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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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



CITY OF LOS ALTOS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$62,893,649	\$14,442,173	\$77,335,822
Accounts receivable	1,425,703	71,809	1,497,512
Interest receivable	92,199	19,620	111,819
Prepaid items and inventory (Note 1H)	26,760		26,760
Note receivable (Note 4)	1,895,206		1,895,206
Due from other funds (Note 3B)	569,445		569,445
Total current assets	<u>66,902,962</u>	<u>14,533,602</u>	<u>80,867,119</u>
Noncurrent assets:			
Restricted cash and investments (Note 2)	169,840		169,840
Capital assets (Note 5):			
Non-depreciable	18,511,421	768,187	19,279,608
Depreciable, net of accumulated depreciation	44,258,402	8,682,072	52,940,474
Total noncurrent assets	<u>62,939,663</u>	<u>9,450,259</u>	<u>72,389,922</u>
Total Assets	<u>129,842,625</u>	<u>23,983,861</u>	<u>153,257,041</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 11)	10,435,166	430,423	10,865,589
Related to OPEB (Note 12)	132,990	10,010	143,000
Total deferred outflows of resources	<u>10,568,156</u>	<u>440,433</u>	<u>11,008,589</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,731,097	594,168	2,325,265
Due to other funds (Note 3B)	559,945	9,500	569,445
Interest payable	8,647		8,647
Accrued liabilities	807,629	28,724	836,353
Other payable	177,624		177,624
Compensated absences, due in one year (Note 7)	411,171	21,240	432,411
Claims and judgements, due in one year (Note 9)	831,733		831,733
Long-term debt, due in one year (Note 6)	120,000		120,000
Total current liabilities	<u>4,647,846</u>	<u>653,632</u>	<u>5,301,478</u>
Noncurrent liabilities:			
Compensated absences, due in more than one year (Note 7)	1,233,511	63,718	1,297,229
Claims and judgments, due in more than one year (Note 9)	2,748,267		2,748,267
Net pension liability (Note 11)	34,766,462	1,418,609	36,185,071
Net OPEB liability (Note 12)	1,432,134	107,866	1,540,000
Long-term debt, due in more than one year (Note 6)	1,125,000		1,125,000
Total noncurrent liabilities	<u>41,305,374</u>	<u>1,590,193</u>	<u>42,895,567</u>
Total Liabilities	<u>45,953,220</u>	<u>2,243,825</u>	<u>48,197,045</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 11)	1,841,274	83,284	1,924,558
Related to OPEB (Note 12)	42,780	3,220	46,000
Total deferred inflows of resources	<u>1,884,054</u>	<u>86,504</u>	<u>1,970,558</u>
NET POSITION (Note 8)			
Net investments in capital assets	61,524,823	9,450,259	70,975,082
Restricted for:			
Debt service	364,179		364,179
Special revenue programs:			
Public safety	33,333		33,333
Recreation	5,253,528		5,253,528
Streets and roads	2,800,690		2,800,690
Public education	841,426		841,426
Housing	4,617		4,617
Parking	738,184		738,184
Other	71,756		71,756
Capital projects	512,050		512,050
Total Restricted Net Position	<u>10,619,763</u>		<u>10,619,763</u>
Unrestricted	20,428,921	12,643,706	33,072,627
Total Net Position	<u>\$92,573,507</u>	<u>\$22,093,965</u>	<u>\$114,667,472</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
Public safety	\$19,928,186	\$329,648	\$408,975		\$738,623
Public works	6,216,608	50,753	297,877	\$640,648	989,278
Recreation	3,402,043	2,021,317	5,401		2,026,718
Community development	6,440,069	4,589,246	170,050	62,000	4,821,296
Admin / community services	5,686,580	949,891			949,891
Interest on long-term debt	64,068				
Total Governmental Activities	41,737,554	7,940,855	882,303	702,648	9,525,806
Business-type Activities:					
Sewer	4,970,296	6,368,660			6,368,660
Solid waste	461,307	812,067			812,067
Storm drain	1,058				
Total Business-type Activities	5,432,661	7,180,727			7,180,727
Total primary government	\$47,170,215	\$15,121,582	\$882,303	\$702,648	\$16,706,533
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, As Restated (Note 8H)					
Net Position-Ending					

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$19,189,563)		(\$19,189,563)
(5,227,330)		(5,227,330)
(1,375,325)		(1,375,325)
(1,618,773)		(1,618,773)
(4,736,689)		(4,736,689)
(64,068)		(64,068)
<u>(32,211,748)</u>		<u>(32,211,748)</u>
	\$1,398,364	1,398,364
	350,760	350,760
	(1,058)	(1,058)
	<u>1,748,066</u>	<u>1,748,066</u>
<u>(32,211,748)</u>	<u>1,748,066</u>	<u>(30,463,682)</u>
21,428,500		21,428,500
3,243,554		3,243,554
2,732,325		2,732,325
4,534,886		4,534,886
2,206,735		2,206,735
<u>34,146,000</u>		<u>34,146,000</u>
320,237		320,237
452,005	70,907	522,912
<u>34,918,242</u>	<u>70,907</u>	<u>34,989,149</u>
2,706,494	1,818,973	4,525,467
<u>89,867,013</u>	<u>20,274,992</u>	<u>110,142,005</u>
<u>\$92,573,507</u>	<u>\$22,093,965</u>	<u>\$114,667,472</u>



FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2018. 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 parkland 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, 2018

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$43,776,183	\$5,253,335	\$162,875	\$5,919,451	\$55,111,844
Restricted cash and investments (Note 2)				169,840	169,840
Receivables, net of allowance for uncollectibles:					
Accounts	1,306,049		13,720	94,394	1,414,163
Interest	78,914	7,065		6,220	92,199
Prepays	19,974				19,974
Note receivable (Note 4)	1,895,206				1,895,206
Inventory (Note 1H)	6,786				6,786
Due to other funds	569,445				569,445
Total Assets	<u>\$47,652,557</u>	<u>\$5,260,400</u>	<u>\$176,595</u>	<u>\$6,189,905</u>	<u>\$59,279,457</u>
LIABILITIES					
Accounts payable	\$1,273,521	\$6,872	\$439,748	\$572	\$1,720,713
Accrued liabilities	807,629				807,629
Other payable	177,624				177,624
Due from other funds			559,945		559,945
Total Liabilities	<u>2,258,774</u>	<u>6,872</u>	<u>999,693</u>	<u>572</u>	<u>3,265,911</u>
FUND BALANCES					
Fund balance (Note 8):					
Nonspendable	1,931,952				1,931,952
Restricted		5,253,528		4,854,185	10,107,713
Committed					
Assigned	38,586,933			1,335,148	39,922,081
Unassigned	4,874,898		(823,098)		4,051,800
Total Fund Balances	<u>45,393,783</u>	<u>5,253,528</u>	<u>(823,098)</u>	<u>6,189,333</u>	<u>56,013,546</u>
Total Liabilities and Fund Balances	<u>\$47,652,557</u>	<u>\$5,260,400</u>	<u>\$176,595</u>	<u>\$6,189,905</u>	<u>\$59,279,457</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, 2018

Fund balances of governmental funds \$56,013,546

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 62,769,823

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.

(8,647)

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 10,568,156
 Deferred inflows (1,884,054)

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 (120,000)
 Long-term debt - noncurrent portion (1,125,000)
 Net pension liability (34,766,462)
 Net OPEB obligation (1,432,134)
 Compensated absences - current portion (411,171)
 Compensated absences - noncurrent portion (1,233,511)

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.

4,202,961

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$92,573,507

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, 2018

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$21,428,500				\$21,428,500
Sales tax	3,243,554				3,243,554
Utility users	2,732,325				2,732,325
Other tax	4,534,886				4,534,886
Licenses, permits and fees	4,055,230			\$140,377	4,195,607
Intergovernmental		\$1,092,500		994,081	2,086,581
Grants and donations	82,101		\$437,375	408,338	927,814
Charges for services	4,510,749			108,845	4,619,594
Fines and forfeitures	158,664			19,190	177,854
Interest and rentals	303,377	\$24,576		31,733	359,686
Other	128,007			9,640	137,647
Total Revenues	<u>41,177,393</u>	<u>1,117,076</u>	<u>437,375</u>	<u>1,712,204</u>	<u>44,444,048</u>
EXPENDITURES					
General government					
Public safety	17,465,711				17,465,711
Public works	5,783,953				5,783,953
Recreation	2,509,280				2,509,280
Community development	5,180,470			566,885	5,747,355
Admin / community development	4,772,919				4,772,919
Capital improvements		251,257	6,510,476	537,499	7,299,232
Debt service:					
Principal				110,000	110,000
Interest and fiscal charges				56,060	56,060
Total Expenditures	<u>35,712,333</u>	<u>251,257</u>	<u>6,510,476</u>	<u>1,270,444</u>	<u>43,744,510</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,465,060</u>	<u>865,819</u>	<u>(6,073,101)</u>	<u>441,760</u>	<u>699,538</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)	158,506		5,389,779	166,060	5,714,345
Transfers (out) (Note 3)	(4,045,591)			(1,668,754)	(5,714,345)
Total Other Financing Sources (Uses)	<u>(3,887,085)</u>		<u>5,389,779</u>	<u>(1,502,694)</u>	
NET CHANGE IN FUND BALANCES	1,577,975	865,819	(683,322)	(1,060,934)	699,538
BEGINNING FUND BALANCES	<u>43,815,808</u>	<u>4,387,709</u>	<u>(139,776)</u>	<u>7,250,267</u>	<u>55,314,008</u>
ENDING FUND BALANCES	<u>\$45,393,783</u>	<u>\$5,253,528</u>	<u>(\$823,098)</u>	<u>\$6,189,333</u>	<u>\$56,013,546</u>

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, 2018

Net change in fund balances of governmental funds \$699,538

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. 8,877,573

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. (2,187,583)

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 110,000

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	(140,897)
Interest payable	(8,008)
Net OPEB obligation	(97,636)
Net pension obligation, and related deferred outflows and inflows of resources	(4,738,565)

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. 192,072

Changes in net position of governmental activities \$2,706,494

See accompanying notes to financial statements



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 2018.

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, 2018

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
ASSETS					
Current Assets:					
Cash and investments (Note 2)	\$10,511,432	\$3,930,741		\$14,442,173	\$7,781,805
Accounts receivable		71,809		71,809	11,540
Interest receivable	14,305	5,315		19,620	
Total Current Assets	<u>10,525,737</u>	<u>4,007,865</u>		<u>14,533,602</u>	<u>7,793,345</u>
Non-Current Assets:					
Capital assets (Note 5):					
Nondepreciable	768,187			768,187	
Depreciable	19,406,435		\$1,969,221	21,375,656	
Less accumulated depreciation	(10,724,364)		(1,969,220)	(12,693,584)	
Total capital assets, net	<u>9,450,258</u>		<u>1</u>	<u>9,450,259</u>	
Total non-current Assets	<u>9,450,258</u>		<u>1</u>	<u>9,450,259</u>	
Total Assets	<u>19,975,995</u>	<u>4,007,865</u>	<u>1</u>	<u>23,983,861</u>	<u>7,793,345</u>
DEFERRAL OUTFLOWS OF RESOURCES					
Related to pension (Note 11)	430,423			430,423	
Related to OPEB (Note 12)	7,865	715	1,430	10,010	
Total Deferred Outflows	<u>438,288</u>	<u>715</u>	<u>1,430</u>	<u>440,433</u>	
LIABILITIES					
Current Liabilities:					
Accounts payable	570,790	23,378		594,168	10,384
Accrued liabilities	26,861	1,863		28,724	
Due to other funds (Note 3)			9,500	9,500	
Compensated absences (Note 7)	21,240			21,240	
Claims and judgements (Note 9)					831,733
Total Current Liabilities	<u>618,891</u>	<u>25,241</u>	<u>9,500</u>	<u>653,632</u>	<u>842,117</u>
Long-Term Liabilities					
Compensated absences (Note 7)	63,718			63,718	
Claims and judgements (Note 9)					2,748,267
Net pension liabilities (Note 11)	1,418,609			1,418,609	
Net OPEB liabilities (Note 12)	84,752	7,705	15,409	107,866	
Total Noncurrent Liabilities	<u>1,567,079</u>	<u>7,705</u>	<u>15,409</u>	<u>1,590,193</u>	<u>2,748,267</u>
Total Liabilities	<u>2,185,970</u>	<u>32,946</u>	<u>24,909</u>	<u>2,243,825</u>	<u>3,590,384</u>
DEFERRAL INFLOWS OF RESOURCES					
Related to pension (Note 11)	83,284			83,284	
Related to OPEB (Note 12)	2,530	230	460	3,220	
Total Deferred Inflows	<u>85,814</u>	<u>230</u>	<u>460</u>	<u>86,504</u>	
NET POSITION (Note 8)					
Net investment in capital assets	9,450,258		1	9,450,259	
Unrestricted (deficit)	8,692,241	3,975,404	(23,939)	12,643,706	4,202,961
Total Net Position (Deficit)	<u>\$18,142,499</u>	<u>\$3,975,404</u>	<u>(\$23,938)</u>	<u>\$22,093,965</u>	<u>\$4,202,961</u>

See accompanying notes to financial statements