pension Liability, (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return^{1,2}
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

8) RETIREMENT PLANS, (CONTINUED)

B) Net Pension Liability, (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

8) RETIREMENT PLANS, (CONTINUED)

C) Proportionate Share of Net Pension Liability

The following table shows the City's proportionate share of the Plan's net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 77,788,768	\$ 63,246,774	\$ 14,541,994
Balance at: 6/30/2022 (MD)	82,240,705	56,663,354	25,577,351
Net Changes during 2021-22	<u>\$ 4,451,937</u>	<u>\$ (6,583,420)</u>	<u>\$ 11,035,357</u>

Valuation Date (VD), Measurement Date (MD)

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

The City's proportionate share of the net pension liability for the miscellaneous and safety Plan as of the June 30, 2021 and 2022 measurement dates was as follows:

	Miscellaneous	Safety
Proportion – June 30, 2021	0.3738%	0.2140%
Proportion – June 30, 2022	<u>0.3715%</u>	<u>0.2134%</u>
Change – Increase (Decrease)	<u>-0.0023%</u>	<u>-0.0006%</u>

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

8) RETIREMENT PLANS, (CONTINUED)

C) Proportionate Share of Net Pension Liability, (Continued)

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

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Proportion – June 30, 2021	\$ 24,923,508	\$ 14,541,994	\$ 5,990,517
Proportion – June 30, 2022	36,870,020	25,577,351	16,321,033
Change – Increase (Decrease)	<u>\$ 11,946,512</u>	<u>\$ 11,035,357</u>	<u>\$ 10,330,516</u>

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 expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

8) RETIREMENT PLANS, (CONTINUED)
C) Proportionate Share of Net Pension Liability, (Continued)

The EARSLS for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (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.

D) Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

As of the start of the measurement period (July 1, 2021), the City's net pension liability was \$14,541,994. For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension income of \$1,844,163. The City's net pension liability is typically liquidated through the General Fund.

As of June 30, 2023, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 2,598,357	\$ -
Differences between expected and actual experience	806,813	308,364
Net difference between projected and annual earnings on retirement plan investments	4,337,496	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,459,594
Changes in employer's proportion	770,503	1,149,223
City contributions subsequent to the measurement date	2,604,174	-
Total	<u>\$ 11,117,343</u>	<u>\$ 2,917,181</u>

Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

8) RETIREMENT PLANS, (CONTINUED)
D) Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, (Continued)

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$2,604,174 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
2024	\$ 288,632	\$ 986,849	\$ 1,275,481
2025	249,028	818,972	1,068,000
2026	134,251	468,820	603,071
2027	1,323,846	1,325,590	2,649,436
2028	-	-	-
Thereafter	-	-	-
Total	<u>\$ 1,995,757</u>	<u>\$ 3,600,231</u>	<u>\$ 5,595,988</u>

E) Payable to the Pension Plan

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended

9) 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.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

9) OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN, (CONTINUED)

A) Plan Description, (Continued)

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, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active	53
Inactive employees or beneficiaries currently receiving benefits	<u>43</u>
Total	<u><u>96</u></u>

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

9) OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN, (CONTINUED)

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, 2023, the City made no contributions to the plan, which would be recognized as a reduction of the total OPEB liability. The total OPEB liability is typically liquidated through the General Fund.

D) Actuarial Methods and Assumptions

The City's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.86%
Inflation	2.30%
Salary Increases	2.80% per year
Investment Rate of Return	N/A; OPEB plan is unfunded
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

E) Discount Rate

The discount rate used to measure the total OPEB liability was 3.86 percent. The discount rate is based on the Bond Buyer 20 Bond Index. The City does not participate in a trust fiduciary fund.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

9) OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN, (CONTINUED)

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, 2022 (valuation date 6/30/22)	\$ 6,356,967
Changes recognized over the measurement period:	
Service cost	309,238
Interest	228,224
Changes of assumptions	(423,509)
Actual and expected experience difference	(394,896)
Benefit payments	(442,236)
Net Changes	(723,179)
Balance at June 30, 2023 (measurement date 6/30/23)	\$ 5,633,788

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, 2023:

1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
<u>\$ 6,242,980</u>	<u>\$ 5,633,788</u>	<u>\$ 5,121,259</u>

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, 2023:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
<u>\$ 5,250,557</u>	<u>\$ 5,633,788</u>	<u>\$ 6,174,836</u>

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

9) OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN, (CONTINUED)

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$608,563. At June 30, 2023, 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	\$ 1,454,740	\$ 1,120,220
Difference between expected and actual experience	421,855	875,140
Total	<u>\$ 1,876,595</u>	<u>\$ 1,995,360</u>

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

Year Ending June 30,	Amount
2024	\$ 71,101
2025	71,101
2026	71,101
2027	41,911
2028	(161,252)
Thereafter	(212,727)
Total	<u>\$ (118,765)</u>

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

10) JOINT VENTURES

A) Orange County Fire Authority

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

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

Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. The City has a financial interest in the Authority; however, it does not have an equity interest or 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 2022-2023, the City of Los Alamitos paid \$757,481 to the Authority. Financial information for the Authority may be obtained from the City of Cypress.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

10) JOINT VENTURES, (CONTINUED)

C) Integrated Law and Justice Agency for Orange County

In May 2006, the City of Los Alamitos entered into a joint powers agreement with 22 other agencies within the County of Orange to create the Integrated Law and Justice Agency for Orange County. The purpose of the Agency is to facilitate the integration and sharing of criminal justice information for the benefit of the lands and inhabitants within their respective boundaries. The Agency's governing board consists of six Municipal Police Chiefs, each elected for a three-year term by the Orange County Chiefs & Sheriff's Association. The operations of the Agency are funded by grant awards and annual budget appropriations from each member agency. Upon dissolution of the Agency, all surplus money and property of the Agency will be conveyed or distributed to each member in proportion to all funds provided to the Agency by that member. The City has a financial interest in the Authority; however, it does not have an equity interest. Also, the City has an ongoing financial responsibility to the Agency for approximately \$3,000 per year.

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

11) SELF-INSURANCE PROGRAM

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

The City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss when it became a member of EIA for liability, master crime, and workers' compensation coverage. All funds of the City participate in the program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The estimated claims liability of \$1,623,789 reported at June 30, 2023, 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.

City of Los Alamitos

Notes to the Basic Financial Statements For the Year Ended June 30, 2023

11) SELF-INSURANCE PROGRAM, (CONTINUED)

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

	Due Within One-Year Workers' Compensation	Long Term General Liability	Total
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	37,741	135,379	173,120
Liability Balance as of June 30, 2022	71,875	151,098	222,973
Claims and changes in estimates during the fiscal year ended June 30, 2023	1,416,202	-	1,416,202
Claims payments during the fiscal year ended June 30, 2023	(15,386)	-	(15,386)
Liability Balance as of June 30, 2023	<u>\$ 1,472,691</u>	<u>\$ 151,098</u>	<u>\$ 1,623,789</u>

12) 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.

City of Los Alamitos

Notes to the Basic Financial Statements For the Year Ended June 30, 2023

13) CLASSIFICATION OF FUND BALANCES

At June 30, 2023, fund balances are classified in the governmental funds as follows:

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable			
Prepaid costs	\$ 35,519	\$ -	\$ 35,519
Due from employees	162	-	162
Total Nonspendable	35,681	-	35,681
Restricted			
Transportation	-	566,948	566,948
Cable television	-	61,257	61,257
Public safety	-	408,087	408,087
Air quality	-	166,956	166,956
Parks	-	746,451	746,451
Total Restricted	-	1,949,699	1,949,699
Committed			
Capital projects	1,582,719	134,632	1,717,351
Total Committed	1,582,719	134,632	1,717,351
Assigned			
Other post-employment benefits	500,000	-	500,000
PERS reserves	3,400,000	-	3,400,000
Capital projects	-	338,682	338,682
Total Assigned	3,900,000	338,682	4,238,682
Unassigned	14,554,960	(114,182)	14,440,778
Totals	\$ 20,073,360	\$ 2,308,831	\$ 22,382,191

City of Los Alamitos

Notes to the Basic Financial Statements For the Year Ended June 30, 2023

14) RESTATEMENT OF BEGINNING FUND BALANCE

	Governmental Funds		
	General Fund	Air Quality	Total
Fund balance at July 1, 2022, as originally reported	\$ 16,773,021	\$ 123,361	\$ 16,896,382
Adjustment for disallowed AQMD expense	(25,001)	25,001	-
Fund Balance at July 1, 2022, as restated	<u>\$ 16,748,020</u>	<u>\$ 148,362</u>	<u>\$ 16,896,382</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This page intentionally left blank.

City of Los Alamitos

Required Supplementary Information Budgetary Comparison Schedule – General Fund For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, Beginning, as Restated	\$ 16,748,020	\$ 16,748,020	\$ 16,748,020	\$ -
Revenues (Inflows):				
Taxes	17,570,908	17,570,908	20,438,555	2,867,647
Licenses and permits	943,900	943,900	814,892	(129,008)
Intergovernmental	1,374,442	1,374,442	449,741	(924,701)
Charges for services	733,779	733,779	881,378	147,599
Investment earnings	180,000	180,000	(184,106)	(364,106)
Fines and forfeitures	660,500	660,500	549,352	(111,148)
Miscellaneous	68,000	68,000	513,979	445,979
Lease acquisition	198,562	198,562	198,562	-
Transfers in	970,000	970,000	370,000	(600,000)
Amount Available for Appropriations	22,700,091	22,700,091	24,032,353	1,332,262
Charges to Appropriations (Outflows):				
General government:				
City council	66,895	66,895	67,974	(1,079)
City manager / City clerk	1,053,023	1,053,023	1,011,172	41,851
Administrative services	835,327	835,327	808,620	26,707
City attorney	196,000	196,000	311,094	(115,094)
Non-departmental	2,935,800	2,887,800	834,040	2,053,760
Public safety	8,006,050	8,006,050	7,698,807	307,243
Community development	2,019,477	2,019,477	1,902,518	116,959
Recreation and community services	2,104,743	2,104,743	2,485,133	(380,390)
Public works	2,613,129	2,613,129	2,851,433	(238,304)
Capital outlay	211,443	211,443	1,562,722	(1,351,279)
Debt service:				
Principal	8,930	8,930	8,930	-
Interest and fiscal charges	39,070	39,070	39,070	-
Transfers out	1,125,500	1,125,500	1,125,500	-
Total Charges to Appropriations	21,215,387	21,167,387	20,707,013	460,374
Fund Balance, Ending	\$ 18,232,724	\$ 18,280,724	\$ 20,073,360	\$ 1,792,636

Required Supplementary Information, (Continued)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2023

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 Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds, with the exception of the Capital Outlay Capital Projects 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 XIIIB 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, 2023, based on calculations by City management, proceeds of taxes did not exceed appropriations.

City of Los Alamitos

Required Supplementary Information, (Continued) Notes to the Budgetary Comparison Schedule For the Year Ended June 30, 2023

2) Excess of Expenditures over Appropriations

The following departments had expenditures that exceeded the adopted budget:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
City council	\$ 66,895	\$ 67,974	\$ (1,079)
City attorney	196,000	311,094	(115,094)
Recreation and community services	2,104,743	2,485,133	(380,390)
Public works	2,613,129	2,851,433	(238,304)
Capital outlay	211,443	1,562,722	(1,351,279)

Required Supplementary Information, (Continued)
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios –
Miscellaneous Plan
For the Year Ended June 30, 2023

Measurement Date	Proportion of the net pension liability ¹	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of covered payroll	Proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability
6/30/2014	0.072600%	\$ 4,518,604	\$ 2,042,142	221.27%	79.80%
6/30/2015	0.090100%	6,181,642	2,067,219	299.03%	78.40%
6/30/2016	0.092200%	7,975,904	2,139,951	372.71%	74.10%
6/30/2017	0.092000%	9,127,183	2,067,777	441.40%	73.30%
6/30/2018	0.095300%	8,999,874	1,882,670	478.04%	75.30%
6/30/2019	0.166200%	9,688,016	1,883,036	514.49%	70.40%
6/30/2020	0.179100%	10,333,777	1,853,222	557.61%	69.30%
6/30/2021	0.174000%	7,053,615	1,802,686	391.28%	79.40%
6/30/2022	0.252528%	11,816,355	2,174,409	543.43%	67.45%

*Historical information is required only for measurement for which GASB 68 is applicable.

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, includes the Miscellaneous Risk Pools excluding the 1959 survivors Risk Pool.

Required Supplementary Information, (Continued)
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios –
Safety Plan
For the Year Ended June 30, 2023

Measurement Date	Proportion of the net pension liability ¹	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of covered payroll	Proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability
6/30/2014	0.089100%	\$ 5,542,493	\$ 2,385,017	232.39%	79.80%
6/30/2015	0.092200%	6,328,706	2,402,592	263.41%	78.40%
6/30/2016	0.096500%	8,351,809	2,534,307	329.55%	74.10%
6/30/2017	0.098000%	9,719,511	2,655,464	366.02%	73.30%
6/30/2018	0.104700%	9,853,739	2,498,046	394.46%	75.30%
6/30/2019	0.171000%	10,731,155	2,287,551	469.11%	70.40%
6/30/2020	0.069500%	11,805,982	1,935,386	610.01%	69.30%
6/30/2021	0.164300%	7,488,379	2,184,348	342.82%	79.40%
6/30/2022	0.252528%	13,760,996	2,103,050	654.34%	70.04%

*Historical information is required only for measurement for which GASB 68 is applicable.

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes the Safety Risk Pools excluding the 1959 survivors Risk Pool.

Required Supplementary Information, (Continued)
Schedule of City's Contributions – Pensions – Miscellaneous Plan
For the Year Ended June 30, 2023

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
2014-2015	\$ 228,140	\$ (228,140)	\$ -	\$ 2,067,219	11.0%
2015-2016	478,168	(478,168)	-	2,139,951	22.3%
2016-2017	575,534	(575,534)	-	2,067,777	27.8%
2017-2018	607,715	(607,715)	-	1,882,670	32.3%
2018-2019	706,647	(706,647)	-	1,883,036	37.5%
2019-2020	878,063	(878,063)	-	1,853,222	47.4%
2020-2021	902,971	(902,971)	-	1,802,686	50.1%
2021-2022	1,016,424	(1,016,424)	-	2,174,409	46.7%
2022-2023	1,169,151	(1,169,151)	-	2,726,295	42.9%

*Historical information is required only for measurement for which GASB 68 is applicable.

Notes to Schedule:

Change in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Change in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information, (Continued)
Schedule of City's Contributions – Pensions – Safety Plan
For the Year Ended June 30, 2023

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered payroll	Contributions as a Percentage of Covered Payroll
2014-2015	\$ 605,370	\$ (605,370)	\$ -	\$ 2,402,592	25.2%
2015-2016	748,750	(748,750)	-	2,534,307	29.5%
2016-2017	797,034	(797,034)	-	2,655,464	30.0%
2017-2018	847,090	(847,090)	-	2,498,046	33.9%
2018-2019	927,772	(927,772)	-	2,287,551	40.6%
2019-2020	1,075,926	(1,075,926)	-	1,935,386	55.6%
2020-2021	1,163,513	(1,163,513)	-	2,184,348	53.3%
2021-2022	1,250,864	(1,250,864)	-	2,103,050	59.5%
2022-2023	1,435,023	(1,435,023)	-	2,416,863	59.4%

*Historical information is required only for measurement for which GASB 68 is applicable.

Notes to Schedule:

Change in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Change in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information, (Continued)
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Fiscal Year	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 309,238	\$ 345,491	\$ 333,552	\$ 192,736	\$ 175,452	\$ 170,756
Interest on the total OPEB liability	228,224	144,055	143,962	164,133	157,013	166,352
Experience (gains)/losses	(394,896)	542,385	-	(1,087,077)	-	-
Changes in assumptions	(423,509)	(973,560)	31,397	2,824,825	100,644	-
Benefit payments	(442,236)	(395,761)	(383,006)	(238,645)	(237,974)	(228,821)
Net change in total OPEB liability	<u>(723,179)</u>	<u>(337,390)</u>	<u>125,905</u>	<u>1,855,972</u>	<u>195,135</u>	<u>108,287</u>
Total OPEB liability - beginning	<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>	<u>4,409,058</u>
Total OPEB liability - ending (a)	<u>\$ 5,633,788</u>	<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>
Covered-employee payroll⁽¹⁾	\$ 5,131,255	\$ 4,277,459	\$ 4,700,996	\$ 4,502,169	\$ 4,380,716	\$ 4,380,716
Total OPEB liability as a percentage of covered-employee payroll	109.79%	148.62%	142.40%	145.90%	107.57%	103.12%

* Historical information is required only for measurement for which GASB 75 is applicable.

Notes to Schedule:

⁽¹⁾Contributions to the OPEB plan are not based on a measure of pay, therefore covered employee payroll is used.
No assets are accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

Changes in assumptions: For 2023, the discount rate increased from 3.45% to 3.86% based on the municipal bond index. For 2022, the discount rate increased from 2.16% to 3.45% based on the updated municipal bond index. Payroll growth, mortality, termination and retirement rate assumptions have been updated from CalPERS Experience Study and Review of Actuarial Assumptions published in December 2017 to the most recent study published in November 2021. Healthcare trend rates have been updated from 4.00% to Getzen 2022 table that reflects actual premium increases from 2022 to 2023 followed by 6.50% in 2023 that decreases gradually to an ultimate rate of 3.94% in 2075 for non-Medicare and 4.00% for all years on/after 2023 for Medicare. Percentage of active employees assumed to elect spousal coverage at retirement has been reduced from 80% to 25%.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

City of Los Alamitos

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2023

	Special Revenue Funds			
	Community Development Block Grant	Measure M	Los Alamitos Television	Office of Traffic Safety
ASSETS				
Cash and investments	\$ 115,345	\$ 552,869	\$ 64,031	\$ 106,493
Receivables:				
Due from other governments	-	-	-	-
Cash and investments - restricted	-	-	-	-
Total Assets	\$ 115,345	\$ 552,869	\$ 64,031	\$ 106,493
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 7,622	\$ 2,774	-
Unearned revenues	229,527	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	229,527	7,622	2,774	-
Fund Balances:				
Restricted	-	545,247	61,257	106,493
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(114,182)	-	-	-
Total Fund Balances (Deficit)	(114,182)	545,247	61,257	106,493
Total Liabilities and Fund Balances	\$ 115,345	\$ 552,869	\$ 64,031	\$ 106,493

City of Los Alamitos

Combining Balance Sheet, (Continued) Nonmajor Governmental Funds June 30, 2023

	Special Revenue Funds			
	Asset Seizure	Public Safety Augmentation	State Law Enforcement Agency	Air Quality
ASSETS				
Cash and investments	\$ 47,612	\$ 3,742	\$ 269,263	\$ 166,956
Receivables:				
Due from other governments	-	-	-	-
Cash and investments - restricted	-	-	-	-
Total Assets	<u>\$ 47,612</u>	<u>\$ 3,742</u>	<u>\$ 269,263</u>	<u>\$ 166,956</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 17,519	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Deposits payable	1,504	-	-	-
Total Liabilities	<u>19,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	28,589	3,742	269,263	166,956
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	<u>28,589</u>	<u>3,742</u>	<u>269,263</u>	<u>166,956</u>
Total Liabilities and Fund Balances	<u>\$ 47,612</u>	<u>\$ 3,742</u>	<u>\$ 269,263</u>	<u>\$ 166,956</u>

City of Los Alamitos

Combining Balance Sheet, (Continued) Nonmajor Governmental Funds June 30, 2023

	Special Revenue Funds	Capital Projects Funds		
	State Gas Tax	Park Development	Building Improvement	Residential Streets/ Alleys
ASSETS				
Cash and investments	\$ 36,319	\$ 746,451	\$ 328,536	\$ 6,942
Receivables:				
Due from other governments	55,711	-	-	-
Cash and investments - restricted	-	-	-	-
Total Assets	\$ 92,030	\$ 746,451	\$ 328,536	\$ 6,942
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 35,541	\$ -	\$ 4,035	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	35,541	-	4,035	-
Fund Balances:				
Restricted	-	746,451	-	-
Committed	56,489	-	-	-
Assigned	-	-	324,501	6,942
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	56,489	746,451	324,501	6,942
Total Liabilities and Fund Balances	\$ 92,030	\$ 746,451	\$ 328,536	\$ 6,942

City of Los Alamitos

Combining Balance Sheet, (Concluded) Nonmajor Governmental Funds June 30, 2023

	Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Traffic Improvement	Capital Outlay	Debt Service	
ASSETS				
Cash and investments	\$ 269,604	\$ -	\$ 6,990	\$ 2,721,153
Receivables:				
Due from other governments	-	-	-	55,711
Cash and investments - restricted	-	-	249	249
Total Assets	\$ 269,604	\$ -	\$ 7,239	\$ 2,777,113
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 32,981	\$ -	\$ -	\$ 100,472
Unearned revenues	136,779	-	-	366,306
Deposits payable	-	-	-	1,504
Total Liabilities	169,760	-	-	468,282
Fund Balances:				
Restricted	21,701	-	-	1,949,699
Committed	78,143	-	-	134,632
Assigned	-	-	7,239	338,682
Unassigned	-	-	-	(114,182)
Total Fund Balances (Deficit)	99,844	-	7,239	2,308,831
Total Liabilities and Fund Balances	\$ 269,604	\$ -	\$ 7,239	\$ 2,777,113

City of Los Alamitos

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2023

	Special Revenue Funds			
	Community Development Block Grant	Measure M	Los Alamitos Television	Office of Traffic Safety
REVENUES				
Taxes	\$ -	\$ -	\$ 6,780	\$ -
Intergovernmental	10,671	-	-	-
Investment earnings	-	11,713	1,388	1,850
Fines and forfeitures	-	-	-	25,771
Program revenues	-	252,814	-	-
Miscellaneous	-	-	865	-
Total Revenues	10,671	264,527	9,033	27,621
EXPENDITURES				
Current:				
General government	-	-	21,723	-
Public works	-	-	-	-
Capital outlay	10,671	317,870	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	10,671	317,870	21,723	-
Revenues Over (Under) Expenditures	-	(53,343)	(12,690)	27,621
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(5,000)
Total Other Financing Sources (Uses)	-	-	-	(5,000)
Change in Fund Balances	-	(53,343)	(12,690)	22,621
Fund Balances (Deficits), Beginning of Year, as Restated	(114,182)	598,590	73,947	83,872
Fund Balances (Deficits), End of Year	\$ (114,182)	\$ 545,247	\$ 61,257	\$ 106,493

City of Los Alamitos

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, (Continued) Nonmajor Governmental Funds For the Year Ended June 30, 2023

	Special Revenue Funds			
	Asset Seizure	Public Safety Augmentation	State Law Enforcement Agency	Air Quality
REVENUES				
Taxes	\$ -	\$ 79,141	\$ -	\$ -
Intergovernmental	-	-	214,731	15,508
Investment earnings	683	601	5,684	3,086
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	6,283	-	-	-
Total Revenues	6,966	79,742	220,415	18,594
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Revenues Over (Under) Expenditures	6,966	79,742	220,415	18,594
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(105,000)	(140,000)	-
Total Other Financing Sources (Uses)	-	(105,000)	(140,000)	-
Change in Fund Balances	6,966	(25,258)	80,415	18,594
Fund Balances (Deficits), Beginning of Year, as Restated	21,623	29,000	188,848	148,362
Fund Balances, End of Year	\$ 28,589	\$ 3,742	\$ 269,263	\$ 166,956

City of Los Alamitos

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, (Continued) Nonmajor Governmental Funds For the Year Ended June 30, 2023

	Special Revenue Funds	Capital Projects Funds		
	State Gas Tax	Park Development	Building Improvement	Residential Streets/ Alleys
REVENUES				
Taxes	\$ 591,924	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	514	13,080	5,489	138
Fines and forfeitures	-	-	-	-
Program revenues	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	592,438	13,080	5,489	138
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	-	-	-
Capital outlay	641,565	-	64,391	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	641,565	-	64,391	-
Revenues Over (Under) Expenditures	(49,127)	13,080	(58,902)	138
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	150,000	-
Transfers out	(120,000)	-	-	-
Total Other Financing Sources (Uses)	(120,000)	-	150,000	-
Change in Fund Balances	(169,127)	13,080	91,098	138
Fund Balances (Deficits), Beginning of Year, as Restated	225,616	733,371	233,403	6,804
Fund Balances, End of Year	\$ 56,489	\$ 746,451	\$ 324,501	\$ 6,942

City of Los Alamitos

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, (Concluded) Nonmajor Governmental Funds For the Year Ended June 30, 2023

	Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Traffic Improvement	Capital Outlay	Debt Service	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 677,845
Intergovernmental	-	-	-	240,910
Investment earnings	7,945	-	-	52,171
Fines and forfeitures	-	-	-	25,771
Program revenues	-	-	-	252,814
Miscellaneous	-	-	-	7,148
Total Revenues	7,945	-	-	1,256,659
EXPENDITURES				
Current:				
General government	-	119	-	21,842
Public works	183,084	-	-	183,084
Capital outlay	-	-	-	1,034,497
Debt service:				
Principal	-	-	85,000	85,000
Interest and fiscal charges	-	-	126,516	126,516
Total Expenditures	183,084	119	211,516	1,450,939
Revenues Over (Under) Expenditures	(175,139)	(119)	(211,516)	(194,280)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	215,500	365,500
Transfers out	-	-	-	(370,000)
Total Other Financing Sources (Uses)	-	-	215,500	(4,500)
Change in Fund Balances	(175,139)	(119)	3,984	(198,780)
Fund Balances (Deficits), Beginning of Year, as Restated	274,983	119	3,255	2,507,611
Fund Balances, End of Year	\$ 99,844	\$ -	\$ 7,239	\$ 2,308,831

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, 2023**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance (Deficit), Beginning	<u>\$ (114,182)</u>	<u>\$ (114,182)</u>	<u>\$ -</u>
Revenues (Inflows):			
Intergovernmental	<u>350,000</u>	<u>10,671</u>	<u>(339,329)</u>
Amount Available for Appropriations	<u>350,000</u>	<u>10,671</u>	<u>(339,329)</u>
Charges to Appropriations (Outflows):			
Capital outlay	<u>350,000</u>	<u>10,671</u>	<u>339,329</u>
Total Charges to Appropriations	<u>350,000</u>	<u>10,671</u>	<u>339,329</u>
Fund Balance (Deficit), Ending	<u><u>\$ (114,182)</u></u>	<u><u>\$ (114,182)</u></u>	<u><u>\$ -</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 598,590</u>	<u>\$ 598,590</u>	<u>\$ -</u>
Revenues (Inflows):			
Investment earnings	3,300	11,713	8,413
Program revenues	<u>278,213</u>	<u>252,814</u>	<u>(25,399)</u>
Amount Available for Appropriations	<u>281,513</u>	<u>264,527</u>	<u>(16,986)</u>
Charges to Appropriations (Outflows):			
Capital outlay	<u>141,023</u>	<u>317,870</u>	<u>(176,847)</u>
Total Charges to Appropriations	<u>141,023</u>	<u>317,870</u>	<u>(176,847)</u>
Fund Balance, Ending	<u><u>\$ 739,080</u></u>	<u><u>\$ 545,247</u></u>	<u><u>\$ (193,833)</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 73,947</u>	<u>\$ 73,947</u>	<u>\$ -</u>
Revenues (Inflows):			
Taxes	24,900	6,780	(18,120)
Investment earnings	500	1,388	888
Miscellaneous	<u>-</u>	<u>865</u>	<u>865</u>
Amount Available for Appropriations	<u>25,400</u>	<u>9,033</u>	<u>(16,367)</u>
Charges to Appropriations (Outflows):			
General government	<u>57,320</u>	<u>21,723</u>	<u>35,597</u>
Total Charges to Appropriations	<u>57,320</u>	<u>21,723</u>	<u>35,597</u>
Fund Balance, Ending	<u><u>\$ 42,027</u></u>	<u><u>\$ 61,257</u></u>	<u><u>\$ 19,230</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 83,872</u>	<u>\$ 83,872</u>	<u>\$ -</u>
Revenues (Inflows):			
Investment earnings	500	1,850	1,350
Fines and forfeitures	<u>15,000</u>	<u>25,771</u>	<u>10,771</u>
Amount Available for Appropriations	<u>15,500</u>	<u>27,621</u>	<u>12,121</u>
Charges to Appropriations (Outflows):			
Public safety	260	-	260
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Charges to Appropriations	<u>5,260</u>	<u>5,000</u>	<u>260</u>
Fund Balance, Ending	<u><u>\$ 94,112</u></u>	<u><u>\$ 106,493</u></u>	<u><u>\$ 12,381</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, 2023**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 21,623</u>	<u>\$ 21,623</u>	<u>\$ -</u>
Revenues (Inflows):			
Investment earnings	400	683	283
Miscellaneous	<u>-</u>	<u>6,283</u>	<u>6,283</u>
Amount Available for Appropriations	<u>400</u>	<u>6,966</u>	<u>6,566</u>
Fund Balance, Ending	<u><u>\$ 22,023</u></u>	<u><u>\$ 28,589</u></u>	<u><u>\$ 6,566</u></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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ -</u>
Revenues (Inflows):			
Taxes	132,966	79,141	(53,825)
Investment earnings	<u>150</u>	<u>601</u>	<u>451</u>
Amount Available for Appropriations	<u>133,116</u>	<u>79,742</u>	<u>(53,374)</u>
Charges to Appropriations (Outflows):			
Transfers out	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Total Charges to Appropriations	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 57,116</u></u>	<u><u>\$ 3,742</u></u>	<u><u>\$ (53,374)</u></u>

City of Los Alamitos

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual State Law Enforcement Agency Special Revenue Fund For the Year Ended June 30, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 188,848</u>	<u>\$ 188,848</u>	<u>\$ -</u>
Revenues (Inflows):			
Intergovernmental	170,000	214,731	44,731
Investment earnings	<u>1,200</u>	<u>5,684</u>	<u>4,484</u>
Amount Available for Appropriations	<u>171,200</u>	<u>220,415</u>	<u>49,215</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, Ending	<u><u>\$ 220,048</u></u>	<u><u>\$ 269,263</u></u>	<u><u>\$ 49,215</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning, As Restated	<u>\$ 148,362</u>	<u>\$ 148,362</u>	<u>\$ -</u>
Revenues (Inflows):			
Intergovernmental	21,865	15,508	(6,357)
Investment earnings	<u>700</u>	<u>3,086</u>	<u>2,386</u>
Amount Available for Appropriations	<u>22,565</u>	<u>18,594</u>	<u>(3,971)</u>
Charges to Appropriations (Outflows):			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending, As Restated	<u><u>\$ 170,927</u></u>	<u><u>\$ 166,956</u></u>	<u><u>\$ (3,971)</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 225,616</u>	<u>\$ 225,616</u>	<u>\$ -</u>
Revenues (Inflows):			
Taxes	605,588	591,924	(13,664)
Investment earnings	<u>1,300</u>	<u>514</u>	<u>(786)</u>
Amount Available for Appropriations	<u>606,888</u>	<u>592,438</u>	<u>(14,450)</u>
Charges to Appropriations (Outflows):			
Capital outlay	762,500	641,565	120,935
Transfers out	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Total Charges to Appropriations	<u>882,500</u>	<u>761,565</u>	<u>120,935</u>
Fund Balance, Ending	<u><u>\$ (49,996)</u></u>	<u><u>\$ 56,489</u></u>	<u><u>\$ 106,485</u></u>

City of Los Alamitos

**Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Park Development Capital Projects Fund
For the Year Ended June 30, 2023**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 733,371</u>	<u>\$ 733,371</u>	<u>\$ -</u>
Revenues (Inflows):			
Investment earnings	<u>4,400</u>	<u>13,080</u>	<u>8,680</u>
Amount Available for Appropriations	<u>4,400</u>	<u>13,080</u>	<u>8,680</u>
Fund Balance, Ending	<u><u>\$ 737,771</u></u>	<u><u>\$ 746,451</u></u>	<u><u>\$ 8,680</u></u>

City of Los Alamitos

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Building Improvement Capital Projects Fund For the Year Ended June 30, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 233,403</u>	<u>\$ 233,403</u>	<u>\$ -</u>
Revenues (Inflows):			
Investment earnings	400	5,489	5,089
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Amount Available for Appropriations	<u>150,400</u>	<u>155,489</u>	<u>5,089</u>
Charges to Appropriations (Outflows):			
Capital outlay	<u>147,000</u>	<u>64,391</u>	<u>82,609</u>
Total Charges to Appropriations	<u>147,000</u>	<u>64,391</u>	<u>82,609</u>
Fund Balance, Ending	<u><u>\$ 236,803</u></u>	<u><u>\$ 324,501</u></u>	<u><u>\$ 87,698</u></u>

City of Los Alamitos

**Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Residential Streets/Alleys Capital Projects Fund
For the Year Ended June 30, 2023**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 6,804</u>	<u>\$ 6,804</u>	<u>\$ -</u>
Revenues (Inflows):			
Investment earnings	<u>50</u>	<u>138</u>	<u>88</u>
Amount Available for Appropriations	<u>50</u>	<u>138</u>	<u>88</u>
Fund Balance, Ending	<u><u>\$ 6,854</u></u>	<u><u>\$ 6,942</u></u>	<u><u>\$ 88</u></u>

City of Los Alamitos

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Traffic Improvement Capital Projects Fund For the Year Ended June 30, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 274,983</u>	<u>\$ 274,983</u>	<u>\$ -</u>
Revenues (Inflows):			
Charges for services	15,000	-	(15,000)
Investment earnings	2,500	7,945	5,445
Miscellaneous	<u>275,000</u>	<u>-</u>	<u>(275,000)</u>
Amount Available for Appropriations	<u>292,500</u>	<u>7,945</u>	<u>(284,555)</u>
Charges to Appropriations (Outflows):			
Public works	<u>275,000</u>	<u>183,084</u>	<u>91,916</u>
Total Charges to Appropriations	<u>275,000</u>	<u>183,084</u>	<u>91,916</u>
Fund Balance, Ending	<u><u>\$ 292,483</u></u>	<u><u>\$ 99,844</u></u>	<u><u>\$ (192,639)</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, 2023**

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Fund Balance, Beginning	<u>\$ 3,255</u>	<u>\$ 3,255</u>	<u>\$ -</u>
Revenues (Inflows):			
Investment earnings	100	-	(100)
Transfers in	<u>215,500</u>	<u>215,500</u>	<u>-</u>
Amount Available for Appropriations	<u>215,600</u>	<u>215,500</u>	<u>(100)</u>
Charges to Appropriations (Outflows):			
Debt Service:			
Principal	85,000	85,000	-
Interest and fiscal charges	<u>130,494</u>	<u>126,516</u>	<u>3,978</u>
Total Charges to Appropriations	<u>215,494</u>	<u>211,516</u>	<u>3,978</u>
Fund Balance, Ending	<u><u>\$ 3,361</u></u>	<u><u>\$ 7,239</u></u>	<u><u>\$ 3,878</u></u>

City of Los Alamitos

Combining Statement of Net Position All Internal Service Funds June 30, 2023

	Garage	Technology Replacement	Police Capital Expenditures	Facilities, Streets, Parks and Pool Capital Expenditures	Self- Insurance Trust	Total
ASSETS						
Current assets:						
Cash and investments	\$ 429,258	\$ 50,619	\$ 136,105	\$ 385,815	\$ 666,452	\$ 1,668,249
Total Current Assets	429,258	50,619	136,105	385,815	666,452	1,668,249
Noncurrent assets:						
Capital assets - net of accumulated depreciation	673,120	-	-	332,657	-	1,005,777
Total Noncurrent Assets	673,120	-	-	332,657	-	1,005,777
Total Assets	1,102,378	50,619	136,105	718,472	666,452	2,674,026
LIABILITIES						
Current liabilities:						
Accounts payable	28,284	15,232	30,000	23,437	33,110	130,063
Accrued interest	1,279	-	-	-	-	1,279
Accrued claims and judgements	-	-	-	-	1,472,691	1,472,691
Leases payable	71,563	-	-	-	-	71,563
Total Current Liabilities	101,126	15,232	30,000	23,437	1,505,801	1,675,596
Long-term liabilities:						
Claims and judgements	-	-	-	-	151,098	151,098
Leases payable	257,979	-	-	-	-	257,979
Total Long-term Liabilities	257,979	-	-	-	151,098	409,077
Total Liabilities	359,105	15,232	30,000	23,437	1,656,899	2,084,673
NET POSITION (DEFICIT)						
Net investment in capital assets	343,578	-	-	332,657	-	676,235
Unrestricted	399,695	35,387	106,105	362,378	(990,447)	(86,882)
Total Net Position	\$ 743,273	\$ 35,387	\$ 106,105	\$ 695,035	\$ (990,447)	\$ 589,353

City of Los Alamitos

Combining Statement of Revenues, Expenses, and Changes in Net Position All Internal Service Funds For the Year Ended June 30, 2023

	Garage	Technology Replacement	Police Capital Expenditures	Facilities, Streets, Parks and Pool Capital Expenditures	Self- Insurance Trust	Total
OPERATING REVENUES						
Charges for services:						
Garage	\$ 377,055	\$ -	\$ -	\$ -	\$ -	\$ 377,055
Technology replacement	-	195,871	-	-	-	195,871
Total Operating Revenues	377,055	195,871	-	-	-	572,926
OPERATING EXPENSES						
Supplies and materials	168,855	362,068	55,528	-	-	586,451
Outside services	89,597	124,588	-	30,546	-	244,731
Claims expense	-	-	-	-	2,081,458	2,081,458
Depreciation	183,550	8,382	-	7,340	-	199,272
Total Operating Expenses	442,002	495,038	55,528	37,886	2,081,458	3,111,912
Operating loss	(64,947)	(299,167)	(55,528)	(37,886)	(2,081,458)	(2,538,986)
NON-OPERATING REVENUES (EXPENSES)						
Interest expense	(65,148)	-	-	-	-	(65,148)
Total Non-operating Revenues (Expenses)	(65,148)	-	-	-	-	(65,148)
INCOME BEFORE TRANSFERS	(130,095)	(299,167)	(55,528)	(37,886)	(2,081,458)	(2,604,134)
Transfers in	-	-	-	100,000	660,000	760,000
Total Transfers	-	-	-	100,000	660,000	760,000
Change in Net Position	(130,095)	(299,167)	(55,528)	62,114	(1,421,458)	(1,844,134)
Net Position, Beginning of Year	873,368	334,554	161,633	632,921	431,011	2,433,487
Net Position, End of Year	\$ 743,273	\$ 35,387	\$ 106,105	\$ 695,035	\$ (990,447)	\$ 589,353

City of Los Alamitos

Combining Statement of Cash Flows All Internal Service Funds For the Year Ended June 30, 2023

	Garage	Technology Replacement	Police Capital Expenditures	Facilities, Streets, Parks and Pool Capital Expenditures	Self-Insurance Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from interfund charges for garage services	\$ 377,055	\$ -	\$ -	\$ -	\$ -	\$ 377,055
Receipts from interfund charges for technology replacement services	-	195,871	-	-	-	195,871
Payments to suppliers and service providers	(249,680)	(542,335)	(28,822)	(7,743)	(673,598)	(1,502,178)
Cash received from (payments to) others	-	-	-	-	12,102	12,102
Net Cash Provided by (Used for) Operating Activities	127,375	(346,464)	(28,822)	(7,743)	(661,496)	(917,150)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	100,000	660,000	760,000
Net Cash Provided by Non-Capital Financing Activities	-	-	-	100,000	660,000	760,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(168,195)	-	-	-	-	(168,195)
Principal paid on capital debt	(50,505)	-	-	-	-	(50,505)
Interest paid on capital debt	(65,148)	-	-	-	-	(65,148)
Net Cash Used for Capital and Related Financing Activities	(283,848)	-	-	-	-	(283,848)
Net increase (decrease) in cash and cash equivalents	(156,473)	(346,464)	(28,822)	92,257	(1,496)	(440,998)
Cash and equivalents, beginning of year	585,731	397,083	164,927	293,558	667,948	2,109,247
Cash and equivalents, end of year	\$ 429,258	\$ 50,619	\$ 136,105	\$ 385,815	\$ 666,452	\$ 1,668,249
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating loss	\$ (64,947)	\$ (299,167)	\$ (55,528)	\$ (37,886)	\$ (2,081,458)	\$ (2,538,986)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation	183,550	8,382	-	7,340	-	199,272
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	-	-	-	-	12,102	12,102
Increase (decrease) in accounts payable	8,772	(55,679)	26,706	22,803	7,044	9,646
Increase (decrease) in claims and judgements	-	-	-	-	1,400,816	1,400,816
Total Adjustments	192,322	(47,297)	26,706	30,143	1,419,962	1,621,836
Net Cash Provided by (Used for) Operating Activities	\$ 127,375	\$ (346,464)	\$ (28,822)	\$ (7,743)	\$ (661,496)	\$ (917,150)

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

City of Los Alamitos

Statistical Section For the Year Ended June 30, 2023

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.

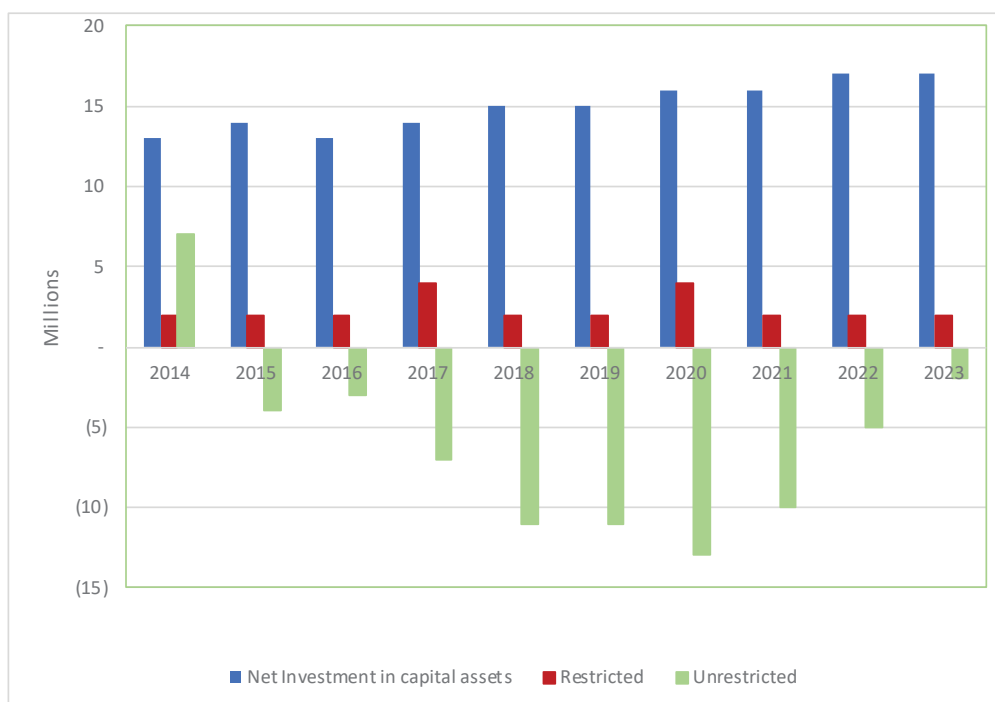
<u>CONTENTS</u>	<u>Page</u>
<u>Financial Trends</u> : These schedules contain trend information to help the reader understands how the City's financial performance and well-being has changed over time	101
<u>Revenue Capacity</u> : These schedules contain trend information to help the reader assesses the factors affecting the City's most significant revenue source, property tax	108
<u>Debt Capacity</u> : These schedules present information to help the reader assesses the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	115
<u>Demographic and Economic Information</u> : These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place	118
<u>Operating Information</u> : These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs	120

City of Los Alamitos

Net Position by Component Last Ten Fiscal Years (Accrual basis of accounting) (Amounts expressed in thousands)

	2014	2015*	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 13,585	\$ 13,519	\$ 12,658	\$ 14,156	\$ 15,281
Restricted	878	713	1,334	764	761
Unrestricted	8,393	(4,126)	(3,828)	(5,506)	(10,679)
Total governmental activities net position	<u>\$ 22,856</u>	<u>\$ 10,106</u>	<u>\$ 10,164</u>	<u>\$ 9,414</u>	<u>\$ 5,363</u>

	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets	\$ 15,315	\$ 15,776	\$ 15,623	\$ 16,545	\$ 17,439
Restricted	1,350	1,453	2,153	2,353	1,950
Unrestricted	(10,746)	(11,287)	(9,608)	(5,197)	(1,899)
Total governmental activities net position	<u>\$ 5,919</u>	<u>\$ 5,942</u>	<u>\$ 8,168</u>	<u>\$ 13,701</u>	<u>\$ 17,490</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)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 2,223	\$ 2,646	\$ 2,976	\$ 2,830	\$ 3,517
Public safety	5,691	5,463	5,732	6,922	6,311
Community development	843	714	685	775	1,104
Recreation and community services	1,700	1,772	1,834	1,783	1,811
Public works	2,839	2,592	2,339	2,306	2,314
Interest and fiscal charges	140	138	302	148	141
Total governmental activities expenses	<u>13,436</u>	<u>13,325</u>	<u>13,868</u>	<u>14,764</u>	<u>15,198</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	385	205	225	272	814
Public safety	735	752	808	825	859
Community development	113	141	80	100	198
Recreation and community services	1,242	1,301	1,225	1,087	956
Public works	18	2	139	-	-
Operating grants	323	293	398	453	151
Capital grants and contributions	1,739	629	530	369	391
Total governmental activities program revenues	<u>4,555</u>	<u>3,323</u>	<u>3,405</u>	<u>3,106</u>	<u>3,369</u>
Net (expense)/revenue					
Governmental activities	<u>(8,881)</u>	<u>(10,002)</u>	<u>(10,463)</u>	<u>(11,658)</u>	<u>(11,829)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	2,733	2,954	3,118	3,603	3,773
Utility users tax	2,188	2,210	2,092	2,037	2,034
Transient occupancy	113	132	156	159	167
Sales	2,836	3,064	3,357	3,160	3,336
Franchise	689	712	709	669	691
Business license	551	563	566	609	647
Other	334	348	251	339	429
	<u>9,444</u>	<u>9,983</u>	<u>10,249</u>	<u>10,576</u>	<u>11,077</u>
Investment income	13	30	86	63	102
Gain on Sale of property	-	-	-	-	19
Other	267	146	185	269	182
Total governmental activities	<u>9,724</u>	<u>10,159</u>	<u>10,520</u>	<u>10,908</u>	<u>11,380</u>
Changes in Net Position					
Governmental activities	<u>\$ 843</u>	<u>\$ 157</u>	<u>\$ 57</u>	<u>\$ (750)</u>	<u>\$ (449)</u>

Source: City of Los Alamitos Finance Department

City of Los Alamitos

Changes in Net Position, (Continued) Last Ten Fiscal Years (Accrual basis of accounting) (Amounts expressed in thousands)

	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	\$ 3,135	\$ 3,586	\$ 3,493	\$ 2,548	\$ 3,617
Public safety	6,556	6,912	7,135	6,382	8,824
Community development	986	1,091	957	1,344	2,121
Recreation and community services	1,746	1,758	1,471	2,043	2,808
Public works	2,415	2,572	2,907	3,226	3,333
Interest and fiscal charges	142	58	331	138	227
Total governmental activities expenses	14,980	15,977	16,294	15,681	20,930
Program Revenues					
Governmental activities:					
Charges for services					
General government	831	1,335	914	1,036	1,557
Public safety	916	711	478	841	390
Community development	3	3	2	7	1
Recreation and community services	937	781	527	892	545
Public works	167	508	353	549	-
Operating grants	442	628	1,872	-	1,071
Capital grants and contributions	254	249	241	-	264
Total governmental activities program revenues	3,550	4,215	4,387	3,325	3,828
Net (expense)/revenue					
Governmental activities	(11,430)	(11,762)	(11,907)	(12,356)	(17,102)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	3,946	4,169	4,455	4,732	5,067
Utility users tax	1,968	1,988	1,834	2,123	2,308
Transient occupancy	160	132	223	522	635
Sales	3,597	3,227	4,855	9,671	10,718
Franchise	688	611	725	1,071	862
Business license	684	730	886	728	631
Other	557	564	548	640	671
	11,600	11,421	13,526	19,487	20,892
Investment income	271	254	78	(665)	(132)
Gain on Sale of property	-	-	-	-	-
Other	115	110	528	83	131
Total governmental activities	11,986	11,785	14,132	18,905	20,891
Changes in Net Position					
Governmental activities	\$ 556	\$ 23	2,225	\$ 6,549	\$ 3,789

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)

	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 8	\$ 684	\$ 59	\$ 17	\$ 18
Committed	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	7,049	7,484	7,347	7,481	7,662
Unassigned	1,218	(644)	3	56	49
Reserved	-	-	-	-	-
Unreserved designated	-	-	-	-	-
Unreserved undesignated	-	-	-	-	-
Total General Fund	<u>8,275</u>	<u>7,524</u>	<u>7,409</u>	<u>7,554</u>	<u>7,729</u>
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	829	1,063	1,333	1,334	1,334
Committed	-	-	-	-	-
Assigned	677	390	1,001	345	129
Unassigned	(1,240)	-	-	-	-
Total All Other Governmental Funds	<u>266</u>	<u>1,453</u>	<u>2,334</u>	<u>1,679</u>	<u>1,463</u>
Total All Governmental Funds	<u>\$ 8,541</u>	<u>\$ 8,977</u>	<u>\$ 9,743</u>	<u>\$ 9,233</u>	<u>\$ 9,192</u>

Source: City of Los Alamitos, Finance Department

City of Los Alamitos

Fund Balances of Governmental Funds, (Continued) Last Ten Fiscal Years (Modified accrual basis of accounting) (Amounts expressed in thousands)

	2019	2020	2021	2022	2023
General Fund					
Nonspendable	\$ 56	\$ 14	\$ 7	\$ 4	\$ 35
Committed	3,607	3,286	3	3	1,583
Restricted	-	-	-	-	-
Assigned	4,589	4,196	4,203	4,196	3,900
Unassigned	588	2,785	9,403	12,570	14,555
Reserved	-	-	-	-	-
Unreserved designated	-	-	-	-	-
Unreserved undesignated	-	-	-	-	-
Total General Fund	<u>8,840</u>	<u>10,281</u>	<u>13,616</u>	<u>16,773</u>	<u>20,073</u>
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	1,180	1,453	2,153	2,353	1,950
Committed	-	-	-	-	134
Assigned	99	200	109	243	339
Unassigned	(4)	(9)	(10)	(114)	(114)
Total All Other Governmental Funds	<u>1,275</u>	<u>1,644</u>	<u>2,252</u>	<u>2,482</u>	<u>\$ 2,309</u>
Total All Governmental Funds	<u>\$ 10,115</u>	<u>\$ 11,925</u>	<u>\$ 15,868</u>	<u>\$ 19,255</u>	<u>\$ 22,382</u>

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)

	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 9,420	\$ 10,337	\$ 10,559	\$ 10,724	\$ 11,078
Licenses and permits	937	205	225	272	814
Intergovernmental	150	1,609	245	609	323
Charges for services	1,396	1,403	1,459	1,202	1,169
Investment earnings	2	30	86	63	106
Fines and forfeitures	710	737	781	810	844
Other	581	454	460	476	398
Total Revenues	13,196	14,775	13,815	14,156	14,732
Expenditures					
General government	2,097	2,379	2,735	2,029	2,243
Public safety	5,874	5,513	5,711	5,777	5,751
Community development	830	694	657	715	1,044
Recreation and community services	1,620	1,730	1,739	1,646	1,598
Public works	1,686	1,771	1,963	1,963	1,943
Capital outlay	1,744	830	213	1,972	1,068
Debt service:					
Principal retirement	70	75	75	70	70
Payment to refunded bond escrow agent	-	-	220	-	-
Interest and fiscal charges	141	138	311	142	140
Total Expenditures	14,062	13,130	13,624	14,314	13,857
Excess of revenues over/(under) expenditures	(866)	1,645	191	(158)	875
Other Financing Sources (Uses)					
Lease acquisition	-	-	-	-	-
Transfers in	606	684	681	1,280	832
Transfers out	(621)	(1,892)	(1,203)	(2,201)	(1,752)
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)	(920)
Net change in fund balances	\$ (881)	\$ 437	\$ 765	\$ (1,079)	\$ (45)
Debt service as a percentage of noncapital expenditures	1.598%	1.813%	2.865% ⁽¹⁾	1.713%	1.640%

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

Source: City of Los Alamitos Administrative Services Department

City of Los Alamitos

Changes in Fund Balances of Governmental Funds, (Continued) Last Ten Fiscal Years (Modified accrual basis of accounting) (Amounts expressed in thousands)

	2019	2020	2021	2022	2023
Revenues					
Taxes	\$ 11,600	\$ 11,422	\$ 13,526	\$ 19,487	\$ 21,116
Licenses and permits	831	1,462	914	1,035	815
Intergovernmental	294	684	1,888	699	691
Charges for services	1,121	1,310	890	905	881
Investment earnings	271	254	78	(665)	(132)
Fines and forfeitures	900	694	468	401	575
Other	349	301	610	324	774
Total Revenues	15,366	16,127	18,374	22,186	24,720
Expenditures					
General government	2,299	2,405	2,240	2,993	3,055
Public safety	5,886	5,585	5,938	6,617	7,699
Community development	928	1,052	1,185	1,292	1,903
Recreation and community services	1,590	1,615	1,391	1,911	2,485
Public works	2,064	1,983	2,379	2,952	3,034
Capital outlay	332	865	490	957	2,597
Debt service:					
Principal retirement	70	75	75	80	94
Payment to refunded bond escrow agent	-	-	-	-	-
Interest and fiscal charges	139	136	134	130	165
Total Expenditures	13,308	13,716	13,832	16,932	21,032
Excess of revenues over/(under) expenditures	2,058	2,411	4,542	5,254	3,688
Other Financing Sources (Uses)					
Lease acquisition	-	-	-	-	199
Transfers in	597	808	733	828	736
Transfers out	(1,157)	(1,409)	(1,334)	(1,678)	(1,496)
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources	(560)	(601)	(601)	(850)	(561)
Net change in fund balances	\$ 1,498	\$ 1,810	\$ 3,941	\$ 4,404	\$ 3,127
Debt service as a percentage of noncapital expenditures	1.611%	1.642%	1.566%	1.315%	1.429%

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

City of Los Alamitos

2022/23 Use Category Summary - Basic Property Value Table Last Ten Fiscal Years (Amounts expressed in thousands)

Category	2014	2015	2016	2017	2018
Residential	\$ 968,878	\$ 1,031,002	\$ 1,091,854	\$ 1,143,395	\$1,200,335
Commercial	296,984	318,001	359,002	365,544	393,211
Industrial	270,936	271,390	278,399	292,535	292,689
Miscellaneous	-	-	-	-	-
Vacant land	8,917	8,449	9,710	9,905	11,648
SBE Nonunitary	222	222	222	222	222
Cross Reference	3,453	3,265	3,083	3,998	4,139
Unsecured	119,933	143,801	138,386	154,478	163,741
Totals	<u>\$ 1,669,323</u>	<u>\$ 1,776,130</u>	<u>\$ 1,880,656</u>	<u>\$ 1,970,077</u>	<u>\$2,065,985</u>
Direct rate	0.11558%	0.11568%	0.11571%	0.11578%	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

2022/23 Use Category Summary - Basic Property Value Table, (Continued) Last Ten Fiscal Years (Amounts expressed in thousands)

Category	2019	2020	2021	2022	2023
Residential	\$ 1,266,083	\$ 1,332,806	\$ 1,408,761	\$ 1,479,534	\$ 1,601,740
Commercial	405,241	427,330	459,279	506,538	532,835
Industrial	308,001	315,346	382,149	417,895	438,566
Miscellaneous	1,793	608	555	-	572
Vacant land	10,088	19,185	14,902	10,998	948
SBE Nonunitary	970	970	970	401	361
Cross Reference	4,109	4,177	3,976	4,002	4,215
Unsecured	161,257	164,509	158,443	189,648	183,150
Totals	<u>\$ 2,157,542</u>	<u>\$ 2,264,931</u>	<u>\$ 2,429,035</u>	<u>\$ 2,609,016</u>	<u>\$ 2,762,387</u>
Direct rate	0.11821%	0.11848%	1.17510%	0.11703%	0.11703%

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

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
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	-	2,608,615	0.117
2023	2,578,876	183,150	-	2,762,026	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

	2014	2015	2016	2017	2018
City Direct Rate	0.117	0.117	0.116	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	0.145	0.145	0.145
Los Alamitos Unified General Fund	0.412	0.411	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 reserve	0.006	0.006	0.006	0.006	0.006
Orange County Water District reserve	0.000	0.001	0.000	0.000	0.000
Rossmoor/Los Alamitos Sewer District	0.010	0.010	0.010	0.010	0.010
Total Prop 13 Rate	1.000	1.000	1.000	1.000	1.000
Anaheim High School District	0.026	0.024	0.049	0.043	0.022
Cypress Elementary	0.027	0.023	0.025	0.024	0.031
Garden Grove Unified School District	0.037	0.041	0.047	0.045	0.075
Los Alamitos Sfid	0.056	0.048	0.052	0.048	0.047
Metropolitan Water District	0.003	0.004	0.004	0.004	0.004
N. Orange County Community College	0.017	0.017	0.030	0.029	0.029
Total Voter Approved tax Rate	0.166	0.157	0.207	0.192	0.207
Total Tax Rate	1.166	1.157	1.207	1.192	1.207

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, (Continued) (Rate per \$100 of assessed value) Last Ten Fiscal Years

	2019	2020	2021	2022	2023
City Direct Rate	0.116	0.116	0.116	0.117	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 reserve	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	1.000	1.000	1.000	1.000	1.000
Anaheim High School District	0.042	0.040	0.040	0.038	0.030
Cypress Elementary	0.030	0.030	0.033	0.030	0.032
Garden Grove Unified School District	0.068	0.069	0.070	0.074	0.063
Los Alamitos Sfid	0.049	0.080	0.093	0.079	0.082
Metropolitan Water District	0.004	0.004	0.004	0.004	0.004
N. Orange County Community College	0.028	0.024	0.032	0.029	0.028
Total Voter Approved tax Rate	0.221	0.247	0.271	0.253	0.238
Total Tax Rate	1.220	1.247	1.271	1.253	1.238

Source: HdL Coren and Cone, Orange County Assessor 2013/2014 - 2022/2023 Tax Rate Table

City of Los Alamitos

Principal Property Taxpayers Current Year and Ten Years Ago (Amounts expressed in thousands)

	2023		2014	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Los Alamitos Medical Center	\$ 141,665	5.128%	\$ 68,098	4.079%
Los Alamitos APG LLC	132,535	4.798%		
Fine US Long Beach LLC	60,180	2.179%		
JCB Merger Sub LLC	44,113	1.597%		
Trend Offset Printing Inc.	40,982	1.484%	35,277	2.113%
Bar Bakers LLC	25,872	0.937%		
Los Alamitos Corporation Center JV	25,779	0.933%	55,585	3.330%
Epson America USA	22,446	0.813%		
CGM Katella LLC	20,648	0.747%	13,158	0.788%
Ganahl Lumber Company	18,987	0.687%	15,274	0.915%
Don Wilson Staples LLC			30,797	1.845%
JCB Inc Tinicum Corporation			17,302	1.036%
Bayport Los Alamitos Associates LP			12,602	0.755%
Arrowhead Products Corporation			12,621	0.756%
Los Alamitos LLC			11,050	0.662%
Top Ten Totals	<u>\$ 533,207</u>	<u>19.303%</u>	<u>\$ 271,764</u>	<u>16.279%</u>
City Totals	<u>\$ 2,762,386</u>		<u>\$ 1,669,324</u>	

Source: HdL Coren and Cone, Orange County Assessor 2013/14 and 2022/23 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
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%
2023	3,007,393	2,762,386	91.853%	22,187	2,784,573	92.591%

(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	Leases Payable			
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	3,245	62	3,307	0.569%	294.48
2023	3,160	520	3,680	0.720%	286.01

¹Ratio 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, 2023 (Amounts expressed in thousands)

2022-2023 Taxable Assessed Valuation: \$2,763,749

	Total Debt 6/30/2023	Percent Applicable to City (1)	City's Share of Debt 6/30/2023
DIRECT DEBT			
Vehicle leases payable	\$ 329	100.000%	\$ 329
Warehouse leases payable	190	100.000%	190
Bonded debt	3,261	100.000%	3,261
TOTAL DIRECT DEBT			3,780
OVERLAPPING TAX ASSESSMENT DEBT:			
Metropolitan Water District	19,215	0.076%	15
N.OC Community College 2014 Bond Series B	324,915	1.722%	5,595
Garden Grove USD 2016 Series 2019	524,835	0.010%	52
Los Alamitos SFID #1 2008 Series A	218,445	23.633%	51,625
Anaheim High 2014 Bond Series 2019	245,579	0.068%	167
Cypress Elementary 2008 Bond, Series B1 & B2	33,551	0.456%	153
TOTAL OVERLAPPING TAX ASSESSMENT DEBT:			57,607
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	451,165	0.381%	1,719
Orange County Board of Education Cert of Participations	10,860	0.381%	41
Los Alamitos SFID #1 2008 Series 2020G	32,572	21.264%	6,926
Anaheim High 2018 Bond Series 2014	29,580	0.068%	20
Cypress Elementary 2008 Bond Series A	3,335	0.456%	15
N.OC Community College 2014 Bond Series A	7,790	1.769%	138
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			8,859
TOTAL OVERLAPPING DEBT			66,466
TOTAL DIRECT & OVERLAPPING DEBT			\$ 70,246

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue 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	0.11%
Overlapping Debt	2.08%
Net Combined Total Debt	2.52%

Source - HdL Coren & Cone, Orange County Assessor and Auditor Combined 2022/23 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	\$ 2,763,749,309
Debt limit (15% of assessed value)	414,562,396
Legal debt margin - Current Year	<u>\$ 414,562,396</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2014	\$ 250,398,597	\$ -	\$ 250,398,597	-
2015	266,419,511	-	266,419,511	-
2016	282,098,369	-	282,098,369	-
2017	294,616,529	-	294,616,529	-
2018	309,897,790	-	309,897,790	-
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%
2023	414,562,396	3,260,769	411,301,627	0.79%

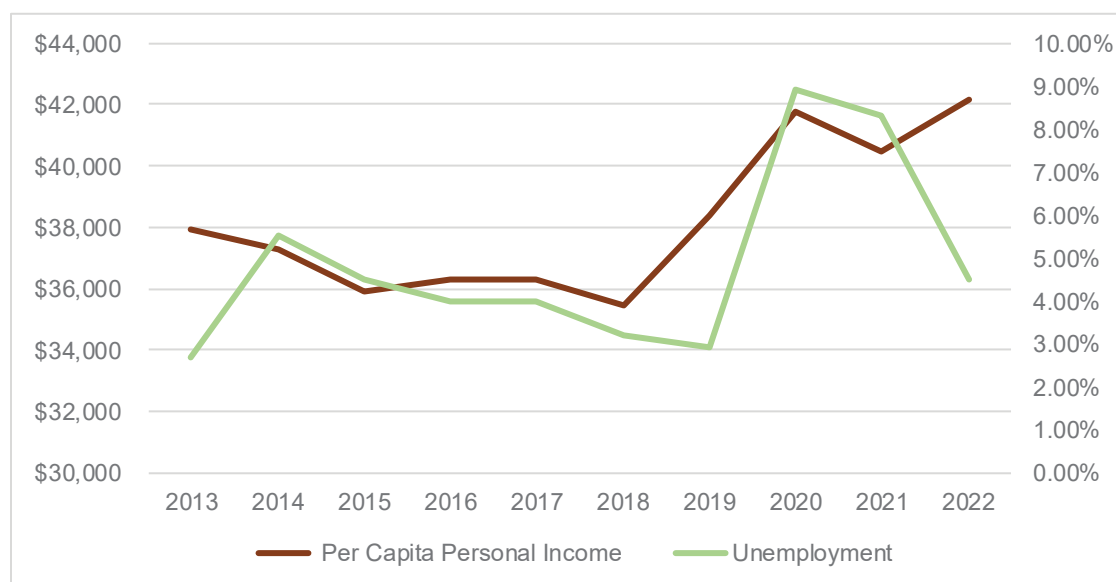
Source: City of Los Alamitos, Finance Department

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	12,129	511,316	42,156	4.50%

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>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>	<u>2023</u>
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
Administration	8	8	8	8	8	8	6	6	7	8
Community Development										
Administration	1	1	1	1	1	1	1	1	1	3
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	5	5
Patrol	19	19	19	19	18	18	13	13	15	15
Investigation	3	3	3	3	3	3	3	2	3	4
Records	2	2	2	2	2	2	2	3	3	3
Crossing guards	3	3	3	3	1	1	1	1	1	0
Other PD support	2	2	2	2	2	2	2	3	3	0
Public Works										
Admin./engineering	1	1	1	1	1	1	1	1	4	3
Maintenance	10	10	10	10	9	9	7	7	6	6
Recreation and Community Services										
Administration	5	5	5	5	4	4	4	2	7	3
Recreation/cultural	15	15	15	15	11	11	11	9	11	5

Source: City of Los Alamitos, Finance Department

City of Los Alamitos

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
Community Development					
Number of:					
Business licenses	2,089	2,227	2,169	2,068	2,153
Plan checks	110	95	96	93	108
NPDES inspections	57	104	60	60	157
Code violations	147	121	267	267	483
Police					
Number of:					
Part 1 crimes	330	299	252	268	209
Parking violations	1,766	3,283	3,963	2,997	4,043
Traffic (moving) violations	2,354	1,786	1,473	2,885	1,430
Incident and crime reports	1,293	1,381	1,167	1,254	896
Public Works					
Square yd. of street resurfacing/repair	20,000	15,000	-	-	-
Miles of street sweeping	33	33	33	33	33
Number of:					
Street signal maintained	25	25	25	25	25
Trees pruned per year	620	615	991	991	991
Square feet graffiti removal	1,550	1,245	1,205	1,205	1,205
Recreation and Community Services					
Total in attendance:					
Aquatics	232,000	235,000	163,000	-	-
Community Services/Seniors	10,500	10,500	13,180	14,000	14,100
Day Camp	2,800	2,900	2,800	3,000	4,040
Park Program	2,600	4,385	4,262	4,140	4,040
Sports	N/A	N/A	35,500	30,000	30,500
Classes	6,300	6,900	8,900	8,900	8,800
Special Events	41,470	34,200	30,475	34,820	35,000

NA - Not Available

Source: City of Los Alamitos, Finance Department

City of Los Alamitos

Operating Indicators by Function/Program, (Continued) Last Ten Fiscal Years

Function/Program	2019	2020	2021	2022	2023
Community Development					
Number of:					
Business licenses	1,806	2,046	2,630	2,413	2,220
Plan checks	98	74	81	338	408
NPDES inspections	85	79	9	55	75
Code violations	420	451	946	1,892	1,194
Police					
Number of:					
Part 1 crimes	193	189	330	157	343
Parking violations	4,221	1,471	1,470	3,835	1,915
Traffic (moving) violations	1,114	342	636	677	1,313
Incident and crime reports	752	729	1,046	1,044	1,116
Public Works					
Square yd. of street resurfacing/repair	-	-	-	62,445	75,750
Miles of street sweeping	33	33	33	858	3,604
Number of:					
Street signal maintained	25	21	22	28	72
Trees pruned per year	991	995	1,375	1,529	1,832
Square feet graffiti removal	1,205	900	1,100	1,836	2,412
Recreation and Community Services					
Total in attendance:					
Aquatics	-	-	-	-	885
Community Services/Seniors	18,390	17,040	16,000	21,600	23,760
Day Camp	3,500	3,200	4,500	4,400	4,840
Park Program	3,000	2,400	2,250	1,800	2,000
Sports	28,234	14,970	13,000	15,550	17,248
Classes	10,300	9,960	8,000	11,000	12,100
Special Events	38,225	31,600	20,000	35,020	41,650

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>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>	<u>2023</u>
Community Development										
Code enforcement vehicles	1	1	1	1	1	1	1	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	7	7	7	8	8	8	8	10	13	9
Other vehicles	9	9	9	9	9	9	9	11	11	16
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	911	911	911	911	911	911	911	911	911	911
Traffic signals	25	25	25	25	25	25	25	25	25	25
Public works vehicles	13	13	13	13	11	11	11	11	11	10
Recreation and 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	3	3	3	3	3	5

Source: City of Los Alamitos, Administrative Services Department

Top 10 Businesses for Fiscal Years 2022/23

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

City of Los Alamitos

Principal Employers Current Year and Ten Years Ago

<u>Employer</u>	FY 2022-23			FY 2013-14		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Los Alamitos Medical Center	1,059	1	7.27%	1,100	1	7.79%
Arrowhead Products	780	2	0.05%	650	2	0.05%
Trend Offset Printing				581	3	0.04%
Epson America	615	3	0.04%			
Discovery Practice Management, Inc.	405	4	0.03%			
Bar Bakers, LLC	356	5	0.02%			
Mittera California, Inc.	211	6	0.01%			
Alliance Space Systems	169	7	0.01%	135	7	0.01%
Katella Delicatessen-Restaurant-Bakery, Inc.	164	8	0.01%	179	4	0.01%
Evergreen Pharmaceutical of California, Inc.				152	5	0.01%
Bearing Inspection, Inc.				113	8	0.01%
Ganahl Lumber				102	9	0.01%
Trojan Professional Services				90	10	0.01%
Collaborative Neuroscience Research, LLC	150	9	0.01%			
Alamitos West Health & Rehabilitation	143	10	0.01%	137	6	0.01%
Total	<u>4,052</u>		<u>7.46%</u>	<u>3,239</u>		<u>7.95%</u>

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

This page intentionally left blank.



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

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

May 8, 2024

To Management of the City of Los Alamitos
Los Alamitos, California

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Proud Member of
AlliottGlobalAlliance™

In planning and performing our audit of the financial statements of the City of Los Alamitos (the City) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 8, 2024 on the financial statements of the City. We will review the status of these comments during our next audit engagement.

Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Management Comment 2023-001

During the audit procedures, and specifically in our review of client-prepared journal entries, we noted various instances where the journal entries had no documentation of when they were prepared and approved. Without proper documentation of when journal entries are prepared and approved, transactions may be inaccurately recorded in the general ledger and not be detected in a timely manner. We recommend that the individuals preparing and approving the journal entries add documentation of when it is completed.

We believe that the implementation of these recommendations will provide the City with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of the management, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California



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

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants



Proud Member of
AlliottGlobalAlliance™

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Los Alamitos (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002 and 2023-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as item 2023-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
May 8, 2024

City of Los Alamitos
Schedule of Findings and Responses
For the Year Ended June 30, 2023

2023-001 – Recording Cash Disbursements
Material Weakness

Criteria

Various checks written in the year under audit were found not to be recorded in the accounting system, which resulted in overstatements of the daily cash balances and faulty financial reporting. This practice is a matter of severe concern and is a major weakness of the system of controls.

Condition

During our audit of the City, we noted that the cash reconciliation as of June 30, 2023 was not agreeing materially to the working trial balance.

Cause

The City had a faulty check run in March 2023 and could not correct the issue before fiscal year end.

Effect

Overstatements of the daily cash balances and faulty financial reporting.

Auditor's Recommendation

We strongly recommend that all checks be recorded by the employee responsible for preparing the check at the time of preparation. This will greatly enhance the system of control of cash disbursements and reliability of the accounting records.

Management's Response

The City agrees with the Auditor's recommendation. The Finance department maintains strong system controls to account for proper and timely recording of accounting records.

The City's financial system incurred an error in March of 2023, wherein a duplicate accounts payable batch was erroneously created. Finance staff worked with Tyler Technologies to correct the system-produced error. **The error was outside the control of the Finance department**, and the Tyler Technologies support team had to make the correction. Several concerted efforts were made to correct the error, but other areas of the financial system were impacted, including cash and accounts payable. This caused the cash reconciliation for June 2023 to be out of balance by a small amount and was corrected in a subsequent period. The amount of discrepancy was identified, carried over as a reconciling item and bank reconciliation for 6/30/23 was completed. In a bank reconciliation process, bank and general Ledger do not necessarily have to agree in the period being reconciled. Timing differences always play a big part in the process, i.e., outstanding checks, deposits in transit, and other reconciling items. The fiscal year 2023 had already closed within the financial system. Due to the financial system's limitations, the final correction was performed on July 1, 2023 after the books were closed.

City of Los Alamitos
Schedule of Findings and Responses
For the Year Ended June 30, 2023

2023-002 – Cash Disbursement Support
Material Weakness

Criteria

During our audit procedures, we noted that supporting documentation could not be obtained for certain cash disbursements selected for testing.

Condition

During our audit of the City, support for a disbursement could not be provided.

Cause

Due to staff turnover in finance, there was insufficient staffing to maintain proper records of disbursements.

Effect

This has the potential to result in disbursements being made for amounts that are not allowable expenses or worse, completely unauthorized transactions that may be questionable or disallowed expenditures.

Recommendation

We strongly recommend that management implement a system of internal controls that requires complete documentation to be available for all cash disbursements.

Management's Response

The City agrees with the Auditor's recommendation. The referenced documentation under the criteria involved a single check and corresponding backup of a sample transaction selected by the auditors, which could not be located within the scope time period of fieldwork of the audit period.

Enhancements are being implemented that will mitigate or eliminate this issue involving digitization workflow enhancement (Laserfiche). Records for the Finance department are primarily paper copies. Requests for records are cumbersome as Staff must locate and then make a physical copy of the records being used. Unlike digital systems, searching for records requires exact details to locate them. The City Council approved an additional appropriation on March 18, 2024, that will allow for the purchase of the technology necessary to accomplish the electronic digitization of Accounts Payable records.

2023-003 – Reliability of Financial Information
Material Weakness

Criteria

The financial information for the year ended June 30, 2023, included errors in certain balance sheet accounts that were the result of ineffective monitoring procedures and closing processes throughout the year. These errors caused misstatements on both the balance sheet and income statement, and in certain circumstances resulted in audit adjustments. Because these errors were not detected prior to the information being provided for audit, there is an indication that the closing procedures, specifically the monitoring and review of financial information by management, are not being effectively performed. It is our understanding that these errors were present throughout the year and were not corrected in the year-end closing process.

Condition

During our audit of the City, there was various audit adjustments proposed to correct numerous accounts.

Cause

Due to staff turnover in finance, there was insufficient staffing to maintain proper closing procedures.

Effect

This will prevent incorrect balances or entries from being recorded.

Recommendation

We strongly recommend that a closing process be implemented that requires all of the balance sheet accounts be reconciled to supporting statements and subsidiary ledgers. In addition, we strongly recommend that the City implement the use of a closing checklist for yearend procedures. This oversight will help to ensure that the periodic financial statements being provided include an accurate reporting of the City's operations.

Management's Response

The City agrees with the Auditor's recommendation. Significant turnover/vacancy has existed in the Finance department, and current vacancy in the Finance Manager position. Contract staffing has been utilized to augment the vacancy and has not been at an optimal level. The current Interim Finance Manager (contract) began with the Finance department in mid-August 2023. Her background and experience include several years as a municipal Assistant Finance Director, and she brought a high level of financial oversight and expertise to the Finance department, including adherence to proper closing procedures and utilization of a year-end checklist that has been used since 2020. Part of her responsibilities included reconciling the balance sheet and supporting accounts. The referenced errors in the balance sheet and income statement accounts are mainly a result of the faulty check run referenced in 2023-001.

City of Los Alamitos
Schedule of Findings and Responses
For the Year Ended June 30, 2023

2023-004 – Bank Reconciliations
Significant Deficiency

Criteria

Bank reconciliations should be prepared, reviewed and approved in a timely manner.

Condition

During our audit of the City, bank reconciliations for a majority of the year had not been prepared in a timely manner.

Cause

Due to staff turnover in finance, there was insufficient staffing to maintain the timely reconciliation of the bank accounts.

Effect

Unauthorized transactions could go through the bank accounts without detection for an extended period of time if accounts are not reconciled regularly.

Recommendation

We recommend that the City ensure that all bank reconciliations are prepared, reviewed and approved in a timely manner and documentation of when the preparation and review are completed should be maintained.

Management's Response

At the commencement of the audit, the City had completed and provided all required bank reconciliations (July 2022 – June 2023) for the Fiscal Year 2023. Due to the finance manager staff vacancy, interim contract staffing was used throughout the fiscal year to complete the bank reconciliations. As a matter of established procedure, the Finance Director approves the bank reconciliations upon completion, and a signature and date of that review are recorded on the cover page of the bank reconciliation packet.



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

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

Independent Accountant's Report

To the Honorable City Council
City of Los Alamitos
Los Alamitos, California

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants



Proud Member of
AlliottGlobalAlliance™

We have performed the procedures enumerated below (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*) on the accompanying Appropriations Limit Worksheet for the year ended June 30, 2023. The City of Los Alamitos (the City) management is responsible for the accompanying Appropriations Limit Worksheet for the year ended June 30, 2023.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. Additionally, the League of California Cities has agreed to and acknowledged that the procedures performed are appropriate to meet for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Worksheet to the other documents referenced in number one above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on accompanying Appropriations Limit Worksheet for the year ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City of Los Alamitos, California, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
April 22, 2024

**APPROPRIATION LIMIT CALCULATION
CITY OF LOS ALAMITOS**

	FISCAL YEAR 2022 - 2023
Change in California Per Capita Personal Income	7.55%
Change in the Population for the County of Orange	-0.23%
Change in California Per Capita Personal Income Converted to a Ratio	1.075500
Change in County of Orange Population Converted to a Ratio	0.997000
Calculation of Growth Factor (1.075500 x 0.997700)	1.072274
Fiscal Year 2021 - 2022 Limit	<u>\$ 22,798,093</u>
Fiscal Year 2022 - 2023 Limit (\$22,798,093 x 1.072274)	<u>\$ 24,445,791</u>
Appropriations limit per resolution	<u>\$ 24,445,791</u>



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

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

May 8, 2024

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Proud Member of
AlliottGlobalAlliance™

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

We have audited the financial statements of the City of Los Alamitos, California, (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated May 8, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated November 30, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated May 8, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm and our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risks

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of fair market value of investments is based on market values provided by outside sources. We evaluated the key factors and assumptions used to develop the fair market value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation expense is based on the useful lives of acquired assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of compensated absence is based on accumulated compensation for vacation, sick leave and compensatory time to employees. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net pension liability is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the statements taken as a whole.

The estimate of the total OPEB liability is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the statements taken as a whole.

Management's estimate of lease liabilities, right-to-use assets, and asset amortization is based on present value calculations using certain terms and assumptions in the lease agreements and estimated useful lives of assets in accordance with generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the lease related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

The disclosure of fair value of investments in the notes to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net, in the notes to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of compensated absences in the notes to the financial statements is based on accumulated compensation for vacation, sick leave and compensatory time to employees. Actual future liabilities may vary from disclosed estimates.

The disclosure of net pension liability in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of net OPEB liability in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of leases liabilities, right-to-use assets, and asset amortization in the basic financial statements is based on certain terms and assumptions in the lease agreements which could differ from actual amounts.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See attachment A for material misstatements that we identified as a result of our audit procedures which were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated May 8, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards:

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were engaged to report on the supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 100			
To move RMRA AR accrual from Fund 10 to Fund 20 to match revenue.			
10-1000	CLAIM ON CASH	22,692.12	
20-1101	ACCOUNTS RCBL-YEAR END ACCRUAL	22,692.12	
10-1101	ACCOUNTS REC-YEAR END ACCRUAL		22,692.12
20-1000	CLAIM ON CASH		22,692.12
Total		45,384.24	45,384.24
Adjusting Journal Entries JE # 103			
RAMS proposed AJE to correct 230766.			
10-1102	DUE FROM OTHER GOVERNMENTS	39,571.44	
10-1000	CLAIM ON CASH		39,571.44
Total		39,571.44	39,571.44
Adjusting Journal Entries JE # 104			
RAMS Proposed AJE to correct the PY Auditor AJE for ARPA, which was incorrectly posted to AP instead of unearned.			
56-2000	AP PENDING (Due to Pool)	769,883.00	
56-2002	UNEARNED REVENUE		769,883.00
Total		769,883.00	769,883.00
Adjusting Journal Entries JE # 105			
RAMS Proposed AJE to correct the transfers in/out from ARPA, fund 57 and the general fund due to no expenses being incurred for fund 57 related to ARPA funding and to place the unspent portion of ARPA funding into unearned revenue.			
10-1000	CLAIM ON CASH	500,000.00	
10-4931	TRANSFER IN - ARPA	600,000.00	
56-1000	CLAIM ON CASH	600,000.00	
56-4899	ARPA MISC REVENUE	600,000.00	
57-4910	TRANSFER FROM GENERAL FUND	500,000.00	
10-1000	CLAIM ON CASH		600,000.00
10-563-6057	TRANSFERS OUT-ECONOMIC DEVELOP		500,000.00
56-2002	UNEARNED REVENUE		600,000.00
56-563-6010	Transfer Out - ARPA		600,000.00
57-1000	CLAIM ON CASH		500,000.00
Total		2,800,000.00	2,800,000.00
Adjusting Journal Entries JE # 106			
RAMS Proposed AJE to correct the missed AP checks found during the search of unrecorded liabilities.			
10-542-5295	MAINTENANCE - STREETS	67,596.00	
10-548-5261	TRAFFIC ENGINEERING	1,820.00	
10-548-5268	PLAN CHECK	2,241.50	
10-570-5501.2302	PHASE II STREET IMPROV	2,922.75	
20-570-5501.2305	BLOOMFIELD STREET IMPR	1,582.50	
10-2000	AP PENDING (Due to Pool)		74,580.25
20-2000	AP PENDING (Due to Pool)		1,582.50
Total		76,162.75	76,162.75
Adjusting Journal Entries JE # 107			
To adjust for AQMD disallowed expenses.			
10-3000	BALANCE	25,001.00	
10-1000	CLAIM ON CASH		25,001.00
Total		25,001.00	25,001.00
Adjusting Journal Entries JE # 108			
Auditor proposed AJE to record lease acquisition entry on first year of lease.			
R10-570-5501.1709	RIGHT TO USE ASSET ACQUISITION	198,562.00	
R10-4999	LEASE ACQUISITION		198,562.00
Total		198,562.00	198,562.00

Adjusting Journal Entries JE # 201

PBC - JE 230763 - Auditor proposed AJE to correct Fund 23 negative balance, which was received from client on JE 230763.

23-570-5501.2101	WEBSITE MAINTENANCE	25,000.01	
23-3000	FUND BALANCE		25,000.01
Total		25,000.01	25,000.01

Adjusting Journal Entries JE # 202

PBC - JE 230765 - Auditor proposed AJE to correct FSA account, which was received from client on JE 230765.

10-1009	CASH DEPOSIT FSA	20,000.00	
10-2115	Flexible Spending Acct		20,000.00
Total		20,000.00	20,000.00

Adjusting Journal Entries JE # 203

PBC JE 230766 - Auditor proposed AJE to correct Reversal of JE230756 (Revenue Accrual Correction), which was received from client on JE 230766.

10-2000	AP PENDING (Due to Pool)	39,571.44	
10-1102	DUE FROM OTHER GOVERNMENTS		39,571.44
Total		39,571.44	39,571.44

Adjusting Journal Entries JE # 204

PBC JE 230767-68 Auditor proposed AJE to correct Year-end unearned revenue, which was received from client on JE 230767-68.

19-4360	CDBG GRANT	229,527.36	
55-2002	UNEARNED REVENUE	246,043.00	
56-4899	ARPA MISC REVENUE	565,198.39	
19-2002	UNEARNED REVENUE		229,527.36
55-4899	MISCELLANEOUS REVENUE		246,043.00
56-2002	UNEARNED REVENUE		565,198.39
Total		1,040,768.75	1,040,768.75

Adjusting Journal Entries JE # 205

PBC JE 230769 Auditor proposed AJE to correct additional FA capitalization and depreciation, which was received from client on JE 230769.

88-1304	EQUIPMENT	23,560.00	
88-1308	CONSTRUCTION IN PROGRESS	30,621.00	
88-1309	IMPROVEMENTS	41,300.00	
88-3003	INVESTMENT IN GEN FIXED ASSETS	6,325.00	
88-1314	DEPRECIATION EQUIPMENT		2,356.00
88-1319	DEPRECIATION IMPROVEMENTS		3,969.00
88-3003	INVESTMENT IN GEN FIXED ASSETS		95,481.00
Total		101,806.00	101,806.00

Adjusting Journal Entries JE # 215

PBC - JE 230787 - Auditor proposed AJE to correct the capitalization of the warehouse lease, which was received from client on JE 230787.

88-1301	BUILDINGS	198,562.39	
88-1311	DEPRECIATION BUILDINGS	48,000.00	
88-3003	INVESTMENT IN GEN FIXED ASSETS	22,062.49	
88-3003	INVESTMENT IN GEN FIXED ASSETS	432,000.00	
88-1301	BUILDINGS		432,000.00
88-1311	DEPRECIATION BUILDINGS		22,062.49
88-3003	INVESTMENT IN GEN FIXED ASSETS		198,562.39
88-3003	INVESTMENT IN GEN FIXED ASSETS		48,000.00
Total		700,624.88	700,624.88



May 8, 2024

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, California 92408

This representation letter is provided in connection with your audit of the financial statements of the City of Los Alamitos (the City) as of June 30, 2023 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of May 8, 20224.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 30, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units are included and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus as amended, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- We have evaluated all of our lease agreements and have given you our assessment as to whether each agreement is subject to GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*.

- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to nonattest services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

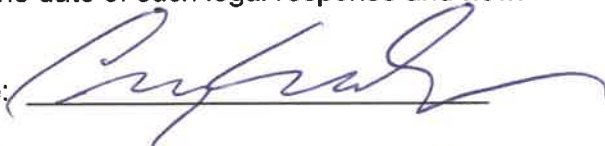
Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report.
 - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- We have provided to you our analysis of the City's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans. We have no reason to believe the City will not 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.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements and the schedule of expenditures of federal awards.
- We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- We have disclosed to you all non-exchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, for those guarantees where it is more likely than not that the City will make a payment on any guarantee.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:

- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updated on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- With respect to the City's supplementary information:
 - We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
 - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
 - We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
 - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the City of the supplementary information and the auditor's report thereon.
 - We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - We do not plan to make frequent amendments to the City's pension or other postretirement benefit plans.

- With respect to the required supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
- With respect to the use of a specialist:
 - We agree with the findings of specialists in evaluating the City's pension and other post-employment benefit liabilities and costs and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- We do not plan to make frequent amendments to the City's pension or other postretirement benefit plans.
- There have been no changes or updates to legal information disclosed to you by our attorneys since the date of such legal response and now.

Signature: 

Title: FINANCE DIRECTOR, CITY TREASURER

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6B

To: Budget Standing Committee Members

Presented By: Craig Koehler, Director of Finance

Subject: City General Fund Reserve

SUMMARY

City General Fund Reserve Policy

RECOMMENDATION

Review the City's General Fund Reserve policy and consider changes.

BACKGROUND

Healthy reserves are a mark of fiscal stability and a cornerstone of financial flexibility. The difficult question is what is the amount of a fiscally prudent reserve. The Government Finance Officers Association (GFOA) best practice recommends, at a minimum, that general-purpose governments, regardless of size, maintain an unrestricted budgetary fund balance in their General Fund of no less than two months of regular general fund operating revenues or operating expenditures.

The passage of Measure Y has contributed to the City's General Fund Reserves, which have increased from \$11.2 million (FY19-20) to an estimated \$20.4 million (FY24-25). The current General Fund set-asides include \$3.4 million for PERS and \$500,000 for OPEB liabilities. The PERS UAL paydown policy includes an annual contribution to the City's Trust of \$600,000, reducing the PERS set aside by the same amount.

DISCUSSION

Following the adoption of the FY24-25 budget, the City should review and consider changes to the General Fund Reserve Policy. The following changes are some potetial options for a new Reserve Policy.

- Rainy Day Fund - 25% of revenue
- Technology Reserve Fund -10% of revenue
- Police Communication Reserve Fund - \$100,000 balance
- Vehicle Replacement Reserve Fund - 11% of revenue

Attached is an example of applying the above allocations to the adopted revenues for FY25-4-25 and the projection for FY25-26. In addition, a sample reallocation plan is illustrated for the excess General Fund.

FISCAL IMPACT

None.

Attachment: 1. General Fund Reserves

Overview	2024-25	2025-26
Total Revenue	23,629,833	24,236,464
Total Expenditures	21,521,050	21,934,438

New Reserve Policies	Policy	2024-25	2025-26	Additional Amount for 2025-2026
Rainy Day Fund	25% of Revenue	5,907,458	6,059,116	151,658
Technology Reserve Fund	10% of Revenue	2,362,983	2,423,646	60,663
Police Comm Reserve Fund	\$100,000 Balance	100,000	100,000	-
Vehicle Replacement Reserve Fund	11% of Revenue	2,599,282	2,666,011	66,729
Total General Fund Reserve Balances		10,969,723	11,248,773	279,050

Excess General Fund Reserves Reallocation	2024-25
CIP Projects	5,907,458
Community Outreach	500,000
Farquhar Development	3,000,000
Economic Development Projects	1,000,000
Other	22,819
	10,430,277

General Fund Reserve		
Balance FY24-25 (Est.)	21,400,000	21,400,000

Current GF Reserve Composition	
PERS Reserve	3,400,000
OPEB Reserve	500,000
Unallocated/Other	16,173,360
General Fund Reserve Balance (Audit 6/30/23)	20,073,360

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6C

To: Budget Standing Committee Members

Presented By: Matthew Lightner, Management Analyst

Subject: City Council Chamber Audio and Video Broadcasting

SUMMARY

This item addresses the audio and visual services for Council meetings in light of the upcoming transition from our old Council Chambers to our new state-of-the-art facilities.

RECOMMENDATION

Authorize staff to request proposals for the provision of audio and visual services during City Council meetings and other events as required.

BACKGROUND

Since 2015, the city has relied on Los Alamitos Television (LATV) to videotape and broadcast City Council meetings on the City's Public Access Channel and online. With the upcoming expiration of the City's contract with LATV, staff conducted a review of the provided services. As part of good governance and transparency, it is essential to evaluate long-standing vendor contracts, even when the services have been satisfactory.

DISCUSSION

The City offers audio and video recordings of City Council meetings on the Public Access Channel and online, ensuring transparency and allowing the public to review meetings later if they cannot attend in person. Staff has determined that new equipment and services are needed to meet the City's transparency demands. This vendor transition will be integrated into the new City Council Chamber's overall development plan. The new contract will enable the City to meet its transparency requirements while upgrading the equipment and enhancing the quality of the video productions.

FISCAL IMPACT

This item has no fiscal impact. However, the estimated cost of a two-year contract would be no more than \$35,000.

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6D

To: Budget Standing Committee Members

Presented By: Craig Koehler, Director of Finance

Subject: Payroll Automation Procurement

SUMMARY

This item will discuss the potential outsourcing of the City's payroll process due to the limitations of the current Enterprise Resource Planning (ERP) system.

RECOMMENDATION

Authorize staff to explore potential options for outsourcing the payroll process.

BACKGROUND

The City's current payroll process is integrated into the Enterprise Resource Planning (ERP) system and involves extensive manual entry. Timesheets are manually inputted into the system, followed by additional steps to finalize the payroll, which prolongs the processing time. After reviewing the payroll process, staff has determined that exploring options for outsourcing the payroll process will free up staff time and modernize the system.

DISCUSSION

The City's payroll process is constrained by the current ERP software, necessitating modernization for the digital age. Presently, the City Manager is still signing physical papers to approve timesheets. Outsourcing the payroll process will overcome these ERP limitations, freeing up staff time, enhancing compliance support, and improving employee satisfaction through digital tracking software.

FISCAL IMPACT

This item has no initial fiscal impact. However, the yearly costs for this service are estimated to range from \$45,000 to \$60,000. The initial setup cost is not included in this figure.

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6E

To: Budget Standing Committee Members

Presented By: Craig Koehler, Director of Finance

Subject: Short Term Investment Strategies

SUMMARY

Discuss Short Term Investment Strategies Used To Maximize Return and Maintain Cash Flow.

RECOMMENDATION

Discuss short term investment strategies used to maximize returns and maintain cash flow and liquidity.

BACKGROUND

It is the policy of the City to invest public funds in a manner that will provide for the preservation of capital while meeting the daily cash flow requirements of the City, and attaining a reasonable rate of return within an acceptable and defined level of risk. The Policy has three primary objectives in order of priority:

Preservation of Capital (Safety) – Protecting the principal is the foremost consideration when undertaking investment decisions that affect public funds. The objective is to mitigate credit risk and interest rate risk.

Liquidity – the investment portfolio shall remain sufficiently liquid to meet all daily cash flow and operating requirements that may be reasonably expected or anticipated.

Yield – the investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, consistent with the primary objectives of safety and liquidity.

Two additional strategies that the City has been able to accomplish are holding individual securities to maturity and structuring the investment portfolio so that securities mature to meet cash flow requirements for ongoing operations and avoiding the need to sell securities on the open market before maturity. Employing a laddering strategy (1-5 years), staggering the maturities of individual securities so that investments come due in increments, assures an overall liquidity pattern.

DISCUSSION

With the recent CIP activity and other expenditure needs, the City has relied on more short-term cash to meet payable demands. For reference, warrant totals for February through May

have been \$7 million compared to the cash inflow of only \$5 million for the same period, leaving the need to draw on short-term cash.

Two approved short-term pools that the City uses are the California State Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP). A recent strategy is to rely more on short-term investments, like one-month T-Bills and Commercial Paper paying in the 5% range, and allow some investments to mature without reinvesting.

In addition, the City has been utilizing CAMP over the LAIF pool. There are distinct advantages to this. One is that currently, CAMP is paying at 5.44%, compared to LAIF at 4.3%, a spread of over 100 basis points. LAIF is slower to reset with fluctuations in the market, and CAMP rates are a truer indication of current market rates. In addition, CAMP is more heavily invested in commercial paper and adheres to less than one year of maturity, whereas LAIF's portfolio is heavily weighted with longer-term Treasury and Agency Notes making up more than 80% of their portfolio. The utilization of CAMP is the recommended investment strategy until market rates begin to decline, at which time the LAIF pool would be the preferred option.

FISCAL IMPACT

Variable based on the earnings potential of the current strategy.

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6F

To: Budget Standing Committee Members

Presented By: Matthew Lightner, Management Analyst

Subject: Soroptimist Park Renovation Using Proposition 68 Funding

SUMMARY

This item will discuss Proposition 68 grant funding for the Soroptimist Park Renovation.

RECOMMENDATION

Authorize staff to follow the guidelines to receive Proposition 68 grant funding to renovate the Soroptimist Park Renovation.

BACKGROUND

Proposition 68 was introduced through Senate Bill 5 (DeLeon, Chapter 852, Statutes of 2017), and approved by voters on June 5, 2018. Funds from this voter approved measure are available for local agencies and aimed at improving local or regional park and recreational infrastructure. The funds were distributed proportionally based on the population of the voting area. The City's portion of this funding totals \$184,949.

DISCUSSION

Staff identified the Soroptimist Park Renovation project to utilize these funds due to its renovation need and matching requirements. The park equipment, play area, and facilities have not been updated for multiple years.

This project will include new play equipment, rubberized play surfaces, benches, trash cans, and ADA compliant concrete work. The matching requirement for this grant is 0% due to the park's location. The project is currently projected to cost \$240,000 which would require the City to contribute approximately \$55,000 for the project.

FISCAL IMPACT

There is no fiscal impact for this item as there are no matching requirements to receive this grant funding. However, the project may utilize approximately \$55,000 of the General Fund to complete all construction needs.

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6G

To: Budget Standing Committee Members

Presented By: Matthew Lightner, Management Analyst

Subject: Delinquent Business License Discussion

SUMMARY

This item will discuss options to pursue delinquent business license renewals in the City.

RECOMMENDATION

Provide direction to Staff concerning delinquent business licenses.

BACKGROUND

A business license issued by the City of Los Alamitos, or its designee, is required for any business operating within city limits. The City outsources business license services to HdL Companies. Recently, Staff has learned that HdL has faced challenges in obtaining business license renewal compliance from over 50 registered businesses within the City. These businesses have typically been delinquent for multiple years, resulting in a backlog of unpaid fees.

DISCUSSION

HdL's business license services encompass a thorough process to ensure compliance with the business license fee requirements. HdL contacts businesses about their renewal 45 days before their license expires, followed by a reminder letter two weeks later. This letter includes an option for postal renewal, allowing business owners to bypass the online renewal process. If a business becomes delinquent, HdL sends two notifications: the first during the week of delinquency and the second a month later. Persistent non-compliance results in the matter being handed over to an internal collections representative.

The City also has the authority to issue citations outlined in the municipal code. The citation for violating the business license ordinance constitutes a misdemeanor, punishable by a \$1,000 fine or imprisonment.

To ensure compliance from businesses operating without a business license, the City has several options:

Option 1: Direct HdL to further investigate delinquent businesses using additional means, reinforcing the City's commitment to achieving compliance via HdL's enforcement methods.

Option 2: Authorize the use of citations for delinquent businesses, which will result in a

misdemeanor charge and up to a \$1,000 fine for the business owner.

Option 3: Instruct City Staff to directly contact delinquent businesses to remind them of their licensing obligations, doubling the contact efforts already made by HdL.

FISCAL IMPACT

There is no fiscal impact for this item. However, the City may feasibly recover \$62,327.77 in delinquent revenue.

Attachment: None

City of Los Alamitos

BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: June 11, 2024

ITEM NUMBER: 6H

To: Budget Standing Committee Members

Presented By: Chet Simmons, City Manager

Subject: Printing Expenditures

SUMMARY

This item will discuss printing expenditures.

RECOMMENDATION

There is no recommendation for this item.

BACKGROUND

Discussion Item

DISCUSSION

Printing cost absorbed by the City.

FISCAL IMPACT

This item has no fiscal impact as the item is only meant to display what costs have already occurred.

Attachment: None