



FINANCIAL COMMISSION MEETING AGENDA

6:00 PM - Monday, March 20, 2023

Council Chamber, Los Altos City Hall

Please Note: The Financial Commission Meeting will meet in person; Members of the public can attend in person or phone via Telephone/Video Conference.

Meeting Link: <https://losaltosca.gov.zoom.us/j/81449542599?pwd=VmJ4UTRkYkZvdTY1bU1GWEdTalRjUT09>

Meeting ID: 814 4954 2599, **Passcode:** 909496

TO PARTICIPATE VIA THE LINK ABOVE – Members of the public will need to have a working microphone on their device and **must have the latest version of Zoom.**

Public testimony will be taken at the direction of the Chair and members of the public may only comment during times allotted for public comments. Members of the public are also encouraged to submit written testimony prior to the meeting at financialcommissionmeeting@losaltosca.gov. **Emails received prior to the meeting will be included in the public record.**

ESTABLISH QUORUM

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Members of the audience may bring to the Commission's attention any item that is not on the agenda. Please complete a "Request to Speak" form and submit it to the Staff Liaison. Speakers are generally given two or three minutes, at the discretion of the Chair. Please be advised that, by law, the Commission is unable to discuss or take action on issues presented during the Public Comment Period. According to State Law (also known as "the Brown Act") items must first be noticed on the agenda before any discussion or action.

ITEMS FOR CONSIDERATION/ACTION

- [1.](#) Draft Minutes: Approve Minutes for the Meeting held on February 27, 2023
- [2.](#) PFM Investment Presentation regarding CAMP (California Asset Management Program)
- [3.](#) FY22 Audit Review Discussion

COMMISSIONERS' REPORTS AND COMMENTS

POTENTIAL FUTURE AGENDA ITEMS

4. Finance Policy Discussion

ADJOURNMENT

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, the City of Los Altos will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk at least 48 hours prior to the meeting at (650) 947-2720.

Agendas, Staff Reports and some associated documents for Financial Commission items may be viewed on the Internet at <http://www.losaltosca.gov/meetings>.

If you wish to provide written materials, please provide the Commission Staff Liaison with **10 copies** of any document that you would like to submit to the Commissioners in order for it to become part of the public record.

For other questions regarding the meeting proceedings, please contact the City Clerk at (650) 947-2720.

DRAFT

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**MINUTES OF THE MEETING OF THE FINANCIAL COMMISSION OF THE CITY
OF LOS ALTOS, HELD ON, MONDAY, February 27, 2023, AT 6:00 P.M.
VIDEO/ TELECONFERENCE**

ROLL CALL

PRESENT: Chair Kalkat, Commissioners Claras, Frey, Richmond, Whipple

ABSENT: Vice-Chair McClatchie, Commissioner Kalbach

PLEDGE OF ALLEGIANCE**PUBLIC COMMENTS**

none

ITEMS FOR CONSIDERATION/ACTION1. Approval of Minutes of the Meeting, November 21, 2022

Action: Upon a motion by Commissioner Whipple, seconded by Chair Kalkat, the Commission approved the minutes of the meeting of November 21, 2022, by the following vote: AYES: Chair Kalkat, Commissioners, Claras, Frey, Richmond, Whipple. NOES: None; ABSTAIN: None; ABSENT: Vice-Chair McClatchie, Commissioner Kalbach.

2. Approval of Minutes of the Meeting, January 23, 2023

Action: The Commission approved the minutes of the meeting of January 23, 2023, by the following vote: AYES: Chair Kalkat, Commissioners, Claras, Frey, Richmond, Whipple. NOES: None; ABSTAIN: None; ABSENT: Vice-Chair McClatchie, Commissioner Kalbach.

3. Quarterly Investment Portfolio Report – Quarter Ended December 31, 2022

Wale Kajopaiye, a representative of the City's financial asset manager, PFM, made a presentation to the Commission on the Quarterly Investment Portfolio report as of quarter ending December 31, 2022, and a discussion ensued during which the consultant answered the questions posed by the Commissioners. Among the topics discussed was the present yield of City funds deposited with LAIF (Local Agency Investment Fund) compared to potential alternatives. Mr. Kajopaiye indicated that among the alternatives to LAIF used by a number of other agencies advised by PFM was CAMP (California Asset Management Program). Mr. Kajopaiye further observed that current City Investment policy does not allow use of CAMP and that among PFM's recommendations was that the City's investment policy be modified to add CAMP as a permissible investment, albeit with no obligation to invest with CAMP.

The Commission further requested that the Finance Director evaluate alternative short-term investment opportunities, including CAMP, with a view towards achieving increased yield, and make a recommendation to the Commission at a future meeting.

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Action: The Commission resolved to recommend the Quarterly Investment Portfolio Report for quarter ending December 31, 2022 for action by the City Council at its meeting, with such resolution being proposed on a motion by Commissioner Richmond, seconded by Commissioner Frey, and approved by the Commission by the following vote: AYES: Chair Kalkat, Commissioners, Claras, Frey, Richmond, Whipple. NOES: None, ABSTAIN: None; ABSENT: Vice-Chair McClatchie, Commissioner Kalbach.

4. Review Investment Policy for Fiscal Year 2023

Mr. Kajopaiye reviewed the Investment Policy and suggested two recommendations to add additional language to the policy. In endorsing the amendments, which included adding CAMP as an approved investment, the Finance Director reiterated that no investment would be made with CAMP absent further follow up with the Commission at a future meeting.

Action: The Commission resolved to recommend the two changes to the Investment Policy for action by the City Council at its meeting and approved by the Commission by the following vote: AYES: Chair Kalkat, Commissioners, Frey, Richmond, Whipple. NOES: None, ABSTAIN: Commissioner Claras; ABSENT: Vice-Chair McClatchie, Commissioner Kalbach.

5. Discussion Items

In person Commission Meetings beginning March 1, 2023 was discussed and Jonathan Weinberg with the City Council provided additional detail whereas the Commission agreed to attend future Commission meetings in person.

No Action:

COMMISSION AND STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

Chair Kalkat proposed a discussion about the FY24 Budget and requested that budget data be provided to the Commission as far in advance of City Council consideration as practicable.

The Finance Director also provided information on the Tyler Technologies implementation and confirmed that she would provide regular updates to the Commission during the implementation process.

The Finance Director further proposed to discuss the City's Financial policy, FY22 Audit, and Treasurer's Report at future meetings.

ADJOURNMENT

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Adjourned the meeting at 7:15 p.m.

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DATE: March 20, 2023

AGENDA ITEM # 3

TO: Financial Commission
FROM: June Du, Finance Director
SUBJECT: Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR)

RECOMMENDATION:

Receive the draft FY2022 Annual Comprehensive Financial Report (ACFR).

BACKGROUND

The City’s Finance Department has prepared the FY2022 ACFR for review by the Finance Commission. The Certified Public Accounting firm, Maze & Associates, has audited the financial statements in the report. The auditors have issued an opinion that the financial statements represent the position of the City fairly, in all material respects. Representatives from the audit firm will be present at the Finance Commission meeting.

RECOMMENDED ACTION BY THE COMMISSION

- Receive the draft FY2022 ACFR.

DISCUSSION

A number of state and federal laws require that the City’s financial statements be audited annually by external auditors who are Certified Public Accountants. The result of the audit is a compilation of detailed financial statements, known as the Annual Comprehensive Financial Report (ACFR), prepared in accordance with generally accepted accounting principles (GAAP) as required by the Government Accounting Standards Board (GASB). The ACFR is a useful tool in understanding and evaluating the City’s financial condition.

This is the seventh year that Maze & Associates has performed the City’s annual audit, and the City has received an “unmodified” or “clean” opinion.

The ACFR is presented to the Finance Commission for its review prior to being submitted to the City Council for review and acceptance.

READING THE ACFR AND RELATED DOCUMENTS

1. **ACFR:** The ACFR highlights both the results of operations during FY2022 and changes to fund balances. The report is divided into three major sections, as follows:

- **Introductory Section** – provides a narrative summary of changes in fund balances and highlights of the results of operations. It includes a letter of transmittal from management, an organizational profile, and a listing of key officers and personnel.
- **Financial Section** – presents the independent auditor’s report, management’s discussion and analysis of the financial reports, all of the financial statements, notes on the financial statements, and supplemental information.
- **Statistical Section** – includes several unaudited schedules that provide comparative information over a 10-year period.

Select highlights from the ACFR are presented below. The full draft ACFR is included as a link (Attachment 1).

FINANCIAL HIGHLIGHTS

Financial highlights for the year ended June 30, 2022, include the following:

The City ended its fiscal year on a government-wide basis with total revenues of \$67.31 million, which was an increase of \$5.83 million or 9.5% compared to the prior year, and total expenses of \$68.5 million, an increase of \$18.50 million or 37.0%. The results represent combined government and business operations, with an overall decrease in net position of \$1.17 million primarily due to increased salary, benefits, and inflationary pressure on the supply chain.

Operational revenue gains were predominantly in Community Development and Recreation activities. Sales tax, utility tax, and hotel occupancy tax have gradually recovered to pre-pandemic levels and has exceeded the projected budget. Property tax has an increase of \$1.7 million. Sewer revenues increased by \$1.15 million as projected, 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 salary and benefit adjustments and using consultants more over time to fill existing staff vacancies. There is also inflation caused by supply chain shortages related to COVID-19. Resource use continues to reflect an emphasis on public safety, infrastructure maintenance, quality of life, and community development activity.

The City 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. The City has also made significant capital investments in the maintenance and improvement of the City-wide sewer systems.

General Fund

The General Fund is the chief operating fund of the City. For the year ending June 30, 2022, the total fund balance was \$19.6 million, \$10.3 million of which is non-spendable, restricted, or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds, and other City projects. The unrestricted unassigned fund balance is \$9.1 million, an increase of \$4.1 million from the prior year.

Revenues were \$3.7 million higher in the fiscal year ended June 30, 2022, compared to last fiscal year, a change of 7.4%.

Expenditures increased \$9.4 million in the fiscal year ended June 30, 2022, compared to the last fiscal year, a change of 23%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

General Fund Revenues

Property Taxes overall increased by \$1.59 million (5.7%) compared to the prior year. This is primarily attributable to continued increases in property values (assessed value) and increased residential sales activity that increased the tax roll.

Sales and Use Taxes overall increased by \$0.74 million (24.8%) compared to the prior year. The revenue is almost recovered to the pre-pandemic level.

Utility user Taxes overall increased by \$0.19 million (6.7%) compared to the prior year. This was due to normal inflationary increases rather than an increased tax base.

Charges for Services increased by \$0.68 million (23.1%) from the prior year, mainly because of the opening of the new community center and other city facilities for recreational activities.

Grants and donations decreased by \$0.1 million (-2.5%) from the prior year, mainly due to fewer CARES Act stimulus monies allocated to the city in FY22.

Other Taxes increased significantly by \$1.25 million (54.2%) compared to the prior fiscal year, primarily due to the recovery of Transient Occupancy Taxes and real estate document transfer tax from the pandemic.

Interest and Rentals decreased significantly by \$1.13 million (-616.3%) compared to the prior fiscal year, primarily due to the federal reserve bank reducing the discount rates to near zero in their attempts to stimulate the economy.

General Fund Expenditures

Public Safety expenditures increased by \$1.7 million (8.9%) from the prior year primarily due to increased personnel and benefit costs, fire services contract, offset by lower other expenses.

Public Works expenditures increased by \$0.5 million (9.5%) compared to the prior year, primarily due to salary increases.

Community Development expenditures increased \$0.1 million (1.8%) from the prior fiscal year, primarily attributable to salary adjustments.

Recreation expenditures were \$0.7 million (41.1%) more than the prior year, primarily due to an overall increase in operations and the opening of the new community center and other city facilities.

Administration and Finance expenditures increased by \$6.3 million (81.4%) compared to the prior year, primarily due to a contribution of \$6.5 million additional payment pay down its pension obligations. The payments to CalPERS will provide long-term stability to the City's pension costs and future liabilities.

NEXT STEPS

Upon acceptance by the City Council, the ACFR will be submitted to the Government Finance Officers Association for consideration of a *Certificate of Achievement for Excellence in Financial Reporting*.

DOCUMENTS

Attachment 1 – DRAFT FY2022 Annual Comprehensive Financial Report (ACFR)



City of Los Altos Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

Adobe Creek, Shoup Park, Los Altos

**CITY OF LOS ALTOS, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

**Prepared by
FINANCE DEPARTMENT**



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INTRODUCTORY SECTION



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**CITY OF LOS ALTOS
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022**

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One North San Antonio Road
Los Altos, California 94022

February 20, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Los Altos, California (the City) for the fiscal year ended June 30, 2022. This document provides citizens, businesses, property owners, investors, and other interested parties with an overview of the City's finances. The information in this ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external authorities, the responsibility for the accuracy and fairness of this report ultimately rests with the City. For readers interested in a more detailed review of the City's financial statements, the Management's Discussion and Analysis (MD&A) is also included in this document. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A also discloses significant items affecting the financial condition of the City and is designed to be read in conjunction with this Letter of Transmittal 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 the world-famous Silicon Valley. Just 40 miles south of San Francisco, Los Altos is a residential community with a population of approximately 31,000 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.

City Structure

The City operates under the Council-Manager form of government, with five at-large Council Members elected to staggered four-year terms. The Mayor and Mayor Pro Term are elected by the Council from their membership, and each serves a one-year term. The City Council serves as the legislative and policy-making body of City government and is responsible for enacting City ordinances, adopting resolutions, approving the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney.

The City Manager is responsible for implementing City Council policies, ordinances, and directives; overseeing day-to-day operations; and appointing the directors of the City's departments and all personnel. As of June 30, 2022, the City had a permanent staff of 136 and augmented this staff with temporary, limited duration, and seasonal employees to address needs such as summer recreation programs. The City provides an array of services that include public safety/police services, park, recreation & Community Services, Executive, finance, human resources, public works, Environmental & Utilities Services and development services. Responsibilities in each service area include:

- **Executive** - includes The City Manager's Office, Economic Development, Emergency Preparedness, City Clerk's Office, City Attorney's Office, Risk Management, Human Resources, Information Technology, and Public relations;
- **Public Safety** - includes all Police functions, comprised of Training, Communications, Patrol, Investigations, Community Policing, Animal Control, School Service Officers, Traffic Enforcement. Fire Services are contracted to the County.
- **Finance** - includes Finance, Budget, Treasury, and Accounting.
- **Park, Recreation & Community Services** - includes Parks, Facilities, Recreation Classes, Senior Services, Facility Rentals, Sports and Camps,
- **Community Development Services**- includes Building Code Enforcement, Planning, Housing, Business License and Transportation Planning.
- **Public Works/ Engineering**- includes managing the Capital Investment Program, Streets Project, and Transportation Planning.
- **Environmental & Utilities Services** - includes Sewer, Storm Drain Operations, and Environmental Sustainability Program.

The City also oversees the enterprise funds associated with Sewer and solid waste operations and several other special revenue funds such as the Park in Lieu fund, financial information for these operations is included in the ACFR. Library services are provided by The County. Fire services are contracted to the County, water utilities are provided by a separate special district, with their own governing body.

SERVICE EFFORTS AND MAJOR INITIATIVES

Service Efforts

In FY 2021-22, 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. The latter half of FY 2021-22 saw the City face operational uncertainty due to the departure of the Finance Director, Senior Accountant and Accounting Technician compounded with the effects of the COVID-19 pandemic. Prudent and quick decision-making by the city manager helped speed the hire of an Interim Finance Director were engaged to meet the essential workloads in the Finance department. All major funds have performed within acceptable limits through proper stewardship and management.

Major Initiatives

Capital Improvements: FY 2021-22 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 2021-22 include the following:

- \$2,161,056 – Annual Street & City Alley Resurfacing
- \$1,102,380 – Fremont Avenue Pavement Rehabilitation
- \$411,758 – Annual Street Slurry Seal and Stripping
- \$988,017- Annual Sewer System Repair Program
- \$911,682 – Los Altos Community Center Redevelopment
- \$514,711 – Community Chamber AV Equipment
- \$328,980 – Housing Element Update
- \$265,553 – Police Records Management & Dispatch System

Pedestrian Safety, Roads, and Walkways: Los Altos invests a significant amount of resources on a variety of roadway, pedestrian, and bikeway initiatives and improvements. Over \$3.6 million was applied to street rehabilitation, 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: In FY 2021-22, the City finished the construction phase state-of-the-art community center.

FINANCIAL CONTROLS AND PROCEDURES

Financial Policies: On an annual basis, the Council approves financial policies designed to promote sound financial management and ensure fiscal integrity over time. This ACFR 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 the protection of principal, as the priority, ensuring adequate liquidity as the second priority, and maximizing yield as the third priority. This past year, the Local Agency Investment Fund (LAIF) earnings rate averaged 0.6%. 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 continued funding to 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 20% of budget expenditures in General fund reserve. In FY221-22, the City contributed \$5 million to CalPERS pension unfunded accrual liability (UAL) and \$1.5 million to the California Employer’s Retiree Benefit Trust (CERBT). The City will continue to prepare for the increase in the annual CalPERS payments and to rebuild the CalPERS Reserve.

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 upto \$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 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 ACFR and the related liabilities reflected in the statements. As of June 30, 2022, the City’s net OPEB obligation was valued at \$0.78 million, an amount reflected in the government-wide statements. The City has contributed \$1.5 million in CERBT in FY21-22

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 \$ 1.6 million (includes one time American rescue plan act, ARPA funds of \$3.6 million) before transfers, for Fiscal Year 2021-22. At year end, the total General fund balance equaled \$19.6 million with an unassigned fund balance of \$9.1 million after commitments and assignments.

As planned for in the budget process, this surplus must be allocated to maintain the City’s Operating Reserve at 20% and allocating major funding to capital improvements, such as street maintenance and annual facilities improvements. At year end, the City’s Operating Reserve is at \$8.76 million, 20.6%, and the Capital Project fund reserve is at \$11.8 million. These non-operating and transfer activities are as follows:

- \$230,000 transfer in from Public safety grant funds and others
- \$292,614 transfer in from Enterprise fund to pay portion of the CalPERS UAL
- \$903,013 transfer out for equipment replacement
- \$3,932,956 transfer out for capital projects
- \$23,939 transfer out for Storm drain fund
- \$384,000 transfer out for funding Internal service fund

The General Fund's key revenue streams continue to grow at a steady pace. Property tax, which accounts for nearly 57.8% of the City's revenues, continues to be the strongest driver with an increase of 5.7% in FY 2021-22 over the prior year.

Table of Revenues compared to Last Year and Current Year Budget

Revenue (in Millions)	FY2021 Actual	FY22 Budget	FY22 Actual	Actual Var%	Budget Var%
Property tax	28.46	30.31	30.09	5.7%	-0.7%
Sales tax	3.00	3.45	3.74	24.8%	8.3%
Utility users	2.92	2.73	3.09	6.1%	13.3%
Other tax	2.31	2.36	3.55	53.7%	50.3%
Licenses, permits and fees	4.39	4.16	4.62	5.3%	11.0%
Grants and donations (Including ARPA)	3.99	3.60	3.90	-2.2%	8.4%
Charges for services	2.96	2.75	3.64	23.1%	32.4%
Fines and forfeitures	0.13	0.13	0.17	30.5%	33.5%
Interest and rentals	0.18	0.36	-0.95	-616.0%	-364.5%
Other	0.11	0.12	0.19	76.0%	61.6%
Total Revenue	48.44	49.97	52.04	7.4%	4.1%

Other Tax Revenues details

Other Tax (In Millions)	FY20 Actual	FY21 Actual	FY22 Actual	Actual Var%
Transient Occupancy Tax	2.36	0.66	1.78	168.7%
Motor Vehicle Tax	0.02	0.02	0.04	55.6%
Business License Tax	0.52	0.54	0.61	14.0%
Documentary Transfer Tax	0.58	0.93	1.00	7.0%
Construction Tax	0.12	0.15	0.12	-19.3%
Total Other Tax	3.60	2.30	3.55	53.7%

General fund revenues increased by 7.4% overall in contrast to a 6.4% increase in the prior year. Revenues came in above the annual budget estimates with Sales Tax, UUT, and Other Tax category being the front runners, 50.3% above the budget. Interest income had a large loss. The majority of the interest income loss was unrealized loss of the fair market value recognition on the investment portfolio at the June 30, 2022 measurement date. Property tax grew with an increase of 5.7% from the prior year. Sales tax increased by 24.8%. In the City's other taxes category, Transient Occupancy Tax (TOT) increased by 168.7% on actuals witness the recovery of the economy during the current COVID-19 pandemic. Real estate transfer tax and

documentary transfer tax, grew 7.0% primarily driven by higher real estate activity. Business license tax License and permit fees increased based on development activity and timing of payments within the City. Recreation programs increased 317.8% due to the opening of the new Community Center and other city's facilities.

General fund expenditures were 4.6% lower than final budget. The General fund expenditures came in below General fund revenues by \$1.6 million with one-time revenues related to grants American Rescue Plan Act (ARPA).

Other Funds

Capital Project Funds: Expenditures in the Capital Projects fund were \$7.4 million. The year end fund balance stood at \$11.8 million. Based on commitments in the Capital budget for the period FY 22-26, the reserves will be insufficient to fulfill commitments at the end of the FY2023 unless additional funding sources are identified and/or Capital projects are deferred or canceled.

Special Revenue, Internal and Enterprise Funds: All other Governmental and Business Type funds results were as expected. In Lieu Parkland, special revenue funds ended the year with a combined balance of \$14.9 million while Enterprise funds ended the year with a combined net position of \$30.3 million.

Fiduciary 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 Blue Oak Lane Sewer special assessment district is classified in the custodial group in recognition of the limited nature of this debt which is fully collateralized by homeowner assessments without City obligation.

ECONOMIC TRENDS

Various factors influence our current economic outlook. Revenues overall were better than budget. The City's sales and use tax is gradually recovering from the pandemic. However, the hotel tax is recovering at a slower pace, 75% of pre-pandemic level. Expenses are up markedly, due primarily to inflationary pressures and open positions that required consultants. City's expenses increased 37% compared to FY2021.

Interest rates rose precipitously during the year. This was triggered by the Fed increasing interest rates in an effort to tackle high inflation. The Conference Board forecasts that economic weakness will intensify and spread more broadly throughout the US economy over the coming months with the possibility of a recession. This outlook is associated with persistent inflation and rising hawkishness by the Federal Reserve. The board forecasts that 2023 growth will slow to zero percent year-over-year.

The US Bureau of Statistics reported that job openings rose during 2022 from the prior fiscal year. Per California Employment Development Department (EDD), the California's unemployment rate¹ is at 4.1%.

The last quarter of the Fiscal Year 2020 and the entirety of Fiscal Year 2021 were marked by the impacts of the novel coronavirus, COVID-19 pandemic. The declaration of local and state-wide emergencies and public health orders closed large parts of the economy to encourage physical distancing and protect public health. Since the initial public health orders, restrictions have been applied and lifted with regularity. This caused a severe impact on economic activity. However, for the past fiscal year sales tax has recovered to pre-pandemic levels. While transient occupancy tax continues to lag, it has improved substantially from 2021 levels.

As of November of 2022, the national unemployment rate² was 3.6%, down from 6.0% in November of the prior year and down from peak pandemic unemployment of 14.8% in April 2020. The San Jose-Sunnyvale-Santa Clara Metropolitan statistical area reported an unemployment rate of 2.1% as of December 2022³.

As public health restrictions ease and City facilities and programs continue to reopen, the FY22 & FY23 budget includes increases in expenditures and additional staffing to support these changes. The economic recovery is expected to continue over the next two years. Accordingly, staff developed a budget for FY22 that served as a bridge year between the deepest moments of the pandemic and the return to normalcy. We expect it to be a year of continued recovery from the economic recession triggered by the pandemic. Likewise, the budget for FY23 will include the acknowledgment that some areas of operations are still likely to be in recovery, and not yet restored to pre-pandemic levels of operation.

The City continues to perform fairly but was unable to maintain target reserve levels without delaying or canceling capital projects. As we move forward, we remain constantly aware of the financial challenges that face all local municipalities in particular the financial challenges caused by the COVID-19 pandemic, the effects of which will continue to impact the City for multiple years to come. In addition, we continue to monitor and plan to address the significant rises in pension, healthcare, and construction costs. Given the reliance on property tax revenues and the higher revenues in Community Development and other revenue streams, we must remain ever vigilant in monitoring economic trends and long-term financial issues. Only through fiscal stewardship, proper budgeting and prudent use of our reserves, the City of Los Altos will be set to continue its commitment to taking care of its capital needs and residents for the foreseeable future.

1. https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-november-2022/

2. <https://www.bls.gov/cps/>

3. <https://www.bls.gov/charts/metro-area-employment-and-unemployment/metro-area-unemployment-rates-map.htm#>

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 ACFR for the fiscal year ending June 30, 2021. In the last 16 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 ACFR. 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 ACFR 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, Minh Nguyen, and Laura Knott. 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, Jon Maginot and the Executive Team for their leadership and oversight in managing the financial operations of the City.

Respectfully submitted,



Gabriel Engeland
City Manager



June Du
Finance Director

City of Los Altos

List of Principal Officials

As of June 30, 2022

ELECTED OFFICIALS

Mayor Sally Meadows
 Vice Mayor Johnathan Weinberg
 City Council..... Neysa Fligor
 City Council..... Lynette Lee Eng
 City Council..... Pete Daily

APPOINTED OFFICIALS

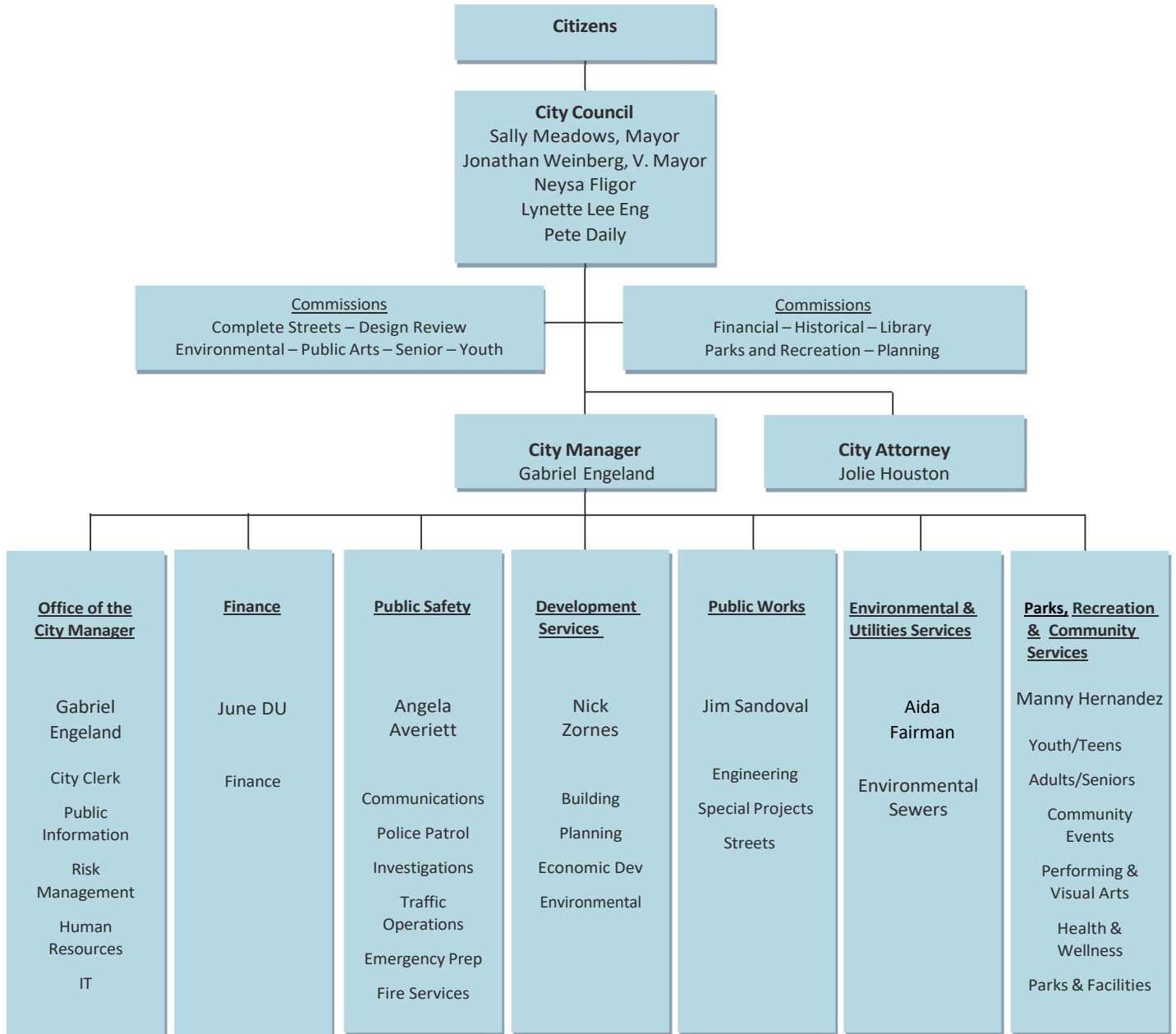
City Manager..... Gabriel Engeland
 City Attorney..... Jolie Houston

EXECUTIVE TEAM

Assistant City Manager..... Jon Maginot
 Development Services Director..... Nick Zornes
 Deputy City Manager..... Vacant
 Chief of Police..... Angela Averiett
 Environmental and Utilities Services Director..... Aida Fairman
 Finance Director June Du
 Human Resources Director..... Irene Barragan Silipin
 Public Works Director Jim Sandoval
 Parks, Recreation & Community Services..... Manuel Hernandez



City of Los Altos





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Los Altos
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 Alto, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principles

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 87 – Leases, which became effective during the year ended June 30, 2022.

As discussed in Note 10 to the financial statements, the beginning balances of leases receivable and deferred inflows of resources related to leases were restated and increased by \$6,649,732 as of July 1, 2021. As a result, the net effect on beginning fund balance was zero.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

Maze & Associates

Pleasant Hill, California
February 20, 2023

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

As management of the City of Los Altos (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022, in accordance with standards established by the Governmental Accounting Standards Board. We encourage readers to consider the information presented here, in conjunction with additional information furnished in the Letter of Transmittal, which can be found in the preceding introductory section of this report, and with the City's basic financial statements and accompanying notes to those financial statements.

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 are 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, deferred outflows of resources, liability, and deferred inflows of resources, with the difference between the assets plus deferred outflows of resources and liability plus deferred inflows of resources 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 sewer, solid waste, and storm drain.

The government-wide financial statements can be found on pages 29 to 31 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.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Notes to the Basic Financial Statements. The notes provide additional information that is essential, or a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information, such as the budgetary comparison information on the City's General Fund. Each major special revenue fund as well as the schedule of changes in the City's net pension liability for the miscellaneous plan, schedule of the City's proportionate share of the safety cost-sharing plan and the schedules of the City's pension contributions to each plan. This information is intended to furnish additional detail to support the basic financial statements.

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 22 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 19 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 Dram 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 34 to 37 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.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

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 112 to 115 of this report.

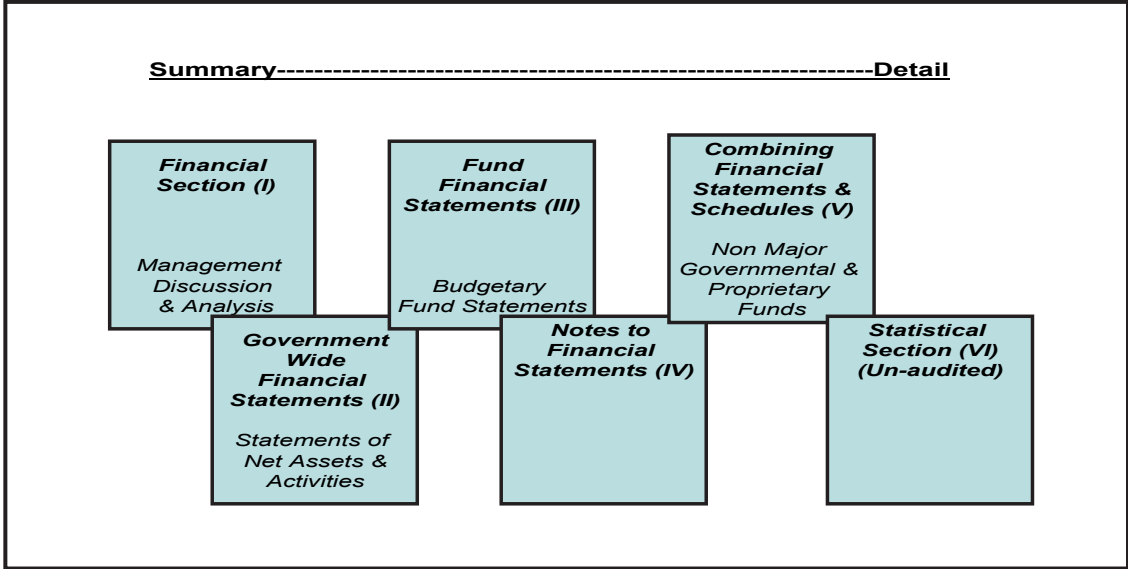
Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These can be found on pages 47 to 91 of this report.

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 one special assessment districts –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:



City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

FINANCIAL HIGHLIGHTS

Financial highlights for the year ended June 30, 2022, include the following:

The City ended its fiscal year on a government-wide basis with total revenues of \$67.31 million, which was an increase of \$5.83 million or 9.5% compared to the prior year, and total expenses of \$68.5 million, an increase of \$18.50 million or 37.0%. The results represent combined government and business operations, with an overall decrease in net position of \$1.17 million primarily due to increased salary, benefits, and inflationary pressure on the supply chain. (See tables 2 and 5 for additional information).

Operational revenue gains were predominantly in Community Development and recreation activities. Sales tax, utility tax, and hotel occupancy tax have gradually recovered to pre-pandemic levels, and has exceeded the projected budget. Property tax has an increase of \$1.7 million. Sewer revenues increased by \$1.15 million as projected, 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 salary and benefit adjustments and using consultants more over time to fill existing staff vacancies. There is also inflation caused by supply chain shortages related to COVID-19. Resource use continues to reflect an emphasis on public safety, infrastructure maintenance, quality of life, and community development activity.

The City 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. The City has also made significant capital investments in the maintenance and improvement of the City-wide sewer systems.

Government-Wide View

This section focuses on the net assets and changes in net assets of the City's governmental activities and business-type activities presented in the Government-wide Statement of Net Position and Statement of Activities. Changes in net position may serve over time as a beneficial indicator of the City's financial position.

- City total assets increased by \$3.6 million to \$202.1 million, of which \$170.1 million represented governmental assets and \$32.1 million represented business-type assets.
- City total liabilities decreased by \$20.0 million to \$48.9 million, of which \$47.5 million were governmental liabilities and \$1.4 million were business-type liabilities.
- City total deferred outflows of resources related to the pension and OPEB increased by \$3.7 million to \$ 13.5 million, of which \$12.8 million represented governmental deferred outflows and \$0.7 million were business-type deferred outflows.
- City total deferred inflows of resources related to the lease, pension, and OPEB increased by \$28.4 million to \$30.0 million, of which \$29.0 million represented governmental deferred inflows and \$1.5 million were business-type deferred inflows.
- City net position decreased by 1.2 million to \$136.7 million, unrestricted net position increased \$6.3 million to \$10.0 million from \$3.8 million, of which -\$4.9 million represented governmental unrestricted net positions \$14.9 million were business type.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

- Total government-wide revenues were \$67.3 million, an increase of \$5.8 million from the prior year's \$61.5 million. The City's governmental activities generated \$58.5 million in revenue, while the business-type activities generated \$8.8 million in revenue.
- Total government-wide expenses were \$66.3 million, an increase of \$4.6 million from the prior year's \$70.8 million. The City's governmental activities reported \$58.3 million in expenses, while the business-type activities reported \$8.0 million in expenses.
- Total governmental fund revenues increased \$5.1 million to \$58.5 million. Total governmental fund expenditures decreased to \$58.3 million in fiscal year 2021-22, a decrease of \$6.8 million from the prior year's \$65.1 million.
- As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Los Altos, the governmental activities total assets exceeded liabilities by \$106.4 million as of June 30, 2022, and \$107.7 million as of June 30, 2021. The net assets for governmental activities decreased by a total of \$1.3 million when compared to prior year.
- Recorded capital assets, including infrastructure, represent only a portion of the City's non-business-type assets. Of the total net assets, \$96.9 million is invested in capital assets, net of related debt, in the current year and \$95.5 million in Fiscal Year 2021. The total recorded capital assets

Fund Level View

- The General Fund realized an operating surplus of \$1.6 million. Revenue surplus came from property tax (\$1.59M), and Other taxes (\$1.25M), sales tax (\$0.74M), and charge for services (\$0.68M). These gains were offset by reduced interest and rental income (1.13M), which were substantially lower due to the impacts of the Covid-19 Pandemic.
- Total governmental fund balances equaled \$46.3 million at fiscal year-end, a slight increase from prior year's fund balance of \$46.2 million.
- General government capital spending totaled approximately \$6.7 million. The level of capital reinvestment in Los Altos reflects a sustained focus on the maintenance of streets, facilities, traffic calming efforts, and safety. The Capital Improvements Projects Fund balance increased by \$0.3 million due to the transfer of a part of the unassigned general fund balance from the prior year to the end of the year.
- The In Lieu Parkland Fund ended the year with a fund balance of \$8.4 million with revenues of \$3.5 million with expenditures and transfers out of \$0.96 million spent on eligible projects and debt service payments.
- The Gas Tax Fund balance increased by \$0.2 million to \$1.8 million after funds were used for capital projects, including surplus revenue for the year.
- Sewer operations ended the year favorably with a net position of \$25.1 million. Operating expenses increased by \$1.6 million or 3.1% because of the planned activity to system maintenance.
- Solid waste operations ended the year favorably in net position of \$5.2 million. Operating expenses increased by \$0.70 million.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

- As in the prior year, the Storm Drain Fund has exhausted available These operations are now fully General Fund-subsidized and will continue to be so until the implementation of a fee-based model.
- The Workers' Compensation Fund ended the year with an unrestricted net position of \$1.3 million, a decrease of \$0.3 million due to claim activity and not providing additional funding. The General Liability Fund ended the year with an unrestricted net position of -\$0.03 million, a decrease of \$0.3 million.
- Other Non-Major Governmental Funds ended the year with a total combined fund balance of \$6.5 million, an increase of \$0.3 million.

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 in the tables below as of June 30, 2022.

As noted earlier, the net position represents the difference between assets, the deferred outflow of resources and liabilities, and the deferred inflow of resources of the City's governmental activities and may over time serve as a useful indicator of the City's financial position. The City's governmental activities, assets, and deferred outflows exceeded liabilities and deferred inflows by \$106.4 million on June 30, 2022. Table 1 summarizes the City's governmental activities net position.

Restricted net assets of \$14.4 million account for approximately 13.6% of the total net assets in the current year, which were \$24.0 million in 2021. The total restricted assets decreased by \$9.6 million or 40% when compared to prior year. The decrease is due to a combination of factors, including an investment of approximately \$11.8 million in capital investments made by the City. The decrease in restricted assets is primarily due to significant investments made by the City to improve the City's infrastructure, including \$2.0 million in Annual Street Resurfacing project, \$1.0 million Fremont Avenue Pavement Rehabilitation project, and \$0.9 million in the improvement of the Los Altos Community Center.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Table 1
Governmental Wide Activities Statement of Net Position (In Millions)

	Governmental Activities		Business- Type Activities	
	2022	2021	2022	2021
Cash and investments	\$ 49.2	\$ 50.8	\$ 16.5	\$ 17.0
Other assets	7.3	9.8	0.3	0.4
Capital assets	113.5	105.8	15.4	14.7
Total assets	170.1	166.4	32.1	32.1
Deferred outflows of resources	12.8	9.5	0.7	0.4
Current liabilities	5.5	10.0	0.2	0.4
Non-current liabilities	42.0	56.7	1.2	1.8
Total liabilities	47.5	66.7	1.4	2.2
Deferred inflows of resources	29.0	1.5	1.1	0.1
Net Position				
Net investment in capital assets	96.9	95.5	15.4	14.7
Restricted	14.4	24.0	0.0	0.0
Unrestricted	(4.9)	(11.8)	14.9	15.5
Total net position	\$ 106.4	\$ 107.7	\$ 30.3	\$ 30.2

Governmental Activities

Of the governmental activities total net position, \$96.9 million, or 91.0%, reflects its net investment in capital assets (e.g., land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The governmental activities total Assets of \$170.1 million represent a \$14.9 million or a 2.2% increase, driven by higher receipts, capital activity, and lower spending due to the pandemic.

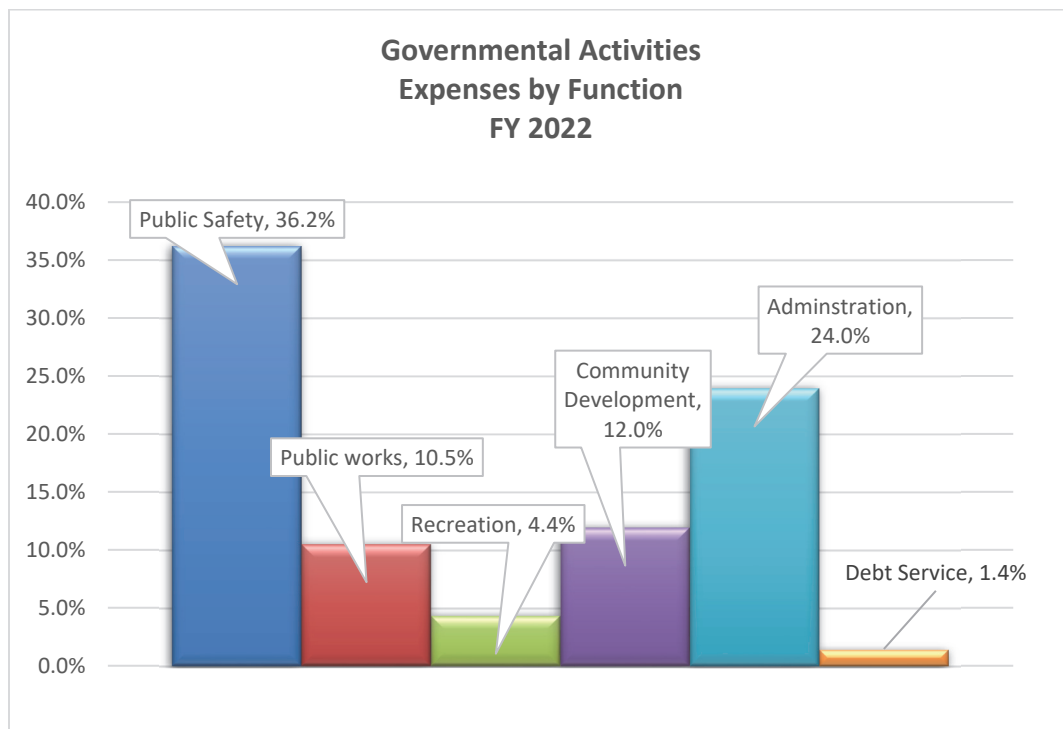
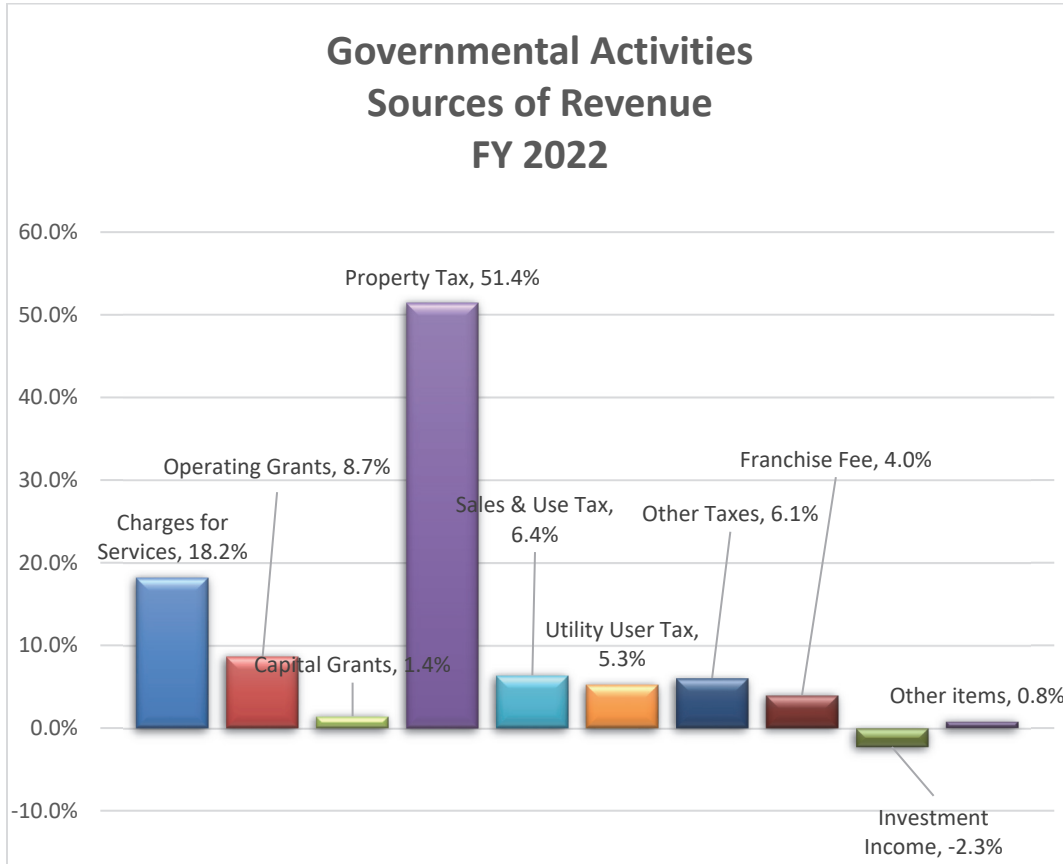
Capital Assets (net) increased by \$7.7 million or 7.2% primarily driven by additions from capital projects activity in the current year.

The governmental activities deferred outflows of resources and deferred inflows of resources are related to the lease, pension and OPEB. The total deferred outflows of resources increased \$3.4 million, and deferred inflows of resources increased \$27.5 million compared to the prior year.

The following charts summarize governmental activities programs and general City revenues available for funding all City programs and major expense program categories.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

For the fiscal year ended June 30, 2022, total revenues from all sources relating to governmental activities excluding transfers were \$58.5 million, and total expenses for all City programs relating to governmental activities were \$60.5 million.



City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

TABLE 2
Change in Net Position - Governmental Activities
(In Millions)

Revenues	2022	2021
Program revenues		
Charges for service	\$ 10.7	\$ 7.3
Operating contributions and grants	5.1	4.8
Capital grants	0.8	1.8
Total program revenues	<u>16.6</u>	<u>13.9</u>
General revenues		
Taxes:		
Property	30.1	28.4
Sales and use	3.7	3.0
Utility User	3.1	2.9
Other taxes	3.5	2.3
Franchise fees	2.3	2.2
Investment income	(1.3)	0.2
Other	0.5	0.4
Total general revenues	<u>41.9</u>	<u>39.5</u>
Total revenues	<u>58.5</u>	<u>53.4</u>
Expenses		
Public Safety	23.8	21.4
Public works	11.5	4.7
Recreation	2.9	2.6
Community Development	7.6	7.0
Administration / Finance	14.3	8.3
Interest on Long Term Debt	0.3	0.2
Total expenses	<u>60.5</u>	<u>44.2</u>
Excess (deficiency) before transfers	(2.0)	9.1
Transfers (Net)	0.7	(2.8)
Change in net position - Governmental Activities	<u>(1.3)</u>	<u>6.3</u>
Net Position - Beginning of year	<u>107.7</u>	<u>101.4</u>
Net Position - End of year	<u>\$ 106.4</u>	<u>\$ 107.7</u>

Table 2 shows that governmental activities expenses, which totaled \$60.5 million, were lower than program revenues for governmental activities of \$58.5 million. These program revenues included \$14.3 million in charges for services, \$1.5 million in operating grants and contributions, and \$0.8 million in capital grants and contributions.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Governmental Fund Revenues

Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for recreational activities and programs; these charges increased by \$3.4 million or 46.4% primarily due to the community development activity and recreation programs being robust during the year.

Operating grants and contributions include amounts contributed by developers and stimulus monies received from the federal government, these are restricted to either grant requirements, or have been designated for one-time expenses, while capital grants and contributions are required to fund capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program-generated revenues. During the year the City was granted \$5.1 million in operating grants including the receipt of the ARPA monies, while capital grants awarded were decrease to \$0.84 million due to the impact of the pandemic.

Governmental Fund Expenditures

Public Safety expenditures increased by \$2.4 million or 11.4% from the prior year. This is primarily higher pension costs from the City’s share of the Safety pension pool and higher depreciation charges, fire service contract, partly offset by vacant positions that decreased other personnel and benefit costs.

Public works expenditures increased by \$6.8 million (144.6%) compared to the prior year primarily due to consultants filling the vacant positions as well as higher operating and maintenance expenses due to inflation.

Community Development expenditures increased \$0.6 million, 9.1% from the prior fiscal year primarily attributable to larger expenses in the housing element, and increased community development activity witnessed by higher revenues derived.

Recreation expenditures were higher by \$0.3 million (13.2%) more than the prior year primarily due to an overall increase in operations and the opening of the new community center and other facilities.

Administration and Finance expenditures increased by \$6.0 million (71.9%) compared to prior year primarily due to a one-time contribution of \$6.5 million to CalPERS and OPEB.

Table 3
Governmental Activities
Program Revenues and Net (Expense) Revenue From Services
(In Millions)

	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Public Safety	\$ 5.1	\$ 4.3	\$ (18.8)	\$ (17.0)
Public works	1.3	2.2	(10.2)	(2.5)
Recreation	1.1	0.3	(1.8)	(2.3)
Community Development	9.1	6.1	1.4	(0.9)
Administration / Finance	0.0	1.0	(14.2)	(7.4)
Interest on Long Term Debt			(0.3)	(0.2)
Totals	\$ 16.6	\$ 13.9	\$ (43.9)	\$ (30.3)

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Business-Type Activities

As shown in Table 4 below, the net position of the City’s business-type activities was \$30.3 million on June 30, 2022. Assets totaling \$32.1 million included a total of \$16.5 million in cash and investments, \$0.3 in receivables and other assets, and \$15.4 million in capital assets. Liabilities totaled \$1.4 million including \$0.2 million in current liabilities and \$1.2 million in non-current liabilities such as compensated absences and other liabilities.

Table 4
Business - Type Activities Statement of Net Position
(In Millions)

	2022	2021
Cash and investments	\$ 16.5	\$ 17.0
Other assets	0.3	0.4
Capital assets	15.4	14.7
Total assets	32.1	32.1
 Deferred outflows of resources	 0.7	 0.4
 Current liabilities	 0.2	 0.4
Non-current liabilities	1.2	1.8
Total liabilities	1.4	2.2
 Deferred inflows of resources	 1.1	 0.1
 Net Position		
Net investment in capital assets	15.4	14.7
Restricted	0.0	0.0
Unrestricted	14.9	15.5
Total net position	\$ 30.3	\$ 30.2

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Table 5 shows that Business type activities expenses, which totaled \$8.0 million, were augmented by revenues of \$8.8 million. These revenues included \$9.2 million in charges for services and \$0.4 million loss in interest, investment earnings, and others, thus adding \$0.1 million to the net position at the end of the year.

Table 5
Change in Net Position - Business-type Activities
(In Millions)

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charges for services	\$ 9.2	\$ 8.0
Total program revenues	9.2	8.0
General revenues		
Investment income and other	(0.4)	0.1
Total revenues	8.8	8.1
Expenses		
Outside Services	5.7	4.4
Employee services	2.0	0.9
Depreciation	0.3	0.4
Total expenses	8.0	5.7
Excess (deficiency) before transfers	0.8	2.4
Transfers	(0.7)	0.0
	0.1	2.4
Change in net position - Business-type Activities		
Net Position - Beginning of year	30.2	27.8
Net Position - End of year	\$ 30.3	\$ 30.2

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 the 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.

As projected in budgetary estimates and the prior year’s 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 lack a fee that pays for these services.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These statements provide more detailed information about the City's major funds. 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 City's or government agency'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 has several governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The City's three major funds are - the General Fund, the In Lieu Parkland Fund, and the Capital Investment Program Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City Council adopts a biennial appropriated budget for its General Fund and other funds. Budgetary comparison statements have been provided in the Required Supplementary Information section for the general fund and major special revenue funds that demonstrate compliance with their budgets.

Proprietary funds

The City maintains two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its Sewer, Solid Waste, and Storm Drain operations, all of which are classified as major funds in the City's Statement of Net Position. Internal service funds are used to accumulate and allocate costs internally among the City's various functions and to build up reserves for future liabilities related to the workforce. The City uses internal service funds to account for such activities as dental reimbursements, Unemployment Insurance, Workers' compensation, and liability insurance. Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as government-wide financial statements, only in more detail. All nine 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 in the Supplemental Information section of this report.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Fiduciary Funds

The City is the agent for certain agencies and assessment districts, holding amounts collected that await payment as directed. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City's fiduciary funds include The North Country Library Authority, and the Blue oak Lane Sewer special district.

Summary Analysis of Governmental Funds

On June 30, 2022, the City's governmental fund balances were \$46.3 million, which is an overall increase of \$0.1 million, or 0.24 %, as compared to the prior fiscal year. The following describes the specifics related to this variance:

- A decrease of \$3.1 million in the General Fund, primarily due to the transfer of \$6.5 million for additional payment to CalPERS and OPEB.
- The In-lieu Parkland fund had higher revenues from development activity of \$3.5 million that were offset by transfers to Capital projects fund for eligible projects and debt services payments to the community center lease and 2004 general obligation bond. (\$0.95M)
- An increase of \$0.37 million in the capital projects funds was due to increased transfers from the general fund and the facilities reserve to fund capital projects such as facilities maintenance and construction of the Community center

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Table 6
Statement of Revenues, Expenditures and Other Financing Sources/Uses
Governmental Funds
(In Millions)

Revenues	2022	2021
Taxes:		
Property	\$ 30.1	\$ 28.5
Sales and Use	3.7	3.0
Utility Users	3.1	2.9
Other taxes	3.5	2.3
Licenses, permits and fees	4.9	4.6
Intergovernmental	5.8	4.2
Grants and Donations	0.5	4.0
Charges for services	4.1	3.2
Fines, forfeitures and penalties	0.2	0.1
Interest and Rentals	(1.3)	0.2
Other	3.8	0.4
	<u>58.5</u>	<u>53.4</u>
Expenditures		
Current:		
Public Safety	21.1	19.4
Public works	6.1	5.6
Recreation	2.5	1.8
Community Development	7.0	6.5
Adminstration / Finance	14.0	7.7
Capital Improvements	6.7	23.3
<i>Debt Service</i>		
Principal	0.5	0.6
Interest and Fiscal Charges	0.3	0.2
Total expenditures	<u>58.3</u>	<u>65.1</u>
Excess (deficiency) before transfers	0.2	(11.7)
Other		
Transfers (net)	(0.1)	10.0
Net change in fund balance	0.1	(1.7)
Beginning Fund Balance* Reinstated	\$ 46.2	47.9
Ending Fund Balance	\$ 46.3	\$ 46.2

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Detailed Analysis of Major Governmental Funds by Fund

General Fund

The General Fund is the chief operating fund of the City. For the year ending June 30, 2022, the total fund balance was \$19.6 million, \$10.3 million of which is non-spendable, restricted, or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds, and other City projects. The unrestricted unassigned fund balance is \$9.1 million, an increase of \$4.1 million from the prior year.

Revenues were \$3.7 million higher in the fiscal year ended June 30, 2022, compared to last fiscal year, a change of 7.4%.

Expenditures increased \$9.4 million in the fiscal year ended June 30, 2022, compared to the last fiscal year, a change of 23.0%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

General Fund Revenues

Property Taxes overall increased by \$1.59 million (5.7%) compared to the prior year. This is primarily attributable to continued increases in property values (assessed value) and increased residential sales activity that increased the tax roll.

Sales and Use Taxes overall increased by \$0.74 million (24.8%) compared to the prior year. The revenue is almost recovered to the pre-pandemic level.

Utility user Taxes overall increased by \$0.19 million (6.7%) compared to the prior year. This was due to normal inflationary increases rather than an increased tax base.

Charges for Services increased by \$0.68 million (23.1%) from the prior year, mainly because of the opening of the new community center and other city facilities for recreational activities.

Grants and donations decreased by \$0.1 million (-2.5%) from the prior year, mainly due to fewer CARES Act stimulus monies allocated to the city in FY22.

Other Taxes increased significantly by \$1.25 million (54.2%) compared to the prior fiscal year, primarily due to the recovery of Transient Occupancy Taxes and real estate document transfer tax from the pandemic.

Interest and Rentals decreased significantly by \$1.13 million (-616.3%) compared to the prior fiscal year, primarily due to the federal reserve bank reducing the discount rates to near zero in their attempts to stimulate the economy.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

General Fund Expenditures

Public Safety expenditures increased by \$1.7 million (8.9%) from the prior year primarily due to increased personnel and benefit costs, fire services contract, offset by lower other expenses.

Public works expenditures increased by \$0.5 million (9.5%) compared to the prior year, primarily due to salary increases.

Community development expenditures increased \$0.1 million (1.8%) from the prior fiscal year, primarily attributable to salary adjustments.

Recreation expenditures were \$0.7 million (41.1%) more than the prior year, primarily due to an overall increase in operations and the opening of the new community center and other city facilities.

Administration and Finance expenditures increased by \$6.3 million (81.4%) compared to the prior year, primarily due to a one-time contribution of \$6.5 million to CalPERS and OPEB.

In-lieu Parkland

The In-lieu Parkland Fund had revenues of \$3.8 million from In Lieu fees received during the year was \$2.22 million higher than the prior year. Expenses included a transfer out to the capital projects fund of \$0.04 million and the debt service payment of 0.9 million.

Capital Investment Program Fund

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2022, its fund balance was \$11.8 million, primarily due to monies transferred from the General Fund.

The Capital budget also has planned appropriations of almost \$48.8 million over the FY 23-26 CIP plan from various funding sources such as Gas tax, General fund, and enterprise funds.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

Summary Analysis of Proprietary Funds

As of June 30, 2022, the Enterprise Funds had a net position balance of \$30.3 million, an increase of \$0.1 million from the prior year or 0.333%. The net position balance of the Internal Service Funds is \$1.3 million, down \$0.97 million from the previous fiscal year, due to the underfunding of workers’ compensation and liability insurance due to the pandemic and using the available fund balances instead.

**Table 7
Change in Fund Net Position - Proprietary Funds
(In Millions)**

	Total Enterprise Funds		Total Internal Service Funds	
	2022	2021	2022	2021
Operating revenues	\$ 9.2	\$ 8.0	\$ 1.6	\$ 0.3
Operating expenses	8.0	5.7	3.3	2.1
Operating income (loss)	1.2	2.3	(1.8)	(1.9)
Non-operating revenues (expenses)	(0.4)	0.1	0.0	0.0
Net income (loss) before contributions and operating transfers	0.8	2.4	(1.8)	(1.9)
Transfers in (out) and Capital Contributions	(0.7)	0.0	0.8	0.0
Change in net position	\$ 0.1	\$ 2.4	\$ (1.0)	\$ (1.9)

Sewer Fund

This fund accounts for the administration and operation of the City’s sewer system. The total net position is \$25.10 million, an increase of \$0.53 million.

Solid Waste Fund

This fund accounts for the administration and operation of the City’s solid waste system. The total net position is \$5.18 million, a decrease of \$0.43 million.

BUDGETARY HIGHLIGHTS OF THE CITY’S GENERAL FUND

Over the course of the year, the City Council revised the City’s budget with adjustments for various revenue and expenditure changes. After taking into account these adjustments, General Fund actual revenues were higher than the final budget by \$2.1million (4.1%), which is primarily attributable to higher recreation fees, transient occupancy tax, sales tax, business License tax, development fees offset by lower interest income causing by the unrealized investment loss.

General Fund actual expenditures were \$2.5 million (-4.6%) under the final budget, with savings from Community Development (\$0.56 million), Public Works (\$0.62 million), Administrative Services (0.60 million), Public Safety (\$0.95 million) partly offset by higher Recreation (-\$0.69 million) due to additional staff cost for reopening city’s facilities.

Net unassigned fund balance for the year was \$9.1 million after accounting for contributions to the Capital projects, Debt service, and others. This represents a \$4.1 million increase from the prior fiscal year.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The City records all of its capital assets, including infrastructure in the Statement of Net Position. Infrastructure includes roads, bridges, signals, and similar assets used by the entire population. The City has recorded its capital assets at historical cost or estimated historical cost if the actual historical cost was not available. In addition, donated fixed assets have been valued at their estimated acquisition value on the date donated.

On June 30, 2022, the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 on the next page:

Table 8
Capital Assets
(in Millions)

	2022	2021
Governmental activities		
Land	\$ 11.7	\$ 14.5
Construction in progress	30.8	45.6
Buildings	21.6	21.6
Improvements	6.5	6.5
Machinery and equipment	7.2	7.1
Infrastructure	68.1	46.6
Less accumulated depreciation	(39.2)	(36.1)
Totals	\$ 106.7	\$ 105.8
 Business-type activities		
Construction in progress	\$ 2.0	\$ 1.4
Buildings	18.0	17.9
Machinery and equipment	1.1	1.1
Infrastructure	8.4	8.1
Less accumulated depreciation	(14.1)	(13.8)
Totals	\$ 15.4	\$ 14.7

On June 30, 2022, the City had assets of \$106.7 million, net of depreciation, invested in a broad range of capital assets used in governmental activities, and \$15.4 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 8 above.

The City depreciates all its capital assets on a straight-line basis over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets may be found in Notes 1 and 5 to the Basic Financial Statements.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

Long Term Debt

On June 30, 2022, the City's debt was comprised of the following:

**Table 9
Outstanding Debt
(In Millions)**

	2022	2021
Governmental activities		
2004 Certificate of Participation	\$ 0.8	\$ 0.9
Community Center Lease	9.1	9.5
Compensated Absenses	1.5	1.9
Total governmental activities debt	\$ 11.3	\$ 12.3
 Business-type activities		
Compensated Absenses	\$ 0.1	\$ 0.1
Total business-type activities debt	\$ 0.1	\$ 0.1
 Total debt	\$ 11.4	\$ 12.4

The City made all required debt service payments on the issues listed above.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The City has enjoyed several consecutive strong financial years. This has been driven by growth in property tax and sales tax and steady revenues from direct services. Economic development and the strength of the Bay Area and national economy have driven continued growth in revenues. Meanwhile, expenses have grown due to inflationary increases, negotiated wage increases, and pension cost increases.

In FY22, Los Altos gradually recovered from COVID-19. Sales tax has increased to \$ 3.75 million. Transit Occupancy tax increased to \$1.78 million from \$0.66 million in FY21.

Even with the ongoing recovery from the COVID-19 pandemic, the city will continue to face financial challenges. There is economic uncertainty remaining from the pandemic, projected increases in pension costs, and a need to identify resources to replace aging capital infrastructure. Funds to replace buildings and other facilities are inadequate as well.

The pension rate for FY21-22 is based on information provided by the California Public Employee’s Retirement System (CalPERS). On July 20, 2022, CALPERS announced preliminary net investment rate of -6.1% for the FY21-22 fiscal year¹. This action, coupled with other assumption changes made by CalPERS, is resulting in a substantial increase in pension contributions for employers.

The City Council renewed its commitment and contributed \$5 million to help reduce future pension costs and \$1.5 million to reduce future retiree health costs.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

The City Council has also identified funding capital infrastructure as a high-priority area and is working to identify current and future facility needs and potential funding options to address those needs.

Major Capital Projects in construction for fiscal years 2021-22 and beyond include:

- \$2,161,056 – Annual Street & City Alley Resurfacing
- \$1,102,380.32 – Fremont Avenue Pavement Rehabilitation
- \$988,017- Annual Sewer System Repair Program
- \$911,682 – Los Altos Community Center Redevelopment
- \$514,711 – Community Chamber AV Equipment
- \$328,980 – Housing Element Update
- \$411,758 – Annual Street Slurry Seal and Stripping
- \$265,553 – Police Records Management & Dispatch system

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the following address: City of Los Altos, Finance Department, 1 North San Antonio Road, Los Altos, California 94022.

A copy of this financial report can be found on the City's website at <http://www.losaltosca.gov>, by selecting "Audited Financials" in the "Quick Links" section and then selecting "Other Financial Reports."

1. <https://www.calpers.ca.gov/page/newsroom/calpers-news/2022/calpers-preliminary-investment-return-2021-22>



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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



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CITY OF LOS ALTOS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$49,243,191	\$16,453,261	\$65,696,452
Accounts receivable	6,921,334	277,202	7,198,536
Prepaid items and inventory (Note 1H)	214,137		214,137
Internal balances			
Total current assets	56,378,662	16,730,463	73,109,125
Noncurrent assets:			
Restricted cash and investments (Note 2)	172,209		172,209
Lease receivable (Note 13)	6,801,671		6,801,671
Capital assets (Note 5):			
Non-depreciable	42,390,055	2,023,475	44,413,530
Depreciable, net of accumulated depreciation	64,318,454	13,332,617	77,651,071
Total noncurrent assets	113,682,389	15,356,092	129,038,481
Total Assets	170,061,051	32,086,555	202,147,606
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 11)	11,251,917	534,617	11,786,534
Related to OPEB (Note 12)	1,585,051	119,305	1,704,356
Total deferred outflows of resources	12,836,968	653,922	13,490,890
LIABILITIES			
Current liabilities:			
Accounts payable	2,559,299	207,723	2,767,022
Interest payable	5,313		5,313
Accrued liabilities	773,146		773,146
Other payable	159,316		159,316
Compensated absences, due in one year (Note 7)	363,325	26,845	390,170
Claims and judgments, due in one year (Note 9)	1,118,735		1,118,735
Long-term debt, due in one year (Note 6)	553,877		553,877
Total current liabilities	5,533,011	234,568	5,767,579
Noncurrent liabilities:			
Compensated absences, due in more than one year (Note 7)	1,089,973	65,423	1,155,396
Claims and judgments, due in more than one year (Note 9)	4,281,567		4,281,567
Net pension liability (Note 11)	26,578,991	1,062,360	27,641,351
Net OPEB liability (Note 12)	737,303	44,127	781,430
Long-term debt, due in more than one year (Note 6)	9,288,374		9,288,374
Total noncurrent liabilities	41,976,208	1,171,910	43,148,118
Total Liabilities	47,509,219	1,406,478	48,915,697
DEFERRED INFLOWS OF RESOURCES			
Related to leases (Note 13)	6,794,296		6,794,296
Related to pension (Note 11)	21,080,731	970,194	22,050,925
Related to OPEB (Note 12)	1,075,352	80,940	1,156,292
Total deferred inflows of resources	28,950,379	1,051,134	30,001,513
NET POSITION (Note 8)			
Net investments in capital assets	96,866,258	15,356,092	112,222,350
Restricted for:			
Debt service	370,388		370,388
Special revenue programs:			
Public safety	207,292		207,292
Recreation	8,350,611		8,350,611
Streets and roads	3,800,332		3,800,332
Public education	724,036		724,036
Parking	900,290		900,290
Other	73,670		73,670
Total Restricted Net Position	14,426,619		14,426,619
Unrestricted	(4,854,456)	14,926,773	10,072,317
Total Net Position	\$106,438,421	\$30,282,865	\$136,721,286

See accompanying notes to financial statements

CITY OF LOS ALTOS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
Public safety	\$23,843,123	\$396,464	\$4,654,649		\$5,051,113
Public works	11,493,177	9,322	427,145	\$839,082	1,275,549
Recreation	2,942,416	1,138,718			1,138,718
Community development	7,635,888	9,062,802	1,277		9,064,079
Admin / community services	14,264,504	47,107			47,107
Interest on long-term debt	306,747				
Total Governmental Activities	60,485,855	10,654,413	5,083,071	839,082	16,576,566
Business-type Activities:					
Sewer	6,899,605	8,282,326			8,282,326
Solid waste	1,092,457	928,788			928,788
Storm drain					
Total Business-type Activities	7,992,062	9,211,114			9,211,114
Total primary government	\$68,477,917	\$19,865,527	\$5,083,071	\$839,082	\$25,787,680
General revenues:					
Taxes:					
Property taxes					
Sales and use taxes					
Utility users' tax					
Other taxes					
Franchise fees					
Total taxes					
Interest income					
Miscellaneous					
Transfers (Note 3)					
Total general revenues					
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
(\$18,792,010)		(\$18,792,010)
(10,217,628)		(10,217,628)
(1,803,698)		(1,803,698)
1,428,191		1,428,191
(14,217,397)		(14,217,397)
(306,747)		(306,747)
(43,909,289)		(43,909,289)
	\$1,382,721	1,382,721
	(163,669)	(163,669)
	1,219,052	1,219,052
(43,909,289)	1,219,052	(42,690,237)
30,086,157		30,086,157
3,738,113		3,738,113
3,093,784		3,093,784
3,545,907		3,545,907
2,339,196		2,339,196
42,803,157		42,803,157
(1,342,487)	(471,307)	(1,813,794)
485,519	44,027	529,546
668,675	(668,675)	
42,614,864	(1,095,955)	41,518,909
(1,294,425)	123,097	(1,171,328)
107,733,679	30,159,768	137,893,447
\$106,439,254	\$30,282,865	\$136,722,119



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MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2022. 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, 2022

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$15,979,547	\$8,388,611	\$12,049,736	\$6,099,589	\$42,517,483
Restricted cash and investments (Note 2)				172,209	172,209
Receivables, net of allowance for uncollectibles:					
Accounts	5,842,234		239,870	803,287	6,885,391
Interest					
Prepays (Note 1H)	103,991				103,991
Lease Receivable (Note 13)	6,801,674				6,801,674
Inventory (Note 1H)	110,143				110,143
Due from other funds (Note 3)	392,175				392,175
Total Assets	\$29,229,764	\$8,388,611	\$12,289,606	\$7,075,085	\$56,983,066
LIABILITIES					
Accounts payable	\$1,892,952	\$38,000	\$438,647	\$158,609	\$2,528,208
Accrued liabilities	773,146				773,146
Other payable	159,316				159,316
Due to other funds (Note 3)				392,175	392,175
Total Liabilities	2,825,414	38,000	438,647	550,784	3,852,845
DEFERRAL INFLOWS OF RESOURCES					
Leases related (Note 13)	6,794,296				6,794,296
Total Deferred Inflows	6,794,296				6,794,296
FUND BALANCES					
Fund balance (Note 8):					
Nonspendable	214,134				214,134
Restricted		8,350,611		6,076,008	14,426,619
Assigned	10,337,346		11,850,959	683,947	22,872,252
Unassigned	9,058,574			(235,654)	8,822,920
Total Fund Balances	19,610,054	8,350,611	11,850,959	6,524,301	46,335,925
Total Liabilities, Deferred inflow of resources and Fund Balances	\$29,229,764	\$8,388,611	\$12,289,606	\$7,075,085	\$56,983,066

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, 2022

Fund balances of governmental funds \$46,335,925

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 106,708,509

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. (5,313)

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 12,836,968
 Deferred inflows (22,156,083)

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 (553,877)
 Long-term debt - noncurrent portion (9,288,374)
 Net pension liability (26,578,991)
 Net OPEB liability (737,303)
 Compensated absences - current portion (363,325)
 Compensated absences - noncurrent portion (1,089,973)

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. 1,330,258

NET POSITION OF GOVERNMENTAL ACTIVITIES \$106,438,421

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, 2022

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$30,086,157				\$30,086,157
Sales tax	3,738,113				3,738,113
Utility users	3,093,784				3,093,784
Other tax	3,545,907				3,545,907
Licenses, permits and fees	4,624,201			\$294,683	4,918,884
Intergovernmental		\$3,757,600	(\$57,085)	2,135,803	5,836,318
Grants and donations	3,899,739		239,870		4,139,609
Charges for services	3,642,018			453,085	4,095,103
Fines and forfeitures	171,611			12,691	184,302
Interest and rentals	(949,567)	(231,752)		(122,367)	(1,303,686)
Other	187,431				187,431
Total Revenues	52,039,394	3,525,848	182,785	2,773,895	58,521,922
EXPENDITURES					
General government					
Public safety	21,117,831				21,117,831
Public works	6,134,367				6,134,367
Recreation	2,540,420				2,540,420
Community development	6,620,784			346,373	6,967,157
Admin / community development	13,968,924				13,968,924
Capital improvements		38,000	6,671,936	3,123	6,713,059
Debt service:					
Principal				533,961	533,961
Interest and fiscal charges	49,438			258,880	308,318
Total Expenditures	50,431,764	38,000	6,671,936	1,142,337	58,284,037
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,607,630	3,487,848	(6,489,151)	1,631,558	237,885
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease					
Transfers in (Note 3)	522,614		7,388,994	2,224,069	10,135,677
Transfers (out) (Note 3)	(5,243,908)	(917,515)	(531,566)	(3,558,013)	(10,251,002)
Total Other Financing Sources (Uses)	(4,721,294)	(917,515)	6,857,428	(1,333,944)	(115,325)
NET CHANGE IN FUND BALANCES	(3,113,664)	2,570,333	368,277	297,614	122,560
BEGINNING FUND BALANCES	22,723,718	5,780,278	11,482,682	6,226,687	46,213,365
ENDING FUND BALANCES	\$19,610,054	\$8,350,611	\$11,850,959	\$6,524,301	\$46,335,925

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, 2022

Net change in fund balances of governmental funds \$122,560

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.

Capital Asset Addition 6,852,326
Adjustment/retirement for capital assets (2,906,095)

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. (3,077,205)

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 534,612

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 470,740
Interest payable 920
Net OPEB liability, and related deferred outflows and inflows of resources 1,408,695
Net pension liability, and related deferred outflows and inflows of resources (3,728,946)

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. (972,865)

Changes in net position of governmental activities (\$1,295,258)

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 2022.

SEWER

To account for the operation (including wastewater 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, 2022

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
ASSETS					
Current Assets:					
Cash and investments (Note 2)	\$11,372,023	\$5,080,436	\$802	\$16,453,261	\$6,725,708
Accounts receivable	159,224	117,978		277,202	35,943
Interest receivable					
Total Current Assets	11,531,247	5,198,414	802	16,730,463	6,761,651
Non-Current Assets:					
Capital assets (Note 5):					
Nondepreciable	2,023,475			2,023,475	
Depreciable	25,474,824		1,969,221	27,444,045	
Less accumulated depreciation	(12,142,207)		(1,969,221)	(14,111,428)	
Total capital assets, net	15,356,092			15,356,092	
Total non-current Assets	15,356,092			15,356,092	
Total Assets	26,887,339	5,198,414	802	32,086,555	6,761,651
DEFERRAL OUTFLOWS OF RESOURCES					
Related to pension (Note 11)	534,617			534,617	
Related to OPEB (Note 12)	93,740	8,522	17,043	119,305	
Total Deferred Outflows	628,357	8,522	17,043	653,922	
LIABILITIES					
Current Liabilities:					
Accounts payable	186,452	21,271		207,723	31,091
Accrued liabilities					
Compensated absences (Note 7)	26,845			26,845	
Claims and judgements (Note 9)					1,118,735
Total Current Liabilities	213,297	21,271		234,568	1,149,826
Long-Term Liabilities					
Compensated absences (Note 7)	65,423			65,423	
Claims and judgements (Note 9)					4,281,567
Net pension liabilities (Note 11)	1,062,360			1,062,360	
Net OPEB liabilities (Note 12)	34,672	3,153	6,302	44,127	
Total Noncurrent Liabilities	1,162,455	3,153	6,302	1,171,910	4,281,567
Total Liabilities	1,375,752	24,424	6,302	1,406,478	5,431,393
DEFERRAL INFLOWS OF RESOURCES					
Related to pension (Note 11)	970,194			970,194	
Related to OPEB (Note 12)	63,596	5,781	11,563	80,940	
Total Deferred Inflows	1,033,790	5,781	11,563	1,051,134	
NET POSITION (Note 8)					
Net investment in capital assets	15,356,092			15,356,092	
Unrestricted (deficit)	9,750,062	5,176,731	(20)	14,926,773	1,330,258
Total Net Position (Deficit)	\$25,106,154	\$5,176,731	(\$20)	\$30,282,865	\$1,330,258

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, 2022

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
OPERATING REVENUES					
Charges for services	\$8,282,326	\$928,788		\$9,211,114	\$1,580,646
Total Operating Revenues	8,282,326	928,788		9,211,114	1,580,646
OPERATING EXPENSES					
Outside services	4,986,448	700,303		5,686,751	54,237
Employee services	1,631,629	392,154		2,023,783	
Repairs and maintenance					
Claims and insurance					3,205,025
Administration					78,249
Depreciation	281,528			281,528	
Total Operating Expenses	6,899,605	1,092,457		7,992,062	3,337,511
Operating Income (Loss)	1,382,721	(163,669)		1,219,052	(1,756,865)
NONOPERATING REVENUES					
Interest income (expenses)	(299,580)	(171,727)		(471,307)	
Grants and donations		44,027		44,027	
Total Nonoperating Revenues	(299,580)	(127,700)		(427,280)	
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)			\$23,939	23,939	1,234,000
Transfers (out) (Note 3)	(554,612)	(138,002)		(692,614)	(450,000)
Total Other Financing Sources (Uses)	(554,612)	(138,002)	23,939	(668,675)	784,000
Change in Net Position	528,529	(429,371)	23,939	123,097	(972,865)
BEGINNING NET POSITION	24,577,625	5,606,102	(23,959)	30,159,768	2,303,123
ENDING NET POSITION (DEFICIT)	\$25,106,154	\$5,176,731	(\$20)	\$30,282,865	\$1,330,258

See accompanying notes to financial statements

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Storm Drain	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$8,445,000	\$888,525		\$9,333,525	\$1,466,954
Cash payments to suppliers for goods and services	(5,159,292)	(703,252)		(5,862,544)	
Cash payment employees for services	(1,555,647)	(399,728)	(\$23,137)	(1,978,512)	
Cash payments to claimants					706,123
Insurance premiums, settlements and rebates					(2,861,646)
Cash Flows from (used for) Operating Activities	1,730,061	(214,455)	(23,137)	1,492,469	(688,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	(554,612)	(138,002)	23,939	(668,675)	784,000
Cash Flows (used for) Noncapital Financing Activities	(554,612)	(138,002)	23,939	(668,675)	784,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(988,017)			(988,017)	
Grants and donations		44,027		44,027	
Cash Flows (used for) Capital and Related Financing Activities	(988,017)	44,027		(943,990)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	(275,295)	(159,399)		(434,694)	
Cash Flows from Investing Activities	(275,295)	(159,399)		(434,694)	
Net Cash Flows	(87,863)	(467,829)	802	(554,890)	95,431
Cash and investments at beginning of period	11,459,886	5,548,265		17,008,151	6,630,277
Cash and investments at end of period	\$11,372,023	\$5,080,436	\$802	\$16,453,261	\$6,725,708
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$1,382,721	(\$163,669)		\$1,219,052	(\$1,756,865)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	281,528			281,528	
Change in assets and liabilities:					
Receivables, net	162,674	(40,263)		122,411	(18,945)
Accounts payable and other accrued expenses	(172,844)	(2,949)	(\$21)	(175,814)	2,686
Due to other funds			(7,969)	(7,969)	(94,747)
Net pension liabilities and deferred inflows and outflows	174,404			174,404	
Net OPEB liabilities	(83,309)	(7,574)	(15,147)	(106,030)	
Compensated absences	(15,113)			(15,113)	
Claims and judgments					1,179,302
Cash Flows from (used for) Operating Activities	\$1,730,061	(214,455)	(23,137)	\$1,492,469	(688,569)

See accompanying notes to financial statements

FIDUCIARY FUNDS

The City of Los Altos only reports one type of Fiduciary Funds: Custodial Funds

Custodial Funds are custodial in nature and does not involve measurement of the results of operations. It is used to account for assets held in a custodial capacity for others and therefore cannot be used to support the City's programs.

CITY OF LOS ALTOS
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Custodial Funds Total</u>
ASSETS	
Cash and investments (Note 2)	\$38,195
Restricted cash and investments (Note 2)	<u>45,828</u>
Total Assets	<u>84,023</u>
NET POSITION	
Restricted for:	
Other governments	<u>84,023</u>
Total Net Position	<u><u>\$84,023</u></u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
FIDUCIARY FUNDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds Total</u>
ADDITIONS	
Fee collections	<u>\$56,346</u>
Total Additions	<u>56,346</u>
DEDUCTIONS	
Distributions	<u>863,346</u>
Total Deductions	<u>863,346</u>
Net increase(decrease) in net position	(807,000)
Net Position-Beginning	<u>891,023</u>
Net Position-Ending	<u><u>\$84,023</u></u>

See accompanying notes to financial statements



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CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022

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, 2022

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 custodial funds used to account for the operating activities and for the special assessment collections pertaining to the North County Library Authority (NCLA) and Gutter Districts, and Blue Oak Lane Sewer Improvements. Custodial Funds are accounted for on the full 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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

K. 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, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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.

N. 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.

O. 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 assets 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

P. 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, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. 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, 2022.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

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, 2020. The City implemented GASB 87 in the fiscal year 2022.

Future Governmental Accounting Standards (GASB) Pronouncements

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. 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, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The City has not determined its effect on the financial statements.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash Deposits

The City’s cash and investments at June 30, 2022 are presented as follows:

Cash and investments	\$65,696,452
Restricted cash and investments	172,209
Custodial funds:	
Cash and investments	38,195
Restricted cash and investments	45,828
Total cash and investments	\$65,952,684

Cash and investments consist of the following as of June 30, 2022:

Cash on hand	\$2,170
Deposits with financial institutions*	8,780,358
Investments:	
Liquid investments	\$8,980,271
Managed investments	48,189,885
Total cash and investments	\$65,952,684

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

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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

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 Legal Rating
Local Agency Investment Fund	N/A	100%	\$75 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

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, 2022, 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	\$217,971				\$217,971
Government Sponsored Enterprise Agencies:					
Federal National Mortgage Association Notes (FNMA)	1,166,229	\$1,737,083			2,903,312
Federal Home Loan Mortgage Corporation (FHLMC)	298,476	3,675,736			3,974,212
FHMS		7,415	\$8,778		16,193
U.S. Treasury Notes		13,614,769	8,032,184		21,646,953
Supra-National Agency Notes and Bonds	430,760	409,261	505,777		1,345,798
Certificate of Deposit	990,129				990,129
Medium-Term Corporate Notes	275,225	2,163,079	7,012,744	\$1,278,693	10,729,741
Asset-Backed Securities		641,230	1,351,601	4,372,745	6,365,576
Local Agency Investment Funds (LAIF)	8,980,271				8,980,271
Total investments	<u>\$12,359,061</u>	<u>\$22,248,573</u>	<u>\$16,911,084</u>	<u>\$5,651,438</u>	57,170,156
Demand Deposits and Cash on Hand					8,782,528
Total cash and investments					<u>\$65,952,684</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
Government Sponsored Enterprise Agencies:			
Federal National Mortgage Association Notes (FNMA)		\$2,903,312	\$2,903,312
Federal Home Loan Mortgage Corporation (FHLMC)		3,974,212	3,974,212
FHMS		16,193	16,193
U.S. Treasury Notes	\$21,646,953		21,646,953
Supra-National Agency Notes and Bonds		1,345,798	1,345,798
Medium-Term Corporate Notes		10,729,741	10,729,741
Asset-backed Securities		6,365,576	6,365,576
	<u>\$21,646,953</u>	<u>\$25,334,832</u>	46,981,785
<i>Investments Measured at Amortized Cost:</i>			
Certificates of Deposit			990,129
Money Market Mutual Fund			217,971
California Local Agency Investment Fund (LAIF)			8,980,271
Cash in banks and on hand			<u>8,782,528</u>
			<u>\$65,952,684</u>

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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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.

At June 30, 2022, the City’s deposit and investments were rated as follows:

Investment TyRe	Credit Quality Ratings		Market Value
	Moody's	S&R	
Securities of Government SRonsored EnterRrise Agencies:			
Federal National Mortgage Association Notes (FNMA)	Aaa	AA+	\$2,903,312
Federal Home Loan Mortgage CorRorate Notes (FHLMC)	Aaa	AA+	3,974,212
FHMS	Aaa	AA+	16,193
U.S. Treasury Notes	Aaa	AA+	21,646,953
Medium-Term Corporate Notes:			
PNC Bank NA Corp	A2	A	275,225
IBM Corp Notes	A2	A-	250,582
Goldman Sach Corp	A2	BBB+	150,514
Charles Schwab Corp (Callable)	A2	A	167,864
Comcast Corp (Callable)	A3	A-	200,572
Amazon.com Inc.	A1	AA	213,899
Citigroup Inc.	A3	BBB+	220,396
United Health Group Inc.	A3	A+	181,022
Caterpillar Financial Service	A2	A	260,790
Astrazeneca Finance LLC (Callable)	A3	A-	274,969
Hormel Foods (Callable)	A1	A	166,095
John Deere Capital Corp	A2	A	76,376
Target Corp.	A2	A	200,588
Bank of America (Callable)	A2	A-	198,743
Bristol Myers Squibb Co. (Callable)	A2	A+	82,479
American Express Co. (Callable)	A2	BBB+	219,157
American Honda Finance	A3	A-	173,967
PACCAR Financial Corp	A1	A+	136,418
Unilever Capital Corp. (Callable)	A1	A+	94,293
Goldman Sachs Group Inc.	A2	BBB+	143,675
Toyota Motor Credit Corp	A1	A+	188,037
Bank of America Corp (Callable)	A2	A-	262,274

(Continued)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

John Deere Capital Corp	A2	A	208,322
Cooperative Rabo Bank UA	Aa2	A+	235,255
American Honda Finance	A3	A-	237,462
Linde INC/CT (Callable)	A2	A	172,194
National Rural Utility Coop	A2	A-	167,488
Merck & Co. Inc.	A1	A+	128,293
Toyota Motor Credit	A1	A+	190,654
JP Morgan Chase & Co. (Callable)	A2	A-	160,220
American Express Co. (Callable)	A2	BBB+	144,393
Exxon Mobil Corp	Aa2	AA-	127,158
John Deere Capital Corp	A2	A	72,484
Abbott Laboratories Corp (Callable)	A1	AA-	162,805
Unilever Capital Corp (Callable)	A1	A+	124,895
Burlington North Santa Fe (Callable)	A3	AA-	123,257
Paccar Financial Corp	A1	A+	246,998
Amazon.com Inc	A1	AA	346,960
Home Depot Inc (Callable)	A2	A	39,148
Brown-Forman Corp Notes (Callable)	A1	A-	114,485
Bank of NY Mellon (Callable)	A1	A	492,157
Citigroup Inc.	A3	BBB+	163,900
Cintas Corporation No. 2 Corp Note (Callable)	A3	A-	175,252
Caterpillar Finl Service	A2	A	124,509
General Dynamics Corp (Callable)	A3	A-	164,532
Hershey Co. (Callable)	A1	A	120,494
JP Morgan Chase & Co. (Callable)	A2	A-	322,714
Honeywell Intl Corp (Callable)	A2	A	165,024
Trust Financial Corp (Callable)	A3	A-	230,009
National Australia BK/NY	Aa3	AA-	252,620
National Rural Utility Coop	A2	A-	99,431
JP Morgan Chase & Co. (Callable)	A2	A-	225,367
Morgan Stanley	A1	A-	84,979
Bank of America	A2	A-	223,762
Bristol Myers Squibb Co.	A2	A+	113,834
State Street Corp (Callable)	A1	A	105,660
Morgan Stanley (Callable)	A1	A-	278,352
State Street Corp (Callable)	A1	A	246,739
Certificates of DeRosit			
DNB Bank ASA/NYLT	P-1	A-1+	573,403
Credit Suisse New York Cert	P-1	A-1	416,726
Asset-backed Securities	Aaa	AAA	2,258,093
Asset-backed Securities	Aaa	NR	994,006
Asset-backed Securities	NR	AAA	3,113,477
Supra-National Agency Notes and Bonds	Aaa	AAA	1,345,798
Money Market	Aaa	AAAm	217,971
Subtotal			48,189,885
Not Rated:			
Cash on hand	Not Rated	Not Rated	2,170
US Bank General Checking	Not Rated	Not Rated	8,473,534
Money Market (Sweep Account)	Not Rated	Not Rated	306,824
Local Agency Investment Funds (LAIF)	Not Rated	Not Rated	8,980,271
Total Investments			\$65,952,684

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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, 2022, the City's bank balance was \$10,599,883 and the corresponding carrying book balance was \$9,115,138. Of the bank balance, \$250,000 was covered by federal depository insurance and \$8,865,138 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.

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, 2022, the City held \$8,980,271 in LAIF. The LAIF fair value factor of 0.987125414 was used to calculate the fair value of the investments in LAIF and average maturity of 311 days.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 - INTERFUND TRANSACTIONS

A. Transfers

Transfers between funds during the fiscal year ended June 30, 2022 were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount	
General Fund	Non Major Governmental Fund	\$903,013	E
	Capital Projects Fund	3,932,956	A
	Storm Drain Fund	23,939	F
	Internal Services Funds	384,000	G
In-Liew Park Land Special Revenue Fund	Non Major Governmental Funds	789,490	D
	Capital Project Fund	128,025	A
Non-Major Governmental Funds	General Fund	230,000	C & H
	Capital Projects Fund	3,328,013	A
Capital Projects Fund	Non Major Governmental Funds	531,566	B
Sewer Fund	General Fund	254,612	G
	Internal Services Funds	300,000	G
	General Fund	38,002	G
Solid Waste Fund	Internal Services Funds	100,000	G
	Internal Services Funds	450,000	F
		\$11,393,616	

Interfund transfers were principally used for the following purposes,

- (A) To Fund Capital Projects
- (B) To Cover Negative Cash at June 30 2022
- (C) Public Safety Related Funds paid to the General Fund
- (D) To Maintain Minimum Fund Balance in Debt Service
- (E) Equipment Replacement
- (F) To Maintain Minimum Fund Balance
- (G) Additional Payment to PERS
- (H) Reimburse Expenses

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, 2022:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Non-Major Governmental Funds	\$392,175

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022, the outstanding balance of this loan was fully repaid.

NOTE 5 - CAPITAL ASSETS

A. Government-wide Financial Statements

At June 30, 2022, 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	\$30,747,770	\$2,023,475	\$32,771,245
Land	11,642,285		11,642,285
Total nondepreciable assets	<u>42,390,055</u>	<u>2,023,475</u>	<u>44,413,530</u>
Depreciable assets:			
Buildings	21,637,868	17,959,980	39,597,848
Improvements	6,537,672		6,537,672
Machinery and equipment	7,233,195	1,066,804	8,299,999
Infrastructure	68,141,524	8,417,261	76,558,785
Total depreciable assets	103,550,259	27,444,045	130,994,304
Less accumulated depreciation	<u>(39,231,805)</u>	<u>(14,111,428)</u>	<u>(53,343,233)</u>
Total depreciable assets, net	<u>64,318,454</u>	<u>13,332,617</u>	<u>77,651,071</u>
Total capital assets	<u>\$106,708,509</u>	<u>\$15,356,092</u>	<u>\$122,064,601</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets for governmental activities for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Transfers	Adjustments	Balance June 30, 2022
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$14,500,134			(\$2,857,849) (A)	\$11,642,285
Construction in progress	45,660,831	\$6,665,769	(\$21,578,830)		30,747,770
Total capital assets, not depreciated	<u>60,160,965</u>	<u>6,665,769</u>	<u>(21,578,830)</u>	<u>(2,857,849)</u>	<u>42,390,055</u>
Buildings	21,637,868				21,637,868
Improvements	6,537,672				6,537,672
Machinery and equipment	7,094,884	186,557		(48,246)	7,233,195
Infrastructure	46,562,694		21,578,830		68,141,524
Total cost of depreciable assets	<u>81,833,118</u>	<u>186,557</u>	<u>21,578,830</u>	<u>(48,246)</u>	<u>103,550,259</u>
Less accumulated depreciation:					
Buildings	(11,428,307)	(398,477)			(11,826,784)
Improvements	(2,769,868)	(177,675)			(2,947,543)
Machinery and equipment	(5,275,823)	(305,258)			(5,581,081)
Infrastructure	(16,680,602)	(2,195,795)			(18,876,397)
Total accumulated depreciation	<u>(36,154,600)</u>	<u>(3,077,205)</u>			<u>(39,231,805)</u>
Net depreciable assets	<u>45,678,518</u>	<u>(2,890,648)</u>	<u>21,578,830</u>	<u>(48,246)</u>	<u>64,318,454</u>
Governmental Activity Capital Assets, Net	<u>\$105,839,483</u>	<u>\$3,775,121</u>		<u>(\$2,906,095)</u>	<u>\$106,708,509</u>

(A) Reclassification to land held for development per City Council decision

The governmental activities depreciation expenses for capital assets for the year ended June 30, 2022 are as follows:

Functions/Programs	Total
Public safety	\$151,431
Public works	2,262,153
Recreation	470,262
Community development	815
Admin / community services	192,544
Total depreciation expense	<u>\$3,077,205</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 - CAPITAL ASSETS (Continued)

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

	Balance June 30, 2021	Additions	Transfers	Balance June 30, 2022
Business-Type Activities:				
Capital assets, not depreciated:				
Construction in progress	\$1,361,354	\$988,017	(\$325,896)	\$2,023,475
Total capital assets, not depreciated:	<u>1,361,354</u>	<u>988,017</u>	<u>(325,896)</u>	<u>2,023,475</u>
Capital assets, being depreciated:				
Buildings	17,959,980			17,959,980
Machinery and equipment	1,066,804			1,066,804
Infrastructure	8,091,365		325,896	8,417,261
Total cost of depreciable assets	<u>27,118,149</u>		<u>325,896</u>	<u>27,444,045</u>
Less accumulated depreciation:				
Buildings	(10,674,955)	(217,810)		(10,892,765)
Machinery and equipment	(876,090)	(55,571)		(931,661)
Infrastructure	(2,278,855)	(8,147)		(2,287,002)
Total accumulated depreciation	<u>(13,829,900)</u>	<u>(281,528)</u>		<u>(14,111,428)</u>
Net depreciable assets	<u>13,288,249</u>	<u>(281,528)</u>	<u>325,896</u>	<u>13,332,617</u>
Business-type Activity Capital Assets, Net	<u>\$14,649,603</u>	<u>\$706,489</u>	<u>\$ -</u>	<u>\$15,356,092</u>

Depreciation expense for business-type activities related to the Sewer Fund amounted to \$281,528 for the year ended June 30, 2022.

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.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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, 2022 is as follows:

	Balance at June 30, 2021	Retirements	Balance at June 30, 2022	Due Within One Year	Due in More Than One Year
2004 Certificate of Participation	\$880,000	(\$130,000)	\$750,000	\$140,000	\$610,000
Direct Borrowing-Community Center Lease	9,496,863	(404,612)	9,092,251	413,877	8,678,374
Total	<u>\$10,376,863</u>	<u>(\$534,612)</u>	<u>\$9,842,251</u>	<u>\$553,877</u>	<u>\$9,288,374</u>

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, 2022.

Direct Borrowing - Community Center Lease Agreement: On December 1, 2020, the City entered into Lease Agreements with the Public Property Financing Corporation of California, which subsequently assign the Agreement to Sterling National Bank (Assignee), under which the City leased certain facilities and the land on which the City’s Community Center is located, for which the Assignee made a one-time up-front lease payment to the City in the amount of \$10,000,000. Simultaneously, the City will lease back from the Assignee with annual lease payments over a lease term of 19 years, at a fixed interest rate of 2.290% per year. The Sublease is secured by the leased property. The Sublease is repayable in semi-annual payments beginning June 2021 through June 30, 2040. The pledge of repayment is from the General Fund.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

At June 30, 2022, future debt service requirements were as follows:

Years ending June 30	2004 COP		Direct Borrowing Community Center Lease		Total
	Principal	Interest	Principal	Interest	
2023	\$140,000	\$31,875	\$413,877	\$208,213	\$793,965
2024	140,000	25,925	423,355	198,735	788,015
2025	150,000	19,975	433,050	189,040	792,065
2026	155,000	13,600	442,967	179,123	790,690
2027	165,000	7,012	453,111	168,979	794,102
2028-2032	-	-	2,426,030	684,418	3,110,448
2033-2037	-	-	2,716,829	393,620	3,110,449
2038-2040	-	-	1,783,032	82,257	1,865,289
Total	<u>\$750,000</u>	<u>\$98,387</u>	<u>\$9,092,251</u>	<u>\$2,104,385</u>	<u>\$12,045,023</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.

	Balance June 30, 2021	Retirements	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
Blue Oak Lane	\$485,000	(\$15,000)	\$470,000	\$15,000	\$455,000
Total	<u>\$485,000</u>	<u>(\$15,000)</u>	<u>\$470,000</u>	<u>\$15,000</u>	<u>\$455,000</u>

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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 - COMPENSATED ABSENCES PAYABLE

The City’s compensated absences at June 30, 2022, were as follows:

	Governmental Activities	Business-type Activities	Total
Balance at July 1, 2021	\$1,924,038	\$107,381	\$2,031,419
Additions	215,462	36,390	251,852
Payments	(686,202)	(51,503)	(737,705)
Balance at June 30, 2022	<u>\$1,453,298</u>	<u>\$92,268</u>	<u>\$1,545,566</u>
Current Portion	<u>\$363,325</u>	<u>\$26,845</u>	<u>\$390,170</u>
Long-Term Portion	<u>\$1,089,973</u>	<u>\$65,423</u>	<u>\$1,155,396</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.

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 2020/2021, 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’s reserve goal is at 17.5% during fiscal year 2020/21 based on total expenses for the year.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

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, 2022, 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.
- *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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

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.

E. Fund Balances

Fund balances for all the major and non-major governmental funds as of June 30, 2022 were distributed as follows:

Fund Balance Classifications	General	In Lieu Park Land	Capital Projects	Other Governmental Funds	Total
Nonspendables:					
Inventory and prepaids	\$214,134				\$214,134
Total Nonspendable Fund Balances	214,134				214,134
Restricted for:					
Debt service				\$370,388	370,388
Special revenue programs and projects		\$8,350,611		5,705,620	14,056,231
Total Restricted Fund Balances		8,350,611		6,076,008	14,426,619
Assigned to:					
Emergency and operating	8,757,349				8,757,349
Veteran Memorial reserve	8,615				8,615
PERS and OPEB reserve	292,614				292,614
Technology reserve	1,278,768				1,278,768
Capital and equipment (Note 8I):					
Capital and equipment reserve				683,947	683,947
Construction in progress reserve			\$11,850,959		11,850,959
Total Assigned Fund Balances	10,337,346		11,850,959	683,947	22,872,252
Unassigned	9,058,574			(235,654)	8,822,920
Total Unassigned Fund Balances	9,058,574			(235,654)	8,822,920
Total Fund Balances	\$19,610,054	\$8,350,611	\$11,850,959	\$6,524,301	\$46,335,925

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

F. Net Deficit

The funds listed in the table below had fund balance deficits at June 30, 2022. These deficits are expected to be eliminated by future revenues.

Fund	Fund Deficit
Vehicle Impound Special Revenue Fund	(\$7,309)
Proposition 1B Special Revenue Fund	(1,361)
Traffic Impact Fee Special Revenue Fund	(226,984)
Storm Drain Enterprise Fund	(20)
Liability Insurance Internal Service Fund	(27,720)

G. OPEB Reserves

As of June 30, 2022, \$1,500,000 in General Fund reserves have been assigned in recognition of existing Post-Retirement Health actuarial liability.

H. Encumbrances

The City utilized an encumbrance system during fiscal year 2022 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, 2022 of \$955,964, which is reflected in the fiscal year 2022 budget.

I. Net Investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation	\$106,708,509	\$15,356,092	\$122,064,601
Minus: Capital-related long-term liabilities	(9,842,251)		(9,842,251)
Add: Unspent bond proceeds			
Net Investment in Capital Assets	\$96,866,258	\$15,356,092	\$112,222,350

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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.

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, 2022, the City contributed \$6,609 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, 2022. During the year, the City contributed \$1,355,225 for current year coverage.

As of June 30, 2022, \$115,207 of revolving funds was held in trust on behalf of the City by the workers' compensation third-party claims administrator. \$10,000 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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 - RISK MANAGEMENT (Continued)

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,		
	2022	2021	2020
Unpaid claims, beginning of year	\$4,221,000	\$3,750,000	\$3,492,000
Incurred claims and changes in estimates	1,076,278	68,724	816,675
Claim payments	103,024	402,276	(558,675)
Unpaid claims, end of year	\$5,400,302	\$4,221,000	\$3,750,000
Current Portion	\$1,118,735	\$1,072,302	\$930,123
Long-Term Portion	\$4,281,567	\$3,148,698	\$2,819,877

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, 2020 and projected values through fiscal years 2021 and 2022. The fiscal year 2020-2021 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, 2020 and projected values through fiscal years 2021 and 2022. The estimated amount of claims and judgments due within one year is \$1,072,302.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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. Contributions and reimbursements for the past five fiscal years as follows:

Fiscal year ended June 30,	Contribution Amount	Reimbursement Amount
2018	\$127,800	\$177,094
2019	125,324	238,064
2020	258,874	253,377
2021	264,121	308,786
2022	340,693	340,693
Total	<u>\$1,116,812</u>	<u>\$1,318,014</u>

The dental and vision plan year commences January 1st of each calendar year. An annual maximum dental and vision reimbursements of \$1,939 are provided for each employee and \$1,291 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 PEPRRA 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, 2022

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, 2022, are summarized as follows:

	Miscellaneous - Tier 1
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	14.020%

	Miscellaneous - Tier 2
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	8.650%

	Miscellaneous - PEPR A
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	7.590%

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

	Safety - Tiers 1 and 2
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	23.710%

	Safety - Tier 3
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	20.640%

	Safety - PEPRA
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	13.000%
Required employer contribution rates	13.130%

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 \$5,172,564 in fiscal year 2022.

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, 2022

NOTE 11 - PENSION PLAN (Continued)

For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$3,953,914	\$3,293,372	\$7,247,286

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

As of June 30, 2022, 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	\$15,176,554
Safety	12,464,797
Total Net Pension Liability	\$27,641,351

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2020	0.55%	0.29%
Proportion - June 30, 2021	0.80%	0.36%
Change - Increase (Decrease)	0.25%	0.07%

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$3,903,350. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,953,914	
Differences between actual and expected experience	1,701,888	
Changes in assumptions	-	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(\$190,794)
Net differences between projected and actual earnings on plan investments		(13,248,329)
Adjustments due to differences in proportion	272,790	(389,524)
Miscellaneous Total	\$5,928,592	(\$13,828,647)

Safety Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,293,372	
Differences between actual and expected experience	2,129,600	
Changes in assumptions	-	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(\$803,328)
Net differences between projected and actual earnings on plan investments		(7,418,950)
Adjustments due to differences in proportion	434,970	
Safety Total	\$5,857,942	(\$8,222,278)
Grand total	\$11,786,534	(\$22,050,925)

\$7,247,286 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, 2023. 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
2023	(\$2,483,955)	(\$895,011)	(\$3,378,966)
2024	(2,673,916)	(1,146,063)	(3,819,979)
2025	(3,034,943)	(1,575,042)	(4,609,985)
2026	(3,661,155)	(2,041,592)	(5,702,747)
	(\$11,853,969)	(\$5,657,708)	(\$17,511,677)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2020 total pension liability is based on the following actuarial methods and assumptions:

	Miscellaneous & Safety
Valuation Date	6/30/2020
Measurement Date	6/30/2021
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, 2019 valuation were based on the results of a December 2018 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

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 and forecasted information for 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 rates 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 Annual Comprehensive Financial Report, 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.

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	\$26,170,547	\$21,485,896
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$15,176,554	\$12,464,797
1% Increase	8.15%	8.15%
Net Pension Liability	\$6,087,978	\$5,055,079

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

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

Reduction of CalPERS Discount Rate - In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the 21.3% net return was under the original expected return of 21.7%, which will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall PERF is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year. CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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, 2022, 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 2022 - 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;">2022</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>	2022	\$ 132	\$ 124
<u>Year</u>	<u>Actives</u>	<u>Retirees</u>					
2022	\$ 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 PEPRAs members

For the year ended June 30, 2022, the City’s contributions to the Plan were \$132,024.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	144
Inactive employees or beneficiaries currently receiving benefit payments	73
Inactive employees entitled to but not yet receiving benefit payments	95
Total	312

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2021 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2021 Measurement Date
Valuation Date	January 01, 2021
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	• 6.25% at June 30, 2021
	• 6.75% at June 30, 2020
	• Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	• 2.50% annually
Termination	• CalPERS 2000-2019 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-2021
Salary Increases	• Aggregate - 2.75% annually
	• Merit - CalPERS 2000-2019 Experience Study
Medical Trend	• Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
	• Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
	• Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
PEMHCA Minimum Increases	• 4% 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	59.0%	4.56%
Fixed income	25.0%	0.78%
TIPS	5.0%	-0.08%
Commodities	3.0%	1.22%
REITs	8.0%	4.06%
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, 2022

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, 2020 Measurement Date	\$3,607,820	\$1,982,361	\$1,625,459
Changes Recognized for the Measurement Period:			
Service Cost	201,852		201,852
Interest on the total OPEB liability	252,731		252,731
Changes in benefit terms			-
Differences between expected and actual experience	(617,999)		(617,999)
Changes of assumptions	(5,045)		(5,045)
Contributions from the employer		132,024	(132,024)
Net investment income		545,286	(545,286)
Benefit payments	(131,033)	(131,033)	-
Administrative expenses		(1,742)	1,742
Net changes	(299,494)	544,535	(844,029)
Balance at June 30, 2021 Measurement Date	<u>\$3,308,326</u>	<u>\$2,526,896</u>	<u>\$781,430</u>

The City paid \$131,033 for retiree healthcare plan benefits, including \$84,033 in premium payments for retirees, \$47,000 for implied subsidies, and \$991 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 (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
5.25%	6.25%	7.25%
\$1,231,979	\$781,430	\$408,816

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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: 6.50% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years.
- Medicare (Non-Kaiser): 5.65% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years.
- Medicare (Kaiser): 4.60% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years.

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$338,360	\$781,430	\$1,332,770

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,514,725. At June 30, 2022, 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	\$1,626,491	
Net differences between projected and actual earnings on plan investments		(\$292,929)
Differences between expected and actual experience		(858,941)
Changes in assumptions	77,865	(4,422)
Total	\$1,704,356	(\$1,156,292)

\$1,626,491 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, 2022. 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
2023	(\$201,775)
2024	(196,776)
2025	(198,947)
2026	(211,259)
2027	(108,140)
Thereafter	(161,530)
Total	(\$1,078,427)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 13 - LEASES

A. Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of \$300,000 or more for all funds, based on the future lease payments remaining at the start of the lease.

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 13 - LEASES (Continued)

Lessee

The City is a lessee for miscellaneous leases. If the lease is over the threshold, the City will recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, City generally uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

As of June 30, 2022, the City has no leases over the threshold subject to GASB 87 as a lessee.

B. *Leases Receivable (City as Lessor)*

The provisions of GASB Statement 87 were implemented during fiscal year 2022. As part of the implementation of this Statement, the City has accounted for certain lessor transactions, which required the restatement and increase of General Fund leases receivable and deferred inflows in the amounts of \$6,862,926 as of July 1, 2021. As a result, the net effect on governmental activities beginning net position is zero.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 13 - LEASES (Continued)

The summary for the leases details and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2022 were:

Lessee	Property	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Expiration Date Including Options
Los Altos School District	Blach Gym	8/30/2001	9/1/2121	120	100	9/1/2121
Los Altos School District	Egan Gym	8/30/2001	9/1/2121	120	100	9/1/2121

(Continued below)

Lessee	Interest Revenue	Lease Revenue	Monthly Revenue as of June 30, 2022	Lease Receivable Balance at June 30, 2022	Deferred Inflow of Resources at June 30, 2022
Los Altos School District	\$3,689	\$34,315	\$2,860	\$3,400,837	\$3,397,148
Los Altos School District	3,689	30,626	2,860	3,400,837	3,397,148
	<u>\$7,378</u>	<u>\$64,940</u>	<u>\$5,719</u>	<u>\$6,801,674</u>	<u>\$6,794,296</u>

The future principal and interest lease receivables as of June 30, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2023	\$61,317	\$7,312	\$68,629
2024	61,383	7,246	68,629
2025	61,449	7,180	68,629
2026	61,515	7,114	68,629
2027	61,582	7,048	68,629
2028-2032	308,902	34,244	343,146
2033-2037	310,566	32,580	343,146
2038-2042	312,239	30,907	343,146
2043-2047	313,921	29,225	343,146
2048-2052	315,612	27,534	343,146
2053-2057	317,312	25,834	343,146
2058-2062	319,021	24,125	343,146
2063-2067	320,740	22,407	343,146
2068-2072	322,467	20,679	343,146
2073-2077	324,204	18,942	343,146
2078-2082	325,951	17,196	343,146
2083-2087	327,706	15,440	343,146
2088-2092	329,472	13,675	343,146
2093-2097	331,246	11,900	343,146
2098-2102	333,031	10,116	343,146
2103-2107	334,824	8,322	343,146
2108-2112	336,628	6,518	343,146
2113-2117	338,441	4,705	343,146
2118-2121	672,144	2,451	674,595
Totals	<u>\$6,801,674</u>	<u>\$392,701</u>	<u>\$7,194,374</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 14 - CONTINGENCIES

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, although they could potentially result in a material adverse financial impact on the City, a reasonable estimate of the outcome and impacts could not be made at the financial statement issuance date.

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 15 - 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, 2022

NOTE 15 - 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, CA, 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.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 16 - OTHER COMMITMENTS

A summary of remaining authorized CIP project balances at June 30, 2022 for all City funds by service area are as follows:

Construction in progress:	
Streets and Roadways	\$4,878,973
Pedestrian Safety	2,153,171
Infrastructure and Facilities	17,054,737
Parks	336,351
Sewer	3,775,426
Technology	1,767,511
Community Development	413,250
Storm Drain	323,069
Public Art	45,282
Total	\$30,747,770

NOTE 17 - SUBSEQUENT EVENT

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

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



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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, 2022

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, 2022

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	6/30/2020	6/30/2021
Plan's proportion of the Net Pension Liability (Asset)	0.42907%	0.50595%	0.20298%	0.51409%	0.52958%	0.54011%	0.55138%	0.79927%
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	\$23,257,604	\$15,176,554
Plan's Covered Payroll	7,736,180	7,806,721	8,434,058	8,337,461	9,734,936	9,569,932	10,185,806	10,715,749
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%	228.33%	141.63%
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%	77.71%	81.77%

Measurement Date	Safety Pool							
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's proportion of the Net Pension Liability (Asset)	0.24026%	0.25820%	0.16023%	0.26642%	0.27582%	0.28041%	0.28686%	0.35517%
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	\$19,111,513	\$12,464,797
Plan's Covered Payroll	3,607,754	3,645,893	3,885,679	3,686,478	4,233,297	4,320,366	4,135,400	4,760,661
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%	462.14%	261.83%
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%	73.12%	81.40%

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

**CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022**

**Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2022
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	Fiscal Year 2021	Fiscal Year 2022
Actuarially determined contribution	\$1,081,811	\$1,456,475	\$1,544,680	\$1,769,644	\$1,974,752	\$2,356,569	\$2,588,732	\$3,953,914
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)	(2,588,732)	(3,953,914)
Contribution deficiency (excess)	\$0	\$0	\$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	\$10,715,749	\$11,354,395
Contributions as a percentage of covered payroll	13.86%	17.27%	18.53%	18.18%	20.63%	23.14%	24.16%	34.82%
Notes to Schedule								
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2021

	Safety Pool							
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Actuarially determined contribution	\$924,466	\$1,134,277	\$1,205,365	\$1,390,429	\$1,605,370	\$1,962,129	\$2,201,042	\$3,293,372
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)	(2,201,042)	(3,293,372)
Contribution deficiency (excess)	(\$152,275)	\$0	\$0	\$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	\$4,760,661	\$4,327,156
Contributions as a percentage of covered payroll	29.53%	29.19%	32.70%	32.85%	37.16%	47.45%	46.23%	76.11%
Notes to Schedule								
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2021

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, 2022

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

Measurement Date	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/21</u>
Total OPEB Liability					
Service Cost	\$154,000	\$158,000	\$162,743	\$195,973	\$201,852
Interest	207,000	223,000	238,629	231,856	252,731
Actual vs. expected experience			(524,133)		(617,999)
Assumption changes			128,646		(5,045)
Benefit payments	<u>(134,000)</u>	<u>(142,000)</u>	<u>(161,000)</u>	<u>(117,894)</u>	<u>(131,033)</u>
Net change in total OPEB liability	227,000	239,000	(155,115)	309,935	(299,494)
Total OPEB liability - beginning	<u>2,987,000</u>	<u>3,214,000</u>	<u>3,453,000</u>	<u>3,297,885</u>	<u>3,607,820</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>	<u><u>\$3,607,820</u></u>	<u><u>\$3,308,326</u></u>
Plan fiduciary net position					
Contributions - employer	\$135,000	\$143,000	\$162,000	\$118,972	\$132,024
Net investment income	160,000	134,000	110,961	67,723	545,286
Administrative expense	(2,000)	(4,000)	(1,387)	(2,014)	(1,742)
Benefit payments	<u>(134,000)</u>	<u>(142,000)</u>	<u>(161,000)</u>	<u>(117,894)</u>	<u>(131,033)</u>
Net change in plan fiduciary net position	159,000	131,000	110,574	66,787	544,535
Plan fiduciary net position - beginning	<u>1,515,000</u>	<u>1,674,000</u>	<u>1,805,000</u>	<u>1,915,574</u>	<u>1,982,361</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>	<u><u>\$1,982,361</u></u>	<u><u>\$2,526,896</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>	<u><u>\$1,625,459</u></u>	<u><u>\$781,430</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	52.1%	52.3%	58.1%	54.9%	76.4%
 Covered-employee payroll	<u><u>\$12,546,000</u></u>	<u><u>\$14,000,000</u></u>	<u><u>\$15,000,000</u></u>	<u><u>\$15,000,000</u></u>	<u><u>\$15,366,121</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>	<u><u>10.84%</u></u>	<u><u>5.09%</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, 2022**

**SCHEDULE OF CONTRIBUTIONS
Retiree Healthcare OPEB Plan – Agent Multiple Employer
Last 10 Years***

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022
Actuarially determined contribution	\$304,000	\$313,000	\$333,000	\$343,000	\$316,000
Contributions in relation to the actuarially determined contribution	143,000	314,000	118,972	132,024	1,626,491
Contribution deficiency (excess)	\$161,000	(\$1,000)	\$214,028	\$210,976	(\$1,310,491)
Covered-employee payroll	\$14,000,000	\$15,000,000	\$15,000,000	\$15,366,121	\$16,416,717
Contributions as a percentage of covered-employee payroll	1.02%	2.10%	0.80%	0.9%	9.9%

* 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	• January 1, 2021
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level percent of pay
Amortization Period	• 11-year average fixed period for 2021/22
Asset Valuation Method	• Investment gains and losses spread over 5-year rolling period
Discount Rate	• 6.25%
General Inflation	• 2.50%
Medical Trend	• Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 2000-2019 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-21
PEMHCA Minimum Increases	• 4% 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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property tax	\$30,309,225	\$30,309,225	\$30,086,157	(\$223,068)
Sales tax	3,451,879	3,451,879	3,738,113	286,234
Utility users	2,729,500	2,729,500	3,093,784	364,284
Other tax	2,360,000	2,360,000	3,545,907	1,185,907
Licenses, permits and fees	4,164,350	4,164,350	4,624,201	459,851
Grants and donations		3,598,964	3,899,739	300,775
Charges for services	2,750,150	2,750,150	3,642,018	891,868
Fines and forfeitures	128,500	128,500	171,611	43,111
Interest and rentals	359,000	359,000	(949,567)	(1,308,567)
Other	187,431	116,000	187,431	71,431
Total revenues	46,440,035	49,967,568	52,039,394	2,071,826
Expenditures:				
General government:				
Public Safety	21,682,657	21,682,657	21,117,831	564,826
Public Works	6,750,611	6,750,611	6,134,367	616,244
Recreation	2,471,738	2,471,738	2,540,420	(68,682)
Community development	7,409,836	7,409,836	6,620,784	789,052
Admin/community services	14,569,522	14,569,522	13,968,924	600,598
Debt service:				
Interest and fiscal charges			49,438	(49,438)
Total expenditures	52,884,364	52,884,364	50,431,764	2,452,600
Excess of revenues over expenditures	(6,444,329)	(2,916,796)	1,607,630	(380,774)
Other financing sources (uses):				
Proceeds from Lease				
Transfers in	8,481,196	8,481,196	546,266	(7,934,930)
Transfers out	(14,700,630)	(14,700,630)	(5,267,560)	9,433,070
Total other financing sources (uses)	(6,219,434)	(6,219,434)	(4,721,294)	1,498,140
Net change in fund balance	(\$12,663,763)	(\$9,136,230)	(3,113,664)	\$1,117,366
Fund balance at beginning of year			22,723,718	
Fund balance at end of year			\$19,610,054	

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Interest and rentals			(\$231,752)	(\$231,752)
Intergovernmental	\$5,319,000	\$5,319,000	3,757,600	(1,561,400)
Total Revenues	5,319,000	5,319,000	3,525,848	(1,793,152)
Expenditures:				
Capital improvement	38,000	38,000	38,000	
EXCESS OF REVENUES OVER EXPENDITURES	5,281,000	5,281,000	3,487,848	(1,793,152)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(1,350,000)	(1,979,970)	(917,515)	1,062,455
Total other financing sources (uses)	(1,350,000)	(1,979,970)	(917,515)	1,062,455
NET CHANGE IN FUND BALANCE	\$3,931,000	\$3,301,030	2,570,333	(\$730,697)
Beginning fund balance			5,780,278	
Ending fund balance			\$8,350,611	

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

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.

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, 2022

	General	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
ASSETS				
Cash and investments	\$15,979,547			\$15,979,547
Receivables, net of allowance for uncollectibles:				
Accounts	5,842,234			5,842,234
Interest				
Prepays	103,991			103,991
Notes receivable				
Lease receivable	6,801,674			6,801,674
Inventory	110,143			110,143
Due from other funds	410,863		(\$18,688)	392,175
Total Assets	\$29,248,452		(\$18,688)	\$29,229,764
LIABILITIES				
Accounts payable	\$1,892,952			\$1,892,952
Accrued liabilities	773,146			773,146
Other payable	159,316			159,316
Due to other funds		\$18,688	(\$18,688)	
Total Liabilities	2,825,414	18,688	(18,688)	2,825,414
DEFERRAL INFLOWS OF RESOURCES				
Leases related	6,794,296			6,794,296
Total Deferred Inflows	6,794,296			6,794,296
FUND BALANCES				
Fund balance:				
Nonspendable	214,134			214,134
Assigned	10,337,346			10,337,346
Unassigned	9,077,262	(18,688)		9,058,574
Total Fund Balances	19,628,742	(18,688)		19,610,054
Total Liabilities and Fund Balances	\$29,248,452	(18,688)	(\$18,688)	\$29,229,764

CITY OF LOS ALTOS
 GENERAL FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022

	General	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
REVENUES				
Property tax	\$30,086,157			\$30,086,157
Sales tax	3,738,113			3,738,113
Utility users	3,093,784			3,093,784
Other tax	3,545,907			3,545,907
Licenses, permits and fees	4,624,201			4,624,201
Intergovernmental				
Grants and donations	3,899,739			3,899,739
Charges for services	3,642,018			3,642,018
Fines and forfeitures	171,611			171,611
Interest and rentals	(907,226)	(\$42,341)		(949,567)
Other	187,431			187,431
	52,081,735	(42,341)		52,039,394
EXPENDITURES				
General government				
Public safety	21,117,831			21,117,831
Public works	6,134,367			6,134,367
Recreation	2,540,420			2,540,420
Community development	6,620,784			6,620,784
Admin / community development	13,968,924			13,968,924
Debt Service:				
Interest and fiscal charges	49,438			49,438
	50,431,764			50,431,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,649,971	(42,341)		1,607,630
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in	522,614	23,652		546,266
Transfers (out)	(4,588,451)	(679,109)		(5,267,560)
	(4,065,837)	(655,457)		(4,721,294)
NET CHANGE IN FUND BALANCES	(2,415,866)	(697,798)		(3,113,664)
BEGINNING FUND BALANCES	22,044,608	679,110		22,723,718
ENDING FUND BALANCES	\$19,628,742	(\$18,688)		\$19,610,054



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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, 2022

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>Vehicle Impound</u>	<u>Supplemental Law Enforcement</u>	<u>Gas Tax</u>	<u>Proposition 1B</u>
ASSETS				
Cash and investments		\$207,292	\$1,755,933	
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts			59,030	
Total Assets		<u>\$207,292</u>	<u>\$1,814,963</u>	
LIABILITIES				
Accounts payable				
Due to other funds	\$7,309			\$1,361
Total Liabilities	<u>7,309</u>			<u>1,361</u>
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects		\$207,292	\$1,814,963	
Assigned				
Unassigned	(7,309)			(1,361)
Total Fund Balances	<u>(7,309)</u>	<u>207,292</u>	<u>1,814,963</u>	<u>(1,361)</u>
Total Liabilities and Fund Balances		<u>\$207,292</u>	<u>\$1,814,963</u>	

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
\$56,086		\$899,731		\$17,584	
		2,000			\$88,358
\$56,086		\$901,731		\$17,584	\$88,358
		\$1,441	\$226,984		
		1,441	226,984		
\$56,086		900,290		\$17,584	\$88,358
			(226,984)		
56,086		900,290	(226,984)	17,584	88,358
\$56,086		\$901,731		\$17,584	\$88,358

(Continued)

CITY OF LOS ALTOS
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2022

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SB1 Road Maintenance Rehabilitation	Traffic Congestion Relief Program
ASSETS				
Cash and investments	\$203,327	\$1,152,610	\$269,442	
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts	22,419		57,265	
Total Assets	\$225,746	\$1,152,610	\$326,707	
LIABILITIES				
Accounts payable				
Due to other funds				
Total Liabilities				
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects	\$225,746	\$1,152,610	\$326,707	
Assigned				
Unassigned				
Total Fund Balances	225,746	1,152,610	326,707	
Total Liabilities and Fund Balances	\$225,746	\$1,152,610	\$326,707	

<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUNDS</u>		
<u>Measure B</u>	<u>Public Art</u>	<u>Equipment Replacement</u>	<u>General</u>	<u>Los Alto Community Center Lease</u>	<u>Total Non-major Governmental Funds</u>
	\$498,290	\$841,115	\$198,179 172,209		\$6,099,589 172,209
<u>\$574,215</u>					<u>803,287</u>
<u>\$574,215</u>	<u>\$498,290</u>	<u>\$841,115</u>	<u>\$370,388</u>		<u>\$7,075,085</u>
		\$157,168			\$158,609 392,175
<u>\$156,521</u>					<u>392,175</u>
<u>156,521</u>		<u>157,168</u>			<u>550,784</u>
			\$370,388		370,388 5,705,620 683,947 (235,654)
417,694	\$498,290	683,947			
<u>417,694</u>	<u>498,290</u>	<u>683,947</u>	<u>370,388</u>		<u>6,524,301</u>
<u>\$574,215</u>	<u>\$498,290</u>	<u>\$841,115</u>	<u>\$370,388</u>		<u>\$7,075,085</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, 2022

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
REVENUES				
Charges for services				
Licenses, permits and fees				
Intergovernmental		\$161,285	\$724,874	
Fines and forfeitures	\$12,691			
Interest and rentals			(72,366)	(\$1,361)
Other				
Total Revenues	12,691	161,285	652,508	(1,361)
EXPENDITURES				
Current:				
Public safety				
Community development				
Capital improvements				
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,691	161,285	652,508	(1,361)
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in				
Transfers (out)	(20,000)	(100,000)	(858,013)	(44,542)
Total Other Financing Sources (Uses)	(20,000)	(100,000)	(858,013)	(44,542)
NET CHANGE IN FUND BALANCES	(7,309)	61,285	(205,505)	(45,903)
BEGINNING FUND BALANCES		146,007	2,020,468	44,542
ENDING FUND BALANCES	(\$7,309)	\$207,292	\$1,814,963	(\$1,361)

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
		\$67,569	\$227,114		\$88,358
		(16,453)	(2,785)	(\$554)	
		51,116	224,329	(554)	88,358
			833		
			833		
		51,116	223,496	(554)	88,358
	\$531,566	(40,000)	(472,122)		
	531,566	(40,000)	(472,122)		
	531,566	11,116	(248,626)	(554)	88,358
\$56,086	(531,566)	889,174	21,642	18,138	
\$56,086		\$900,290	(\$226,984)	\$17,584	\$88,358

(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, 2022

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SBI Road Maintenance Rehabilitation	Traffic Congestion Relief Program
REVENUES				
Charges for services	\$97,626			
Licenses, permits and fees				
Intergovernmental		\$593,625	\$567,661	
Fines and forfeitures				
Interest and rentals	(24,023)	29,584	(13,994)	(\$3,013)
Other				
Total Revenues	73,603	623,209	553,667	(3,013)
EXPENDITURES				
Current:				
Public safety				
Community development				
Capital improvements	3,123			
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	3,123			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	70,480	623,209	553,667	(3,013)
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in				3,013
Transfers (out)	(584,771)		(500,000)	(106,129)
Total Other Financing Sources (Uses)	(584,771)		(500,000)	(103,116)
NET CHANGE IN FUND BALANCES	(514,291)	623,209	53,667	(106,129)
BEGINNING FUND BALANCES	740,037	529,401	273,040	106,129
ENDING FUND BALANCES	\$225,746	\$1,152,610	\$326,707	

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS		
Measure B	Public Art	Equipment Replacement	General	Los Alto Community Center Lease	Total Non-major Governmental Funds
	\$355,459				\$453,085
					294,683
					2,135,803
					12,691
(\$16,757)			\$188		(121,534)
<u>(16,757)</u>	<u>355,459</u>		<u>188</u>		<u>2,774,728</u>
	6,414	\$339,959			346,373
					3,956
			130,000	\$403,961	533,961
			40,751	218,129	258,880
	<u>6,414</u>	<u>339,959</u>	<u>170,751</u>	<u>622,090</u>	<u>1,143,170</u>
<u>(16,757)</u>	<u>349,045</u>	<u>(339,959)</u>	<u>(170,563)</u>	<u>(622,090)</u>	<u>1,631,558</u>
		900,000	167,400	622,090	2,224,069
<u>(550,000)</u>	<u>(16,883)</u>	<u>(265,553)</u>			<u>(3,558,013)</u>
<u>(550,000)</u>	<u>(16,883)</u>	<u>634,447</u>	<u>167,400</u>	<u>622,090</u>	<u>(1,333,944)</u>
(566,757)	332,162	294,488	(3,163)		297,614
984,451	166,128	389,459	373,551		6,226,687
<u>\$417,694</u>	<u>\$498,290</u>	<u>\$683,947</u>	<u>\$370,388</u>		<u>\$6,524,301</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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Fines and forfeitures	\$20,000	\$12,691	(\$7,309)
Total Revenues	20,000	12,691	(7,309)
EXCESS OF REVENUES OVER EXPENDITURES	20,000	12,691	(7,309)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(20,000)	(20,000)	
Total other financing sources (uses)		(20,000)	
NET CHANGE IN FUND BALANCE		(7,309)	(\$7,309)
Beginning fund balance			
Ending fund balance		(\$7,309)	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$100,000	\$161,285	\$61,285
Total Revenues	100,000	161,285	61,285
EXCESS OF REVENUES OVER EXPENDITURES	100,000	161,285	61,285
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(100,000)	(100,000)	
Total other financing sources (uses)	(100,000)	(100,000)	
NET CHANGE IN FUND BALANCE	61,285	61,285	\$61,285
Beginning fund balance		146,007	
Ending fund balance		\$207,292	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$800,054	\$724,874	(\$75,180)
Interest and rentals		(72,366)	(72,366)
Total Revenues	800,054	652,508	(147,546)
EXPENDITURES			
Capital improvements			
Total Expenses			
EXCESS OF REVENUES OVER EXPENDITURES	800,054	652,508	(147,546)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,350,000)	(858,013)	491,987
Total other financing sources (uses)	(1,350,000)	(858,013)	491,987
NET CHANGE IN FUND BALANCE	(\$549,946)	(205,505)	\$344,441
Beginning fund balance		2,020,468	
Ending fund balance		\$1,814,963	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rentals		(\$1,361)	(\$1,361)
Total Revenues		(1,361)	(1,361)
EXCESS OF REVENUES OVER EXPENDITURES		(1,361)	(1,361)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(\$44,542)	(44,542)	
Total other financing sources (uses)	(44,542)	(44,542)	
NET CHANGE IN FUND BALANCE	(\$44,542)	(45,903)	(\$1,361)
Beginning fund balance		44,542	
Ending fund balance		(\$1,361)	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$531,566	\$531,566	
Total other financing sources (uses)	531,566	531,566	
NET CHANGE IN FUND BALANCE		531,566	
Beginning fund balance		(531,566)	
Ending fund balance			

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses, permits and fees	\$40,000	\$67,569	\$27,569
Interest and rentals		(16,453)	(16,453)
Total Revenues	40,000	51,116	11,116
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(428,883)	(40,000)	388,883
Total other financing sources (uses)	(428,883)	(40,000)	388,883
NET CHANGE IN FUND BALANCE	\$40,000	11,116	\$399,999
Beginning fund balance		889,174	
Ending fund balance		\$900,290	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses, permits and fees	\$411,693	\$227,114	(\$184,579)
Interest and rentals		(3,618)	(3,618)
Total Revenues	411,693	223,496	(188,197)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(428,883)	(472,122)	(43,239)
NET CHANGE IN FUND BALANCE	(\$17,190)	(248,626)	(\$231,436)
Beginning fund balance		21,642	
Ending fund balance		(\$226,984)	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest		(\$554)	(\$554)
Total Revenues		(554)	(554)
EXCESS OF REVENUES OVER EXPENDITURES		(554)	(554)
NET CHANGE IN FUND BALANCE		(554)	(\$554)
Beginning fund balance		18,138	
Ending fund balance		\$17,584	

CITY OF LOS ALTOS
TDA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Grants and donations	<u>\$50,000</u>	<u>\$88,358</u>	<u>\$38,358</u>
Total expenditures	<u>50,000</u>	<u>88,358</u>	<u>38,358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>50,000</u>	<u>88,358</u>	<u>38,358</u>
NET CHANGE IN FUND BALANCE	<u><u>\$50,000</u></u>	<u>88,358</u>	<u><u>\$38,358</u></u>
Beginning fund balance		<u> </u>	
Ending fund balance		<u><u>\$88,358</u></u>	

CITY OF LOS ALTOS
PEG FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest income		(\$24,023)	(\$24,023)
Charges for services	\$100,000	97,626	(2,374)
Total revenues	<u>100,000</u>	<u>73,603</u>	<u>(26,397)</u>
EXPENDITURES			
Capital improvements		3,123	(3,123)
Total Expenses		<u>3,123</u>	<u>(3,123)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>100,000</u>	<u>70,480</u>	<u>(23,274)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(170,000)	(584,771)	(414,771)
Total other financing sources (uses)	<u>(170,000)</u>	<u>(584,771)</u>	<u>(414,771)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$100,000</u></u>	<u>(514,291)</u>	<u><u>(\$23,274)</u></u>
Beginning fund balance		<u>740,037</u>	
Ending fund balance		<u><u>\$225,746</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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		\$29,584	\$29,584
Grants and donations	\$579,000	593,625	14,625
Total revenues	579,000	623,209	44,209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	579,000	623,209	44,209
NET CHANGE IN FUND BALANCE	\$579,000	623,209	\$44,209
Beginning fund balance		529,401	
Ending fund balance		\$1,152,610	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		(\$13,994)	(\$13,994)
Intergovernmental	\$609,599	567,661	(41,938)
Total revenues	609,599	553,667	(55,932)
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(500,000)	(500,000)
Total other financing sources (uses)		(500,000)	(500,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(609,599)	53,667	(555,932)
NET CHANGE IN FUND BALANCE	(\$609,599)	53,667	(\$555,932)
Beginning fund balance		273,040	
Ending fund balance		\$326,707	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		(\$3,013)	(\$3,013)
Total revenues		(3,013)	(3,013)
OTHER FINANCING SOURCES (USES)			
Transfers in		3,013	3,013
Transfers (out)	(\$106,129)	(106,129)	
Total other financing sources (uses)		(103,116)	(103,116)
NET CHANGE IN FUND BALANCE		(106,129)	(\$106,129)
Beginning fund balance		106,129	
Ending fund balance			

CITY OF LOS ALTOS
 MEASURE B FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$550,000		(\$550,000)
Interest income		(\$16,757)	(16,757)
Total revenues	550,000	(16,757)	(566,757)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(550,000)	(550,000)	
Total other financing sources (uses)	(550,000)	(550,000)	
NET CHANGE IN FUND BALANCE	(550,000)	(566,757)	(\$566,757)
Beginning fund balance		984,451	
Ending fund balance		\$417,694	

CITY OF LOS ALTOS
 PUBLIC ART FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$355,459	\$355,459	
Total revenues	355,459	355,459	
EXPENDITURES			
Community development	60,000	6,414	\$53,586
EXCESS OF REVENUES OVER EXPENDITURES	295,459	349,045	(53,586)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(70,000)	(16,883)	53,117
Total other financing sources (uses)	(70,000)	(16,883)	53,117
NET CHANGE IN FUND BALANCE	<u>\$225,459</u>	332,162	<u>(\$469)</u>
Beginning fund balance		166,128	
Ending fund balance		<u>\$498,290</u>	

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, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Community development	\$266,500	\$339,959	(\$73,459)
Capital improvements	91,000		91,000
Total expenditures	357,500	339,959	17,541
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(357,500)	(339,959)	17,541
OTHER FINANCING SOURCES (USES)			
Transfers in	900,000	900,000	
Transfers (out)	(560,332)	(265,553)	294,779
Total other financing sources (uses)	339,668	634,447	294,779
NET CHANGE IN FUND BALANCE	(\$17,832)	294,488	\$312,320
Beginning fund balance		389,459	
Ending fund balance		\$683,947	



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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, 2022

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
ASSETS					
Current Assets:					
Cash and investments	\$5,253	\$96,698	\$5,923,884	\$699,873	\$6,725,708
Accounts receivable			763	35,180	35,943
	<u>5,253</u>	<u>96,698</u>	<u>5,924,647</u>	<u>735,053</u>	<u>6,761,651</u>
LIABILITIES					
Current Liabilities:					
Accounts payable			19,339	11,752	31,091
Claims and judgements			842,325	276,410	1,118,735
Noncurrent Liabilities:					
Claims and judgements			3,806,956	474,611	4,281,567
			<u>4,668,620</u>	<u>762,773</u>	<u>5,431,393</u>
NET POSITION					
Unrestricted	<u>5,253</u>	<u>96,698</u>	<u>1,256,027</u>	<u>(27,720)</u>	<u>1,330,258</u>
	<u><u>\$5,253</u></u>	<u><u>\$96,698</u></u>	<u><u>\$1,256,027</u></u>	<u><u>(\$27,720)</u></u>	<u><u>\$1,330,258</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, 2022

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES					
Charges for services	\$340,693		\$738,119	\$501,834	\$1,580,646
Total Operating Revenues	340,693		738,119	501,834	1,580,646
OPERATING EXPENSES					
Outside services				54,237	54,237
Claims and insurance	340,693		1,548,151	1,316,181	3,205,025
Administration			78,249		78,249
Total Operating Expenses	340,693		1,626,400	1,370,418	3,337,511
Operating Income (Loss)			(888,281)	(868,584)	(1,756,865)
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000		576,000	558,000	1,234,000
Transfers out		(\$450,000)			(450,000)
Total Other Financing Sources (Uses)	100,000	(450,000)	576,000	558,000	784,000
Change in Net Position	100,000	(450,000)	(312,281)	(310,584)	(972,865)
BEGINNING NET POSITION	(94,747)	546,698	1,568,308	282,864	2,303,123
ENDING NET POSITION	\$5,253	\$96,698	\$1,256,027	(\$27,720)	\$1,330,258

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	\$245,946		\$738,621	\$482,387	\$1,466,954
Cash payments to vendors	(340,693)		810,032	236,784	706,123
Insurance premiums, settlements, and rebates			(1,533,097)	(1,328,549)	(2,861,646)
Cash Flows from Operating Activities	(94,747)		15,556	(609,378)	(688,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	100,000	(\$450,000)	576,000	558,000	784,000
Cash Flows (used for) Noncapital Financing Activities	100,000	(450,000)	576,000	558,000	784,000
Net Cash Flows	5,253	(450,000)	591,556	(51,378)	95,431
Cash and investments at beginning of period		546,698	5,332,328	751,251	6,630,277
Cash and investments at end of period	\$5,253	\$96,698	\$5,923,884	\$699,873	\$6,725,708
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)			(\$888,281)	(\$868,584)	(\$1,756,865)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Change in assets and liabilities:					
Accounts receivable			502	(19,447)	(18,945)
Accounts payable			15,054	(12,368)	2,686
Due to other funds	(94,747)				(94,747)
Claims and judgments payable			888,281	291,021	1,179,302
Cash Flows from Operating Activities	(94,747)		\$15,556	(\$609,378)	(\$688,569)

CUSTODIAL FUNDS**NORTH COUNTY LIBRARY AUTHORITY**

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

BLUE OAK LANE SEWER

This fund accounts for the accumulation of resources for payment of the debt service 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
 CUSTODIAL FUNDS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2022

	Custodial Funds		Total
	North County Library Authority	Blue Oak Lane Sewer	
ASSETS			
Cash and investments (Note 2)		\$38,195	\$38,195
Restricted cash and investments (Note 2)		45,828	45,828
Total Assets		84,023	84,023
NET POSITION			
Restricted for:			
Other governments		84,023	84,023
Total Net Position		\$84,023	\$84,023

CITY OF LOS ALTOS
 CUSTODIAL FUNDS
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds		Total
	North County Library Authority	Blue Oak Lane Sewer	
ADDITIONS			
Fee collections	\$8,598	\$47,748	\$56,346
Total Additions	8,598	47,748	56,346
DEDUCTIONS			
Distributions	818,816	44,530	863,346
Total Deductions	818,816	44,530	863,346
Net increase(decrease) in net position	(810,218)	3,218	(807,000)
Net Position-Beginning	810,218	80,805	891,023
Net Position-Ending	810,218	\$84,023	\$84,023



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STATISTICAL SECTION



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STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information 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. Assessed Value of Property by Use Code
4. Property Tax Dollar by Break Down
5. Property Tax Dollars by Recipient Group
6. Direct and Overlapping Tax Rates
7. Principal Property Taxpayers
8. 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. Full-Time Equivalent City Employees
3. Operating Indicators by Function/Program
4. Capital Asset Statistics by Function/Program
5. Trust and Agency Debt Administration

Sources

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

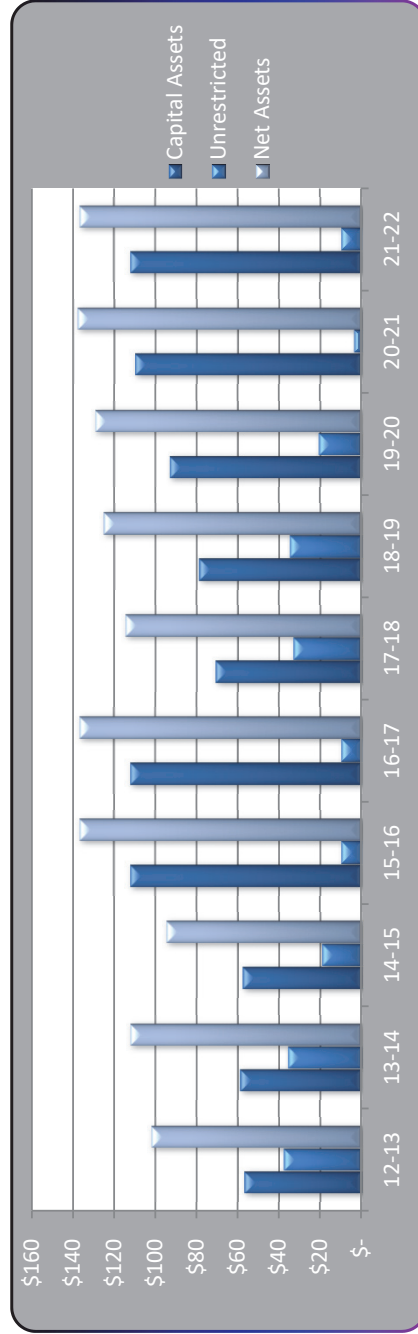


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**City of Los Altos
Net Position by Component
Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR									
	2012-13 (a)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Governmental activities										
Net investment in capital assets	\$ 50,102	\$ 50,164	\$ 49,079	\$ 53,409	\$ 54,725	\$ 61,525	\$ 67,611	\$ 80,869	\$ 95,463	\$ 96,866
Restricted	7,406	17,629	17,815	14,447	11,498	10,620	11,381	15,365	24,021	14,427
Unrestricted	29,883	27,624	10,746	15,583	24,047	20,429	21,733	5,216	(11,750)	(4,855)
Total governmental activities net position	\$ 87,391	\$ 95,417	\$ 77,640	\$ 83,439	\$ 90,270	\$ 92,574	\$ 100,725	\$ 101,450	\$ 107,734	\$ 106,438
Business-type activities										
Net investment in capital assets	\$ 6,773	\$ 8,718	\$ 8,662	\$ 8,726	\$ 15,356	\$ 9,450	\$ 11,239	\$ 12,288	\$ 14,650	\$ 15,356
Unrestricted	7,843	8,087	8,472	11,259	14,927	12,644	13,135	15,500	15,510	14,927
Total business-type activities net position	\$ 14,616	\$ 16,805	\$ 17,134	\$ 19,985	\$ 30,283	\$ 22,094	\$ 24,374	\$ 27,788	\$ 30,160	\$ 30,283
Primary government										
Net investment in capital assets	\$ 56,875	\$ 58,882	\$ 57,741	\$ 62,135	\$ 112,222	\$ 70,975	\$ 78,850	\$ 93,157	\$ 110,113	\$ 112,222
Restricted	7,406	17,629	17,815	14,447	14,427	10,620	11,381	15,365	24,021	14,427
Unrestricted	37,726	35,711	19,218	26,842	10,073	33,073	34,868	20,716	3,760	10,072
Total primary government net position	\$ 102,007	\$ 112,222	\$ 94,774	\$ 103,424	\$ 136,722	\$ 114,668	\$ 125,099	\$ 129,238	\$ 137,894	\$ 136,721



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									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Expenses										
Governmental activities:										
Public safety	\$ 15,144	\$ 14,884	\$ 15,636	\$ 15,791	\$ 15,224	\$ 19,928	\$ 18,945	\$ 21,217	\$ 21,384	\$ 23,843
Public works	5,557	6,453	7,058	5,816	7,882	6,217	6,534	7,659	4,741	11,494
Recreation	2,108	2,656	2,976	2,744	2,613	3,402	3,061	3,235	2,584	2,942
Community development	4,514	4,038	4,590	5,758	4,243	6,440	5,547	6,596	7,004	7,636
Admin/Community services	5,675	3,804	4,002	4,882	4,411	5,687	5,905	9,806	8,282	14,265
Interest on long-term activities	95	71	68	63	51	64	51	40	245	307
Total governmental activities expenses	33,093	31,906	34,330	35,054	34,374	41,738	40,043	48,553	44,240	60,487
Business-type activities:										
Sewer	4,529	4,574	4,789	4,607	6,754	4,970	5,273	5,527	5,268	6,900
Solid waste	355	366	347	376	438	461	465	426	394	1,092
Storm drain	232	165	215	-	1	1	-	-	-	-
Total Business-type activities expenses	5,116	5,105	5,351	4,983	7,193	5,432	5,738	5,953	5,662	7,992
Total primary government expenses	\$ 38,209	\$ 37,011	\$ 39,681	\$ 40,037	\$ 41,567	\$ 47,170	\$ 45,781	\$ 54,506	\$ 49,902	\$ 68,479
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$ 344	\$ 417	\$ 898	\$ 462	\$ 363	\$ 330	\$ 488	\$ 324	\$ 202	\$ 3,995
Public works	34	60	33	55	42	51	51	48	59	9
Recreation	1,865	1,952	2,167	2,123	2,070	2,021	1,963	847	271	1,139
Community development	7,431	5,196	3,625	3,412	3,112	4,589	4,027	3,498	5,793	9,063
Admin/Community services	947	942	954	1,033	1,082	950	753	1,200	954	47
Operating grants and contributions:										
Public safety	109	116	109	437	392	409	401	188	4,140	1,056
Public works	699	909	504	336	262	298	286	420	379	427
Recreation	-	-	-	2	5	5	5	-	-	-
Community development	59	36	343	8	148	170	-	-	306	1
Admin/Community services	58	6	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	-	-	-
Public works	492	747	498	1,522	807	641	806	1,856	1,778	839
Recreation	-	-	-	-	-	-	-	-	-	-
Community development	80	3	30	7	-	62	-	-	31	-
Admin/Community services	-	83	-	-	-	-	-	-	-	-
Total governmental activities program revenues	12,118	10,467	9,161	9,397	8,283	9,526	8,780	8,381	13,913	16,343

Agenda Item 3.

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

(accrual basis of accounting; amounts expressed in thousands)

FISCAL YEAR

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Business-type activities:										
Charges for services:										
Sewer	\$ 5,121	\$ 6,347	\$ 6,328	\$ 6,986	\$ 6,703	\$ 6,369	\$ 6,467	\$ 7,942	\$ 7,126	\$ 8,282
Solid waste	879	754	786	752	774	812	841	847	861	929
Storm drain	-	12	2	-	-	-	-	-	-	-
Total business-type activities program revenues	6,000	7,113	7,116	7,738	7,477	7,181	7,308	8,789	7,987	9,211
Total primary government program revenues	\$ 18,118	\$ 17,580	\$ 16,277	\$ 17,135	\$ 15,760	\$ 16,707	\$ 16,088	\$ 17,170	\$ 21,900	\$ 25,787
Net (expense)/revenue:										
Governmental activities	\$ (20,975)	\$ (21,439)	\$ (25,170)	\$ (25,657)	\$ (26,091)	\$ (32,212)	\$ (31,263)	\$ (40,172)	\$ (30,327)	\$ (43,911)
Business-type activities	884	2,008	1,766	2,755	284	1,749	1,570	2,836	2,325	1,219
Total primary government net (expense)/revenue	\$ (20,091)	\$ (19,431)	\$ (23,404)	\$ (22,902)	\$ (25,807)	\$ (30,463)	\$ (29,693)	\$ (37,336)	\$ (28,002)	\$ (42,692)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 14,130	\$ 15,586	\$ 17,480	\$ 18,776	\$ 19,863	\$ 21,429	\$ 23,792	\$ 25,787	\$ 28,464	\$ 30,086
Sales taxes	2,926	2,809	2,943	3,196	3,278	3,244	3,461	3,373	2,996	3,738
Utility users taxes	2,600	2,600	2,523	2,672	2,680	2,732	2,744	2,839	2,917	3,094
Other taxes	3,301	3,542	3,732	3,909	4,330	4,535	4,514	3,598	2,304	3,546
Franchise fees	1,770	1,905	1,808	2,029	2,083	2,207	2,222	2,287	2,215	2,339
Sale of Capital Assets-net	(8)	2,846	-	-	-	-	-	-	-	-
Interest income	174	99	200	438	233	320	2,226	2,595	173	(1,342)
Miscellaneous	382	212	1,124	435	454	452	456	418	428	486
Transfers	(232)	(152)	(196)	-	-	-	-	-	-	669
Total governmental activities	25,043	29,447	29,614	31,455	32,921	34,919	39,415	40,897	39,497	42,616
Business-type activities:										
Interest income	10	-	-	-	-	-	-	579	47	(471)
Miscellaneous	-	28	40	96	40	70	477	-	-	44
Transfers	232	152	196	-	-	-	-	-	-	(669)
Total business-type activities	242	180	236	96	40	70	477	579	47	(1,096)
Total primary government	\$ 25,285	\$ 29,627	\$ 29,850	\$ 31,551	\$ 32,961	\$ 34,989	\$ 39,892	\$ 41,476	\$ 39,544	\$ 41,520
Change in Net Position										
Governmental activities	\$ 4,068	\$ 8,008	\$ 4,444	\$ 5,798	\$ 6,830	\$ 2,707	\$ 8,152	\$ 725	\$ 9,170	\$ (1,295)
Business-type activities	1,126	2,188	2,002	2,851	324	1,819	2,047	3,415	2,372	1,233
Total primary government	\$ 5,194	\$ 10,196	\$ 6,446	\$ 8,649	\$ 7,154	\$ 4,526	\$ 10,199	\$ 4,140	\$ 11,542	\$ (1,062)

Source:

City of Los Altos Finance Department

Agenda Item 3.

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

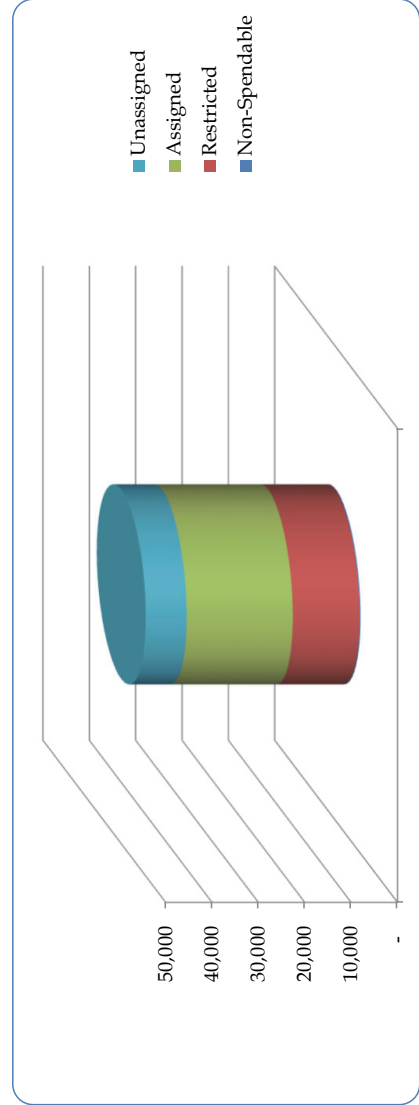
(modified accrual basis of accounting; amounts expressed in thousands)
 (Pre GASB 54 Presentation - For Years Before 2011-12)

	FISCAL YEAR									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General fund										
Non-Spendable	\$ 46	\$ 49	\$ 35	\$ 445	\$ 524	\$ 38	\$ 1,932	\$ 1,882	\$ 1,836	\$ 1,859
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,025	-	-	-	-	-	-	-	-	-
Assigned	4,700	6,025	27,161	29,565	29,064	37,630	38,040	39,020	25,773	15,937
Unassigned/Unrestricted	1,714	2,428	1,433	4,789	8,535	6,148	5,422	6,841	7,861	4,928
Total general fund	\$ 7,485	\$ 8,502	\$ 28,629	\$ 34,799	\$ 38,123	\$ 43,816	\$ 45,394	\$ 47,743	\$ 35,470	\$ 22,724
All other governmental funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,406	7,406	10,008	10,614	9,969	9,645	10,107	9,939	10,890	12,149
Committed	4,611	3,630	-	-	-	-	-	-	-	-
Assigned	19,514	19,460	7,621	7,201	4,477	1,993	1,335	1,495	4,529	11,872
Unreserved/Unrestricted	-	-	-	-	-	(140)	(823)	(53)	(53)	(532)
Total all other governmental funds	\$ 31,531	\$ 30,496	\$ 17,629	\$ 17,815	\$ 14,446	\$ 11,498	\$ 10,619	\$ 11,381	\$ 15,366	\$ 23,489
Total all governmental funds	\$ 39,016	\$ 38,998	\$ 46,258	\$ 52,614	\$ 52,569	\$ 55,314	\$ 56,013	\$ 59,124	\$ 50,836	\$ 46,213

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 - 2021-22)**

	General Fund	In Lieu Park Land	Capital Projects	Other Govt Funds	Total
<i>Inventories & Prepaids</i>	\$ (214)	-	\$ -	-	(214)
<i>Notes Receivable</i>	-	-	-	-	-
Non-Spendable	(214)	-	-	-	(214)
<i>Debt Service</i>	-	-	-	(370)	(370)
<i>Special Revenue Programs and Projects</i>	-	(8,351)	-	(5,706)	(14,057)
Restricted	-	(8,351)	-	(6,076)	(14,427)
<i>General Fund Reserve</i>	(8,757)	-	-	-	(8,757)
<i>Veteran Memorial</i>	(9)	-	-	-	(9)
<i>OPEB & PERS</i>	(293)	-	-	-	(293)
<i>Technology</i>	(1,279)	-	-	-	(1,279)
<i>Capital and Equipment</i>	-	-	-	(684)	(684)
<i>CIP Reserve</i>	-	-	(11,851)	-	(11,851)
<i>Capital Project Reserve - Community Center</i>	-	-	-	-	-
Assigned	(10,338)	-	(11,851)	(684)	(22,873)
<i>Unrealized Gain/(Loss)</i>	856	-	-	-	856
Unassigned	(9,915)	-	-	236	(9,679)
Total Unassigned Fund Balance	(9,059)	-	-	236	(8,823)
Total Fund Equity	\$ (19,611)	\$ (8,351)	\$ (11,851)	\$ (6,524)	\$ (46,337)



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)

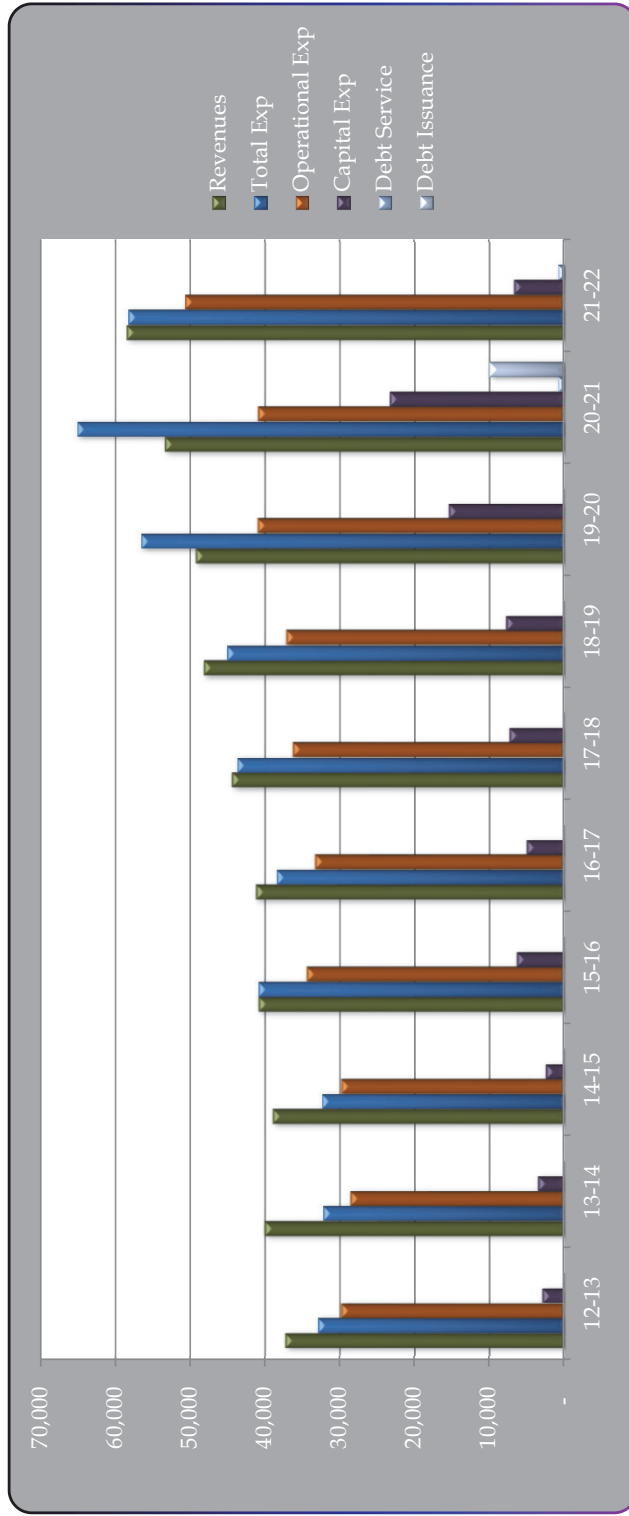
	Fiscal Year									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues										
Taxes	\$ 19,444	\$ 21,950	\$ 26,690	\$ 28,565	\$ 30,151	\$ 31,939	\$ 34,511	\$ 35,597	\$ 36,684	\$ 40,464
License, permits and park-in-lieu	3,312	4,531	3,925	3,784	3,786	4,195	4,207	4,209	4,545	4,919
Intergovernmental	4,513	4,861	1,027	973	742	2,087	1,557	1,358	4,155	5,836
Grants and donations	650	788	873	1,863	1,214	928	396	1,368	4,017	541
Charges for services	4,480	4,572	4,698	4,659	4,577	4,620	4,850	3,751	3,221	4,095
Fines and forfeitures	171	214	161	264	213	178	191	195	138	184
Interest and rentals	135	159	291	558	230	360	2,269	2,681	233	(1,303)
Other	4,616	2,989	1,306	187	291	137	214	119	418	3,786
Total revenues	37,320	40,064	38,971	40,853	41,204	44,444	48,195	49,278	53,411	58,522
Expenditures										
General government										
Public Safety										
Police	9,178	8,891	9,167	9,976	9,968	10,744	11,107	11,465	11,673	13,225
Fire Services	5,513	5,714	5,961	6,219	6,473	6,722	7,011	7,331	7,717	7,893
Public works	4,831	4,353	4,307	4,859	5,299	5,784	5,535	5,469	5,617	6,134
Recreation	2,102	2,186	2,389	2,423	2,343	2,509	2,469	2,313	1,782	2,540
Community development	4,553	3,885	4,221	6,087	4,653	5,747	5,361	5,896	6,445	6,967
Administration/Community services	3,655	3,552	3,770	4,852	4,567	4,773	5,673	8,515	7,702	13,969
Capital improvements	2,916	3,492	2,435	6,313	4,992	7,299	7,756	15,428	23,343	6,714
Debt service										
Principal	95	95	100	105	105	110	120	120	628	534
Interest and fiscal charges	75	72	69	64	60	56	52	47	239	308
Total expenditures	32,918	32,240	32,419	40,898	38,460	43,744	45,084	56,584	65,146	58,284
Excess (deficiency) of revenues over (under) expenditures	4,402	7,824	6,552	(45)	2,744	700	3,111	(7,306)	(11,735)	238
Other financing sources (uses)										
Debt issuance	-	-	-	-	-	-	-	-	10,000	-
Payment to refunded bonded escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	2,443	2,119	3,632	1,752	760	5,714	8,243	17,747	31,551	10,136
Transfers out	(2,925)	(2,685)	(3,828)	(1,752)	(760)	(5,714)	(8,243)	(18,729)	(31,551)	(10,251)
Total Other financing sources (uses)	(482)	(566)	(196)	-	-	-	-	(982)	10,000	(115)

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

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

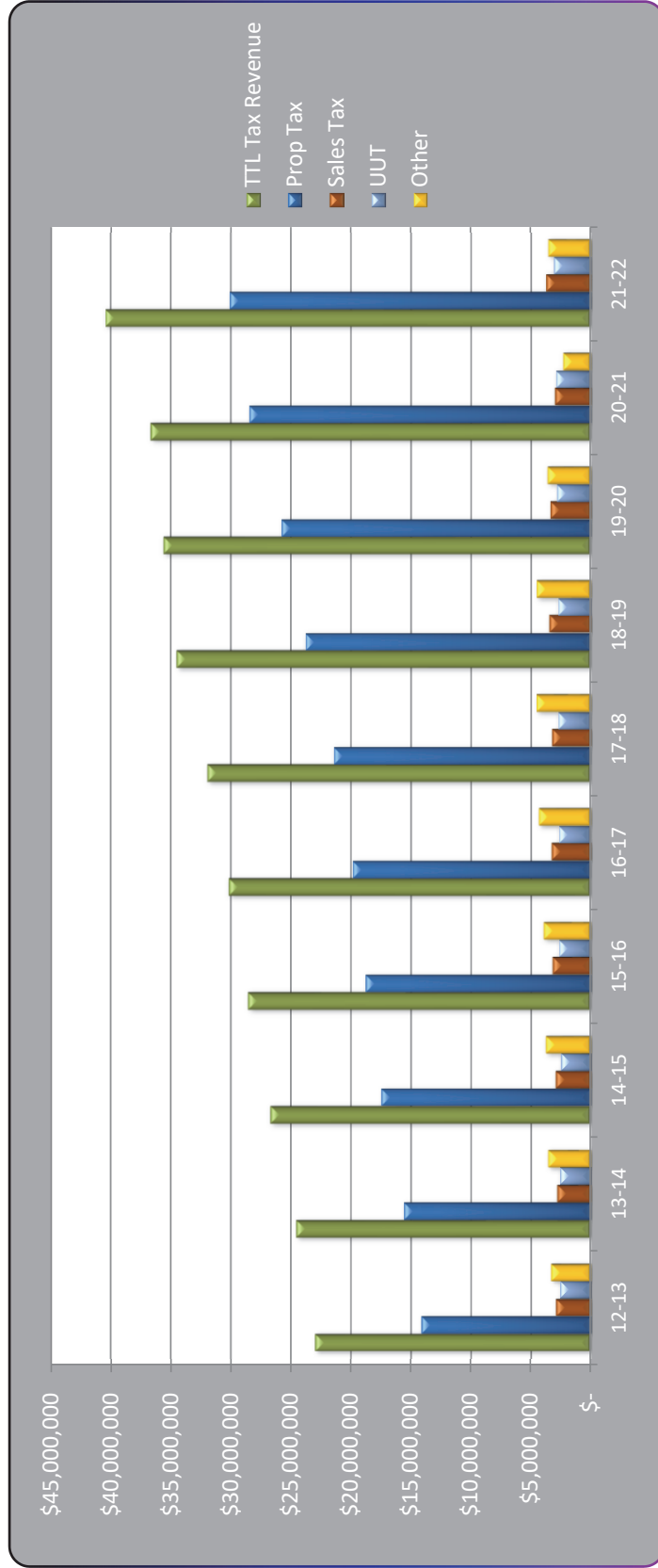
	Fiscal Year									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Special items										
CalPERS Side Fund Pay Down	(950)	-	-	-	-	-	-	-	-	-
Sale of capital assets-net	492	-	-	-	-	-	-	-	-	-
Total special items	(458)	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 3,462	\$ 7,258	\$ 6,356	\$ (45)	\$ 2,744	\$ 700	\$ 3,111	\$ (8,288)	\$ (1,735)	\$ 123
Debt service as a percentage of non-capital expenditures	0.6%	0.6%	0.5%	0.5%	1.5%	0.5%	0.5%	0.4%	2.1%	1.6%

Source:
 City of Los Altos Finance Department



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

Fiscal Year	Sales Tax		Business Licenses		Utility Users		Transient Occupancy		Real Estate Transfer Tax		Motor Vehicle License Tax		Building Development		Special Assessments		Total
	Property	Tax	Licenses	Users	Occupancy	Transfer Tax	License Tax	Development	Assessments	Total							
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							
2020-21	28,464,193	2,996,325	537,089	2,917,252	662,132	931,856	22,646	150,170	-	36,681,663							
2021-22	30,086,157	3,738,113	612,218	3,093,784	1,778,966	996,702	35,247	121,242	-	40,462,429							



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 Direct Tax Rate (1)	% Change	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)	Assessed Value as a % of Actual Value
	Residential Property	Commercial Property	Industrial Property	Other	Net Unsecured					
2012-13	\$ 9,431,853,173	\$ 642,590,939	\$ -	\$ 45,608,509	\$ 82,124,561	1%	5.19%	\$ -	-	-
2013-14	10,318,249,580	676,252,209	-	67,682,916	97,506,301	1%	9.39%	11,159,691,006	-	-
2014-15	11,017,386,476	685,084,415	-	83,121,563	109,149,891	1%	6.59%	11,894,742,345	-	-
2015-16	11,848,840,720	750,708,212	-	106,506,870	125,355,972	1%	7.87%	12,831,411,774	-	-
2016-17	12,754,487,484	771,705,270	-	106,158,405	80,739,845	1%	6.87%	13,713,091,004	-	-
2017-18	13,600,334,963	880,225,920	-	90,338,436	83,250,683	1%	6.86%	14,654,150,002	-	-
2018-19	14,551,466,831	936,831,320	-	119,120,564	112,813,483	1%	7.27%	15,720,232,198	-	-
2019-20	15,563,770,279	1,003,212,732	-	110,061,604	131,971,942	1%	6.93%	16,809,016,557	-	-
2020-21	16,685,985,691	1,045,789,993	-	116,124,083	127,343,780	1%	6.94%	17,975,243,547	-	-
2021-22	17,660,710,167	1,176,998,446	917,222	316,378,008	130,730,093	1%	4.47%	42,924,835,863	2,285,840	43.75%

Source:

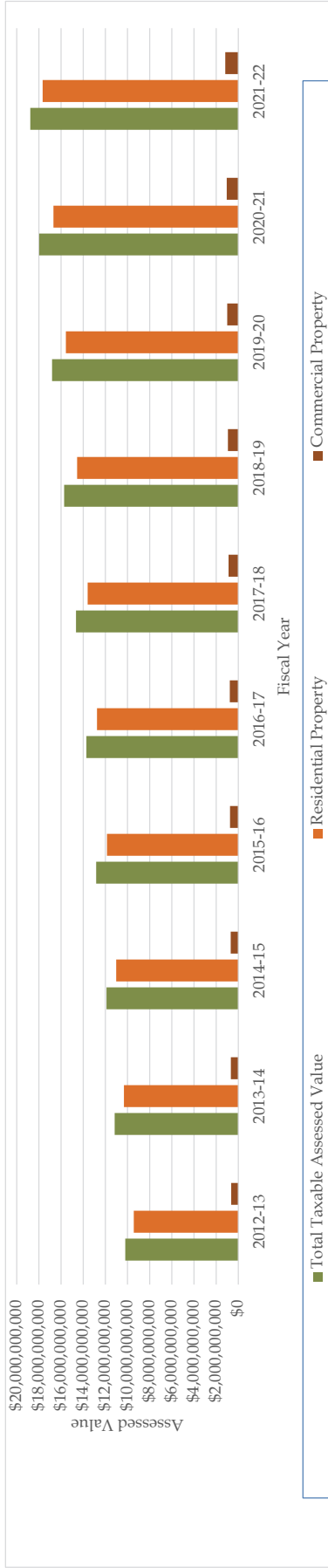
Santa Clara County Assessor data, MumServices, LLC, / Avenu Insights & Analytics

2020-21 and Prior Years, previous Published ACFR Report. (-) Data not available

(1) Total direct tax rate is represented by TRA 11-000.

(2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

Based on these calculations a multiplier value was extrapolated and applied to current assessed values.



**City of Los Altos
Assessed Value of Property By Use Code
Last Ten Fiscal Years**

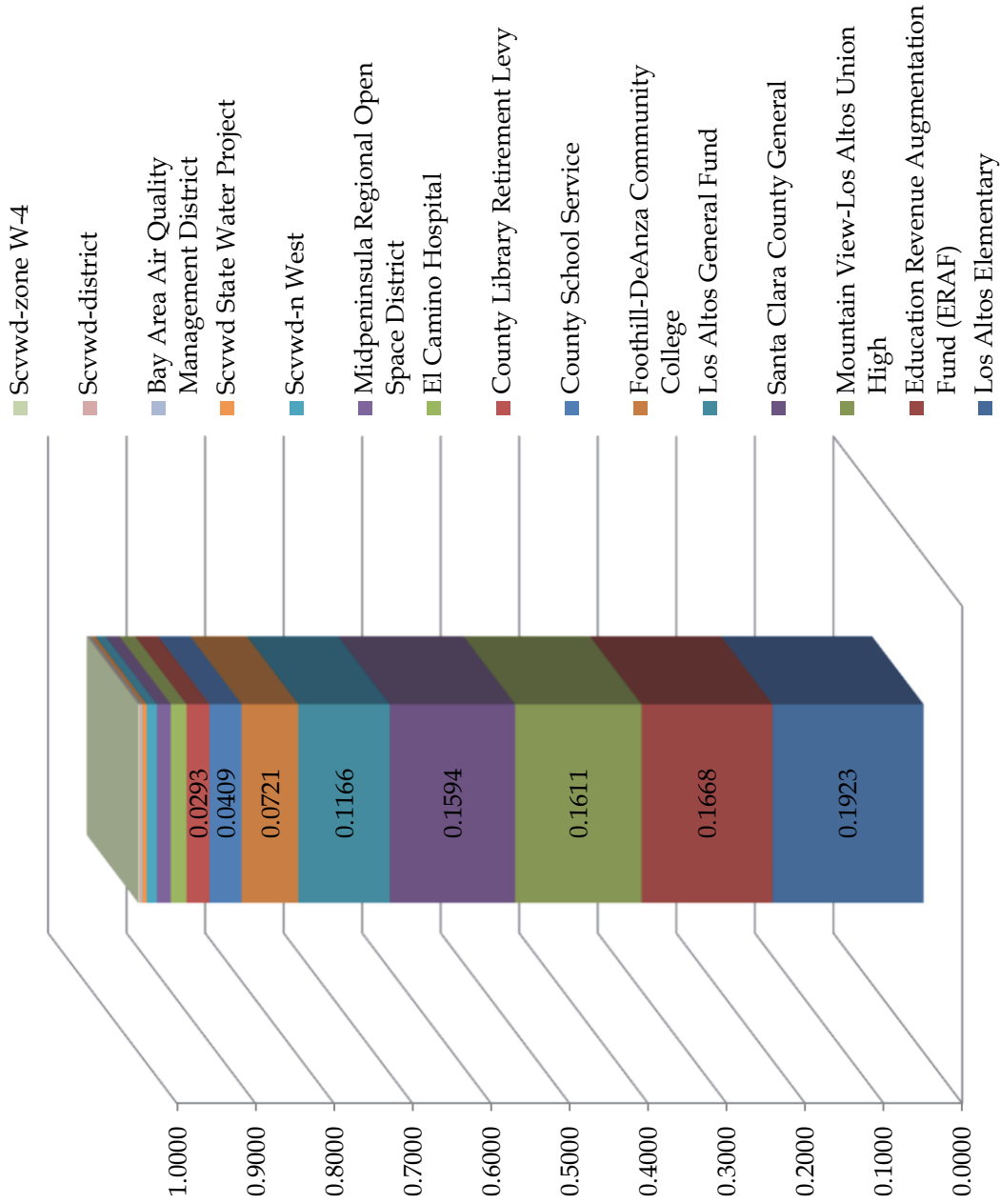
Category	2021-22
Residential	\$ 17,660,710,167
Commercial	1,176,998,446
Institution	195,945,908
Social	54,964,365
Vacant	39,484,106
Transportation	15,348,765
Public	4,714,699
Agriculture	4,549,755
Recreational	1,370,410
Industrial	917,222
Unknown	-
Gross Secured Value	19,155,003,843
Unsecured Value	130,730,093
Less Exemptions	507,152,078
Net Taxable Value	\$ 18,778,581,858

Source: Santa Clara County Assessor data, MuniServices, LLC, / Avenu Insights & Analytics

Use code categories are based on Santa Clara County Assessor's data

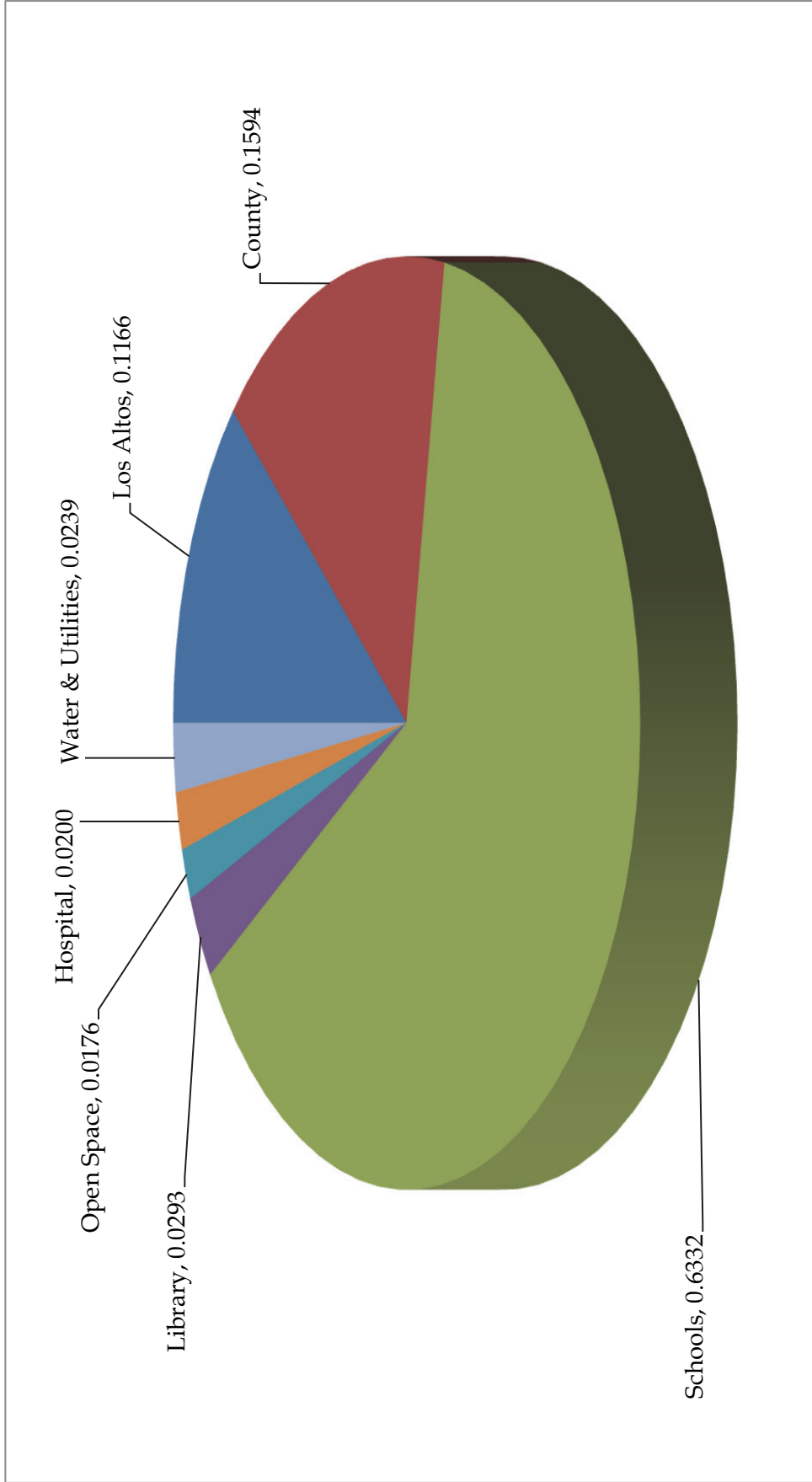
Historical data is unavailable

**City of Los Altos
Property Tax Dollar Breakdown
June 30, 2022**



Source:
City of Los Altos Finance Department

**City of Los Altos
Property Tax Dollars By Recipient Group
June 30, 2022**



Source:
City of Los Altos Finance Department

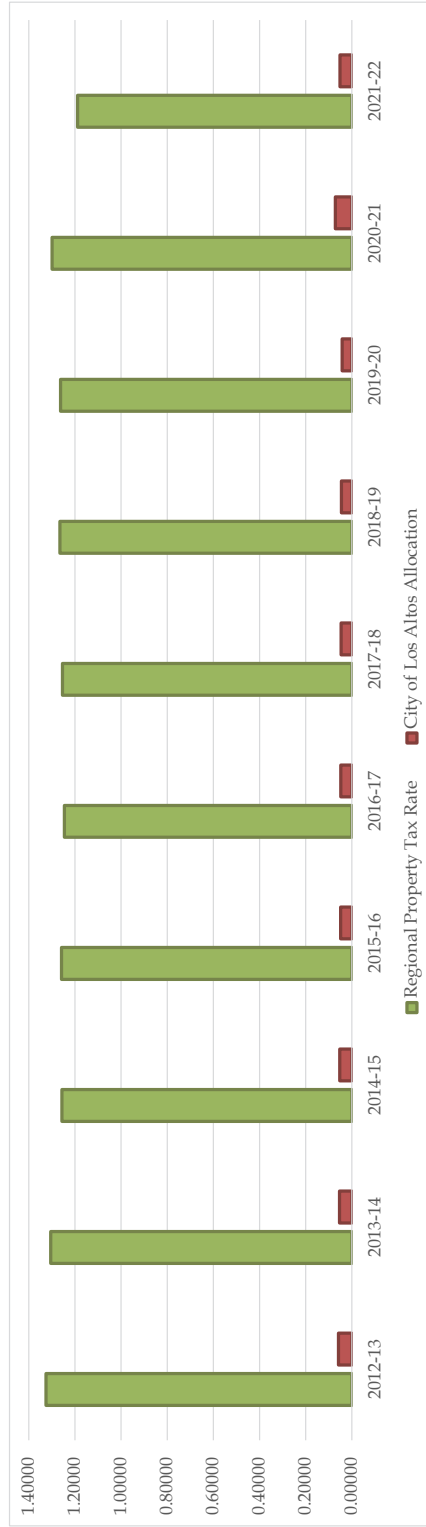
City of Los Altos
 Direct and Overlapping Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of taxable value)

Fiscal Year	Overlapping Rates (1)																	Total
	Basic County-Wide	Santa Clara Retirement	County Library	Los Altos Elementary School	Mountain View Elementary School	Cupertino Elementary School	Whisman School Bond	Foothill-College	Los Altos High School	Mountain View High School	Fremont Union High School	Santa Clara Valley District	Mid Peninsula Open Space	County Housing Bond	County Hospital Bonds	El Camino Hospital		
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	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	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	0.0100	1.2623	
2020-21	1.0000	0.0388	0.0024	0.0713	-	0.0403	-	0.0364	0.0400	0.0478	0.0037	0.0015	-	0.0069	0.0100	0.0100	1.2991	
2021-22	1.0000	0.0388	0.0024	0.0511	-	-	-	0.0331	0.0278	-	0.0051	0.0015	0.0127	0.0061	0.0100	0.0100	1.1886	

Source:

Santa Clara County Auditor data, MumServices, LLC, / Avenu Insights & Analytics

(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	2021-22				2012-13			
	Total	Rank	Est. Total	% of City's	Total	Rank	Est. Total	% of City's
	Assessed Value	Property Tax Revenue	Property Tax Revenue	Property Tax Revenue	Assessed Value	Property Tax Revenue	Property Tax Revenue	Property Tax Revenue
RLJR Los Altos LP	\$ 69,060,441	1	0.37%					
Los Altos Gardens II LP	58,313,202	2	0.31%	\$ 28,185,439	2	0.28%		
Imperial Hornet Developers LLC	56,681,195	3	0.30%					
St Paul Fire & Marine Insurance Compan	54,607,198	4	0.29%	41,333,262	1	0.41%		
5150 ECR Group LLC	50,456,569	5	0.27%					
Cerebras Systems Inc	37,511,969	6	0.20%					
Richard T Spieker Trustee	35,456,061	7	0.19%					
Springwood Apartments LLC	33,893,351	8	0.18%	27,543,684	3	0.27%		
199 First Street Owner LLC	29,735,640	9	0.16%					
Safeway Inc	27,389,815	10	0.15%					
Compass Grand Los Altos LLC	-		-	21,839,716	4	0.22%		
KRC Los Altos LP	-		-	21,232,298	5	0.21%		
4 Seasons Assoc LLC	-		-	19,301,940	6	0.19%		
Palo Alto Medical Foundation	-		-	18,454,406	7	0.18%		
Los Altos Hotel Assoc LLC	-		-	17,143,589	8	0.17%		
Village Court Partners	-		-	15,620,965	9	0.15%		
Whole Foods Market	-		-	13,137,942	10	0.13%		
Top Ten Total	\$ 453,105,441		2.41%	\$ 223,793,241		2.21%		
City Total	\$ 18,778,581,858			\$ 10,147,980,382				

Source: Santa Clara County Assessor data, MuniServices, LLC, / Avenu Insights & Analytics

**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		
		\$	\$	\$						
2012-13	\$ 3,877,675,089	\$ 301,164,764	\$ 292,131,302	\$ 292,131,302	7.53%	97.00%	3.00%			
2013-14	4,165,019,181	349,740,765	316,325,898	316,325,898	7.59%	90.45%	2.59%			
2014-15	4,463,179,149	344,291,093	339,731,930	339,731,930	7.61%	98.68%	0.98%			
2015-16	4,944,651,360	330,545,207	326,823,894	326,823,894	6.61%	98.87%	1.13%			
2016-17	5,278,067,434	359,152,852	346,454,876	346,454,876	6.56%	96.46%	1.89%			
2017-18	5,719,021,680	355,579,401	345,863,202	345,863,202	6.05%	97.27%	1.86%			
2018-19	6,070,435,575	402,557,998	394,623,618	394,623,618	6.50%	98.03%	1.46%			
2019-20	6,512,388,164	385,721,931	378,492,815	378,492,815	5.81%	98.13%	1.74%			
2020-21	6,920,087,868	422,454,897	413,409,481	413,409,481	5.97%	97.86%	1.80%			
2021-22	7,314,546,442	388,627,914	381,445,431	381,445,431	5.21%	98.15%	1.72%			

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	Certificates of Participation (1)	Capital Lease (1)	Total	Population (2)	Per Capita		
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	
2020-21	-	880,000	9,496,863.00	10,376,863	30,510	340	115,433	
2021-22	-	750,000	9,092,251.00	9,842,251	31,526	312	132,589	

Sources:

- (1) City of Los Altos Finance Department
- (2) MuniServices, LLC, / Avenu Insights & Analytics, U.S. Census Bureau

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, 2022

2020-22 Assessed Valuation: \$18,825,558,858

	Total Debt	%	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2022</u>	<u>Applicable (1)</u>	<u>Debt 6/30/22</u>
Santa Clara County	\$ 1,130,850,000	3.267%	\$36,944,870
Foothill-De Anza Community College District	657,878,325	9.254%	60,880,060
Fremont Union High School District	582,770,088	3.946%	22,996,108
Mountain View-Los Altos Union High School District	258,658,320	23.773%	61,490,842
Cupertino Union School District	271,768,303	7.200%	19,567,318
Los Altos School District	145,755,000	52.151%	76,012,690
El Camino Hospital District	111,240,000	16.481%	18,333,464
Midpeninsula Regional Park District	84,575,000	5.326%	4,504,465
Santa Clara Valley Water District Benefit Assessment District	48,150,000	3.267%	1,573,061
City of Los Altos 1915 Act Bonds	470,000	100.000%	<u>470,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$302,772,878
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	\$ 1,210,694,365	3.267%	39,553,385
Santa Clara County Pension Obligation Bonds	335,638,470	3.267%	10,965,309
Santa Clara County Board of Education Certificates of Participation	1,820,000	3.267%	59,459
Foothill-De Anza Community College District Certificates of Participation	21,380,000	9.254%	1,978,505
Mountain View-Los Altos Union High School District General Fund Obligati	2,154,552	23.773%	512,202
Los Altos School District General Fund Obligations	1,711,634	52.151%	892,634
City of Los Altos General Fund Obligations	9,842,902	100.000%	9,842,902
Midpeninsula Regional Park District General Fund Obligations	99,705,600	5.326%	5,310,320
Santa Clara County Vector Control District Certificates of Participation	1,505,000	3.267%	<u>49,168</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 69,163,884
Less: Santa Clara County supported obligations			<u>590,633</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 68,573,251
TOTAL DIRECT DEBT			\$ 9,842,902
TOTAL GROSS OVERLAPPING DEBT			\$ 362,093,860
TOTAL NET OVERLAPPING DEBT			\$ 361,503,227
GROSS COMBINED TOTAL DEBT			\$ 371,936,762 (2)
NET COMBINED TOTAL DEBT			\$ 371,346,129

(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 15% of Assessed Valuation	Debt Applicable to Limit	Legal Debt Margin
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	-	2,358,034,830
2020-21	17,975,243,547	2,696,286,532	-	2,696,286,532
2021-22	18,778,581,858	2,816,787,279	-	2,816,787,279

Source:
City of Los Altos Finance Department
MuniServices, LLC

**City of Los Altos
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	City Population ⁽¹⁾	Percentage Change	Personal Income ⁽²⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	County		City		Median Age ⁽⁴⁾	% with High School Degree ⁽⁴⁾	% with Bachelor's Degree ⁽⁴⁾	Public School Enrollment ⁽⁵⁾
						Unemployment Rate (%) ⁽³⁾	Rate (%) ⁽³⁾	Unemployment Rate (%) ⁽³⁾	Rate (%) ⁽³⁾				
2012-13	29,792	1.13%	\$ 2,221,589	\$ 74,570	8.40%	3.2%	45.8	98.70%	76.70%	8,198			
2013-14	29,969	0.59%	2,370,608	79,102	6.80%	2.6%	46.1	98.70%	77.40%	8,303			
2014-15	29,884	-0.28%	2,481,597	83,041	3.80%	3.4%	46.2	98.80%	78.70%	8,284			
2015-16	31,353	4.92%	2,521,001	80,407	4.20%	2.7%	46.2	98.70%	79.00%	8,666			
2016-17	31,402	0.16%	2,718,094	86,558	3.80%	2.4%	45.7	98.70%	80.00%	8,606			
2017-18	31,361	-0.13%	2,916,887	93,010	2.60%	1.6%	45.7	98.70%	80.90%	8,685			
2018-19	31,190	-0.55%	3,004,626	96,333	2.10%	2.4%	45.9	98.60%	82.30%	8,610			
2019-20	30,876	-1.01%	3,231,143	104,649	11.00%	2.3%	45.8	98.60%	82.60%	8,513			
2020-21	30,510	-1.19%	3,521,861	115,433	7.00%	4.2%	46.1	98.40%	84.20%	7,693			
2021-22	31,526	3.33%	4,179,995	132,589	1.80%	1.4%	45.7	98.50%	87.60%	7,886			

Source: MuniServices, LLC, / Avenu Insights & Analytics, U.S. Census Bureau

Source: 2021 and prior, previously published ACFR Report

- 1) Population Projections are provided by the California Department of Finance Projections.
- 2) Per Capita Income Data is provided by the United States Census Data and is adjusted for inflation.
Personal Income has been restated from prior years.
- 3) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.
- 4) Data provided by the United States Census Data Sets Tables.
- 5) Student Enrollment reflects the total number of students enrolled in Los Altos Elementary and Mountain View-Los Altos Union High.

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

Employer	2021-22			2017-2018 (Latest Available)		
	Number of Employees (1)	Rank	% of Total City Employment	Number of Employees (4)	Rank	% of Total City Employment
Los Altos School District	459	1	3.12%	568	1	4.26%
Los Altos Sub-Acute & Rehabilitation Center	241	2	1.64%	-	-	-
Whole Foods Market	233	3	1.59%	242	2	1.81%
Los Altos High School	212	4	1.44%	217	3	1.63%
Toyota Research Institute (HQ)	187	5	1.27%	-	-	-
Compass (formerly Alain Pinel Realtors)	166	6	1.13%	107	8	0.80%
The David and Lucile Packard Foundation	131	7	0.89%	100	9	0.75%
City of Los Altos	120	8	0.82%	133	5	1.00%
Adobe Animal Hospital	120	9	0.82%	129	7	0.97%
Palo Alto Medical Foundation	110	10	0.75%	135	4	1.01%
Coldwell Banker	-	-	-	130	6	0.97%
Trader Joes	-	-	-	71	10	0.53%
Top Ten Total	1,979		13.46%	1,832		13.73%
Total City Labor Force	14,700 (1)			13,341		

Sources:

MuniServices, LLC, / Avenu Insights & Analytics
 2018 data, from prior published ACFR. Historical data unavailable
 Results based on direct correspondence with city's local businesses.

(1) Total City Labor Force provided by EDD Labor Force Data.

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

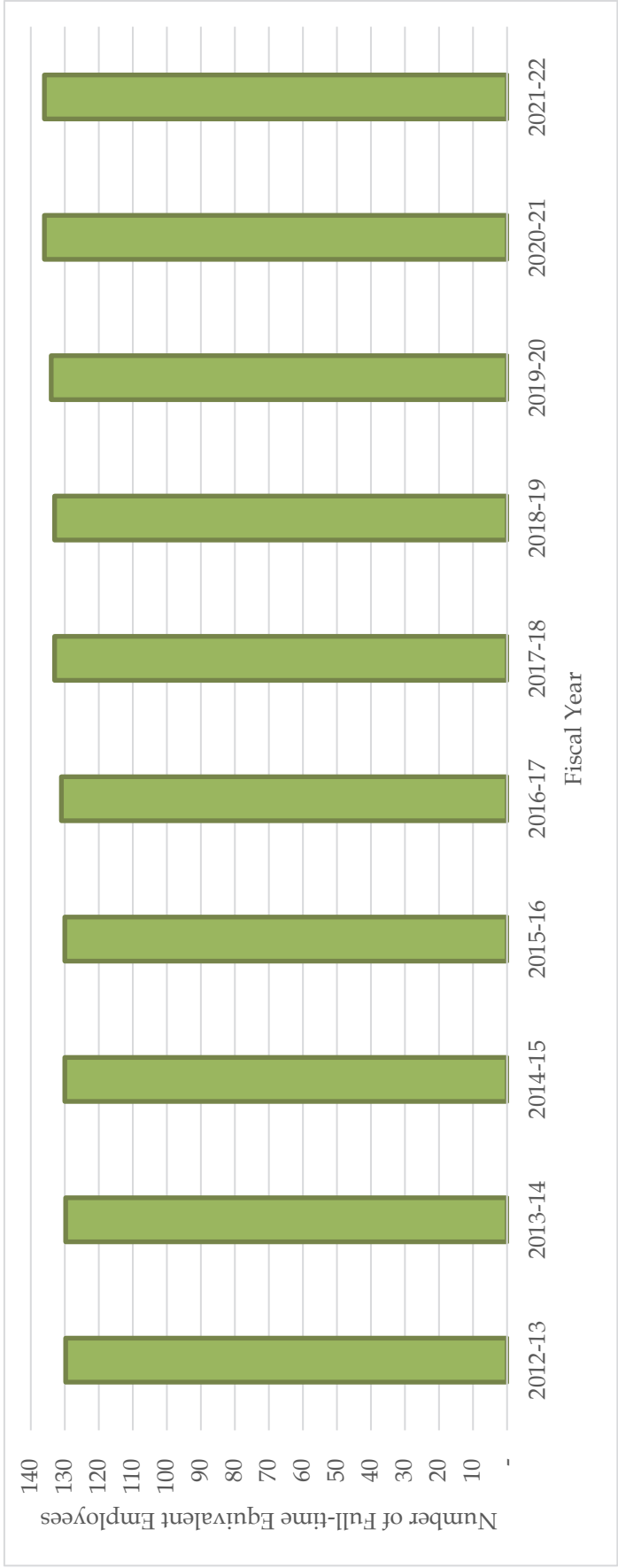
Function/Program	FISCAL YEAR									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<i>Public Safety</i>										
Police Operations	32.00	32.00	32.00	31.00	31.00	31.00	31.00	30.00	30.00	30.00
Police Traffic Safety	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Communications	11.00	11.00	11.00	11.00	11.00	11.00	11.00	13.00	13.00	13.00
<i>Maintenance Services</i>										
Maintenance Services	29.50	29.50	29.50	29.50	29.50	29.50	28.00	27.00	27.00	27.00
<i>Recreation</i>										
Recreation	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<i>Community Development</i>										
Planning & Building	13.00	14.00	14.00	14.00	15.00	15.00	14.00	15.00	15.00	15.00
Engineering	9.00	9.00	9.00	9.00	10.00	10.00	12.25	13.25	13.25	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	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Administration & Finance	10.00	10.00	10.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00
<i>Sewer</i>										
Sewer	6.25	6.25	6.25	6.25	6.25	6.25	7.50	7.50	7.50	7.50
<i>Solid Waste</i>										
Solid Waste	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<i>Storm Drain</i>										
Storm Drain	1.00	1.00	1.00	-	-	-	-	-	-	-
Total	129.75	130.00	130.00	131.00	133.00	133.00	134.00	136.00	136.00	136.00

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									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Police:										
Arrests	308	283	312	222	210	211	717	893	347	132
Moving citations issued	1,285	1,069	1,555	1,757	982	1,203	2,517	1474	1053	510
Parking citations issued	1,947	2,559	2,266	3,138	2,431	1,879	1,338	1573	543	1483
Municipal code violations issued	56	161	109	103	25	115	116	54	54	31
Public Works:										
Crack sealing in lineal feet	98,136	2,112	113,784	101,040	110,000	174,040	-	120,000	45,536	80,446
Street sign installed and replaced	511	949	596	457	100	320	1,025	1200	411	398
Recreation:										
Classes/programs	2,675	2,738	2,713	2,107	2,349	2,724	1,803	1559	1298	2164
Facility rentals	2,702	3,501	5,648	5,378	5,927	4,141	4,044	2246	1269	1108
Field/gymnasium permits	3,388	2,945	4,509	2,795	3,433	3,556	3,109	2383	1935	2633
Planning:										
Plan applications submitted	510	716	757	800	675	686	988	493	935	938
Building:										
Permits issued	1,817	1,757	1,751	1,927	1,769	1,795	1,939	1,695	2,036	1,897
Plan checks submitted	636	649	582	599	619	569	619	883	991	1036
Inspections	6,631	7,682	7,227	7,517	6,445	6,479	7,967	7,920	8,862	9,054
Sewer:										
Cleaning and flushing in lineal feet	777,285	667,415	683,552	759,456	585,273	713,795	585,095	601,543	768,557	681,779
Storm Drain:										
Catch basin/storm drain cleaned (measured in storm inlets cleaned)	1,202	1,898	1,350	1,350	1,350	1,350	1,350	2,000	1,350	1,500

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									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
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	16	16	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	
2012-13	27,091	8,000	17,000	17,000	42,960	10,000	31,900	97,456	35,000	41,940	1.27
2013-14	10,044	8,000	18,000	18,000	46,491	10,000	31,629	83,876	36,000	40,392	1.10
2014-15	-	18,620	19,000	19,000	50,280	15,000	31,241	77,496	52,620	38,650	0.85
2015-16	-	-	20,000	20,000	48,024	15,000	30,741	77,616	35,000	36,460	1.09
2016-17	-	-	21,000	21,000	51,709	15,000	30,197	77,901	36,000	34,963	1.10
2017-18	-	-	21,000	21,000	49,802	15,000	29,610	76,019	36,000	33,400	1.10
2018-19	-	-	22,000	22,000	48,378	15,000	28,971	76,915	37,000	31,761	1.12
2019-20	-	-	23,999	23,999	47,868	15,000	28,341	75,609	38,999	30,062	1.09
2020-21	-	-	25,000	25,000	48,691	15,000	27,648	74,272	40,000	28,229	1.09
2021-22	-	-	-	-	47,993	15,000	26,926	47,993	15,000	26,926	1.14

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.



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