

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

CITY OF LOS ALTOS





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**CITY OF LOS ALTOS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

**Prepared by
ADMINISTRATIVE SERVICES DEPARTMENT**



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INTRODUCTORY SECTION



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For the Year Ended June 30, 2020

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ONE NORTH SAN ANTONIO ROAD
LOS ALTOS, CALIFORNIA 94022-3087

February 8, 2021

**Honorable Mayor and Members of the City Council
City of Los Altos, California**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Los Altos, California (the City) for the fiscal year ended June 30, 2020 with the Independent Auditors' Report. The CAFR was prepared by the City's Administrative Services Department. The information contained in this CAFR is based on a comprehensive framework of internal control established for this purpose. The objective is to provide reasonable assurance that the financial statements are free of material misstatements. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material respects, that the presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds, and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) section of the CAFR and should be read in conjunction with it. The MD&A provides an important narrative introduction, overview and analysis of the Basic Financial Statements, and can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY AND ITS SERVICES

Tree-lined streets and a small village atmosphere characterize Los Altos, which is in the heart of world-famous Silicon Valley. Just 40 miles south of San Francisco, Los Altos is a residential community with a population of approximately 32,000 served by seven small retail areas. The seven-square mile residential city is developed with small businesses, schools, libraries and churches. Incorporated on December 1, 1952, Los Altos is a general law city operating under the Council-Manager form of government. There are five Council members elected at large, serving four-year overlapping terms. Municipal services provided include police, street maintenance, engineering, community development, parks, recreation and sewer. Fire protection is contracted with the Santa Clara County Central Fire Protection District.

SERVICE EFFORTS AND MAJOR INITIATIVES

Service Efforts

In FY 2019-20, the City continued its commitment to provide a high level of service to its residents and citizens, adhered to its adopted financial plan as evidenced by the budget-to-actual reporting presented within this document. Budgetary limits again were met with the General Fund reporting a healthy reserve over expenses this year while contingency reserves were strengthened. The latter half of FY 2019-20 saw the City face financial uncertainty due to COVID-19. Because of prudent decision making and planning during the early stages of the crisis, all major funds performed within acceptable limits through proper stewardship and integrity of funds.

Major Initiatives

Capital Improvements: FY 2019-20 marked another year of capital investment into the community with further resources applied to City-wide improvements. Some of the key capital expenditures of note during FY 2019-20 include the following:

- \$13,503,348.94 - Hillview Community Center
- 916,963.97- CIPP Corrosion Replacement
- 809,625.17 - Street Resurfacing
- 311,019.05 - Sanitary Sewer Video Inspection
- 274,589.14 - Civic Facilities
- 161,998.22 - IT Initiatives
- 96,503.71 - Root Foaming

Pedestrian Safety, Roads and Walkways: Los Altos is exceptional for investing a significant amount of resources on a variety of roadway, pedestrian and bikeway initiatives and improvements. Over \$1 million was applied to street resurfacing, sidewalk repairs and street lighting systems which enhanced safety lighting and street striping. These efforts support the City's highway condition index while increasing overall pedestrian, bicycle and vehicle safety.

Civic Facilities: This last fiscal year continues to confirm the priority of the City Council to address the City's aging facilities and buildings. In FY 2019-20, the City undertook the demolition and first stages of construction of a \$38 million state-of-the-art community center as well as began planning for design and construction of a new Emergency Operations Center.

FINANCIAL CONTROLS AND PROCEDURES

Financial Policies: Throughout the years, the City has followed a fiscally conservative philosophy of building and maintaining healthy financial reserves. This practice has allowed the City to continue providing quality services to its residents while finally positioning itself to invest in the rehabilitation of its infrastructure. On an annual basis, the Council approves financial policies designed to promote sound financial management and ensure fiscal integrity over time. This CAFR reflects the implementation of these financial guidelines and presents all fund reserves and designations to define fund balance commitments and obligations as of the financial report date.

Internal Control Structure: City management is responsible for establishing and maintaining fiscal internal controls designed to safeguard the assets of the government from loss, theft or misuse, and to ensure that accounting data is accurately compiled to allow for the preparation of financial statements in conformity

with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

Cash Management Policies: It is the City's practice to "pool" available cash from all funds for investment purposes. In accordance with the annually adopted investment policy, available cash is invested with the goal of safety, meaning protection of principal, as the priority, ensuring adequate liquidity as the second priority and maximizing yield as the third priority. This past year continued to display moderate growth in the historically low interest rates with Local Agency Investment Fund (LAIF) earnings rates around 1.5%. Staff continues to act on Council direction to engage investment advisory services and continues to diversify the City's investment portfolio as a means of mitigating the impact of interest rate swings. As always, the emphasis remains on preserving the safety of principal.

Strengthening Key Fund Reserves: This financial report reflects the attainment of judicious fiscal reserves noting increases in both capital and economic safety fund balances. As projected in the budget process, the results herein place the City in a position to maintain at least two months of budget expenditures in General Fund reserve. The City continues to prepare for the increase in the annual CalPERS payments by maintaining the CalPERS Reserve at \$5 million.

Risk Management: The City is insured for general liability through the Bay Cities Joint Powers Insurance Authority that covers claims in an amount up to \$10 million with a deductible or uninsured liability of up to \$100,000 per claim. The City is self-insured for Workers' Compensation and has an excess insurance policy for such claims up to the statutory limits. The City continues to maintain more than adequate funding levels to cover the cost of its actuarial obligations, but these rising cost areas will require continued attention in the coming years.

GASB 75 Compliance: This report complies with the provisions of Government Accounting Standard Board Statement #75 (GASB 75). This standard pertains to Other Post Employee Benefits (OPEB) and requires the completion of an actuarial study to account for post employee benefit liabilities that exist. This reporting requirement is described in financial note 12 of the CAFR and the related liabilities reflected in the statements. As of June 30, 2020, the City's net OPEB obligation was valued at \$1.4 million, an amount reflected in the government-wide statements. The City has set aside \$1.5 million in reserves to address this liability funding. The City has moved this set aside to an irrevocable trust for OPEB with CalPERS.

EXECUTIVE FINANCIAL OVERVIEW

This executive financial overview is presented as a supplement to the more detailed and comprehensive analysis presented in the MD&A. This section highlights key financial performance indicators for our major funds.

General Fund

The General Fund, the primary operating fund of the City, favorably exceeded expectations with an operating surplus of \$6.5 million for Fiscal Year 2019-20. Currently, the City continues to fill vacant positions. Through our continued commitment to sound financial planning, conservative budgeting and faithful stewardship, annual surpluses are expected to continue. At year end, the total General Fund balance equaled \$36.5 million with an unassigned fund balance of \$7.9 million after commitments and assignments. As planned for in the budget process, this surplus margin will be allocated to maintain the City's Operating Reserve at 20% and allocating major funding to capital improvements, such as street maintenance and the new Emergency Operations Center.

After the transfer and use of reserve activity listed below, the final General Fund balance decreased by \$11.2 million. These non-operating and transfer activities are as follows:

- \$111,850 transfer in from public safety grant funds
- \$167,200 transfer out for general debt service payments
- \$16,656,800 transfer out for capital projects
- 982,518 transfer out for Workers' Compensation Insurance payments

The General Fund revenue streams continues to grow at a steady pace. Property tax, which accounts for nearly 56% of the City's revenues, continues to be the City's strong point with an increase of 8.41% in FY 2019-20 over the prior year.

<i>Revenue (millions)</i>	2020 Actual	2020 Actual	2019 Actual	Variance \$	Variance %
Property Tax	25,786,599	\$25.79	\$23.79	\$2.00	8.41%
Sales Tax	3,373,391	3.37	3.46	-0.09	-2.60%
Transient Occupancy Tax (TOT)	2,359,762	2.36	3.17	-0.81	-25.55%
Utility Users Tax	2,838,663	2.84	2.74	0.1	3.65%
Other Taxes	1,238,446	1.24	1.35	-0.11	-8.15%
Franchise Fees	2,286,957	2.29	2.22	0.07	3.15%
Interest	1,794,674	1.79	1.91	-0.12	-6.28%
Recreation	846,586	0.85	1.96	-1.11	-56.63%
License and Permits	4,670,417	4.67	4.14	0.53	12.80%
Other	841,253	0.84	0.97	-0.13	-13.40%
Total	46,036,748	\$46.04	\$45.71	\$0.33	0.72%

General Fund revenues increased by 0.7% overall in contrast to a 11.22% increase in the prior year. Revenues came in above of our annual budget estimates with interest, other revenues, and property tax being the front runners. Interest income showed a slight decrease. Property Tax showed an increase of 8.41% from the prior year. Sales tax showed a decrease of 2.60% mainly due to slowing of the economy during the COVID-19 pandemic. Interest income is expected to remain steady in the upcoming year. The City's other taxes, such as real estate transfer tax and documentary transfer tax, remained relatively stable. License and permit fees increased based on development activity and timing of payments within the City. Recreation programs declined 56.63% due to the cancellation of recreation programs because of the COVID-19 pandemic.

General Fund expenditures came in even less than the anticipated budget. As in years past, General Fund expenditures came in significantly below General Fund revenues. Although this is continued evidence of sound fiscal management, we continue to recommend prudence and caution in future fiscal planning, as well as a continual effort to look for opportunities to improve management of City funds.

Other Funds

Capital Project Funds: The Capital Projects Fund was very active, with expenditure levels reaching \$15.3 million, ending the year with a positive total fund balance of \$3,864,566.

Special Revenue, Internal and Enterprise Funds: All other Governmental and Business Type funds performed as expected. Non-major special revenue funds ended the year with a combined balance of \$5.0 million while Enterprise funds ended the year with combined net position of \$27.8 million.

Trust and Agency Funds: The City acts as a custodian of funds held for the benefit of others including the administration of the North County Library Authority (NCLA). The long-standing Raymundo and the Blue

Oak Lane Sewer special assessment district are classified in the trust and agency group in recognition of the limited nature of this debt which is fully collateralized by homeowner assessments without City obligation.

ECONOMIC TRENDS

The City continues to perform well financially overall and continues to maintain its target reserve levels. As we navigate FY 2020-21 and beyond, we remain constantly aware of the financial challenges that face all local municipalities in particular the financial challenges caused by COVID-19, the effects of which will impact the City for multiple years to come. In addition, we continue to monitor the significant rises in pension, healthcare and construction costs. Given the reliance on property tax revenues and the rising revenues in Community Development fees and other revenue streams, we must remain ever vigilant in monitoring economic trends and long-term financial issues. Through fiscal stewardship, proper budgeting and prudent use of our reserves, the City of Los Altos is set to continue its commitment of taking care of its capital needs and residents for the foreseeable future.

INDEPENDENT AUDIT

The public accounting firm of Maze and Associates performed the annual independent audit. The auditors' report on the City's financial statements is included in the financial section of this report.

AWARDS

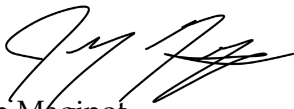
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2019. In the last 14 years, the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Division staff. Every member of the department deserves recognition and thanks for their commitment to the City and their profession. We also want to thank Maze and Associates, our independent auditors, for their professionalism in performing this year-end financial audit, as well as the members of the Financial Commission for their dedication and expertise to help shape policies and procedures. We would also like to thank the members of the City Council and Chris Jordan, former City Manager, along with Executive Team for their leadership and oversight in managing the financial operations of the City.

Respectfully submitted,



Jon Maginot
Deputy City Manager

City of Los Altos

List of Principal Officials

As of June 30, 2020

ELECTED OFFICIALS

Mayor..... Jan Pepper
Vice Mayor..... Neysa Filgor
City Council..... Jeannie Bruins
City Council..... Anita Enander
City Council..... Lynette Eng Lee

APPOINTED OFFICIALS

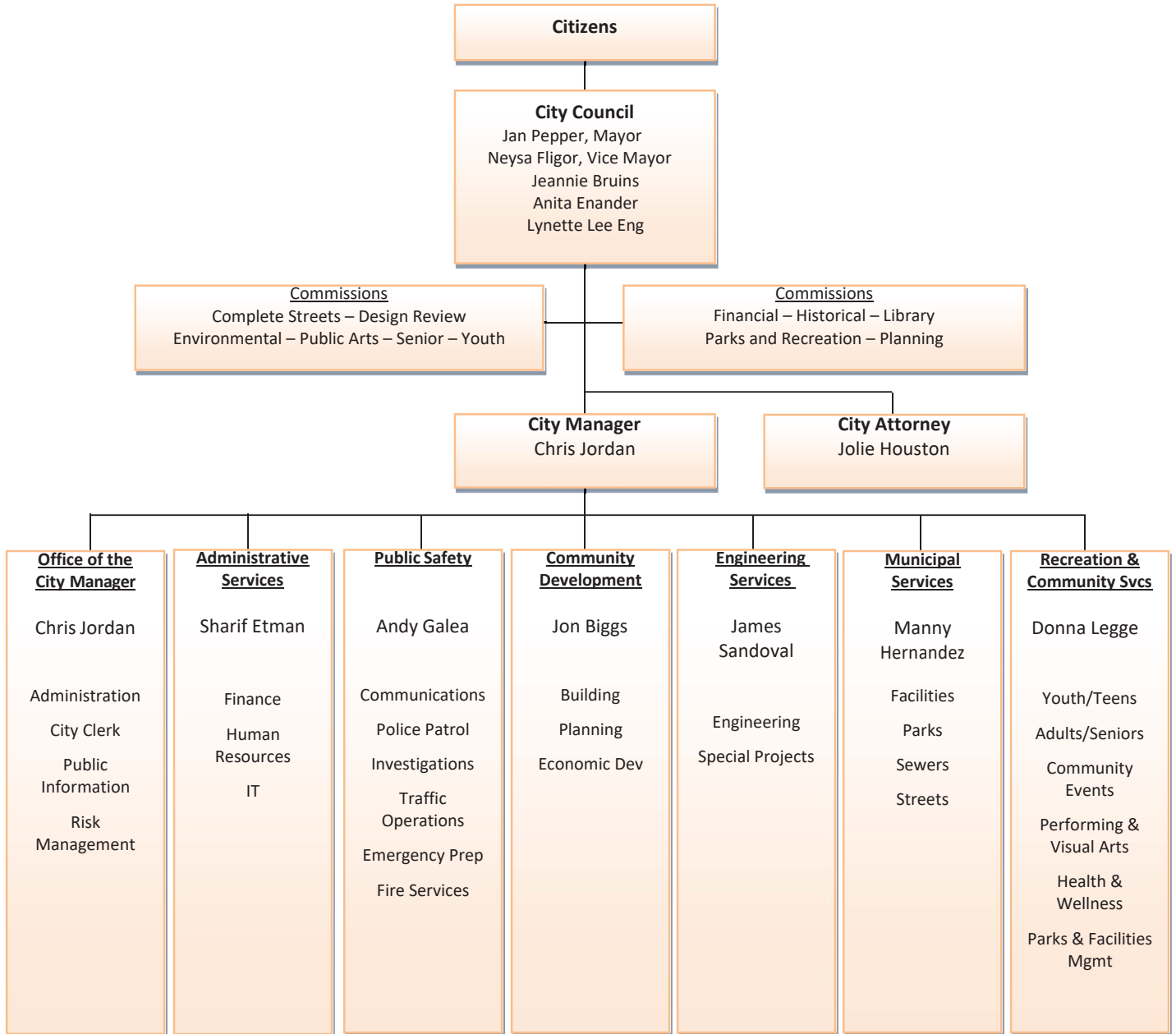
City Manager..... Christopher Jordan
City Attorney..... Jolie Houston

EXECUTIVE TEAM

Community Development Director Jon Biggs
Deputy City Manager..... Jon Maginot
Assistant City Manager..... Vacant
Chief of Police..... Andy Galea
Administrative Services Director..... Sharif Etman
Engineering Services Director James Sandoval
Human Resources Manager Jennifer Leal
Recreation & Community Services..... Donna Legge
Municipal Services Director Manuel Hernandez



City of Los Altos





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**City of Los Altos
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Los Altos, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Altos (City), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and Other Required Supplementary information listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is 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 Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2021, 2020, 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 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 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.

Pleasant Hill, California
January 3, 2021

City of Los Altos
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

The purpose of this discussion and analysis is to provide an overview of the City's financial performance and activities for the fiscal year ended June 30, 2020. Readers are encouraged to consider this information in conjunction with the executive summary provided in the letter of transmittal that can be found on pages i to v of this report.

USING THIS ANNUAL REPORT

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which is comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting on the City as a Whole

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 City assets and liabilities, with the difference between the two 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 how the City's net position changed during the most recent fiscal year. All changes in net position are 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).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental 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, maintenance and public works services, planning, building, engineering and recreation. The City's business-type activities include water, wastewater, storm water and parking.

The government-wide financial statements can be found on pages 21 to 23 of this report.

Reporting on the City's Most Significant Funds

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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary 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 inflows 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 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 19 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, In-Lieu Park Land Special Revenue Fund, and Capital Project Fund, each of which are major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the fund financial statements section of this report.

The City adopts a budget annually for the General Fund, Special Revenue Funds, (except for the Storm Drain Deposits Fund), and Equipment Replacement Capital Projects Fund that is effective July 1 for the ensuing fiscal year. A budgetary comparison statement has been provided for several key governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26 to 29 of this report.

Proprietary Funds: The City maintains two types of *proprietary funds*. Services for which the City charges customers a fee are generally reported in the City's *enterprise funds*. These proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its City dental plan and unemployment insurance, as well as Workers' Compensation and Liability Insurance costs. Because these services predominantly benefit the governmental function, they have been included in the government-wide financial statements and related intra-fund charges have been eliminated accordingly.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The City's three enterprise funds (Sewer, Solid Waste and Storm Drain) are considered major funds and are presented as such in the fund financial statements. The City follows the practice of adopting annual budgets for these operations as well.

The combining statements referred to earlier in relation to non-major governmental funds, proprietary and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 93 to 103 of this report.

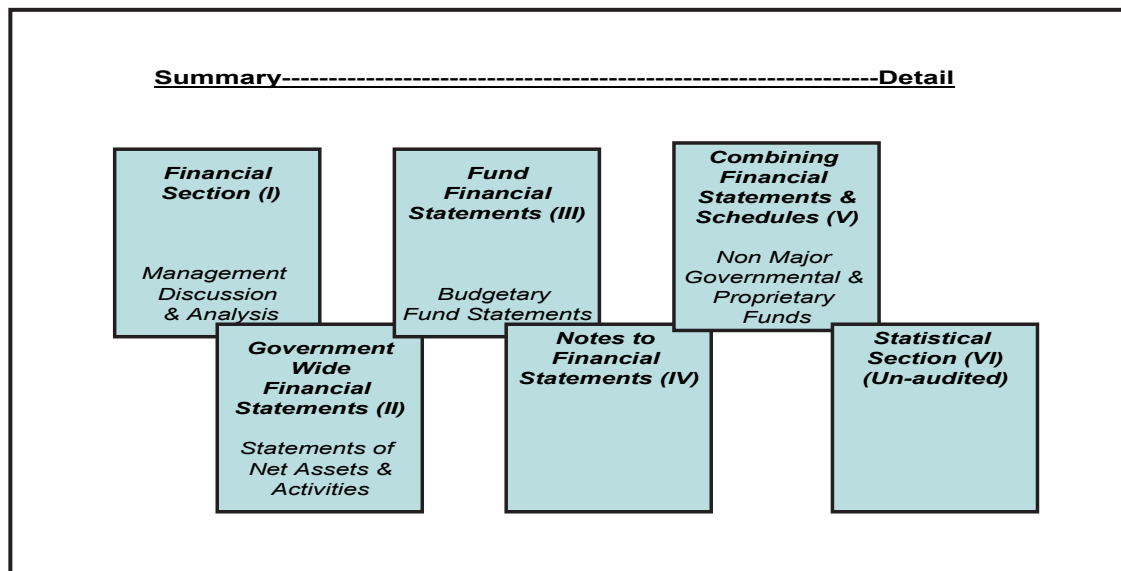
Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These can be found on pages 37 to 75 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budget-to-actual financial comparisons for the General Fund. The City has elected to present this information within the basic financial statement and financial statement sections of the report.

The City as Trustee

Fiduciary Funds: The City is the trustee, or fiduciary, for the North County Library Authority (NCLA) and two special assessment districts - Raymundo and Blue Oak Sewer Lane improvements. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

In summary, the various sections of this financial report are arranged as follows:



FINANCIAL HIGHLIGHTS

The City ended its fiscal year on a government-wide basis with total revenues of \$58.6 million, which was an increase of \$2.7 million or 4.8% compared to prior year, and total expenses of \$54.5 million, an increase of \$8.5 million or 21.3%. The results represent combined government and business operations, with an overall increase in net position of \$4.1 million due to continuing strong revenues combined with contained expenditures City-wide. These favorable fiscal results have continued to strengthen the City's reserves and allow the City to continue proactive capital project plans.

Operational revenue gains were noted in property tax, hotel occupancy, and utility tax. The Capital Grants and Contributions increased by \$1.0 million due to a slight increase in revenues in the Engineering department. Sewer revenues increased \$1.5 million due to additional tax collected and solid waste revenues were stable and positioned to facilitate future operational and capital needs.

The increase in Government-wide expenses is the result of filling vacant full-time staff positions as well as additional expenses related to responding to COVID-19. Resource uses continue to reflect an emphasis on public safety, infrastructure maintenance, quality of life and community development activity.

The City has made significant progress on many capital improvement initiatives, which include maintenance and street resurfacing, streetscape and intersection improvements, and pedestrian and traffic safety enhancements throughout the City. Currently, the largest project is the Los Altos Community Center, which is scheduled to be completed Spring 2021. The City has also made significant capital investments in the maintenance and improvement of the City-wide sewer systems.

Government-Wide View

- Net position (excess of assets over liabilities) equaled \$129.2 million, an increase of \$4.1 million, or 3.3%. This is mainly attributed to the increase in tax revenue with the use of portions of those increased revenues for infrastructure maintenance and improvements. The City's net position represents its total net holdings, which are not necessarily unrestricted depending upon the source of the original funding.
- Unrestricted assets equaled \$20.7 million. Governmental unrestricted assets totaled \$5.2 million at year end, a decrease of \$16.5 million, while business activities-related unrestricted assets totaled \$15.5 million. The unrestricted net position, as presented in the government-wide section of the CAFR, does not account for local fund restrictions, project assignments and/or policy reserves as classified with the governmental fund section of the report.
- Governmental activities reported ending net position of \$101.5 million, an increase of \$0.7 million. The increase in government net position arises from positive operating results, fee collections and cost containment.
- Business activities reported ending net position of \$27.8 million, an increase of \$3.4 million due to positive operating results in the Sewer and Solid Waste Funds and substantial capital investments along with partial offsets of Storm Drain activity losses.
- On a combined basis, restricted net position amounted to \$15.4 million compared to \$11.4 million last year and represents the extent to which funds are categorically constrained.

Fund Level View

- The General Fund realized an operating surplus of \$5.5 million which was \$3.2 million lower than the prior year due to a decrease in revenue from property tax and sales tax while increasing spending related to recreation and admin/community development.
- General Fund revenues, excluding transfers, increased over prior year actuals by \$321,000 or 1.0% to \$46.0 million. Current year results also exceeded budget estimates by 1.2%. Related expenditures increased by \$3.7 million to \$40.6 million, or 9.7%, a result of increased normal costs and contract commitments.
- Total governmental fund balances equaled \$50.8 million at fiscal year-end, an \$8.2 million decrease from the prior year. The decrease is in the transfers out realized in the general fund.
- General government capital spending totaled approximately \$15.3 million. The level of capital reinvestment in Los Altos reflects a sustained focus on maintenance of streets, facilities, traffic calming efforts and safety. The Capital Improvements Projects Fund balance increased by \$3.4 million due to allocation of unassigned fund balance from the prior year to end the year at \$3.9 million.
- The Traffic Impact Fee Fund ended the year with a fund balance of \$532,000 with revenues of \$44,000.
- The Gas Tax Fund balance increased by \$399,000 to \$1.6 million with funds used for capital projects including surplus revenue for the year.
- Sewer operations ended the year favorably in net position of \$22.7 million. Operating expenses increased by \$255,000 or 4.8% as a result of the City continued attention to system maintenance.
- As in the prior year, the Storm Drain Fund has exhausted available resources. These operations are now fully General Fund-subsidized and will continue to be absent until the implementation of a fee-based model.
- The Workers' Compensation Fund ended the year with an unrestricted net position of \$2.6 million, an increase of \$186,000. The General Liability Fund ended the year with unrestricted net position of \$1.1 million, a decrease of \$767,000. Both funds cover their actuarial valuations, which coupled with a proactive risk management program, make the City well positioned to address claim liabilities.
- Other Non-Major Governmental Funds ended the year with a total combined fund balance of \$6.0 million, a, increase of \$328,000 or 5.8%.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net position and changes in net position at the City-wide level as presented in the statement of net position and statement of activities which are summarized below as of June 30, 2020. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. On a combined basis, the City experienced an increase of \$4.1 million or 3.3% in net position.

City of Los Altos
Fiscal Year Ending June 30, 2020

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Cash and Investments	\$ 63,268,249	\$ 67,585,725	\$ 16,839,877	\$ 14,394,397
Other Assets	6,411,971	3,704,472	217,015	226,493
Capital Assets	81,873,795	68,902,699	12,288,198	11,239,262
Total Assets	151,554,015	140,192,896	29,345,090	25,860,152
 Deferred Outflows of Resources				
Related to Pension (Note 11)	9,058,116	9,003,165	363,200	371,905
Related to OPEB (Note 12)	208,711	292,020	21,980	21,980
Bond Debt	125,000	1,005,000	-	-
Other Liabilities	56,288,158	45,425,065	1,830,382	1,766,735
Total Liabilities	56,413,158	46,430,065	1,830,382	1,766,735
 Deferred Inflows of Resources				
Related to Pension (Note 11)	2,328,812	2,232,373	107,854	109,833
Related to OPEB (Note 12)	477,907	47,430	3,570	3,570
Related to Revenue	150,713	52,724	-	-
 Net Position				
Net Investment in Capital Assets	80,868,795	67,611,265	12,288,198	11,239,262
Net of Related Debt				
Restricted	15,365,129	11,381,422	-	-
Unrestricted	5,216,328	21,732,802	15,500,266	13,134,637
Total Net Position	\$ 101,450,252	\$ 100,725,489	\$ 27,788,464	\$ 24,373,899

Governmental Activities investment in capital assets makes up the largest portion of the City's net position of seventy-nine percent (80%). These assets reflect land, buildings, infrastructure, machinery and equipment, less any associated outstanding debt. As these assets represent foundational infrastructure used in support of basic City services, they are generally not available for future spending.

A portion of the City's net position, consisting of fifteen percent (15%), represents resources subject to external spending restrictions. The remaining six percent (5%) of net position are defined as unrestricted and generally available for future capital projects and discretionary use with the caveat these funds are a composite of several governmental funds which may include assigned project commitments and assignments specifically associated with active and ongoing projects.

Some key entity-wide observations include the following:

- Cash and investments for the City overall have a decrease of \$1.9 million from last year's holdings, which included a decrease in governmental activities and an increase in business-type activities. The change was a factor of financial uncertainties due to COVID-19, an increase in business-type charges for services, and the loss of revenue from charges for services in the governmental funds.
- Net position for the City overall equaled \$129.2 million, an increase of \$4.1 million or 3.3%, largely due to the increase in annual tax revenue and increase in sewer charges for services.
- Business-type activities reported net position of \$27.8 million at year end, a \$3.4 million, or 14.0% increase. The Sewer Master Plan has been completed along with a multi-year rate adjustment program to provide resources to address sewer infrastructure rehabilitation. Solid Waste revenues exceeded direct expenses allowing for future initiatives in this important environmental area of operations.

Governmental Activities

Governmental programs, which include public services, realized revenue increased by \$1.1 million, or 2.2%, and total expenses increased by \$8.5 million, or 21.3%. Including all sources and uses, governmental net position increased by \$0.7 million, or 0.72%, ending the year with a total net position of \$101.4 million.

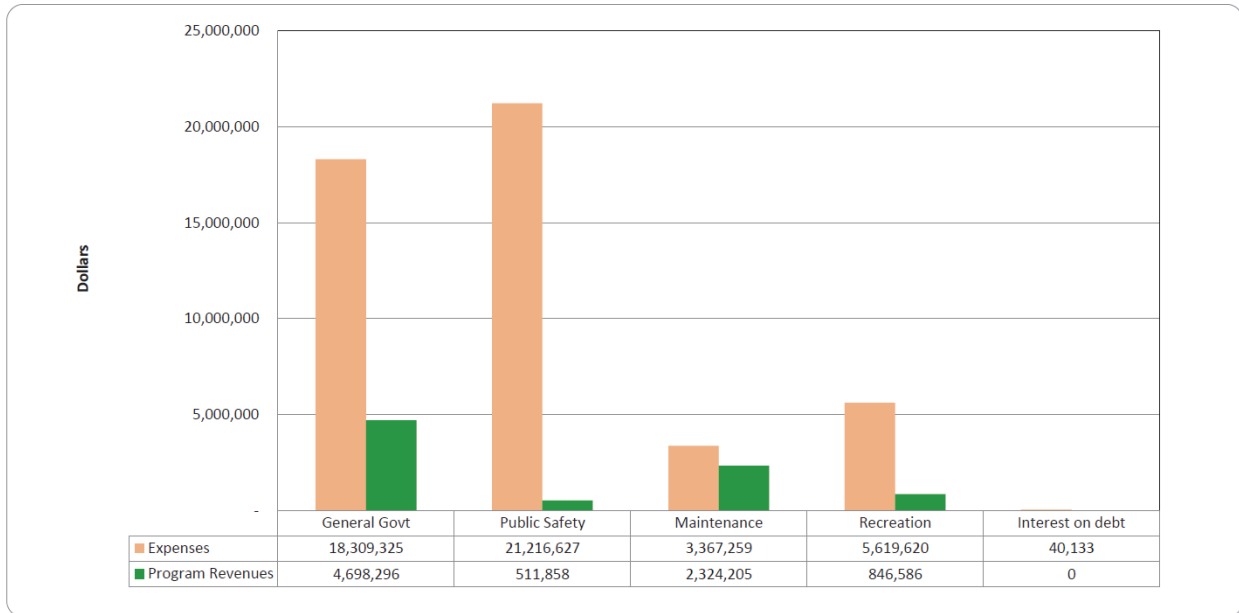
- Property tax continues to be the City's single largest source of revenue representing about 52.3% of general government-wide revenues. Property tax continued its aggressive growth increasing by \$2.0 million, or 8.4%.
- Charges for services, make up 12.0% of government revenues. The admin/community services revenue increased from the prior year amount due to increased project development throughout the City.
- Sales tax showed a decrease of \$88,000 or 2.5%, due to the timing of sales tax receipts from the state.
- Interest revenues increased from the prior year by \$369,000 or 16.6% given higher interest rates in line with the current Federal Reserve. This also includes unrealized gains / losses for the year.
- Government expenses, including allocated capital maintenance costs, increased by \$8.5 million or 21.3%. Interest on long-term debt decreased by \$11,000 or 21.5% remained flat, reflective of the City's low debt level.

A comparison of the governmental activities and business-type activities program revenues and expenses for the current year and prior year is presented below:

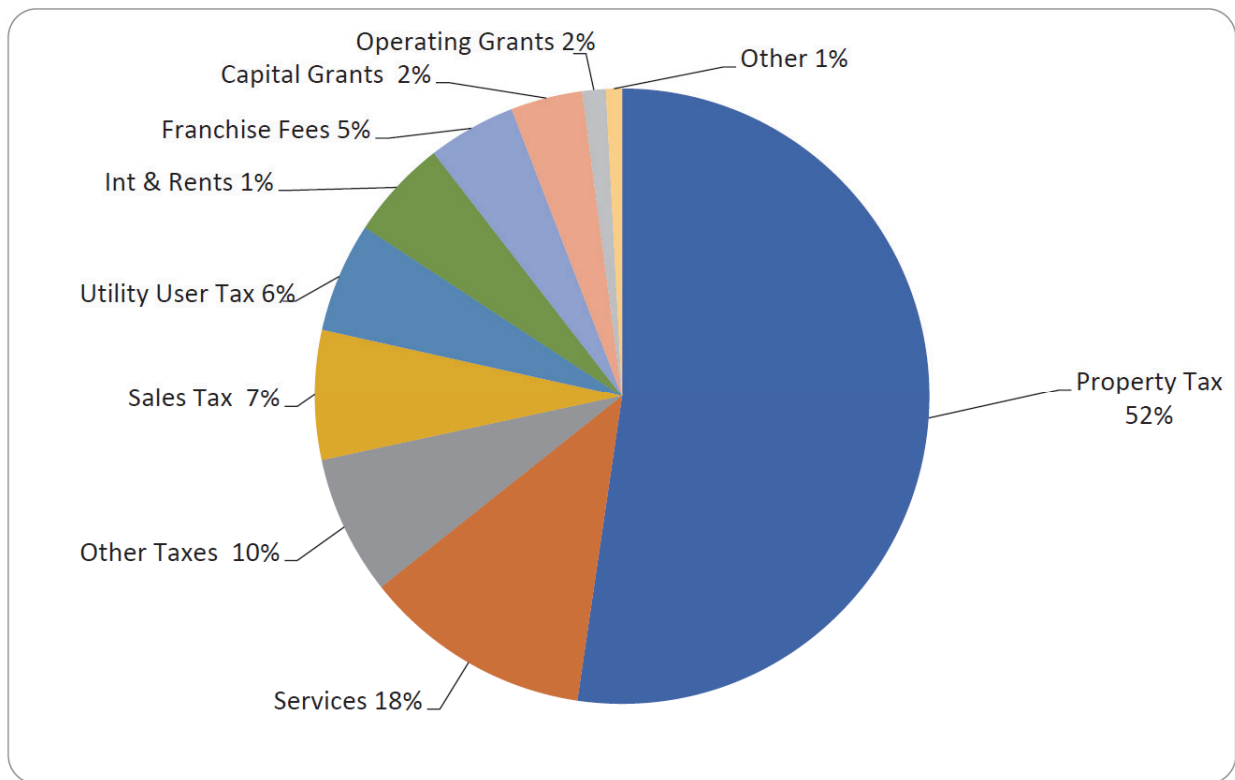
**City of Los Altos Changes in Net Position
Fiscal Year Ending June 30, 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2020	2019	2020	2019
Revenues				
Program Revenue				
Charges for Services	\$5,916,432	\$7,282,383	\$8,789,190	\$7,308,230
Operating Grants/Contributions	608,466	691,244	-	-
Capital Grants/Contributions	1,856,047	806,436	-	-
General Revenue				
Property Tax	25,786,599	23,791,531	-	-
Sales Tax	3,373,391	3,461,298	-	-
Utility User Tax	2,838,663	2,743,570	-	-
Other Taxes	3,598,208	4,514,395	-	-
Franchise Fees	2,286,957	2,222,236	-	-
Interest Income	2,594,932	2,225,556	578,748	476,701
Miscellaneous	418,032	456,135	-	-
Total Revenue	49,277,727	48,194,784	9,367,938	7,784,931
Expenses				
Public Safety	21,216,627	18,945,293	-	-
Public Works	3,367,259	6,534,135	-	-
Recreation	5,619,620	3,060,606	-	-
Community Development	6,596,157	5,547,127	-	-
Admin/Community Services	11,713,168	5,904,541	-	-
Interest on Long-Term Debt	40,133	51,100	-	-
Sewer	-	-	5,527,276	5,272,610
Solid Waste	-	-	426,097	465,528
Storm Drain	-	-	-	-
Total Expenses	48,552,964	40,042,802	5,953,373	5,738,138
Excess/(Deficiency) before Transfers	724,763	8,151,982	3,414,565	2,046,793
Transfers				
Transfers	-	-	-	-
Loss on Disposal of Assets	-	-	-	-
Change in Net Position	724,763	8,151,982	3,414,565	2,046,793
Net Position - Beginning of Year	100,725,489	92,573,507	24,373,899	22,327,106
Net Position - End of Year	\$101,450,252	\$100,725,489	\$27,788,464	\$24,373,899

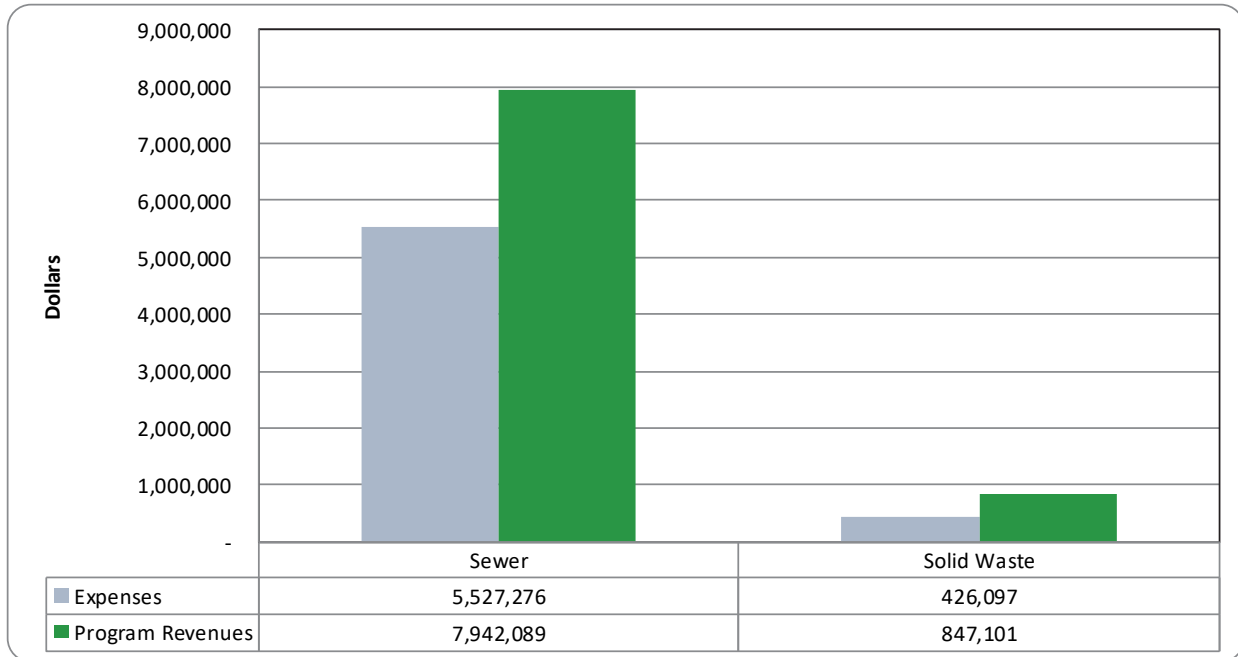
Program Expenses and Revenues - Governmental Activities



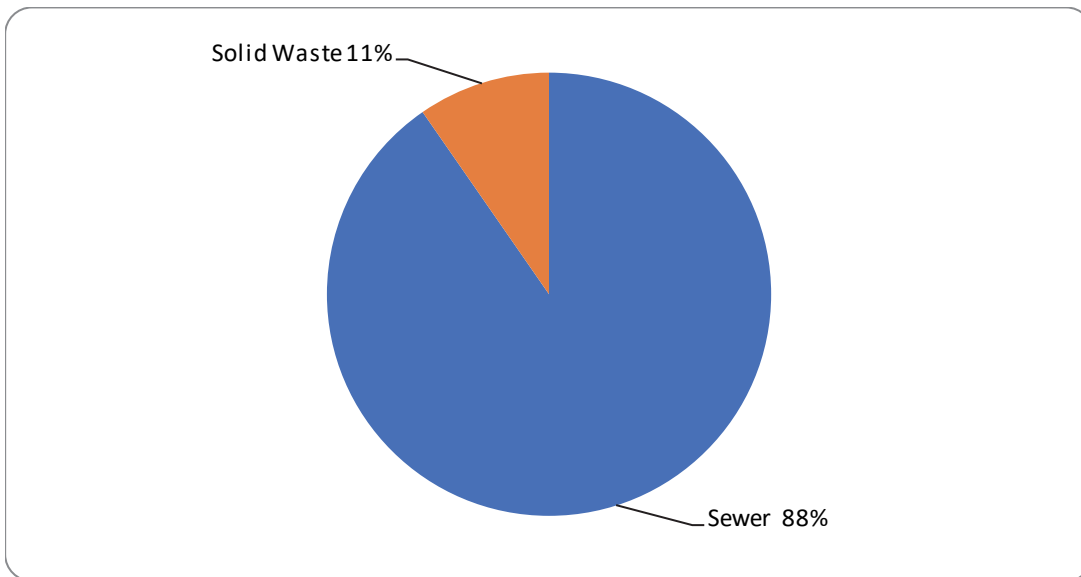
Government Revenues - All Sources



Program Expenses and Revenues - Business-Type Activities



Business Revenues - All Sources



Business-Type Activities

The programs for the business-type activities include sewer and solid waste collection management. These activities represent 21.3% of the total net position. The net position from the business-type activities increased by \$3.4 million or 14.0%.

- The Joint Sewer System Authority (JSSA) formed in 1968 by a joint exercise of powers among the Cities of Palo Alto, Mountain View and Los Altos, constructed, maintains and operates sewage treatment facilities serving its member cities. The City of Palo Alto acts as administrator for JSSA and bills each member its share of the operating costs. Los Altos is obligated through the year 2018 under an operating agreement with the City of Palo Alto for water treatment plant and sewer services. Payments under this agreement are based on expected usage and are adjusted annually based on actual use and site operating costs.
- Sewer revenue increased by \$1.5 million or 22.8% from the prior year as the result of a five-year sewer rate program.
- Sewer expenditures increased by \$255,000 or 4.8% from the prior year.
- Revenue for solid waste collections increased by \$6,000, in accordance with the City's agreement for administrative fee support, with a decrease in expenditures of \$39,000. Total net position in the fund increased by \$620,000.
- As projected in budgetary estimates and the prior year financial reports, the Storm Drain fund has exhausted its reserves. Currently, the Storm Drain and Urban Runoff Pollution Control Programs (URPP) are categorized as enterprise activities but are lacking a fee that pays for these services.

FUND FINANCIAL ANALYSIS

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 or committed fund balances may serve as a useful measure of a government's net resources available for use at the end of the fiscal year. Fund balances have been re-categorized and presented in compliance with GASB 54.

The City's governmental funds reported a combined ending fund balance of \$50.8 million, which \$6.8 million remains unassigned.

The City has taken the prudent path of defining and assigning established key fund balance reserves as called out in adopted financial policies and projected in fiscal forecasts. These key reserves are defined as follows:

<i>General Fund Contingency Reserves</i>	<i>June 30, 2020</i>
<i>Emergency and Operating</i>	\$8,250,645
<i>General Fund Capital and Equipment</i>	18,567,066
<i>Total General Fund Available Funds</i>	\$26,817,711

The emergency and operating reserves, components of the General Fund, are safeguards in the event of an economic or financial crisis.

Overall favorable operating results have led to a total General Fund balance of \$35.5million, after transfers, and an unassigned fund balance of \$6.8 million. These amounts align closely with long-term budgetary forecast and the adopted biennial operating plan.

Beyond the General Fund, other restricted funds also have key balances of importance in supporting the City's fiscal plan. These are summarized as follows:

<i>Other Key Fund Balances</i>	<i>June 30, 2020</i>
<i>Other Governmental Funds</i>	\$5,963,270
<i>Capital Projects Fund</i>	3,864,566
<i>In-Lieu Park Land Fund</i>	5,537,293
<i>Total</i>	\$15,365,129

The reserve of in-lieu park funds, restricted as to parks, park land and recreation uses increased by \$207,000 or 3.7% to an ending balance of \$5.5 million; a result of the significant private development activity in Los Altos. These and the other dollars listed above, are anticipated to apply to future capital needs such as the Community Center which is currently being built.

The Capital Projects Fund balance varies materially as progress occurs on approved projects and external funding becomes available. In FY 2019-20, general government capital project spending approximated \$15 million, an increase from the prior year. Beyond funding previously approved projects, the City remains challenged to address the long list of identified and unfunded projects for future consideration.

Proprietary Funds: Proprietary funds provide the same type of information found in the government-wide financial statements, but with more detail.

Unrestricted net position for the Sewer Fund ended the year at \$10.4 million including approved capital projects. The Storm Drain Fund balance remains dependent on the General Fund while the Solid Waste Fund increased to \$5.1 million. Factors concerning the changes in net position in these funds have already been addressed in the discussion of the City's business-type activities.

Both the Sewer and Solid Waste funds receive revenues from the City as a customer for routine service operations. In FY 2019-20, the City paid approximately \$117,000 in sewer fees and \$1,000,000 in waste hauling and disposal services. These amounts are recorded within the "Charges for Services" revenue line item in the proprietary financial statements.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities at year-end amounts to \$94.2 million (net of accumulated depreciation).

Investments in capital assets include land, buildings, improvements, machinery, streets, infrastructure and equipment. Governmental capital assets totaled \$81.9 million and those of business-type activities totaled \$12.3 million. Capital assets increased by \$14.2 million overall with new additions outpacing depreciation. Additional information on capital assets can be found in footnote 5 of these financial statements as part of the summary listed below:

Capital Assets as of June 30, 2020

	<i>Governmental Activities</i>	<i>Business Activities</i>	<i>2020 Total</i>	<i>2019 Total</i>
<i>Land</i>	\$11,642,285	\$-	\$11,642,285	\$11,642,285
<i>Work in Progress</i>	24,125,740	1,341,596	25,467,336	14,226,705
<i>Buildings</i>	10,608,038	8,473,264	19,081,302	18,730,205
<i>Improvements</i>	3,945,479	-	3,945,479	4,123,154
<i>Machinery & Equip</i>	1,794,282	246,285	2,040,567	2,019,399
<i>Infrastructure</i>	29,757,971	3,197,482	32,955,453	29,233,779
<i>Total Assets</i>	81,873,795	13,258,627	95,132,422	79,975,527
<i>Less Related Debt</i>	-1,005,000	-	-1,005,000	-1,245,000
<i>Net Investment in Capital Assets</i>	\$80,868,795	\$13,258,627	\$94,127,422	\$78,730,527

Debt Administration: At the end of the current fiscal year, City bond and assessment debt decreased by approximately \$120,000. The total outstanding bond debt balance at year-end is approximately \$1.0 million and relates solely to the purchase of Rosita Park (formerly known as the Saint Williams site). No additional debt was incurred, and the City has no significant capital leases.

Other debt consists of long-term employee compensated absence obligations of \$1.5 million, for governmental and business activities, a factor of accumulated balances at year-end.

Additional information on long-term obligations can be found in footnotes 6 and 7 to these financial statements.

Long-Term Debt, Including Current Portion, as of June 30, 2020

	<i>Governmental Activities</i>	<i>Business Activities</i>	<i>2020 Total</i>	<i>2019 Total</i>
<i>Certificate of Participation</i>	\$1,005,000	\$0	\$1,005,000	\$1,125,000
<i>Compensated Absences</i>	1,990,680	72,084	2,062,764	1,572,276
<i>Total</i>	\$2,995,680	\$72,084	\$3,067,764	\$2,697,276

The City carries a year-end net Post-Retirement Health obligation (OPEB) of \$1.4 million. The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2019 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2020. This obligation is a factor of benefit levels.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2019-20 General Fund budget, adopted as part of the biennial plan, equaled \$42.5 million. Budget to actual results came in favorably with revenues exceeding estimates by \$562,000 or 12.4% and expenditures coming in at 4.3% below established limits, for year-end revenues over expenditures of \$5.4 million. Key budgetary variances noted below:

- Other tax revenue was under budget by approximately \$1 million due to loss of Sales Tax and Transient Occupancy Tax caused by COVID-19.
- Interest and rental revenue was over budget by approximately \$1.6 million due to budget projections being based on a 5% increase over the prior year budget and not based on actual revenue realized in prior years.
- Charges for services revenue was under budget by approximately \$534,000 due to cancellation of in-person programs and services caused by COVID-19.
- Public safety expenditures were under budget by approximately \$820,000 due to vacant staff positions and trainings not occurring due to COVID-19.
- Community development expenditures were under budget by approximately \$1.1 million due to vacant staff positions and lower consultant expenditures due to larger development projects not being submitted as previously anticipated.

ECONOMIC FACTORS AND FY 2019-20 BIENNIAL BUDGET AND RATES

General Fund revenue is forecast to increase by 12%, while expenditures are budgeted to increase by 8%. The 2019-20 budget anticipates that the City will return to a staffing level that is currently budgeted at 136 positions. The City is also evaluating future funding to address aging city facilities and the fiscal impact of published and pending master plans.

The biennial budget was developed to maintain sound fiscal posture, present a balanced General Fund and enhance reserve levels to address aging infrastructure replacement. The budget continues to integrate a comprehensive five-year Capital Improvement Program and strategic forecasts. Key budget highlights are noted below:

- Revenues are expected to increase in line with current year results. The City strives to maintain a 20% General Fund reserve as endorsed by the City Council. The City continues to fund its OPEB reserve along with adding funds to the PERS reserve (currently \$5 million) to offset the impact of future increases in retirement costs. The City has also set aside funds for future capital investments in technology initiatives, such as a new financial Enterprise Resource Platform or ERP system and a new permitting software system.
- The budget projects an increase of 8% in property tax receipts, noting a steady improvement in property values. This projection includes secured property tax, unsecured property tax, homeowner property tax relief, property tax in lieu of vehicle license fees and supplemental property tax. Property tax makes up nearly half of all governmental funds' revenue.
- Utilizing the most recent data and regional and national trends, sales tax is expected to remain flat. The hotel tax is expected to increase as Los Altos voters recently approved Measure D, allowing the City to increase the Transient Occupancy Tax (TOT) rate from 11% to 14%. This increase is expected to gain approximately \$700K in annual revenue, once fully implemented.

- Planning and building activity have shown significant development strength in the past couple of years, however it's increase is expected to plateau or slow soon and these projections have been included for this revenue base.
- Total authorized positions are currently budgeted at 136 full time equivalent employees.
- The two-year budget honors existing and new multi-year labor contracts. Salaries filled authorized positions remain within budget projections.
- General operational costs grew by 8% at the end of year two. The hiring of vacant positions along with rising pension and healthcare costs are the main contributors to the increase, with the City maintaining all other operating expenditures close to current levels.
- The budget also reflects increases for the City's normal pension costs. The recent announcement by CalPERS to lower the discount rate, which in turn asks for significant increases to the City's annual unfunded liability payments is currently being addressed by City Council and Executive Team leadership. Future budget adjustments will be needed to address these increases along with utilizing the newly created PERS Reserve (currently \$5 million) to help mitigate the year-over-year impact.
- Overall, PERS pension rates increased but were mitigated by the pay-down of the City's side-fund liability which was fully paid down in FY 2012-13. Rates for public safety and miscellaneous employees increased from prior year levels as recent changes in legislation and assumptions continue to drive pension costs. Health insurance rates are assumed to increase by at least 7.5%.
- The second-tier pension model (PEPRA) that lowers the level of benefit for new hires rendered material savings as the years evolve.
- The budget incorporates storm water-related costs into the General Fund budget.

For a more current discussion of the state of the economy beyond those assumptions made in the FY 2019-21 two-year budget process, the reader should also refer to the transmittal letter included in this document.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Los Altos citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report, or request for additional financial information, should be addressed to the Administrative Services Director, 1 North San Antonio Road, Los Altos, CA 94022.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**



CITY OF LOS ALTOS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$63,268,249	\$16,839,877	\$80,108,126
Accounts receivable	1,545,920	227,095	1,773,015
Interest receivable	7,574		7,574
Prepaid items and inventory (Note 1H)	60,030		60,030
Note receivable (Note 4)	1,767,659		1,767,659
Internal balances	10,080	(10,080)	
Total current assets	<u>66,659,512</u>	<u>17,056,892</u>	<u>83,716,404</u>
Noncurrent assets:			
Restricted cash and investments (Note 2)	162,859		162,859
Land held for redevelopment (Note 1J)	2,857,849		2,857,849
Capital assets (Note 5):			
Non-depreciable	35,768,025	1,341,596	37,109,621
Depreciable, net of accumulated depreciation	<u>46,105,770</u>	<u>10,946,602</u>	<u>57,052,372</u>
Total noncurrent assets	<u>84,894,503</u>	<u>12,288,198</u>	<u>97,182,701</u>
Total Assets	<u>151,554,015</u>	<u>29,345,090</u>	<u>180,899,105</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 11)	9,058,116	363,200	9,421,316
Related to OPEB (Note 12)	<u>208,711</u>	<u>21,980</u>	<u>230,691</u>
Total deferred outflows of resources	<u>9,266,827</u>	<u>385,180</u>	<u>9,652,007</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,459,502	121,663	9,581,165
Interest payable	800		800
Accrued liabilities	1,217,345	7,208	1,224,553
Other payable	103,958		103,958
Compensated absences, due in one year (Note 7)	497,670	18,021	515,691
Claims and judgements, due in one year (Note 9)	930,123		930,123
Long-term debt, due in one year (Note 6)	<u>125,000</u>		<u>125,000</u>
Total current liabilities	<u>12,334,398</u>	<u>146,892</u>	<u>12,481,290</u>
Noncurrent liabilities:			
Compensated absences, due in more than one year (Note 7)	1,493,010	54,063	1,547,073
Claims and judgments, due in more than one year (Note 9)	2,819,877		2,819,877
Net pension liability (Note 11)	37,618,987	1,514,002	39,132,989
Net OPEB liability (Note 12)	1,266,886	115,425	1,382,311
Long-term debt, due in more than one year (Note 6)	<u>880,000</u>		<u>880,000</u>
Total noncurrent liabilities	<u>44,078,760</u>	<u>1,683,490</u>	<u>45,762,250</u>
Total Liabilities	<u>56,413,158</u>	<u>1,830,382</u>	<u>58,243,540</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 11)	2,328,812	107,854	2,436,666
Related to OPEB (Note 12)	477,907	3,570	481,477
Related to revenue	<u>150,713</u>		<u>150,713</u>
Total deferred inflows of resources	<u>2,957,432</u>	<u>111,424</u>	<u>3,068,856</u>
NET POSITION (Note 8)			
Net investments in capital assets	<u>80,868,795</u>	<u>12,288,198</u>	<u>93,156,993</u>
Restricted for:			
Debt service	364,179		364,179
Special revenue programs:			
Public safety	89,281		89,281
Recreation	5,537,293		5,537,293
Streets and roads	2,812,637		2,812,637
Public education	1,046,661		1,046,661
Housing	4,617		4,617
Parking	909,666		909,666
Other	73,027		73,027
Capital projects	<u>4,527,768</u>		<u>4,527,768</u>
Total Restricted Net Position	<u>15,365,129</u>		<u>15,365,129</u>
Unrestricted	<u>5,216,328</u>	<u>15,500,266</u>	<u>20,716,594</u>
Total Net Position	<u>\$101,450,252</u>	<u>\$27,788,464</u>	<u>\$129,238,716</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
Public safety	\$21,216,627	\$323,741	\$188,117		\$511,858
Public works	3,367,259	47,809	420,349	\$1,856,047	2,324,205
Recreation	5,619,620	846,586			846,586
Community development	6,596,157	3,498,421			3,498,421
Admin / community services	11,713,168	1,199,875			1,199,875
Interest on long-term debt	40,133				
Total Governmental Activities	<u>48,552,964</u>	<u>5,916,432</u>	<u>608,466</u>	<u>1,856,047</u>	<u>8,380,945</u>
Business-type Activities:					
Sewer	5,527,276	7,942,089			7,942,089
Solid waste	426,097	847,101			847,101
Storm drain					
Total Business-type Activities	<u>5,953,373</u>	<u>8,789,190</u>			<u>8,789,190</u>
Total primary government	<u>\$54,506,337</u>	<u>\$14,705,622</u>	<u>\$608,466</u>	<u>\$1,856,047</u>	<u>\$17,170,135</u>
General revenues:					
Taxes:					
Property taxes					
Sales and use taxes					
Utility users' tax					
Other taxes					
Franchise fees					
Total taxes					
Interest income					
Miscellaneous					
Total general revenues and transfers					
Change in Net Position					
Net Position-Beginning					
Net Position-Ending					

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$20,704,769)		(\$20,704,769)
(1,043,054)		(1,043,054)
(4,773,034)		(4,773,034)
(3,097,736)		(3,097,736)
(10,513,293)		(10,513,293)
(40,133)		(40,133)
<u>(40,172,019)</u>		<u>(40,172,019)</u>
	\$2,414,813	2,414,813
	421,004	421,004
	<u>2,835,817</u>	<u>2,835,817</u>
<u>(40,172,019)</u>	<u>2,835,817</u>	<u>(37,336,202)</u>
25,786,599		25,786,599
3,373,391		3,373,391
2,838,663		2,838,663
3,598,208		3,598,208
2,286,957		2,286,957
37,883,818		37,883,818
2,594,932	578,748	3,173,680
418,032		418,032
<u>40,896,782</u>	<u>578,748</u>	<u>41,475,530</u>
724,763	3,414,565	4,139,328
<u>100,725,489</u>	<u>24,373,899</u>	<u>125,099,388</u>
<u>\$101,450,252</u>	<u>\$27,788,464</u>	<u>\$129,238,716</u>



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FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2020. Individual non-major funds may be found in the Supplemental 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. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from the sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

IN-LIEU PARK LAND FUND

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

CAPITAL PROJECTS FUND

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

CITY OF LOS ALTOS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$37,357,290	\$5,537,293	\$6,618,541	\$5,721,235	\$55,234,359
Restricted cash and investments (Note 2)				162,859	162,859
Receivables, net of allowance for uncollectibles:					
Accounts	1,341,764		13,720	175,311	1,530,795
Interest	7,574				7,574
Prepays (Note 1H)	21,876				21,876
Note receivable (Note 4)	1,767,659				1,767,659
Inventory (Note 1H)	38,154				38,154
Due from other funds (Note 3)	10,080				10,080
Land held for development (Note 1J)	2,857,849				2,857,849
	<u>\$43,402,246</u>	<u>\$5,537,293</u>	<u>\$6,632,261</u>	<u>\$6,059,405</u>	<u>\$61,631,205</u>
LIABILITIES					
Accounts payable	\$6,512,081		\$2,767,695	\$43,411	\$9,323,187
Accrued liabilities	1,217,345				1,217,345
Other payable	103,958				103,958
Due to other funds (Note 3)					
	<u>7,833,384</u>		<u>2,767,695</u>	<u>43,411</u>	<u>10,644,490</u>
DEFERRAL INFLOWS OF RESOURCES					
Deferred inflows or revenues	97,989			52,724	150,713
	<u>97,989</u>			<u>52,724</u>	<u>150,713</u>
FUND BALANCES					
Fund balance (Note 8):					
Nonspendable	1,836,304				1,836,304
Restricted		\$5,537,293		5,352,792	10,890,085
Assigned	25,773,273		3,864,566	663,202	30,301,041
Unassigned	7,861,296			(52,724)	7,808,572
	<u>35,470,873</u>	<u>5,537,293</u>	<u>3,864,566</u>	<u>5,963,270</u>	<u>50,836,002</u>
Total Fund Balances	<u>\$43,402,246</u>	<u>\$5,537,293</u>	<u>\$6,632,261</u>	<u>\$6,059,405</u>	<u>\$61,631,205</u>
Total Liabilities and Fund Balances	<u>\$43,402,246</u>	<u>\$5,537,293</u>	<u>\$6,632,261</u>	<u>\$6,059,405</u>	<u>\$61,631,205</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2020

Fund balances of governmental funds	\$50,836,002
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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	81,873,795
--------------------------------------------------------------	------------

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.

(800)

Deferred outflows below are not current assets of financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows	9,266,827
Deferred inflows	(2,806,719)

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

Long-term debt - current portion	(125,000)
Long-term debt - noncurrent portion	(880,000)
Net pension liability	(37,618,987)
Net OPEB liability	(1,266,886)
Compensated absences - current portion	(497,670)
Compensated absences - noncurrent portion	(1,493,010)

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.

4,162,700

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$101,450,252

See accompanying notes to financial statements

CITY OF LOS ALTOS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$25,786,599				\$25,786,599
Sales tax	3,373,391				3,373,391
Utility users	2,838,663				2,838,663
Other tax	3,598,208				3,598,208
Licenses, permits and fees	4,154,060			\$54,524	4,208,584
Intergovernmental				1,357,772	1,357,772
Grants and donations	88,117		\$1,279,686		1,367,803
Charges for services	3,649,900			101,530	3,751,430
Fines and forfeitures	182,926			11,850	194,776
Interest and rentals	2,257,574	\$230,858		193,336	2,681,768
Other	107,310			11,423	118,733
Total Revenues	46,036,748	230,858	1,279,686	1,730,435	49,277,727
EXPENDITURES					
General government					
Public safety	18,795,499				18,795,499
Public works	1,177,457				1,177,457
Recreation	4,698,125				4,698,125
Community development	5,521,470			374,637	5,896,107
Admin / community development	10,421,904				10,421,904
Capital improvements		23,953	15,298,980	104,652	15,427,585
Debt service:					
Principal				120,000	120,000
Interest and fiscal charges				47,200	47,200
Total Expenditures	40,614,455	23,953	15,298,980	646,489	56,583,877
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,422,293	206,905	(14,019,294)	1,083,946	(7,306,150)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)	111,850		17,467,597	167,200	17,746,647
Transfers (out) (Note 3)	(17,806,518)			(922,647)	(18,729,165)
Total Other Financing Sources (Uses)	(17,694,668)		17,467,597	(755,447)	(982,518)
NET CHANGE IN FUND BALANCES	(12,272,375)	206,905	3,448,303	328,499	(8,288,668)
BEGINNING FUND BALANCES	47,743,248	5,330,388	416,263	5,634,771	59,124,670
ENDING FUND BALANCES	\$35,470,873	\$5,537,293	\$3,864,566	\$5,963,270	\$50,836,002

See accompanying notes to financial statements

CITY OF LOS ALTOS
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances of governmental funds	(\$8,288,668)
Amounts reported for governmental activities in the Statement of Activities are different because:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	15,495,858
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.	(2,358,328)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal payment	120,000
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	(505,949)
Interest payable	7,067
Net OPEB liability, and related deferred outflows and inflows of resources	(248,098)
Net pension liability, and related deferred outflows and inflows of resources	(2,915,434)
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.	<u>(581,685)</u>
Changes in net position of governmental activities	<u><u>\$724,763</u></u>

See accompanying notes to financial statements



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MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported all of its Enterprise Funds as major funds in fiscal 2020.

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
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
ASSETS					
Current Assets:					
Cash and investments (Note 2)	\$11,742,301	\$5,097,576		\$16,839,877	\$8,033,890
Accounts receivable	143,330	83,765		227,095	15,125
Total Current Assets	<u>11,885,631</u>	<u>5,181,341</u>		<u>17,066,972</u>	<u>8,049,015</u>
Non-Current Assets:					
Capital assets (Note 5):					
Nondepreciable	1,341,596			1,341,596	
Depreciable	22,381,276		\$1,969,221	24,350,497	
Less accumulated depreciation	<u>(11,434,674)</u>		<u>(1,969,221)</u>	<u>(13,403,895)</u>	
Total capital assets, net	<u>12,288,198</u>			<u>12,288,198</u>	
Total non-current Assets	<u>12,288,198</u>			<u>12,288,198</u>	
Total Assets	<u>24,173,829</u>	<u>5,181,341</u>		<u>29,355,170</u>	<u>8,049,015</u>
DEFERRAL OUTFLOWS OF RESOURCES					
Related to pension (Note 11)	363,200			363,200	
Related to OPEB (Note 12)	17,270	1,570	3,140	21,980	
Total Deferred Outflows	<u>380,470</u>	<u>1,570</u>	<u>3,140</u>	<u>385,180</u>	
LIABILITIES					
Current Liabilities:					
Accounts payable	72,276	49,387		121,663	136,315
Accrued liabilities	7,208			7,208	
Due to other funds (Note 3)			10,080	10,080	
Compensated absences (Note 7)	18,021			18,021	
Claims and judgements (Note 9)					930,123
Total Current Liabilities	<u>97,505</u>	<u>49,387</u>	<u>10,080</u>	<u>156,972</u>	<u>1,066,438</u>
Long-Term Liabilities					
Compensated absences (Note 7)	54,063			54,063	
Claims and judgements (Note 9)					2,819,877
Net pension liabilities (Note 11)	1,514,002			1,514,002	
Net OPEB liabilities (Note 12)	90,692	8,245	16,488	115,425	
Total Noncurrent Liabilities	<u>1,658,757</u>	<u>8,245</u>	<u>16,488</u>	<u>1,683,490</u>	<u>2,819,877</u>
Total Liabilities	<u>1,756,262</u>	<u>57,632</u>	<u>26,568</u>	<u>1,840,462</u>	<u>3,886,315</u>
DEFERRAL INFLOWS OF RESOURCES					
Related to pension (Note 11)	107,854			107,854	
Related to OPEB (Note 12)	2,805	255	510	3,570	
Total Deferred Inflows	<u>110,659</u>	<u>255</u>	<u>510</u>	<u>111,424</u>	
NET POSITION (Note 8)					
Net investment in capital assets	12,288,198			12,288,198	
Unrestricted (deficit)	10,399,180	5,125,024	(23,938)	15,500,266	4,162,700
Total Net Position (Deficit)	<u>\$22,687,378</u>	<u>\$5,125,024</u>	<u>(\$23,938)</u>	<u>\$27,788,464</u>	<u>\$4,162,700</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
OPERATING REVENUES					
Charges for services	\$7,942,089	\$847,101		\$8,789,190	\$274,595
Total Operating Revenues	7,942,089	847,101		8,789,190	274,595
OPERATING EXPENSES					
Outside services	4,148,825	422,344		4,571,169	120,830
Employee services	1,005,020	3,753		1,008,773	
Claims and insurance					1,601,443
Administration					116,525
Depreciation	373,431			373,431	
Total Operating Expenses	5,527,276	426,097		5,953,373	1,838,798
Operating Income (Loss)	2,414,813	421,004		2,835,817	(1,564,203)
NONOPERATING REVENUES					
Interest	379,718	199,030		578,748	
Total Nonoperating Revenues	379,718	199,030		578,748	
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)					982,518
Total Other Financing Sources (Uses)					982,518
Change in Net Position	2,794,531	620,034		3,414,565	(581,685)
BEGINNING NET POSITION	19,892,847	4,504,990	(\$23,938)	24,373,899	4,744,385
ENDING NET POSITION (DEFICIT)	\$22,687,378	\$5,125,024	(\$23,938)	\$27,788,464	\$4,162,700

See accompanying notes to financial statements

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Storm Drain	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$7,946,263	\$852,405		\$8,798,668
Cash payments to suppliers for goods and services	(4,197,724)	(411,247)		(4,608,971)
Cash payment employees for services	(896,844)	(3,753)		(900,597)
Cash payments to claimants				(242,758)
Insurance premiums, settlements and rebates				(1,217,549)
Cash Flows from (used for) Operating Activities	2,851,695	437,405		3,289,100
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in				982,518
Cash Flows from (used for) Noncapital Financing Activities				982,518
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,422,368)			(1,422,368)
Cash Flows (used for) Capital and Related Financing Activities	(1,422,368)			(1,422,368)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	379,718	199,030		578,748
Cash Flows from Investing Activities	379,718	199,030		578,748
Net Cash Flows	1,809,045	636,435		2,445,480
Cash and investments at beginning of period	9,933,256	4,461,141		14,394,397
Cash and investments at end of period	<u>\$11,742,301</u>	<u>\$5,097,576</u>		<u>\$16,839,877</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$2,414,813	\$421,004		\$2,835,817
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	373,431			373,431
Change in assets and liabilities:				
Receivables, net	4,174	5,304		9,478
Accounts payable and other accrued expenses	(48,899)	11,097		(37,802)
Due to other funds				(55,579)
Net pension liability and deferred inflows and outflows	123,637			123,637
Compensated absences	(15,461)			(15,461)
Claims and judgments				258,000
Cash Flows from (used for) Operating Activities	\$2,851,695	\$437,405		\$3,289,100

See accompanying notes to financial statements

FIDUCIARY FUNDS

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
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$5,124,171
Restricted cash and investments (Note 2)	40,904
Accounts receivable	125
Interest receivable	<u>16,947</u>
Total Assets	<u><u>\$5,182,147</u></u>
 LIABILITIES	
Accounts payable	\$27,139
Due to others	<u>5,155,008</u>
Total Liabilities	<u><u>\$5,182,147</u></u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Background

The basic financial statements of the City of Los Altos, California (the City), have been prepared in conformity with generally accepted accounting principles (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 more significant of the City's accounting policies are described below:

Reporting Entity

The City incorporated in 1952. The City operates under an elected Council and appointed City Manager form of government and provides the following services: public safety, recreation, community development, public works, capital improvements, and general supporting administrative services. The City has no component units.

B. Basis of Presentation

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 within a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with such provisions and managerial requirements.

Government-wide Statements: The City's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in the net position of the City. 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 for goods or services is incurred.

Certain types of transactions are reported as program revenues for the city in three categories:

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

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

- Due to, due from other funds
- Transfers in, transfers out
- Internal service fund transactions

Fund Financial Statements: 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 non-major funds in the aggregate. An accompanying schedule is included to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide financial statements.

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 sheets. 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 assets. 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.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The City’s primary revenue sources, which have been treated as susceptible to accrual by the City, are: property tax, sales tax, hotel tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred and are accrued accordingly.

Deferred inflow of resources arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the revenue is recognized.

The reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements: Proprietary Fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

A column representing the City's internal service funds, those funds that support agency wide shared service costs, is also presented in these statements. These internal service balances and activities are combined with the governmental activities in the Government-wide Financial Statements.

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 Change in Fund Net Position presents 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 liability for goods or services is incurred.

Proprietary Funds distinguish operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services, including sewer charges, solid waste fees, and support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Financial Statements: The City's Fiduciary Funds are comprised of agency funds used to account for the operating activities and for the special assessment collections pertaining to the North County Library Authority, Raymundo and Avalon Drive Curb and Gutter Districts, and Blue Oak Lane Sewer Improvements. Agency Funds are custodial in nature (assets equal liabilities), do not involve the measurement of results of operations, and are accounted for on the accrual basis of accounting.

Internal Service Funds: Internal Service Funds account for services provided to other departments pertaining to the employee self-insurance dental program, unemployment insurance, workers' compensation insurance and liability insurance, all of which are funded on a cost reimbursement basis as budget projections and valuations develop.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, public works, and community development and recreation activities. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Capital Project Fund – Accounts for the acquisition and construction of major general government capital projects and plans that are financed by resources other than proprietary funds.

The City reported all of its enterprise funds as major funds in the accompanying financial statements:

Sewer Fund – Accounts 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 Fund – Accounts for the administration and support of contracted solid waste services, a self-supporting user charge for services activity.

Storm Drain Fund – Accounts for operation of the City’s urban runoff and storm drain activities.

D. *Recognition of Interest Payable*

In the Governmental Fund Financial Statements, interest expenditures on long-term debt are recognized when payment is made. In the Government-wide Financial Statements and Proprietary Fund Financial Statements interest expense is recognized as the liability is incurred.

E. *Use of Restricted and Unrestricted Net Position*

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

F. *Cash, Cash Equivalents and Investments*

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

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.

The City participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF) which 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 to change in interest rates.

The City places liquid assets in a pooled investment account with the goal of enhancing the diversity of its investment holdings. This portfolio complies with state code investment requirements and is subject to a more restrictive City adopted investment policy. Such funds are held independently in City established investment custodial accounts.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents including cash with fiscal agents.

G. *Fair Value Hierarchy*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

H. *Inventories*

Inventory, mainly consisting of vehicle fuel and paper supplies, is stated at cost on an average cost basis and is controlled by a perpetual inventory system which is adjusted to reflect periodic physical counts. Inventories are recorded as expenditures in the General Fund and charged to departments as consumed.

I. *Restricted Cash*

Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificate of participation and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

J. *Land held for Redevelopment*

999 Fremont Avenue is an approximately 8,000 sq. ft. parcel located in Loyola Corners in Los Altos. It is located in the Commercial Neighborhood zoning district.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. *Compensated Absences*

Government-wide Financial Statements: For governmental and business-type activities, compensated absences are recorded as expenses and liabilities as the time is earned by employees.

Fund Financial Statements: For Governmental Funds, compensated absences are recorded as expenditures in the years paid. The General Fund is typically used to pay out compensated absences that arise in the course of any one year. Unpaid and accumulated liabilities for some compensated absences accrue to future resources. In Proprietary Funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

L. *Property Taxes*

Santa Clara County (County) assesses all properties in the City, and it bills, collects and distributes property taxes to the City. Both secured and unsecured property taxes are levied on January 1. The County assesses properties and it bills, collects and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and it becomes delinquent after December 10 and April 10, respectively. The City and the County adopted the "alternative method of property tax distribution" known as the Teeter Plan that authorizes the County to allocate 100% of the secured property tax based on levy instead of collection and to retain all delinquent penalties and interest. Unsecured property tax is due on July 1 and becomes delinquent after August 31. Distribution of the unsecured property taxes is based on collections. Collection of delinquent accounts is the responsibility of the County, which retains all penalties. The County also distributes both penalties and interest collected for delinquent unsecured property taxes.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date contributed. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for equipment, \$25,000 for building and facility improvements and \$100,000 for infrastructure.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements	30-50 years
Machinery and Equipment	3-10 years
Infrastructure	30-100 years

In accordance with GASB Statement No. 34, the City has included all infrastructures in its Statement of Net Position.

The City defines infrastructure as basic physical assets that allow the City to function. The assets include the street system. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, streetlights and traffic control devices (signs, signals and pavement markings). These subsystems were not delineated in the Government-wide Financial Statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City has elected to use the Basic Approach, as defined by GASB Statement No. 34, for infrastructure reporting. The valuation of the City's infrastructure assets are determined based on the original cost using one of the following methods:

1. Use of historical records where available
2. Standard unit costs appropriate for the construction/acquisition date of the asset
3. Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date

Accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date, was computed on a straight-line method. The book value was then computed by deducting the accumulated depreciation from the original cost.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Long-Term Debt

Government-wide Financial Statements: Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

Fund Financial Statements: The Governmental Fund Financial Statements do not present long-term debt, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-wide Financial Statements.

O. Unearned Revenue

Government-wide Financial Statements: In the Government-wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2020.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early implemented, as applicable.

Future Governmental Accounting Standards (GASB) Pronouncements

GASB Statement No. 84 – In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 87 – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined its effect on the financial statements.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash Deposits

The City's cash and investments at June 30, 2020 are presented as follows:

Cash and investments	\$80,108,126
Restricted cash and investments	162,859
Fiduciary funds:	
Cash and investments	5,124,171
Restricted cash and investments	<u>40,904</u>
Total cash and investments	<u><u>\$85,436,060</u></u>

Cash and investments consist of the following as of June 30, 2020:

Cash on hand		\$2,170
Deposits with financial institutions*		10,749,738
Investments:		
Liquid investments	\$10,731,360	
Managed investments	<u>63,952,792</u>	<u>74,684,152</u>
Total cash and investments		<u><u>\$85,436,060</u></u>

*Workers' compensation imprest balances hold by Tristar in trust for City.

B. Authorized Investments

Under the provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City is authorized to invest or deposit in the following, with the limitations as they relate to interest rate risk, credit risk, and concentration of credit risk:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Rating
Local Agency Investment Fund	N/A	100%	\$65 million	N/A
Money Market Mutual Funds	N/A	20%	10%	N/A
Certificates of Deposit	3 years	50%	10%	A
Bankers' Acceptances	180 days	20%	10%	N/A
Commercial Paper	270 days	25%	5%	A-1
Repurchase Agreements	180 days	20%	10%	N/A
U.S. Treasury Bills, Notes and Bonds	5 years	100%	N/A	N/A
Supra-National Agency Notes and Bonds	5 years	20%	N/A	AA
U.S. Government-Sponsored Enterprise Agencies	5 years	100%	20%	N/A
Medium-Term Corporate Notes	5 years	30%	3%	A
Asset-backed Securities	5 years	20%	3%	AAA

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Interest Risk

Interest rate risk is the market rate changes that adversely affect the fair value of an investment. Generally, the sensitivity of an investment fair value to changes in market rates is greater when the maturity of the investment is longer.

Investments held in City Treasury grouped by maturity date at June 30, 2020, are shown below:

Investment Type	One Year or Less	13 months to 24 months	25 months to 36 months	37 months to 60 months	Total
Money Market Mutual Fund	\$213,592				\$213,592
Government Sponsored Enterprise Agencies:					
Federal Home Loan Bank Bonds (FHLB)		\$336,605			336,605
Federal National Mortgage Association Notes (FNMA)		1,350,969	\$2,021,479		3,372,448
Federal Home Loan Mortgage Corporation (FHLMC)		353,827	4,740,407	\$254,363	5,348,597
U.S. Treasury Notes		10,838,843	13,220,421		24,059,264
Supra-National Agency Notes and Bonds			442,588		442,588
Certificate of Deposit	2,495,079	578,571	1,782,024		4,855,674
Corporate Notes	4,174,076	3,957,258	4,671,013	697,401	13,499,748
Asset-Backed Securities	91,465	1,036,144	2,412,398	4,004,654	7,544,661
Local Agency Investment Funds (LAIF)	10,731,360				10,731,360
NCLA Treasurer's Investment*	4,279,615				4,279,615
Total investments	<u>\$21,985,187</u>	<u>\$18,452,217</u>	<u>\$29,290,330</u>	<u>\$4,956,418</u>	74,684,152
Demand Deposits and Cash on Hand					<u>10,751,908</u>
Total cash and investments					<u>\$85,436,060</u>

*NCLA is being held by Santa Clara County. The City does not decide how to invest.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2020:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
Government Sponsored Enterprise Agencies:			
Federal Home Loan Bank Bonds (FHLB)		\$336,605	\$336,605
Federal National Mortgage Association Notes (FNMA)		3,372,448	3,372,448
Federal Home Loan Mortgage Corporation (FHLMC)		5,348,597	5,348,597
U.S. Treasury Notes	\$24,059,264		24,059,264
Supra-National Agency Notes and Bonds		442,588	442,588
Corporate Notes		13,499,748	13,499,748
Asset-backed Securities		7,544,661	7,544,661
Total Investments	\$24,059,264	\$30,544,647	54,603,911
 <i>Investments Measured at Amortized Cost:</i>			
Certificates of Deposit			4,855,674
Money Market Mutual Fund			213,592
California Local Agency Investment Fund (LAIF)			10,731,360
NCLA Treasurer's Investment			4,279,615
Cash in banks and on hand			10,751,908
Total Cash and investments			\$85,436,060

Investments above classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. Investments above classified in Level 2 of the fair value hierarchy are valued using a quoted price in a non-active market for an identical asset. These prices are obtained from various pricing sources by the custodian bank. Certificates of Deposit, Money Market Mutual Fund and LAIF are valued at amortized cost and therefore, exempt from being classified under GASB 72.

E. 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 usually measured by the assignment of a rating by a nationally recognized statistical rating organization.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At June 30, 2020, the City's deposit and investments were rated as follows:

Investment Type	Credit Quality Ratings		Market Value
	Moody's	S&P	
Securities of Government Sponsored Enterprise Agencies:			
Federal Home Loan Bank Bonds (FHLB)	Aaa	AA+	\$336,605
Federal Home Loan Mortgage Corporate Notes (FHLMC)	Aaa	AA+	5,348,597
Federal National Mortgage Association Notes (FNMA)	Aaa	AA+	3,372,448
U.S. Treasury Notes	Aaa	AA+	24,059,264
Corporate Notes:			
Branch Banking & Trust	A3	A-	624,054
American Express	A3	BBB+	557,675
National Rural	A2	A	361,425
United Parcel Service	A2	A-	324,081
Morgan Stanley	A3	BBB+	558,961
Charles Scwab	A2	A	276,048
Boeing Co.	Baa2	BBB-	136,222
Caterpillar Financial	A3	A	463,316
3M Company	A1	A+	335,815
Burlington North Santa Fe	A3	A+	210,938
Pfizer Inc.	A1	AA-	532,776
Bank of America	A2	A-	552,216
Boeing Co.	Baa2	BBB-	162,458
Citigroup	A3	BBB+	461,392
American Honda	A3	A-	619,964
Merck & Co.	A1	AA-	283,583
Paccar Financial	A1	A+	443,603
Home Depot	A2	A	162,563
Exxon Mobil Corp	Aa1	AA	436,396
US Bancorp	A1	A+	313,135
Goldman Sachs	A3	BBB+	304,157
IBM Corp	A2	A	313,775
Northern Trust Company	A2	A+	285,334
Honeywell International	A2	A	124,168
Bank of NY Mellon	A1	A	597,611
Walt Disney	A2	A-	153,493
Toyota Motor	A1	A+	487,607
Apple Inc.	Aa1	AA+	356,677
Clorox Company	Baa1	A-	237,305
Adobe Inc.	A2	A	207,175
John Deere Capital	A2	A	383,424
JP Morgan Chase	A2	A-	623,277
Pepsico Inc.	A1	A+	151,356
Chevron Corp	Aa2	AA	380,969
General Dynamics Corp	A2	A	242,581
Amazon Inc.	A2	NR	314,798

(Continued)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Comcast	A3	A-	221,813
PNC Bank	A2	A	297,607
Certificates of Deposit			
Swedbank (New York)	P-1	A-1	553,846
MUFG Bank	P-1	A-1	610,889
Credit Agricole	P-1	A-1	610,801
Royal Bank of Canada	P-1	A-1+	719,543
Societe Generale NY	A1	A	578,571
Nordea Bank	Aa3	AA-	592,462
Skandinav Enskilda Bank	Aa2	A+	592,585
DNB Bank	Aa2	AA-	596,977
Asset-backed Securities	Aaa	AAA	2,508,219
Asset-backed Securities	Not Rated	AAA	3,468,255
Asset-backed Securities	AAA	Not Rated	1,568,187
Supra-National Agency Notes and Bonds	Aaa	AAA	442,588
Money Market	Aaa	AAAm	213,592
Subtotal			<u>59,673,177</u>
Not Rated:			
Cash on hand	Not Rated	Not Rated	2,170
US Bank General Checking	Not Rated	Not Rated	10,688,531
Money Market (Sweep Account)	Not Rated	Not Rated	61,207
Local Agency Investment Funds (LAIF)	Not Rated	Not Rated	10,731,360
NCLA Treasurer's Investment*	Not Rated	Not Rated	<u>4,279,615</u>
Total Investments			<u><u>\$85,436,060</u></u>

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk for deposits. However, 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 fair 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 public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

As of June 30, 2020, the City's bank balance was \$10,462,551 and the corresponding carrying book balance was \$10,291,884. Of the bank balance, \$250,000 was covered by federal depository insurance and \$10,041,884 was collateralized.

Investments: 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 and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

G. Investment in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool as reported in the accompanying financial statements is based upon the Entity'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).

As of June 30, 2020, the City held \$10,731,360 in LAIF. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF and average maturity of 191 days.

NOTE 3 – INTERFUND TRANSACTIONS

A. Transfers

Transfers between funds during the fiscal year ended June 30, 2020 were as follows:

<u>Fund Making Transfers</u>	<u>Fund Receiving Transfers</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$16,656,800 (A)
	Non-Major Governmental Funds	167,200 (B)
	Workers' Compensation Insurance Internal Services Fund	982,518 (D)
Non-Major Governmental Funds	General Fund	111,850 (C)
	Capital Projects Fund	810,797 (A)
		<u>\$18,729,165</u>

Interfund transfers were principally used for the following purposes,

- (A) To fund capital projects
- (B) To maintain minimum fund balance in Debt Service
- (C) Public safety related funds paid to the General Fund
- (D) To fund insurances cost

B. Due to/from other funds

Current interfund balances arise in the normal course of business, to fund projects until the borrowing fund receives revenues to repay the lending fund and to assist funds with negative cash balance at the fiscal year end. The following is a summary of interfund balances as of June 30, 2020:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Storm Drain Enterprise Fund	\$10,080
	Internal Service Fund	50,082
	Non-Major Governmental Funds	53,184
	Total	<u>\$113,346</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 – NOTE RECEIVABLE

The City entered into a loan agreement with the City Manager on November 1, 2016, to provide the City Manager a long-term loan of up to \$2,000,000 to finance the acquisition of his personal residence located within the City. The loan is secured by a deed of trust on the property. The loan is due upon sale of the property, within six to twelve months after the termination of the City Manager’s employment with the City depending on the cause of termination, or 30 years from the date of the loan agreement execution, whichever occurs first. The loan bears an interest rate at the 5 Year Treasury Rate as of September 1, 2016 amortized over a thirty-year period and recalculated to the 5 year Treasury Rate every five years of the original date of the loan. At June 30, 2020, the outstanding balance of this loan was \$1,770,156.

NOTE 5 – CAPITAL ASSETS

A. Government-wide Financial Statements

At June 30, 2020, the City’s capital assets consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Nondepreciable assets:			
Construction in progress	\$24,125,740	\$1,341,596	\$25,467,336
Land	11,642,285		11,642,285
Total nondepreciable assets	<u>35,768,025</u>	<u>1,341,596</u>	<u>37,109,621</u>
Depreciable assets:			
Buildings	21,637,868	18,930,408	40,568,276
Improvements	6,537,672		6,537,672
Machinery and equipment	6,879,232	1,066,804	7,946,036
Infrastructure	<u>44,962,073</u>	<u>5,323,714</u>	<u>50,285,787</u>
Total depreciable assets	80,016,845	25,320,926	105,337,771
Less accumulated depreciation	<u>(33,911,075)</u>	<u>(13,403,895)</u>	<u>(47,314,970)</u>
Total depreciable assets, net	<u>46,105,770</u>	<u>11,917,031</u>	<u>58,022,801</u>
Total capital assets	<u>\$81,873,795</u>	<u>\$13,258,627</u>	<u>\$95,132,422</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 – CAPITAL ASSETS (Continued)

The following is a summary of capital assets for governmental activities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$11,642,285				\$11,642,285
Construction in progress	13,319,831	\$15,400,370	(\$353,856)	(\$4,240,605)	24,125,740
Total capital assets, not depreciated	<u>24,962,116</u>	<u>15,400,370</u>	<u>(353,856)</u>	<u>(4,240,605)</u>	<u>35,768,025</u>
Buildings	21,637,868				21,637,868
Improvements	6,537,672				6,537,672
Machinery and equipment	6,501,173	449,344	(71,285)		6,879,232
Infrastructure	40,721,468			4,240,605	44,962,073
Total cost of depreciable assets	<u>75,398,181</u>	<u>449,344</u>	<u>(71,285)</u>	<u>4,240,605</u>	<u>80,016,845</u>
Less accumulated depreciation:					
Buildings	(10,631,353)	(398,477)			(11,029,830)
Improvements	(2,414,518)	(177,675)			(2,592,193)
Machinery and equipment	(4,797,205)	(359,030)	71,285		(5,084,950)
Infrastructure	(13,780,956)	(1,423,146)			(15,204,102)
Total accumulated depreciation	<u>(31,624,032)</u>	<u>(2,358,328)</u>	<u>71,285</u>		<u>(33,911,075)</u>
Net depreciable assets	<u>43,774,149</u>	<u>(1,908,984)</u>		<u>4,240,605</u>	<u>46,105,770</u>
Governmental Activity Capital Assets, Net	<u>\$68,736,265</u>	<u>\$13,491,386</u>	<u>(\$353,856)</u>		<u>\$81,873,795</u>

The governmental activities depreciation expenses for capital assets for the year ended June 30, 2020 are as follows:

Functions/Programs	Total
Public safety	\$151,535
Public works	1,499,297
Recreation	473,809
Community development	815
Admin / community services	232,872
Total depreciation expense	<u>\$2,358,328</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 – CAPITAL ASSETS (Continued)

The following is a summary of capital assets for business-type activities:

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Business-Type Activities:					
Capital assets, not depreciated:					
Construction in progress	\$906,874	\$1,422,368		(\$987,646)	\$1,341,596
Total capital assets, not depreciated:	906,874	1,422,368		(987,646)	1,341,596
Capital assets, being depreciated:					
Buildings	17,959,980	970,428			18,930,408
Machinery and equipment	1,066,804				1,066,804
Infrastructure	4,336,068			987,646	5,323,714
Total cost of depreciable assets	23,362,852	970,428		987,646	25,320,926
Less accumulated depreciation:					
Buildings	(10,236,290)	(220,854)			(10,457,144)
Machinery and equipment	(751,374)	(69,145)			(820,519)
Infrastructure	(2,042,800)	(83,432)			(2,126,232)
Total accumulated depreciation	(13,030,464)	(373,431)			(13,403,895)
Net depreciable assets	10,332,388	596,997		987,646	11,917,031
Business-type Activity Capital Assets, Net	\$11,239,262	\$2,019,365			\$13,258,627

Depreciation expense for business-type activities related to the Sewer Fund amounted to \$373,431 for the year ended June 30, 2020.

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present capital assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

The capital assets of the Enterprise Funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-wide Financial Statements.

NOTE 6 – LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2020 is as follows:

	Balance at June 30, 2019	Retirements	Balance at June 30, 2020	Due Within One Year	Due in More Than One Year
Direct Placements:					
Certificate of participation	\$1,125,000	(\$120,000)	\$1,005,000	\$125,000	\$880,000

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

2004 Refunding Certificate of Participation: On November 1, 1996, the City issued \$2,630,000 principal amount of Certificates of Participation (ABAG 38 COPs). The purpose of the ABAG 38 COPs was to finance the partial purchase of the 5.5 acre Saint William School site for public purposes and uses. During 2004 the City issued \$2,500,000 of 2004 Refunding Certificates of Participation to advance refund \$2,390,000 of outstanding principal on the ABAG 38 Certificates of Participation, set up reserve funds, and to pay related issuance costs. The entire ABAG 38 Certificates of Participation had been paid off by June 30, 2004. This advance refunding was undertaken to reduce total future debt service payments.

The Certificates of Participation are limited obligations of the City, payable from appropriations budgeted for in the City’s annual adopted budget. The Certificate covenants contain events of default that may result in the termination of the lease, collection of rent due and other monetary charges and terminate the City’s right to possession of the leased property as applied by the Trustee and specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events occurred during the fiscal year ending June 30, 2020.

At June 30, 2020, future debt service requirements for the 2004 Refunding were as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$125,000	\$42,400	\$167,400
2022	130,000	37,400	167,400
2023	140,000	31,875	171,875
2024	140,000	25,925	165,925
2025	150,000	19,975	169,975
2026 - 2027	320,000	20,612	340,612
Total	<u>\$1,005,000</u>	<u>\$178,187</u>	<u>\$1,183,187</u>

B. Non-City Obligations

The following bonds are not reported in the City’s financial statements as they are special obligations payable solely from and secured by specific revenue sources as described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City is pledged for payment of these obligations.

	<u>Balance June 30, 2019</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Raymundo Curb and Gutter	\$49,000	(\$24,000)	\$25,000	\$25,000	
Blue Oak Lane	515,000	(15,000)	500,000	15,000	\$485,000
Total	<u>\$564,000</u>	<u>(\$39,000)</u>	<u>\$525,000</u>	<u>\$40,000</u>	<u>\$485,000</u>

Raymundo Special Assessment Districts: The Raymundo Curb and Gutter Assessment District Improvement Bonds were issued on August 3, 2005 to provide financing for the street improvements in that District. The bonds are payable from a special property tax levied to those residents living within the respective District.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

Blue Oak Lane Special Assessment District: On November 5, 2009, Limited Obligation Improvement Bonds were issued for a newly formed Blue Oak Lane Sewer Assessment District (series 2009) to finance the acquisition and construction, by the City, of sanitary sewer improvements serving properties within the subject assessment District. These bonds are issued upon and secured by individual parcel levied assessments to be included in the annual property tax billings annually. The Bonds mature in 2039, were issued in a principal amount of \$662,880 and are subject to semi-annual debt service payments administered by the City.

NOTE 7 – COMPENSATED ABSENCES PAYABLE

The City’s compensated absences at June 30, 2020, were as follows:

	Governmental Activities	Business-type Activities	Total
Balance at July 1, 2019	\$1,484,731	\$87,545	\$1,572,276
Additions	1,291,565	33,357	1,324,922
Payments	(785,616)	(48,818)	(834,434)
Balance at June 30, 2020	<u>\$1,990,680</u>	<u>\$72,084</u>	<u>\$2,062,764</u>
Current Portion	<u>\$497,670</u>	<u>\$18,021</u>	<u>\$515,691</u>
Long-Term Portion	<u>\$1,493,010</u>	<u>\$54,063</u>	<u>\$1,547,073</u>

NOTE 8 – NET POSITION AND FUND BALANCES

A. Fund Balances

In the fund financial statements, governmental funds report the following classifications: non-spendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision making authority for the City, can commit fund balances through the adoption of a formal action in accordance with the adoption of its annual Financial Policy. This formal action includes committing funds through budget adoption or by resolution. This policy authorizes the City Manager to assign fund balances and has set the budgetary level of control at the Fund and Capital Project level for the governing body and the department level for the City Manager and assignees.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

B. General Fund Reserve

The City Council has established a General Fund Reserve goal level of 20% of annual operating expenditures has set funds aside accordingly through its annual budgetary actions. These funds would be available for use in such conditions to mitigate negative economic fiscal impacts or State takeaways and can be activated within any one budget cycle through Council action. An economic downturn would entail a projected and/or sudden drop in core revenues (major tax and service revenue loss) of equal to or greater than 5% (including the impact of inflation) and/or a change in economic parameters (such as interest rates, debt service rates, commodity prices, pension rates) that cause a material change in expenditures of 5% or more, or the occurrence of a local natural disaster or unexpected financial claim requiring the immediate use of cash balances of 5% or more, or the occurrence of a local natural disaster or unexpected financial claim requiring the immediate use of cash balances. In fiscal year 2018/19, in line with budget approval, the City reallocated the pre-established State Budget Stabilization reserve into the aforementioned General Fund reserve. This results in the establishment of one Reserve balance to assist in periods of economic downturn or extraordinary need. The City achieved its reserve goal of 20% during fiscal year 2019/20.

C. Classifications

In the Government-wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2020, fund balances for government funds are made up of the following:

- *Non-spendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, long-term notes receivable and land.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

- *Assigned Fund Balance* – comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* – conveys the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. 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, a negative unassigned fund balance is reported in that fund.

D. Policies

Order of Use

The standard also requires governments to disclose the accounting policies that indicate the order in which restricted, committed, assigned and unassigned amounts are spent. The City considers restricted amounts to have been spent first when expenditures are incurred and both restricted and unrestricted fund balances are available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Assignment and Commitment Authority

The City Council has approved by resolution a financial policy authorizing the City Manager to assign fund balances to facilitate year-end reporting requirements. The City Council, as the highest level of decision making authority for the City, has the ability to commit fund balances through the adoption by resolution. The same action must be taken to modify or rescind the commitment.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

E. Fund Balances

Fund balances for all the major and non-major governmental funds as of June 30, 2020 were distributed as follows:

Fund Balance Classifications	General	In Lieu Park Land	Capital Projects	Other Governmental Funds	Total
Nonspendables:					
Inventory and prepaids	\$60,030				\$60,030
Notes receivable	1,767,659				1,767,659
Veteran Memorial	8,615				8,615
Total Nonspendable Fund Balances	1,836,304				1,836,304
Restricted for:					
Debt service				\$364,179	364,179
Special revenue programs and projects		\$5,537,293		4,988,613	10,525,906
Total Restricted Fund Balances		5,537,293		5,352,792	10,890,085
Assigned to:					
Emergency and operating	7,206,207				7,206,207
OPEB	1,500,000				1,500,000
PERS reserve	5,000,000				5,000,000
Technology reserve	1,412,090				1,412,090
Capital and equipment (Note 8D):					
Capital and equipment reserve				663,202	663,202
Construction in progress reserve			\$3,864,566		3,864,566
Community center reserve	10,654,976				10,654,976
Total Assigned Fund Balances	25,773,273		3,864,566	663,202	30,301,041
Unassigned	7,861,296			(52,724)	7,808,572
Total Unassigned Fund Balances	7,861,296			(52,724)	7,808,572
Total Fund Balances	\$35,470,873	\$5,537,293	\$3,864,566	\$5,963,270	\$50,836,002

F. Net Deficit

The funds listed in the table below had fund balance deficits at June 30, 2020. These deficits are expected to be eliminated by future revenues.

Fund	Fund Deficit
TDA Special Revenue Fund	\$52,724
Storm Drain Enterprise Fund	23,938
Dental Reimbursement Internal Service Fund	50,082

G. OPEB Reserves

As of June 30, 2020, \$1.5 million in General Fund reserves have been assigned in recognition of existing Post-Retirement Health actuarial liability.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

H. Capital Projects Reserves

As of June 30, 2020 the City had set-aside \$10,654,976 for the construction of a new community center that is financed by resources other than proprietary funds. This amount was from the City’s Real Property Proceeds Fund, which are presented with the General Fund in the financial statements. While these funds are not restricted by outside funding sources, the fund balance is assigned for the new community center.

	Real Property Proceeds Fund	Community Facilities Renewal Fund
Beginning Fund Balance as of July 1, 2019	\$10,910,179	\$12,785,246
Revenues		
Interest Income	462,900	
Total Revenues	462,900	
Other Financing Sources (Uses)		
Transfers out	(718,103)	(12,785,246)
Total Other Financing Sources (Uses)	(718,103)	(12,785,246)
Ending Fund Balance as of June 30, 2020	\$10,654,976	

I. Encumbrances

The City utilized an encumbrance system during fiscal year 2020 to assist in controlling expenditures. Under this system, governmental funds are encumbered when purchase orders, contracts, or other commitments are signed or approved. The General fund had an encumbrance balance at June 30, 2020, of \$256,296, which is reflected in the fiscal year 2021 budget.

NOTE 9 – RISK MANAGEMENT

A. Bay Cities Joint Powers Insurance Authority

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and floods for which the City is insured through Bay Cities Joint Powers Insurance Authority (Bay Cities).

The City has joined Bay Cities for general liability, property, errors and omissions, crimes and automobile physical damage coverage in the current year. Bay Cities is a public agency created in 1986 by and among various municipalities in Northern California to provide a pooled approach to liability insurance pursuant to the California Government Code. It is governed by a Board of Directors comprised of appointed officials from the member entities. The purpose of the pool is to provide various levels of liability coverage, claims administration, and loss control support to member agencies. Annually, each member pays an actuarially determined premium based on a formula which takes into account the prior three years’ loss experience, annual payroll, and population.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – RISK MANAGEMENT (Continued)

Bay Cities provides coverage for its Members in excess of the member's retained limit, or self-insured retention (SIR), up to \$1,000,000 per occurrence. Each Member retains the portion of every loss that falls within their SIR, ranging from \$2,500 to \$1,000,000. Bay Cities is also a member of the California Affiliated Risk Management Authorities (CARMA), a risk sharing joint powers authority. When losses exceed the \$1,000,000 per occurrence limit, CARMA provides coverage up to \$28,000,000.

The City self-insures the first \$100,000 of each liability loss. Once the City's deductible is met, Bay Cities becomes responsible for payment of all claims up to the upper limit. During the year ended June 30, 2020, the City contributed \$110,211 or current year coverage.

The City continues to carry excess insurance policy for Workers' Compensation claims through the CSAC Excess Insurance Authority JPA up to the statutory limits and does so using the services of a contracted third-party administrator. The City has a \$250,000 deductible as of June 30, 2020. During the year, the City contributed \$1,816,238 for current year coverage.

As of June 30, 2020, \$7,093 of revolving funds was held in trust on behalf of the City by the workers' compensation third-party claims administrator. \$20,000 is also being held by Bay Cities in the procurement of liability and claims coverage. The City will receive these funds upon termination of services subject to final withdrawal adjustments.

The Bay Cities financial statements may be obtained from Bay Cities Joint Powers Insurance Authority, Bickmore, 1750 Creekside Oaks Drive Suite 200, Sacramento, CA 95833. CSAC Excess Insurance Authority financial statements may be obtained from CSAC Excess Insurance Authority, 75 Iron Point Circle Suite 200, Folsom, CA 95630.

B. *Liability for Uninsured Claims*

The GASB requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed in the section above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion, of these claims. The current accounting standards require that this amount be separately identified and recorded as a liability. Changes in the balances of claims liabilities during the past three years were as follows:

	June 30,		
	2020	2019	2018
Unpaid claims, beginning of year	\$3,492,000	\$3,580,000	\$3,433,475
Incurred claims and changes in estimates	816,675	247,742	779,259
Claim payments	(558,675)	(335,742)	(632,734)
Unpaid claims, end of year	<u>\$3,750,000</u>	<u>\$3,492,000</u>	<u>\$3,580,000</u>
Current Portion	<u>\$930,123</u>	<u>\$827,371</u>	<u>\$831,733</u>
Long-Term Portion	<u>\$2,819,877</u>	<u>\$2,664,629</u>	<u>\$2,748,267</u>

In conformance with current accounting standards the City obtained an independent actuarial valuation of all outstanding Workers Compensation and Liability claims. The Workers Compensation report presented a valuation as of December 31, 2019 and projected values through fiscal years 2020 and 2021. The fiscal year 2019-2020 values presented above reflect the estimated present value of open claims as developed in this actuarial report. The General Liability report presented a valuation as of December 31, 2019 and projected values through fiscal years 2020 and 2021. The estimated amount of claims and judgments due within one year is \$930,123.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 10 – SELF-FUNDED REIMBURSEMENT DENTAL AND VISION PLAN

The City provides a self-funded reimbursement based dental and vision plans. The City’s contribution for these plans are accounted for in the Dental Reimbursement Fund. The City contributed \$75 per month for each fulltime budgeted position. The funds accumulated are used to reimburse full-time salaried employees and their dependents, as well as council members for covered dental and vision claims. There are no administrative charges for this plan. The Dental Reimbursement Fund has a negative fund balance of \$50,082 in fiscal year 2020 due to the plans operating on a calendar year basis. Contributions and reimbursements for the past five fiscal years as follows:

Fiscal year ended June 30,	Contribution Amount	Reimbursement Amount
2016	\$122,400	\$155,793
2017	121,350	125,208
2018	127,800	177,094
2019	125,324	238,064
2020	258,874	253,377
Total	<u>\$755,748</u>	<u>\$458,095</u>

The dental and vision plan year commences January 1st of each calendar year. An annual maximum dental and vision reimbursements of \$1,858 are provided for each employee and \$1,238 for each of their dependents. Any remaining balance in the fund for each plan year is carried forward to the following year. In subsequent years, the maximum coverage for both employees and dependents is increased annually based on the Consumer Price Index but not to exceed 3%.

NOTE 11 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous and Safety Tier I, Tier II and PEPRA Employee Pension Rate Plan. The City’s Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C 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. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors three miscellaneous and three safety rate plans. 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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Miscellaneous - Tier 1</u>
Hire date	Prior to January 1, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%
Required employee contribution rates	8.000%
Required employer contribution rates	13.182%
	<u>Miscellaneous - Tier 2</u>
Hire date	January 1, 2012 - December 31, 2012
Benefit formula	2% @ 60
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.092% - 2.418%
Required employee contribution rates	7.000%
Required employer contribution rates	8.081%
	<u>Miscellaneous - PEPRA</u>
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.000% - 2.500%
Required employee contribution rates	6.750%
Required employer contribution rates	6.985%

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

	<u>Safety - Tiers 1 and 2</u>
Hire date	Prior to January 1, 2012
Benefit formula	3% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	21.927%

	<u>Safety - Tier 3</u>
Hire date	January 1, 2012 - December 31, 2012
Benefit formula	3% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	2.400% - 3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	18.928%

	<u>Safety - PEPRA</u>
Hire date	On or after January 1, 2013
Benefit formula	2.7% @ 57
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 57
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%
Required employee contribution rates	12.000%
Required employer contribution rates	13.034%

Beginning in fiscal year 2018, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was \$2,479,980 in fiscal year 2020.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$2,356,569	\$1,962,129

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$21,628,592
Safety	17,504,397
Total Net Pension Liability	\$39,132,989

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2018	0.53%	0.28%
Proportion - June 30, 2019	0.54%	0.28%
Change - Increase (Decrease)	0.01%	0.00%

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

For the year ended June 30, 2020, the City recognized pension expense of \$7,357,769. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$2,356,569	
Differences between actual and expected experience	1,502,197	(\$116,390)
Changes in assumptions	1,031,351	(365,605)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(531,077)
Net differences between projected and actual earnings on plan investments		(378,135)
Adjustments due to differences in proportion	298,461	(149,568)
Miscellaneous Total	<u>\$5,188,578</u>	<u>(\$1,540,775)</u>

Safety Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$1,962,129	
Differences between actual and expected experience	1,142,879	
Changes in assumptions	717,475	(\$140,015)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(471,785)
Net differences between projected and actual earnings on plan investments		(240,803)
Adjustments due to differences in proportion	410,255	(43,288)
Safety Total	<u>\$4,232,738</u>	<u>(\$895,891)</u>
Grand total	<u>\$9,421,316</u>	<u>(\$2,436,666)</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

\$4,318,698 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous	Safety	TOTAL
	Annual Amortization	Annual Amortization	Annual Amortization
2021	\$1,364,903	\$1,187,393	\$2,552,296
2022	(320,825)	(46,349)	(367,174)
2023	170,746	186,821	357,567
2024	76,410	46,853	123,263
	<u>\$1,291,234</u>	<u>\$1,374,718</u>	<u>\$2,665,952</u>

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 total pension liability is based on the following actuarial methods and assumptions:

	Miscellaneous & Safety
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and the 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	<u>100%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 11 – PENSION PLAN (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 for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$32,181,167	\$25,878,058
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$21,628,592	\$17,504,397
1% Increase	8.15%	8.15%
Net Pension Liability	\$12,918,188	\$10,639,306

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Event – CalPERS Pension Contribution Rates – The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City’s contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

Plan Description – The City’s Post Employment Benefit Plan is an agent-multiple-employer defined benefit healthcare plan administered by the California Employers’ Retiree Benefit Trust (CERBT).

Benefits Provided – The provisions and benefits of the City’s Other Post Employment Benefit Plan in effect at June 30, 2020, are summarized as follow:

	All Bargaining Units						
Eligibility	Retire directly from the City under CalPERS (age 50 ¹ and 5 years of service or disability)						
Benefit	- 5% of active contribution times years in PEMHCA (increase each year not greater than \$100 per month) - Joined PEMHCA in 2001 - 100% of PEMHCA minimum in 2021 - Monthly amounts: <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>Year</u></td> <td style="text-align: center;"><u>Actives</u></td> <td style="text-align: center;"><u>Retirees</u></td> </tr> <tr> <td style="text-align: center;">2020</td> <td style="text-align: center;">\$ 132</td> <td style="text-align: center;">\$ 124</td> </tr> </table>	<u>Year</u>	<u>Actives</u>	<u>Retirees</u>	2020	\$ 132	\$ 124
<u>Year</u>	<u>Actives</u>	<u>Retirees</u>					
2020	\$ 132	\$ 124					
Surviving Spouse Benefit	Surviving spouse coverage continues based on CalPERS retirement plan election						
Other	- No dental, vision & life or Medicare reimbursement - Implicit rate subsidy included						

¹ Age 52 for Miscellaneous PEPPA members

For the year ended June 30, 2020, the City’s contributions to the Plan were \$118,972.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active employees	132
Inactive employees or beneficiaries currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	75
Total	256

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2019 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2019 Measurement Date
Valuation Date	• January 1, 2019
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Contribution Policy	• City contributes full Actuarial Determined Contribution through CERBT #1
Discount Rate and Long Term Expected Rate of Return on Assets	• 6.75% at June 30, 2019
	• 6.75% at June 30, 2018
	• Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	• 2.75% annually
Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-18
Salary Increases	• Aggregate - 3% annually
	• Merit - CalPERS 1997-2015 Experience Study
Medical Trend	• Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
	• Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increases	• 4.25% annually
Healthcare participation	• 60%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	57.0%	4.82%
Fixed income	27.0%	1.47%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
REITs	8.0%	3.76%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2018 Measurement Date	\$3,453,000	\$1,805,000	\$1,648,000
Changes Recognized for the Measurement Period:			
Service Cost	162,743		162,743
Interest on the total OPEB liability	238,629		238,629
Changes in benefit terms			0
Differences between expected and actual experience	(524,133)		(524,133)
Changes of assumptions	128,646		128,646
Contributions from the employer		162,000	(162,000)
Net investment income		110,961	(110,961)
Benefit payments	(161,000)	(161,000)	0
Administrative expenses		(1,387)	1,387
Net changes	(155,115)	110,574	(265,689)
Balance at June 30, 2019 Measurement Date	\$3,297,885	\$1,915,574	\$1,382,311

The City paid \$162,000 for retiree healthcare plan benefits, including \$71,000 in premium payments for retirees, \$90,000 for implied subsidies, and \$1,000 for administrative costs. The plan does not issue separate financial statements.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.75%)	(6.75%)	(7.75%)
\$1,837,756	\$1,382,311	\$1,006,086

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 12– OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

The following table presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point or 1-percentage-point higher than the current healthcare cost trend rates.

The healthcare cost trend are as follows:

- Non-Medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years.
- Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years.

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$939,515	\$1,382,311	\$1,932,993

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$248,098. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$118,972	
Net differences between projected and actual earnings on plan investments		\$26,309
Differences between expected and actual experience		455,168
Changes in assumptions	111,719	
Total	\$230,691	\$481,477

\$118,972 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	(65,865)
2022	(63,865)
2023	(54,865)
2024	(49,866)
2025	(52,038)
Thereafter	(83,259)
Total	(\$369,758)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 13 – CONTINGENCIES

As of June 30, 2020, there were two court orders involving 40 Main LLC and California Renters Legal Advocacy and Education Fund. One court order imposed a damage award to the Petitioners of \$490,001, which the City made the payment on September 10, 2020. The second court order awarded the Petitioners' attorneys' fees in the amount of \$554,436.90, which the City made the payment on January 5, 2021.

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are reasonably sufficient to cover any potential losses should an unfavorable outcome materialize.

The City participates in several Federal and State grant programs. These programs are subject to the audits by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 14 – OTHER INFORMATION

A. *Joint Powers Agreements*

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of the City.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence of member agencies beyond their representation of the board.

City of Palo Alto Regional Water Quality Control Plant: The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant. It was formed in 1968 by a joint exercise of powers among the cities of Palo Alto, Mountain View, and Los Altos, constructed, maintains and operates sewage treatment facilities serving its member cities. The agreement provides that the City will purchase capacity for 50 years. The City of Palo Alto acts as administrator and bills each member its share of the operating costs. The audited financial statements can be obtained by contacting the City of Palo Alto at P.O. Box 10250, Palo Alto, CA 94303.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 14 – OTHER INFORMATION (Continued)

North County Library Authority (NCLA): The NCLA, formed in 1985 by a joint exercise of powers agreement between the City and the Town of Los Altos Hills, provides library services for member residents. The NCLA was created to provide financing for capital improvements and additional services by the public libraries serving the area. Although the City owns the libraries and their sites, the County of Santa Clara (County) is responsible for all library operations. However, since 1985, the NCLA has levied a voter approved special parcel tax to compensate for service reductions due to cutbacks by the County. The special tax has been collected by the County, transferred to the City, on behalf of NCLA, and then transferred back to the County for the specifically requested services provided by the libraries within the NCLA’s service area. The City performs administrative and accounting services for NCLA. In 1991, the NCLA issued Special Tax Bonds in the amount of \$3,645,000. The Special Tax Bonds were repaid off as of June 30, 2012. In 2010, NCLA successfully passed an updated twenty year parcel tax extending the assessment term to 2030. No new debt was issued in association with this election. The audited financial statements can be obtained by contacting the NCLA at One North San Antonio Road, Los Altos, CA 94022.

Community Health Awareness Council (CHAC): CHAC was organized as a joint powers agency between the City of Los Altos, City of Mountain View, Town of Los Altos Hills, Los Altos School District, Mountain View Whisman School District, and Mountain View-Los Altos High School District. CHAC provides prevention and intervention services concentrating on positive alternatives to health abuse and self-destructive behaviors within the communities served. The audited financial statements can be obtained by contacting CHAC at P.O. Box 335, Mountain View, California, 94042.

Silicon Valley Clean Energy Authority: The Silicon Valley Clean Energy Authority (SVCEA) was established in 2016 by 12 agencies in Santa Clara County including the City of Los Altos. The purpose of SVCEA is to enable the member agencies to pool the electricity demand within their jurisdictions to directly procure or generate electrical power supplies on behalf of the residents and businesses in their communities, thus allowing those agencies to provide a clean energy option for residents at a competitive price with traditional energy sources. As part of the implementation of SVCEA, the City of Los Altos paid \$100,000 for its portion of the start-up costs. These funds are to be reimbursed to the City once the Authority has achieved financial sustainability.

NOTE 15 – OTHER COMMITMENTS

A summary of remaining authorized CIP project balances at June 30, 2020 for all City funds by service area are as follows:

Construction in progress:	
Streets and Roadways	\$3,416,067
Pedestrian Safety	6,203,892
Infrastructure and Facilities	8,232,929
Parks	401,643
Sewer	5,342,652
Technology	2,597,066
Community Development	1,388,781
Total	<u>\$27,583,030</u>



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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

COST-SHARING EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIO

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

Schedule of Proportionate Share of the
Net Pension Liability and Related Ratio as of the Measurement Date

Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	Miscellaneous Pool					
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's proportion of the Net Pension Liability (Asset)	0.42907%	0.50595%	0.20298%	0.51409%	0.52958%	0.54011%
Plan's proportion share of the Net Pension Liability (Asset)	\$10,604,408	\$13,880,661	\$17,564,072	\$20,265,838	\$19,958,437	\$21,628,592
Plan's Covered Payroll	7,736,180	7,806,721	8,434,058	8,337,461	9,734,936	9,569,932
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	137.08%	177.80%	208.25%	243.07%	205.02%	226.01%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%	78.28%	73.20%	75.39%	77.69%	77.73%

Measurement Date	Safety Pool					
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's proportion of the Net Pension Liability (Asset)	0.24026%	0.25820%	0.16023%	0.26642%	0.27582%	0.28041%
Plan's proportion share of the Net Pension Liability (Asset)	\$9,011,972	\$10,639,010	\$13,864,825	\$15,919,233	\$16,183,695	\$17,504,397
Plan's Covered Payroll	3,607,754	3,645,893	3,885,679	3,686,478	4,233,297	4,320,366
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	249.79%	291.81%	356.82%	431.83%	382.30%	405.16%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.46%	78.52%	73.96%	71.74%	73.39%	73.37%

* Fiscal year 2015 was the 1st year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2020
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Pool					
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$1,081,811	\$1,456,475	\$1,544,680	\$1,769,644	\$1,974,752	\$2,356,569
Contributions in relation to the actuarially determined contributions	(1,081,811)	(1,456,475)	(1,544,680)	(1,769,644)	(1,974,752)	(2,356,569)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$7,806,721	\$8,434,058	\$8,337,461	\$9,734,936	\$9,569,932	\$10,185,806
Contributions as a percentage of covered payroll	13.86%	17.27%	18.53%	18.18%	20.63%	23.14%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

	Safety Pool					
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$924,466	\$1,134,277	\$1,205,365	\$1,390,429	\$1,605,370	\$1,962,129
Contributions in relation to the actuarially determined contributions	(1,076,741)	(1,134,277)	(1,205,365)	(1,390,429)	(1,605,370)	(1,962,129)
Contribution deficiency (excess)	(\$152,275)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$3,645,893	\$3,885,679	\$3,686,478	\$4,233,297	\$4,320,366	\$4,135,400
Contributions as a percentage of covered payroll	29.53%	29.19%	32.70%	32.85%	37.16%	47.45%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	(1)
Investment rate of return	7.15% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

* Fiscal year 2015 was the 1st year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Last 10 fiscal years*

Measurement Date	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>
Total OPEB Liability			
Service Cost	\$154,000	\$158,000	\$162,743
Interest	207,000	223,000	238,629
Actual vs. expected experience			(524,133)
Assumption changes			128,646
Benefit payments	(134,000)	(142,000)	(161,000)
Net change in total OPEB liability	<u>227,000</u>	<u>239,000</u>	<u>(155,115)</u>
Total OPEB liability - beginning	<u>2,987,000</u>	<u>3,214,000</u>	<u>3,453,000</u>
Total OPEB liability - ending (a)	<u><u>\$3,214,000</u></u>	<u><u>\$3,453,000</u></u>	<u><u>\$3,297,885</u></u>
Plan fiduciary net position			
Contributions - employer	\$135,000	\$143,000	\$162,000
Net investment income	160,000	134,000	110,961
Administrative expense	(2,000)	(4,000)	(1,387)
Benefit payments	(134,000)	(142,000)	(161,000)
Net change in plan fiduciary net position	<u>159,000</u>	<u>131,000</u>	<u>110,574</u>
Plan fiduciary net position - beginning	<u>1,515,000</u>	<u>1,674,000</u>	<u>1,805,000</u>
Plan fiduciary net position - ending (b)	<u><u>\$1,674,000</u></u>	<u><u>\$1,805,000</u></u>	<u><u>\$1,915,574</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$1,540,000</u></u>	<u><u>\$1,648,000</u></u>	<u><u>\$1,382,311</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.1%	52.3%	58.1%
Covered-employee payroll	<u><u>\$12,546,000</u></u>	<u><u>\$14,000,000</u></u>	<u><u>\$15,000,000</u></u>
Net OPEB liability as a percentage of covered-employee payroll	<u><u>12.27%</u></u>	<u><u>11.77%</u></u>	<u><u>9.22%</u></u>

* Fiscal year 2018 was the first year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

SCHEDULE OF CONTRIBUTIONS

Retiree Healthcare OPEB Plan - Agent Multiple Employer
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020
Actuarially determined contribution	\$304,000	\$313,000	\$333,000
Contributions in relation to the actuarially determined contribution	143,000	314,000	118,972
Contribution deficiency (excess)	\$161,000	(\$1,000)	\$214,028
Covered-employee payroll	\$14,000,000	\$15,000,000	\$15,000,000
Contributions as a percentage of covered-employee payroll	1.02%	2.10%	0.80%

* Fiscal year 2018 was the first year of implementation.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTION
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Methods and Assumptions for Actuarially Determined Contribution

Valuation Date	• 1/1/2019
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level percent of pay
Amortization Period	• 13.9-year average fixed period for 2019/20
Asset Valuation Method	• Investment gains and losses spread over 5-year rolling period
Discount Rate	• 6.75%
General Inflation	• 2.75%
Medical Trend	• Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 • Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-18
PEMHCA Minimum Increases	• 4.25% annually
Healthcare participation	• 60%

CITY OF LOS ALTOS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property tax	\$25,639,810	\$25,639,810	\$25,786,599	\$146,789
Sales tax	3,301,400	3,301,400	3,373,391	71,991
Utility users	2,781,000	2,781,000	2,838,663	57,663
Other tax	4,600,950	4,600,950	3,598,208	(1,002,742)
Licenses, permits and fees	8,633,080	4,264,540	4,154,060	(110,480)
Grants and donations			88,117	88,117
Charges for services		4,183,910	3,649,900	(534,010)
Fines and forfeitures		178,110	182,926	4,816
Interest and rentals	386,900	386,900	2,257,574	1,870,674
Other		137,996	107,310	(30,686)
	<u>45,343,140</u>	<u>45,474,616</u>	<u>46,036,748</u>	<u>562,132</u>
Total revenues				
Expenditures:				
General government:				
Public Safety	19,615,686	19,615,686	18,795,499	820,187
Public Works	2,964,442	1,447,898	1,177,457	270,441
Recreation	2,666,978	5,139,218	4,698,125	441,093
Community development	3,840,000	6,624,312	5,521,470	1,102,842
Admin/community services	6,547,399	9,648,450	9,377,466	270,984
	<u>35,634,505</u>	<u>42,475,564</u>	<u>39,570,017</u>	<u>2,905,547</u>
Total expenditures				
Excess of revenues over expenditures	<u>9,708,635</u>	<u>2,999,052</u>	<u>6,466,731</u>	<u>3,467,679</u>
Other financing sources (uses):				
Transfers in			111,850	111,850
Transfers out			(17,806,518)	(17,806,518)
			<u>(17,694,668)</u>	<u>(17,694,668)</u>
Total other financing sources (uses)				
Net change in fund balance	<u>\$9,708,635</u>	<u>\$2,999,052</u>	(11,227,937)	<u>(\$14,226,989)</u>
Fund balance at beginning of year			<u>47,743,248</u>	
Fund balance at end of year			<u>\$36,515,311</u>	

CITY OF LOS ALTOS
 IN-LIEU PARK LAND SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest and rentals			\$230,858	\$230,858
Intergovernmental		\$500,000		(500,000)
Total Revenues		<u>500,000</u>	<u>230,858</u>	<u>(269,142)</u>
Expenditures:				
Capital improvement			23,953	(23,953)
EXCESS OF REVENUES OVER EXPENDITURES		<u>500,000</u>	<u>206,905</u>	<u>(245,189)</u>
NET CHANGE IN FUND BALANCE		<u><u>\$500,000</u></u>	<u>206,905</u>	<u><u>(\$245,189)</u></u>
Beginning fund balance			<u>5,330,388</u>	
Ending fund balance			<u><u>\$5,537,293</u></u>	

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

1. *Budget and Budgetary Accounting*

The City adopts a budget annually for General Fund, Special Revenue Funds, **(except for the Storm Drain Deposits Fund)**, and Equipment Replacement Capital Projects Fund that is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget during the fiscal year. The City Manager is authorized to transfer budgeted amount between departments and line items within any fund to achieve a balanced budget; however, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations lapse at year-end unless otherwise authorized by the City Council and the City Manager, except for capital improvement projects and open purchase order commitments for which appropriations endure until the project or obligation is completed.

Budgets are adopted on a basis consistent with generally accepted accounting principles except for capital projects funds, which are adopted on a project length basis, which means budgets are used until the project's completion for the entire project amount.

OTHER SUPPLEMENTARY INFORMATION



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GENERAL FUND

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. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from the sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

CITY OF LOS ALTOS
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2020

	General	Community Facilities Renewal Fund	Real Property Proceeds	Total General Fund
ASSETS				
Cash and investments	\$26,702,314		\$10,654,976	\$37,357,290
Receivables, net of allowance for uncollectibles:				
Accounts	1,341,764			1,341,764
Interest	7,574			7,574
Prepays	21,876			21,876
Notes receivable	1,767,659			1,767,659
Inventory	38,154			38,154
Due to other funds	10,080			10,080
Land held for development	2,857,849			2,857,849
	<u>\$32,747,270</u>		<u>\$10,654,976</u>	<u>\$43,402,246</u>
LIABILITIES				
Accounts payable	\$6,512,081			\$6,512,081
Accrued liabilities	1,217,345			1,217,345
Other payable	103,958			103,958
	<u>7,833,384</u>			<u>7,833,384</u>
DEFERRAL INFLOWS OF RESOURCES				
Deferred inflows or revenues	97,989			97,989
	<u>97,989</u>			<u>97,989</u>
FUND BALANCES				
Fund balance:				
Nonspendable	1,836,304			1,836,304
Assigned	15,118,297		\$10,654,976	25,773,273
Unassigned	7,861,296			7,861,296
	<u>24,815,897</u>		<u>10,654,976</u>	<u>35,470,873</u>
Total Fund Balances	<u>\$24,815,897</u>		<u>\$10,654,976</u>	<u>\$35,470,873</u>
Total Liabilities and Fund Balances	<u>\$32,747,270</u>		<u>\$10,654,976</u>	<u>\$43,402,246</u>

CITY OF LOS ALTOS
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General	Community Facilities Renewal	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
REVENUES					
Property tax	\$25,786,599				\$25,786,599
Sales tax	3,373,391				3,373,391
Utility users	2,838,663				2,838,663
Other tax	3,598,208				3,598,208
Licenses, permits and fees	4,154,060				4,154,060
Grants and donations	88,117				88,117
Charges for services	3,649,900				3,649,900
Fines and forfeitures	182,926				182,926
Interest and rentals	1,794,674		\$462,900		2,257,574
Other	107,310				107,310
Total Revenues	45,573,848		462,900		46,036,748
EXPENDITURES					
General government					
Public safety	18,795,499				18,795,499
Public works	1,177,457				1,177,457
Recreation	4,698,125				4,698,125
Community development	5,521,470				5,521,470
Admin / community development	10,421,904				10,421,904
Total Expenditures	40,614,455				40,614,455
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,959,393		462,900		5,422,293
OTHER FINANCING SOURCES (USES)					
Transfers in	111,850				111,850
Transfers (out)	(4,303,169)	(\$12,785,246)	(718,103)		(17,806,518)
Total Other Financing Sources (Uses)	(4,191,319)	(12,785,246)	(718,103)		(17,694,668)
NET CHANGE IN FUND BALANCES	768,074	(12,785,246)	(255,203)		(12,272,375)
BEGINNING FUND BALANCES	24,047,823	12,785,246	10,910,179		47,743,248
ENDING FUND BALANCES	\$24,815,897		\$10,654,976		\$35,470,873



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS**VEHICLE IMPOUND FUND**

To account for revenues collected from arrest and towing fees that are dedicated for public safety purposes.

SUPPLEMENTAL LAW ENFORCEMENT FUND

To account for revenues from the Citizen's Option for Public Safety Program in support of additional front-line law enforcement services.

GAS TAX FUNDS

To account for the revenues received from the State gas taxes under the provision of the Streets and Highways Codes. These revenues are restricted to uses related to construction and improvements, an maintenance and repair of local streets.

PROPOSITION 1B FUND

To account for the allocated bond fund amount from the State under the Proposition 1B provisions.

STORM DRAIN DEPOSITS FUND

To account for fees collected from new subdivision development. All funds are restricted to construction and improvement of the storm drain system.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

To account for grant funds received from the federal government specifically for the housing rehabilitation loan programs, the human services programs through local nonprofit agencies, and the accessibility improvements in compliance with the American with Disabilities Act.

DOWNTOWN PARKING FUND

To account for revenues received from the lease of the public parking plazas and in-lieu program fees. The revenues are dedicated for the construction and improvement of downtown parking facilities.

TRAFFIC IMPACT FEE FUND

To account for revenues received from development. The revenues are dedicated for transportation improvements within the City.

ESTATE DONATION FUND

To account for donations received that are dedicated for purposes specified by the donors.

TDA FUND

To account for State Transportation Development Act, Article 3 funds for bike route and pedestrian facilities improvements.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)**PEG FUND**

To account for fees collected by local Cable Television franchise. All funds are restricted for public education and government access programming.

VEHICLE REGISTRATION FEES FUND

To account for fees collected by the Department of Motor Vehicles from registrations in Santa Clara County. All funds are restricted to street projects.

SB 1 ROAD MAINTENANCE REHABILITATION FUND

To account for revenues received from the State Streets and Highways Codes. These revenues are restricted to address deferred maintenance on the State Highway System and the local street and road system.

TRAFFIC CONGESTION RELIEF PROGRAM FUND

To account for revenues received from the State. These revenues must be used only for maintenance or reconstruction costs on public streets or roads.

CAPITAL PROJECTS FUND**EQUIPMENT REPLACEMENT FUND**

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

DEBT SERVICE FUND**GENERAL DEBT SERVICE**

To account for the accumulation of revenues for periodic payment of principal and interest on Certificates of Participation and related authorized costs.



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CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
ASSETS				
Cash and investments	(\$460)	\$89,281	\$1,619,766	\$44,428
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts	460			
Total Assets	89,281	\$89,281	\$1,619,766	\$44,428
LIABILITIES				
Accounts payable			\$19,494	
Due to other funds				
Total Liabilities			19,494	
DEFERRAL INFLOWS OF RESOURCES				
Deferred inflows or revenues				
Total Deferred Inflows				
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects		\$89,281	1,600,272	\$44,428
Assigned				
Unassigned				
Total Fund Balances		89,281	1,600,272	44,428
Total Liabilities and Fund Balances		\$89,281	\$1,619,766	\$44,428

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
\$56,086	\$4,617	\$899,360	\$531,504	\$16,941	(\$52,724)
		11,309			52,724
<u>\$56,086</u>	<u>\$4,617</u>	<u>\$910,669</u>	<u>\$531,504</u>	<u>\$16,941</u>	
		\$1,003			
		1,003			
					\$52,724
					52,724
\$56,086	\$4,617	909,666	\$531,504	\$16,941	(52,724)
<u>56,086</u>	<u>4,617</u>	<u>909,666</u>	<u>531,504</u>	<u>16,941</u>	<u>(52,724)</u>
<u>\$56,086</u>	<u>\$4,617</u>	<u>\$910,669</u>	<u>\$531,504</u>	<u>\$16,941</u>	

(Continued)

CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SB1 Road Maintenance Rehabilitation	Traffic Congestion Relief Program
ASSETS				
Cash and investments	\$1,018,336	\$382,384	\$118,151	\$106,129
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts	28,325		82,493	
Total Assets	\$1,046,661	\$382,384	\$200,644	\$106,129
LIABILITIES				
Accounts payable				
Due to other funds				
Total Liabilities				
DEFERRAL INFLOWS OF RESOURCES				
Deferred inflows or revenues				
Total Deferred Inflows				
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects	\$1,046,661	\$382,384	\$200,644	\$106,129
Assigned				
Unassigned				
Total Fund Balances	1,046,661	382,384	200,644	106,129
Total Liabilities and Fund Balances	\$1,046,661	\$382,384	\$200,644	\$106,129

<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	
<u>Equipment Replacement</u>	<u>General</u>	<u>Total Non-major Governmental Funds</u>
\$686,116	\$201,320 162,859	\$5,721,235 162,859
		<u>175,311</u>
<u>\$686,116</u>	<u>\$364,179</u>	<u>\$6,059,405</u>
\$22,914		\$43,411
<u>22,914</u>		<u>43,411</u>
		<u>52,724</u>
		<u>52,724</u>
663,202	\$364,179	364,179 4,988,613 663,202 (52,724)
<u>663,202</u>	<u>364,179</u>	<u>5,963,270</u>
<u>\$686,116</u>	<u>\$364,179</u>	<u>\$6,059,405</u>

CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
REVENUES				
Charges for services				
Licenses, permits and fees				
Intergovernmental		\$100,000	\$682,501	
Fines and forfeitures	\$11,850			
Interest and rentals			79,783	\$1,809
Other				
Total Revenues	11,850	100,000	762,284	1,809
EXPENDITURES				
Current:				
Community development				
Capital improvements			50	
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures			50	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,850	100,000	762,234	1,809
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(11,850)	(100,000)	(363,458)	
Total Other Financing Sources (Uses)	(11,850)	(100,000)	(363,458)	
NET CHANGE IN FUND BALANCES			398,776	1,809
BEGINNING FUND BALANCES		89,281	1,201,496	42,619
ENDING FUND BALANCES		\$89,281	\$1,600,272	\$44,428

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
		\$34,231	\$20,293		
		46,400 11,423	23,849	\$690	
		92,054	44,142	690	
		2,295	62,102		
		2,295	62,102		
		89,759	(17,960)	690	
			(4,540)		
			(4,540)		
		89,759	(22,500)	690	
\$56,086	\$4,617	819,907	554,004	16,251	(\$52,724)
<u>\$56,086</u>	<u>\$4,617</u>	<u>\$909,666</u>	<u>\$531,504</u>	<u>\$16,941</u>	<u>(\$52,724)</u>

(Continued)

CITY OF LOS ALTOS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SBI Road Maintenance Rehabilitation	Traffic Congestion Relief Program
REVENUES				
Charges for services	\$101,530			
Licenses, permits and fees				
Intergovernmental			\$540,207	\$35,064
Fines and forfeitures				
Interest and rentals	40,805			
Other				
Total Revenues	<u>142,335</u>		<u>540,207</u>	<u>35,064</u>
EXPENDITURES				
Current:				
Community development				
Capital improvements				
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>142,335</u>		<u>540,207</u>	<u>35,064</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	<u>(36,680)</u>		<u>(406,119)</u>	
Total Other Financing Sources (Uses)	<u>(36,680)</u>		<u>(406,119)</u>	
NET CHANGE IN FUND BALANCES	105,655		134,088	35,064
BEGINNING FUND BALANCES	<u>941,006</u>	<u>\$382,384</u>	<u>66,556</u>	<u>71,065</u>
ENDING FUND BALANCES	<u><u>\$1,046,661</u></u>	<u><u>\$382,384</u></u>	<u><u>\$200,644</u></u>	<u><u>\$106,129</u></u>

<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>Total Non-major Governmental Funds</u>
Equipment Replacement	General	
		\$101,530
		54,524
		1,357,772
		11,850
		193,336
		11,423
		<u>1,730,435</u>
\$372,342		374,637
42,500		104,652
	\$120,000	120,000
	47,200	47,200
<u>414,842</u>	<u>167,200</u>	<u>646,489</u>
<u>(414,842)</u>	<u>(167,200)</u>	<u>1,083,946</u>
	167,200	167,200
		<u>(922,647)</u>
	<u>167,200</u>	<u>(755,447)</u>
(414,842)		328,499
<u>1,078,044</u>	<u>364,179</u>	<u>5,634,771</u>
<u>\$663,202</u>	<u>\$364,179</u>	<u>\$5,963,270</u>

CITY OF LOS ALTOS
VEHICLE IMPOUND FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$20,000</u>	<u>\$11,850</u>	<u>(\$8,150)</u>
Total Revenues	<u>20,000</u>	<u>11,850</u>	<u>(8,150)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>20,000</u>	<u>11,850</u>	<u>(8,150)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u> </u>	<u>(11,850)</u>	<u>(11,850)</u>
Total other financing sources (uses)	<u> </u>	<u>(11,850)</u>	<u>(11,850)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$20,000</u></u>		<u><u>(\$20,000)</u></u>
Beginning fund balance		<u> </u>	
Ending fund balance		<u><u> </u></u>	

CITY OF LOS ALTOS
 SUPPLEMENTAL LAW ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$100,000	\$100,000	
Total Revenues	100,000	100,000	
EXCESS OF REVENUES OVER EXPENDITURES	100,000	100,000	
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(100,000)	(\$100,000)
Total other financing sources (uses)		(100,000)	(100,000)
NET CHANGE IN FUND BALANCE	\$100,000		(\$100,000)
Beginning fund balance		89,281	
Ending fund balance		\$89,281	

CITY OF LOS ALTOS
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$680,000	\$682,501	\$2,501
Interest and rentals		79,783	79,783
Total Revenues	<u>680,000</u>	<u>762,284</u>	<u>82,284</u>
EXPENDITURES			
Capital improvements		50	(50)
Total Expenses		<u>50</u>	<u>(50)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>680,000</u>	<u>762,234</u>	<u>82,234</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(363,458)	(363,458)
Total other financing sources (uses)		<u>(363,458)</u>	<u>(363,458)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$680,000</u></u>	398,776	<u><u>(\$281,224)</u></u>
Beginning fund balance		<u>1,201,496</u>	
Ending fund balance		<u><u>\$1,600,272</u></u>	

CITY OF LOS ALTOS
 PROPOSITION 1B FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rentals		\$1,809	\$1,809
Total Revenues		1,809	1,809
EXCESS OF REVENUES OVER EXPENDITURES		1,809	1,809
NET CHANGE IN FUND BALANCE		1,809	\$1,809
Beginning fund balance		42,619	
Ending fund balance		\$44,428	

CITY OF LOS ALTOS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Grants and donations	<u>\$623,933</u>	<u> </u>	<u>(\$623,933)</u>
Total Revenues	<u>623,933</u>	<u> </u>	<u>(623,933)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>623,933</u>	<u> </u>	<u>(623,933)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$623,933</u></u>		<u><u>(\$623,933)</u></u>
Beginning fund balance		<u>\$4,617</u>	
Ending fund balance		<u><u>\$4,617</u></u>	

CITY OF LOS ALTOS
DOWNTOWN PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Licenses, permits and fees	\$40,000	\$34,231	(\$5,769)
Interest and rentals		46,400	46,400
Other		11,423	11,423
	<u>40,000</u>	<u>92,054</u>	<u>52,054</u>
EXPENDITURES			
Current:			
Community development		2,295	(2,295)
		<u>2,295</u>	<u>(2,295)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>40,000</u>	<u>89,759</u>	<u>49,759</u>
NET CHANGE IN FUND BALANCE	<u>\$40,000</u>	<u>89,759</u>	<u>\$49,759</u>
Beginning fund balance		<u>819,907</u>	
Ending fund balance		<u>\$909,666</u>	

CITY OF LOS ALTOS
 TRAFFIC IMPACT FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses, permits and fees	\$950,000	\$20,293	(\$929,707)
Interest and rentals		23,849	23,849
Total Revenues	<u>950,000</u>	<u>44,142</u>	<u>(905,858)</u>
EXPENDITURES			
Capital improvements		62,102	(62,102)
Total Expenses		<u>62,102</u>	<u>(62,102)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>950,000</u>	<u>(17,960)</u>	<u>(967,960)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(4,540)	(4,540)
Total other financing sources (uses)		<u>(4,540)</u>	<u>(4,540)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$950,000</u></u>	<u>(22,500)</u>	<u><u>(\$972,500)</u></u>
Beginning fund balance		<u>554,004</u>	
Ending fund balance		<u><u>\$531,504</u></u>	

CITY OF LOS ALTOS
 ESTATE DONATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest		\$690	\$690
Total Revenues		690	690
EXCESS OF REVENUES OVER EXPENDITURES		690	690
NET CHANGE IN FUND BALANCE		690	\$690
Beginning fund balance		16,251	
Ending fund balance		\$16,941	

CITY OF LOS ALTOS
TDA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Grants and donations			
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES (USES)			
Transfers (out)			
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE			
Beginning fund balance		(\$52,724)	
Ending fund balance		(\$52,724)	

CITY OF LOS ALTOS
 PEG FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		\$40,805	\$40,805
Charges for services		101,530	101,530
Fines and forfeitures			
Total revenues		<u>142,335</u>	<u>142,335</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>142,335</u>	<u>142,335</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		<u>(36,680)</u>	<u>(36,680)</u>
Total other financing sources (uses)		<u>(36,680)</u>	<u>(36,680)</u>
NET CHANGE IN FUND BALANCE		<u><u>105,655</u></u>	<u><u>\$142,335</u></u>
Beginning fund balance		<u>941,006</u>	
Ending fund balance		<u><u>\$1,046,661</u></u>	

CITY OF LOS ALTOS
VEHICLE REGISTRATION FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Grants and donations	<u>\$396,653</u>	<u> </u>	<u>(\$396,653)</u>
Total revenues	<u>396,653</u>	<u> </u>	<u>(396,653)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>396,653</u>	<u> </u>	<u>(396,653)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$396,653</u></u>	<u> </u>	<u><u>(\$396,653)</u></u>
Beginning fund balance		<u>\$382,384</u>	
Ending fund balance		<u><u>\$382,384</u></u>	

CITY OF LOS ALTOS
 SB1 ROAD MAINTENANCE REHABILITATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental		\$540,207	\$540,207
Total revenues		<u>540,207</u>	<u>540,207</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(406,119)	(406,119)
Total other financing sources (uses)		<u>(406,119)</u>	<u>(406,119)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>134,088</u>	<u>134,088</u>
NET CHANGE IN FUND BALANCE		<u>134,088</u>	<u>\$134,088</u>
Beginning fund balance		<u>66,556</u>	
Ending fund balance		<u>\$200,644</u>	

CITY OF LOS ALTOS
 TRAFFIC CONGESTION RELIEF PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental		\$35,064	\$35,064
Total revenues		35,064	35,064
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		35,064	35,064
NET CHANGE IN FUND BALANCE		35,064	\$35,064
Beginning fund balance		71,065	
Ending fund balance		\$106,129	

CITY OF LOS ALTOS
EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
Community development	\$353,935	\$372,342	(\$18,407)
Capital improvements	<u>322,000</u>	<u>42,500</u>	<u>279,500</u>
Total expenditures	<u>675,935</u>	<u>414,842</u>	<u>261,093</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(675,935)</u>	<u>(414,842)</u>	<u>261,093</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$675,935)</u></u>	<u>(414,842)</u>	<u><u>\$261,093</u></u>
Beginning fund balance		<u>1,078,044</u>	
Ending fund balance		<u><u>\$663,202</u></u>	



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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one City department or agency to other departments or agencies of the City, or to other government units on a cost-reimbursement basis (including depreciation).

DENTAL REIMBURSEMENT

To account for costs of the City's self-insurance dental program. Funds are provided primarily from charges to departments.

UNEMPLOYMENT INSURANCE

To account for the unemployment insurance premiums and claims made against the City. Funds are provided primarily from charges to departments.

WORKERS' COMPENSATION INSURANCE

To account for the premium costs and self-insured claim losses made against the City for workers compensation. Funds are provided primarily from charges to departments.

LIABILITY INSURANCE

To account for the premium costs and self-insured claim losses made against the City for property-related and general liability. Funds are provided primarily from charges to departments.

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Dental Reimbursement</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash and investments	(\$50,082)	\$554,292	\$6,035,728	\$1,493,952	\$8,033,890
Accounts receivable			5,968	9,157	15,125
Total Assets	<u>(50,082)</u>	<u>554,292</u>	<u>6,041,696</u>	<u>1,503,109</u>	<u>8,049,015</u>
LIABILITIES					
Current Liabilities:					
Accounts payable			99,225	37,090	136,315
Claims and judgements			686,309	243,814	930,123
Due to other funds					
Noncurrent Liabilities:					
Claims and judgements			2,669,691	150,186	2,819,877
Total Liabilities			<u>3,455,225</u>	<u>431,090</u>	<u>3,886,315</u>
NET POSITION					
Unrestricted	<u>(50,082)</u>	<u>554,292</u>	<u>2,586,471</u>	<u>1,072,019</u>	<u>4,162,700</u>
Total Net Position	<u><u>(50,082)</u></u>	<u><u>\$554,292</u></u>	<u><u>\$2,586,471</u></u>	<u><u>\$1,072,019</u></u>	<u><u>\$4,162,700</u></u>

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES					
Charges for services	\$258,874			\$15,721	\$274,595
Total Operating Revenues	258,874			15,721	274,595
OPERATING EXPENSES					
Outside services				120,830	120,830
Claims and insurance	253,377	\$6,316	\$680,238	661,512	1,601,443
Administration			116,525		116,525
Total Operating Expenses	253,377	6,316	796,763	782,342	1,838,798
Operating Income (Loss)	5,497	(6,316)	(796,763)	(766,621)	(1,564,203)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)			982,518		982,518
Total Other Financing Sources (Uses)			982,518		982,518
Change in Net Position	5,497	(6,316)	185,755	(766,621)	(581,685)
BEGINNING NET POSITION	(55,579)	560,608	2,400,716	1,838,640	4,744,385
ENDING NET POSITION	(\$50,082)	\$554,292	\$2,586,471	\$1,072,019	\$4,162,700

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	\$203,295		(\$3,196)	\$15,721	\$215,820
Cash payments to vendors	(253,377)	(\$10,026)	33,475	(12,830)	(242,758)
Insurance premiums, settlements, and rebates			(588,138)	(629,411)	(1,217,549)
Cash Flows from Operating Activities	<u>(50,082)</u>	<u>(10,026)</u>	<u>(557,859)</u>	<u>(626,520)</u>	<u>(1,244,487)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			982,518		982,518
Cash Flows from (used for) Noncapital Financing Activities			<u>982,518</u>		<u>982,518</u>
Net Cash Flows	(50,082)	(10,026)	424,659	(626,520)	(261,969)
Cash and investments at beginning of period		564,318	5,611,069	2,120,472	8,295,859
Cash and investments at end of period	<u>(\$50,082)</u>	<u>\$554,292</u>	<u>\$6,035,728</u>	<u>\$1,493,952</u>	<u>\$8,033,890</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$5,497	(\$6,316)	(\$796,763)	(\$766,621)	(\$1,564,203)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Change in assets and liabilities:					
Accounts receivable			(3,196)		(3,196)
Accounts payable		(3,710)	92,100	32,101	120,491
Due to other funds	(55,579)				(55,579)
Claims and judgments payable			150,000	108,000	258,000
Cash Flows from Operating Activities	<u>(\$50,082)</u>	<u>(\$10,026)</u>	<u>(\$557,859)</u>	<u>(\$626,520)</u>	<u>(\$1,244,487)</u>

FIDUCIARY FUNDS

AGENCY FUNDS**NORTH COUNTY LIBRARY AUTHORITY**

This fund accounts for the operating activities and the special assessment collection pertaining to the North County Library Authority.

RAYMUNDO CURB AND GUTTER

This fund accounts for the accumulation of resources for payment of the debt service related to the construction and installation of curbs and gutters. The revenue is derived from the special assessment levied to property owners within that improvement district.

BLUE OAK LANE SEWER

This fund accounts for the accumulation of resources for payment of the debt service, construction and installation of sanitary sewer systems on Blue Oak Lane funded via November 2009 limited obligation assessment district bonds. The revenue is derived from the special assessment levied to property owners within that improvement district.

CITY OF LOS ALTOS
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020

	Balance 6/30/2019	Additions	Deductions	Balance 6/30/2020
<u>North County Library Authority</u>				
<u>Assets</u>				
Cash and investments	\$4,603,045	\$769,877	\$315,845	\$5,057,077
Interest receivable	2,917	16,947	2,917	16,947
Total assets	<u>\$4,605,962</u>	<u>\$786,824</u>	<u>\$318,762</u>	<u>\$5,074,024</u>
<u>Liabilities</u>				
Accounts payable	\$315,845	\$13,419	\$315,845	\$13,419
Due to others	4,290,117	773,405	2,917	5,060,605
Total liabilities	<u>\$4,605,962</u>	<u>\$786,824</u>	<u>\$318,762</u>	<u>\$5,074,024</u>
<u>Raymundo Curb and Gutter</u>				
<u>Assets</u>				
Cash and investments	\$32,367	\$12,778	\$13,720	\$31,425
Accounts receivable	61	125	61	125
Interest receivable	50		50	
Prepays	1,129		1,129	
Total assets	<u>\$33,607</u>	<u>\$12,903</u>	<u>\$14,960</u>	<u>\$31,550</u>
<u>Liabilities</u>				
Accounts payable	\$13,720	\$13,720	\$13,720	\$13,720
Due to others	19,887	(817)	1,240	17,830
Total liabilities	<u>\$33,607</u>	<u>\$12,903</u>	<u>\$14,960</u>	<u>\$31,550</u>

	Balance 6/30/2019	Additions	Deductions	Balance 6/30/2020
<u>Blue Oak Lane Sewer</u>				
<u>Assets</u>				
Cash and investments	\$32,554	\$3,115		\$35,669
Restricted cash and investments	40,929	(25)		40,904
Interest receivable	51		\$51	
Total assets	<u>\$73,534</u>	<u>\$3,090</u>	<u>\$51</u>	<u>\$76,573</u>
<u>Liabilities</u>				
Due to others	\$73,534	\$3,090	\$51	\$76,573
Total liabilities	<u>\$73,534</u>	<u>\$3,090</u>	<u>\$51</u>	<u>\$76,573</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$4,667,966	\$785,770	\$329,565	\$5,124,171
Restricted cash and investments	40,929	(25)		40,904
Accounts receivable	61	125	61	125
Interest receivable	3,018	16,947	3,018	16,947
Prepays	1,129		1,129	
Total assets	<u>\$4,713,103</u>	<u>\$802,817</u>	<u>\$333,773</u>	<u>\$5,182,147</u>
<u>Liabilities</u>				
Accounts payable	\$329,565	\$27,139	\$329,565	\$27,139
Due to others	4,383,538	775,678	4,208	5,155,008
Total liabilities	<u>\$4,713,103</u>	<u>\$802,817</u>	<u>\$333,773</u>	<u>\$5,182,147</u>



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STATISTICAL SECTION



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STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Tax Revenues by Source, Governmental Funds
2. Assessed Value of Taxable Property
3. Property Tax Dollar by Break Down
4. Property Tax Dollars by Recipient Group
5. Direct and Overlapping Tax Rates
6. Principal Property Taxpayers
7. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratios of Outstanding Debt by Type
2. Schedule of Direct and Overlapping Bonded Debt
3. Legal Debt Margin

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic Statistics
2. Principal Employers

Operating Information

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

1. Full-Time Equivalent City Employees by Function/Program
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program
4. Trust and Agency Debt Administration

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

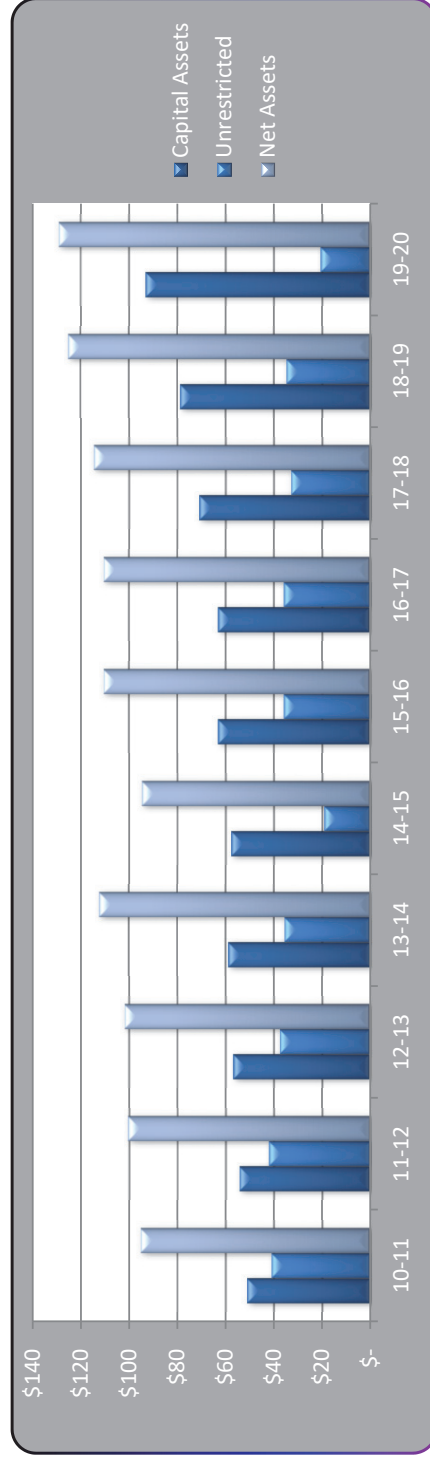


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**City of Los Altos
Net Position by Component
Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR									
	2010-11	2011-12	2012-13(a)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental activities										
Net investment in capital assets	\$ 46,011	\$ 48,511	\$ 50,102	\$ 50,164	\$ 49,079	\$ 53,409	\$ 54,725	\$ 61,525	\$ 67,611	\$ 80,869
Restricted	3,057	3,926	7,406	17,629	17,815	14,447	11,498	10,620	11,381	15,365
Unrestricted	33,448	34,634	29,883	27,624	10,746	15,583	24,047	20,429	21,733	5,216
Total governmental activities net position	\$ 82,516	\$ 87,071	\$ 87,391	\$ 95,417	\$ 77,640	\$ 83,439	\$ 90,270	\$ 92,574	\$ 100,725	\$ 101,450
Business-type activities										
Net investment in capital assets	\$ 5,197	\$ 5,952	\$ 6,773	\$ 8,718	\$ 8,662	\$ 8,726	\$ 8,403	\$ 9,450	\$ 11,239	\$ 12,288
Unrestricted	7,625	7,539	7,843	8,087	8,472	11,259	11,907	12,644	13,135	15,500
Total business-type activities net position	\$ 12,822	\$ 13,491	\$ 14,616	\$ 16,805	\$ 17,134	\$ 19,985	\$ 20,310	\$ 22,094	\$ 24,374	\$ 27,788
Primary government										
Net investment in capital assets	\$ 51,208	\$ 54,463	\$ 56,875	\$ 58,882	\$ 57,741	\$ 62,135	\$ 63,128	\$ 70,975	\$ 78,850	\$ 93,157
Restricted	3,057	3,926	7,406	17,629	17,815	14,447	11,498	10,620	11,381	15,365
Unrestricted	41,073	42,173	37,726	35,711	19,218	26,842	35,954	33,073	34,868	20,716
Total primary government net position	\$ 95,338	\$ 100,562	\$ 102,007	\$ 112,222	\$ 94,774	\$ 103,424	\$ 110,580	\$ 114,668	\$ 125,099	\$ 129,238



Source:

City of Los Altos Finance Department

Note:

(a) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "Net Assets" with the term "Net Position"

**City of Los Altos
Changes in Net Position
Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Expenses										
Governmental activities:										
Public safety	\$ 14,101	\$ 14,797	\$ 15,144	\$ 14,884	\$ 15,636	\$ 15,791	\$ 15,224	\$ 19,928	\$ 18,945	\$ 21,217
Public works	5,451	5,157	5,557	6,453	7,058	5,816	7,832	6,217	6,534	3,367
Recreation	2,503	2,193	2,108	2,656	2,976	2,744	2,613	3,402	3,061	5,620
Community development	4,052	3,583	4,514	4,038	4,590	5,758	4,243	6,440	5,547	6,596
Admin/Community services	3,837	4,034	5,675	3,804	4,002	4,882	4,411	5,687	5,905	11,713
Interest on long-term activities	86	69	95	71	68	63	51	64	51	40
Total governmental activities expenses	30,030	29,833	33,093	31,906	34,330	35,054	34,374	41,738	40,043	48,553
Business-type activities:										
Sewer	4,520	4,386	4,529	4,574	4,789	4,607	6,754	4,970	5,273	5,527
Solid waste	717	341	355	366	347	376	438	461	465	426
Storm drain	200	213	232	165	215	-	1	1	-	-
Total Business-type activities expenses	5,437	4,940	5,116	5,105	5,351	4,983	7,193	5,432	5,738	5,953
Total primary government expenses	\$ 35,467	\$ 34,773	\$ 38,209	\$ 37,011	\$ 39,681	\$ 40,037	\$ 41,567	\$ 47,170	\$ 45,781	\$ 54,506
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$ 348	\$ 394	\$ 344	\$ 417	\$ 898	\$ 462	\$ 363	\$ 330	\$ 488	\$ 324
Public works	191	32	34	60	33	55	42	51	51	48
Recreation	1,763	1,808	1,865	1,952	2,167	2,123	2,070	2,021	1,963	847
Community development	2,650	3,260	7,431	5,196	3,625	3,412	3,112	4,589	4,027	3,498
Admin/Community services	1,061	875	947	942	954	1,033	1,082	950	753	1,200
Operating grants and contributions:										
Public safety	100	112	109	116	109	437	392	409	401	188
Public works	682	829	699	909	504	336	262	298	286	420
Recreation	-	-	-	-	-	2	5	5	5	-
Community development	168	21	59	36	343	8	148	170	-	-
Admin/Community services	64	36	58	6	-	-	-	-	-	-
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	-	-	-
Public works	711	897	492	747	498	1,522	807	641	806	1,856
Recreation	-	-	-	-	-	-	-	-	-	-
Community development	-	3,400	80	3	30	7	-	62	-	-
Admin/Community services	78	76	-	83	-	-	-	-	-	-
Total governmental activities program revenues	7,816	11,740	12,118	10,467	9,161	9,397	8,283	9,526	8,780	8,381

**City of Los Altos
Changes in Net Position
Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Business-type activities:										
Charges for services:										
Sewer	\$ 4,813	\$ 4,503	\$ 5,121	\$ 6,347	\$ 6,328	\$ 6,986	\$ 6,703	\$ 6,369	\$ 6,467	\$ 7,942
Solid waste	992	821	879	754	786	752	774	812	841	847
Storm drain	-	-	-	12	2	-	-	-	-	-
Total business-type activities program revenues	5,805	5,324	6,000	7,113	7,116	7,738	7,477	7,181	7,308	8,789
Total primary government program revenues	\$ 13,621	\$ 17,064	\$ 18,118	\$ 17,580	\$ 16,277	\$ 17,135	\$ 15,760	\$ 16,707	\$ 16,088	\$ 17,170
Net (expense)/revenue:										
Governmental activities	\$ (22,214)	\$ (18,093)	\$ (20,975)	\$ (21,439)	\$ (25,170)	\$ (25,657)	\$ (26,091)	\$ (32,212)	\$ (31,263)	\$ (40,172)
Business-type activities	368	384	884	2,008	1,766	2,755	284	1,749	1,570	2,836
Total primary government net (expense)/revenue	\$ (21,846)	\$ (17,709)	\$ (20,091)	\$ (19,431)	\$ (23,404)	\$ (22,902)	\$ (25,807)	\$ (30,463)	\$ (29,693)	\$ (37,336)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 12,794	\$ 13,302	\$ 14,130	\$ 15,586	\$ 17,480	\$ 18,776	\$ 19,863	\$ 21,429	\$ 23,792	\$ 25,787
Sales taxes	2,588	2,746	2,926	2,809	2,943	3,196	3,278	3,244	3,461	3,373
Utility users taxes	2,543	2,548	2,600	2,600	2,523	2,672	2,680	2,732	2,744	2,839
Other taxes	2,910	2,868	3,301	3,542	3,732	3,909	4,330	4,535	4,514	3,598
Franchise fees	1,814	1,731	1,770	1,905	1,808	2,029	2,083	2,207	2,222	2,287
Sale of Capital Assets-net	-	(545)	(8)	2,846	-	-	-	-	-	-
Interest income	275	115	174	99	200	438	233	320	2,226	2,595
Miscellaneous	388	131	382	212	1,124	435	454	452	456	418
Transfers	(65)	(247)	(232)	(152)	(196)	-	-	-	-	-
Total governmental activities	23,247	22,649	25,043	29,447	29,614	31,455	32,921	34,919	39,415	40,897
Business-type activities:										
Interest income	71	37	10	-	-	-	-	-	-	579
Miscellaneous	-	-	-	28	40	96	40	70	477	-
Transfers	65	247	232	152	196	-	-	-	-	-
Total business-type activities	136	284	242	180	236	96	40	70	477	579
Total primary government	\$ 23,383	\$ 22,933	\$ 25,285	\$ 29,627	\$ 29,850	\$ 31,551	\$ 32,961	\$ 34,989	\$ 39,892	\$ 41,476
Change in Net Position										
Governmental activities	\$ 1,033	\$ 4,556	\$ 4,068	\$ 8,008	\$ 4,444	\$ 5,798	\$ 6,830	\$ 2,707	\$ 8,152	\$ 725
Business-type activities	504	668	1,126	2,188	2,002	2,851	324	1,819	2,047	3,415
Total primary government	\$ 1,537	\$ 5,224	\$ 5,194	\$ 10,196	\$ 6,446	\$ 8,649	\$ 7,154	\$ 4,526	\$ 10,199	\$ 4,140

Source:

City of Los Altos Finance Department

City of Los Altos
Fund Balances - Governmental Funds
Last Ten Fiscal Years

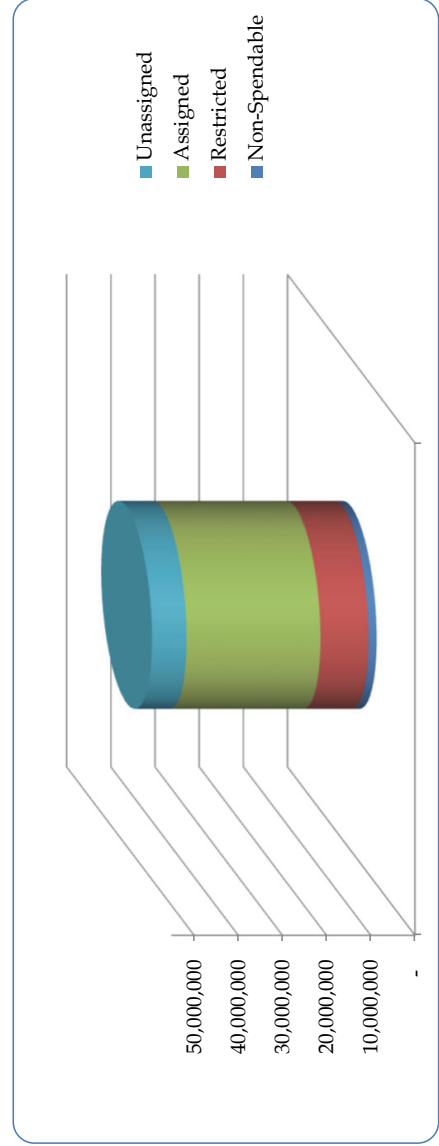
(modified accrual basis of accounting; amounts expressed in thousands)
(Pre GASB 54 Presentation - For Years Before 2011-12)

	FISCAL YEAR									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General fund										
Reserved	\$ 48	\$ 46	\$ 49	\$ 27,195	\$ 30,010	\$ 29,588	\$ 37,637	\$ 40,519	\$ 40,902	\$ 27,610
Unreserved/Unrestricted	7,836	7,439	8,453	1,433	4,789	8,535	6,039	4,875	6,841	7,861
Total general fund	<u>\$ 7,884</u>	<u>\$ 7,485</u>	<u>\$ 8,502</u>	<u>\$ 28,628</u>	<u>\$ 34,799</u>	<u>\$ 38,123</u>	<u>\$ 43,676</u>	<u>\$ 45,394</u>	<u>\$ 47,743</u>	<u>\$ 35,471</u>
All other governmental funds										
Restricted	\$ 2,780	\$ 3,926	\$ 7,406	\$ 364	\$ 364	\$ 364	\$ 364	\$ 364	\$ 364	\$ 364
Reserved, reported in:										
Special revenue funds	6,768	6,911	7,415	9,644	12,737	9,605	9,281	9,744	10,654	11,188
Capital projects funds	16,868	17,213	15,676	7,621	4,714	4,477	1,993	512	416	3,865
Debt service funds	-	-	-	-	-	-	-	-	-	-
Unreserved/Unrestricted	-	-	-	-	-	-	-	-	(52)	(52)
Total all other governmental funds	<u>26,416</u>	<u>28,050</u>	<u>30,497</u>	<u>17,629</u>	<u>17,815</u>	<u>14,446</u>	<u>11,638</u>	<u>10,620</u>	<u>11,382</u>	<u>15,365</u>
Total all governmental funds	<u>\$ 34,300</u>	<u>\$ 35,535</u>	<u>\$ 38,999</u>	<u>\$ 46,257</u>	<u>\$ 52,614</u>	<u>\$ 52,569</u>	<u>\$ 55,314</u>	<u>\$ 56,014</u>	<u>\$ 59,125</u>	<u>\$ 50,836</u>

Source:
City of Los Altos Finance Department

City of Los Altos
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting; amounts expressed in thousands)
(GASB 54 Presentation - 2019-20)

	General Fund	In Lieu Park Land	Capital Projects	Other Govt Funds	Total
Inventory & Prepays	\$ (60,030)	-	-	-	(60,030)
Notes Receivable	(1,767,659)	-	-	-	(1,767,659)
Veteran Memorial	(8,615)	-	-	-	(8,615)
Non-Spendable	(1,836,304)	-	-	-	(1,836,304)
Debt Service				(364,179)	(364,179)
Special Revenue Programs and Projects		(5,537,293)	-	(4,988,613)	(10,525,906)
Restricted	-	(5,537,293)	-	(5,352,792)	(10,890,085)
Continuing CIPS	-	-	-	-	-
Committed	-	-	-	-	-
General Fund Reserve	(7,206,207)	-	-	-	(7,206,207)
OPEB	(1,500,000)	-	-	-	(1,500,000)
PERS Reserve	(5,000,000)	-	-	-	(5,000,000)
Technology	(1,412,090)	-	-	-	(1,412,090)
Capital and Equipment	-	-	-	(663,202)	(663,202)
CIP Reserve	-	-	(3,864,566)	-	(3,864,566)
Capital Project Reserve - Community Center	(10,654,976)	-	-	-	(10,654,976)
Assigned	(25,773,273)	-	(3,864,566)	(663,202)	(30,301,041)
Unassigned	(7,861,296)	-	-	52,724	(7,808,572)
Total Fund Equity	\$ (35,470,873)	\$ (5,537,293)	\$ (3,864,566)	\$ (5,963,270)	\$ (50,836,002)



Source:
City of Los Altos Finance Department

City of Los Altos
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

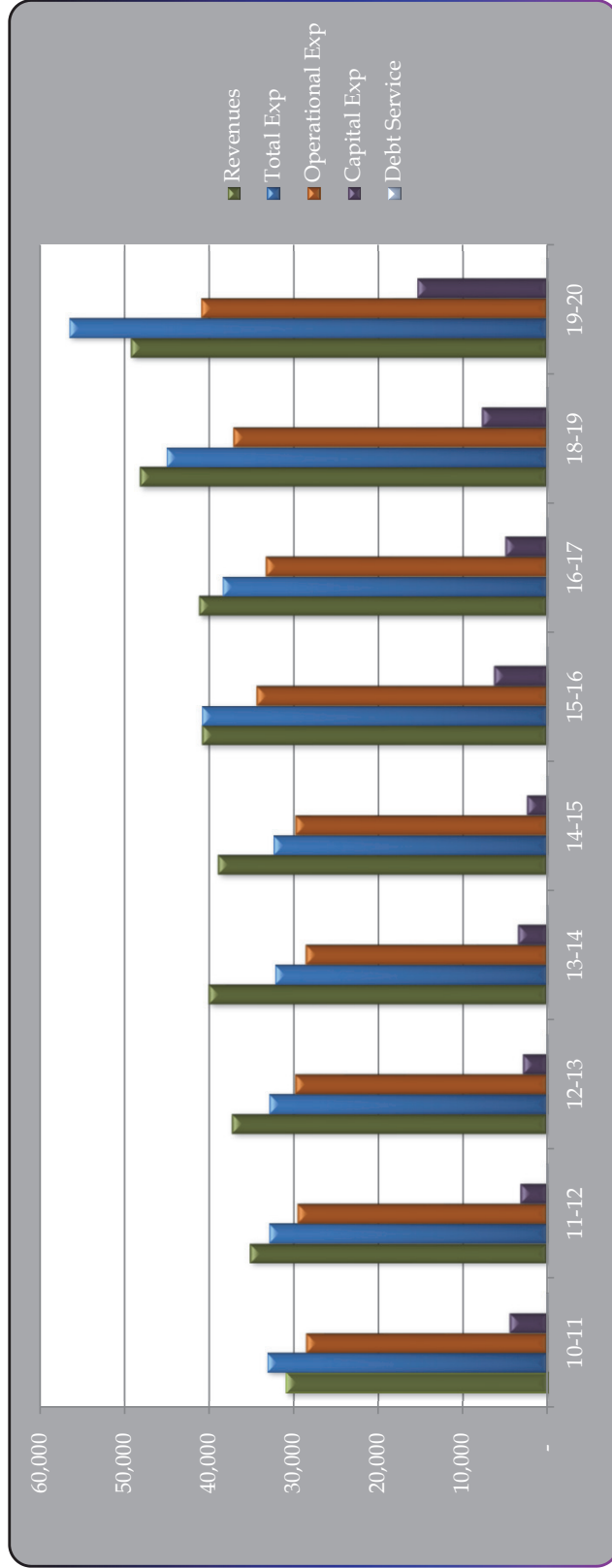
	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues										
Taxes	\$ 17,714	\$ 18,250	\$ 19,444	\$ 21,950	\$ 26,690	\$ 28,565	\$ 30,151	\$ 31,939	\$ 34,511	\$ 35,597
License, permits and park-in-lieu	3,187	3,204	3,312	4,531	3,925	3,784	3,786	4,195	4,207	4,209
Intergovernmental	3,988	4,333	4,513	4,861	1,027	973	742	2,087	1,557	1,358
Grants and donations	929	4,242	650	788	873	1,863	1,214	928	396	1,368
Charges for services	4,020	3,780	4,480	4,572	4,698	4,659	4,577	4,620	4,850	3,751
Fines and forfeitures	148	231	171	214	161	264	213	178	191	195
Interest and rentals	333	169	135	159	291	558	230	360	2,269	2,680
Other	521	973	4,616	2,989	1,306	187	291	137	214	119
Total revenues	30,840	35,182	37,320	40,064	38,971	40,853	41,204	44,444	48,195	49,277
Expenditures										
General government										
Public Safety										
Police	8,616	9,588	9,178	8,891	9,167	9,976	9,968	10,744	11,107	11,465
Fire Services	5,259	5,375	5,513	5,714	5,961	6,219	6,473	6,722	7,011	7,330
Public works	4,793	4,826	4,831	4,353	4,307	4,859	5,299	5,784	5,535	1,177
Recreation	2,062	2,429	2,102	2,186	2,389	2,423	2,343	2,509	2,469	4,698
Community development	3,973	3,726	4,553	3,885	4,221	6,087	4,653	5,747	5,361	5,896
Administration/Community services	3,845	3,624	3,655	3,552	3,770	4,852	4,567	4,773	5,673	10,422
Capital improvements	4,475	3,212	2,916	3,492	2,435	6,313	4,992	7,299	7,756	15,428
Debt service										
Principal	85	90	95	95	100	105	105	110	120	120
Interest and fiscal charges	80	77	75	72	69	64	60	56	52	47
Total expenditures	33,188	32,947	32,918	32,240	32,419	40,898	38,460	43,744	45,084	56,583
Excess (deficiency) of revenues over (under) expenditures	(2,348)	2,235	4,402	7,824	6,552	(45)	2,744	700	3,111	(7,306)
Other financing sources (uses)										
Debt issuance	-	-	-	-	-	-	-	-	-	-
Payment to refunded bonded escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	3,509	1,887	2,443	2,119	3,632	1,752	760	5,714	8,243	17,747
Transfers out	(3,574)	(2,134)	(2,925)	(2,685)	(3,828)	(1,752)	(760)	(5,714)	(8,243)	(18,729)
Total Other financing sources (uses)	(65)	(247)	(482)	(566)	(196)	-	-	-	-	(982)

**City of Los Altos
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years**

(modified accrual basis of accounting; amounts expressed in thousands)

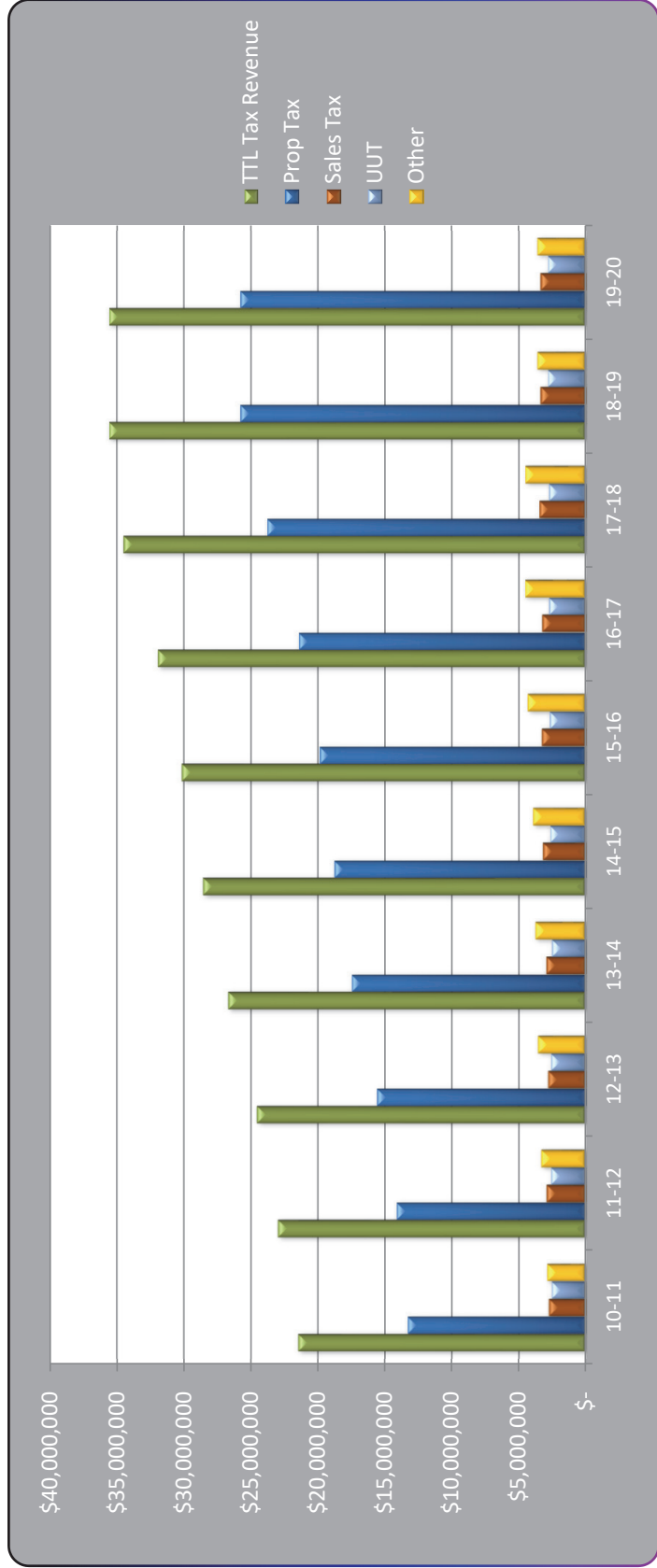
	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Special items										
CalPERS Side Fund Pay Down	-	(850)	(950)	-	-	-	-	-	-	-
Sale of capital assets-net	300	100	492	-	-	-	-	-	-	-
Total special items	300	(750)	(458)	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ (2,113)</u>	<u>\$ 1,238</u>	<u>\$ 3,463</u>	<u>\$ 7,258</u>	<u>\$ 6,356</u>	<u>\$ (45)</u>	<u>\$ 2,744</u>	<u>\$ 700</u>	<u>\$ 3,111</u>	<u>\$ (8,288)</u>
Debt service as a percentage of non-capital expenditures	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.4%

Source:
City of Los Altos Finance Department



City of Los Altos
 Tax Revenues by Source - Governmental Funds
 Last Ten Fiscal Years

Fiscal Year	Property	Sales Tax	Business Licenses	Utility Users	Transient Occupancy	Real Estate Transfer Tax	Motor Vehicle License Tax	Building Development	Special Assessments	Total
2010-11	\$ 12,793,603	\$ 2,587,889	\$ 399,461	\$ 2,543,287	\$ 1,517,579	\$ 387,905	\$ 145,798	\$ 459,935	\$ -	\$ 20,835,457
2011-12	13,301,950	2,746,374	442,824	2,547,777	1,782,018	468,006	-	175,499	-	21,464,448
2012-13	14,130,040	2,926,441	519,828	2,600,054	1,946,484	587,422	15,102	247,992	-	22,973,363
2013-14	15,586,329	2,809,489	475,298	2,600,034	2,168,556	583,581	12,639	314,271	-	24,550,197
2014-15	17,479,882	2,942,764	453,201	2,522,536	2,450,488	616,500	12,281	212,187	-	26,689,839
2015-16	18,775,472	3,195,628	520,687	2,672,236	2,608,368	617,355	12,119	162,981	-	28,564,846
2016-17	19,863,197	3,278,430	539,989	2,679,961	2,985,201	668,242	14,046	122,071	-	30,151,137
2017-18	21,428,501	3,243,554	547,065	2,732,325	3,072,982	732,409	16,530	165,900	-	31,939,265
2018-19	23,791,531	3,461,298	540,262	2,743,570	3,166,067	679,424	15,054	113,589	-	34,510,795
2019-20	25,786,599	3,373,391	517,818	2,838,664	2,359,762	579,948	24,686	115,994	-	35,596,861



Source:
 City of Los Altos Finance Department

City of Los Altos
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	City of Los Altos					Total	
	Residential Property	Commercial Property	Other	Net Unsecured	Total Taxable Assessed Value (1)	Direct Tax Rate (2)	% Change
2010-11	\$ 8,593,495,093	\$ 619,191,247	\$ 40,822,574	\$ 108,454,967	\$ 9,361,963,881	1%	(0.95%)
2011-12	8,952,576,593	622,766,264	33,390,275	89,645,375	9,698,378,507	1%	3.59%
2012-13	9,431,853,173	642,590,939	45,608,509	82,124,561	10,202,177,182	1%	5.19%
2013-14	10,318,249,580	676,252,209	67,682,916	97,506,301	11,159,691,006	1%	9.39%
2014-15	11,017,386,476	685,084,415	83,121,563	109,149,891	11,894,742,345	1%	6.59%
2015-16	11,848,840,720	750,708,212	106,506,870	125,355,972	12,831,411,774	1%	7.87%
2016-17	12,754,487,484	771,705,270	106,158,405	80,739,845	13,713,091,004	1%	6.87%
2017-18	13,600,334,963	880,225,920	90,338,436	83,250,683	14,654,150,002	1%	6.86%
2018-19	14,551,466,831	936,831,320	119,120,564	112,813,483	15,720,232,198	1%	7.27%
2019-20	15,563,770,279	1,003,212,732	110,061,604	131,971,942	16,809,016,557	1%	6.93%

Source:

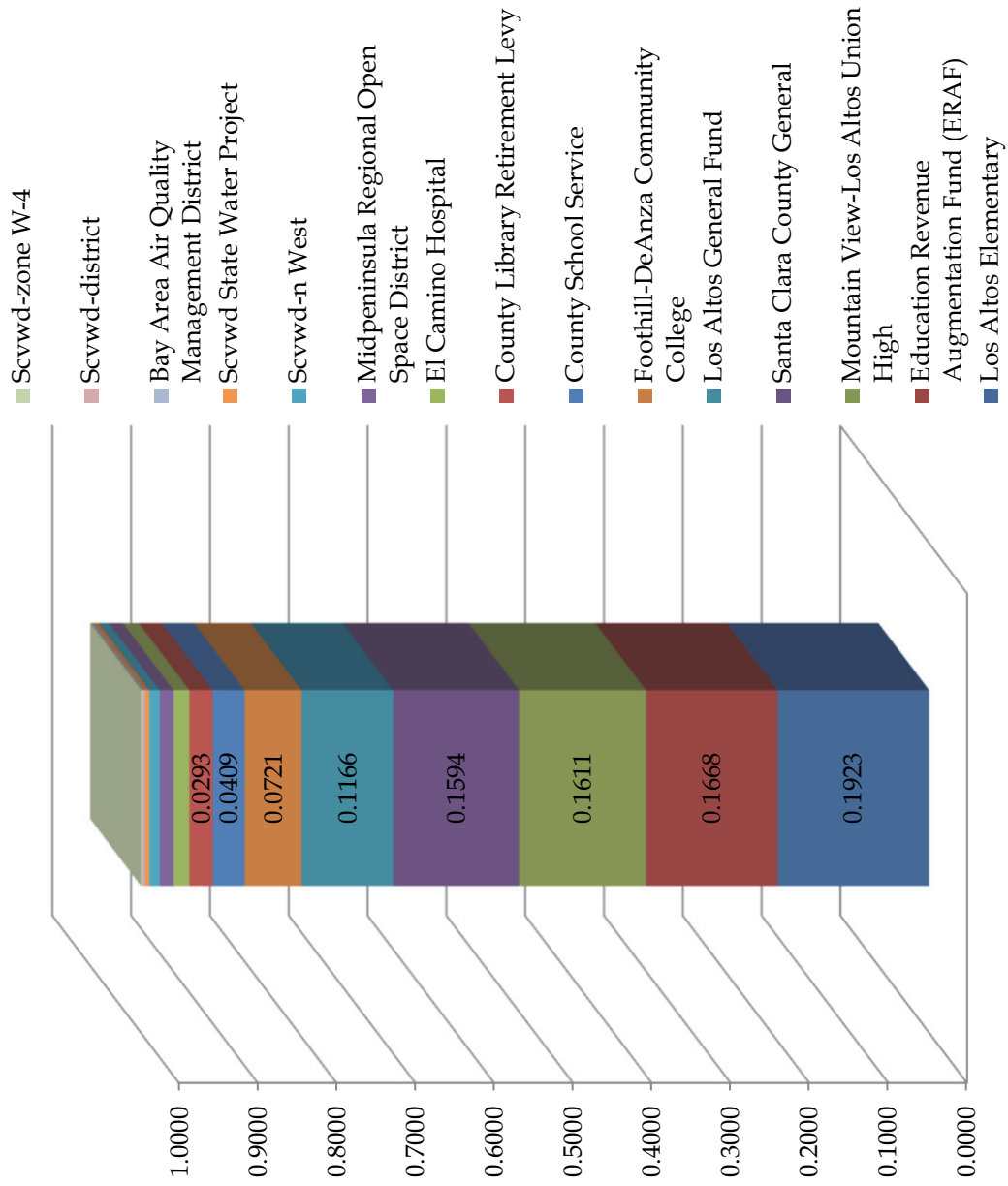
HdL Coren & Cone

(1) The California State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any property improvements of substantial value to the property. These values are considered to be full market values for the City of Los Altos.

(2) California cities do not set their own direct tax rate. The California State Constitution establishes the rate at 1% and the County of Santa Clara is responsible for allocating a portion of that amount to all the taxing entities within each of the City's tax rate areas. The City has 15 tax rate areas and receives of approximately 12% of that 1% rate.

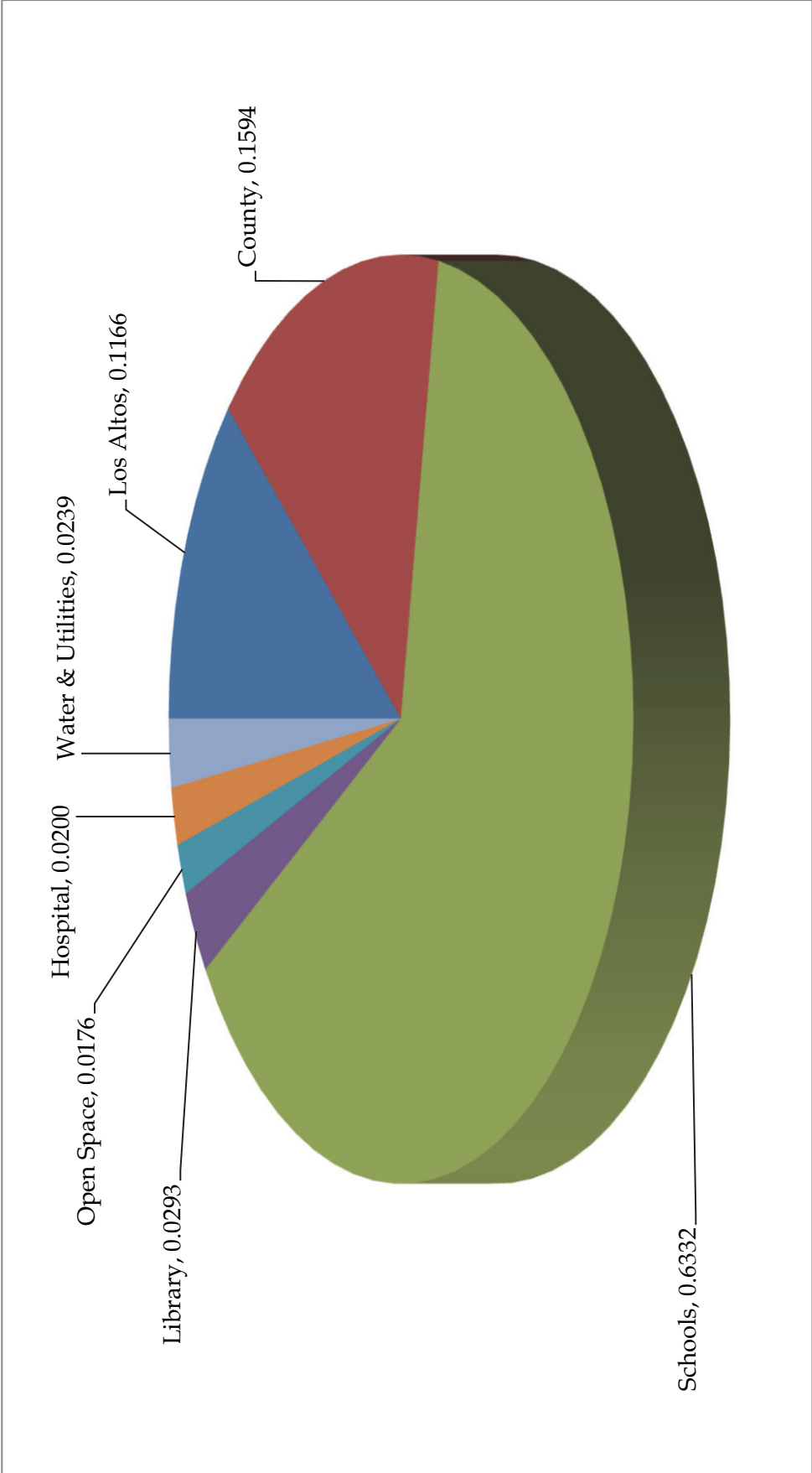


**City of Los Altos
Property Tax Dollar Breakdown
June 30, 2020**



Source:
HdL Coren & Cone

**City of Los Altos
Property Tax Dollars By Recipient Group
June 30, 2020**



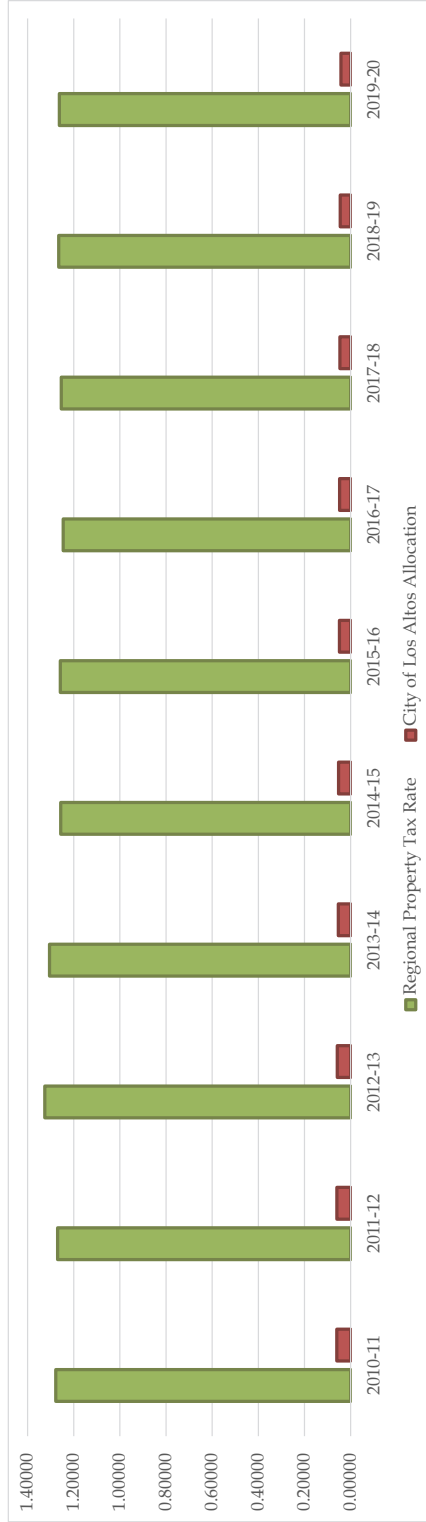
Source:
HdL Coren & Cone

City of Los Altos
 Direct and Overlapping Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of taxable value)

Fiscal Year	Overlapping Rates (1)																Total
	Basic County-Wide	Santa Clara Retirement	County Library Retirement	Los Altos Elementary School	Mountain View Elementary School	Cupertino Elementary School	Whisman School Bond	Foothill-De Anza College	Los Altos High School	Mountain View High School	Fremont Union High School	Santa Clara Valley Water District	Mid Peninsula Open Space	County Housing Bond	County Hospital Bonds	El Camino Hospital	
2010-11	1.0000	0.0388	0.0024	0.0600	0.0322	0.0308	-	0.0326	0.0151	0.0365	0.0072	-	-	0.0095	0.0129	1.2780	
2011-12	1.0000	0.0388	0.0024	0.0595	0.0303	0.0290	-	0.0297	0.0147	0.0415	0.0064	-	-	0.0047	0.0129	1.2699	
2012-13	1.0000	0.0388	0.0024	0.0579	0.0302	0.0598	0.0300	0.0287	0.0139	0.0390	0.0069	-	-	0.0051	0.0129	1.3256	
2013-14	1.0000	0.0388	0.0024	0.0534	0.0276	0.0525	0.0254	0.0290	0.0121	0.0405	0.0070	-	-	0.0035	0.0129	1.3051	
2014-15	1.0000	0.0388	0.0024	0.0524	-	0.0540	-	0.0276	0.0133	0.0396	0.0065	-	-	0.0091	0.0129	1.2566	
2015-16	1.0000	0.0388	0.0024	0.0485	-	0.0519	-	0.0240	0.0119	0.0525	0.0057	0.0008	-	0.0088	0.0129	1.2582	
2016-17	1.0000	0.0388	0.0024	0.0479	-	0.0509	-	0.0234	0.0112	0.0403	0.0086	0.0006	-	0.0086	0.0129	1.2456	
2017-18	1.0000	0.0388	0.0024	0.0463	-	0.0496	-	0.0220	0.0107	0.0464	0.0062	0.0009	0.0127	0.0082	0.0100	1.2542	
2018-19	1.0000	0.0388	0.0024	0.0449	-	0.0397	-	0.0217	0.0409	0.0430	0.0042	0.0018	0.0105	0.0072	0.0100	1.2651	
2019-20	1.0000	0.0388	0.0024	0.0418	-	0.0415	-	0.0208	0.0365	0.0479	0.0041	0.0016	0.0100	0.0069	0.0100	1.2623	

Source:
 HDL Coren & Cone

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Los Altos; however, not all of these overlapping rates apply to all Los Altos property owners.



City of Los Altos
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019-20				2010-11			
	Total Assessed Value	Rank	% of City's Est. Total Property Tax Revenue	Total Assessed Value	Rank	% of City's Est. Total Property Tax Revenue		
RLJ R Los Altos LP	\$ 68,058,537	1	0.40%					
Los Altos Gardens II LP	56,587,998	2	0.34%					
Imperial Hornet Developers LLC	55,000,000	3	0.33%					
St Paul Fire and Marine Insurance Co	52,987,520	4	0.32%					
5150 ECR Group LLC	45,420,855	5	0.27%					
Sutter Bay Medical Foundation	39,354,096	6	0.23%					
Richard T Spieker Trustee	38,602,892	7	0.23%					
Springwood Apartments	31,174,587	8	0.19%	\$ 26,803,256	2	0.29%		
Safeway Inc	29,269,328	9	0.17%					
KRC Los Altos LP	24,726,808	10	0.15%	18,730,000	5	0.20%		
Behringer Harvard El Camio Real LP	-		-	40,219,951	1	0.43%		
Compass Grand Los Altos	-		-	21,251,465	3	0.23%		
David & Lucile Packard Foundation	-		-	18,807,489	4	0.20%		
4 Seasons Associations LLC	-		-	18,175,505	6	0.19%		
Palo Alto Medical Foundation	-		-	17,957,340	7	0.19%		
Los Altos Hotel Associates LLC	-		-	17,059,210	8	0.18%		
Village Court Partners	-		-	16,142,301	9	0.17%		
Whole Foods Market California Inc	-		-	14,894,744	10	0.16%		
Top Ten Total	\$ 441,182,621		2.62%	\$ 210,041,261		2.24%		
City Total	\$ 16,809,016,557			\$ 9,361,963,881				

Source:
HdL Coren & Cone

**City of Los Altos
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Santa Clara County							
	Total Tax Levy	Current Tax Collections		Levy Collected	Levy Collected of the Total Levy	Current Collections of the Levy	Delinquent Tax Collections	
		\$	\$					
2010-11	\$ 3,654,128,401	\$ 288,311,420	\$ 268,113,225	7.34%	92.99%	7.01%		
2011-12	3,703,148,623	293,002,052	273,640,116	7.39%	93.39%	6.61%		
2012-13	3,877,675,089	301,164,764	292,131,302	7.53%	97.00%	3.00%		
2013-14	4,165,019,181	349,740,765	316,325,898	7.59%	90.45%	2.59%		
2014-15	4,463,179,149	344,291,093	339,731,930	7.61%	98.68%	0.98%		
2015-16	4,944,651,360	330,545,207	326,823,894	6.61%	98.87%	1.13%		
2016-17	5,278,067,434	359,152,852	346,454,876	6.56%	96.46%	1.89%		
2017-18	5,719,021,680	355,579,401	345,863,202	6.05%	97.27%	1.86%		
2018-19	6,070,435,575	402,557,998	394,623,618	6.50%	98.03%	1.46%		
2019-20	6,512,388,164	385,721,931	378,492,815	5.81%	98.13%	1.46%		

Source:

County of Santa Clara

Note:

The actual tax levy data for the City of Los Altos is not available because the Santa Clara County uses a factor known as the AB8 factors to apportion the 1 % portion of the tax levies/ collections to each of the jurisdictions within the county. The City's AB8 factors range from 0.0029 to 0.0033 for the past 10 years. Additionally, the City and the County adopted the "alternative method of property tax distributions" that authorizes the County to allocate 100% of the secured property tax based on levy instead of collection, and to retain all delinquent penalties and interest.

City of Los Altos
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Per Capita Personal Income (2)
	General Obligation Bond	Participation (1)	Capital Lease	Total	Population (2)	Per Capita	
2010-11	\$ -	\$ 1,945,000	\$ -	\$ 1,945,000	28,863	\$ 67	\$ 73,414
2011-12	\$ -	\$ 1,855,000	\$ -	\$ 1,855,000	29,460	\$ 63	\$ 72,608
2012-13	\$ -	\$ 1,760,000	\$ -	\$ 1,760,000	29,792	\$ 59	\$ 74,570
2013-14	\$ -	\$ 1,665,000	\$ -	\$ 1,665,000	29,969	\$ 56	\$ 79,102
2014-15	\$ -	\$ 1,565,000	\$ -	\$ 1,565,000	29,884	\$ 52	\$ 83,041
2015-16	\$ -	\$ 1,460,000	\$ -	\$ 1,460,000	31,353	\$ 47	\$ 80,407
2016-17	\$ -	\$ 1,355,000	\$ -	\$ 1,355,000	31,402	\$ 43	\$ 86,558
2017-18	\$ -	\$ 1,245,000	\$ -	\$ 1,245,000	31,361	\$ 40	\$ 93,010
2018-19	\$ -	\$ 1,125,000	\$ -	\$ 1,125,000	31,190	\$ 36	\$ 96,333
2019-20	\$ -	\$ 1,005,000	\$ -	\$ 1,005,000	30,876	\$ 33	\$ 104,649

Sources:

(1) City of Los Altos Finance Department

(2) HdL Coren & Cone

Note: Special Assessment Debt is no longer presented as they involve limited obligation bonds that are secured by ad valorem assessments and carry no city obligation.

City of Los Altos
Schedule of Direct and Overlapping Bonded Debt
June 30, 2020

2019-20 Assessed Valuation: \$16,809,016,557

	Total Debt	%	City's Share of
	6/30/2020	Applicable (1)	Debt 6/30/20
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Santa Clara County	\$ 881,455,000	3.261%	\$ 28,744,248
Foothill-De Anza Community College District	607,960,590	9.411%	57,215,171
Fremont Union High School District	520,515,088	3.953%	20,575,961
Mountain View-Los Altos Union High School District	131,002,659	24.731%	32,398,268
Cupertino Union School District	281,813,303	7.104%	20,020,017
Los Altos School District	177,350,000	52.935%	93,880,223
El Camino Hospital District	120,690,000	17.092%	20,628,335
Midpeninsula Regional Park District	88,810,000	5.372%	4,770,873
Santa Clara Valley Water District Benefit Assessment District	65,495,000	3.261%	2,135,792
City of Los Altos 1915 Act Bonds	525,000	100.000%	525,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 280,893,888
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Santa Clara County General Fund Obligations	\$ 966,725,100	3.261%	\$ 31,524,906
Santa Clara County Pension Obligation Bonds	346,996,639	3.261%	11,315,560
Santa Clara County Board of Education Certificates of Participation	3,480,000	3.261%	113,483
Foothill-De Anza Community College District Certificates of Participation	24,092,620	9.411%	2,267,356
Mountain View-Los Altos Union High School District Certificates of Participation	2,834,136	24.731%	700,910
Los Altos School District Certificates of Participation	2,185,335	52.935%	1,156,807
City of Los Altos Certificates of Participation	1,005,000	100.000%	1,005,000
Midpeninsula Regional Park District General Fund Obligations	111,985,600	5.372%	6,015,866
Santa Clara County Vector Control District Certificates of Participation	2,010,000	3.261%	65,546
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 54,165,434
Less: Santa Clara County supported obligations			1,047,804
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 53,117,630
TOTAL DIRECT DEBT			\$ 1,005,000
TOTAL GROSS OVERLAPPING DEBT			\$ 334,054,322
TOTAL NET OVERLAPPING DEBT			\$ 333,006,518
GROSS COMBINED TOTAL DEBT			\$ 335,059,322 (2)
NET COMBINED TOTAL DEBT			\$ 334,011,518

Source:

California Municipal Statistics, Inc.

(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.

City of Los Altos
 Legal Debt Margin
 Last Ten Fiscal Years

Fiscal Year	Assessed Valuation (1)	Debt Limit		Debt Applicable to Limit	Legal Debt Margin
		15% of Assessed Valuation	\$		
2010-11	\$ 9,361,963,881	\$ 1,404,294,582	\$ -	-	1,404,294,582
2011-12	10,202,177,182	1,530,326,577	-	-	1,530,326,577
2012-13	10,202,177,182	1,530,326,577	-	-	1,530,326,577
2013-14	11,159,691,006	1,673,953,651	-	-	1,673,953,651
2014-15	11,894,742,345	1,784,211,352	-	-	1,784,211,352
2015-16	12,831,411,774	1,924,711,766	-	-	1,924,711,766
2016-17	13,713,091,004	2,056,963,651	-	-	2,056,963,651
2017-18	14,654,150,002	2,198,122,500	-	-	2,198,122,500
2018-19	15,720,232,198	2,358,034,830	-	-	2,358,034,830
2019-20	16,809,016,557	2,521,352,484	-	-	2,521,352,484

Source:
 (1) HdL Coren & Cone

City of Los Altos
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population ⁽¹⁾	Percentage Change	School Enrollment ⁽²⁾	Percentage Change	Unemployment Rate ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	% with High School Degree ⁽¹⁾	% with Bachelor's Degree ⁽¹⁾
2010-11	28,863	1.43%	8,035	0.87%	5.7%	\$ 73,414	45.3	98.10%	76.80%
2011-12	29,460	2.07%	8,138	1.28%	4.9%	\$ 72,608	45.4	98.50%	78.20%
2012-13	29,792	1.13%	8,198	0.74%	3.2%	\$ 74,570	45.8	98.70%	76.70%
2013-14	29,969	0.59%	8,303	1.28%	2.6%	\$ 79,102	46.1	98.70%	77.40%
2014-15	29,884	-0.28%	8,284	-0.23%	3.4%	\$ 83,041	46.2	98.80%	78.70%
2015-16	31,353	4.92%	8,666	4.61%	2.7%	\$ 80,407	46.2	98.70%	79.00%
2016-17	31,402	0.16%	8,606	-0.69%	2.4%	\$ 86,558	45.7	98.70%	80.00%
2017-18	31,361	-0.13%	8,685	0.92%	1.6%	\$ 93,010	45.7	98.60%	80.90%
2018-19	31,190	-0.55%	8,610	-0.86%	2.4%	\$ 96,333	45.9	98.60%	82.30%
2019-20	30,876	-1.01%	8,513	-1.13%	2.3%	\$ 104,649	45.8	98.40%	82.60%

Sources:

(1) HdL Coren & Cone

(2) State of California Department of Education

**City of Los Altos
Principal Employers
Current Year and Ten Years Ago**

Employer	2019-20			2009-10 (Latest Available)		
	Employees (1)	Rank	% of Total City Employment	Employees (4)	Rank	% of Total City Employment
Los Altos School District	624 *	(2)	4.68%	568 *	(2)	4.54%
Whole Food Market	211	2	1.58%	198	2	1.58%
Los Altos High School	210	(3)	1.57%	217	(3)	1.74%
Los Altos Sub-Acute & Rehab	215	4	1.61%	-	-	-
Adobe Animal Hospital	143	5	1.07%	125	8	1.00%
City of Los Altos	136	6	1.02%	130	7	1.04%
Palo Alto Medical Foundation	127	7	0.95%	-	-	-
The David and Lucile Packard Foundation	131	8	0.98%	100	10	0.80%
Trader Joes	91	9	0.68%	-	-	-
Chef Chu's	50	10	0.37%	-	-	-
Coldwell Banker	-	-	-	190	3	1.52%
Covenant Care Sub Acute Rehab	-	-	-	163	4	1.30%
Alain Pinel Realtors	-	-	-	150	5	1.20%
Pilgrim Haven Skilled Nursing	-	-	-	120	9	0.96%
Top Ten Total	1,938		14.53%	1,961		15.69%
Total Employees in City	13,341			12,500	(1)	

Sources:

- (1) City Finance Department, except otherwise stated
- (2) Los Altos School District
- (3) California State Department of Education
- (4) HdL Statistics, except otherwise stated

* - For fiscal years 2019-20 and 2009-10, this number includes 98 and 119 substitute teachers, respectively.

City of Los Altos
Full-time Equivalent City Employees by Function/Program
Last Ten Fiscal Years

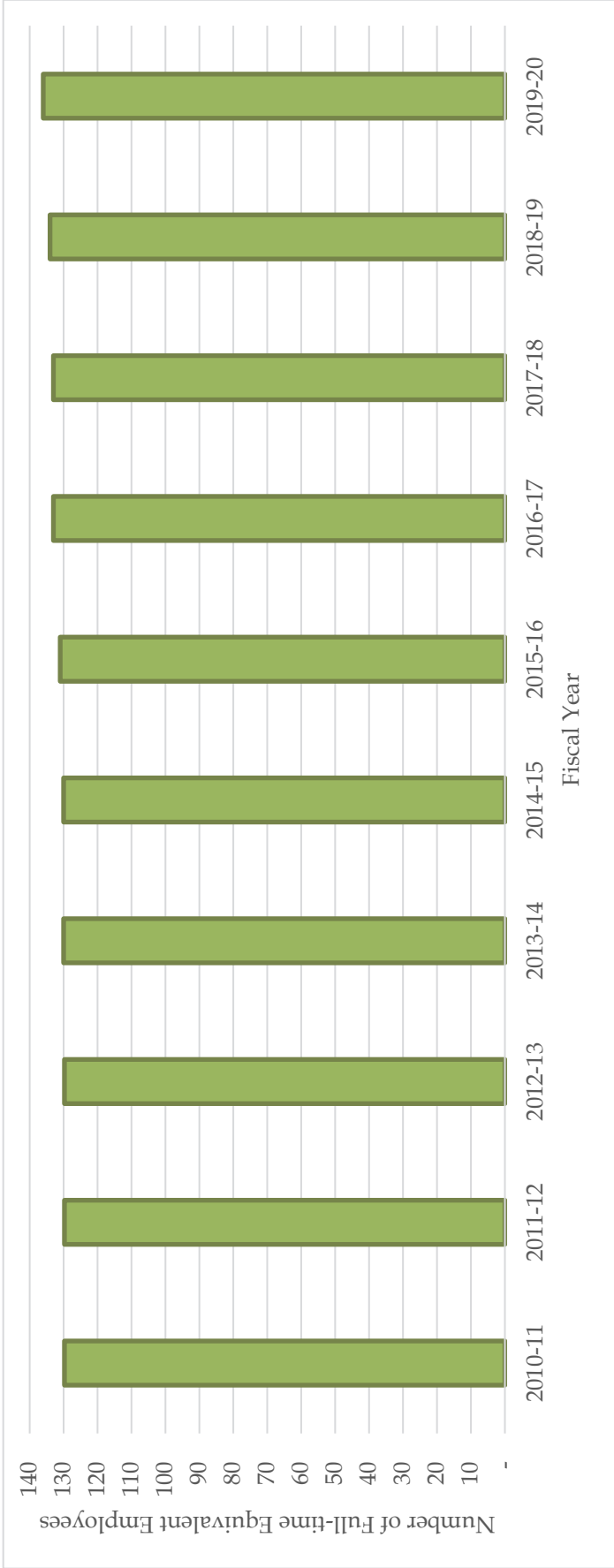
Function/Program	FISCAL YEAR									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<i>Public Safety</i>										
Police Operations	32.00	32.00	32.00	32.00	32.00	31.00	31.00	31.00	31.00	30.00
Police Traffic Safety	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Communications	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	13.00
<i>Maintenance Services</i>	29.50	29.50	29.50	29.50	29.50	29.50	29.50	29.50	28.00	27.00
<i>Recreation</i>	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00
<i>Community Development</i>										
Planning & Building	13.00	13.00	13.00	14.00	14.00	14.00	15.00	15.00	14.00	15.00
Engineering	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00	12.25	13.25
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Administration</i>										
City Management	4.75	4.75	4.75	5.00	5.00	5.00	5.00	5.00	6.00	6.00
Administration & Finance	10.00	10.00	10.00	10.00	10.00	12.00	12.00	12.00	11.00	11.00
<i>Sewer</i>	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	7.50	7.50
<i>Solid Waste</i>	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<i>Storm Drain</i>	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Total	<u>129.75</u>	<u>129.75</u>	<u>129.75</u>	<u>130.00</u>	<u>130.00</u>	<u>131.00</u>	<u>133.00</u>	<u>133.00</u>	<u>134.00</u>	<u>136.00</u>

Source:

City of Los Altos Finance Department

Note: In FY09-10 Staffing assignments were recategorized in the revision of the budget process to align with functional areas.

**City of Los Altos
 Full-time Equivalent City Employees
 Last Ten Fiscal Years**



Source:
 City of Los Altos

City of Los Altos
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Police:										
Arrests	396	301	308	283	312	222	210	211	717	893
Moving citations issued	1,437	1,385	1,285	1,069	1,555	1,757	982	1,203	2,517	1,474
Parking citations issued	960	1,938	1,947	2,559	2,266	3,138	2,431	1,879	1,338	1,573
Municipal code violations issued	21	25	56	161	109	103	25	115	116	54
Public Works:										
Crack sealing in lineal feet	56,984	66,290	98,136	2,112	113,784	101,040	110,000	174,040	-	120,000
Street sign installed and replaced	117	1,361	511	949	596	457	100	320	1,025	1200
Recreation:										
Classes/programs	1,714	1,821	2,675	2,738	2,713	2,107	2,349	2,724	1,803	1,559
Facility rentals	2,462	3,106	2,702	3,501	5,648	5,378	5,927	4,141	4,044	2,246
Field/gymnasium permits	2,415	3,658	3,388	2,945	4,509	2,795	3,433	3,556	3,109	2,383
Planning:										
Plan applications submitted	335	404	510	716	757	800	675	686	988	391
Building:										
Permits issued	1,706	1,690	1,817	1,757	1,751	1,927	1,769	1,795	1,939	1,695
Plan checks submitted	537	560	636	649	582	599	619	569	619	883
Inspections	6,203	7,108	6,631	7,682	7,227	7,517	6,445	6,479	7,967	7,920
Sewer:										
Cleaning and flushing in lineal feet	596,006	852,453	777,285	667,415	683,552	759,456	585,273	713,795	585,095	601,543
Storm Drain:										
Catch basin/storm drain cleaned (measured in storm inlets cleaned)	3,038	1,583	1,202	1,898	1,350	1,350	1,350	1,350	1,350	2,000

Sources:

City of Los Altos Quarterly Reports.

Data for all fiscal years was provided by the corresponding departments.

City of Los Altos
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Public Safety:										
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Recreation:										
Number of Parks	10	10	10	10	10	10	10	10	10	10
Park Acreage	38	38	38	38	38	38	38	38	38	38
Number of Libraries	2	2	2	2	2	2	2	2	2	2
Number of History Museums	1	1	1	1	1	1	1	1	1	1
Maintenance Services:										
Miles of Streets	127	127	127	127	127	127	127	127	127	127
Number of Traffic Signals	13	13	13	13	13	13	13	16	16	16
Sewer:										
Miles of Sewer Mains	141	141	141	141	141	141	141	141	141	141
Storm Drain:										
Miles of Storm Drain Mains	58	58	58	58	58	58	58	58	58	58

Source:

City of Los Altos

City of Los Altos
Trust and Agency Debt Administration
Last Ten Fiscal Years

Non-City Obligation Debt
Special Assessment Debt Service

Fiscal Year	Avalon Dr. Curb & Gutter		Raymundo Curb & Gutter		Blue Oak Lane Sewer		Total Special Assessment Debt Service			
	Special	Principal	Special	Principal	Special	Principal	Special	Principal	Interest	Coverage
2010-11	27,091	7,000	26,981	16,000	51,376	-	105,448	23,000	47,065	1.50
2011-12	27,091	8,000	27,216	16,000	48,104	12,880	102,411	36,880	45,762	1.24
2012-13	27,091	8,000	27,405	17,000	42,960	10,000	97,456	35,000	41,940	1.27
2013-14	10,044	8,000	27,341	18,000	46,491	10,000	83,876	36,000	40,392	1.10
2014-15	-	18,620	27,216	19,000	50,280	15,000	77,496	52,620	38,650	0.85
2015-16	-	-	29,592	20,000	48,024	15,000	77,616	35,000	36,460	1.09
2016-17	-	-	26,192	21,000	51,709	15,000	77,901	36,000	34,963	1.10
2017-18	-	-	26,217	21,000	49,802	15,000	76,019	36,000	33,400	1.10
2018-19	-	-	28,537	22,000	48,378	15,000	76,915	37,000	31,761	1.12
2019-20	-	-	27,741	23,999	47,868	15,000	75,609	38,999	30,062	1.09

Source:
City of Los Altos Finance Department

Note : This chart presents Limited Obligation Debt that the City Administers on a trust and Agency Basis. This debt does not represent City Obligations.