

CITY OF LOS ALTOS, CALIFORNIA
GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Governmental Funds

The funds described below were determined to be major funds by the City. Individual nonmajor funds may be found in the Other Supplementary Information section.

General Fund

Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in other funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, maintenance services, community development and recreation activities.

Real Property Proceeds Fund

Accounts for the proceeds from the sale of the property.

Capital Projects Fund

Accounts for the acquisition and construction of major capital projects and plans that are financed by resources other than proprietary funds.

Equipment Replacement Fund

Accounts for the revenues and expenditures related to the replacement of certain City equipment and vehicles.

In-Lieu Park Land Fund

Accounts for revenues received in lieu of parkland dedications. The revenues are dedicated for purchasing or improving park or recreational facilities.

Community Facilities Renewal Fund

Accounts for the revenues and expenditures related to the community facilities renewal efforts.

Nonmajor Governmental Funds

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

CITY OF LOS ALTOS, CALIFORNIA

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2013

	Major Funds			
	General Fund	Real Property Proceeds	Capital Projects	Equipment Replacement Fund
ASSETS				
Cash and investments	\$ 9,803,721	\$ 7,414,894	\$ 6,554,337	\$ 3,671,380
Restricted cash and investments	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Accounts	1,014,476	-	33,775	-
Interest	59,720	-	-	-
Prepays	21,723	-	-	-
Inventory	15,004	-	-	-
Total assets	\$ 10,914,644	\$ 7,414,894	\$ 6,588,112	\$ 3,671,380
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,760,179	\$ -	\$ 1,748,069	\$ 1,092
Accrued liabilities	518,757	-	-	-
Other payable	133,734	-	-	-
Total liabilities	2,412,670	-	1,748,069	1,092
Fund balances:				
Nonspendable	48,728	-	-	-
Restricted	-	-	-	-
Committed	-	-	3,046,926	583,434
Assigned	6,025,000	7,414,894	1,793,117	3,086,854
Unassigned	2,428,246	-	-	-
Total fund balances	8,501,974	7,414,894	4,840,043	3,670,288
Total liabilities and fund balances	\$ 10,914,644	\$ 7,414,894	\$ 6,588,112	\$ 3,671,380

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

Major Funds			
In-Lieu Park Land Fund	Community Facilities Renewal Fund	Nonmajor Governmental Funds	Total
\$ 4,590,390	\$ 7,165,592	\$ 2,706,170	\$ 41,906,484
-	-	171,996	171,996
-	-	50,000	1,098,251
-	-	-	59,720
-	-	-	21,723
-	-	-	15,004
<u>\$ 4,590,390</u>	<u>\$ 7,165,592</u>	<u>\$ 2,928,166</u>	<u>\$ 43,273,178</u>
\$ -	\$ -	\$ 112,892	\$ 3,622,232
-	-	-	518,757
-	-	-	133,734
<u>-</u>	<u>-</u>	<u>112,892</u>	<u>4,274,723</u>
-	-	-	48,728
4,590,390	-	2,815,274	7,405,664
-	-	-	3,630,360
-	7,165,592	-	25,485,457
-	-	-	2,428,246
<u>4,590,390</u>	<u>7,165,592</u>	<u>2,815,274</u>	<u>38,998,455</u>
<u>\$ 4,590,390</u>	<u>\$ 7,165,592</u>	<u>\$ 2,928,166</u>	<u>\$ 43,273,178</u>

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



CITY OF LOS ALTOS, CALIFORNIA

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2013

Fund balances of governmental funds \$ 38,998,455

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources. Therefore, were not reported in the governmental funds balance sheet:

Land, buildings, property, equipment and infrastructure, net 51,767,330

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds balance sheet.

(11,994)

The cost associated with the issuance of debt, net of amortization, is a use of current resources in the fund statement. Therefore, it was not reported as an asset in the governmental funds balance sheet.

60,283

Long-term liabilities are not due and payable in the current period. Therefore, they were not report in the governmental funds balance sheet.

Long-term liabilities - current portion (95,000)

Long-term liabilities - noncurrent portion (1,665,000)

OPEB liability (993,943)

Compensated absences - current portion (388,628)

Compensated absences - noncurrent portion (1,165,882)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the governmental-wide statement of net position.

905,182

Net position of governmental activities

\$ 87,410,803

CITY OF LOS ALTOS, CALIFORNIA

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Fiscal year ended June 30, 2013

	Major Funds			
	General	Real	Capital	Equipment
	Fund	Property Proceeds	Projects	Replacement Fund
Revenues:				
Taxes	\$ 19,444,398	\$ -	\$ -	\$ -
License, permits and fees	3,311,730	-	-	-
Intergovernmental	3,528,966	-	182,345	-
Grants and donations	61,910	-	625,598	-
Charges for services	4,480,278	-	-	-
Fines and forfeitures	153,415	-	-	-
Interest and rentals	104,226	11,601	-	-
Other	190,111	-	-	-
Total revenues	31,275,034	11,601	807,943	-
Expenditures:				
General government				
Public safety	14,194,042	-	297,222	200,287
Public works	4,364,633	-	466,523	-
Recreation	2,101,716	-	298	-
Community development	4,148,114	-	342,939	-
Admin/community services	3,370,919	-	118,655	-
Capital improvements	-	-	2,916,030	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	28,179,424	-	4,141,667	200,287
Excess (deficiency) of revenues over (under) expenditures	3,095,610	11,601	(3,333,724)	(200,287)
Other financing sources (uses):				
Transfers in	282,395	-	1,795,716	100,000
Transfers out	(1,410,933)	-	-	-
Total other financing sources (uses)	(1,128,538)	-	1,795,716	100,000
Special item:				
Proceeds from sale of assets	-	492,427	-	-
PERS side fund prepayment	(950,000)	-	-	-
Total special items	(950,000)	492,427	-	-
Net change in fund balances	1,017,072	504,028	(1,538,008)	(100,287)
Fund balances at beginning of year	7,484,902	6,910,866	6,378,051	3,770,575
Fund balances at end of year	\$ 8,501,974	\$ 7,414,894	\$ 4,840,043	\$ 3,670,288

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

Major Funds			
In-Lieu Park Land Fund	Community Facilities Renewal Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 19,444,398
3,636,000	-	689,142	7,636,872
-	-	801,697	4,513,008
-	-	62,576	750,084
-	-	-	4,480,278
-	-	17,395	170,810
4,640	-	14,469	134,936
-	-	-	190,111
<u>3,640,640</u>	<u>-</u>	<u>1,585,279</u>	<u>37,320,497</u>
-	-	-	14,691,551
-	-	-	4,831,156
-	-	-	2,102,014
-	-	61,966	4,553,019
-	-	165,345	3,654,919
-	-	-	2,916,030
-	-	95,000	95,000
-	-	74,573	74,573
<u>-</u>	<u>-</u>	<u>396,884</u>	<u>32,918,262</u>
<u>3,640,640</u>	<u>-</u>	<u>1,188,395</u>	<u>4,402,235</u>
-	100,000	165,000	2,443,111
-	-	(1,514,112)	(2,925,045)
<u>-</u>	<u>100,000</u>	<u>(1,349,112)</u>	<u>(481,934)</u>
-	-	-	492,427
-	-	-	(950,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(457,573)</u>
3,640,640	100,000	(160,717)	3,462,728
949,750	7,065,592	2,975,991	35,535,727
<u>\$ 4,590,390</u>	<u>\$ 7,165,592</u>	<u>\$ 2,815,274</u>	<u>\$ 38,998,455</u>

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

CITY OF LOS ALTOS, CALIFORNIA

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Fiscal year ended June 30, 2013

Net change in fund balances of governmental funds \$ 3,462,728

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 3,135,584

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (1,639,143)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized over the life of the bond in the government-wide statements.

Principal payment 95,000
Amortization of cost issuance (20,061)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change)

Compensated absences (120,274)
Interest payable (525)
Other post employment healthcare benefits (200,489)
Long-term receivable from the sale of the Los Altos Treatment Plant (400,000)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the internal service funds is reported with governmental activities. (223,308)

Changes in net position of governmental activities \$ 4,089,512

CITY OF LOS ALTOS, CALIFORNIA
GOVERNMENTAL FUNDS
PROPRIETARY FUND FINANCIAL STATEMENTS

Enterprise Funds

Sewer

To account for the operation (including waste water treatment) of the City's sewer treatment activities, a self-supporting activity which provides services on a user charge basis.

Solid Waste

To account for the collection and disposal of solid waste, a self supporting activity that provides service on a user charge basis.

Storm Drain

To account for the operation of the City's urban runoff and storm drain activities.

CITY OF LOS ALTOS, CALIFORNIA

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

June 30, 2013

	Major Enterprise Funds			Total	Internal Service Funds
	Sewer	Solid Waste	Storm Drain		
ASSETS					
Current assets:					
Cash and investments	\$ 5,882,674	\$ 2,024,560	\$ 16,185	\$ 7,923,419	\$ 4,271,745
Accounts receivable	345,738	8,181	-	353,919	1,053
Total current assets	<u>6,228,412</u>	<u>2,032,741</u>	<u>16,185</u>	<u>8,277,338</u>	<u>4,272,798</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable	379,320	-	-	379,320	-
Depreciable	15,681,556	-	1,969,221	17,650,777	-
Less accumulated depreciation	(9,287,457)	-	(1,969,221)	(11,256,678)	-
Total capital assets, net	<u>6,773,419</u>	<u>-</u>	<u>-</u>	<u>6,773,419</u>	<u>-</u>
Total non-current assets	<u>6,773,419</u>	<u>-</u>	<u>-</u>	<u>6,773,419</u>	<u>-</u>
Total assets	<u>13,001,831</u>	<u>2,032,741</u>	<u>16,185</u>	<u>15,050,757</u>	<u>4,272,798</u>
LIABILITIES					
Current liabilities:					
Accounts payable	315,823	23,310	-	339,133	90,112
Accrued liabilities	10,707	900	13,507	25,114	-
Compensated absences - current portion	11,632	-	-	11,632	-
Claims and judgements - current portion	-	-	-	-	669,896
Total current liabilities	<u>338,162</u>	<u>24,210</u>	<u>13,507</u>	<u>375,879</u>	<u>760,008</u>
Noncurrent liabilities:					
Compensated absences - noncurrent portion	34,896	-	-	34,896	-
OPEB liabilities	19,420	1,594	2,678	23,692	-
Claims and judgments - noncurrent portion	-	-	-	-	2,607,608
Total noncurrent liabilities	<u>54,316</u>	<u>1,594</u>	<u>2,678</u>	<u>58,588</u>	<u>2,607,608</u>
Total liabilities	<u>392,478</u>	<u>25,804</u>	<u>16,185</u>	<u>434,467</u>	<u>3,367,616</u>
NET POSITION (DEFICIT)					
Invested in capital assets	6,773,419	-	-	6,773,419	-
Unrestricted (deficit)	5,835,934	2,006,937	-	7,842,871	905,182
Total net position (deficit)	<u>\$ 12,609,353</u>	<u>\$ 2,006,937</u>	<u>\$ -</u>	<u>\$ 14,616,290</u>	<u>\$ 905,182</u>

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

CITY OF LOS ALTOS, CALIFORNIA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (DEFICIT)

Fiscal year ended June 30, 2013

	Major Enterprise Funds			Total	Internal Service Funds
	Sewer	Solid Waste	Storm Drain		
Operating revenues:					
Charges for services	\$ 5,120,874	\$ 878,543	\$ -	\$ 5,999,417	\$ 1,315,568
Total operating revenues	5,120,874	878,543	-	5,999,417	1,315,568
Operating expenses:					
Outside services	2,870,862	274,797	77,934	3,223,593	110,156
Employee services	718,242	76,861	153,976	949,079	-
Repairs and maintenance	715,258	3,077	-	718,335	-
Claims reimbursement	-	-	-	-	1,175,249
Insurance	-	-	-	-	491,090
Administration	-	-	-	-	12,381
Depreciation	224,880	-	-	224,880	-
Total operating expenses	4,529,242	354,735	231,910	5,115,887	1,788,876
Total operating income	591,632	523,808	(231,910)	883,530	(473,308)
Nonoperating revenues:					
Interest	6,118	3,726	-	9,844	-
Total nonoperating revenues	6,118	3,726	-	9,844	-
Income (loss) before transfers	597,750	527,534	(231,910)	893,374	(473,308)
Transfers:					
Transfers in	-	-	231,933	231,933	250,000
Total transfers	-	-	231,933	231,933	250,000
Change in net position	597,750	527,534	23	1,125,307	(223,308)
Net position (deficit) at beginning of year	12,011,603	1,479,403	(23)	13,490,983	1,128,490
Net position (deficit) at end of year	\$ 12,609,353	\$ 2,006,937	\$ -	\$ 14,616,290	\$ 905,182

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

CITY OF LOS ALTOS, CALIFORNIA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Fiscal year ended June 30, 2013

	Major Enterprise Funds			Total	Internal Service Funds
	Sewer	Solid Waste	Storm Drain		
Cash flows from operating activities:					
Cash received from customers	\$ 5,299,063	\$ 874,528	\$ -	\$ 6,173,591	\$ -
Cash received from other funds	-	-	-	-	1,320,656
Cash payments to suppliers for goods and services	(3,721,743)	(262,415)	(77,934)	(4,062,092)	-
Cash payments to employees for services	(710,430)	(76,651)	(142,199)	(929,280)	-
Cash payments to claimants	-	-	-	-	(1,172,263)
Insurance premiums and settlements	-	-	-	-	98,190
Net cash provided by (used for) operating activities	866,890	535,462	(220,133)	1,182,219	246,583
Cash flows from noncapital financing activities:					
Transfers in	-	-	231,933	231,933	250,000
Net cash provided by noncapital financing activities	-	-	231,933	231,933	250,000
Cash flows from capital and related financing activities:					
Capital asset additions	(1,046,602)	-	-	(1,046,602)	-
Net cash provided by (used for) capital and related financing activities	(1,046,602)	-	231,933	(814,669)	250,000
Cash flows from investing activities:					
Interest	6,119	3,726	-	9,845	-
Net cash provided by investing activities	6,119	3,726	-	9,845	-
Net increase (decrease) in cash and cash equivalents	(173,593)	539,188	11,800	377,395	496,583
Cash and cash equivalents at beginning of year	6,056,267	1,485,372	4,385	7,546,024	3,775,162
Cash and cash equivalents at end of year	<u>\$ 5,882,674</u>	<u>\$ 2,024,560</u>	<u>\$ 16,185</u>	<u>\$ 7,923,419</u>	<u>\$ 4,271,745</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 591,632	\$ 523,808	\$ (231,910)	\$ 883,530	\$ (473,308)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	224,880	-	-	224,880	-
Changes in assets and liabilities:					
Accounts receivable	178,187	(4,015)	-	174,172	5,088
Accounts payable	(135,622)	15,459	-	(120,163)	76,043
Accrued liabilities	1,940	210	11,777	13,927	-
Compensate absences	5,873	-	-	5,873	-
OPEB liabilities	-	-	-	-	-
Claims and judgments	-	-	-	-	638,760
Net cash provided by (used for) operating activities	<u>\$ 866,890</u>	<u>\$ 535,462</u>	<u>\$ (220,133)</u>	<u>\$ 1,182,219</u>	<u>\$ 246,583</u>

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

CITY OF LOS ALTOS, CALIFORNIA
FIDUCIARY FUND FINANCIAL STATEMENT

Agency Fund

Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of the results of operations. It is used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

CITY OF LOS ALTOS, CALIFORNIA
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 1,967,699
Accounts receivable	418
	<u>418</u>
Total assets	<u><u>\$ 1,968,117</u></u>
LIABILITIES	
Accounts payable	\$ 212,400
Due to others	1,755,717
	<u>1,755,717</u>
Total liabilities	<u><u>\$ 1,968,117</u></u>

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