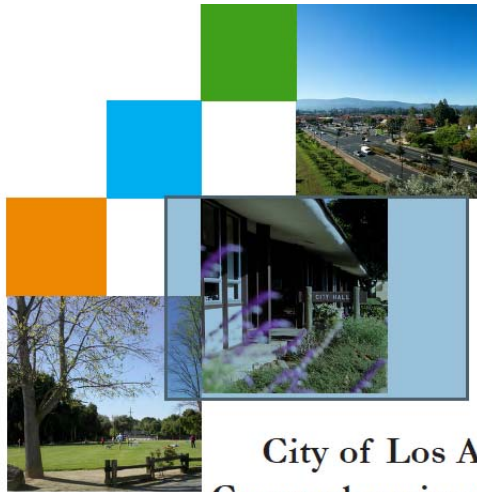


# City of Los Altos



## City of Los Altos Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

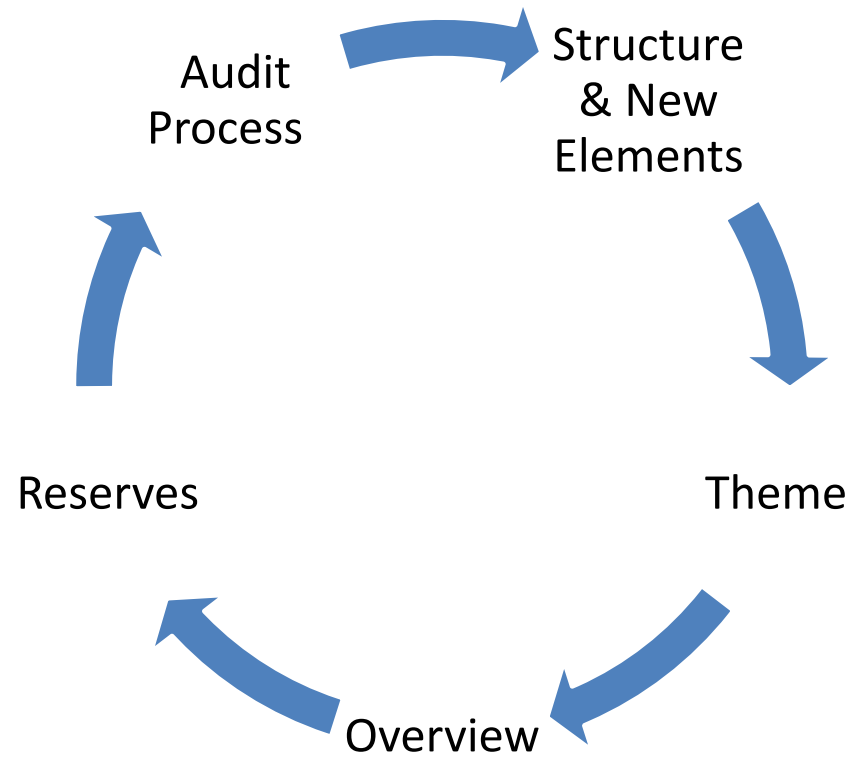


## Comprehensive Annual Financial Report

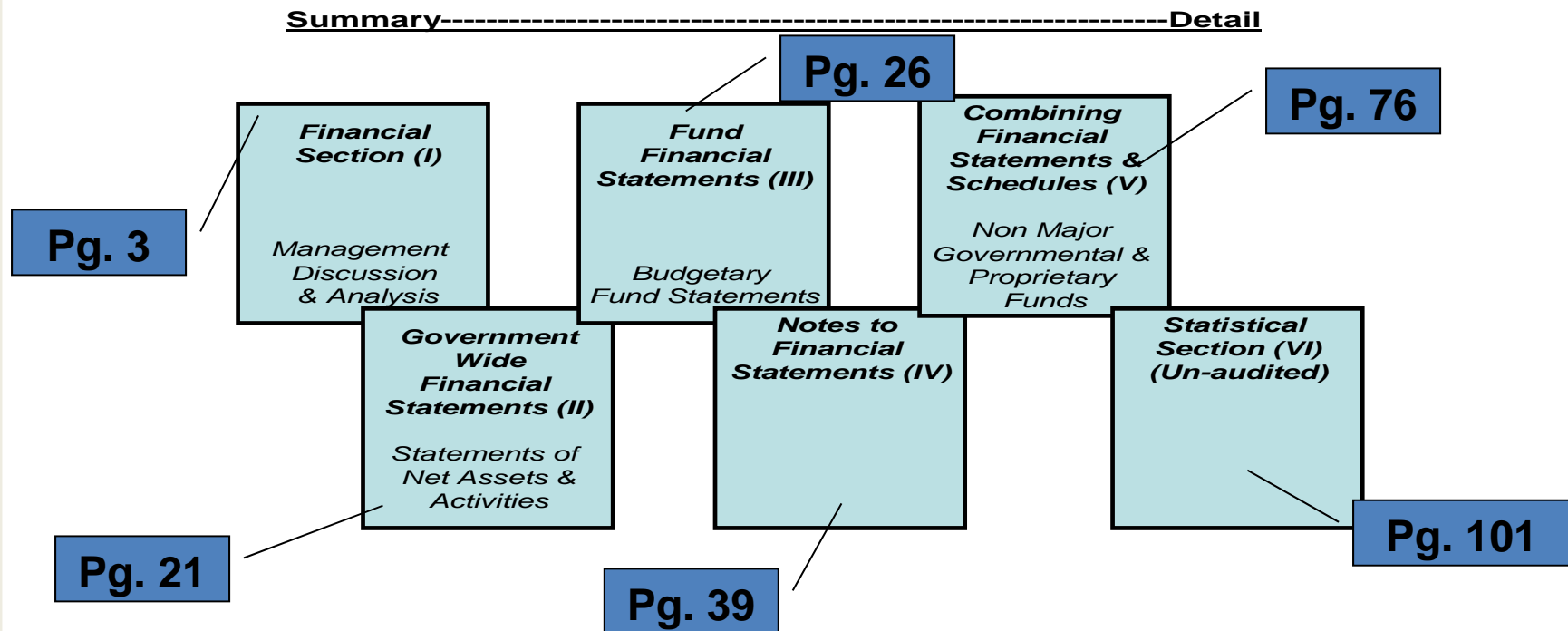
For the Year  
Ending  
June 30, 2013

December 10, 2013 Regular Council Meeting

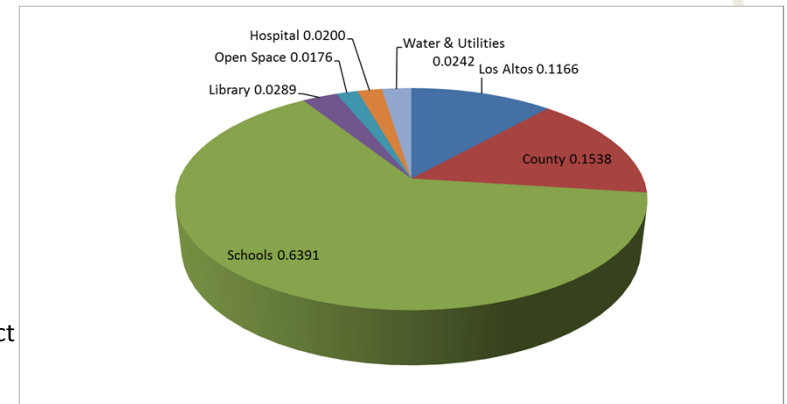
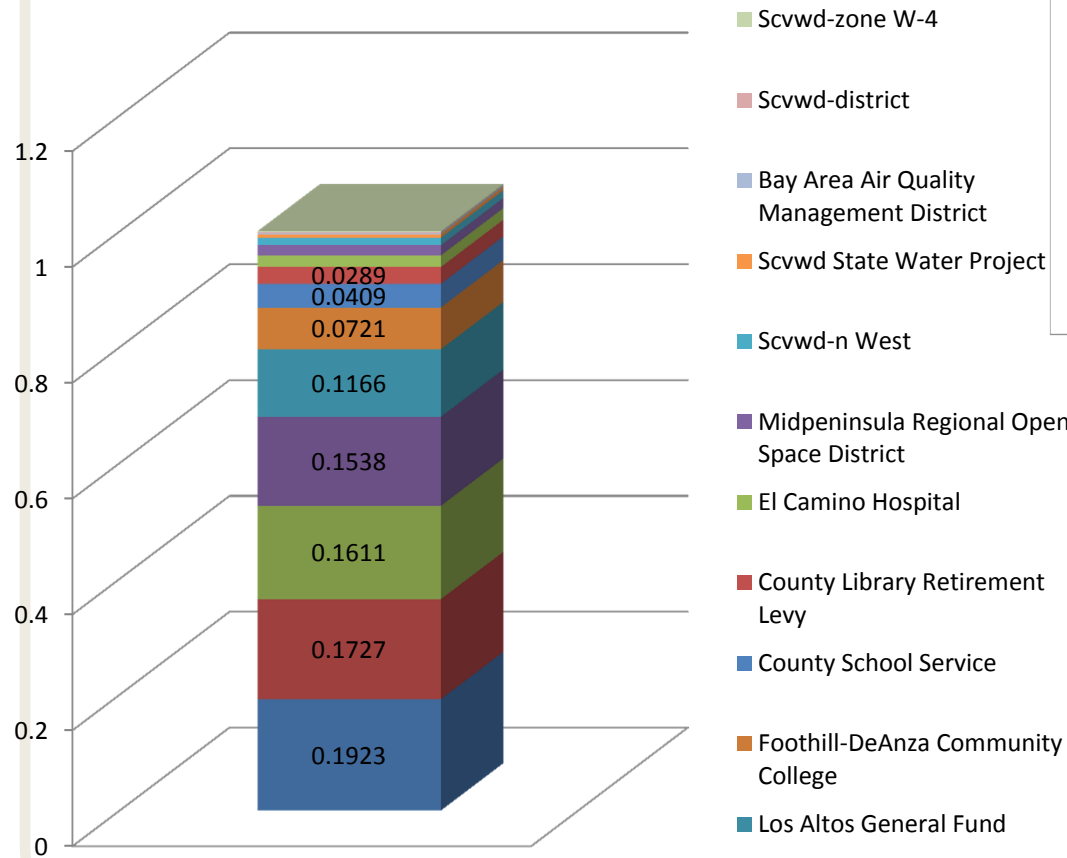
# Topics to Cover



# 2013 CAFR Components



# 2013 New Elements

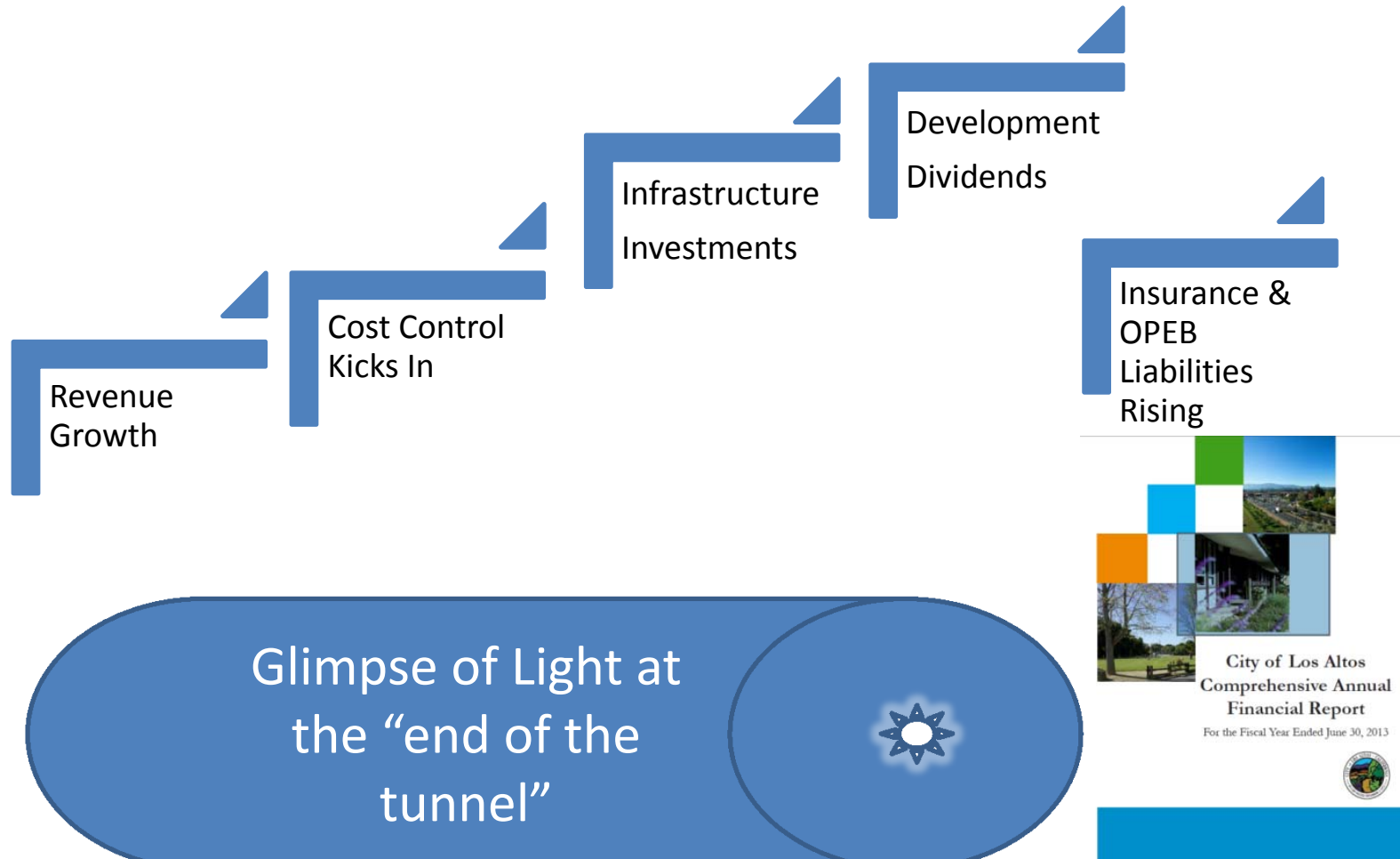


# 2013 New Elements

**Reached  
Major Fund  
Status  
FY 2012/13**

	In-Lieu Park Land Fund
<b>ASSETS</b>	
Cash and investments	\$ 4,590,390
Restricted cash and investments	-
Receivables, net of allowance for uncollectibles:	
Accounts	-
Interest	-
Prepays	-
Inventory	-
Total assets	\$ 4,590,390
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ -
Accrued liabilities	-
Other payable	-
Total liabilities	-
Fund balances:	
Nonspendable	-
Restricted	4,590,390
Committed	-
Assigned	-
Unassigned	-
Total fund balances	4,590,390
Total liabilities and fund balances	\$ 4,590,390

# Theme – Overall Positive Results



# 2013 CAFR at a Glance (1 of 4)

## Compliance

Unqualified (clean) Opinion - timely delivery to the Financial Commission and Council

Second year auditors – Burr, Pilger, Mayer

Received the 2012 - GFOA Excellence in Reporting Award

Prior year reported net pension asset prior period write-off recorded - \$3.6 M

- Consolidated 34 intangible asset presentation only. No cash/governmental fund balance impact

- FY 2012/13 pension liability fund pay-down expensed

Continued presentation of budget-to-actuals for all major and minor funds

Third year implementation of GASB 54 including new fund reserve definitions

No Single Audit (federal grant) required this year

# 2013 CAFR at a Glance (2 of 4)

## Financial

### **General Fund**

\$3.1 million operating revenues over expenditures

\$560,000 planned transfer realized for future Capital Project funding

Policy reserves enhanced - increased OPEB reserves added to - budget targets achieved

\$950,000 planned pay-down of CalPERS side fund liabilities made

Revenues 5% over budget - 8% over last year – Property, Sales Tax , Hotel Tax and Recreation up

Property Tax 1% over budget and 6% over last year actual results

Expenses under budget coming in at 94% with an actual year-to-year 2.4% increase

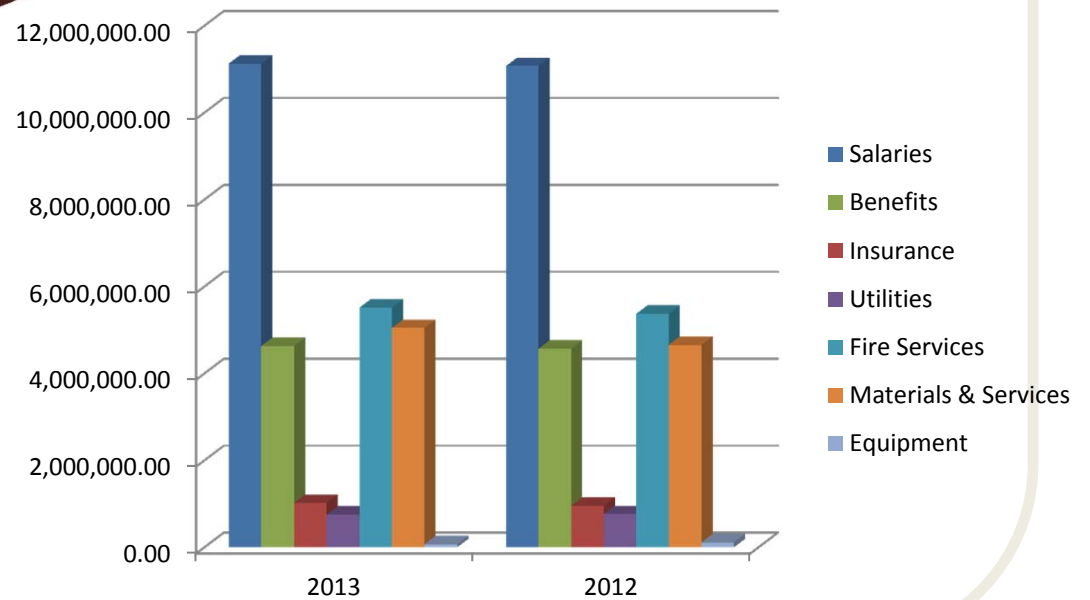
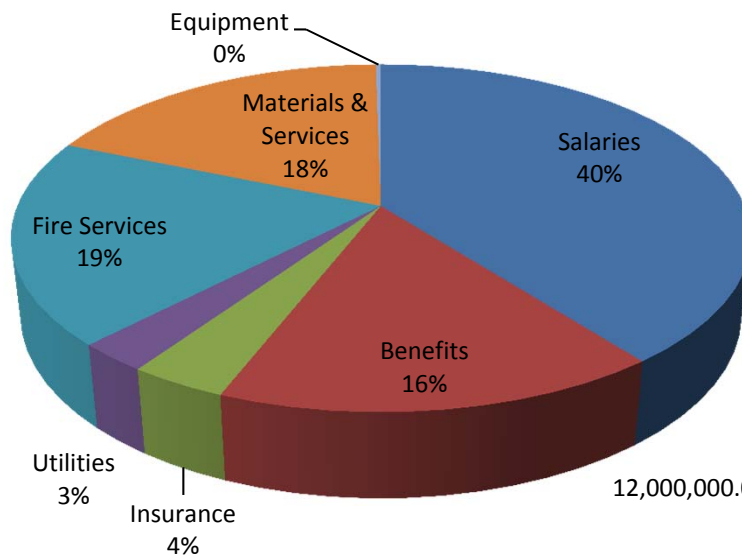
\$5.5 million in consolidated emergency reserves at year-end



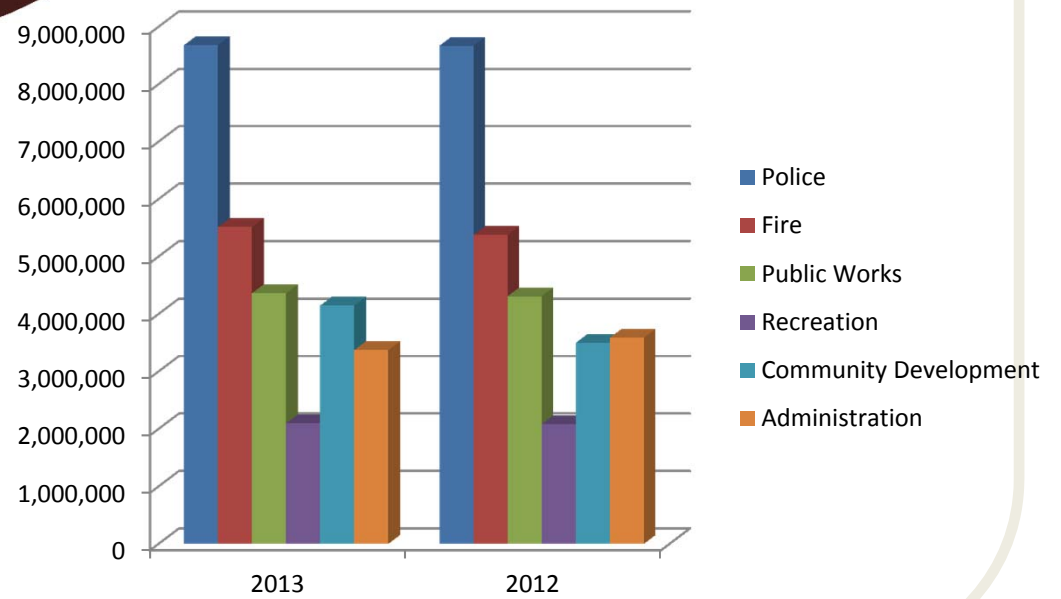
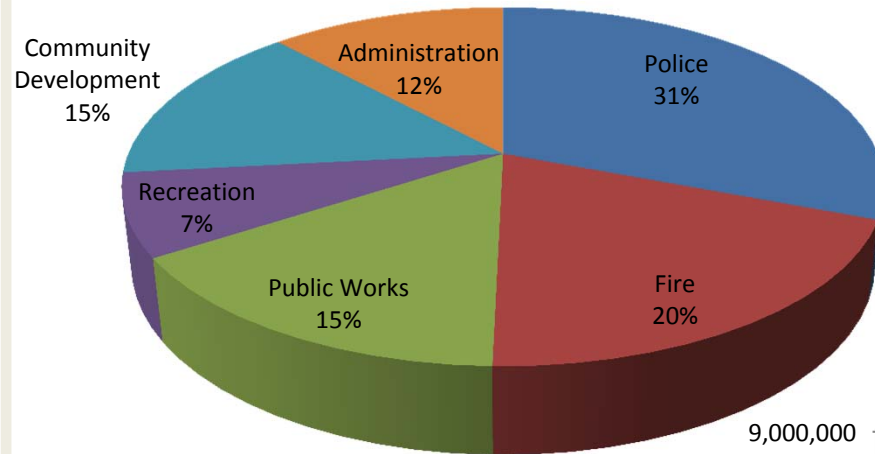
# Strong Revenue Trend

<i>Revenue (millions)</i>	<i>2012 Actual</i>	<i>2013 Actual</i>	<i>Variance \$</i>	<i>Variance %</i>
<i>Property Tax</i>	\$13.30	\$14.13	0.83	6.23%
<i>Sales Tax</i>	2.75	2.93	0.18	6.56%
<i>Hotel Tax</i>	1.78	1.95	0.16	9.23%
<i>Utility Users Tax</i>	2.55	2.60	0.05	2.05%
<i>Other Taxes</i>	0.91	1.12	0.21	23.22%
<i>Franchise Fees</i>	1.73	1.77	0.04	2.21%
<i>Interest</i>	0.07	0.08	0.01	14.23%
<i>Recreation</i>	1.81	1.86	0.06	3.16%
<i>License and Permits</i>	2.51	3.24	0.72	28.72%
<i>Other</i>	1.49	1.60	0.10	7.00%
<b>Total</b>	<b>\$28.91</b>	<b>\$31.28</b>	<b>2.37</b>	<b>8.19%</b>

# Expenditures By Type



# Expenditures By Service



# 2013 CAFR at a Glance (3 of 4)

## Financial

### **Other Funds**

No increases in City debt

Another year of substantial capital improvements - \$5.7 million in streets - Parks – Ped. Safety- Sewer

CIP Fund balance \$4.8 million - \$3 million committed for authorized capital projects

Real Property Proceeds Fund - \$7.4 million with new year proceeds from the sale of land

Community Facility Renewal Fund – \$7.1 million with development proceeds

Other governmental funds operate at expected levels of reserves

Storm Drain Fund fully General Fund dependent

Sewer Fund performance is stable - Solid Waste Fund reports a net gain

# 2013 General Fund Reserves

## *General Fund Contingency Reserves*

*June 30, 2013*

<i>Emergency Operating</i>	<i>\$5,525,000</i>
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<i>Unreserved Fund Balance</i>	<i>2,428,281</i>
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<i>Total General Fund Available Funds</i>	<i>\$7,953,281</i>
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# 2013 Other Fund Reserves

<i>Other Key Fund Balances</i>	<i>30-Jun-13</i>
<i>Ongoing Capital Projects</i>	\$3,046,926
<i>Capital Project Unreserved</i>	1,793,117
<i>Equipment Replacement</i>	3,670,288
<i>Real Property Proceeds</i>	7,414,894
<i>Community Facility Renewal</i>	7,165,592
<i>In-Lieu Park Fees</i>	4,590,390
<b><i>Total</i></b>	<b>\$27,681,207</b>

Welcome to  
the  
Majors

# 2013 Long Term Debt

	<i>Government Activities</i>	<i>Business Activities</i>	<i>2013 Total</i>	<i>2012 Total</i>
<i>Certificate of Participation</i>	\$1,760,000	\$0	\$1,760,000	\$1,855,000
<i>Compensated Absences</i>	1,554,510	46,528	1,601,039	1,474,891
<i>Total</i>	\$3,289,236	\$40,655	\$3,329,891	\$3,568,321

The City also carries a year-end net Post-Retirement Health obligation (OPEB) of \$994,000. This obligation increased in line with annual actuarial valuations and is a factor of benefit levels and population metrics.

# 2013 CIP Expenditures

San Antonio Road Streetscape	\$ 1,189,460
Sewer Collection System Upgrade	544,510
First Street Phase 1B	536,520
Annual Street Resurfacing	702,470
Homestead Road Safety Improvements	291,990
Annual Sewer Main Repairs	303,020
NPDES Compliance	224,430
South Sewer Main Replacement	174,810
Annual Sewer Root Foaming	166,410
Parking Management Plan	157,280
Tri-City Safety Public Safety Virtual Consolidation	154,540
Annual ADA Accessibility	154,230
Fallen Leaf Lane Sewer Main Replacement	128,860
In Pavement Crosswalk Lighting Systems	115,820
Annual Concrete Repair	133,030
Sewer Collection System Upgrade	67,230
KMVT Increased Public Broadcasting Capital	65,000
ADA Transition Plan	60,500
Annual Street Striping	59,910
Sewer Main Replacement Phase II	55,970
Climate Action Plan	55,970
First Street Streetscape Design	50,320
IT Initiatives	38,970

**\$4.5 million in  
CIP  
expenditures in  
2012/13**



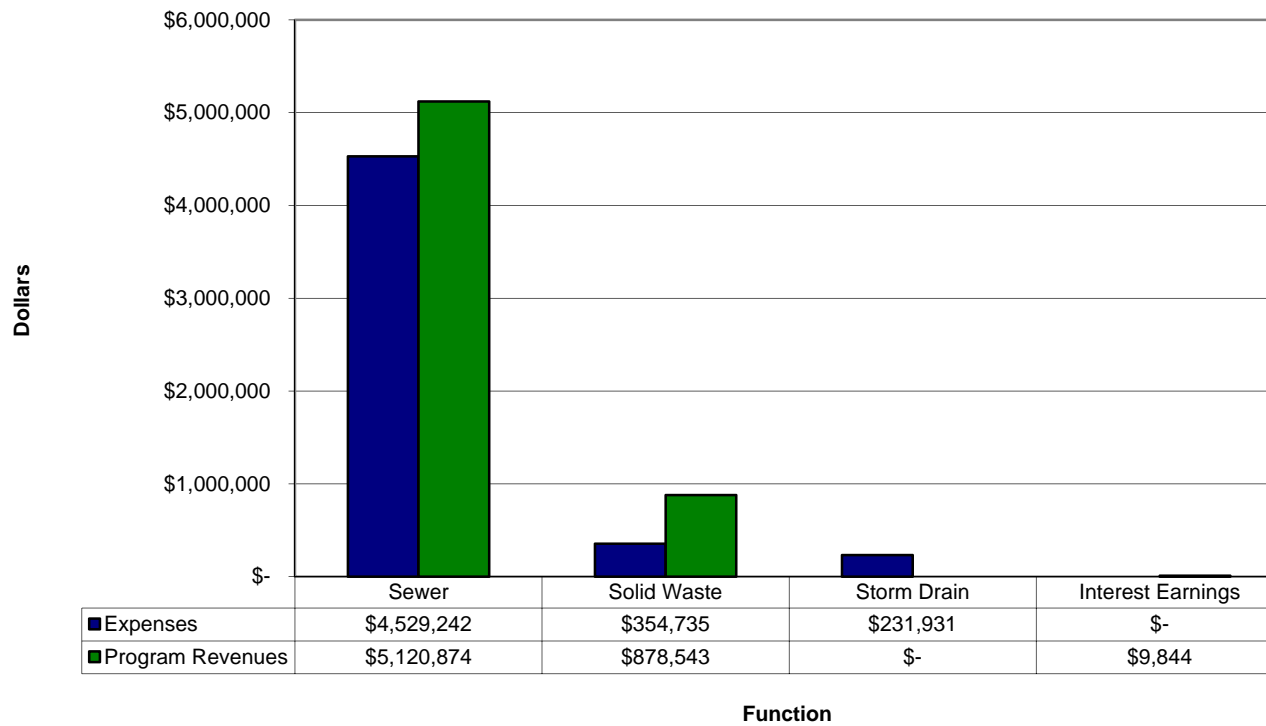
# 2013 GF Budget to Actual

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 18,659,760	\$ 18,659,760	\$ 19,444,398	\$ 784,638
Licenses, permits and fees	3,407,295	3,407,295	3,311,730	(95,565)
Intergovernmental	3,123,547	3,123,547	3,528,966	405,419
Grants and donations	50,000	50,000	61,910	11,910
Charges for services	3,821,033	3,821,033	4,480,278	659,245
Fines and forfeitures	215,064	215,064	153,415	(61,649)
Interest and rentals	435,200	435,200	104,226	(330,974)
Other	205,200	205,200	190,111	(15,089)
Total revenues	29,917,099	29,917,099	31,275,034	1,357,935
Expenditures:				
Current:				
Public safety	14,574,635	14,653,317	14,194,042	459,275
Public works	4,497,946	4,656,574	4,364,633	291,941
Recreation	2,092,102	2,131,250	2,101,716	29,534
Community development	4,070,244	4,304,680	4,148,114	156,566
Admin/community services	4,180,702	4,203,776	3,370,919	832,857
Total expenditures	29,415,629	29,949,597	28,179,424	1,770,173
Excess (deficiency) of revenues over (under) expenditures	501,470	(32,498)	3,095,610	1,018,957

11-12  
\$28.9 m

11-12  
\$27.5 m

# Enterprise Funds



# 2013 CAFR at a Glance (4 of 4)

## Challenge Indicators

National and State economic recovery remains protracted and sluggish

FED policy subject to changes as new leadership emerges in 2014

The overall California budget has improved ,but remains an ever-present concern

Significant CalPERS rate increases projected and future cost pressures remain a major concern

Workers' Compensation and Liability Insurance claim valuations point to future cost and increases

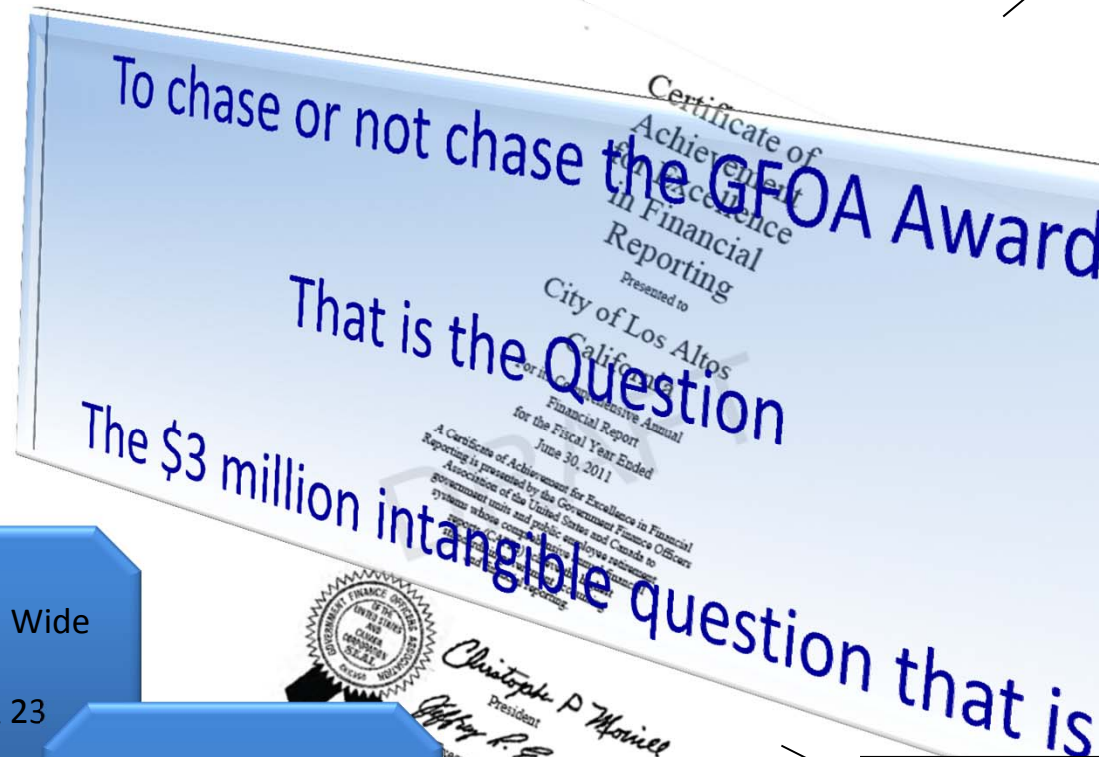
Funding for aged City facilities and technology needs must be planned for

Increases in employee health care costs are expected given recent trends

Other Post Employment Benefits (OPEB )Liabilities set at \$2 million and pending formal funding

# Conditional Modification

As reported to  
City Council on  
Dec 2012



Impacts Govt. Wide  
only –  
Pages 21 & 23

No Operational  
or Gov. Reserve  
Impact

Now  
Reality

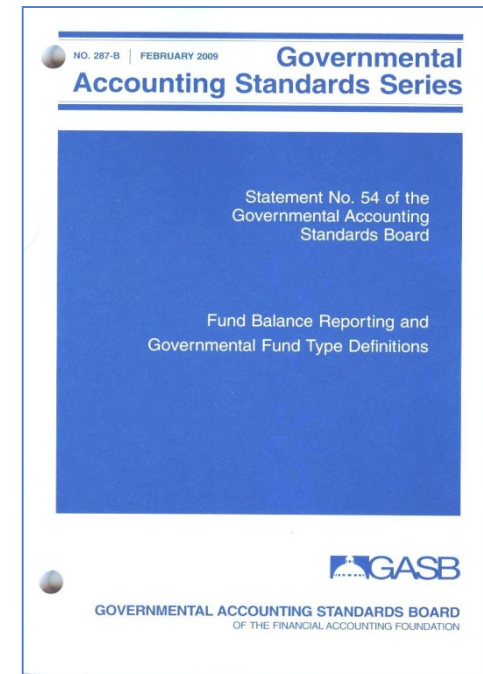
Note 20,  
Page 68

# New and Emerging Standards

**Summary of Statement No. 67  
Financial Reporting for Pension  
Plans—an amendment of GASB  
Statement No. 25  
(Issued 06/12)**

## **Effective Date and Transition**

This Statement is effective for financial statements for fiscal years beginning after **June 15, 2013**. Earlier application is encouraged.



# Subsequent events

## 21. Subsequent Events

In FY 2013-14, the City finalized the **sale option for the property at 230 First Street and 400 Main Street for an agreed upon price of \$3.1 million**, less the previously paid option installments recognized in the current and prior years. Escrow closed in early August 2013, resulting in the exchange of title to the buyer, 400 Main Morris Land, LLC. This transaction also triggered the initiation of the private development on the site, as previously approved through the planning and Council action process.

On May 14, 2013, the City adopted the results of an **updated Sewer Rate study resulting in a new rate structure model, approximating a 7% per increase per year** over the next five years, designed to facilitate the near and long-term capital and operating needs of the Sewer Enterprise Fund. The adoption of the ordinance occurred on July, 9, 2013.

# Where From Here

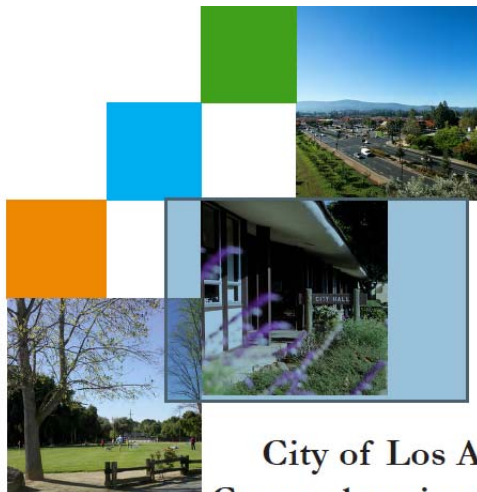
**Formally “Close the Books”**

**Update Forecasts**

**Evaluate FY 2013-14 Budget Performance**

**Present Mid-Year Budget Review and  
any recommended adjustments**

# City of Los Altos



## City of Los Altos Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



**CAFR  
For the Year  
Ending  
June 30, 2013**

**Q & A**

**Action:  
Draft  
CAFR Acceptance**