



City of  
**LOS ALTOS**

**Los Altos**  
Community Center

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For Fiscal Year ended June 30, 2023



**CITY OF LOS ALTOS, CALIFORNIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

**Prepared by  
FINANCE DEPARTMENT**



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## **INTRODUCTORY SECTION**



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**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2023**

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One North San Antonio Road  
Los Altos, California 94022

March 26, 2024

**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, 2023. 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 of 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, 2023, the City had a permanent staff of 143 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 fiscal year 2023, 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. All major funds have performed within acceptable limits through proper stewardship and management.

## Major Initiatives

**Capital Improvements:** Fiscal year 2023 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 fiscal year 2023 include the following:

- \$4,765,400 – Street & City Alley Resurfacing
- \$1,391,939 – Street Slurry Seal and Stripping
- \$1,080,080 – Annual Sewer System Repair Program
- \$509,390 – Transportation Improvement
- \$414,065 – Pedestrian/Bicycle Improvement
- \$322,271 – City Facility Improvement
- \$204,407 – Safe Route to Scholl Improvement
- \$201,532 – Housing Element Update

**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 \$7.2 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:** Throughout fiscal year 2023, the City persistently enhances and redesigns existing municipal facilities. This includes addressing improvements to aging facilities, ensuring ADA compliance, and designing the Emergency Operation Center, as well as 999 Fremont Avenue.

## 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 City transitioned its short-term investments from the Local Agency Investment Fund (LAIF) to California Asset Management Program (CAMP) in order to boost short-term interest earnings. This strategic move led to an increase in interest earnings from an average of 3% to an average of 5%. Staff continue 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 the 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 the General Fund reserve. In fiscal year 2023, the City established PERS reserve fund to better manage CalPERS pension unfunded accrual liability (UAL) and CalPERS Retiree Benefit Liability. 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 up to \$100,000 per claim. The City is self-insured for Workers’ Compensation and has an excess insurance policy for such claims up to the statutory limits. The City continues to maintain 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 11 of the ACFR and the related liabilities reflected in the statements. As of June 30, 2023, the City’s net OPEB obligation was valued at \$0.075 million, an amount reflected in the government-wide statements.

## **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 \$ 13.5 million before transfers, for fiscal year 2023. At year end, the total General fund balance equaled \$28.9 million with an unassigned fund balance of \$18.7 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 \$8.8 million, 20.1%, and the Capital Project fund reserve is at \$11.9million. Non-operating and transfer activities are as follows:

- \$318,358 transfer in from Public Safety Grant funds and others
- \$2,312,074 transfer out for capital projects
- \$1,677,000 transfer out for funding Internal Service fund
- \$300,000 transfer out for equipment replacement
- \$1,361 transfer out for close the Prop 1B fund.

The General fund’s key revenue streams continue to grow at a steady pace. Property tax, which accounts for nearly 57.1% of the City’s revenues, continues to be the strongest driver with an increase of 8.5% in fiscal year 2022 over the prior year.

**Table of Revenues compared to Last Year and Current Year Budget**

Revenues (in Millions)	FY22 Actual	FY23 Budget	FY23 Actual	Actual Var%	Budget Var%
Property tax	30.1	32.0	32.6	8.5%	2.0%
Sales tax	3.7	3.5	3.7	-1.4%	5.3%
Utility users	3.1	2.8	3.2	3.9%	14.3%
Other tax	3.5	2.9	4.1	15.9%	42.2%
Licenses, permits and fees	4.6	4.4	5.6	21.6%	28.2%
Grants and donations (Including ARPA)	3.9	0.0	0.2	-95.6%	515.8%
Charges for services	3.6	5.6	7.0	92.9%	25.0%
Fines and forfeitures	0.2	0.2	0.2	-5.6%	5.5%
Interest and rentals	-0.9	0.4	0.4	-140.6%	-5.2%
Other	0.2	0.2	0.1	-25.2%	-12.9%
<b>Total Revenues</b>	<b>52.0</b>	<b>52.0</b>	<b>57.2</b>	<b>9.9%</b>	<b>10.0%</b>

**Other Tax Revenues details**

Other Tax Revenues (In Millions)	FY21 Actual	FY22 Actual	FY23 Actual	Actual Var%
Transient Occupancy Tax	0.66	1.78	2.83	59.1%
Motor Vehicle Tax	0.02	0.04	0.03	-7.9%
Business License Tax	0.54	0.61	0.47	-22.9%
Documentary Transfer Tax	0.93	1.00	0.64	-36.1%
Building Development Tax	0.15	0.12	0.14	12.9%
Tobacco License Tax	0.00	0.00	0.00	-5.4%
<b>Total Other Tax</b>	<b>2.3</b>	<b>3.5</b>	<b>4.1</b>	<b>15.9%</b>

General fund revenues increased by 9.9% overall in contrast to a 7.4% increase in the prior year. Revenues came in above the annual budget estimates with charge for services, license, permit and fees, and Other Tax category being the front runners. Interest income was \$385K, instead of a large loss compared with previous year. Property Tax grew with an increase of 8.5% from the prior year. Sales tax decreased by 1.4%. In the City’s other taxes category, Transient Occupancy Tax (TOT) increased by 59.1% on actuals witness the recovery of the economy during the current COVID-19 pandemic.

Real estate transfer tax and documentary transfer tax declined by 36.1%, largely due to reduced real estate activity attributed to high mortgage interest rates. The grant and donation category saw a decrease of \$3.7 million, resulting from the city no longer receiving funds from the American Rescue Plan Act (ARPA) grant in FY23.

General fund expenditures were \$6.8 million, 13.4% lower than the final budget, with all departments significantly under budget, notably the City Attorney (\$1.147 million) and PD (\$2.48 million). By classification, General Fund labor costs were \$2.5 million under budget, professional services were \$3.5 million below budget, and \$328K was saved on equipment repair and purchases, as well as \$603K on other expenses such as office supplies, advertising, and subscriptions.

Overall, the City's General fund had a surplus of \$9.53 million. The General Fund balance increased from \$19.3 million to \$28.9 million.

### **Other Funds**

**Capital Projects Fund:** Expenditures in the Capital Projects fund was \$8.1 million. The year end fund balance stood at \$11.9 million. Based on commitments in the Capital budget for the period FY 23-27, the reserves will be insufficient to fulfill commitments at the end of the FY2024 unless additional funding sources are identified and/or Capital projects are deferred or cancelled.

**Special Revenue, Internal and Enterprise Funds:** The outcomes of all other Governmental and Business Type funds met expectations. In Lieu Park Land, Measure B, and other special revenue funds concluded the year with a total balance of \$12.05 million. Internal Service funds concluded at \$3.2 million, while Enterprise funds finished the year with a combined net position of \$30.8 million.

**Fiduciary Funds:** The City acts as a custodian of funds held for the benefit of others. 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**

Several factors influence our current economic outlook. General Fund Revenues exceeded the budget by \$5.2 million. The City's Sales Tax, Use Tax, and Transient Occupancy Tax have rebounded to pre-pandemic levels, with the Transient Occupancy Tax seeing a notable 59.1% increase compared to FY2022. Rising goods and labor expenses have pushed up business prices, potentially leading to stagnant sales compared to previous years.

The Federal Reserve has kept interest rates steady for a fifth consecutive meeting in March 2024 as they monitor the market. They anticipate that economic growth is expected to be much higher this year than previously estimated, but it is far too early to determine whether inflation has stalled moving forward.

Los Altos, along with neighboring cities, has witnessed consistent increases in real estate property values over the past decade. Property Tax revenue remained resilient during the pandemic. However, a sharp rise in mortgage rates has dampened median home values and property sales, slowing the ascent of assessed property valuations. Consequently, while Property Tax revenue is forecasted to rise in the next fiscal year, the growth rate is expected to taper compared to previous years. Documentary Transfer Tax (TOT) is also anticipated to decline compared to previous fiscal years.

The San Jose-Sunnyvale-Santa Clara Metropolitan statistical area reported an unemployment rate of 4.4% as of January 2024, which is a relatively flat decline increase from January 2023. The unemployment rate is up from a revised 4.0% in December 2023 and above the year-ago estimate of 3.1 percent. This compares with an unadjusted unemployment rate of 5.7 percent for California and 4.1 percent for the nation during the same period.<sup>1</sup>



Although current economic indicators do not signal an immediate and significant slowdown, the possibility of a recession within the next year persists. Sales Tax, Business License Tax and development-related revenues are the revenue sources most vulnerable to economic downturn, with Utility User Tax and Franchise tax being affected to a lesser extent. City staff will continue to monitor shifting economic trends and volatility.

In summary, the past three years have posed challenges for both the community and the City. Ongoing fiscal pressures necessitate a prudent strategy to address present and future operational and infrastructure needs. In the FY24 budget, the City has diligently prepared for equipment and facility replacements through sound accounting and budget practices. This proactive approach ensures the City is well-equipped to maintain its fleet and facilities in the future. While these investments entail initial costs, they promise superior equipment and facilities for staff and the community, enhancing the overall experience for residents, visitors, and businesses. These decisions aim to mitigate the City's vulnerability to changing economic conditions by incorporating future expenses into the annual budget.

1. [Unemployment Rate - U.S. | indystar.com](https://www.indystar.com/unemployment-rate-us)

## **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 ended June 30, 2022. In the last 17 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**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Division staff, MingJu Wu, Maurice De Castro and Lisa Clark. 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,

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Gabriel Engeland  
City Manager

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June Du  
Finance Director

# City of Los Altos

List of Principal Officials

As of June 30, 2023

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## ELECTED OFFICIALS

Mayor ..... Sally Meadows  
Vice Mayor ..... Jonathan Weinberg  
City Council..... Pete Dailey  
City Council..... Neysa Fligor  
City Council..... Lynette Lee Eng

## APPOINTED OFFICIALS

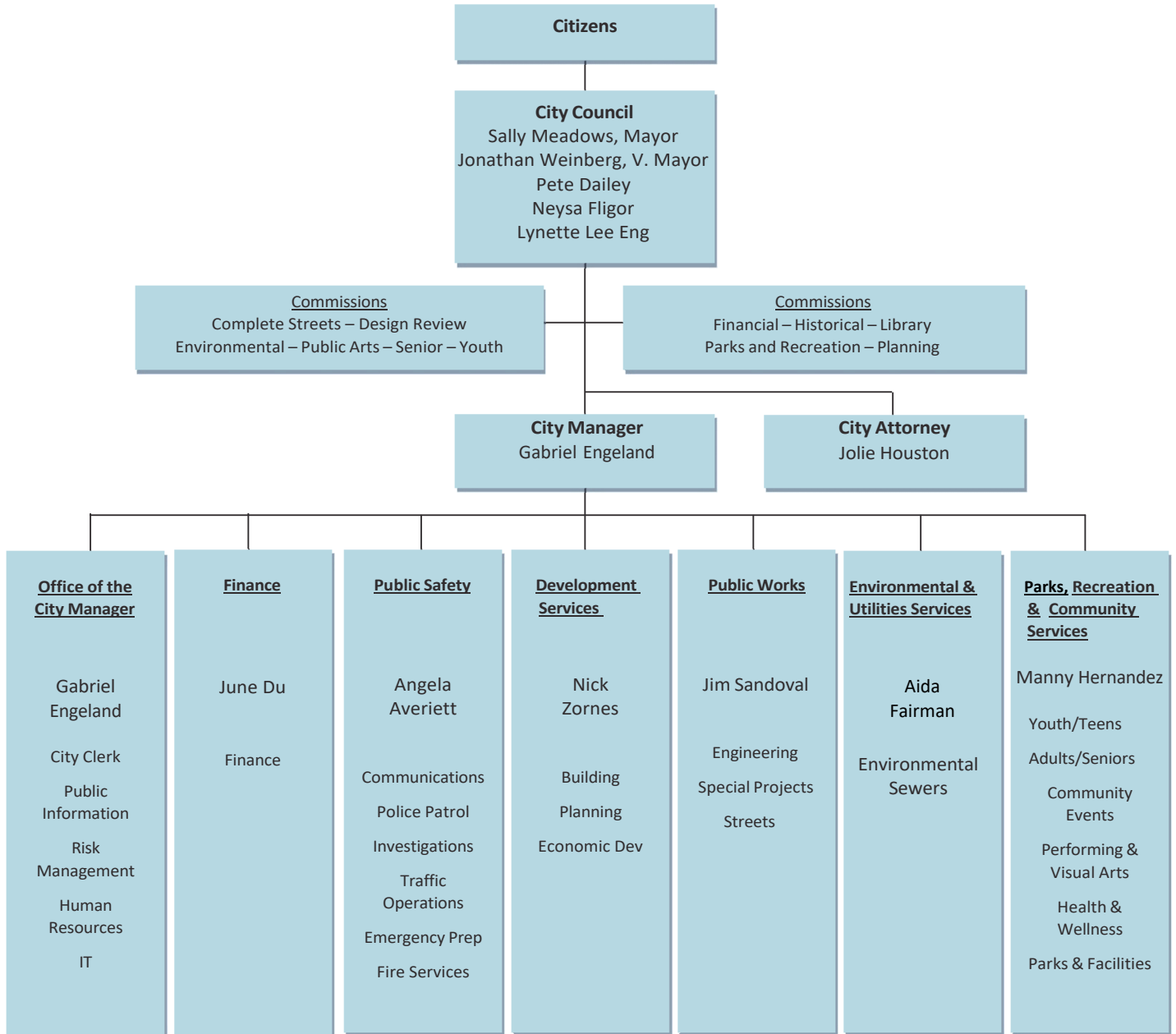
City Manager..... Gabriel Engeland  
City Attorney..... Jolie Houston

## EXECUTIVE TEAM

Assistant City Manager..... Jon Maginot  
Chief of Police..... Angela Averiett  
Development Services Director..... Nick Zornes  
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, 2022

*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 Altos, California (City), as of and for the year ended June 30, 2023, 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, 2023, 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 opinions. 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 there is a substantial likelihood that, individually or in the aggregate, they would 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.

### ***Emphasis of Matter***

The City corrected some accounting errors, and as a result, the beginning net position of the Governmental activities was restated and increased by \$1,071,957 as of July 1, 2022. See more details in Note 7J.

The emphasis of this matter does not constitute a modification to our opinions.



### ***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 1, 2024, 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.

Pleasant Hill, California  
February 1, 2024

# City of Los Altos

## Management's Discussion and Analysis, Continued

### For the year ended June 30, 2023

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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, 2023, in accordance with standards established by the Governmental Accounting Standards Board. We encourage readers to consider the information presented here, in conjunction with the 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 is 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).

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 and solid waste.

The government-wide financial statements can be found on pages 27 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. The City's funds 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, 2023**

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential for 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 budgetary comparison information relating to the City's General Fund and major special revenue fund. The report also contains a schedule of the City's proportionate shares in the Miscellaneous Pool and Safety Pool of a cost-sharing pension plan, and a schedule of the City's pension contributions to the plan. This information is intended to furnish additional details 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 20 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, Measure B Special Revenue Fund, and Capital Project Fund, each of which are major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the fund supplementary information section of this report.

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

The basic governmental fund financial statements can be found on pages 33 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, Workers' Compensation and Liability Insurance costs, as well as CalPERS pension and retiree health payments. Because these services predominantly benefit the governmental function, they have been included in the government-wide financial statements and, accordingly, the related intra-fund charges have been eliminated.

**City of Los Altos**  
**Management’s Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All five 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 two enterprise funds (Sewer and Solid Waste) 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 required supplementary information section. Combining and individual fund statements and schedules can be found on pages 109 to 119 of this report.

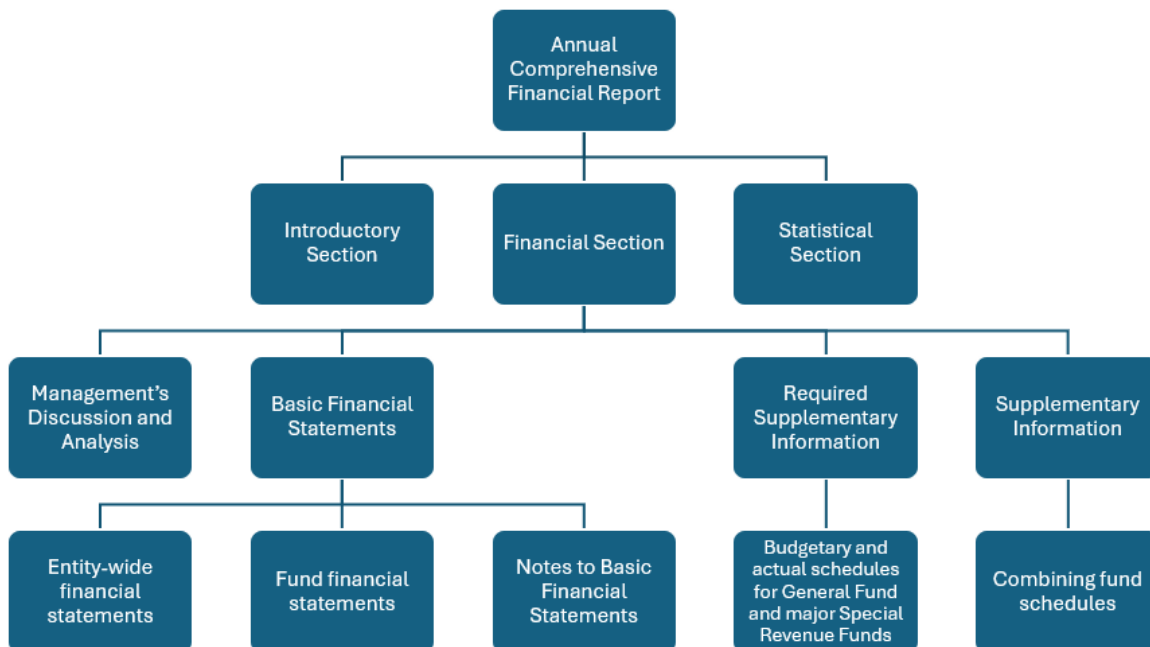
**Notes to the Basic Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These can be found on pages 47 to 91 of this report.

**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 and major special revenue funds.

**The City as Trustee**

**Fiduciary Fund:** The City is the fiduciary for one special assessment district –Blue Oak Lane Sewer. 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, 2023**

**FINANCIAL HIGHLIGHTS**

Financial highlights for the year ended June 30, 2023, include the following:

The City ended its fiscal year on a government-wide basis with total revenues of \$71.4 million, which was an increase of \$4.1 million or 6.1% compared to the prior year, and total expenses of \$53.0 million, a decrease of \$15.5 million or 22.6%. The results represent combined government and business operations, with an overall increase in net position of \$18.4 million primarily due to decreases in expenses in Public Safety, Public Works and Admin/Community Services activities.

Operational revenue gains were predominantly in Public Works activities. Property tax increased by \$2.5 million. Sewer revenues increased by \$0.6 million as projected, and solid waste revenues were stable and positioned to facilitate future operational and capital needs.

The decrease in Government-wide expenses is the result of savings from staff vacancies and legal costs.

The General Fund reported an operating surplus of \$13.5 million before transfers in/(out). The General Fund transferred \$2.3 million to the Capital Projects Fund to support the rehabilitation and replacement of City's infrastructure. General Fund also transferred \$1.7 million to Internal Service Funds to pay for supportive services.

General Fund revenues increased to \$57.2 million, up \$5.1 million from the prior year's \$52.0 million. Expenditure decreased to \$43.7 million, down \$6.8 million from the prior year's \$50.4 million.

General Fund unassigned/unrestricted fund balance for the current year totaled \$18.7 million, an increase of \$9.6 million or 105% when compared to prior year reported at \$9.1 million. The unassigned fund balance represents 42.9% of General Fund expenditures. The Government Finance Officers Association guidelines state that General Fund reserves should be 10% to 25%. The City of Los Altos ended the fiscal year 2023 on a healthy reserve balance for general services.

Other Post-Employment Benefits (OPEB) liabilities for the City of Los Altos decreased by \$0.7 million in the current fiscal year. The primary reason for the decrease in OPEB liabilities is due to a \$1.6m contribution by the City in FY2022. The funding status for the OPEB liabilities increased from 76.4% in fiscal year 2022 to 97.9% in fiscal year 2023. The OPEB funding status is above average when compared to most agencies in the State of California.

Net Pension Liability for the City of Los Altos increased by \$16.7 million to \$44.3 million when compared to the prior year reported at \$27.7 million. The increase is mostly attributable to the reduction of the discount rate as discussed in Note 10B to the basic financial statements.

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 positions and changes in net positions 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 of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

- City total assets increased by \$8.0 million to \$210.1 million, of which \$176.1 million represented governmental assets and \$33.9 million represented business-type assets.
- City total liabilities increased by \$16.6 million to \$65.5 million, of which \$61.4 million were governmental liabilities and \$4.1 million were business-type liabilities.
- City total deferred outflows of resources related to its pension and OPEB obligations increased by \$6.4 million to \$ 19.9 million, of which \$18.1 million represented governmental deferred outflows and \$1.8 million were business-type deferred outflows.
- City total deferred inflows of resources related to pension and OPEB decreased by \$21.8 million to \$8.2 million, of which \$7.4 million represented governmental deferred inflows and \$0.8 million were business-type deferred inflows.
- City net position increased by \$18.4 million to \$156.2 million, unrestricted net position increased \$15.9 million to \$26.0 million from \$10.1 million, of which \$11.1 million represented governmental unrestricted net positions \$14.9 million were business type.
- Total government-wide revenues were \$71.4 million, an increase of \$4.1 million from the prior year's \$67.3 million. The City's governmental activities generated \$61.7 million in revenue, while the business-type activities generated \$9.7 million in revenue.
- Total government-wide expenses were \$53.0 million, an increase of \$15.5 million from the prior year's \$68.5 million. The City's governmental activities reported \$43.8 million in expenses, while the business-type activities reported \$9.2 million in expenses.
- As noted earlier, net positions may serve over time as a useful indicator of a government's financial position. In the case of the City of Los Altos, total net positions of governmental activities amounted to \$125.4 million as of June 30, 2023, and \$107.5 million as of June 30, 2022. The net positions for governmental activities increased by \$17.9 million when compared to prior year's. Of the total net positions of governmental activities, \$102.7 was invested in capital assets at June 30, 2023 and \$96.9 million at June 30, 2022.

**Fund Level View**

- Total governmental fund revenues increased \$2.9 million to \$61.4 million. Total governmental fund expenditures decreased to \$53.0 million in fiscal year 2022-23, a decrease of \$5.3 million from the prior year's \$58.3 million.
- The General Fund realized an operating surplus of \$13.5 million. Revenue surplus came from increases in property tax of \$2.6 million, charges for services of \$3.4 million, interest and rental income of \$1.3 million. These increases were offset by reduced grants and donations revenue by \$3.7 million.
- Total governmental fund balances equaled \$52.8 million at fiscal year-end, an increase of \$6.8 million from prior year's fund balance of \$46.0 million.

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

- The In-Lieu Park Land Fund ended the year with a fund balance of \$7.9 million with revenues of \$0.4 million and transfers out of \$0.8 million spent on eligible projects and debt service payments.
- The Measure B Fund balance decreased by \$0.4 million to \$0 after funds were transferred out to pay for eligible capital projects.
- General government capital spending totaled \$8.3 million. The level of capital reinvestment in Los Altos reflects a sustained focus on the maintenance of streets, facilities, traffic calming efforts, and safety. In fiscal year 2023, the Capital Improvements Projects Fund balance increased by \$48 thousand from \$11.9 million in fiscal year 2022.
- Other Non-Major Governmental Funds ended the year with a total combined fund balance of \$4.1 million, a decrease of \$2.0 million from \$6.1 million in fiscal year 2023.
- Sewer operations ended the year with a net position of \$26.8 million. Operating revenue increased by \$0.5 million from \$8.3 million in fiscal year 2022 to \$8.8 million in fiscal year 2023.
- Solid waste operations ended the year with a net position of \$4.0 million. Operating expenses increased by \$1.1 million from \$1.1 million in fiscal year 2022 to \$2.2 million, primarily due to \$0.8 million increase in pension expense in current year.
- Internal Service Funds ended the year with a total combined net positions of \$3.2 million in fiscal year 2023, an increase of \$0.5 million from \$2.7 million in fiscal year 2022.



**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

**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, 2023.

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 \$125.4 million on June 30, 2023. Table 1 summarizes the City's governmental wide activities net position.

Restricted net positions of \$11.6 million account for approximately 9.3% of the total net position in the current year, which were \$14.4 million in fiscal year 2022. The total restricted assets decreased by \$2.8 million or 19.6% when compared to prior year. The decrease in restricted assets is primarily due to significant investments made by the City to improve the City's infrastructure.

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

	Governmental Activities		Business- Type Activities	
	2023	2022 (A)	2023	2022 (A)
Cash and investments	\$ 59.6	\$ 49.2	\$ 17.8	\$ 16.5
Other assets	4.5	14.1	0.3	0.3
Capital assets	112.0	106.7	15.9	15.4
<b>Total assets</b>	<b>176.1</b>	<b>170.1</b>	<b>34.0</b>	<b>32.1</b>
<b>Deferred outflows of resources</b>	<b>18.1</b>	<b>12.8</b>	<b>1.8</b>	<b>0.7</b>
Current liabilities	6.3	5.5	0.3	0.2
Non-current liabilities	55.1	42.0	3.8	1.2
<b>Total liabilities</b>	<b>61.4</b>	<b>47.5</b>	<b>4.1</b>	<b>1.4</b>
<b>Deferred inflows of resources</b>	<b>7.4</b>	<b>29.0</b>	<b>0.8</b>	<b>1.1</b>
Net Position				
Net investment in capital assets	102.7	96.9	15.9	15.4
Restricted	11.6	14.4	0.0	0.0
Unrestricted	11.1	(4.9)	14.9	14.9
<b>Total net position</b>	<b>\$ 125.4</b>	<b>\$ 106.4</b>	<b>\$ 30.8</b>	<b>\$ 30.3</b>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

**Governmental Activities**

Of the governmental activities total net position, \$102.7 million, or 81.9%, 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 \$176.1 million represent a \$6.0 million or a 3.5% increase, driven by higher receipts, capital activity, and lower spending due to the pandemic.

Capital Assets (net) increased by \$5.3 million or 4.9% compared to prior year primarily driven by additions from capital projects activity in the current year.

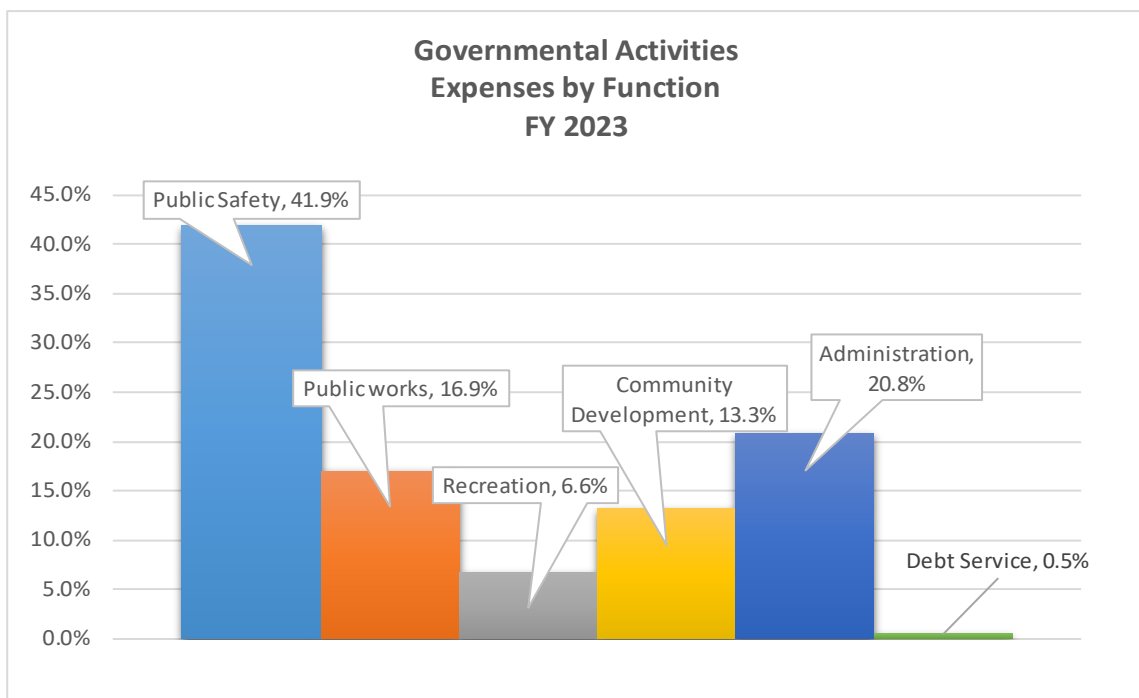
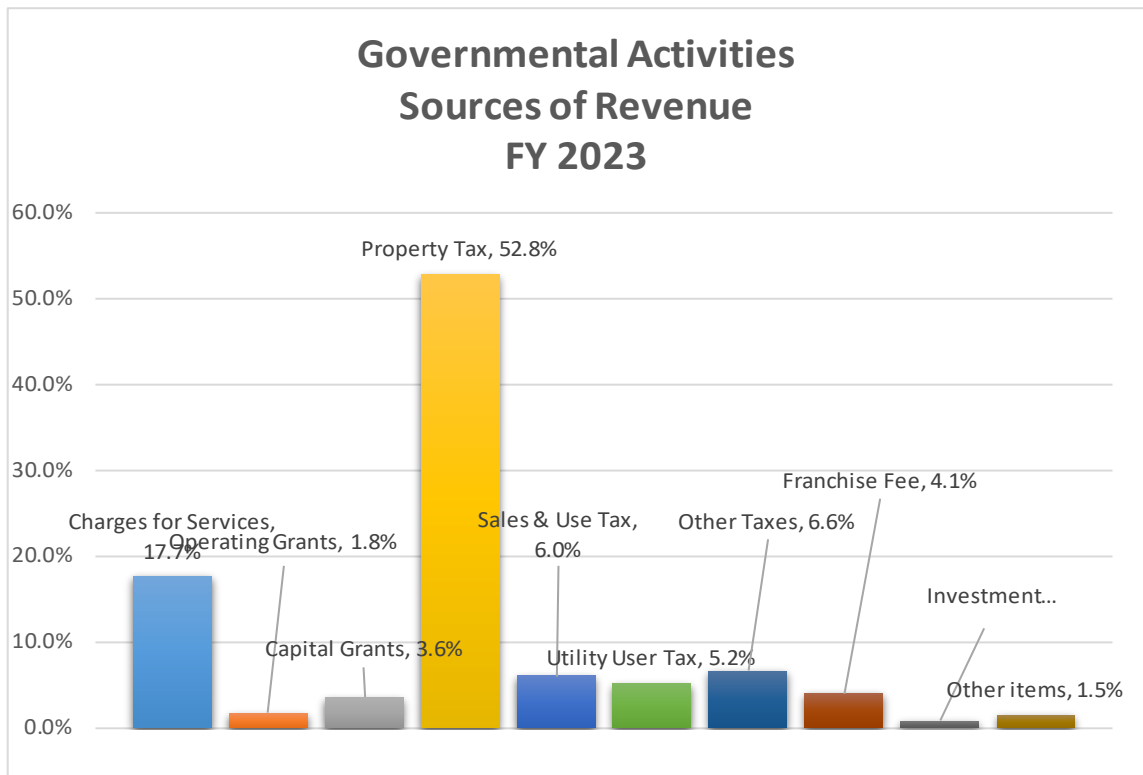
The governmental activities, total liabilities of \$61.4 million represent outstanding obligations for operations, capital projects, deposits held for development projects, long-term debt, and net pension liability. A portion of the governmental activities net position represents resources that are subject to restriction on how they may be used. Total liabilities increased by \$13.9 million or 29.2%.

The governmental activities deferred outflows of resources and deferred inflows of resources are related to the pension and OPEB obligations. The total deferred outflows of resources increased \$5.3 million, and deferred inflows of resources decreased \$21.6 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.

For the fiscal year ended June 30, 2023, total revenues from all sources relating to governmental activities excluding transfers were \$61.3 million, and total expenses for all City programs relating to governmental activities were \$43.7 million.

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**



**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

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

<b>Revenues</b>	<b>2023</b>	<b>2022 (A)</b>
Program revenues		
Charges for service	\$ 10.9	\$ 10.7
Operating contributions and grants	1.1	5.1
Capital grants	2.2	0.8
Total program revenues	<u>14.2</u>	<u>16.6</u>
General revenues		
Taxes:		
Property	32.6	30.1
Sales and use	3.7	3.7
Utility User	3.2	3.1
Other taxes	4.1	3.5
Franchise fees	2.5	2.3
Investment income	0.5	(1.3)
Other	0.5	0.5
Total general revenues	<u>47.1</u>	<u>41.9</u>
Total revenues	<u>61.3</u>	<u>58.5</u>
<b>Expenses</b>		
Public Safety	18.3	23.8
Public works	7.4	11.5
Recreation	2.9	2.9
Community Development	5.8	7.6
Administration / Community Services	9.1	14.3
Interest on Long Term Debt	0.2	0.3
Total expenses	<u>43.7</u>	<u>60.5</u>
Excess (deficiency) before transfers	17.6	(2.0)
Transfers (Net)	0.3	0.7
<b>Change in net position - Governmental Activities</b>	<u>17.9</u>	<u>(1.3)</u>
Net Position - Beginning of year	<u>107.5</u>	<u>107.7</u>
Net Position - End of year	<u>\$ 125.4</u>	<u>\$ 106.4</u>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

Table 2 shows that governmental activities expenses, which totaled \$43.7 million, were lower than program revenues for governmental activities of \$61.3 million. These program revenues included \$10.9 million in charges for services, \$1.1 million in operating grants and contributions, and \$2.2 million in capital grants and contributions.

**City of Los Altos**  
**Management’s Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

**Governmental Activities 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 \$0.2 million or 2.3%.

Operating grants and contributions encompass funds provided by developers and grants allocated by local, state, and federal governments. These funds are earmarked for specific grant obligations or designated for one-time expenditures. On the other hand, capital grants and contributions are specifically intended to finance capital investments. General revenues, detailed in Table 2 of the preceding section, are available to cover expenses not fully met by revenues generated from programs. In the current fiscal year, the City received \$1.1 million in operating grants, while capital grants surged from \$0.8 million in fiscal year 2022 to \$2.2 million. This increase is primarily attributed to the Measure B grant received from the Valley Transportation Authority (VTA).

**Governmental Activities Expenses**

**Public Safety** expenses decreased by \$5.5 million or 23.2% from the prior year. This decrease is primarily due to vacant positions that decreased other personnel and benefit costs.

**Public works** expenses decreased by \$4.1 million (35.6%) compared to the prior year primarily due to vacant positions as well as allocating the costs to the Enterprise fund per recent cost allocation studies.

**Community Development** expenses decreased by \$1.8 million or 24.0% from the prior fiscal year primarily attributable to reduced professional services costs and allocating the personnel costs to the Enterprise fund per recent cost allocation studies.

**Recreation** expenses decreased by \$14 thousand or 0.5% from the prior fiscal year.

**Administration and Community Services** expenses decreased by \$ 5.2 million (36.2%) compared to the prior year primarily due to the savings from staff vacancies and legal costs.

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

	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
	<u>2023</u>	<u>2022 (A)</u>	<u>2023</u>	<u>2022 (A)</u>
Public Safety	\$ 1.9	\$ 5.1	\$ (16.4)	\$ (18.8)
Public works	2.8	1.3	(4.7)	(10.2)
Recreation	1.4	1.1	(1.5)	(1.8)
Community Development	7.9	9.1	2.2	1.4
Administration / Community Services	0.2	0.0	(8.9)	(14.2)
Interest on Long Term Debt			(0.2)	(0.3)
<b>Totals</b>	<b>\$ 14.2</b>	<b>\$ 16.6</b>	<b>\$ (29.5)</b>	<b>\$ (43.9)</b>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

**Business-Type Activities**

As shown in Table 4 below, the net position of the City's business-type activities was \$30.8 million on June 30, 2023. Assets totaling \$34.0 million included a total of \$17.8 million in cash and investments, \$0.3 in receivables and other assets, and \$15.9 million in capital assets. Liabilities totaled \$4.1 million including \$0.3 million in current liabilities and \$3.8 million in non-current liabilities such as compensated absences and other liabilities.

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

	<u>2023</u>	<u>2022 (A)</u>
Cash and investments	\$ 17.8	\$ 16.5
Other assets	0.3	0.3
Capital assets	15.9	15.4
<b>Total assets</b>	<b><u>34.0</u></b>	<b><u>32.1</u></b>
<b>Deferred outflows of resources</b>	<b><u>1.8</u></b>	<b><u>0.7</u></b>
Current liabilities	0.3	0.2
Non-current liabilities	3.8	1.2
<b>Total liabilities</b>	<b><u>4.1</u></b>	<b><u>1.4</u></b>
<b>Deferred inflows of resources</b>	<b><u>0.8</u></b>	<b><u>1.1</u></b>
Net Position		
Net investment in capital assets	15.9	15.4
Restricted	0.0	0.0
Unrestricted	14.9	14.9
<b>Total net position</b>	<b><u>\$ 30.8</u></b>	<b><u>\$ 30.3</u></b>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

Table 5 shows that Business type activities expenses, which totaled \$9.2 million, were augmented by revenues of \$10.0 million. These revenues included \$9.8 million in charges for services and a \$0.2 million in interest earnings, and others, thus adding \$0.5 million to the net position at the end of the year.

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

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

	<u>2023</u>	<u>2022 (A)</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 9.8	\$ 9.2
Total program revenues	<u>9.8</u>	<u>9.2</u>
General revenues		
Investment income and other	0.2	(0.4)
Total revenues	<u>10.0</u>	<u>8.8</u>
<b>Expenses</b>		
Outside Services	4.6	5.7
Employee services	4.0	2.0
Depreciation	0.6	0.3
Total expenses	<u>9.2</u>	<u>8.0</u>
Excess (deficiency) before transfers	0.8	0.8
Transfers	(0.3)	(0.7)
	<u>0.5</u>	<u>0.1</u>
<b>Change in net position - Business-type Activities</b>		
Net Position - Beginning of year	30.3	30.2
Net Position - End of year	<u>\$ 30.8</u>	<u>\$ 30.3</u>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

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 2023 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 General Fund activities due to lack a fee that pays for these services.

**City of Los Altos**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2023**

**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 four 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 four major funds are - the General Fund, the In Lieu Parkland Fund, the Measure B 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 and Solid Waste 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, liability insurance, and pension and OPEB related costs. 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 five internal service funds are combined into a single, aggregated

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**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

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.

**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 Blue oak Lane Sewer special district.

**Summary Analysis of Governmental Funds**

On June 30, 2023, the City's governmental fund balances were \$52.8 million, which is an overall increase of \$6.8 million, or 14.0 %, as compared to the prior fiscal year. The increase was mostly due to an \$9.6 million increase in the General Fund fund balance, primarily due to the property tax and development fee related revenue increase and savings from staff vacancies and legal contract.

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

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

<b>Revenues</b>	<b>2023</b>	<b>2022 (A)</b>
Taxes:		
Property	\$ 32.6	\$ 30.1
Sales and Use	3.7	3.7
Utility Users	3.2	3.1
Other taxes	4.1	3.5
Licenses, permits and fees	5.8	4.9
Intergovernmental	3.7	5.8
Grants and Donations	0.3	0.5
Charges for services	7.1	4.1
Fines, forfeitures and penalties	0.2	0.2
Interest and Rentals	0.6	(1.3)
Other	0.1	3.8
	<u>61.4</u>	<u>58.5</u>
<b>Expenditures</b>		
Current:		
Public Safety	20.7	21.1
Public works	5.9	6.1
Recreation	2.9	2.5
Community Development	6.6	7.0
Administration / Community Development	7.8	14.0
Capital Improvements	8.3	6.7
<i>Debt Service</i>		
Principal	0.6	0.5
Interest and Fiscal Charges	0.2	0.3
Total expenditures	<u>53.0</u>	<u>58.3</u>
<b>Excess (deficiency) before transfers</b>	<b>8.4</b>	<b>0.2</b>
<b>Other</b>		
Transfers (net)	<u>(1.6)</u>	<u>(0.1)</u>
Net change in fund balance	6.8	0.1
Beginning Fund Balance* Reinstated	\$ 46.0	46.2
<b>Ending Fund Balance</b>	<u>\$ 52.8</u>	<u>\$ 46.3</u>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

*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, 2023, the total fund balance was \$28.9 million, \$10.2 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 \$18.7 million, an increase of \$9.7 million from the prior year.

Revenues were \$5.2 million higher in the fiscal year ended June 30, 2023, compared to last fiscal year, a change of 10.0%.

Expenditures decreased \$6.8 million in the fiscal year ended June 30, 2023, compared to the last fiscal year, a change of 13.5%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

**General Fund Revenues**

**Property Taxes** overall increased by \$2.6 million, or 8.6% compared to the prior year. This increase is primarily attributable to continued increases in property values (assessed value) and residential sales activity that increased the tax roll.

**Charges for Services** increased by \$3.4 million, or 94.4% compared to the prior year, mainly related to increased demand for development-related activities.

**Grants and donations** decreased by \$3.7 million or 94.9% compared to the prior year, mainly due to City was no longer receiving the ARPA grant in fiscal year 2023.

**Interest and Rentals** increased by \$1.3 million compared to the prior fiscal year, predominantly attributed to the substantial rise in the market value of the City's investment portfolio resulting from a shift in investment strategy.

**General Fund Expenditures**

**Administration and Finance** expenditures decreased by \$6.1 million, or 43.6% compared to the prior year, primarily due to a one-time elective contribution of \$6.5 million to CalPERS Pension and OPEB in fiscal year 2022.

**In-lieu Park Land Fund**

The In-lieu Park Land Fund had revenues of \$0.4 million from in-lieu fees received during the year which was \$3.1 million lower than the prior year due to a \$3.4 million decrease in in-lieu fees when compared to prior year.

**Measure B Fund**

The Measure B Fund had revenues of \$1.4 million received during the year, which was \$1.4 million higher than the prior year. This fund also transferred out \$1.9 million to other funds for eligible capital projects.

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

**Capital Investment Program Fund**

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2023, its fund balance was \$11.9 million, primarily due to monies transferred from other funds.

The Capital budget also has planned appropriations of almost \$86.6 million over the fiscal year 2024-fiscal year 2028 Capital Improvement and Major Maintenance Plan from various funding sources such as Special Revenue Fund, General fund, Equipment Replacement Fund and Enterprise Funds.

**City of Los Altos**  
**Management’s Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

*Summary Analysis of Proprietary Funds*

As of June 30, 2023, the Enterprise Funds had a net position balance of \$30.8 million, an increase of \$0.5 million from the prior year. The net position balance of the Internal Service Funds was \$3.2 million on June 30, 2023, up \$0.5 million from the previous fiscal year.

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

	<b>Total Enterprise Funds</b>		<b>Total Internal Service Funds</b>	
	<b>2023</b>	<b>2022 (A)</b>	<b>2023</b>	<b>2022 (A)</b>
Operating revenues	\$ 9.8	\$ 9.2	\$ 0.7	\$ 1.6
Operating expenses	9.2	8.0	2.1	3.3
<b>Operating income (loss)</b>	<b>0.6</b>	<b>1.2</b>	<b>(1.4)</b>	<b>(1.8)</b>
Non-operating revenues (expenses)	0.2	(0.4)	0.0	0.0
<b>Net income (loss) before contributions and operating transfers</b>	<b>0.8</b>	<b>0.8</b>	<b>(1.4)</b>	<b>(1.8)</b>
Transfers in (out) and Capital Contributions	(0.3)	(0.7)	1.9	0.8
<b>Change in net position</b>	<b>\$ 0.5</b>	<b>\$ 0.1</b>	<b>\$ 0.5</b>	<b>\$ (1.0)</b>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

**Sewer Fund**

This fund accounts for the administration and operation of the City’s sewer system. The total net position was \$26.8 million on June 30, 2023, an increase of \$1.7 million.

**Solid Waste Fund**

This fund accounts for the administration and operation of the City’s solid waste system. The total net position was \$4.0 million on June 30, 2023, a decrease of \$1.2 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 \$5.2 million, or 10.0%, which is primarily attributable to higher other taxes, licenses, permits and fees, and charges for services.

General Fund actual expenditures were \$3.9 million or 13.7% under the final budget, with savings from Community Development of \$1.6 million, Public Works of \$0.7 million, Administrative and Community Services of \$1.7 million, and Public Safety of \$2.5 million, and Recreation of \$0.3 million.

Net unassigned fund balance for the year was \$18.7 million after accounting for contributions to the Capital projects, Debt service, and others. This amount represents a \$9.7 million increase from the prior fiscal year.

**City of Los Altos**  
**Management's Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

**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, 2023, 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)**

	<u>2023</u>	<u>2022 (A)</u>
<b>Governmental activities</b>		
Land	\$ 11.7	\$ 11.7
Construction in progress	19.5	30.8
Buildings	23.6	21.6
Improvements	6.5	6.5
Machinery and equipment	7.2	7.2
Infrastructure	87.5	68.1
Less accumulated depreciation	(44.0)	(39.2)
<b>Totals</b>	<u><u>\$ 112.0</u></u>	<u><u>\$ 106.7</u></u>
<b>Business-type activities</b>		
Construction in progress	\$ 2.3	\$ 2.0
Buildings	16.0	18.0
Machinery and equipment	1.1	1.1
Infrastructure	9.2	8.4
Less accumulated depreciation	(12.7)	(14.1)
<b>Totals</b>	<u><u>\$ 15.9</u></u>	<u><u>\$ 15.4</u></u>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

On June 30, 2023, the City had assets of \$112.0 million, net of depreciation, invested in a broad range of capital assets used in governmental activities, and \$15.9 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 4 to the Basic Financial Statements on pages 47 and 65, respectively.

**City of Los Altos**  
**Management’s Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

***Long-Term Debt***

On June 30, 2023, the City's debt was comprised of the following:

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

	<u>2023</u>	<u>2022 (A)</u>
<b>Governmental activities</b>		
2004 Certificate of Participation	\$ 0.6	\$ 0.8
Community Center Lease	8.7	9.1
Compensated Absences	<u>3.3</u>	<u>1.5</u>
Total governmental activities debt	<u>\$ 12.6</u>	<u>\$ 11.3</u>
<b>Business-type activities</b>		
Compensated Absences	<u>\$ 0.3</u>	<u>\$ 0.1</u>
Total business-type activities debt	<u>\$ 0.3</u>	<u>\$ 0.1</u>
<b>Total debt</b>	<u><u>\$ 12.9</u></u>	<u><u>\$ 11.4</u></u>

(A) the 2022 columns do not include prior year restatements made in fiscal year 2023

The City made all required debt service payments on the issues listed above. Additional information on the City’s long-term debt may be found in Notes 1 and 5 to the Basic Financial Statements on pages 47 and 67, respectively.

**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

The City has enjoyed several consecutive strong financial years principally driven by growth in property tax. Economic development and the strength of the Bay Area and national economy have driven continued growth in revenues. Meanwhile, despite the actual expenditures decrease in FY23, the City needs to cautious on inflationary increases, negotiated wage increases, and pension cost increases.

In fiscal year 2023, Los Altos almost recovered from COVID-19. Transit Occupancy Tax (TOT) increased to \$ 2.83 million from \$1.78 million in fiscal year 2022.

Although current economic indicators do not signal an immediate and significant slowdown, the possibility of a recession within the next year persists. Sales Tax, Business License Tax and development-related revenues are the revenue sources most vulnerable to economic downturn, with Utility User Tax and Franchise tax being affected to a lesser extent. City staff will continue to monitor shifting economic trends and volatility.

**City of Los Altos**  
**Management’s Discussion and Analysis, Continued**  
**For the year ended June 30, 2023**

The pension rate for fiscal year 2023 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 fiscal year 2022<sup>1</sup>. This action, coupled with other assumption changes made by CalPERS, is resulting in a substantial increase in pension contributions for employers.

To address increasing retirement obligations, the City established PERS Reserve fund in FY23/24 budget for future pension and retiree health costs.

The City Council has additionally prioritized funding for capital infrastructure, establishing a Facility Reserve fund during the FY23/24 budget process. This proactive strategy ensures the City's ability to sustain its fleet and facilities in the long term. Although these investments require initial expenditures, they guarantee upgraded equipment and facilities for both staff and the community, enriching the overall experience for residents, visitors, and businesses. Such decisions are aimed at reducing the City's susceptibility to fluctuations in economic conditions by incorporating forthcoming expenses into the yearly budget.

**Major Capital Projects in construction for fiscal years 2023 include:**

- \$4,765,400 – Street & City Alley Resurfacing
- \$1,391,939 – Street Slurry Seal and Stripping
- \$1,080,080 – Annual Sewer System Repair Program
- \$509,390 – Transportation Improvement
- \$414,065 – Pedestrian/Bicycle Improvement
- \$322,271 – City Facility Improvement
- \$204,407 – Safe Route to Scholl Improvement
- \$201,532 – Housing Element Update

**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>



**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, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments (Note 2)	\$59,434,616	\$17,811,546	\$77,246,162
Accounts receivable	4,340,878	253,428	4,594,306
Prepaid items and inventory (Note 1H)	189,936		189,936
Total current assets	<u>63,965,430</u>	<u>18,064,974</u>	<u>82,030,404</u>
Noncurrent assets:			
Restricted cash and investments (Note 2)	178,012		178,012
Capital assets (Note 4):			
Non-depreciable	31,177,313	2,344,704	33,522,017
Depreciable, net of accumulated depreciation	80,795,594	13,528,129	94,323,723
Total noncurrent assets	<u>112,150,919</u>	<u>15,872,833</u>	<u>128,023,752</u>
Total Assets	<u>176,116,349</u>	<u>33,937,807</u>	<u>210,054,156</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension (Note 10)	17,752,112	1,629,631	19,381,743
Related to OPEB (Note 11)	384,385	147,783	532,168
Total deferred outflows of resources	<u>18,136,497</u>	<u>1,777,414</u>	<u>19,913,911</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,234,976	171,134	3,406,110
Interest payable	992		992
Accrued liabilities	518,913	39,562	558,475
Other payable	98,497		98,497
Compensated absences, due in one year (Note 6)	812,898	70,640	883,538
Claims and judgements, due in one year (Note 8)	1,056,753		1,056,753
Long-term debt, due in one year (Note 5)	563,355		563,355
Total current liabilities	<u>6,286,384</u>	<u>281,336</u>	<u>6,567,720</u>
Noncurrent liabilities:			
Compensated absences, due in more than one year (Note 6)	2,438,695	211,918	2,650,613
Claims and judgments, due in more than one year (Note 8)	3,177,008		3,177,008
Net pension liability (Note 10)	40,667,439	3,627,623	44,295,062
Net OPEB liability (Note 11)	75,263		75,263
Long-term debt, due in more than one year (Note 5)	8,725,019		8,725,019
Total noncurrent liabilities	<u>55,083,424</u>	<u>3,839,541</u>	<u>58,922,965</u>
Total Liabilities	<u>61,369,808</u>	<u>4,120,877</u>	<u>65,490,685</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension (Note 10)	6,746,228	786,140	7,532,368
Related to OPEB (Note 11)	692,071	25,408	717,479
Total deferred inflows of resources	<u>7,438,299</u>	<u>811,548</u>	<u>8,249,847</u>
<b>NET POSITION (Note 7)</b>			
Net investments in capital assets	102,684,533	15,872,833	118,557,366
Restricted for:			
Debt service	374,359		374,359
Special revenue programs:			
Public safety	358,722		358,722
Recreation	7,920,808		7,920,808
Streets and roads	1,206,467		1,206,467
Public education	667,386		667,386
Parking	940,747		940,747
Other	166,542		166,542
Total Restricted Net Position	<u>11,635,031</u>		<u>11,635,031</u>
Unrestricted	11,125,175	14,909,963	26,035,138
Total Net Position	<u>\$125,444,739</u>	<u>\$30,782,796</u>	<u>\$156,227,535</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Total
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental Activities:				
Public safety	\$18,271,886	\$1,300,918	\$605,659	\$1,906,577
Public works	7,436,497	51,952	481,529	2,751,028
Recreation	2,928,414	1,416,956		1,416,956
Community development	5,784,213	7,942,198		7,942,198
Admin/ community services	9,093,972	219,260		219,260
Interest on long-term debt	237,599			
Total Governmental Activities	<u>43,752,581</u>	<u>10,931,284</u>	<u>1,087,188</u>	<u>14,236,019</u>
Business-type Activities:				
Sewer	7,087,080	8,849,478		8,849,478
Solid waste	2,151,447	979,034		979,034
Total Business-type Activities	<u>9,238,527</u>	<u>9,828,512</u>		<u>9,828,512</u>
Total primary government	<u>\$52,991,108</u>	<u>\$20,759,796</u>	<u>\$1,087,188</u>	<u>\$24,064,531</u>
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, as Restated (Note 7J)				
Net Position-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$16,365,309)		(\$16,365,309)
(4,685,469)		(4,685,469)
(1,511,458)		(1,511,458)
2,157,985		2,157,985
(8,874,712)		(8,874,712)
(237,599)		(237,599)
(29,516,562)		(29,516,562)
	\$1,762,398	1,762,398
	(1,172,413)	(1,172,413)
	589,985	589,985
(29,516,562)	589,985	(28,926,577)
32,644,256		32,644,256
3,686,148		3,686,148
3,214,718		3,214,718
4,110,059		4,110,059
2,516,465		2,516,465
46,171,646		46,171,646
505,803	168,646	674,449
514,777		514,777
258,700	(258,700)	
47,450,926	(90,054)	47,360,872
17,934,364	499,931	18,434,295
107,510,375	30,282,865	137,793,240
\$125,444,739	\$30,782,796	\$156,227,535



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<b>MAJOR GOVERNMENTAL FUNDS</b>
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The funds described below were determined to be Major Funds by the City in fiscal 2023. 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.

**MEASURE B FUND**

To account for revenue received from the Santa Clara County, voters approved a half-cent sales tax measure; disbursed by Valley Transportation Authority. All funds are restricted to transit, highways, expressway, and active transportation (bicycle, pedestrians, and complete streets) projects.

**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, 2023

	General	In-Lieu Park Land Fund	Measure B Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments (Note 2)	\$27,158,445	\$7,920,808		\$13,006,763	\$3,923,319	\$52,009,335
Restricted cash and investments (Note 2)					178,012	178,012
Receivables, net of allowance for uncollectibles:						
Accounts Interest	2,492,242		\$1,426,011	92,285	253,949	4,264,487
Prepays (Note 1H)	54,906					54,906
Inventory (Note 1H)	135,030					135,030
Due from other funds (Note 3)	1,639,494					1,639,494
<b>Total Assets</b>	<b>\$31,480,117</b>	<b>\$7,920,808</b>	<b>\$1,426,011</b>	<b>\$13,099,048</b>	<b>\$4,355,280</b>	<b>\$58,281,264</b>
<b>LIABILITIES</b>						
Accounts payable	\$1,982,685			\$1,199,752	\$8,450	\$3,190,887
Accrued liabilities	518,913					518,913
Other payable	98,497					98,497
Due to other funds (Note 3)			\$1,426,011		213,483	1,639,494
<b>Total Liabilities</b>	<b>2,600,095</b>		<b>1,426,011</b>	<b>1,199,752</b>	<b>221,933</b>	<b>5,447,791</b>
<b>FUND BALANCES</b>						
Fund balance (Note 7):						
Nonspendable	189,936					189,936
Restricted		\$7,920,808			3,714,223	11,635,031
Assigned	10,008,282			11,899,296	632,607	22,540,185
Unassigned	18,681,804				(213,483)	18,468,321
<b>Total Fund Balances</b>	<b>28,880,022</b>	<b>7,920,808</b>		<b>11,899,296</b>	<b>4,133,347</b>	<b>52,833,473</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$31,480,117</b>	<b>\$7,920,808</b>	<b>\$1,426,011</b>	<b>\$13,099,048</b>	<b>\$4,355,280</b>	<b>\$58,281,264</b>

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, 2023

Fund balances of governmental funds \$52,833,473

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 111,972,907

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.

(992)

Deferred outflows below are not current assets or 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 related to pension and OPEB 18,136,497

Deferred inflows related to pension and OPEB (7,438,299)

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 (563,355)

Long-term debt - noncurrent portion (8,725,019)

Net pension liability (40,667,439)

Net OPEB liability (75,263)

Compensated absences - current portion (812,898)

Compensated absences - noncurrent portion (2,438,695)

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.

3,223,822

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$125,444,739

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, 2023

	General	In-Lieu Park Land Fund	Measure B Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property tax	\$32,644,256					\$32,644,256
Sales tax	3,686,148					3,686,148
Utility users	3,214,718					3,214,718
Other tax	4,110,059					4,110,059
Licenses, permits and fees	5,624,139				\$186,831	5,810,970
Intergovernmental		\$321,500	\$1,426,012		1,933,057	3,680,569
Grants and donations	172,437			\$92,285		264,722
Charges for services	7,026,614				106,960	7,133,574
Fines and forfeitures	161,918				13,167	175,085
Interest and rentals	385,282	85,340	15,056		82,729	568,407
Other	140,273					140,273
<b>Total Revenues</b>	<b>57,165,844</b>	<b>406,840</b>	<b>1,441,068</b>	<b>92,285</b>	<b>2,322,744</b>	<b>61,428,781</b>
<b>EXPENDITURES</b>						
General government						
Public safety	20,749,376					20,749,376
Public works	5,939,633					5,939,633
Recreation	2,847,253					2,847,253
Community development	6,331,784				235,458	6,567,242
Admin / community development	7,762,603					7,762,603
Utility and sustainability	536					536
Capital improvements				8,133,744	165,435	8,299,179
Debt service:						
Principal					553,862	553,862
Interest and fiscal charges					241,935	241,935
<b>Total Expenditures</b>	<b>43,631,185</b>			<b>8,133,744</b>	<b>1,196,690</b>	<b>52,961,619</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>13,534,659</b>	<b>406,840</b>	<b>1,441,068</b>	<b>(8,041,459)</b>	<b>1,126,054</b>	<b>8,467,162</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (Note 3)	318,358			8,276,024	1,717,542	10,311,924
Transfers (out) (Note 3)	(4,290,435)	(836,643)	(1,858,762)	(186,228)	(4,816,856)	(11,988,924)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,972,077)</b>	<b>(836,643)</b>	<b>(1,858,762)</b>	<b>8,089,796</b>	<b>(3,099,314)</b>	<b>(1,677,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>9,562,582</b>	<b>(429,803)</b>	<b>(417,694)</b>	<b>48,337</b>	<b>(1,973,260)</b>	<b>6,790,162</b>
<b>BEGINNING FUND BALANCES, AS RESTATED (Note 7J)</b>	<b>19,317,440</b>	<b>8,350,611</b>	<b>417,694</b>	<b>11,850,959</b>	<b>6,106,607</b>	<b>46,043,311</b>
<b>ENDING FUND BALANCES</b>	<b>\$28,880,022</b>	<b>\$7,920,808</b>		<b>\$11,899,296</b>	<b>\$4,133,347</b>	<b>\$52,833,473</b>

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, 2023

Net change in fund balances of governmental funds \$6,790,162

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	1,493,670

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. (3,081,598)

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 553,877

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	(1,798,295)
Interest payable	4,321
Net OPEB liability, and related deferred outflows and inflows of resources	(155,345)
Net pension liability, and related deferred outflows and inflows of resources	6,746,250

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. 528,996

Changes in net position of governmental activities \$17,934,364

See accompanying notes to financial statements



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<b>MAJOR PROPRIETARY FUNDS</b>
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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 2023.

**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.

CITY OF LOS ALTOS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2023

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Sewer</u>	<u>Solid Waste</u>	<u>Totals</u>	
ASSETS				
Current Assets:				
Cash and investments (Note 2)	\$12,994,953	\$4,816,593	\$17,811,546	\$7,425,281
Accounts receivable	170,465	82,963	253,428	76,391
Total Current Assets	<u>13,165,418</u>	<u>4,899,556</u>	<u>18,064,974</u>	<u>7,501,672</u>
Non-Current Assets:				
Capital assets (Note 4):				
Nondepreciable	2,344,704		2,344,704	
Depreciable	26,233,675		26,233,675	
Less accumulated depreciation	<u>(12,705,546)</u>		<u>(12,705,546)</u>	
Total capital assets, net	<u>15,872,833</u>		<u>15,872,833</u>	
Total non-current Assets	<u>15,872,833</u>		<u>15,872,833</u>	
Total Assets	<u>29,038,251</u>	<u>4,899,556</u>	<u>33,937,807</u>	<u>7,501,672</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 10)	1,160,594	469,037	1,629,631	
Related to OPEB (Note 11)	<u>126,041</u>	<u>21,742</u>	<u>147,783</u>	
Total Deferred Outflows	<u>1,286,635</u>	<u>490,779</u>	<u>1,777,414</u>	
LIABILITIES				
Current Liabilities:				
Accounts payable	134,770	36,364	171,134	44,089
Accrued liabilities	27,161	12,401	39,562	
Compensated absences (Note 6)	70,640		70,640	
Claims and judgements (Note 8)				<u>1,056,753</u>
Total Current Liabilities	<u>232,571</u>	<u>48,765</u>	<u>281,336</u>	<u>1,100,842</u>
Long-Term Liabilities				
Compensated absences (Note 6)	130,593	81,325	211,918	
Claims and judgements (Note 8)				3,177,008
Net pension liabilities (Note 10)	2,583,528	1,044,095	3,627,623	
Net OPEB liabilities (Note 11)				
Total Noncurrent Liabilities	<u>2,714,121</u>	<u>1,125,420</u>	<u>3,839,541</u>	<u>3,177,008</u>
Total Liabilities	<u>2,946,692</u>	<u>1,174,185</u>	<u>4,120,877</u>	<u>4,277,850</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 10)	559,875	226,265	786,140	
Related to OPEB (Note 11)	<u>32,396</u>	<u>(6,988)</u>	<u>25,408</u>	
Total Deferred Inflows	<u>592,271</u>	<u>219,277</u>	<u>811,548</u>	
NET POSITION (Note 7)				
Net investment in capital assets	15,872,833		15,872,833	
Unrestricted (deficit)	<u>10,913,090</u>	<u>3,996,873</u>	<u>14,909,963</u>	<u>3,223,822</u>
Total Net Position (Deficit)	<u>\$26,785,923</u>	<u>\$3,996,873</u>	<u>\$30,782,796</u>	<u>\$3,223,822</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Sewer</u>	<u>Solid Waste</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services	\$8,849,478	\$979,034	\$9,828,512	\$719,950
Total Operating Revenues	<u>8,849,478</u>	<u>979,034</u>	<u>9,828,512</u>	<u>719,950</u>
OPERATING EXPENSES				
Outside services	4,060,659	496,507	4,557,166	
Employee services	2,463,082	1,654,940	4,118,022	
Claims and insurance				2,038,669
Administration				87,985
Depreciation	<u>563,339</u>		<u>563,339</u>	
Total Operating Expenses	<u>7,087,080</u>	<u>2,151,447</u>	<u>9,238,527</u>	<u>2,126,654</u>
Operating Income (Loss)	<u>1,762,398</u>	<u>(1,172,413)</u>	<u>589,985</u>	<u>(1,406,704)</u>
NONOPERATING REVENUES				
Interest income (expenses)	<u>118,371</u>	<u>50,255</u>	<u>168,626</u>	
Total Nonoperating Revenues	<u>118,371</u>	<u>50,255</u>	<u>168,626</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 3)				1,935,700
Transfers (out) (Note 3)	<u>(201,000)</u>	<u>(57,700)</u>	<u>(258,700)</u>	
Total Other Financing Sources (Uses)	<u>(201,000)</u>	<u>(57,700)</u>	<u>(258,700)</u>	<u>1,935,700</u>
Change in Net Position	1,679,769	(1,179,858)	499,911	528,996
BEGINNING NET POSITION, AS RESTATED	<u>25,106,154</u>	<u>5,176,731</u>	<u>30,282,865</u>	<u>2,694,826</u>
ENDING NET POSITION	<u>\$26,785,923</u>	<u>\$3,996,873</u>	<u>\$30,782,776</u>	<u>\$3,223,822</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities- Internal Service Funds
	<u>Sewer</u>	<u>Solid Waste</u>	<u>Totals</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$8,838,237	\$1,014,049	\$9,852,286	\$972,116
Cash payments to suppliers for goods and services	(4,085,180)	(469,013)	(4,554,193)	
Cash payment employees for services	(1,967,418)	(801,434)	(2,768,852)	
Cash payments to claimants				(598,673)
Insurance premiums, settlements and rebates				(1,609,570)
Cash Flows from (used for) Operating Activities	<u>2,785,639</u>	<u>(256,398)</u>	<u>2,529,241</u>	<u>(1,236,127)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	<u>(201,000)</u>	<u>(57,700)</u>	<u>(258,700)</u>	<u>1,935,700</u>
Cash Flows (used for) Noncapital Financing Activities	<u>(201,000)</u>	<u>(57,700)</u>	<u>(258,700)</u>	<u>1,935,700</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	<u>(1,080,080)</u>		<u>(1,080,080)</u>	
Cash Flows (used for) Capital and Related Financing Activities	<u>(1,080,080)</u>		<u>(1,080,080)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>118,371</u>	<u>50,255</u>	<u>167,824</u>	
Cash Flows from Investing Activities	<u>118,371</u>	<u>50,255</u>	<u>167,824</u>	
Net Cash Flows	1,622,930	(263,843)	1,358,285	699,573
Cash and investments at beginning of period	<u>11,372,023</u>	<u>5,080,436</u>	<u>16,453,261</u>	<u>6,725,708</u>
Cash and investments at end of period	<u><u>\$12,994,953</u></u>	<u><u>\$4,816,593</u></u>	<u><u>\$17,811,546</u></u>	<u><u>\$7,425,281</u></u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>				
Operating income (loss)	\$1,762,398	(\$1,172,413)	\$589,985	(\$1,406,704)
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	563,339		563,339	
Change in assets and liabilities:				
Receivables, net	(11,241)	35,015	23,774	252,166
Accounts payable and other accrued expenses	(24,521)	27,494	2,973	12,998
Net pension liabilities and deferred inflows and outflows	484,872	801,323	1,286,195	
Net OPEB liabilities	(98,173)	(29,142)	(127,315)	
Compensated absences	108,965	81,325	190,290	
Claims and judgments				(94,587)
Cash Flows from (used for) Operating Activities	<u><u>\$2,785,639</u></u>	<u><u>(\$256,398)</u></u>	<u><u>\$2,529,241</u></u>	<u><u>(\$1,236,127)</u></u>

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, 2023

	Custodial Funds Total
ASSETS	
Cash and investments (Note 2)	\$43,485
Restricted cash and investments (Note 2)	47,247
Total Assets	90,732
NET POSITION	
Restricted for:	
Improvement district	90,732
Total Net Position	\$90,732

See accompanying notes to financial statements

CITY OF LOS ALTOS  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds Total
ADDITIONS	
Fee collections	\$54,047
Total Additions	54,047
DEDUCTIONS	
Distributions	47,338
Total Deductions	47,338
Net increase(decrease) in net position	6,709
Net Position-Beginning	84,023
Net Position-Ending	\$90,732

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, 2023**

**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, 2023**

**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, 2023**

**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 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, and PERS reserve 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, 2023**

**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 park 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.

**Measure B Fund** – Accounts for revenue received from the Santa Clara County, voters approved a half-cent sales tax measure; disbursed by Valley Transportation Authority. All funds are restricted to transit, highways, expressway, and active transportation (bicycle, pedestrians, and complete streets) projects.

**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.

**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.



**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***E. Use of Restricted and Unrestricted Net Position***

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

***F. Cash, Cash Equivalents and Investments***

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

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

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.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. *Fair Value Hierarchy***

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

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

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

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

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

**H. *Prepaid items and Inventories***

Inventory, mainly consisting of vehicle fuel and prepaid 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

**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.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2023**

**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 \$10,000 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, 2023**

**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, 2023**

**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. Subscription-Based Information Technology Arrangements (SBITAs)***

As clarified by the Government Accounting Standards Board (GASB) Statement No. 96, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$300,000 based on the future SBITA payments remaining at the start of the contract. The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. The City has no SBITA subject to GASB No. 96 as of June 30, 2023.

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

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2023.

**Effect of New Governmental Accounting Standards Board (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 did not have any PPP assets as of June 30, 2023.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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. The City did not have any SBITAs that met the criteria for capitalization as of June 30, 2023.

**Future Governmental Accounting Standards (GASB) Pronouncements**

**GASB 101 – Compensated Absences**

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Cash Deposits**

The City’s cash and investments at June 30, 2023 are presented as follows:

Cash and investments	\$77,246,162
Restricted cash and investments	178,012
Custodial funds:	
Cash and investments	43,485
Restricted cash and investments	47,247
Total cash and investments	\$77,514,906

Cash and investments consist of the following as of June 30, 2023:

Cash on hand		\$2,170
Deposits with financial institutions*		8,559,008
Investments:		
Liquid investments	\$20,163,228	
Managed investments	48,790,500	68,953,728
Total cash and investments		\$77,514,906

\*Includes 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, 2023**

**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 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, 2023, 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	\$225,259				\$225,259
Government Sponsored Enterprise Agencies:					
Federal National Mortgage Association Notes (FNMA)			\$143,498		143,498
Federal Home Loan Mortgage Corporation (FHLMC)		\$470,593			470,593
Federal Home Mortgage-backed Security (FHMS)			711,413	\$861,870	1,573,283
U.S. Treasury Notes	2,625,394	9,612,837	10,685,440		22,923,671
Supra-National Agency Notes and Bonds		504,187			504,187
Certificate of Deposit		374,926	995,308		1,370,234
Medium-Term Corporate Notes	368,193	6,831,810	4,966,441	368,042	12,534,486
Asset-Backed Securities	24,435	231,522	842,695	7,946,637	9,045,289
Local Agency Investment Funds (LAIF)	10,136,741				10,136,741
California Asset Management Program (CAMP)	10,026,487				10,026,487
Total investments	<u>\$23,406,509</u>	<u>\$18,025,875</u>	<u>\$18,344,795</u>	<u>\$9,176,549</u>	68,953,728
Demand Deposits and Cash on Hand					8,561,178
Total cash and investments					<u>\$77,514,906</u>



**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023:

<i>Investments by Fair Value Level:</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Government Sponsored Enterprise Agencies:			
Federal National Mortgage Association Notes (FNMA)		\$143,498	\$143,498
Federal Home Loan Mortgage Corporation (FHLMC)		470,593	470,593
Federal Home Mortgage-backed Security (FHMS)		1,573,283	1,573,283
U.S. Treasury Notes	\$22,923,671		22,923,671
Supra-National Agency Notes and Bonds		504,187	504,187
Medium-Term Corporate Notes		12,534,486	12,534,486
Asset-backed Securities		9,045,289	9,045,289
Total Investments	<u>\$22,923,671</u>	<u>\$24,271,336</u>	47,195,007
 <i>Investments Measured at Amortized Cost:</i>			
Certificates of Deposit			1,370,234
Money Market Mutual Fund			225,259
California Local Agency Investment Fund (LAIF)			10,136,741
California Asset Management Program (CAMP)			10,026,487
Cash in banks and on hand			8,561,178
Total Cash and investments			<u>\$77,514,906</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, 2023**

**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, 2023, the City's deposit and investments were rated as follows:

Investment Type	Credit Quality Ratings		Market Value
	Moody's	S&P	
Securities of Government Sponsored Enterprise Agencies:			
Federal National Mortgage Association Notes (FNMA)	Aaa	AA+	\$143,498
Federal Home Loan Mortgage Corporation Notes (FHLMC)	Aaa	AA+	470,593
Federal Home Mortgage-backed Security (FHMS)	Aaa	AA+	1,573,283
U.S. Treasury Notes	Aaa	AA+	22,923,671
Medium-Term Corporate Notes:			
HSBC USA Inc	A1	A-	368,193
Bank of America (Callable)	A1	A-	199,815
American Express Co. (Callable)	A2	BBB+	217,675
American Honda Finance	A3	A-	175,678
PACCAR Financial Corp	A1	A+	137,276
Unilever Capital Corp. (Callable)	A1	A+	94,589
Cooperative Rabo Bank UA	Aa2	A+	245,283
Goldman Sachs Group Inc. (Callable)	A2	BBB+	148,296
Bank of America Corp (Callable)	A1	A-	270,329
John Deere Capital Corp	A2	A	207,046
Cooperative Rabo Bank UA	Aa2	A+	234,764
American Honda Finance	A3	A-	236,167
Linde INC/CT (Callable)	A2	A	167,623
National Rural Utility Coop	A2	A-	165,286
Toyota Motor Credit	A1	A+	189,395
JP Morgan Chase & Co. (Callable)	A1	A-	164,006
American Express Co. (Callable)	A2	BBB+	141,865
Exxon Mobil Corp (Callable)	Aa2	AA-	124,844
John Deere Capital Corp	A2	A	71,227
Abbott Laboratories Corp (Callable)	Aa3	AA-	159,392
Unilever Capital Corp (Callable)	A1	A+	120,899
Burlington North Santa Fe (Callable)	A3	AA-	120,336
Paccar Financial Corp	A1	A+	239,397
Amazon.com Inc	A1	AA	337,382

(Continued)

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

Home Depot Inc (Callable)	A2	A	38,288
Brown-Forman Corp Notes (Callable)	A1	A-	111,242
Bank of NY Mellon (Callable)	A1	A	483,717
Citigroup Inc.	A3	BBB+	167,479
Cintas Corporation No. 2 Corp Note (Callable)	A3	A-	168,948
Caterpillar Finl Service	A2	A	121,108
General Dynamics Corp (Callable)	A3	A-	160,174
Hershey Co. (Callable)	A1	A	119,604
JP Morgan Chase & Co. (Callable)	A1	A-	327,837
Honeywell Intl Corp (Callable)	A2	A	163,071
Trust Financial Corp (Callable)	A3	A-	221,440
National Australia BK/NY	Aa3	AA-	246,300
National Rural Utility Corp	A2	A-	96,213
JP Morgan Chase & Co. (Callable)	A1	A-	219,279
Morgan Stanley	A1	A-	82,549
IBM Corp	A3	A-	366,534
Intel Corp (Callable)	A2	A	194,616
Bank of America	A1	A-	218,098
ColGate-Palmolive Co	Aa3	AA-	52,946
Walmart Inc	Aa2	AA	146,765
Home Depot Inc (Callable)	A2	A	53,928
Lockheed Martin (Callable)	A3	A-	174,519
UnitedHealth Group Inc	A3	A+	80,221
PNC Financial Service (Callable)	A3	A-	109,050
Comcast Corp	A3	A-	175,919
Bristol Myers Squibb Co.	A2	A+	113,378
Linde Inc (Callable)	A2	A	248,123
AUST & NZ Banking Grp NY	Aa3	AA-	249,141
CitiGroup Inc	A3	BBB+	191,738
National Australia BK/NY	Aa3	AA-	412,032
State Street Corp (Callable)	A1	A	102,490
Pepsico Inc (Callable)	A1	A+	114,663
Morgan Stanley (Callable)	A1	A-	274,571
ColGate-Palmolive Co	Aa3	AA-	210,357
National Rural Utility Coop (Callable)	A2	A-	123,010
State Street Corp (Callable)	A1	A	243,480
Bank of America	A1	A-	167,801
Wells Fargo & Co	A1	BBB+	188,196
Caterpillar Finl Service	A2	A	246,068
Toyota Motor	A1	A+	206,969
Bank of NY Mellon (Callable)	A1	A	243,352
Truist Fin Corp (Callable)	A3	A-	124,690
PNC Bank NA Corp (Callable)	A2	A	237,819

(Continued)

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

Certificates of Deposit			
Credit Agricole CIB NY	Aa3	A+	374,926
Toronto Dominion Bank NY	A1	A	499,662
Nordea Bank ABP NY	Aa3	AA-	495,646
Asset-backed Securities	NR	AAA	3,954,413
Asset-backed Securities	Aaa	AAA	3,340,511
Asset-backed Securities	Aaa	NR	1,750,365
Supra-National Agency Notes and Bonds	Aaa	AAA	504,187
Money Market	Aaa	AAA	225,259
Subtotal			<u>48,790,500</u>
Not Rated:			
Cash on hand	Not Rated	Not Rated	2,170
US Bank General Checking	Not Rated	Not Rated	8,559,008
Local Agency Investment Funds (LAIF)	Not Rated	Not Rated	10,136,741
California Asset Management Program (CAMP)	Not Rated	Not Rated	<u>10,026,487</u>
Total Investments			<u>\$77,514,906</u>

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposit 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, 2023, the City's bank balance was \$8,451,123 and the corresponding carrying book balance was \$8,078,739. Of the bank balance, \$250,000 was covered by federal depository insurance and \$7,828,739 was collateralized.

**Investments:** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**G. Investment in State Investment Pool**

The City is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool as reported in the accompanying financial statements is based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

As of June 30, 2023, the City held \$10,136,741 in LAIF. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF and average maturity of 260 days.

**NOTE 3 - INTERFUND TRANSACTIONS**

**A. Transfers**

Transfers between funds during the fiscal year ended June 30, 2023 were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount
General Fund	Non Major Governmental Funds	\$301,361 B&E
	Capital Projects Funds	2,312,074 A
	Internal Services Funds	1,677,000 F
In-Lieu Park Land Special Revenue Fund	Non Major Governmental Funds	793,965 D
	Capital Project Fund	42,678 A
Measure B Fund	Non Major Governmental Funds	435,988 A
	Capital Projects Fund	1,422,774 A
Non Major Governmental Funds	General Fund	318,358 A&C&G
	Capital Project Funds	4,498,498 A
Capital Projects Fund	Non Major Governmental Funds	186,228 A&E
Sewer Fund	Internal Services Fund	201,000 F
Solid Waste Fund	Internal Services Fund	57,700 F
		\$12,247,624

**Interfund transfers were principally used for the following purposes,**

- A To Fund Capital Project
- B To Cover Negative Cash & Close the Fund
- C Public Safety Related Fund Transfer
- D To Fund Debt Service
- E To Fund Equipment Replacement Fund
- F To Fund Internal Services Funds
- G Technology Related Fund Transfer

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 3 - INTERFUND TRANSACTIONS (Continued)**

**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, 2023:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Non-Major Governmental Fund	\$213,483
	Measure B Fund	1,426,011

**NOTE 4 - CAPITAL ASSETS**

**A. Government-wide Financial Statements**

At June 30, 2023, 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	\$19,535,028	\$2,344,704	\$21,879,732
Land	11,642,285		11,642,285
Total nondepreciable assets	<u>31,177,313</u>	<u>2,344,704</u>	<u>33,522,017</u>
Depreciable assets:			
Buildings	23,607,089	15,990,759	39,597,848
Improvements	6,537,672		6,537,672
Machinery and equipment	7,166,615	1,066,804	8,233,419
Infrastructure	<u>87,527,222</u>	<u>9,176,112</u>	<u>96,703,334</u>
Total depreciable assets	124,838,598	26,233,675	151,072,273
Less accumulated depreciation	<u>(44,043,004)</u>	<u>(12,705,546)</u>	<u>(56,748,550)</u>
Total depreciable assets, net	<u>80,795,594</u>	<u>13,528,129</u>	<u>94,323,723</u>
Total capital assets	<u>\$111,972,907</u>	<u>\$15,872,833</u>	<u>\$127,845,740</u>

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 4 - CAPITAL ASSETS (Continued)**

The following is a summary of capital assets for governmental activities for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Transfers	Retirements & Adjustment	Balance June 30, 2023
<b>Governmental Activities:</b>					
Capital assets, not depreciated:					
Land	\$11,642,285				\$11,642,285
Construction in progress	30,747,770	\$8,172,956	(\$19,385,698)		19,535,028
Total capital assets, not depreciated	<u>42,390,055</u>	<u>8,172,956</u>	<u>(19,385,698)</u>		<u>31,177,313</u>
Buildings	21,637,868			\$1,969,221	23,607,089
Improvements	6,537,672				6,537,672
Machinery and equipment	7,233,195	222,101		(288,681)	7,166,615
Infrastructure	68,141,524		19,385,698		87,527,222
Total cost of depreciable assets	<u>103,550,259</u>	<u>222,101</u>	<u>19,385,698</u>	<u>1,680,540</u>	<u>124,838,598</u>
Less accumulated depreciation:					
Buildings	(11,826,784)	(398,477)		(1,969,221)	(14,194,482)
Improvements	(2,947,543)	(159,815)			(3,107,358)
Machinery and equipment	(5,581,081)	(299,423)		239,620	(5,640,884)
Infrastructure	(18,876,397)	(2,223,883)			(21,100,280)
Total accumulated depreciation	<u>(39,231,805)</u>	<u>(3,081,598)</u>		<u>(1,729,601)</u>	<u>(44,043,004)</u>
Net depreciable assets	<u>64,318,454</u>	<u>(2,859,497)</u>	<u>19,385,698</u>	<u>(49,061)</u>	<u>80,795,594</u>
Governmental Activity Capital Assets, Net	<u>\$106,708,509</u>	<u>\$5,313,459</u>		<u>(\$49,061)</u>	<u>\$111,972,907</u>

The governmental activities depreciation expenses for capital assets for the year ended June 30, 2023 are as follows:

Functions/Programs	Total
Public safety	\$173,641
Public works	2,290,242
Recreation	452,402
Community development	815
Admin / community services	164,498
Total depreciation expense	<u>\$3,081,598</u>

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 4 - CAPITAL ASSETS (Continued)**

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

	Balance June 30, 2022	Additions	Transfers & Adjustments	Balance June 30, 2023
<b>Business-Type Activities:</b>				
Capital assets, not depreciated:				
Construction in progress	\$2,023,475	\$1,080,080	(\$758,851)	\$2,344,704
Total capital assets, not depreciated:	<u>2,023,475</u>	<u>1,080,080</u>	<u>(758,851)</u>	<u>2,344,704</u>
Capital assets, being depreciated:				
Buildings	17,959,980		(1,969,221)	15,990,759
Machinery and equipment	1,066,804			1,066,804
Infrastructure	8,417,261		758,851	9,176,112
Total cost of depreciable assets	<u>27,444,045</u>		<u>(1,210,370)</u>	<u>26,233,675</u>
Less accumulated depreciation:				
Buildings	(10,892,765)	(206,395)	1,969,221	(9,129,939)
Machinery and equipment	(931,661)	(24,579)		(956,240)
Infrastructure	(2,287,002)	(332,365)		(2,619,367)
Total accumulated depreciation	<u>(14,111,428)</u>	<u>(563,339)</u>	<u>1,969,221</u>	<u>(12,705,546)</u>
Net depreciable assets	<u>13,332,617</u>	<u>(563,339)</u>	<u>758,851</u>	<u>13,528,129</u>
Business-type Activity Capital Assets, Net	<u>\$15,356,092</u>	<u>\$516,741</u>	<u></u>	<u>\$15,872,833</u>

Depreciation expense for business-type activities related to the Sewer Fund amounted to \$563,339 for the year ended June 30, 2023.

**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, 2023**

**NOTE 5 - LONG-TERM OBLIGATIONS**

**A. Governmental Activities Long-Term Debt**

Summary of changes in governmental activities long-term debt for the year ended June 30, 2023 is as follows:

	Balance at June 30, 2022	Retirements	Balance at June 30, 2023	Due Within One Year	Due in More Than One Year
2004 Certificate of Participation	\$750,000	(\$140,000)	\$610,000	\$140,000	\$470,000
Direct Borrowing-Community Center Lease	9,092,251	(413,877)	8,678,374	423,355	8,255,019
Total	<u>\$9,842,251</u>	<u>(\$553,877)</u>	<u>\$9,288,374</u>	<u>\$563,355</u>	<u>\$8,725,019</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, 2023.

**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, 2023**

**NOTE 5 - LONG-TERM OBLIGATIONS (Continued)**

At June 30, 2023, future debt service requirements were as follows:

Years ending June 30	2004 COP		Direct Borrowing Community Center Lease		Total
	Principal	Interest	Principal	Interest	
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	-	-	463,487	158,603	622,090
2029-2033	-	-	2,481,586	628,862	3,110,448
2034-2038	-	-	2,779,044	331,404	3,110,448
2039-2040	-	-	1,201,774	41,426	1,243,200
Total	<u>\$610,000</u>	<u>\$66,512</u>	<u>\$8,678,374</u>	<u>\$1,896,172</u>	<u>\$11,251,058</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, 2022	Retirements	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
Blue Oak Lane	<u>\$470,000</u>	<u>(\$15,000)</u>	<u>\$455,000</u>	<u>\$20,000</u>	<u>\$435,000</u>
Total	<u>\$470,000</u>	<u>(\$15,000)</u>	<u>\$455,000</u>	<u>\$20,000</u>	<u>\$435,000</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, 2023**

**NOTE 6 - COMPENSATED ABSENCES PAYABLE**

The City’s compensated absences at June 30, 2023, were as follows:

	Governmental Activities	Business-type Activities	Total
Balance at July 1, 2022	\$1,453,298	\$92,268	\$1,545,566
Additions	2,872,552	286,732	3,159,284
Payments	(1,074,257)	(96,442)	(1,170,699)
Balance at June 30, 2023	<u>\$3,251,593</u>	<u>\$282,558</u>	<u>\$3,534,151</u>
Current Portion	<u>\$812,898</u>	<u>\$70,640</u>	<u>\$883,538</u>
Long-Term Portion	<u>\$2,438,695</u>	<u>\$211,918</u>	<u>\$2,650,613</u>

**NOTE 7 - 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 and 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 20% during fiscal year 2022/23 based on total expenses for the year.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 7 - 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, 2023, 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, 2023**

**NOTE 7 - 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, 2023 were distributed as follows:

Fund Balance Classifications	General	In Lieu Park Land	Capital Projects	Other Governmental Funds	Total
<b>Nonspendables:</b>					
Inventory and prepaids	\$189,936				\$189,936
<b>Total Nonspendable Fund Balances</b>	<b>189,936</b>				<b>189,936</b>
<b>Restricted for:</b>					
Debt service				\$374,359	374,359
Special revenue programs and projects		\$7,920,808		3,339,864	11,260,672
<b>Total Restricted Fund Balances</b>		<b>7,920,808</b>		<b>3,714,223</b>	<b>11,635,031</b>
<b>Assigned to:</b>					
Emergency and operating	8,757,349				8,757,349
Veteran Memorial reserve	8,615				8,615
Technology reserve	1,242,318				1,242,318
Capital and equipment (Note 8I):					
Capital and equipment reserve				632,607	632,607
Construction in progress reserve			\$11,899,296		11,899,296
<b>Total Assigned Fund Balances</b>	<b>10,008,282</b>		<b>11,899,296</b>	<b>632,607</b>	<b>22,540,185</b>
<b>Unassigned</b>	<b>18,681,804</b>			<b>(213,483)</b>	<b>18,468,321</b>
<b>Total Fund Balances</b>	<b>\$28,880,022</b>	<b>\$7,920,808</b>	<b>\$11,899,296</b>	<b>\$4,133,347</b>	<b>\$52,833,473</b>

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 7 - NET POSITION AND FUND BALANCES (Continued)**

**F. Net Deficit**

The funds listed in the table below had fund balance deficits at June 30, 2023. These deficits are expected to be eliminated by future revenues.

Vehicle Impound Special Revenue Fund	(\$14,142)
Traffic Impact Fee Special Revenue Fund	(199,341)

**G. OPEB Reserves**

As of June 30, 2023, \$551,000 has been assigned in recognition of existing Post-Retirement Health actuarial liability.

**H. Encumbrances**

The City implemented an encumbrance system during fiscal year 2023 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, 2023 of \$1,763,161, which is reflected in the fiscal year 2023 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, 2023:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation	\$111,972,907	\$15,872,833	\$127,845,740
Minus: Capital-related long-term liabilities	(9,288,374)		(9,288,374)
Net Investment in Capital Assets	\$102,684,533	\$15,872,833	\$118,557,366

**J. Restatement of Net Position**

The City discovered that noncurrent claims payable in the Workers' Compensation and General Insurance Internal Service Fund had been overstated and as a result, the beginning net position of the funds were restated and increased in the amount of \$771,571 & \$300,383 respectively as of July 1, 2022.

In the fiscal year of 2023, the City allocated \$292,614 from the General Fund balance to establish the PERS & OPEB Reserve Fund. This allows both the Enterprise Fund and General Fund to contribute towards addressing the CalPERS pension liability and OPEB liabilities. As a result, the beginning net position of the funds were restated and reduced in the amount of \$292,614 for the General Fund and increased for the same amount for the PERS & OPEB Reserve Fund as of July 1, 2022.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 8 - 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, 2023, the City contributed \$29,187 for 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, 2023. During the year, the City contributed \$450,729 for current year coverage.

As of June 30, 2023, \$52,083 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, 2023**

**NOTE 8 - 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,		
	2023	2022	2021
Unpaid claims, beginning of year	\$5,400,302	\$4,221,000	\$3,750,000
Incurred claims and changes in estimates	(715,812)	1,282,326	873,276
Claim payments	(450,729)	(103,024)	(402,276)
Unpaid claims, end of year	<u>\$4,233,761</u>	<u>\$5,400,302</u>	<u>\$4,221,000</u>
Current Portion	<u>\$1,056,753</u>	<u>\$1,118,735</u>	<u>\$1,072,302</u>
Long-Term Portion	<u>\$3,177,008</u>	<u>\$4,281,567</u>	<u>\$3,148,698</u>

In conformance with current accounting standards the City obtained an independent actuarial valuation of all outstanding Workers Compensation and Liability claims. Both the Workers Compensation report and the General Liability report presented a valuation as of December 31, 2022 and projected values through fiscal years 2023 and 2024. The fiscal year 2022-2023 values presented above reflect the estimated present value of open claims as developed in this actuarial report, and those values do not represent the pending claims.

**NOTE 9 - SELF-FUNDED REIMBURSEMENT DENTAL AND VISION PLAN**

As a core benefit, the City provides a Dental & Vision Reimbursement Plan for full-time employees, their dependents, and council members. This style of plan is formally called a Health Reimbursement Arrangement (HRA). A HRA is an employer self-funded group health benefit that provides tax-free reimbursements for qualified dental and vision expenses up to a fixed dollar amount per calendar year. The HRA plan is administered by Navia Benefit Solutions. The City currently pays Navia a monthly administrative fee of \$3.75 per participant per month out of Human Resources Professional Services Budget. Reimbursements for approved eligible expenses are processed weekly and accounted for out of the City's dental and vision reimbursement fund. Contributions and reimbursements for the past five fiscal years are as follows:

Fiscal year ended June 30,	Contribution Amount	Reimbursement Amount
2019	\$125,324	\$238,064
2020	258,874	253,377
2021	264,121	308,786
2022	340,693	340,693
2023	406,905	406,905
Total	<u>\$1,395,917</u>	<u>\$1,547,825</u>



**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 9 - SELF-FUNDED REIMBURSEMENT DENTAL AND VISION PLAN (Continued)**

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 10 - 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 PEPRAs 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.

**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.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 - PENSION PLAN (Continued)**

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Miscellaneous - Tier 1</u>
Hire date	Prior to January 1, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%
Required employee contribution rates	8.000%
Required employer contribution rates	14.030%
	 <u>Miscellaneous - Tier 2</u>
Hire date	January 1, 2012 - December 31, 2012
Benefit formula	2% @ 60
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.092% - 2.418%
Required employee contribution rates	7.000%
Required employer contribution rates	8.630%
	 <u>Miscellaneous - PEPRA</u>
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.000% - 2.500%
Required employee contribution rates	6.750%
Required employer contribution rates	7.470%

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 - 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	23.750%
	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	12.780%

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 \$3,326,955 in fiscal year 2023.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 - PENSION PLAN (Continued)**

**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.

For the year ended June 30, 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$3,022,765	\$2,259,334	\$5,282,099

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

As of June 30, 2023, 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	\$24,281,277
Safety	20,013,785
Total Net Pension Liability	\$44,295,062

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2021	0.80%	0.36%
Proportion - June 30, 2022	0.52%	0.29%
Change - Increase (Decrease)	(0.28%)	(0.07%)

For governmental funds, the General Fund has been primarily used to liquidate pension liabilities.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 - PENSION PLAN (Continued)**

For the year ended June 30, 2023, the City recognized pension expense of \$5,460,055. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Miscellaneous Plan**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$3,022,765	
Differences between actual and expected experience	487,616	(\$326,584)
Changes in assumptions	2,488,124	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	372,252	(55,535)
Net differences between projected and actual earnings on plan investments	4,447,685	
Adjustments due to differences in proportion	89,394	(4,879,862)
<b>Miscellaneous Total</b>	<b>\$10,907,836</b>	<b>(\$5,261,981)</b>

**Safety Plan**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$2,259,334	
Differences between actual and expected experience	828,298	(\$217,334)
Changes in assumptions	2,017,995	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(604,178)
Net differences between projected and actual earnings on plan investments	3,160,456	
Adjustments due to differences in proportion	207,824	(1,448,875)
Safety Total	\$8,473,907	(\$2,270,387)
<b>Grand total</b>	<b>\$19,381,743</b>	<b>(\$7,532,368)</b>

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 - PENSION PLAN (Continued)**

\$5,282,099 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, 2024. 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	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
	Annual Amortization	Annual Amortization	Annual Amortization
2024	\$170,629	\$1,030,447	\$1,201,076
2025	(66,635)	685,884	619,249
2026	(201,260)	299,938	98,678
2027	2,720,354	1,927,919	4,648,273
	<u>\$2,623,088</u>	<u>\$3,944,188</u>	<u>\$6,567,276</u>

**Actuarial Assumptions** – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liability is based on the following actuarial methods and assumptions:

	<u>Miscellaneous &amp; Safety</u>
Valuation Date	6/30/2021
Measurement Date	6/30/2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	(1)
Investment Rate of Return	6.90% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.30% 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 generational mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the CalPERS November 2021 experience study report (based on CalPERS demographic data from 2001 to 2019) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 - PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability for the Plan was 6.90%. 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.

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 (1)	New Strategic Allocation	Real Return (1), (2)
Global Equity - Cap Weighted	30%	4.54%
Global Equity - Non-Cap Weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	<u>100.0%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 10 - PENSION PLAN (Continued)**

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$36,641,643	\$30,087,300
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$24,281,277	\$20,013,785
1% Increase	7.90%	7.90%
Net Pension Liability	\$14,111,762	\$11,780,962

***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*** – 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 was reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.



**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 - 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, 2023, are summarized as follow:

	<b>All Bargaining Units</b>						
<b>Eligibility</b>	Retire directly from the City under CalPERS (age 50 <sup>1</sup> and 5 years of service or disability)						
<b>Benefit</b>	- 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;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Year</th> <th style="text-align: left; border-bottom: 1px solid black;">Actives</th> <th style="text-align: left; border-bottom: 1px solid black;">Retirees</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>\$ 132</td> <td>\$ 124</td> </tr> </tbody> </table>	Year	Actives	Retirees	2022	\$ 132	\$ 124
Year	Actives	Retirees					
2022	\$ 132	\$ 124					
<b>Surviving Spouse Benefit</b>	Surviving spouse coverage continues based on CalPERS retirement plan election						
<b>Other</b>	- No dental, vision & life or Medicare reimbursement - Implicit rate subsidy included						

<sup>1</sup> Age 52 for Miscellaneous PEPRAs members

For the year ended June 30, 2023, the City's contributions to the Plan were \$127,466.

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at the measurement date of June 30, 2022:

Active employees	144
Inactive employees or beneficiaries currently receiving benefit payments	52
Inactive employees entitled to but not yet receiving benefit payments	95
Total	291

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 - 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, 2022 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, 2022, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2022 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, 2022
	• 6.25% at June 30, 2021
	• 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	• 4.00% 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	49.00%	4.56%
Fixed income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
Total	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.25%. 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, 2023**

**NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

**C. Changes in Net OPEB Liability**

The changes in the net OPEB liability follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (a) - (b)</b>
Balance at June 30, 2021 Measurement Date	\$3,308,326	\$2,526,896	\$781,430
Changes Recognized for the Measurement Period:			
Service Cost	187,991		187,991
Interest on the total OPEB liability	214,597		214,597
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer		1,626,491	(1,626,491)
Net investment income		(515,999)	515,999
Benefit payments	(125,513)	(125,513)	
Administrative expenses		(1,737)	1,737
Net changes	277,075	983,242	(706,167)
Balance at June 30, 2022 Measurement Date	\$3,585,401	\$3,510,138	\$75,263

The City paid \$126,491 for retiree healthcare plan benefits, including \$89,513 in premium payments for retirees, \$36,000 for implied subsidies, and \$978 for administrative costs. The plan does not issue separate financial statements.

For governmental funds, the General Fund has been primarily used to liquidate OPEB liabilities.

**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%
\$560,691	\$75,263	(\$326,329)

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 - 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 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.

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
(\$432,861)	\$75,263	\$710,303

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$208,915. At June 30, 2023, 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	\$127,466	
Net differences between projected and actual earnings on plan investments	343,764	
Differences between expected and actual experience		\$713,680
Changes in assumptions	60,938	3,799
Total	\$532,168	\$717,479

\$127,466 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, 2024. 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
2024	(\$55,807)
2025	(57,978)
2026	(70,290)
2027	32,828
2028	(76,919)
Thereafter	(84,611)
Total	(\$312,777)

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 12 - 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.

As of June 30, 2023, the City has no leases over the threshold subject to GASB 87 as a lessor. Please refer to Note 7J for more details.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 12 - 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.

In FY23, the City conducted a reassessment of all leases and concluded that the agreements between the City and the Los Altos School District do not meet the criteria for leases as outlined in the GASB 87 guidelines. As a result, both the leases receivables and deferred inflows of resources reported in General Fund as of July 1, 2022 were eliminated. As of June 30, 2023, the City has no leases over the threshold subject to GASB 87 as a lessee.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 13 - 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 to 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 audit by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**NOTE 14 - OTHER INFORMATION**

**A. *Joint Powers Agreements***

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

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

**City of Palo Alto Regional Water Quality Control Plant:** The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant. It was formed in 1968 by a joint exercise of powers among the cities of Palo Alto, Mountain View, and Los Altos. Palo Alto 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.

**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. The City performs administrative services for NCLA. The audited financial statements can be obtained by contacting the NCLA at One North San Antonio Road, Los Altos, CA, 94022.

**CITY OF LOS ALTOS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 14 - OTHER INFORMATION (Continued)**

**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.

**NOTE 15 - OTHER COMMITMENTS**

A summary of remaining authorized CIP project balances at June 30, 2023 for all City funds by service area are as follows:

Construction in progress:	
Streets and Roadways	\$10,939,245
Pedestrian Safety	2,549,824
Infrastructure and Facilities	2,643,904
Parks	379,029
Technology	1,961,626
Community Development	614,783
Storm Drain	323,839
Public Art	122,778
Sewer	2,344,704
Total	\$21,879,732



**REQUIRED SUPPLEMENTARY INFORMATION**



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**CITY OF LOS ALTOS**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2023**

**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, 2023**

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	6/30/2022
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%	0.51892%
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	\$24,281,277
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	11,354,395
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%	213.85%
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%	73.22%

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	6/30/2022
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%	0.29125%
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	\$20,013,785
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	4,327,156
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%	462.52%
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%	72.56%

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

**CITY OF LOS ALTOS**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2023**

**Cost-Sharing Multiple-Employer Defined Pension Plan**  
**As of fiscal year ending June 30, 2023**  
**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	Fiscal Year 2022	Fiscal Year 2023
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	\$3,953,914	\$3,022,765
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)	(3,953,914)	(3,022,765)
Contribution deficiency (excess)	\$0	\$0	\$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	\$11,354,395	\$12,368,197
Contributions as a percentage of covered payroll	13.86%	17.27%	18.53%	18.18%	20.63%	23.14%	24.16%	34.82%	34.82%	24.44%
<b>Notes to Schedule</b>										
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	6/30/2021	6/30/2022

	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	Fiscal Year 2022	Fiscal Year 2023
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	\$3,293,372	\$2,259,334
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)	(3,293,372)	(2,259,334)
Contribution deficiency (excess)	(\$152,275)	\$0	\$0	\$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	\$4,327,156	\$3,890,157
Contributions as a percentage of covered payroll	29.53%	29.19%	32.70%	32.85%	37.16%	47.45%	46.23%	76.11%	76.11%	58.08%
<b>Notes to Schedule</b>										
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	6/30/2021	6/30/2022

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	2.30%
Salary increases	(1)
Investment rate of return	6.90% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% 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, 2023**

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

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
<b>Total OPEB Liability</b>						
Service Cost	\$154,000	\$158,000	\$162,743	\$195,973	\$201,852	\$187,991
Interest	207,000	223,000	238,629	231,856	252,731	214,597
Actual vs. expected experience			(524,133)		(617,999)	
Assumption changes			128,646		(5,045)	
Benefit payments	(134,000)	(142,000)	(161,000)	(117,894)	(131,033)	(125,513)
<b>Net change in total OPEB liability</b>	227,000	239,000	(155,115)	309,935	(299,494)	277,075
<b>Total OPEB liability - beginning</b>	2,987,000	3,214,000	3,453,000	3,297,885	3,607,820	3,308,326
<b>Total OPEB liability - ending (a)</b>	<u>\$3,214,000</u>	<u>\$3,453,000</u>	<u>\$3,297,885</u>	<u>\$3,607,820</u>	<u>\$3,308,326</u>	<u>\$3,585,401</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$135,000	\$143,000	\$162,000	\$118,972	\$132,024	\$1,626,491
Net investment income	160,000	134,000	110,961	67,723	545,286	(515,999)
Administrative expense	(2,000)	(4,000)	(1,387)	(2,014)	(1,742)	(1,737)
Benefit payments	(134,000)	(142,000)	(161,000)	(117,894)	(131,033)	(125,513)
<b>Net change in plan fiduciary net position</b>	159,000	131,000	110,574	66,787	544,535	983,242
<b>Plan fiduciary net position - beginning</b>	1,515,000	1,674,000	1,805,000	1,915,574	1,982,361	2,526,896
<b>Plan fiduciary net position - ending (b)</b>	<u>\$1,674,000</u>	<u>\$1,805,000</u>	<u>\$1,915,574</u>	<u>\$1,982,361</u>	<u>\$2,526,896</u>	<u>\$3,510,138</u>
Net OPEB liability - ending (a)-(b)	<u>\$1,540,000</u>	<u>\$1,648,000</u>	<u>\$1,382,311</u>	<u>\$1,625,459</u>	<u>\$781,430</u>	<u>\$75,263</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.1%	52.3%	58.1%	54.9%	76.4%	97.9%
Covered-employee payroll	<u>\$12,546,000</u>	<u>\$14,000,000</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>	<u>\$15,366,121</u>	<u>\$16,416,717</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>12.27%</u>	<u>11.77%</u>	<u>9.22%</u>	<u>10.84%</u>	<u>5.09%</u>	<u>0.46%</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, 2023**

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

<b>Fiscal Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Actuarially determined contribution	\$304,000	\$313,000	\$333,000	\$343,000	\$316,000	\$174,000
Contributions in relation to the actuarially determined contribution	143,000	314,000	118,972	132,024	1,626,491	127,466
Contribution deficiency (excess)	<u>\$161,000</u>	<u>(\$1,000)</u>	<u>\$214,028</u>	<u>\$210,976</u>	<u>(\$1,310,491)</u>	<u>\$46,534</u>
Covered-employee payroll	<u>\$14,000,000</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>	<u>\$15,366,121</u>	<u>\$16,416,717</u>	<u>\$17,681,206</u>
Contributions as a percentage of covered-employee payroll	1.02%	2.10%	0.80%	0.9%	9.9%	0.7%

\* 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	• 10-year average fixed period for 2022/23
Asset Valuation Method	• Investment gains and losses spread over 5-year rolling period
Discount Rate	• 6.25%
General Inflation	• 2.50%
Medical Trend	<ul style="list-style-type: none"> <li>• Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years</li> <li>• Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years</li> <li>• Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years</li> </ul>
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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property tax	\$29,568,955	\$32,000,000	\$32,644,256	\$644,256
Sales tax	3,114,060	3,500,000	3,686,148	186,148
Utility users	2,811,385	2,811,385	3,214,718	403,333
Other tax	2,488,988	2,890,000	4,110,059	1,220,059
Licenses, permits and fees	4,164,350	4,387,076	5,624,139	1,237,063
Grants and donations		28,000	172,437	144,437
Charges for services	8,413,025	5,619,268	7,026,614	1,407,346
Fines and forfeitures	283,200	153,500	161,918	8,418
Interest and rentals	356,300	406,300	385,282	(21,018)
Other	99,000	161,000	140,273	(20,727)
	<u>51,299,263</u>	<u>51,956,529</u>	<u>57,165,844</u>	<u>5,209,315</u>
Total revenues				
Expenditures:				
General government:				
Public Safety	22,918,053	23,220,203	20,749,376	2,470,827
Public Works	9,908,100	6,659,235	5,939,633	719,602
Recreation	2,691,761	3,123,926	2,847,253	276,673
Community development	4,298,163	7,900,596	6,331,784	1,568,812
Admin/community services	8,849,478	9,624,655	7,762,603	1,862,052
Utility and sustainability			536	(536)
	<u>48,665,555</u>	<u>50,528,615</u>	<u>43,631,185</u>	<u>6,897,430</u>
Total expenditures				
Excess of revenues over expenditures	<u>2,633,708</u>	<u>1,427,914</u>	<u>13,534,659</u>	<u>12,106,745</u>
Other financing sources (uses):				
Transfers in	8,481,196	258,000	318,358	60,358
Transfers out	<u>(2,430,068)</u>	<u>(2,458,068)</u>	<u>(4,290,435)</u>	<u>(1,832,367)</u>
Total other financing sources (uses)	<u>6,051,128</u>	<u>(2,200,068)</u>	<u>(3,972,077)</u>	<u>(1,772,009)</u>
Net change in fund balance	<u>\$8,684,836</u>	<u>(\$772,154)</u>	9,562,582	<u>\$10,334,736</u>
Fund balance at beginning of year			<u>19,317,440</u>	
Fund balance at end of year			<u>\$28,880,022</u>	



CITY OF LOS ALTOS  
 IN-LIEU PARK LAND SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Interest and rentals			\$85,340	\$85,340
Intergovernmental	\$927,200	\$927,200	321,500	(605,700)
Total Revenues	<u>927,200</u>	<u>927,200</u>	<u>406,840</u>	<u>(520,360)</u>
Expenditures:				
Capital improvement				
EXCESS OF REVENUES OVER EXPENDITURES	<u>927,200</u>	<u>927,200</u>	<u>406,840</u>	<u>(520,360)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(1,843,965)	(1,843,965)	(836,643)	1,007,322
Total other financing sources (uses)	<u>(1,843,965)</u>	<u>(1,843,965)</u>	<u>(836,643)</u>	<u>1,007,322</u>
NET CHANGE IN FUND BALANCE	<u>(\$916,765)</u>	<u>(\$916,765)</u>	(429,803)	<u>\$486,962</u>
Beginning fund balance			<u>8,350,611</u>	
Ending fund balance			<u>\$7,920,808</u>	

**CITY OF LOS ALTOS**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2023**

**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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<b>GENERAL FUND</b>
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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, 2023

	General	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
<b>ASSETS</b>				
Cash and investments	\$27,158,445			\$27,158,445
Receivables, net of allowance for uncollectibles:				
Accounts	2,492,242			2,492,242
Interest				
Prepays	54,906			54,906
Inventory	135,030			135,030
Due from other funds	1,639,494			1,639,494
	<u>31,480,117</u>			<u>31,480,117</u>
<b>LIABILITIES</b>				
Accounts payable	\$1,982,685			\$1,982,685
Accrued liabilities	518,913			518,913
Other payable	98,497			98,497
Due to other funds				
	<u>2,600,095</u>			<u>2,600,095</u>
<b>FUND BALANCES</b>				
Fund balance:				
Nonspendable	189,936			189,936
Assigned	10,008,282			10,008,282
Unassigned	18,681,804			18,681,804
	<u>28,880,022</u>			<u>28,880,022</u>
Total Fund Balances	<u>28,880,022</u>			<u>28,880,022</u>
Total Liabilities and Fund Balances	<u>31,480,117</u>			<u>31,480,117</u>

CITY OF LOS ALTOS  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

	General	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
<b>REVENUES</b>				
Property tax	\$32,644,256			\$32,644,256
Sales tax	3,686,148			3,686,148
Utility users	3,214,718			3,214,718
Other tax	4,110,059			4,110,059
Licenses, permits and fees	5,624,139			5,624,139
Grants and donations	172,437			172,437
Charges for services	7,026,614			7,026,614
Fines and forfeitures	161,918			161,918
Interest and rentals	385,282			385,282
Other	140,273			140,273
<b>Total Revenues</b>	<b>57,165,844</b>			<b>57,165,844</b>
<b>EXPENDITURES</b>				
General government				
Public safety	20,749,376			20,749,376
Public works	5,939,633			5,939,633
Recreation	2,847,253			2,847,253
Community development	6,331,784			6,331,784
Admin / community development	7,762,603			7,762,603
Utility and sustainability	536			536
<b>Total Expenditures</b>	<b>43,631,185</b>			<b>43,631,185</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>13,534,659</b>			<b>13,534,659</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	318,358	\$18,688	(\$18,688)	318,358
Transfers (out)	(4,309,123)		18,688	(4,290,435)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,990,765)</b>	<b>18,688</b>		<b>(3,972,077)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>9,543,894</b>	<b>18,688</b>		<b>9,562,582</b>
<b>BEGINNING FUND BALANCES, AS RESTATED (Note 7J)</b>	<b>19,336,128</b>	<b>(18,688)</b>		<b>19,317,440</b>
<b>ENDING FUND BALANCES</b>	<b>\$28,880,022</b>			<b>\$28,880,022</b>



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<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**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.

**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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**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.

**PUBLIC ART FUND**

To account for fees collected from private development projects. The fund is restricted to public art acquisition, placement, and maintenance.

**AB-1379 FUND**

To account for fees collected through Business License. Under the AB1379, the local jurisdiction allows to remain 90% of the AB1379 fees for Certified Access Specialist (CAsp) certification and training. Restricted by State Statute

**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.

**LOS ALTOS COMMUNITY CENTER LEASES**

To account for the periodic payment of principal and interest on the community center lease and related authorized costs.



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CITY OF LOS ALTOS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
<b>ASSETS</b>				
Cash and investments		\$272,563	\$2,393	
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts		86,159	69,932	
Total Assets		\$358,722	\$72,325	
<b>LIABILITIES</b>				
Accounts payable				
Due to other funds	\$14,142			
Total Liabilities	14,142			
<b>FUND BALANCES</b>				
Restricted:				
Debt service				
Special revenue programs and projects		\$358,722	\$72,325	
Assigned				
Unassigned	(14,142)			
Total Fund Balances	(14,142)	358,722	72,325	
Total Liabilities and Fund Balances		\$358,722	\$72,325	

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
\$56,086	\$934,563		\$17,759	\$662
	13,134			
<u>\$56,086</u>	<u>\$947,697</u>		<u>\$17,759</u>	<u>\$662</u>
	\$6,950			
		\$199,341		
	6,950	199,341		
\$56,086	940,747		\$17,759	\$662
		(199,341)		
<u>56,086</u>	<u>940,747</u>	<u>(199,341)</u>	<u>17,759</u>	<u>662</u>
<u>\$56,086</u>	<u>\$947,697</u>		<u>\$17,759</u>	<u>\$662</u>

(Continued)

CITY OF LOS ALTOS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SB1 Road Maintenance Rehabilitation	Public Art
<b>ASSETS</b>				
Cash and investments	\$212,457	\$869,525	\$200,529	\$435,131
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts	21,298		63,426	
Total Assets	\$233,755	\$869,525	\$263,955	\$435,131
<b>LIABILITIES</b>				
Accounts payable				\$1,500
Due to other funds				
Total Liabilities				1,500
<b>FUND BALANCES</b>				
Restricted:				
Debt service				
Special revenue programs and projects	\$233,755	\$869,525	\$263,955	433,631
Assigned				
Unassigned				
Total Fund Balances	233,755	869,525	263,955	433,631
Total Liabilities and Fund Balances	\$233,755	\$869,525	\$263,955	\$435,131

SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUNDS		
AB-1379	Equipment Replacement	General	Los Altos Community Center Lease	Total Non-major Governmental Funds
\$92,697	\$632,607	\$196,346 178,012	\$1	\$3,923,319 178,012
				253,949
<u>\$92,697</u>	<u>\$632,607</u>	<u>\$374,358</u>	<u>\$1</u>	<u>\$4,355,280</u>
				\$8,450 213,483
				221,933
\$92,697	\$632,607	\$374,358	\$1	374,359 3,339,864 632,607 (213,483)
<u>92,697</u>	<u>632,607</u>	<u>374,358</u>	<u>1</u>	<u>4,133,347</u>
<u>\$92,697</u>	<u>\$632,607</u>	<u>\$374,358</u>	<u>\$1</u>	<u>\$4,355,280</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, 2023

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
REVENUES				
Charges for services				
Licenses, permits and fees				
Intergovernmental		\$251,430	\$800,584	
Fines and forfeitures	\$13,167			
Interest and rentals			33,263	
Total Revenues	13,167	251,430	833,847	
EXPENDITURES				
Current:				
Public safety				
Public works				
Community development				
Capital improvements				
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,167	251,430	833,847	
OTHER FINANCING SOURCES (USES)				
Transfers in			350,000	\$1,361
Transfers (out)	(20,000)	(100,000)	(2,926,485)	
Total Other Financing Sources (Uses)	(20,000)	(100,000)	(2,576,485)	1,361
NET CHANGE IN FUND BALANCES	(6,833)	151,430	(1,742,638)	1,361
BEGINNING FUND BALANCES	(7,309)	207,292	1,814,963	(1,361)
ENDING FUND BALANCES	(\$14,142)	\$358,722	\$72,325	



SPECIAL REVENUE FUNDS

Storm Drain Deposits	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
	\$66,564	\$27,570		
	13,893	73	\$175	\$662
	80,457	27,643	175	662
	80,457	27,643	175	662
	(40,000)			(88,358)
	(40,000)			(88,358)
	40,457	27,643	175	(87,696)
\$56,086	900,290	(226,984)	17,584	88,358
<u>\$56,086</u>	<u>\$940,747</u>	<u>(\$199,341)</u>	<u>\$17,759</u>	<u>\$662</u>

(Continued)

CITY OF LOS ALTOS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SB1 Road Maintenance Rehabilitation	Public Art
REVENUES				
Charges for services	\$92,570			\$14,390
Licenses, permits and fees				
Intergovernmental		\$181,792	\$699,251	
Fines and forfeitures				
Interest and rentals	2,120	12,959	13,781	
Total Revenues	<u>94,690</u>	<u>194,751</u>	<u>713,032</u>	<u>14,390</u>
EXPENDITURES				
Current:				
Public safety				
Public works				
Community development				1,553
Capital improvements				
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures				<u>1,553</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>94,690</u>	<u>194,751</u>	<u>713,032</u>	<u>12,837</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			224,216	
Transfers (out)	(86,681)	(477,836)	(1,000,000)	(77,496)
Total Other Financing Sources (Uses)	<u>(86,681)</u>	<u>(477,836)</u>	<u>(775,784)</u>	<u>(77,496)</u>
NET CHANGE IN FUND BALANCES	8,009	(283,085)	(62,752)	(64,659)
BEGINNING FUND BALANCES	<u>225,746</u>	<u>1,152,610</u>	<u>326,707</u>	<u>498,290</u>
ENDING FUND BALANCES	<u>\$233,755</u>	<u>\$869,525</u>	<u>\$263,955</u>	<u>\$433,631</u>

SPECIAL REVENUE	CAPITAL PROJECT	DEBT SERVICE FUNDS		
AB-1379	Equipment Replacement	General	Los Altos Community Center Lease	Total Non-major Governmental Funds
				\$106,960
\$92,697				186,831
				1,933,057
				13,167
		\$5,803		82,729
92,697		5,803		2,322,744
	\$233,905			235,458
	165,435			165,435
		140,000	\$413,862	553,862
		33,708	208,227	241,935
	399,340	173,708	622,089	1,196,690
92,697	(399,340)	(167,905)	(622,089)	1,126,054
	348,000	171,875	622,090	1,717,542
				(4,816,856)
	348,000	171,875	622,090	(3,099,314)
92,697	(51,340)	3,970	1	(1,973,260)
	683,947	370,388		6,106,607
\$92,697	\$632,607	\$374,358	\$1	\$4,133,347

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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$20,000</u>	<u>\$13,167</u>	<u>(\$6,833)</u>
Total Revenues	<u>20,000</u>	<u>13,167</u>	<u>(6,833)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>20,000</u>	<u>13,167</u>	<u>(6,833)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(20,000)</u>	<u>(20,000)</u>	<u></u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u></u>
NET CHANGE IN FUND BALANCE	<u><u></u></u>	<u>(6,833)</u>	<u><u>(\$6,833)</u></u>
Beginning fund balance		<u>(7,309)</u>	
Ending fund balance		<u><u>(\$14,142)</u></u>	

CITY OF LOS ALTOS  
 SUPPLEMENTAL LAW ENFORCEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$100,000</u>	<u>\$251,430</u>	<u>\$151,430</u>
Total Revenues	<u>100,000</u>	<u>251,430</u>	<u>151,430</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>100,000</u>	<u>251,430</u>	<u>151,430</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(100,000)</u>	<u>(100,000)</u>	<u></u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u></u>
NET CHANGE IN FUND BALANCE	<u><u></u></u>	<u>151,430</u>	<u><u>\$151,430</u></u>
Beginning fund balance		<u>207,292</u>	
Ending fund balance		<u><u>\$358,722</u></u>	

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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$840,057	\$800,584	(\$39,473)
Interest and rentals		33,263	33,263
	<u>840,057</u>	<u>833,847</u>	<u>(6,210)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>840,057</u>	<u>833,847</u>	<u>(6,210)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		350,000	350,000
Transfers (out)	(800,000)	(2,926,485)	(2,126,485)
	<u>(800,000)</u>	<u>(2,576,485)</u>	<u>(1,776,485)</u>
NET CHANGE IN FUND BALANCE	<u>\$40,057</u>	<u>(1,742,638)</u>	<u>(\$1,782,695)</u>
Beginning fund balance		<u>1,814,963</u>	
Ending fund balance		<u>\$72,325</u>	

CITY OF LOS ALTOS  
 PROPOSITION 1B FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

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

CITY OF LOS ALTOS  
DOWNTOWN PARKING FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses, permits and fees	\$40,000	\$66,564	\$26,564
Interest and rentals		13,893	13,893
Total Revenues	<u>40,000</u>	<u>80,457</u>	<u>40,457</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(40,000)</u>	<u>(40,000)</u>	
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	
NET CHANGE IN FUND BALANCE	<u><u>          </u></u>	40,457	<u><u>\$40,457</u></u>
Beginning fund balance		<u>900,290</u>	
Ending fund balance		<u><u>\$940,747</u></u>	



CITY OF LOS ALTOS  
 TRAFFIC IMPACT FEE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Licenses, permits and fees	\$812,055	\$27,570	(\$784,485)
Interest and rentals		73	73
Total Revenues	<u>812,055</u>	<u>27,643</u>	<u>(784,412)</u>
NET CHANGE IN FUND BALANCE	<u>\$812,055</u>	27,643	<u>(\$784,412)</u>
Beginning fund balance		<u>(226,984)</u>	
Ending fund balance		<u>(\$199,341)</u>	

CITY OF LOS ALTOS  
 ESTATE DONATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest		\$175	\$175
Total Revenues		175	175
EXCESS OF REVENUES OVER EXPENDITURES		175	175
NET CHANGE IN FUND BALANCE		175	\$175
Beginning fund balance		17,584	
Ending fund balance		\$17,759	

CITY OF LOS ALTOS  
TDA FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		\$662	\$662
Grants and donations	\$50,000		(50,000)
Total revenue	50,000	662	(49,338)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50,000	662	(49,338)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(50,000)	(88,358)	(38,358)
Total other financing sources (uses)	(50,000)	(88,358)	(38,358)
NET CHANGE IN FUND BALANCE	\$50,000	(87,696)	(\$87,696)
Beginning fund balance		88,358	
Ending fund balance		\$662	

CITY OF LOS ALTOS  
 PEG FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest income		\$2,120	\$2,120
Charges for services	\$100,000	92,570	(7,430)
Total revenues	<u>100,000</u>	<u>94,690</u>	<u>(5,310)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>100,000</u>	<u>94,690</u>	<u>(5,310)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(70,000)	(86,681)	(16,681)
Total other financing sources (uses)	<u>(70,000)</u>	<u>(86,681)</u>	<u>(16,681)</u>
NET CHANGE IN FUND BALANCE	<u>\$30,000</u>	8,009	<u>(\$21,991)</u>
Beginning fund balance		<u>225,746</u>	
Ending fund balance		<u>\$233,755</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, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income	\$12,959	\$12,959	
Grants and donations	181,792	181,792	
Total revenues	194,751	194,751	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	194,751	194,751	
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(477,836)	(477,836)	
NET CHANGE IN FUND BALANCE	(\$283,085)	(283,085)	
Beginning fund balance		1,152,610	
Ending fund balance		\$869,525	

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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest income		\$13,781	\$13,781
Intergovernmental	\$615,000	699,251	84,251
Total revenues	<u>615,000</u>	<u>713,032</u>	<u>98,032</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>615,000</u>	<u>713,032</u>	<u>98,032</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		224,216	224,216
Transfers (out)	(500,000)	(1,000,000)	(500,000)
Total other financing sources (uses)	<u>(500,000)</u>	<u>(775,784)</u>	<u>(275,784)</u>
NET CHANGE IN FUND BALANCE	<u>\$115,000</u>	<u>(62,752)</u>	<u>(\$177,752)</u>
Beginning fund balance		<u>326,707</u>	
Ending fund balance		<u>\$263,955</u>	

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$550,000	\$550,000	\$1,426,012	\$876,012
Interest income			15,056	15,056
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>1,441,068</u>	<u>891,068</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(1,858,762)</u>	<u>(1,308,762)</u>
Total other financing sources (uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>(1,858,762)</u>	<u>(1,308,762)</u>
NET CHANGE IN FUND BALANCE			<u>(417,694)</u>	<u>(\$417,694)</u>
Beginning fund balance			<u>417,694</u>	
Ending fund balance			<u><u>                    </u></u>	

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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services	<u>\$100,000</u>	<u>\$14,390</u>	<u>(\$85,610)</u>
Total revenues	<u>100,000</u>	<u>14,390</u>	<u>(85,610)</u>
EXPENDITURES			
Community development	<u>130,000</u>	<u>1,553</u>	<u>128,447</u>
Total expenditures	<u>130,000</u>	<u>1,553</u>	<u>128,447</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(30,000)</u>	<u>12,837</u>	<u>42,837</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(50,000)</u>	<u>(77,496)</u>	<u>(27,496)</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(77,496)</u>	<u>(27,496)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$50,000)</u></u>	<u>(64,659)</u>	<u><u>\$15,341</u></u>
Beginning fund balance		<u>498,290</u>	
Ending fund balance		<u><u>\$433,631</u></u>	



CITY OF LOS ALTOS  
 AB-1379 FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses, permits and fees	\$92,697	\$92,697	
Total revenues	92,697	92,697	
NET CHANGE IN FUND BALANCE	<u>\$92,697</u>	92,697	
Beginning fund balance			
Ending fund balance		<u>\$92,697</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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
Community development	\$304,941	\$233,905	\$71,036
Capital improvements	<u>237,100</u>	<u>165,435</u>	<u>71,665</u>
Total expenditures	<u>542,041</u>	<u>399,340</u>	<u>142,701</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(542,041)</u>	<u>(399,340)</u>	<u>142,701</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>348,000</u>	<u>348,000</u>	
Total other financing sources (uses)	<u>348,000</u>	<u>348,000</u>	
NET CHANGE IN FUND BALANCE	<u><u>(\$194,041)</u></u>	<u>(51,340)</u>	<u><u>\$142,701</u></u>
Beginning fund balance		<u>683,947</u>	
Ending fund balance		<u><u>\$632,607</u></u>	

## **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.

### **PERS & OPEB RESERVE**

To account for the CalPERS pension and retiree health payments. Funds are provided primarily from charges to departments.

CITY OF LOS ALTOS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2023

	<u>Dental Reimbursement</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation Insurance</u>	<u>Liability Insurance</u>	<u>PERS &amp; OPEB Reserve</u>	<u>Total</u>
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$25,253	\$87,502	\$6,176,188	\$585,024	\$551,314	\$7,425,281
Accounts receivable			9,901	66,490		76,391
<b>Total Assets</b>	<u>25,253</u>	<u>87,502</u>	<u>6,186,089</u>	<u>651,514</u>	<u>551,314</u>	<u>7,501,672</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable			44,089			44,089
Claims and judgements			838,732	218,021		1,056,753
Noncurrent Liabilities:						
Claims and judgements			2,978,012	198,996		3,177,008
<b>Total Liabilities</b>			<u>3,860,833</u>	<u>417,017</u>		<u>4,277,850</u>
<b>NET POSITION</b>						
Unrestricted	<u>25,253</u>	<u>87,502</u>	<u>2,325,256</u>	<u>234,497</u>	<u>551,314</u>	<u>3,223,822</u>
<b>Total Net Position</b>	<u>\$25,253</u>	<u>\$87,502</u>	<u>\$2,325,256</u>	<u>\$234,497</u>	<u>\$551,314</u>	<u>\$3,223,822</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, 2023

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	PERS Reserve	Total
<b>OPERATING REVENUES</b>						
Charges for services	\$406,905			\$313,045		\$719,950
Total Operating Revenues	406,905			313,045		719,950
<b>OPERATING EXPENSES</b>						
Claims and insurance	406,905	\$9,196	\$471,357	1,151,211		2,038,669
Administration			87,985			87,985
Total Operating Expenses	406,905	9,196	559,342	1,151,211		2,126,654
Operating Income (Loss)		(9,196)	(559,342)	(838,166)		(1,406,704)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	20,000		857,000	800,000	\$258,700	1,935,700
Total Other Financing Sources (Uses)	20,000		857,000	800,000	258,700	1,935,700
Change in Net Position	20,000	(9,196)	297,658	(38,166)	258,700	528,996
BEGINNING NET POSITION, AS RESTATED	5,253	96,698	2,027,598	272,663	292,614	2,694,826
ENDING NET POSITION	\$25,253	\$87,502	\$2,325,256	\$234,497	\$551,314	\$3,223,822

CITY OF LOS ALTOS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	PERS Reserve	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from other funds	\$406,905		(\$9,138)	\$281,735	\$292,614	\$972,116
Cash payments to vendors	(406,905)	(\$9,196)	(148,951)	(33,621)		(598,673)
Insurance premiums, settlements, and rebates			(446,607)	(1,162,963)		(1,609,570)
Cash Flows from Operating Activities		(9,196)	(604,696)	(914,849)	292,614	(1,236,127)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from (to) other funds	20,000		857,000	800,000	258,700	1,935,700
Cash Flows (used for) Noncapital Financing Activities	20,000		857,000	800,000	258,700	1,935,700
Net Cash Flows	20,000	(9,196)	252,304	(114,849)	551,314	699,573
Cash and investments at beginning of period	5,253	96,698	5,923,884	699,873		6,725,708
Cash and investments at end of period	\$25,253	\$87,502	\$6,176,188	\$585,024	\$551,314	\$7,425,281
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>						
Operating income (loss)		(\$9,196)	(\$559,342)	(\$838,166)		(\$1,406,704)
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>						
<b>Change in assets and liabilities:</b>						
Accounts receivable			(9,138)	(31,310)	\$292,614	252,166
Accounts payable			24,750	(11,752)		12,998
Claims and judgments payable			(60,966)	(33,621)		(94,587)
Cash Flows from Operating Activities		(9,196)	(604,696)	(914,849)	292,614	(1,236,127)

<b>CUSTODIAL FUNDS</b>
------------------------

**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, 2023

	Blue Oak Lane Sewer	Total
ASSETS		
Cash and investments (Note 2)	\$43,485	\$43,485
Restricted cash and investments (Note 2)	47,247	47,247
Total Assets	90,732	90,732
NET POSITION		
Restricted for:		
Other governments	90,732	90,732
Total Net Position	\$90,732	\$90,732



CITY OF LOS ALTOS  
CUSTODIAL FUNDS  
COMBINING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Blue Oak Lane Sewer</u>	<u>Total</u>
ADDITIONS		
Fee collections	<u>\$54,047</u>	<u>\$54,047</u>
Total Additions	<u>54,047</u>	<u>54,047</u>
DEDUCTIONS		
Distributions	<u>47,338</u>	<u>47,338</u>
Total Deductions	<u>47,338</u>	<u>47,338</u>
Net increase(decrease) in net position	6,709	6,709
Net Position-Beginning	84,023	84,023
Net Position-Ending	<u><u>\$90,732</u></u>	<u><u>\$90,732</u></u>



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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.

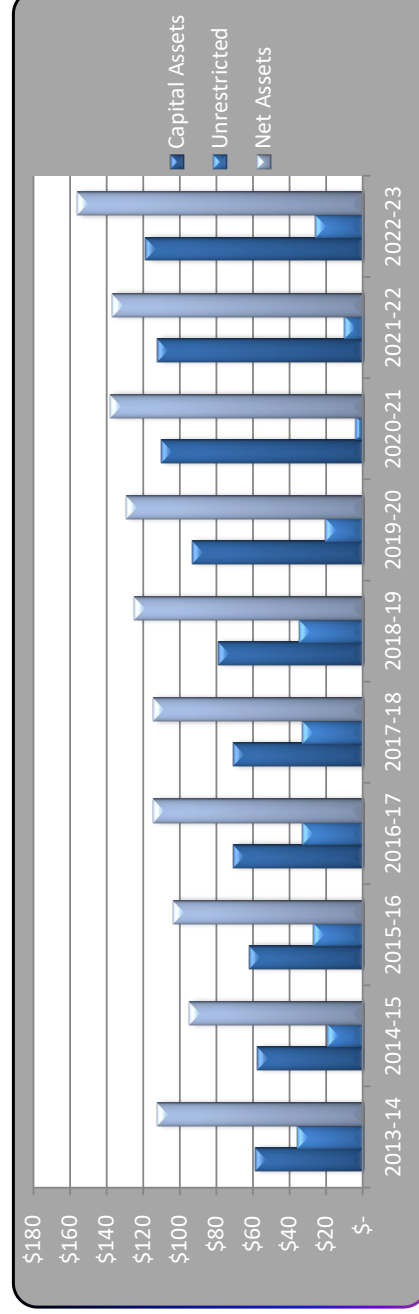


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**City of Los Altos  
Net Position by Component  
Last Ten Fiscal Years**

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

	FISCAL YEAR									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Governmental activities</b>										
Net investment in capital assets	\$ 50,164	\$ 49,079	\$ 53,409	\$ 54,725	\$ 61,525	\$ 67,611	\$ 80,869	\$ 95,463	\$ 96,866	\$ 102,685
Restricted	17,629	17,815	14,447	11,498	10,620	11,381	15,365	24,021	14,427	11,635
Unrestricted	27,624	10,746	15,583	24,047	20,429	21,733	5,216	(11,750)	(4,855)	11,125
<b>Total governmental activities net position</b>	<b>\$ 95,417</b>	<b>\$ 77,640</b>	<b>\$ 83,439</b>	<b>\$ 90,270</b>	<b>\$ 92,574</b>	<b>\$ 100,725</b>	<b>\$ 101,450</b>	<b>\$ 107,734</b>	<b>\$ 106,438</b>	<b>\$ 125,445</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 8,718	\$ 8,662	\$ 8,726	\$ 8,403	\$ 9,450	\$ 11,239	\$ 12,288	\$ 14,650	\$ 15,356	\$ 15,873
Unrestricted	8,087	8,472	11,259	11,907	12,644	13,135	15,500	15,510	14,927	14,910
<b>Total business-type activities net position</b>	<b>\$ 16,805</b>	<b>\$ 17,134</b>	<b>\$ 19,985</b>	<b>\$ 20,310</b>	<b>\$ 22,094</b>	<b>\$ 24,374</b>	<b>\$ 27,788</b>	<b>\$ 30,160</b>	<b>\$ 30,283</b>	<b>\$ 30,783</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 58,882	\$ 57,741	\$ 62,135	\$ 63,128	\$ 70,975	\$ 78,850	\$ 93,157	\$ 110,113	\$ 112,222	\$ 118,558
Restricted	17,629	17,815	14,447	11,498	10,620	11,381	15,365	24,021	14,427	11,635
Unrestricted	35,711	19,218	26,842	35,954	33,073	34,868	20,716	3,760	10,072	26,035
<b>Total primary government net position</b>	<b>\$ 112,222</b>	<b>\$ 94,774</b>	<b>\$ 103,424</b>	<b>\$ 110,580</b>	<b>\$ 114,668</b>	<b>\$ 125,099</b>	<b>\$ 129,238</b>	<b>\$ 137,894</b>	<b>\$ 136,721</b>	<b>\$ 156,228</b>



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)*

	<b>FISCAL YEAR</b>									
	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Expenses</b>										
Governmental activities:										
Public safety	\$ 14,884	\$ 15,636	\$ 15,791	\$ 15,224	\$ 19,928	\$ 18,945	\$ 21,217	\$ 21,384	\$ 23,843	\$ 18,273
Public works	6,453	7,058	5,816	7,832	6,217	6,534	7,659	4,741	11,494	7,436
Recreation	2,656	2,976	2,744	2,613	3,402	3,061	3,235	2,584	2,942	2,928
Community development	4,038	4,590	5,758	4,243	6,440	5,547	6,596	7,004	7,636	5,784
Admin/Community services	3,804	4,002	4,882	4,411	5,687	5,905	9,806	8,282	14,265	9,094
Interest on long-term activities	71	68	63	51	64	51	40	245	307	238
Total governmental activities expenses	<u>31,906</u>	<u>34,330</u>	<u>35,054</u>	<u>34,374</u>	<u>41,738</u>	<u>40,043</u>	<u>48,553</u>	<u>44,240</u>	<u>60,487</u>	<u>43,753</u>
Business-type activities:										
Sewer	4,574	4,789	4,607	6,754	4,970	5,273	5,527	5,268	6,900	7,087
Solid waste	366	347	376	438	461	465	426	394	1,092	2,151
Storm drain	165	215	-	1	1	-	-	-	-	-
Total Business-type activities expenses	<u>5,105</u>	<u>5,351</u>	<u>4,983</u>	<u>7,193</u>	<u>5,432</u>	<u>5,738</u>	<u>5,953</u>	<u>5,662</u>	<u>7,992</u>	<u>9,239</u>
<b>Total primary government expenses</b>	<u>\$ 37,011</u>	<u>\$ 39,681</u>	<u>\$ 40,037</u>	<u>\$ 41,567</u>	<u>\$ 47,170</u>	<u>\$ 45,781</u>	<u>\$ 54,506</u>	<u>\$ 49,902</u>	<u>\$ 68,479</u>	<u>\$ 52,991</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public safety	\$ 417	\$ 898	\$ 462	\$ 363	\$ 330	\$ 488	\$ 324	\$ 202	\$ 396	\$ 1,301
Public works	60	33	55	42	51	51	48	59	9	52
Recreation	1,952	2,167	2,123	2,070	2,021	1,963	847	271	1,139	1,417
Community development	5,196	3,625	3,412	3,112	4,589	4,027	3,498	5,793	9,063	7,942
Admin/Community services	942	954	1,033	1,082	950	753	1,200	954	47	219
Operating grants and contributions:										
Public safety	116	109	437	392	409	401	188	4,140	4,655	606
Public works	909	504	336	262	298	286	420	379	427	482
Recreation	-	-	2	5	5	5	-	-	-	-
Community development	36	343	8	148	170	-	-	306	1	-
Admin/Community services	6	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	-	-	-
Public works	747	498	1,522	807	641	806	1,856	1,778	839	2,218
Recreation	-	-	-	-	-	-	-	-	-	-
Community development	3	30	7	-	62	-	-	31	-	-
Admin/Community services	83	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>10,467</u>	<u>9,161</u>	<u>9,397</u>	<u>8,283</u>	<u>9,526</u>	<u>8,780</u>	<u>8,381</u>	<u>13,913</u>	<u>16,576</u>	<u>14,236</u>



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

*(accrual basis of accounting amounts expressed in thousands)*

	FISCAL YEAR									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Business-type activities:										
Charges for services:										
Sewer	\$ 6,347	\$ 6,328	\$ 6,986	\$ 6,703	\$ 6,369	\$ 6,467	\$ 7,942	\$ 7,126	\$ 8,282	\$ 8,849
Solid waste	754	786	752	774	812	841	847	861	929	979
Storm drain	12	2	-	-	-	-	-	-	-	-
Total business-type activities program revenues	7,113	7,116	7,738	7,477	7,181	7,308	8,789	7,987	9,211	9,829
<b>Total primary government program revenues</b>	<b>\$ 17,580</b>	<b>\$ 16,277</b>	<b>\$ 17,135</b>	<b>\$ 15,760</b>	<b>\$ 16,707</b>	<b>\$ 16,088</b>	<b>\$ 17,170</b>	<b>\$ 21,900</b>	<b>\$ 25,787</b>	<b>\$ 24,065</b>
Net (expense)/revenue:										
Governmental activities	\$ (21,439)	\$ (25,170)	\$ (25,657)	\$ (26,091)	\$ (32,212)	\$ (31,263)	\$ (40,172)	\$ (30,327)	\$ (43,911)	\$ (29,517)
Business-type activities	2,008	1,766	2,755	284	1,749	1,570	2,836	2,325	1,219	590
<b>Total primary government net (expense)/revenue</b>	<b>\$ (19,431)</b>	<b>\$ (23,404)</b>	<b>\$ (22,902)</b>	<b>\$ (25,807)</b>	<b>\$ (30,463)</b>	<b>\$ (29,693)</b>	<b>\$ (37,336)</b>	<b>\$ (28,002)</b>	<b>\$ (42,692)</b>	<b>\$ (28,927)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,586	\$ 17,480	\$ 18,776	\$ 19,863	\$ 21,429	\$ 23,792	\$ 25,787	\$ 28,464	\$ 30,086	\$ 32,644
Sales taxes	2,809	2,943	3,196	3,278	3,244	3,461	3,373	2,996	3,738	3,686
Utility users taxes	2,600	2,523	2,672	2,680	2,732	2,744	2,839	2,917	3,094	3,215
Other taxes	3,542	3,732	3,909	4,330	4,535	4,514	3,598	2,304	3,546	4,110
Franchise fees	1,905	1,808	2,029	2,083	2,207	2,222	2,287	2,215	2,339	2,516
Sale of Capital Assets-net	2,846	-	-	-	-	-	-	-	-	-
Interest income	99	200	438	233	320	2,226	2,595	173	(1,342)	506
Miscellaneous	212	1,124	435	454	452	456	418	428	486	515
Transfers	(152)	(196)	-	-	-	-	-	-	669	259
Total governmental activities	29,447	29,614	31,455	32,921	34,919	39,415	40,897	39,497	42,616	47,451
Business-type activities:										
Interest income	-	-	-	-	-	-	579	47	(471)	169
Miscellaneous	28	40	96	40	70	477	-	-	44	-
Transfers	152	196	-	-	-	-	-	-	(669)	(259)
Total business-type activities	180	236	96	40	70	477	579	47	(1,096)	(90)
<b>Total primary government</b>	<b>\$ 29,627</b>	<b>\$ 29,850</b>	<b>\$ 31,551</b>	<b>\$ 32,961</b>	<b>\$ 34,989</b>	<b>\$ 39,892</b>	<b>\$ 41,476</b>	<b>\$ 39,544</b>	<b>\$ 41,520</b>	<b>\$ 47,361</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 8,008	\$ 4,444	\$ 5,798	\$ 6,830	\$ 2,707	\$ 8,152	\$ 725	\$ 9,170	\$ (1,295)	\$ 17,934
Business-type activities	2,188	2,002	2,851	324	1,819	2,047	3,415	2,372	123	500
<b>Total primary government</b>	<b>\$ 10,196</b>	<b>\$ 6,446</b>	<b>\$ 8,649</b>	<b>\$ 7,154</b>	<b>\$ 4,526</b>	<b>\$ 10,199</b>	<b>\$ 4,140</b>	<b>\$ 11,542</b>	<b>\$ (1,172)</b>	<b>\$ 18,434</b>

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)

	FISCAL YEAR									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>General fund</b>										
Non-Spendable	\$ 35	\$ 445	\$ 524	\$ 38	\$ 1,932	\$ 1,882	\$ 1,836	\$ 1,859	\$ 214	\$ 190
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	27,161	29,565	29,064	37,630	38,040	39,020	25,773	15,937	10,337	10,008
Unassigned/Unrestricted	1,433	4,789	8,535	6,148	5,422	6,841	7,861	4,928	9,059	18,682
<b>Total general fund</b>	<u>\$ 28,629</u>	<u>\$ 34,799</u>	<u>\$ 38,123</u>	<u>\$ 43,816</u>	<u>\$ 45,394</u>	<u>\$ 47,743</u>	<u>\$ 35,470</u>	<u>\$ 22,724</u>	<u>\$ 19,610</u>	<u>\$ 28,880</u>
<b>All other governmental funds</b>										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	10,008	10,614	9,969	9,645	10,107	9,939	10,890	12,149	14,427	11,635
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	7,621	7,201	4,477	1,993	1,335	1,495	4,529	11,872	12,535	12,532
Unreserved/Unrestricted	-	-	-	(140)	(823)	(53)	(53)	(532)	(236)	(213)
<b>Total all other governmental funds</b>	<u>17,629</u>	<u>17,815</u>	<u>14,446</u>	<u>11,498</u>	<u>10,619</u>	<u>11,381</u>	<u>15,366</u>	<u>23,489</u>	<u>26,726</u>	<u>23,954</u>
<b>Total all governmental funds</b>	<u>\$ 46,258</u>	<u>\$ 52,614</u>	<u>\$ 52,569</u>	<u>\$ 55,314</u>	<u>\$ 56,013</u>	<u>\$ 59,124</u>	<u>\$ 50,836</u>	<u>\$ 46,213</u>	<u>\$ 46,336</u>	<u>\$ 52,833</u>

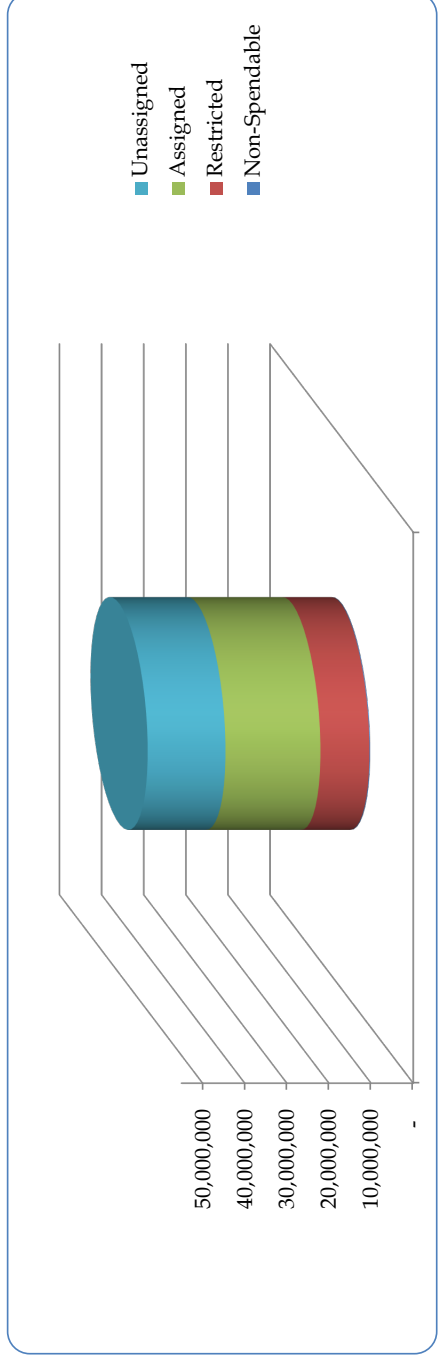
Source:

City of Los Altos Finance Department

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

(modified accrual basis of accounting; amounts expressed in thousands)  
(GASB 54 Presentation - 2022-23)

	General Fund	In Lieu Park Land	Measure B	Capital Projects	Other Govt Funds	Total
Inventories & Prepaids	\$ (189,936)	-	\$ -	-	\$ -	(189,936)
Notes Receivable	-	-	-	-	-	-
<b>Non-Spendable</b>	<b>(189,936)</b>	-	-	-	-	<b>(189,936)</b>
Debt Service	-	-	-	-	(374,359)	(374,359)
Special Revenue Programs and Projects	-	(7,920,808)	-	-	(3,339,864)	(11,260,672)
<b>Restricted</b>	<b>-</b>	<b>(7,920,808)</b>	<b>-</b>	<b>-</b>	<b>(3,714,223)</b>	<b>(11,635,031)</b>
General Fund Reserve	(8,757,349)	-	-	-	-	(8,757,349)
Veteran Memorial	(8,615)	-	-	-	-	(8,615)
OPEB & PERS	-	-	-	-	-	-
Technology	(1,242,318)	-	-	-	-	(1,242,318)
Capital and Equipment	-	-	-	-	(632,607)	(632,607)
CIP Reserve	-	-	-	(11,899,296)	-	(11,899,296)
Capital Project Reserve - Community Center	-	-	-	-	-	-
<b>Assigned</b>	<b>(10,008,282)</b>	<b>-</b>	<b>-</b>	<b>(11,899,296)</b>	<b>(632,607)</b>	<b>(22,540,185)</b>
Unrealized Gain/(Loss)	1,035,042	-	-	-	-	1,035,042
<b>Unassigned</b>	<b>(19,716,846)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213,483</b>	<b>(19,503,363)</b>
<b>Total Unassigned Fund Balance</b>	<b>(18,681,804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213,483</b>	<b>(18,468,321)</b>
<b>Total Fund Equity</b>	<b>\$ (28,880,022)</b>	<b>\$ (7,920,808)</b>	<b>\$ -</b>	<b>\$ (11,899,296)</b>	<b>\$ (4,133,347)</b>	<b>\$ (52,833,473)</b>



Source:  
City of Los Altos Finance Department

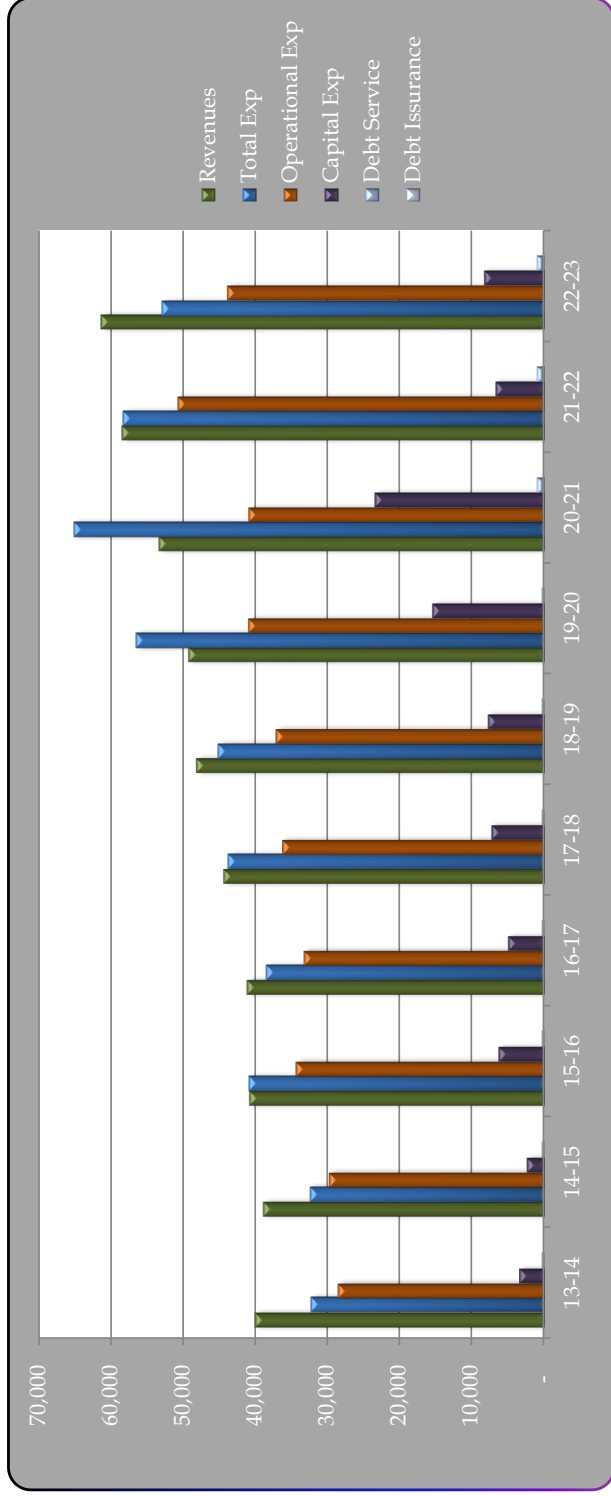
**City of Los Altos**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting; amounts expressed in thousands)*

	Fiscal Year									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Revenues</b>										
Taxes	\$ 21,950	\$ 26,690	\$ 28,565	\$ 30,151	\$ 31,939	\$ 34,511	\$ 35,597	\$ 36,684	\$ 40,464	\$ 43,655
License, permits and park-in-lieu	4,531	3,925	3,784	3,786	4,195	4,207	4,209	4,545	4,919	5,811
Intergovernmental	4,861	1,027	973	742	2,087	1,557	1,358	4,155	5,836	3,681
Grants and donations	788	873	1,863	1,214	928	396	1,368	4,017	541	265
Charges for services	4,572	4,698	4,659	4,577	4,620	4,850	3,751	3,221	4,095	7,134
Fines and forfeitures	214	161	264	213	178	191	195	138	184	175
Interest and rentals	159	291	558	230	360	2,269	2,681	233	(1,303)	568
Other	2,989	1,306	187	291	137	214	119	418	3,786	140
<b>Total revenues</b>	<b>40,064</b>	<b>38,971</b>	<b>40,853</b>	<b>41,204</b>	<b>44,444</b>	<b>48,195</b>	<b>49,278</b>	<b>53,411</b>	<b>58,522</b>	<b>61,429</b>
<b>Expenditures</b>										
General government										
Public Safety										
Police	8,891	9,167	9,976	9,968	10,744	11,107	11,465	11,673	13,225	12,533
Fire Services	5,714	5,961	6,219	6,473	6,722	7,011	7,331	7,717	7,893	8,217
Public works	4,353	4,307	4,859	5,299	5,784	5,535	5,469	5,617	6,134	5,940
Recreation	2,186	2,389	2,423	2,343	2,509	2,469	2,313	1,782	2,540	2,847
Community development	3,885	4,221	6,087	4,653	5,747	5,361	5,896	6,445	6,967	6,567
Administration/Community services	3,552	3,770	4,852	4,567	4,773	5,673	8,515	7,702	13,969	7,763
Utility and sustainability	-	-	-	-	-	-	-	-	-	-
Capital improvements	3,492	2,435	6,313	4,992	7,299	7,756	15,428	23,343	6,714	8,299
Debt service										
Principal	95	100	105	105	110	120	120	628	534	554
Interest and fiscal charges	72	69	64	60	56	52	47	239	308	242
<b>Total expenditures</b>	<b>32,240</b>	<b>32,419</b>	<b>40,898</b>	<b>38,460</b>	<b>43,744</b>	<b>45,084</b>	<b>56,584</b>	<b>65,146</b>	<b>58,284</b>	<b>52,962</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>7,824</b>	<b>6,552</b>	<b>(45)</b>	<b>2,744</b>	<b>700</b>	<b>3,111</b>	<b>(7,306)</b>	<b>(11,735)</b>	<b>238</b>	<b>8,467</b>
<b>Other financing sources (uses)</b>										
Debt issuance	-	-	-	-	-	-	-	10,000	-	-
Payment to refunded bonded escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from Lease	-	-	-	-	-	-	-	-	-	-
Transfers in	2,119	3,632	1,752	760	5,714	8,243	17,747	31,551	10,136	10,312
Transfers out	(2,685)	(3,828)	(1,752)	(760)	(5,714)	(8,243)	(18,729)	(31,551)	(10,251)	(11,989)
<b>Total Other financing sources (uses)</b>	<b>(566)</b>	<b>(196)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(982)</b>	<b>10,000</b>	<b>(115)</b>	<b>(1,677)</b>

**City of Los Altos  
 Changes in Fund Balances - Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting; amounts expressed in thousands)**

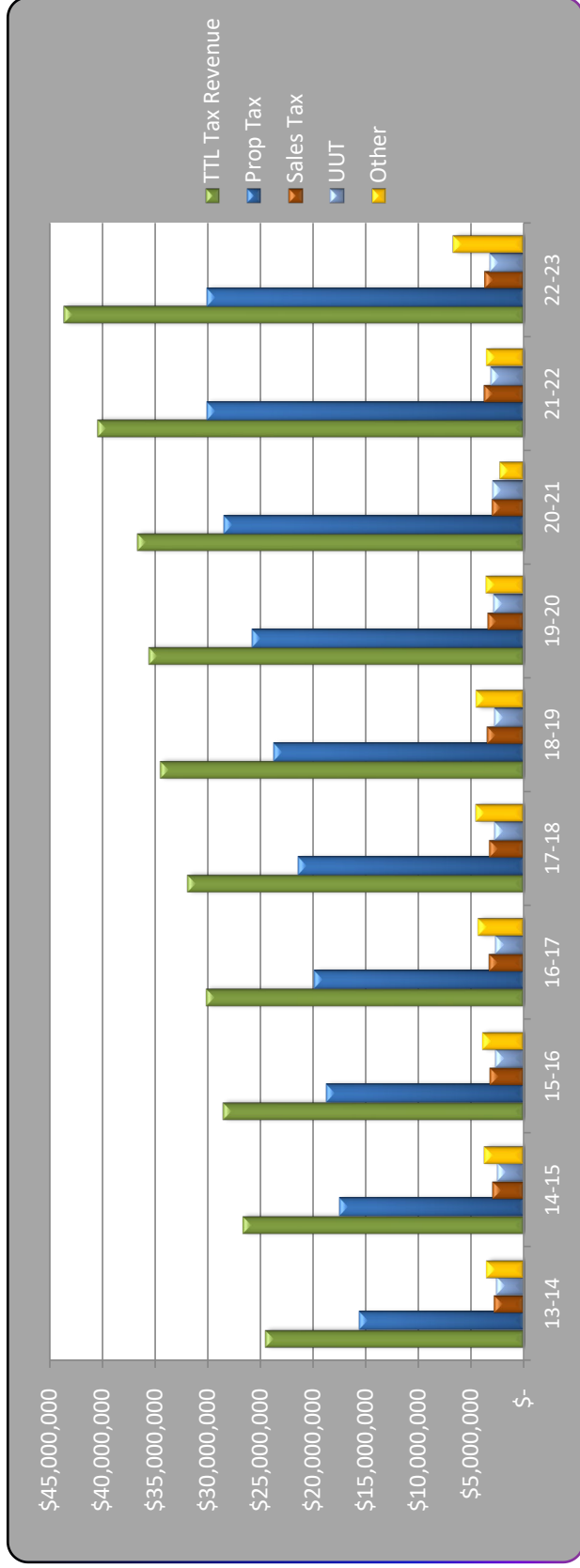
	Fiscal Year									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Special items</b>										
CalPERS Side Fund Pay Down	-	-	-	-	-	-	-	-	-	-
Sale of capital assets-net	-	-	-	-	-	-	-	-	-	-
<b>Total special items</b>	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 7,258</b>	<b>\$ 6,356</b>	<b>\$ (45)</b>	<b>\$ 2,744</b>	<b>\$ 700</b>	<b>\$ 3,111</b>	<b>\$ (8,288)</b>	<b>\$ (1,735)</b>	<b>\$ 123</b>	<b>\$ 6,790</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>0.6%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>2.1%</b>	<b>1.6%</b>	<b>1.8%</b>

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							
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							
2022-23	32,644,256	3,686,148	471,808	3,214,718	2,830,943	636,503	32,459	136,986	-	43,653,821							



Source:  
 City of Los Altos Finance Department

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Net Taxable Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)	Assessed Value as a Percentage of Actual Value
2013-14	10,318,249,580	676,252,209	-	67,682,916	97,506,301	-	11,159,691,006	1.000000	-	-	-
2014-15	11,017,386,476	685,084,415	-	83,121,563	109,149,891	-	11,894,742,345	1.000000	-	-	-
2015-16	11,848,840,720	750,708,212	-	106,506,870	125,355,972	-	12,831,411,774	1.000000	-	-	-
2016-17	12,754,487,484	771,705,270	-	106,158,405	80,739,845	-	13,713,091,004	1.000000	-	-	-
2017-18	13,600,334,963	880,225,920	-	90,338,436	83,250,683	-	14,654,150,002	1.000000	-	-	-
2018-19	14,551,466,831	936,831,320	-	119,120,564	112,813,483	-	15,720,232,198	1.000000	-	-	-
2019-20	15,563,770,279	1,003,212,732	-	110,061,604	131,971,942	-	16,809,016,557	1.000000	-	-	-
2020-21	16,685,985,691	1,045,789,993	-	116,124,083	127,343,780	-	17,975,243,547	1.000000	-	-	-
2021-22	17,660,710,167	1,176,998,446	917,222	316,378,008	130,730,093	507,152,078	18,778,581,858	1.188560	42,924,835,863	2.285840	43.75%
2022-23	19,117,618,781	1,252,605,172	935,563	361,042,159	106,554,514	506,466,970	20,332,289,219	1.158400	48,389,284,987	2.379923	42.02%

Source:

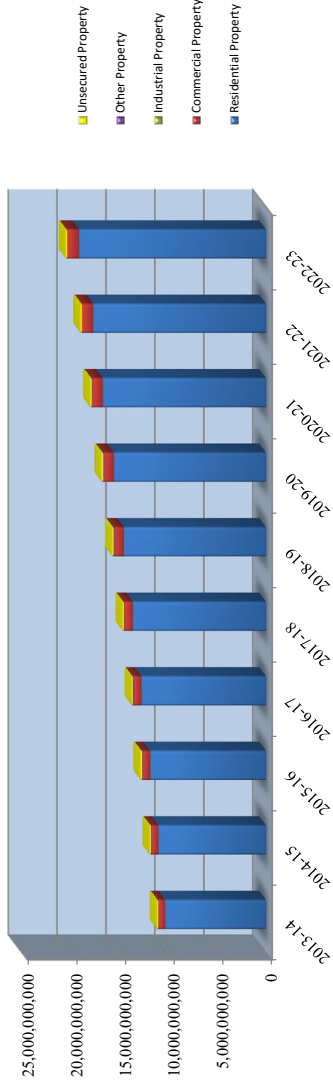
Santa Clara County Assessor data, MumServices, LLC. / Avenu Insights & Analytics

2021-22 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 Two Fiscal Years**

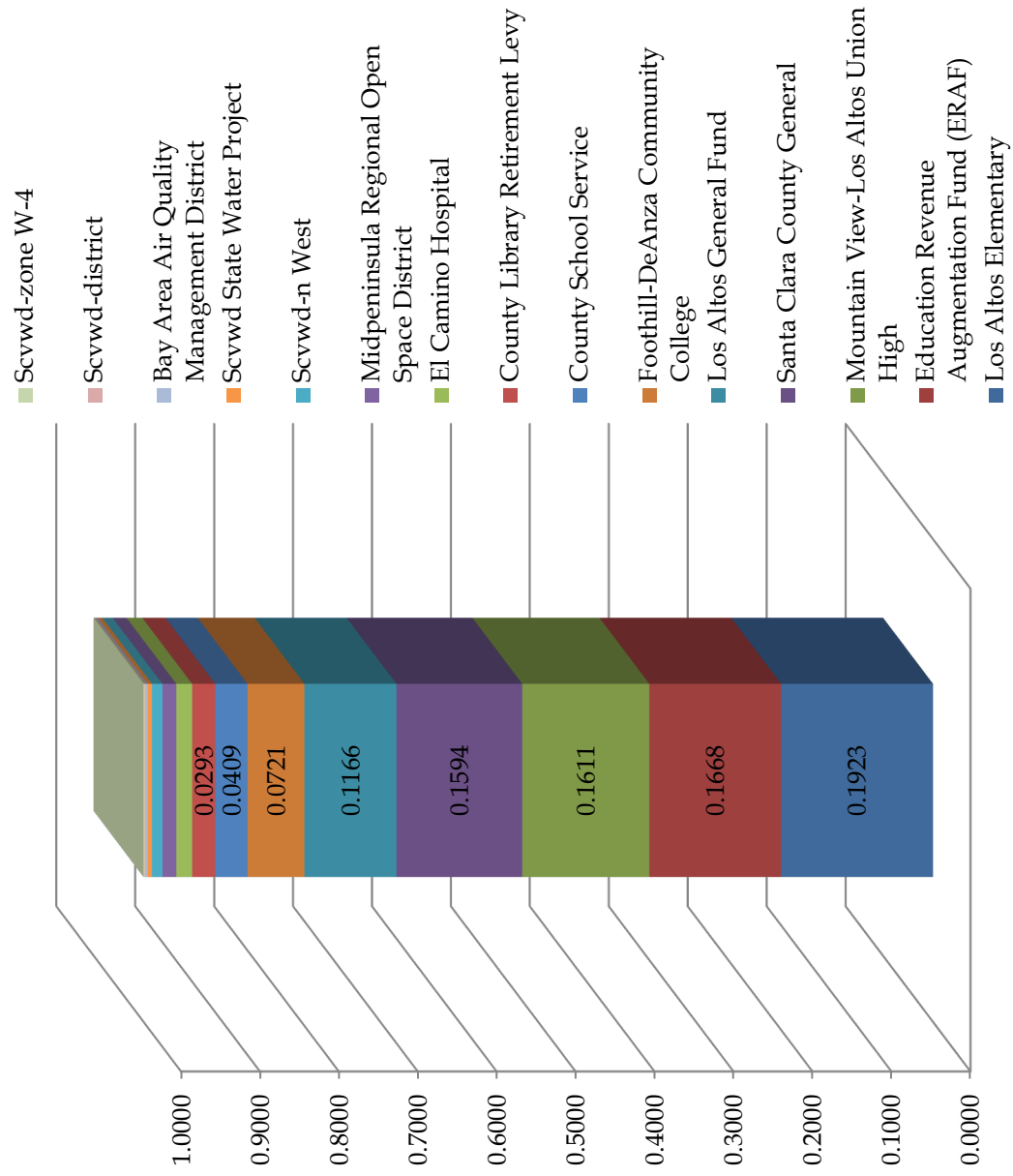
<b>Category</b>	<b>2021-22</b>	<b>2022-23</b>
Residential	\$ 17,660,710,167	\$ 19,117,618,781
Commercial	1,176,998,446	1,252,605,172
Institution	195,945,908	199,622,422
Vacant	39,484,106	85,832,871
Social	54,964,365	48,424,279
Transportation	15,348,765	16,164,927
Public	4,714,699	5,107,910
Agriculture	4,549,755	4,491,933
Recreational	1,370,410	1,397,817
Industrial	917,222	935,563
Unknown	-	-
<b>Gross Secured Value</b>	<b>19,155,003,843</b>	<b>20,732,201,675</b>
<b>Unsecured Value</b>	<b>130,730,093</b>	<b>106,554,514</b>
<i>Less Exemptions</i>	<i>507,152,078</i>	<i>506,466,970</i>
<b>Net Taxable Value</b>	<b>\$ 18,778,581,858</b>	<b>\$ 20,332,289,219</b>

**Source:**

Santa Clara County Assessor data, MuniServices, LLC, / Avenu Insights & Analytics  
 Use code categories are based on Santa Clara County Assessor's data

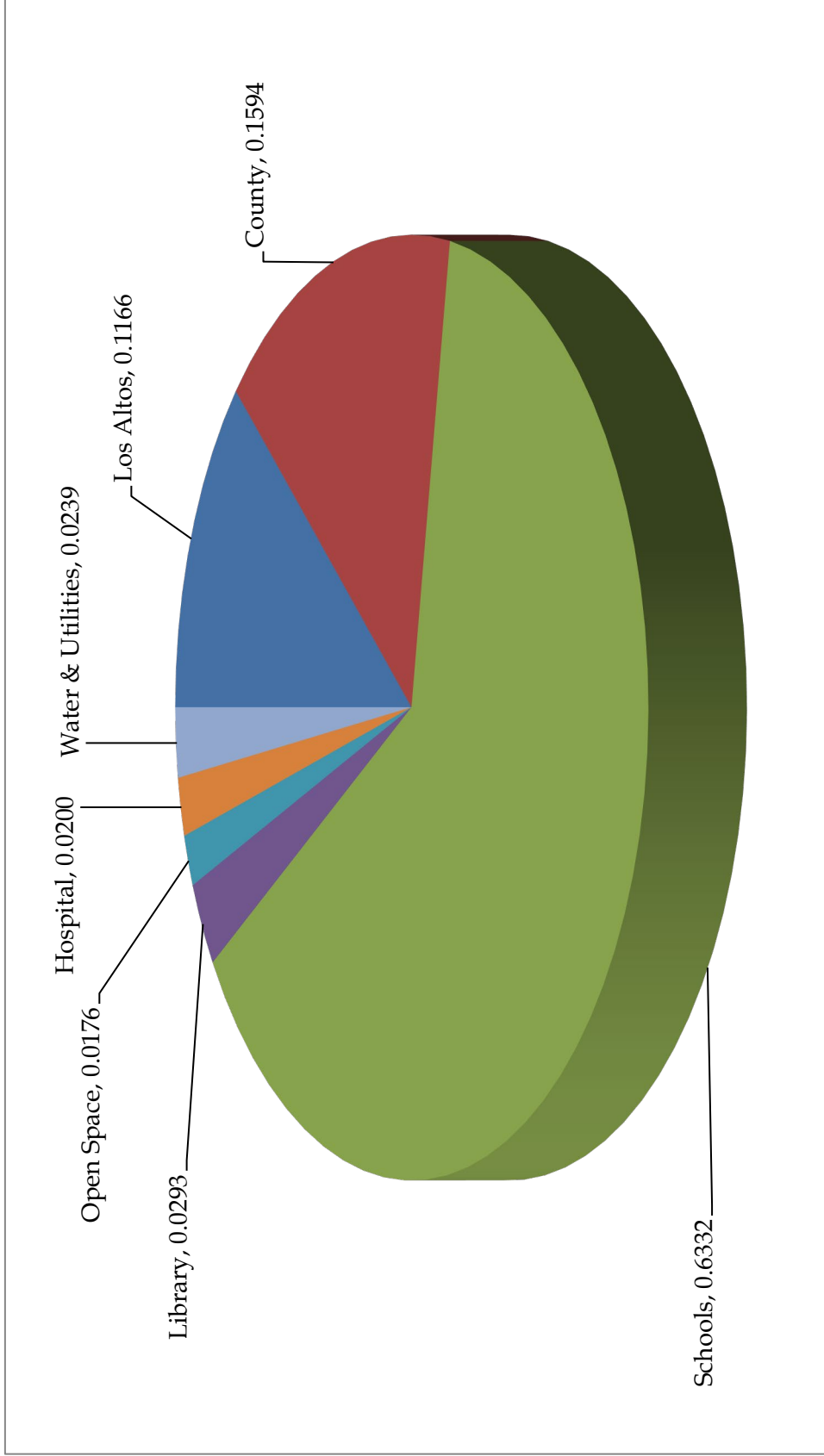


**City of Los Altos  
Property Tax Dollar Breakdown  
June 30, 2023**



Source:

**City of Los Altos  
Property Tax Dollars By Recipient Group  
June 30, 2023**



Source:  
HdL Coren & Cone

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

Fiscal Year	Overlapping Rates (1)																	Total
	Basic County-Wide	Santa Clara Retirement	County Library Retirement	Los Altos Elementary School	Mountain View Elementary School	Cupertino Elementary School	Whisman School Bond	Foothill-De Anza College	Los Altos High School	Mountain View High School	Fremont Union High School	Santa Clara Valley District	Mid Peninsula Open Space	County Housing Bond	County Hospital Bonds	El Camino Hospital		
2013-14	1.0000	0.0388	0.0024	0.0534	0.0276	0.0525	0.0254	0.0290	0.0121	0.0405	0.0070	-	-	-	0.0035	0.0129	1.3051	
2014-15	1.0000	0.0388	0.0024	0.0524	-	0.0540	-	0.0276	0.0133	0.0396	0.0065	-	-	-	0.0091	0.0129	1.2566	
2015-16	1.0000	0.0388	0.0024	0.0485	-	0.0519	-	0.0240	0.0119	0.0525	0.0057	0.0008	-	-	0.0088	0.0129	1.2582	
2016-17	1.0000	0.0388	0.0024	0.0479	-	0.0509	-	0.0234	0.0112	0.0403	0.0086	0.0006	-	-	0.0086	0.0129	1.2456	
2017-18	1.0000	0.0388	0.0024	0.0463	-	0.0496	-	0.0220	0.0107	0.0464	0.0062	0.0009	0.0127	-	0.0082	0.0100	1.2542	
2018-19	1.0000	0.0388	0.0024	0.0449	-	0.0397	-	0.0217	0.0409	0.0430	0.0042	0.0018	0.0105	-	0.0072	0.0100	1.2651	
2019-20	1.0000	0.0388	0.0024	0.0418	-	0.0415	-	0.0208	0.0365	0.0479	0.0041	0.0016	0.0100	-	0.0069	0.0100	1.2623	
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	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	1.1886	
2022-23	1.0000	0.0388	0.0024	0.0208	-	-	-	0.0291	0.0355	-	0.0044	0.0013	0.0108	-	0.0063	0.0090	1.1584	

Source:

Santa Clara County Auditor data, MuniServices, 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	2022-23			2013-14		
	Total Assessed Value	Rank	% of City's Est. Total Property Tax Revenue	Total Assessed Value	Rank	% of City's Est. Total Property Tax Revenue
RLJ R Los Altos LP	\$ 70,220,283	1	0.35%			
Los Altos Gardens II LP	59,478,914	2	0.29%	\$ 58,166,639	1	0.52%
Imperial Hornet Developers LLC	57,814,818	3	0.28%			
St Paul Fire & Marine Insurance Compar	55,699,341	4	0.27%	42,159,926	2	0.38%
5150 ECR Los Altos LLC	47,260,844	5	0.23%			
Spieker Richard T Trustee & Et Al	36,164,868	6	0.18%			
Springwood Apartments LLC	34,870,097	7	0.17%	28,109,342	3	0.25%
199 First Street Owner LLC	31,159,612	8	0.15%			
Safeway Inc	27,529,305	9	0.14%			
Toyota Research Institute Inc	26,156,031	10	0.13%			
Compass Grand Los Altos LLC	-		0.00%	22,276,509	4	0.20%
KRC Los Altos LP	-		-	21,587,143	5	0.19%
4 Seasons Assocs LLC	-		-	19,512,969	6	0.18%
Village Court Partners	-		-	15,933,383	7	0.14%
240 3rd St Asscs LLC	-		-	15,715,735	8	0.14%
Menlo Land & Capital III LLC	-		-	11,832,000	9	0.11%
170 State Street LLC	-		-	11,235,278	10	0.10%
<b>Top Ten Total</b>	<b>\$ 446,354,113</b>		<b>2.20%</b>	<b>246,528,924</b>		<b>2.22%</b>
<b>City Total</b>	<b>\$ 20,332,289,219</b>			<b>\$ 11,106,338,406</b>		

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
2013-14	4,165,019,181	349,740,765	316,325,898	7.59%	90.45%	2.59%
2014-15	4,463,179,149	344,291,093	339,731,930	7.61%	98.68%	0.98%
2015-16	4,944,651,360	330,545,207	326,823,894	6.61%	98.87%	1.13%
2016-17	5,278,067,434	359,152,852	346,454,876	6.56%	96.46%	1.89%
2017-18	5,719,021,680	355,579,401	345,863,202	6.05%	97.27%	1.86%
2018-19	6,070,435,575	402,557,998	394,623,618	6.50%	98.03%	1.46%
2019-20	6,512,388,164	385,721,931	378,492,815	5.81%	98.13%	1.74%
2020-21	6,920,087,868	422,454,897	413,409,481	5.97%	97.86%	1.80%
2021-22	7,314,546,442	388,627,914	381,445,431	5.21%	98.15%	1.72%
2022-23	7,864,532,264	442,920,966	419,645,159	5.34%	94.74%	1.90%

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	
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
2022-23	\$ -	\$ 610,000	\$ 8,678,374.00	\$ 9,288,374	31,021	\$ 299	\$ 154,652

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, 2023**

**2022-23 Assessed Valuation:** \$20,377,566,619

<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>	<b>Total Debt</b>	<b>%</b>	<b>City's Share of</b>
	<b>6/30/2023</b>	<b>Applicable (1)</b>	<b>Debt 6/30/23</b>
Santa Clara County	\$ 1,041,125,000	3.292%	\$34,273,835
Foothill-De Anza Community College District	603,653,754	9.337%	56,363,151
Fremont Union High School District	771,685,088	3.973%	30,659,049
Mountain View-Los Altos Union High School District	250,148,487	23.664%	59,195,138
Cupertino Union School District	258,383,303	7.281%	18,812,888
Los Altos School District	134,380,000	52.515%	70,569,657
El Camino Hospital District	105,480,000	16.426%	17,326,145
Midpeninsula Regional Park District	82,680,000	5.349%	4,422,553
Santa Clara Valley Water District Benefit Assessment District	38,900,000	3.292%	1,280,588
City of Los Altos 1915 Act Bonds	455,000	100.000%	455,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$293,358,004</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Santa Clara County General Fund Obligations	\$ 1,120,404,570	3.292%	36,883,718
Santa Clara County Pension Obligation Bonds	329,741,844	3.292%	10,855,102
Santa Clara County Board of Education Certificates of Participation	935,000	3.292%	30,780
Foothill-De Anza Community College District Certificates of Participation	20,645,000	9.337%	1,927,624
Mountain View-Los Altos Union High School District General Fund Obligat	1,810,475	23.664%	428,431
Los Altos School District General Fund Obligations	1,457,488	52.515%	765,400
<b>City of Los Altos General Fund Obligations</b>	<b>9,289,040</b>	<b>100.000%</b>	<b>9,289,040</b>
Midpeninsula Regional Park District General Fund Obligations	91,570,600	5.349%	4,898,111
Santa Clara County Vector Control District Certificates of Participation	1,230,000	3.292%	40,492
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 65,118,698</b>
Less: Santa Clara County supported obligations			346,326
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 64,772,372</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 9,289,040</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$ 349,187,662</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$ 348,841,336</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$ 358,476,702 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 358,130,376</b>

(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**

<b>Fiscal Year</b>	<b>Assessed Valuation (1)</b>	<b>Debt Limit 15% of Assessed Valuation</b>	<b>Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>
<b>2013-14</b>	11,159,691,006	1,673,953,651	-	1,673,953,651
<b>2014-15</b>	11,894,742,345	1,784,211,352	-	1,784,211,352
<b>2015-16</b>	12,831,411,774	1,924,711,766	-	1,924,711,766
<b>2016-17</b>	13,713,091,004	2,056,963,651	-	2,056,963,651
<b>2017-18</b>	14,654,150,002	2,198,122,500	-	2,198,122,500
<b>2018-19</b>	15,720,232,198	2,358,034,830	-	2,358,034,830
<b>2019-20</b>	16,809,016,557	2,521,352,484	-	2,521,352,484
<b>2020-21</b>	17,975,243,547	2,696,286,532	-	2,696,286,532
<b>2021-22</b>	18,825,558,858	2,823,833,829	-	2,823,833,829
<b>2022-23</b>	20,377,566,619	3,056,634,993	-	3,056,634,993

Source:  
 City of Los Altos Finance Department  
 MuniServices, LLC



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

Fiscal Year	City Population (1)	Per Capita		County Unemployment Rate (%) (3)	Median Age (4)	% with High School Degree (4)	% with Bachelors Degree (4)	Public School Enrollment (5)
		Personal Income (2)	Personal Income (2)					
2013-14	29,969	2,370,608	79,102	6.8%	46.1	98.70%	77.40%	8,303
2014-15	29,884	2,481,597	83,041	3.8%	46.2	98.80%	78.70%	8,284
2015-16	31,353	2,521,001	80,407	4.2%	46.2	98.70%	79.00%	8,666
2016-17	31,402	2,718,094	86,558	3.8%	45.7	98.70%	80.00%	8,606
2017-18	31,361	2,916,887	93,010	2.6%	45.7	98.70%	80.90%	8,685
2018-19	31,190	3,004,626	96,333	2.1%	45.9	98.60%	82.30%	8,610
2019-20	30,876	3,231,143	104,649	11.0%	45.8	98.60%	82.60%	8,513
2020-21	30,510	3,521,861	115,433	7.0%	46.1	98.40%	84.20%	7,693
2021-22	31,526	4,179,995	132,589	1.8%	45.7	98.50%	87.60%	7,886
2022-23	31,021	4,797,450	154,652	3.2%	45.8	99.00%	85.90%	7,803

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

Source: 2022 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.
- 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	2022-23			2017-2018 (Latest Available)		
	Number of Employees (1)	Rank	% of Total City Employment	Number of Employees	Rank	% of Total City Employment
Los Altos School District	434	1	2.93%	568	1	4.26%
Los Altos Sub-Acute & Rehabilitation Center	257	2	1.74%	-	-	-
Los Altos High School	212	3	1.43%	217	2	1.63%
Toyota Research Institute (HQ)	210	4	1.42%	-	3	-
Whole Foods Market	185	5	1.25%	242	-	1.81%
Compass (formerly Alain Pinel Realtors)*	166	6	1.12%	107	8	0.80%
The David and Lucile Packard Foundation	149	7	1.01%	100	9	0.75%
City of Los Altos	130	8	0.88%	133	5	1.00%
Palo Alto Medical Foundation - Los Altos Center*	110	9	0.74%	135	7	1.01%
Adobe Animal Hospital	109	10	0.74%	129	4	0.97%
Coldwell Banker	-	-	-	130	6	0.97%
Trader Joes	-	-	-	71	10	0.53%
Top Ten Total	1,962		13.26%	1,832		13.73%
Total City Labor Force	14,800	(1)		13,341		

Source: MuniServices, LLC, / Avenu Insights & Analytics

Source: 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.

Notes:

\*Employer has not responded to Avenu's employee count inquires, prior year count applied.

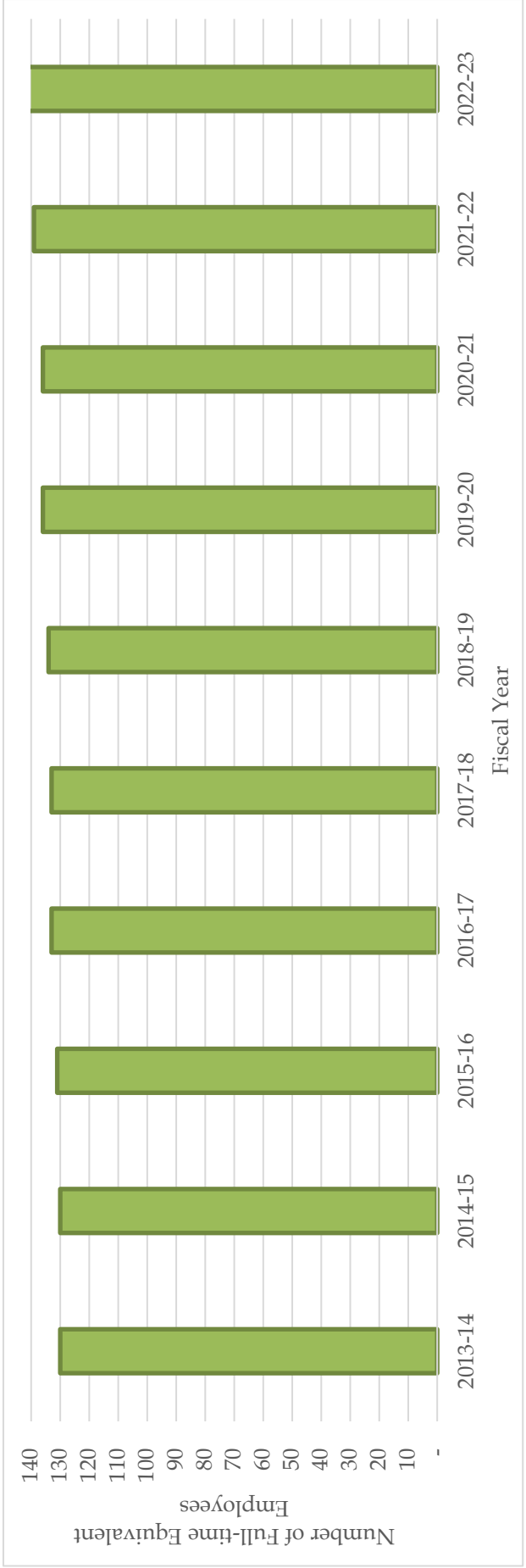
**City of Los Altos**  
**Full-time Equivalent City Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	FISCAL YEAR									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<i>Public Safety</i>										
Police Operations	32.00	32.00	31.00	31.00	31.00	31.00	30.00	30.00	29.00	29.00
Police Traffic Safety	4.00	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	13.00	13.00	13.00	13.00
<i>Maintenance Services</i>										
Maintenance Services	29.50	29.50	29.50	29.50	29.50	28.00	27.00	27.00	27.00	26.00
<i>Recreation</i>										
Recreation	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	10.00	11.00
<i>Community Development</i>										
Planning & Building	14.00	14.00	14.00	15.00	15.00	14.00	15.00	15.00	16.00	16.00
Engineering	9.00	9.00	9.00	10.00	10.00	12.25	13.25	13.25	12.25	13.75
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	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	7.00
Administration & Finance	10.00	10.00	12.00	12.00	12.00	11.00	11.00	11.00	13.00	17.00
<i>Sewer</i>										
Sewer	6.25	6.25	6.25	6.25	6.25	7.50	7.50	7.50	7.50	5.00
<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	-	-	-	-	-	-	-	0.00
<b>Total</b>	<u>130.00</u>	<u>130.00</u>	<u>131.00</u>	<u>133.00</u>	<u>133.00</u>	<u>134.00</u>	<u>136.00</u>	<u>136.00</u>	<u>139.00</u>	<u>143.00</u>

Source:

City of Los Altos Finance Department

**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									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Police:</b>										
Arrests	283	312	222	210	211	717	893	347	132	148
Moving citations issued	1,069	1,555	1,757	982	1,203	2,517	1474	1053	510	649
Parking citations issued	2,559	2,266	3,138	2,431	1,879	1,338	1573	543	1483	1,425
Municipal code violations issued	161	109	103	25	115	116	54	54	31	20
<b>Public Works:</b>										
Crack sealing in lineal feet	2,112	113,784	101,040	110,000	174,040	-	120,000	45,536	80,446	40,300
Street sign installed and replaced	949	596	457	100	320	1,025	1200	411	398	285
<b>Recreation:</b>										
Classes/programs	2,738	2,713	2,107	2,349	2,724	1,803	1559	1298	2164	3,749
Facility rentals	3,501	5,648	5,378	5,927	4,141	4,044	2246	1269	1108	1,321
Field/gymnasium permits	2,945	4,509	2,795	3,433	3,556	3,109	2383	1935	2633	1,667
<b>Planning:</b>										
Plan applications submitted	716	757	800	675	686	988	493	935	938	743
<b>Building:</b>										
Permits issued	1,757	1,751	1,927	1,769	1,795	1,939	1,695	2,036	1,897	2,068
Plan checks submitted	649	582	599	619	569	619	883	991	1036	2,325
Inspections	7,682	7,227	7,517	6,445	6,479	7,967	7,920	8,862	9,054	9,980
<b>Sewer:</b>										
Cleaning and flushing in lineal feet	667,415	683,552	759,456	585,273	713,795	585,095	601,543	768,557	681,779	511,577
<b>Storm Drain:</b>										
Catch basin/storm drain cleaned (measured in storm inlets cleaned)	1,898	1,350	1,350	1,350	1,350	1,350	2,000	1,350	1,500	1,500

Sources:

City of Los Altos Quarterly Reports.

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

Note:

(1) Data reflect uses instead of reservation.

(2) Change in reporting from reported to issued

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

Function/Program	FISCAL YEAR									
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
<i>Public Safety:</i>										
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
<i>Recreation:</i>										
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
<i>Maintenance Services:</i>										
Miles of Streets	127	127	127	127	127	127	127	127	127	127
Number of Traffic Signals	13	13	13	13	16	16	16	16	16	16
<i>Sewer:</i>										
Miles of Sewer Mains	141	141	141	141	141	141	141	141	141	141
<i>Storm Drain:</i>										
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		
2013-14	10,044	8,000	1,276	18,000	7,487	10,000	31,629	36,000	40,392	1.10
2014-15	-	18,620	783	19,000	6,626	15,000	31,241	52,620	38,650	0.85
2015-16	-	-	-	20,000	5,719	15,000	30,741	35,000	36,460	1.09
2016-17	-	-	-	21,000	4,766	15,000	30,197	36,000	34,963	1.10
2017-18	-	-	-	21,000	3,790	15,000	29,610	36,000	33,400	1.10
2018-19	-	-	-	22,000	2,790	15,000	28,971	37,000	31,761	1.12
2019-20	-	-	-	23,999	1,721	15,000	28,341	38,999	30,062	1.09
2020-21	-	-	-	25,000	581	15,000	27,648	40,000	28,229	1.09
2021-22	-	-	-	-	-	15,000	26,926	15,000	26,926	1.14
2022-23	-	-	-	-	-	15,000	26,185	15,000	26,185	1.27

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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