



CITY OF
MENLO PARK, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2014



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2014



CITY OF MENLO PARK, CALIFORNIA

PREPARED BY

THE FINANCE DEPARTMENT

Drew Corbett
Finance Director

Geoffrey Buchheim
Financial Services Manager

This report is printed on recycled paper.

City of Menlo Park
For the year ended June 30, 2014

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INTRODUCTORY SECTION



701 Laurel Street, Menlo Park, CA 94025-3483
www.menlopark.org

December 16, 2014

Honorable Mayor
Members of the City Council
and Residents of Menlo Park

Comprehensive Annual Financial Report

We are pleased to submit the comprehensive annual financial report for the City of Menlo Park, California (the City) for the fiscal year ended June 30, 2014. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data is accurate in all material respects and is reported fairly and honestly. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The comprehensive annual financial report (CAFR) is presented in three major sections that provide introductory, financial, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart, and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to basic financial statements, required supplementary information, and supplementary information on non-major funds. The statistical section, which is unaudited, includes selected financial and demographic information.

The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure. The notes include the summary of significant accounting policies for the City and other necessary disclosures of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

Generally accepted accounting principles (GAAP) require that management provide a narrative of introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter complements the MD&A and should be read in conjunction with it. The City of Menlo Park's MD&A can be found in the financial section of this document, immediately following the report of the independent auditors.

Background

The City of Menlo Park is located in San Mateo County, midway between the cities of San Francisco and San Jose. It is an area of comparatively high property values and is a vital part of the region commonly referred to as the Silicon Valley. One of its noteworthy neighbors is Stanford University. Because of the number of venture capital firms and the amount of venture capital invested through local companies, the City is often referred to as the “Capital of Venture Capital”.

The City maintains a healthy balance of residential, commercial, and industrial uses. Residential home prices are still among the highest in the area, reflecting the desirability of living in the community. Now home to the headquarters of social networking giant Facebook, other major companies that have facilities in Menlo Park include the Rosewood Hotel, TE Corporation (formerly Tyco), E*Trade Financial, SRI International, and Sunset Publishing. Menlo Park is also home to the Western Region Headquarters of the United States Geological Survey, a major Veterans Administration medical facility, and the U.S. Department of Energy-funded SLAC National Accelerator Laboratory.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Menlo Park, as legally defined), as well as any applicable component units. Component units are legally separate entities for which the primary government is financially accountable. Prior to the dissolution of the Community Development Agency on January 31, 2012, it was reported as a blended component unit of the primary government. Activities of the Successor Agency acting on behalf of the former Community Development Agency are now reported as a Private-Purpose Trust Fund as of the financial statements for the fiscal year ended June 30, 2012.

The City of Menlo Park provides a varied range of services, including police protection, public works (engineering, streets, parks, building and vehicle maintenance), water distribution and maintenance, transportation services, community services (recreation, child care, and senior services), community development (planning, zoning, and building inspection), code and parking enforcement, library services, housing, and general administration (finance, human resources, economic development, information technology, legal, and city clerk services). Fire protection services are provided by the Menlo Park Fire Protection District, an entity separate and distinct from the City. Sanitary sewer services are also provided by a special district, the West Bay Sanitary Sewer District.

Economic Condition and Outlook

With total tax revenues up 2% in 2013-14 over 2012-13, the City's financial condition remains on solid ground. From the depths of the Great Recession, the City's tax revenues (property, sales transient occupancy, and utility users') have fully recovered and now stand well above pre-recession levels. This recovery, which has been aided by an increase to the transient occupancy tax rate and the introduction of the utility users' tax, has been more robust than originally anticipated. This has allowed the General Fund to maintain service levels, continue to appropriately fund infrastructure maintenance, make substantial progress in addressing unfunded pension and retiree medical liabilities, and absorb expenditures that were previously funded with redevelopment tax increment. These efforts were also aided by the City negotiating wage and benefit concessions with its employees, which helped ensure operating expenditures were well-aligned with the sustainable revenue base.

While the City's financial condition is enviable, the reliance on tax revenues, which can be volatile, means it must remain vigilant in managing its costs, monitoring its environment, and maintaining financial flexibility. In fact, shortly after the recommended 2014-15 budget was completed, the City learned of the imminent departure of a major sales tax provider. This revenue loss will be evaluated in context of the City's entire financial picture as it gets to the midpoint of the 2014-15 fiscal year. And while it expected that the City will be able to absorb this loss without having to take any material mitigating actions, it does serve to underscore the challenge the City faces in meeting and maintaining desired service levels with a volatile revenue base.

Despite this setback, the City's financial outlook remains sound. Property values remain high, and with a number of large-scale development projects in process, the outlook for future growth in this area is strong. Being the General Fund's largest revenue source, at 32% of the total, a healthy property tax base is essential for continued sustainability. One ongoing threat to the property tax base is the seemingly annual consternation about whether the City will continue to receive excess educational revenue augmentation funds (ERAF). San Mateo County is one of three counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for the schools, which leads to those excess funds being redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's 10-year forecast reflects receiving 50% of this revenue through 2016-17 before it drops off completely in 2017-18. This is a highly speculative assumption that simply serves to keep this uncertainty squarely in our sights as we move forward.

As always, staff will continue to monitor the long-term budget situation, keep the City Council informed of critical economic events, and be proactive in developing plans to

promote the City and maintain its financial health. Various revenue options will continue to be explored, along with alternative service delivery models, further operational review, and aggressive pursuit of available federal, state, and local funding.

Major Initiatives

FOR THE YEAR: The strength in the economy has resulted in a continued interest in development projects and increased business opportunities, which has subsequently created an overall rise in demand for City services. While budgetary resources are available to support this increase in demand, the City has found it challenging to staff itself at a level that adequately supports the service demand given the lack of supply and heavy competition for key positions, particularly those needed to support development-related activities. Despite this challenge, the City undertook a number of key initiatives and accomplished many of its goals during the reporting period. As always, the primary focus continued to be on addressing Council's priorities and providing the services and programs that make Menlo Park unique.

The **Administrative Services Department** continued to evolve its organizational structure to best serve other City departments, the Council, and the community. This included effectively disbanding the Administrative Services Department and creating the new departments of the City Manager's Office, Finance, and Human Resources. These new departments were first introduced in the fiscal year 2014-15 budget, which was completely restructured during 2013-14 to support the new organizational structure and the department/division presentation of budgetary information.

In addition to the major restructuring undertaken by the former Administrative Services Department, there were a number of other significant initiatives and accomplishments for the fiscal year ended June 30, 2014. Technology initiatives were the focus of the City Manager's Office, as the City's website was completely redesigned to improve information access and efficiency, a new web-based public records request system was launched, and the City's telephone system was replaced with a Voice Over Internet Protocol system. Finance and Human Resources also focused on technological improvements, as efforts continued to implement a comprehensive human resources information system and payroll system, with significant progress made on both in 2013-14. On the payroll side, the transition from the outdated desktop application to the cloud-based solution was completed, and the implementation of the new interface from the payroll system to the City's financial system was on its final stages as the year came to an end. Human Resources finalized the implementation of its comprehensive information system, which allows it to effectively manage the benefits program along with other key employee management-related functions.

The **Community Development Department** had three focused priorities during 2013-14. The first was an update to the Housing Element for the 2015-2023 planning period, which was completed, approved by the City Council, and certified by the State in April 2014. The certification by the State meant that the City was the first jurisdiction in the

San Francisco Bay Area to complete the updated Housing Element. The second priority was embarking on a multi-year long-range planning effort to update the Land Use and Circulation Elements of the General Plan, with a focus on the eastern area of the City known as the M-2 zoning area. The work was initiated early in 2013-14 and is expected to take approximately two years to complete. The third priority was managing the significant level of development activity in the City. Major development projects either completed or under construction during the fiscal year included the approximately 433,000 square foot Facebook West Campus, conversion of a senior residential facility into a Marriott Residence Inn, several office and residential developments, and the renovation and expansion of Beechwood School. In addition, there were a number of projects that were under review for building permits and/or land use entitlements, including the 260,000 square foot Commonwealth Corporate Center, the 394-unit Anton Menlo project on Haven Avenue, a 195-unit apartment project on Hamilton Avenue, a 146-unit apartment project on Haven Avenue, and the renovation of the SRI International campus. A vibrant economy, adoption of the updated 2007-2014 Housing Element, and adoption of the 2012 El Camino Real/Downtown Specific Plan have been major factors driving the high level of activity, which is expected to continue for several years.

The **Community Services Department** continued improving business operations across the department in order to better align cost recovery with City Council policy guidelines. Results have been impressive, as all 14 distinct program areas now meet Council's established cost recovery levels. Total cost recovery department-wide reached an all-time high of 82%. Overall demand for services remained extremely high in 2013-14, with over 1.75 million participant hours in recreation and social services programs.

Other highlights for the year included transitioning the Belle Haven neighborhood visioning process into the implementation stage in the form of an action plan focused on community safety and relationship building; opening the Belle Haven pool year round; receiving awards for excellence from the California Parks and Recreation Society for both the Arrillaga Gymnasium and the Arrillaga Recreation Center; and achieving record-breaking attendance at the Department's seven city-wide special events.

The **Library** continued to work on upgrading its core technology to improve its service delivery and operational efficiency. These technology improvements included upgrading the online circulation and cataloging systems, which makes them more scalable for future growth; substantially increasing internet bandwidth in both the main and the branch libraries, which accommodates the growing use of streaming media by library patrons; and upgrading the computers used by library patrons to increase security and limit vulnerability to external viruses. In addition to the technology upgrades, the Library also continued to expand its non-English language collections. This included growing the Mandarin and Spanish juvenile collections by 10% and 15%, respectively, over the past year.

The **Police Department** continued to undergo significant change and make substantive progress in meeting its goals in 2013-14, with new technology being one of the main advancements in its crime-prevention arsenal. In response to an increase in violent crime in 2012, and with input of community members and the City Council, the police department purchased neighborhood surveillance cameras and Automated License Plate Readers (ALPR). These devices were installed and became operational in 2014. This new technology, coupled with the hard work and dedication of the staff in the Police Department, in partnership with the community, has assisted in dramatically lowering the rate of violent crime throughout the City. Other new technology initiatives included the utilization of body-worn cameras for every patrol officer, along with a one-year deployment and assessment of Taser devices for a limited number of trained officers.

The City was also able to take advantage of a partnership with Facebook to open a Neighborhood Service Center & Substation in the Belle Haven neighborhood in 2014. Additionally, Facebook partnered with the Police Department to fund a full-time Community Safety Officer, whose main focus is on juvenile truancy and diversion, as well as community safety issues. In an effort to address the high rate of traffic crashes within the City, the Police Department was also able to fully staff the traffic unit with one motorcycle officer currently deployed and another one awaiting training.

During 2013-14, the **Public Works Department** completed a number of capital improvement projects, including the Street Resurfacing, Sidewalk Trip Hazard Removal Phase 2, Traffic Signal Modification at the Intersection of Sand Hill Road and Branner Drive, Citywide Sidewalk Repair, Downtown Beautification, Oak Grove Avenue and Merrill Street Intersection In-Pavement Lighted Crosswalk, and Uninterruptible Power Supply System for the Administration Building.

The Department continues to look for alternative service delivery models to contribute to the maintenance of a sustainable operating budget for the City. During the reporting period, this included contracting out the median and right-of way landscape maintenance services. In addition to alternative service models, Public Works also focused its efforts on environmental-related projects that will save the City money and reduce the City's carbon footprint. A few of these efforts included an energy retrofit project on City facilities that will significantly increase energy efficiency, and the evaluation of a power purchase agreement to have solar rooftop panels installed on certain City facilities.

Maintenance of the City's infrastructure also continues to be a high priority. The CIP Fund, as reflected in the 5-Year Capital Improvement Plan (CIP), has become the funding tool for long-range planning projects, information systems upgrades, and new or replacement facilities. In 2013-14, the Department continued to have staffing challenges within the CIP group, which affects the capacity for completion of approved projects. Going forward staff is looking for alternate ways to complete planned projects by utilizing outside engineering firms as needed.

FOR THE FUTURE: **Financial Planning and Fiscal Policies**

Maintaining a sustainable City budget is a top priority for Menlo Park. The City has, for many years, strived to record and report all expenses in the proper fiscal year, avoid unintended subsidization of non-essential programs with tax revenues, resist the creation of future liabilities, and initiate funding of long-term liabilities that currently exist. Such long-term financial planning efforts are essential to the City's prudent financial management and are particularly powerful when combined with sound financial policies.

Rating agencies recognize the City's financial strength and policies when assigning excellent ratings to Menlo Park general obligation bond issuances. The City continues to focus strategically on appropriate funding strategies, for not only current operations and top-ranked priority capital improvement projects, but also to cover long-term ongoing expenses. To that end, the operating budget includes annual funding for large infrastructure maintenance projects and ongoing retiree medical benefit obligations. In addition, all funds are regularly evaluated in terms of ongoing sustainability to avoid any future burden on the General Fund.

Menlo Park strives to maintain fiscal policies that will provide guidance on preserving its sound financial standing in the long term. Several years ago, a General Fund Reserve Policy was finalized, incorporating requirements of Governmental Accounting Standards Board (GASB Statement No. 54). The policy outlines the City Council's formal commitment of amounts of fund balance to be set aside specifically for emergency (\$6 million) and economic contingencies (\$8 million). The total goal range for the City's unrestricted fund balance is 43 to 55 percent of General Fund expenditures. As of June 30, 2014, the unrestricted fund balance of \$26.9 million represents approximately 66 percent of General Fund expenditures for the 2013-14 fiscal year. Excluding the nearly \$2 million in assigned fund balance that will be utilized in 2014-15 for existing commitments, the unrestricted fund balance still sits at over 61 percent of expenditures, which is outside of the goal range. It is expected that during the 2014-15 reporting period portions of unrestricted fund balance may be utilized for non-recurring needs, which will bring this portion of fund balance within, or closer to, the goal range.

Further solidifying the City's sound financial policies was Council's action in 2013-14 to establish the Strategic Pension Funding Reserve, which was established as a committed reserve, and fund it with \$1 million from previously unassigned reserve funds. Subsequently, a utilization policy for this fund, along with a mechanism for future funding, was established after the close of this reporting period.

Although reserves are available to provide temporary financing for extraordinary events such as an economic recession, the City must continue to distinguish between operating structural deficits and deficits resulting from temporary downturns in the economy. This will be essential in the current reporting period, as the City found out

late in 2013-14 that it would be losing a major sales tax provider. As such, baseline expenditures may need to be recalibrated if revenue growth in other areas does not close that gap. Ensuring this situation is properly evaluated and the City acts accordingly to maintain structural balance will be critical to maintaining the City's long-term fiscal health. Infrastructure maintenance, comprehensive planning activities, technology upgrades, and storm water programs, in addition to standard City operations, are all part of a comprehensive and sustainable fiscal plan for the City and must be considered as limited resources are allocated.

The City administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected and that adequate accounting data are compiled to prepare financial statements in conformity with generally accepted accounting principles. In addition, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the City's governing body. The City also maintains sound financial management through an encumbrance accounting system demonstrated by the statements and schedules included in the financial section of this report.

In addition, the City has established certain fiscal policies defining its long-term financial objectives. For example, the Cost Recovery/Subsidization Policy minimizes the unintentional subsidization of certain services by the General Fund, allowing general tax dollars to be available for greater public benefit. The City also maintains an Investment Policy, reviewed annually, defining (by limiting the types of investments permitted and providing guidelines for duration and diversification) the level of risk that is appropriate in the City's portfolio.

The City will continue to follow established cash management, accounting, budgetary, and risk management policies and processes essential to the City's long-term fiscal health. In addition, the strategic direction provided in the 5-Year Capital Improvement Plan and the General Plan will be used in the City's efforts to maintain a sustainable budget for the future.

Other Information

Statistical Section. Issued in May 2004, the Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: the Statistical Section*, significantly changed the content and presentation of information reported in the statistical section of a comprehensive annual financial report. The new statistical section structure was developed to assist the reader in understanding financial trends, assessing the City's revenue capacity, gauging the affordability of outstanding debt, and understanding the environment in which the City's financial activities take place. Operating information is included to help the reader understand how the data in the City's financial report relate to services the City provides. Over time, the intent is to accumulate meaningful trend information useful in assessing performance.

Independent Audit. State statutes require an annual audit of the City's financial systems by independent certified public accountants. The accounting firm of Badawi and Associates, Certified Public Accountants was selected by the City for this purpose. The auditor's report and *unqualified* opinion on the general purpose financial statements and combining and individual fund statements is included in the financial section of this report.

Awards and Acknowledgments. The GFOA of the United States has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded this Certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, and satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one year. We believe our current report continues to meet the Certificate of Achievement Program's requirements.

Timely and efficient accounting practices, in coordination with the City's independent auditors, were essential in producing this annual document. Geoffrey Buchheim, the City's Financial Services Manager, bears the primary responsibility for overseeing the fiscal year-end close and coordinating the annual audit process. His diligent work, as well as the overall contributions from the entire Finance Department, was instrumental in ensuring the successful completion of this document.

The City Council's continued support in fiscal matters, especially in the maintenance of a long-term, sustainable financial vision, is essential and sincerely appreciated. The financial health of our City is a direct result of their vigilant fiduciary stewardship.

Respectfully submitted,



Alex D. McIntyre
City Manager

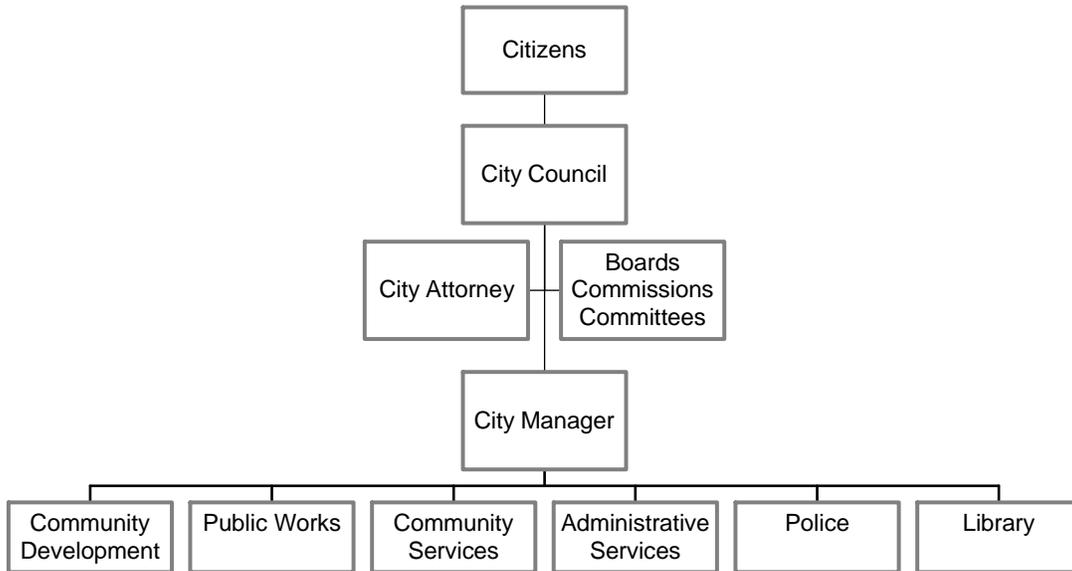


Drew Corbett
Finance Director

CITY OF MENLO PARK, CALIFORNIA

ORGANIZATIONAL CHART

JUNE 30, 2014



CITY OF MENLO PARK, CALIFORNIA

LIST OF CITY OFFICIALS

JUNE 30, 2014

CITY COUNCIL

Ray Mueller, Mayor

Catherine Carlton, Mayor Pro Tem

Richard Cline, Councilmember

Peter Ohtaki, Councilmember

Kirsten Keith, Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Attorney William McClure

City Manager Alex D. McIntyre

Assistant City Manager Starla Jerome-Robinson

Administrative Services:

Human Resources Director Gina Donnelly

Finance Director Drew Corbett

City Clerk Pam Aguilar

Community Services Director Cherise Brandell

Police Chief Robert Jonsen

Library Director Susan Holmer

Developmental Services:

Director of Community Development Arlinda Heineck

Interim Director of Public Works Jesse Quirion



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Menlo Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Menlo Park, California (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress for pension and other postemployment benefit plans and budgetary comparison information on pages 5 to 18 and 82 to 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 91 to 151, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 91 to 151 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 8, 2014

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www.menlopark.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

This Management's Discussion and Analysis (MD&A) of the City of Menlo Park's financial performance provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2014. The MD&A is an objective and easily readable analysis when read in conjunction with the accompanying transmittal letter and the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights:

Net Position - The assets of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2014 by \$448,302,988. Of this amount, \$59,991,386 was reported as "unrestricted net position" and may be used to meet ongoing obligations.

Changes in Net Position - The City's total net position increased by \$8,208,849 in fiscal year 2013-14. Net position of governmental activities increased by \$7,147,177, which is due in large part to an increase in cash and investments. Net position of the business-type activities increased by \$1,061,672, reflecting the year's net income for the Menlo Park Municipal Water District.

Long-Term Debt:

The City's total bonded debt obligations decreased by \$618,813 during fiscal year 2013-14 due to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment (\$380,000) was made on the 1996 General Obligation Refunding Bonds, leaving a remaining balance of \$835,000 as of June 30, 2014.

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2013-14, the City's governmental funds reported a combined ending fund balance of \$79,827,799. This is a \$10,040,865 increase from the prior year, which is primarily the result of an increase in total assets, predominantly in the form of cash and investments. The City's General Fund increased \$5,613,595, with revenues/transfers in/extraordinary gains of \$46,286,120 and expenditures/transfers out of \$40,672,525 million. This includes the annual transfer of over \$2.3 million to support infrastructure maintenance in the Capital Improvement Projects Fund. The surplus is credited primarily to accelerated recovery of many of the General Fund's major revenue sources, as well as expenditures coming in below budgeted amounts. General Fund revenues and expenditures for the reporting period will be discussed in more detail later in the MD&A.

Of the total fund balances, nearly \$1.1 million is categorized as "nonspendable", largely representing amounts associated with loans and notes receivable. In establishing and subsequently modifying its General Fund Reserve Policy, the City Council has set aside \$16.2 million as "committed" fund balance. Of that amount, \$6 million is committed for emergency contingencies, \$8 million is

committed for economic stabilization, and \$1.9 million is for strategic pension funding. Most of the remaining funds are restricted within special revenue funds for specific purposes, capital improvement projects, or debt service. Governmental fund balances that are categorized as “unassigned fund balance” totaled \$6,312,916 and is predominantly reported in the City’s General Fund.

City Highlights:

The City remained on solid financial ground in 2013-14, as evidenced by the continued growth in a number of the City’s major revenue sources. This growth, which was above what had been originally anticipated, has enabled the City to maintain, and in some cases enhance, service levels; appropriately fund infrastructure; continue to address unfunded pension and retiree medical liabilities; and grow fund balance, particularly in the General Fund. In 2013-14, this included committing \$1 million of previously unassigned fund balance to a strategic pension funding reserve; providing enhanced services to the community by having more events and amenities, particularly downtown; and opening the Neighborhood Service Center in the Belle Haven Neighborhood.

Total governmental fund revenues for 2013-14, as presented in the Fund Financial Statements, were up \$2.7 million over 2012-13, and this gain was driven by the General Fund, which had revenues, excluding transfers and extraordinary gains, that were up nearly \$3 million. The largest year-over-year gain in General Fund revenues was for licensing and permitting, which was up \$1.3 million and reflects the significant development activity currently underway in the City of Menlo Park. Other significant year-over-year gains included a nearly \$700,000 increase in transient occupancy tax and a nearly \$600,000 gain in charges for services, which was predominantly due to higher utilization of City facilities such as the various recreation buildings.

Governmental fund expenditures, excluding transfers and extraordinary, dropped approximately \$900,000 in 2013-14. This was predominantly due to reduced spending in the Below Market Rate Housing Special Revenue Fund, as well as in a number of the non-major governmental funds. General Fund expenditures were up approximately \$1.25 million year-over-year, driven by increases in the public safety, culture and recreation, and general government categories.

OVERVIEW OF 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.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities and Changes in Net Position

The Statement of Net Position and the Statement of Activities and Changes in Net Position include information about the City as a whole and about its activities. These statements include *all* assets, deferred outflows of resources (if applicable), liabilities, and deferred inflows of resources (if applicable) of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's overall *net position* and changes in that net position year-over-year. Net position is defined as the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, and this is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are an indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Position and the Statement of Activities and Changes in Net Position, City activities are separated as follows:

Governmental activities—Most of the City's basic services are reported in this category, including the General Government, Public Safety, Public Works, Culture and Recreation (including library services) and Community Development. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities—The City charges a fee to customers to cover the cost of water distribution services, including a surcharge for future capital improvements as necessary. The City's water system activities are the only activities reported in this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

Proprietary funds—When the City charges customers for the services it provides—whether to outside customers (enterprise funds) or to other units of the City (internal service funds)—these services are generally reported in proprietary funds. The City's Water Fund is the single enterprise fund that accounts for the business-type activities reported in the government-wide statements. Four internal service funds account for administrative activities that are provided to other funds and departments on a cost-reimbursement basis. These are included as governmental activities in the government-wide statements. Together, these proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In addition, a statement of cash flows is provided.

Fiduciary funds - The City is the trustee, or *fiduciary*, for certain funds held in a trustee or agency on behalf of individuals, private organizations, other governments, and/or other funds. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are

excluded from the City's other financial statements because the City cannot use these funds' assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information providing a budgetary comparison statement for the General Fund and all major funds. It also includes a schedule of funding for the employee pension plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses before contributions to fund principal, special and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Position. Both statements are condensed below for purposes of this analysis.

City of Menlo Park's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Current Assets	\$84,247,586	\$73,518,146	\$15,612,189	\$15,383,944	\$99,859,775	\$88,902,090
Noncurrent Assets	10,978,093	12,084,072	-	-	10,978,093	12,084,072
Capital Assets	364,517,640	368,067,145	11,005,746	10,079,682	375,523,386	378,146,827
Total Assets	459,743,319	453,669,363	26,617,935	25,463,626	486,361,254	479,132,989
Current Liabilities	8,376,214	8,751,166	913,139	814,639	9,289,353	9,565,805
Noncurrent Liabilities	27,943,530	29,441,799	25,383	31,246	27,968,913	29,473,045
Total Liabilities	36,319,744	38,192,965	938,522	845,885	37,258,266	39,038,850
Deferred Inflows of Resources	800,000	-	-	-	800,000	-
Net Investments in Capital Assets	344,119,674	347,050,366	11,005,746	10,079,682	355,125,420	357,130,048
Restricted	17,973,519	17,839,466	15,212,663	15,273,688	33,186,182	33,113,154
Unrestricted	60,530,382	50,586,566	(538,996)	(735,629)	59,991,386	49,850,937
Total Net Position	\$422,623,575	\$415,476,398	\$25,679,413	\$24,617,741	\$448,302,988	\$440,094,139

The City's programs for governmental activities include General Government, Public Safety, Public Works, Culture and Recreation, and Community Development. The programs for the business-type activities consist of water services provided by the Menlo Park Municipal Water District.

As noted earlier, the City as a whole has net position of \$448,302,988. The largest portion of the City's net position (approximately 79 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (8 percent) represents resources that are subject to external restrictions on how they may be utilized. The remaining balance of unrestricted net assets (13 percent) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net position of the City increased \$8,208,849 in the fiscal year ended June 30, 2014. This was primarily related to an increase in in the City's cash position, particularly in the governmental activities.

City of Menlo Park's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenues:						
Program Revenues:						
Charges for Services	\$20,482,484	\$19,197,987	\$8,046,619	\$6,633,147	\$28,529,103	\$25,831,134
Operating Grants and Contributions	1,438,966	1,644,022	-	-	1,438,966	1,644,022
Capital Grants and Contributions	2,341,476	2,353,049	-	-	2,341,476	2,353,049
General Revenue:						
Property Taxes	15,156,065	15,731,889	-	-	15,156,065	15,731,889
Sales Taxes	6,444,292	6,043,870	-	-	6,444,292	6,043,870
Transient Occupancy Taxes	4,158,809	3,468,256	-	-	4,158,809	3,468,256
Other Taxes	4,946,135	4,556,371	-	-	4,946,135	4,556,371
Investment Earnings	982,640	647,963	117,849	(8,799)	1,100,489	639,164
Gain on Sale of Assets	264	524,774	-	-	264	524,774
Miscellaneous	1,222,100	130,627	-	-	1,222,100	130,627
Total Revenues	57,173,231	54,298,808	8,164,468	6,624,348	65,337,699	60,923,156
Expenses:						
General Government	8,057,304	6,332,057	-	-	8,057,304	6,332,057
Public Safety	14,237,536	14,080,936	-	-	14,237,536	14,080,936
Public Works	11,638,045	10,920,198	-	-	11,638,045	10,920,198
Culture and Recreation	11,400,791	11,077,343	-	-	11,400,791	11,077,343
Community Development	4,384,310	4,240,784	-	-	4,384,310	4,240,784
Interest on Long-term Debt	1,219,698	1,229,193	-	-	1,219,698	1,229,193
Water Operations	-	-	6,916,915	6,299,614	6,916,915	6,299,614
Total Expenses	50,937,684	47,880,511	6,916,915	6,299,614	57,854,599	54,180,125
Inc/Dec in Net Position before Transfers	6,235,547	6,418,297	1,247,553	324,734	7,483,100	6,743,031
Extraordinary gain (loss)	771,822	-	-	-	771,822	-
Transfers	185,881	181,525	(185,881)	(181,525)	-	-
Changes in Net Position	7,193,250	6,599,822	1,061,672	143,209	8,254,922	6,743,031
Net Position - Beginning of the Year	415,476,398	409,083,063	24,617,741	24,474,532	440,094,139	433,557,595
Prior Period Adjustment	(46,073)	(206,487)	-	-	(46,073)	(206,487)
Net Position - End of the Year	\$422,623,575	\$415,476,398	\$25,679,413	\$24,617,741	\$448,302,988	\$440,094,139

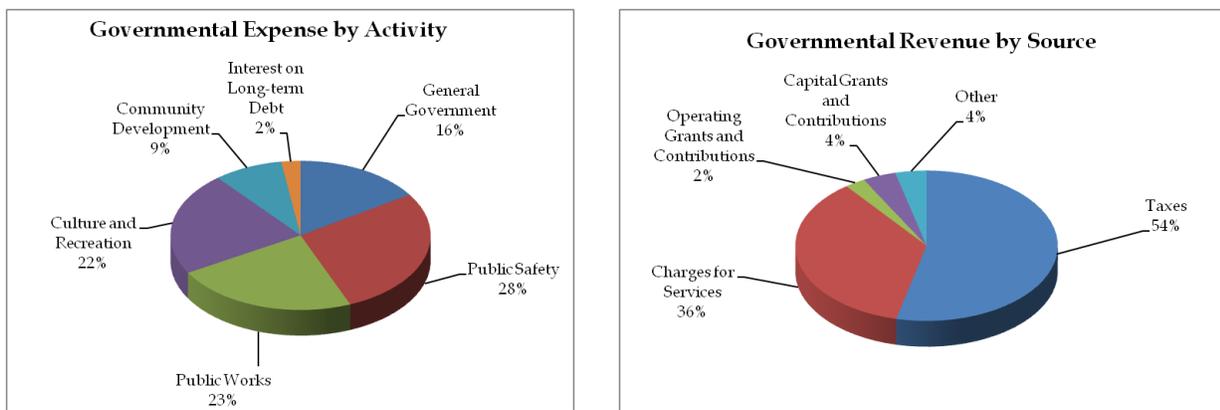
Governmental Activities

Total governmental activities increased the City of Menlo Park's net position by \$7,147,177, as revenues closed the year well above expenses, which is similar to how the 2012-13 fiscal year closed. Both revenues and expenses were up in 2013-14 over 2012-13, with revenues increasing by \$2,874,423 and expenses increasing by \$3,057,173. Program and general revenues increased in a number of categories, however, charges for services and transient occupancy tax had the largest year-over-year growth. Increases in expenses also occurred in a number of operational areas, with General Government and Culture and Recreation seeing the most significant year-over-year growth.

The increases in both revenues and expenses are a reflection of the strong economic conditions under which the City is currently operating. Factoring out one-time occurrences, tax revenues, particularly property tax and transient occupancy tax, are on a growth trend. Further, Citywide development activity and increased demand for Community Services programs has driven an increase in service charge revenues. This increased demand also has had an impact on the expense side, as the increase

in service charge revenue has resulted in an increase in actual services being provided.

The following charts of expenses and sources of funding for the City's various governmental activities have been derived from the Statement of Activities and Changes in Net Position. The first pie chart reflects expenses incurred in each area as a percentage of the total expense of governmental activities (\$50,937,684 in fiscal year 2013-14). The second pie chart reflects the sources of funding available to cover the expenses of the governmental activities (\$57,173,231 in fiscal year 2013-14). After applying program revenues (charges for services, grants, and contributions) to the cost of governmental activity programs, remaining expenses must be funded out of the City's general revenues - primarily taxes and investment earnings. Areas with the highest program revenues (i.e., Public Works, Culture and Recreation, and Community Development) are able to offset relatively more costs than activities that have fewer opportunities to derive program revenues (such as Public Safety). In total, program revenues covered nearly 48 percent of governmental activity expenses in fiscal year 2013-14, which is on par with fiscal year 2012-13 (48 percent) and below fiscal year 2011-12 (51 percent).



Business Type Activities

The final net position for business-type activities in 2013-14 was \$25,679,413. Total program revenues for business-type activities (operation of the Menlo Park Municipal Water District) were \$8,046,619, which consisted solely of charges for services related to water usage and capital surcharge fees. Total expenses for the business-type activities were \$6,916,915 during 2013-14, nearly all of which were related to water operations. Overall net position increased by \$1,061,672 in 2013-14, which considers the \$1,129,704 operating surplus discussed above, \$117,849 in interest income, and \$185,881 in net transfers out for administrative overhead charges.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Major Fund Balances - Governmental Funds

A key function of fund accounting is to segregate resources. In order to reduce frustration when different individual funds are combined for financial reporting purposes and because it is common for governments to have too many funds to include information on each individual fund within the basic financial statements, Major Fund reporting was implemented with Government Accounting Standards Board (GASB) Statement 34. Each major individual fund is required to be presented separately and all non-major governmental funds to be aggregated into a single other governmental

fund category. The General Fund is always considered a major fund. The criteria to determine what other funds must be reported as a major fund are:

- Ten percent criterion. An individual fund reports at least 10 percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.
- Five percent criterion. An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion.

There are four major funds in the Governmental Funds category. Below is a table with a comparison of the fund balance for each of these four funds between 2012-13 and 2013-14, as well as a consolidated comparison of all of the non-major governmental funds for the same time period.

<u>Governmental Fund Balances</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease) From 2012-13</u>
General Fund	\$ 27,991,243	\$ 22,377,648	5,613,595
Housing Fund	496,458	320,347	176,111
Below Market Rate Housing Fund	11,751,143	10,629,904	1,121,239
General Capital Improvement Project Fund	13,148,534	13,978,152	(829,618)
Other Governmental Funds	26,440,421	22,480,883	3,959,538
TOTAL	<u>\$ 79,827,799</u>	<u>\$ 69,786,934</u>	<u>\$ 10,040,865</u>

General Fund Balance

As noted, the General Fund is always one of the major governmental funds and is the primary operating fund of the City. Most City services are accounted for in the General Fund, including most public safety, public works, parks and community services, library, planning and community development, and general government.

At the end of the 2013-14 reporting period, the fund balance of the City's General Fund was \$27,991,243, an increase of \$5,613,595 from the prior year. The significant rise in fund balance (25 percent) was due to continued strong growth for a number of the City's revenue sources, as well as expenditures falling below expectations. It is important to note that approximately \$1.9 million of this increase in the General Fund's fund balance represents assigned fund balance for expenditure commitments from 2013-13 that will carry forward into 2014-15. With that said, total General Fund expenditures finished \$3.6 million lower than final budget amounts, which was predominantly the result of personnel cost savings throughout the operating departments. This significant expenditure savings highlights a challenge the City is currently facing in which it has the budgetary resources to provide services at the desired level, but it has been unable to staff itself at a level to actually meet the budgeted service level. Addressing this challenge will be a priority for the City in the 2014-15 reporting period.

Although \$1.1 million of the fund balance was categorized as "nonspendable", the City's recently-amended General Fund Reserve Policy sets aside ("committed") \$6 million for emergency contingencies, \$8 million to mitigate the effects of major economic uncertainties, and \$1.9 million for

strategic pension funding opportunities. Based on the updated reserve policy, the pension-related reserve is slated to grow when the General Fund achieves a net operating surplus in a given year. The reserve policy affirms the Council's desire to limit use of General Fund balances to address unanticipated, one-time needs or opportunities, and establishes a goal range for the City's unrestricted fund balance (including commitments and assignments of fund balance) of 43-55 percent of General Fund expenditures. As of June 30, 2014, the City's General Fund unrestricted fund balance equaled 66.2 percent of the fund's total expenditures, including transfers, for the year and puts this fund balance outside the goal range. This will be partially mitigated by the \$1.9 million in assigned fund balance that will be used for 2014-15 spending commitments. Further, it is expected that during the 2014-15 reporting period, portions of unrestricted fund balance may be appropriated for non-recurring needs, which will also bring this portion of fund balance closer to the goal range.

Below Market Rate Housing Fund Balance

The Below Market Rate Housing Fund became a major fund for financial statement purposes starting in fiscal year 2011-12, based on the assets of the fund relative to the City's total governmental fund assets. The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have limited income per the limits established by San Mateo County. The program requires the provision of BMR units or in-lieu fees for certain development projects. State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. During the 2013-14 fiscal year, the fund had revenue that included \$81,277 of BMR in-lieu fees, \$69,082 in interest on outstanding loans, and \$45,735 in interest earnings on fund balance. The fund had expenditures of \$155,522 for the overall administration of the BMR program and for maintenance and rehabilitation work on various properties.

Housing Fund

As Successor Agency for both housing and non-housing activities of the former redevelopment agency, the City transferred all loans of the former CDA Housing Fund to the City's own, newly established Housing Fund in 2011-12. In previous years, the CDA Housing Fund had received twenty percent of all the tax increment revenues of the former Agency to advance low- and moderate-income housing programs in the area. Per dissolution law, all future tax increment revenues will go to the County, and any unencumbered funds of the former agency will be distributed to other taxing agencies once recognized obligations have been paid. Therefore, the current Housing Fund exists to account for the housing loans of the former Agency. Net revenues from loan payments may go back to the fund to provide further loans or to other qualifying housing programs. The Housing Fund is considered a major fund for financial statement purposes based on the relative amount of liabilities in the fund; however, activity in the fund was limited in 2013-14, with only \$2,022 expended for program administration and \$171,562 in revenue from loan repayments.

General Capital Improvement Project Fund Balance

The General Capital Improvement Project Fund is also a major fund for financial statement purposes, based on the relative amount of assets in the fund. In 2013-14, fund expenditures were nearly \$3.5 million and included work on major projects such as street resurfacing, downtown irrigation replacement, and improvements to City buildings. Total fund balance decreased \$829,618 from 2012-13 but still remains relatively high, at \$13,148,534. It is not unusual for this particular fund to accumulate reserves because of the nature of the fund itself. Major capital and infrastructure projects, such as street resurfacing, require significant capital outlays and are most cost effective when done in large segments. To stabilize the impact on the General Fund, which funds many of these projects, annual transfers are made and reserves are accumulated to then be appropriated as large-scale projects are scheduled to begin.

Other Governmental Funds Balances

At the end of the 2013-14 fiscal year, the total fund balance of the City's 28 non-major governmental funds was \$26,440,421. This represents a significant (18%) increase in fund balance year-over-year, which is discussed in more detail below.

The fund balances consist of 24 special revenue funds, 2 debt service funds, and 2 capital projects funds. Within the special revenue funds, fourteen fund balances increased over the course of the fiscal year, while ten experienced a drop. The largest fund balance increases were with the Highway Users Tax (\$570,917), Transportation Impact Fees (\$1,274,378), and Construction Impact Fees (\$1,521,654) Funds. All three of these funds are utilized to fund large capital and infrastructure projects, and as such, large fluctuations in fund balance year-over-year are not uncommon as revenues can accumulate over several years to ensure adequate funding for large projects. The County Transportation Tax Fund had the largest decrease in fund balance (\$408,190) which was primarily the result of \$456,740 in capital outlay expenditures.

Proprietary Funds

Proprietary Funds are comprised of enterprise funds and internal service funds. The City has one enterprise operation, which is the Water Fund. An enterprise fund accounts for activities that are financed and operated in a manner similar to private business enterprises. The Menlo Park Municipal Water District (MPMWD) is a self-supporting enterprise in which the sale of water to customers generates the revenue needed to support the operations and capital needs of the district.

The Water Fund accounts for water supplied to the approximately 4,000 customers of the MPMWD. The net position of the fund at June 30, 2014 was \$25,679,413, an increase of \$1,061,672 from the prior fiscal year. This overall increase was the result of net income of \$1,122,697 in the Water Operating Fund, and a \$61,025 net loss in the Water Capital Fund.

Reserve funding policies established in 2006 were revised in 2010, with the City adopting a 16.5 percent annual increase in water meter and consumption block rates through fiscal year 2013-14 based on projected increases in the cost of water. The Water Fund Reserve Policy anticipated the need for transfers/loans from the capital fund to maintain the operating fund during this period of water rate increases. The total transfer amount in 2013-14 from the capital fund to the operating fund was \$1,125,633. Further, a capital surcharge was established in 1990 to fund major water capital projects; the surcharge netted the Water Capital Fund \$1,025,624 in fiscal year 2013-14.

The City uses internal service funds to account for four major administrative activities: Workers' Compensation Insurance, General Liability Insurance, Retiree Medical Benefits, and Vehicle Replacement. Separation of these programs from the General Fund allows for better tracking and allocation of the costs associated with these "overhead" activities and provides a mechanism for funding those costs in the year incurred. The Vehicle Replacement Fund collected "charges for services" of \$250,750 in 2013-14 from the departments and programs that utilize the assets being replaced to provide for the cost of anticipated vehicle purchases. Departmental charges received in the Workers' Compensation Insurance Fund in the amount of \$500,035 were not sufficient to meet the actuarially determined costs of current and past claims charged to the funds, as evidenced by the net loss (604,813) reported in this fund for the fiscal year. This pushed this fund into a negative net position as of the close of 2013-14, which was anticipated based on outstanding claims and departmental charges. Charges to departments have been increased in fiscal year 2014-15 to mitigate

this, and it is also important to note that the claims payable reported in the financial statements reflects the value of outstanding claims, but not necessarily the actual amount of funds that will be spent to settle and/or close claims, which is expected to be less than the outstanding value. The General Liability Fund's collections and interest income exceeded its overall expenses by \$371,565, which positively impacted its net position as of June 30, 2014.

The Retiree Medical Benefits Fund was created in 2008-09 for the sole purpose of providing contributions to the California Employers Retiree Benefits Trust (CERBT), the funding vehicle for the City's long-term obligations under its retiree medical benefits program. \$9.2 million was sufficient to fund the accumulated liability of these benefits in fiscal year 2007-08. Going forward, the amount of the contributions are generated as a percentage-of-payroll charge, actuarially calculated to reflect full funding of the normal (annual) cost of these benefits. In fiscal year 2013-14 these costs were \$670,636, while collections and interest earnings yielded \$688,587, which resulted in net income of \$17,951. Charges to operating departments to fund the Retiree Medical Benefits Fund are adjusted each year to cover the anticipated cost for providing ongoing retiree medical benefits.

Fiduciary Operations

Fiduciary Fund Financial Statements are presented in the Basic Financial Statements separately from the Government-Wide Financial Statements. Prior to 2011-12, the City's only fiduciary funds were agency funds, used to account for certain assets held on behalf of others. As the City's role is purely custodial in these cases, all assets reported in the agency funds are offset by a liability to the party on whose behalf they are held. Total assets of the agency funds held by the City decreased from \$587,278 to \$320,258, which was due largely to the reduction in refundable deposits held for current development projects and a reduced cash balance for the fiduciary funds.

A new private-purpose trust fund was established in 2011-12 to account for the activities related to the dissolution of the former Community Development Agency of the City of Menlo Park. As previously discussed, the former redevelopment agency was eliminated by State law as of February 1, 2012. All assets and obligations (including long-term debt) of the former agency were transferred to the City, as Successor Agency, as of that date. Housing loans are reported as assets in that governmental fund, but all other assets and liabilities are held in trust capacity in a fiduciary fund. Unlike agency funds, trust funds report an "income statement". As such, the activity of the Successor Agency Trust from 2013-14 is reported in the Statement of Changes in Fiduciary Net Position. Because the transferred debt exceeded the transferred assets of the former agency when this trust was established, the fund ended the 2011-12 fiscal year with a net position of (\$26,844,414). Continued disposition of assets of the former community development agency in led to extraordinary losses in the amount of (\$17,149,614) in 2012-13 and (\$7,373,173) in 2013-14. As of June 30, 2014, the fund's net position was (\$43,839,627). It is important to note, however, that because the net negative position is primarily a function of long-term liabilities (debt service), which will be paid by future property tax revenues in the former redevelopment project area, there is no impact on the primary government's current or future financial position.

DEBT ADMINISTRATION

As of June 30, 2014, the City's debt obligations were comprised of General Obligation Bonds. These bonds include the City of Menlo Park General Obligation Refunding Bonds, Series 1996, a bond funding used to finance the 1990 Library Improvement Project. The balance of these bonds at June 30, 2014 was \$835,000. The bonds are paid from special assessments to property owners within the City. In addition, the City has two outstanding issuances of "Measure T" bonds, approved by voters in

2001, to finance certain parks and recreation improvements. The balance of the original 2002 General Obligation Bonds issuance (\$11,165,000) was refinanced through a direct placement sale of 2012 General Obligation Bonds in January 2012. The refinancing allowed for lower interest rates, which will provide debt service savings of nearly \$2.5 million over the remaining life of the original obligation. The balance of these bonds at June 30, 2014 was \$9,310,000. The second issuance of these "Measure T" bonds was sold on July 1, 2009, adding \$10,440,000 to the amount of bonds outstanding. At June 30, 2014, the outstanding balance of these bonds was \$10,255,000. Of this 2009 issuance, \$895,000 is outstanding on Series A tax exempt bonds. The remaining \$9,360,000 is the principal outstanding on Series B taxable Build America Bonds (BABs). The decision to include BABs in the 2009 financing allowed the City to generate an additional \$1,049,000 over the tax exempt bonds.

In May 2006, the City's Community Development Agency issued Tax Allocation Refunding Bonds in a par amount of \$72,430,000 for the purpose of refunding at lower interest rates outstanding Series 1996 and Series 2000 Tax Allocation Bonds. These bonds had been issued to finance capital projects of benefit to the Las Pulgas Community Development Project Area. With the dissolution of redevelopment agencies in 2012, this bonded debt is no longer reported in the Government Wide Financial Statements. These obligations are included in Fiduciary Fund Financial Statements.

Additional information on the City's long-term debt can be found in Note 6 of this report.

As disclosed in the Notes to Basic Financial Statements, a liability has been recorded to reflect the City's obligation to provide post-closure care of the landfill at Bayfront Park. Although the City has established a revenue stream to fund landfill post-closure care, governmental accounting standards require the calculation and recording of the liability associated with this activity. The liability is included in the reporting of the City's long-term debt, at an estimated \$5,139,145 at June 30, 2014.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$375,523,386, net of accumulated depreciation of \$95,095,041. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The City's investment in capital assets for the current fiscal year decreased by \$2,623,441 from the prior year as a result of capital asset additions of \$4,478,158 offset with depreciation charges (\$6,135,896) and net retirements of assets (\$965,703). Detailed information on the City's capital assets can be found in Note 5 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2013-14 fiscal year adopted budget for the General Fund reflected a slight operating surplus, as revenue estimates (\$42,549,849), inclusive of transfers in, were greater than adopted appropriations (\$42,347,338), inclusive of transfers out, by \$202,511. The adopted expenditure budget was increased over the course of the fiscal year to include purchase orders and other commitments from the prior year, as well as any other Council-approved budget adjustments. The final adjusted budget amount was \$44,302,429. As the fiscal year progressed, revenue estimates were also adjusted to reflect more

current information. Final adjusted revenue estimates for 2013-14 were \$45,874,062, which resulted an estimated General Fund operating surplus of \$1,571,633.

Overall, the General Fund closed the 2013-14 fiscal year with an operating surplus of \$5,613,595. This was predominantly the result of revenues coming in slightly higher than expected and significant savings in operating expenditures, both of which are discussed further below.

General Fund Revenues

The General Fund experienced year-over-year revenue growth for the fourth consecutive year. Overall, revenues, including transfers and asset sales, totaled \$46,286,120, which was a \$2,826,285 (6.5 percent) increase over 2012-13. Sales tax, transient occupancy tax, licenses and permits, and charges for services led the way, accounting for the vast majority of the revenue growth. Sales tax revenues continued the slow recovery from the recession but were bolstered by several significant non-recurring transactions, while transient occupancy tax revenues benefitted from a full year of the 12% tax rate, as well as a strong economic climate that resulted in high room and occupancy rates at the City's hotels. Licenses and permits were up significantly due to the heavy development activity currently underway in the City, and charges for services were up primarily due to higher utilization of City facilities, particularly the recreation buildings. Only one revenue source was down year-over-year, and that was property tax. This was the result of a large one-time revenue received in 2012-13. Overall, growth in assessed valuations, which drives property tax revenues, has remained strong.

General Fund Expenditures

Total General Fund expenditures, including transfers out, totaled \$40,672,525 and were 4% lower in 2013-14 than they were in 2012-13. This is due to a one-time \$2.7 million transfer to the Capital Improvement Projects Fund made in 2012-13 that inflated expenditures for that year. Excluding that one-time transfer, General Fund expenditures were up \$1,006,630 million, or 2.5 percent. This increase was the result of departmental operations, and the largest year-over-year increases were in Public Safety, Community Services, and Administrative Services. These increases were due to a variety of factors, including vacant positions being filled and greater demand for Community Services programs, the latter of which also generated additional revenue.

While overall expenditures, excluding the one-time transfer, were up over 2012-13, total expenditures were lower than budgeted amounts by \$3.6 million. This is entirely the result of operating savings in each of the departments, about 60% of which was in the form of compensation savings. While these operational savings enhanced the City's net position for the fiscal year ended June 30, 2014, the inability to staff itself at budgeted levels has resulted in the slight degradation of some service levels. Getting staffing at a level commensurate with the budgeted service levels will be an area of focus in the 2014-15 reporting period.

ECONOMIC CONDITION AND OUTLOOK

The City's financial condition remains on solid ground. Fueled by a local economy, specifically the Silicon Valley economy, that has added jobs at a greater rate than the state and the rest of the nation, Menlo Park's tax revenues are well above pre-recession levels. Property tax, which is the General Fund's largest revenue source, is poised for continued strong growth in the near term, as high demand for residential property, as well as significant commercial development activity, is expected to increase assessed valuations and grow the revenue base. With that said, the continued uncertainty around excess Education Revenue Augmentation Fund (ERAF) revenues could impact the forecast going forward. The current forecast projects a 50% share of ERAF through 2016-17 before dropping

off completely the following year. This highly speculative assumption serves to keep this issue in focus without requiring immediate corrective action. Sales tax – the General Fund’s second largest tax revenue source – continues its relatively slow recovery from the recession. With several significant non-recurring transactions in 2013-14, as well as the sales tax generated from the construction of the Facebook West Campus, current revenues are above what is believed to be the sustainable baseline. As such, projections going forward have sales tax actually declining two years out to account for the unique activity currently underway, before beginning to see growth again in 2016-17. Sales tax also remains highly volatile due to the significant business-to-business activity that drives this revenue source, as well as the concentration of tax-generating activity amongst a relatively small number of firms. In fact, the City learned shortly after the completion of the 2014-15 recommended budget that a large sales tax generator would be departing the City. The impact of this and any potential mitigating actions will be addressed as part of the annual mid-year update, which will occur early in 2015. Transient occupancy tax, the General Fund’s third largest tax source, continues to perform well, with strong room and occupancy rates being buoyed by an increase in the tax rate from 10% to 12%, which occurred in January 2013. While the growth in transient occupancy rates that the City has seen over the past two years is not expected to continue at such a high level, the forecast does call for modest revenue growth going forward.

The driving force behind the City’s positive outlook for its major tax revenues is rooted in development activity very recently completed, currently under construction, or in the permitting process. Some of these projects include 433,000 square foot Facebook West Campus, a new hotel, over 700 multi-family residential units, and the 260,000 square foot Commonwealth Corporate Center. Additionally, the Downtown/El Camino Real Specific Plan has prompted interest in the replacement of existing buildings on El Camino Real – current and former auto dealerships – with a new mixed-use development consisting of offices, housing, and retail.

Going forward, the City of Menlo Park is on solid financial footing. With strong recovery continuing for many of its major revenues sources and a reset expenditure baseline that incorporates the cost containment strategies implemented in response to the recession, including compensation concessions from employees, the City’s budget is structurally balanced with a forecast of modest surpluses over the next several years. What’s most impressive, however, is that all of this has been achieved while also setting aside funds for critical one-time needs such as technology upgrades and comprehensive planning efforts, continuing to appropriately fund the maintenance of the City’s infrastructure, providing modest compensation increases to employees, and maintaining extremely healthy reserves.

While in an enviable financial position, the City cannot rest on its laurels and must continue to focus its efforts on priority fiscal initiatives such as adequate funding of infrastructure, careful comprehensive planning, and optimization of business and residential development opportunities. Further, as new long-term needs are identified, the appropriate resources to meet those needs must also be identified. And finally, the City must maintain financial flexibility to ensure it is able to quickly respond to the inevitable fluctuations in the economy and the volatility of its major revenue sources.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Menlo Park Finance Department, 701 Laurel Street, Menlo Park, California 94025.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Menlo Park
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 80,776,816	\$ 14,459,791	\$ 95,236,607
Receivables:			
Accounts	2,265,773	1,121,572	3,387,345
Interest	177,113	30,696	207,809
Due from other governments	834,165	-	834,165
Deposits and prepaid items	193,719	130	193,849
Total current assets	<u>84,247,586</u>	<u>15,612,189</u>	<u>99,859,775</u>
Noncurrent assets:			
Notes receivable	10,978,093	-	10,978,093
Capital assets			
Non-depreciable	234,109,977	4,503,075	238,613,052
Depreciable, net	130,407,663	6,502,671	136,910,334
Total capital asset	<u>364,517,640</u>	<u>11,005,746</u>	<u>375,523,386</u>
Total noncurrent assets	<u>375,495,733</u>	<u>11,005,746</u>	<u>386,501,479</u>
Total assets	<u>459,743,319</u>	<u>26,617,935</u>	<u>486,361,254</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,987,754	730,855	2,718,609
Accrued payroll	1,268,783	53,829	1,322,612
Interest payable	448,306	-	448,306
Deposits	1,012,595	110,961	1,123,556
Unearned revenue	671,256	-	671,256
Claims payable due within one year	703,356	-	703,356
Compensated absences due within one year	924,632	17,494	942,126
Landfill postclosure care due within one year	355,719	-	355,719
Long-term debt due within one year	1,003,813	-	1,003,813
Total current liabilities	<u>8,376,214</u>	<u>913,139</u>	<u>9,289,353</u>
Noncurrent liabilities:			
Net OPEB liability	(9,263)	-	(9,263)
Claims payable due in more than one year	2,433,790	-	2,433,790
Compensated absences due in more than one year	1,341,424	25,383	1,366,807
Landfill postclosure care due in more than one year	4,783,426	-	4,783,426
Long-term debt due in more than one year	19,394,153	-	19,394,153
Total noncurrent liabilities	<u>27,943,530</u>	<u>25,383</u>	<u>27,968,913</u>
Total liabilities	<u>36,319,744</u>	<u>938,522</u>	<u>37,258,266</u>
DEFERRED INFLOWS OF RESOURCES			
In-lieu agreement payments	800,000	-	800,000
Total deferred inflows of resources	<u>800,000</u>	<u>-</u>	<u>800,000</u>
NET POSITION			
Net investment in capital assets	344,119,674	11,005,746	355,125,420
Restricted for:			
Capital projects	13,601,651	15,212,663	28,814,314
Debt service	2,133,308	-	2,133,308
Special projects	2,238,560	-	2,238,560
Unrestricted	60,530,382	(538,996)	59,991,386
Total net position	<u>\$ 422,623,575</u>	<u>\$ 25,679,413</u>	<u>\$ 448,302,988</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Activities and Changes in Net Position
For the year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 8,057,304	\$ 3,011,181	\$ 628	\$ -	\$ 3,011,809
Public safety	14,237,536	2,031,899	109,649	-	2,141,548
Public works	11,638,045	6,189,576	530,639	298,676	7,018,891
Culture and recreation	11,400,791	3,782,550	798,050	2,042,800	6,623,400
Community development	4,384,310	5,467,278	-	-	5,467,278
Interest on long-term debt	1,219,698	-	-	-	-
Total governmental activities	50,937,684	20,482,484	1,438,966	2,341,476	24,262,926
Business-type activities:					
Water	6,916,915	8,046,619	-	-	8,046,619
Total business-type activities	6,916,915	8,046,619	-	-	8,046,619
Total primary government	\$ 57,854,599	\$ 28,529,103	\$ 1,438,966	\$ 2,341,476	\$ 32,309,545

General Revenues:

Taxes:

- Property taxes
- Sales taxes
- Motor vehicle fee taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes

Total taxes

Investment earnings

Gain on the sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Extraordinary gain(loss)

Change in net position

Net position - beginning of year, as previously reported

Prior period adjustment (Note 22)

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,045,495)	\$ -	\$ (5,045,495)
(12,095,988)	-	(12,095,988)
(4,619,154)	-	(4,619,154)
(4,777,391)	-	(4,777,391)
1,082,968	-	1,082,968
(1,219,698)	-	(1,219,698)
(26,674,758)	-	(26,674,758)
-	1,129,704	1,129,704
-	1,129,704	1,129,704
(26,674,758)	1,129,704	(25,545,054)
15,156,065	-	15,156,065
6,444,292	-	6,444,292
19,633	-	19,633
4,158,809	-	4,158,809
1,924,237	-	1,924,237
3,002,265	-	3,002,265
30,705,301	-	30,705,301
982,640	117,849	1,100,489
264	-	264
1,222,100	-	1,222,100
185,881	(185,881)	-
33,096,186	(68,032)	33,028,154
771,822	-	771,822
7,193,250	1,061,672	8,254,922
415,476,398	24,617,741	440,094,139
(46,073)	-	(46,073)
\$ 422,623,575	\$ 25,679,413	\$ 448,302,988

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - Accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police, planning, engineering, public works operations and maintenance, and legal and administrative services.

Below Market Rate Housing Fund - Utilized to account for fees collected from developers of 10 or more residential units, which are used to develop below market rate housing units through down payment assistance loans. In addition, it is utilized to account for fees collected from commercial and industrial developers, which are used to expand the stock of low and moderate income houses for people who work in the City.

Housing Special Revenue Fund - Established to service the low to moderate income housing loans created by the former Community Development Agency. The loans were transferred to this fund upon the dissolution of the Agency.

General Capital Improvement Project Fund - Utilizes an annual City General Fund transfer to provide adequate funding for maintenance of the City's current infrastructure.

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City of Menlo Park
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds					Total Governmental Funds
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	General Capital Improvement Project Fund	Non-Major Governmental Funds	
ASSETS						
Cash and investments	\$ 29,086,917	\$ 7,972,431	\$ 361,505	\$ 13,304,725	\$ 26,402,320	\$ 77,127,898
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Accounts	1,894,453	41,511	-	6,879	316,079	2,258,922
Interest	102,220	16,847	-	-	50,294	169,361
Notes	1,040,000	3,730,554	5,324,833	-	882,706	10,978,093
Due from other governments	607,535	-	-	-	226,630	834,165
Deposits and prepaid items	36,587	-	-	-	565	37,152
Due from other funds	93,026	-	-	-	1,486	94,512
Real estate held for resale	-	-	-	-	-	-
Total assets	\$ 32,860,738	\$ 11,761,343	\$ 5,686,338	\$ 13,311,604	\$ 27,880,080	\$ 91,500,103
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,327,740	\$ 10,200	\$ 313	\$ 123,830	\$ 386,045	\$ 1,848,128
Accrued payroll and related liabilities	1,142,906	-	-	39,240	82,198	1,264,344
Due to other funds	-	-	-	-	3,710	3,710
Deposits	927,593	-	-	-	85,000	1,012,593
Unearned revenue	671,256	-	-	-	-	671,256
Total liabilities	4,069,495	10,200	313	163,070	556,953	4,800,031
Deferred Inflows of Resources						
In-lieu agreement payments	800,000	-	-	-	-	800,000
Housing loans	-	-	5,189,567	-	882,706	6,072,273
Total deferred inflows of resources	800,000	-	5,189,567	-	882,706	6,872,273
Fund Balances:						
Nonspendable	1,076,587	-	-	-	565	1,077,152
Restricted	-	11,751,143	496,458	-	9,457,228	21,704,829
Committed	16,240,000	-	-	-	14,350,759	30,590,759
Assigned	4,307,634	-	-	13,148,534	2,685,975	20,142,143
Unassigned	6,367,022	-	-	-	(54,106)	6,312,916
Total fund balances	27,991,243	11,751,143	496,458	13,148,534	26,440,421	79,827,799
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,860,738	\$ 11,761,343	\$ 5,686,338	\$ 13,311,604	\$ 27,880,080	\$ 91,500,103

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds \$ 79,827,799

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable (net of real estate held for resale in special revenue funds)	234,109,977
Depreciable (net of internal service fund capital assets of \$3,335,423)	215,598,635
Accumulated depreciation/amortization (net of internal service fund of \$2,818,719)	(85,707,676)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (448,306)

Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds 9,263

Deferred inflows of resources recorded in Governmental Fund Financial Statements in the amount of \$6,072,273, resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 6,072,273

Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financials Statements. (5,139,145)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The compensated absences is net of the internal service funds in the amount of \$4,052 short-term, and \$5,879 long-term.

Long-term liabilities - due within one year:	
Compensated absences payable	(920,579)
Long-term debt	(1,003,813)
Long-term liabilities - due in more than one year:	
Compensated absences payable	(1,335,545)
Long-term debt	(19,394,153)

Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position. 954,845

Net Position of Governmental Activities \$ 422,623,575

City of Menlo Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	Major Funds					Total Governmental Funds
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	General Capital Improvement Project Fund	Non-Major Governmental Funds	
REVENUES:						
Taxes:						
Secured property taxes	\$ 14,081,491	\$ -	\$ -	\$ -	\$ -	\$ 14,081,491
Unsecured property taxes	384,686	-	-	-	-	384,686
Other property taxes	689,888	-	-	-	-	689,888
Sales taxes	6,444,292	-	-	-	-	6,444,292
Other taxes	7,158,313	-	-	82,386	1,844,612	9,085,311
Special assessments	-	-	-	-	3,131,099	3,131,099
Licenses and permits	5,782,225	-	-	-	440,350	6,222,575
Fines and forfeitures	1,253,261	-	-	-	-	1,253,261
Use of money and property	684,561	114,817	6,571	-	149,868	955,817
Intergovernmental	888,131	-	-	131,132	738,011	1,757,274
Charges for services	7,681,433	81,277	171,562	90,172	5,288,043	13,312,487
Other	26,356	-	-	-	115,078	141,434
Total revenues	45,074,637	196,094	178,133	303,690	11,707,061	57,459,615
EXPENDITURES:						
Current:						
General government	5,560,887	-	-	-	6,746	5,567,633
Public safety	14,144,949	-	-	-	49,708	14,194,657
Public works	4,967,899	-	-	-	3,162,852	8,130,751
Culture and recreation	9,127,797	-	-	-	203,077	9,330,874
Community development	3,749,480	-	-	-	499,472	4,248,952
Urban development and housing	38,941	92,560	2,022	-	-	133,523
Capital outlay	527,972	62,962	-	3,473,308	1,935,633	5,999,875
Debt service:						
Principal	-	-	-	-	620,000	620,000
Interest and fiscal charges	-	-	-	-	1,230,855	1,230,855
Total expenditures	38,117,925	155,522	2,022	3,473,308	7,708,343	49,457,120
REVENUES OVER (UNDER) EXPENDITURES	6,956,712	40,572	176,111	(3,169,618)	3,998,718	8,002,495
OTHER FINANCING SOURCES (USES):						
Transfers in	439,661	-	-	2,340,000	214,600	2,994,261
Transfers out	(2,554,600)	-	-	-	(253,780)	(2,808,380)
Proceeds from sale of assets	-	1,080,667	-	-	-	1,080,667
Total other financing sources (uses)	(2,114,939)	1,080,667	-	2,340,000	(39,180)	1,266,548
Extraordinary gain(loss)	771,822	-	-	-	-	771,822
Net change in fund balances	5,613,595	1,121,239	176,111	(829,618)	3,959,538	10,040,865
FUND BALANCES:						
Beginning of year, as previously reported	22,377,648	10,629,904	320,347	13,978,152	22,480,883	69,786,934
End of year	<u>\$ 27,991,243</u>	<u>\$ 11,751,143</u>	<u>\$ 496,458</u>	<u>\$ 13,148,534</u>	<u>\$ 26,440,421</u>	<u>\$ 79,827,799</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the year ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	10,040,865
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental Funds reported acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. This amount is net of changes recorded in the internal service funds of \$(229,255) .	3,123,270
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Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount is net of depreciation expense of \$142,167 recorded in the internal service funds.	(5,794,160)
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Loss on the disposal of capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, it was not reported as expenditures in the Governmental Funds.	(965,667)
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Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements. This amount represents the change in unearned revenue from the prior year.	(70,681)
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Expenses to accrue for long-term compensated absences and OPEB liability (asset) 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, these expenses are not reported in the Governmental Funds.	
Change in compensated absences	(431,238)
Net change in OPEB asset	119,733

Bond proceeds provided current financial resources to Governmental Funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	
Long-term debt repayments	620,000

Proceeds and premiums/discounts on issuance of debt are recorded as revenues/expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and reported as long-term debt and the premium/discounts are amortized over the life of the debt.	(1,187)
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Expenses for landfill postclosure costs are expenditures in the Governmental Fund Financial Statements but reduce the liability in the Government-Wide Financial Statements.	643,036
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Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.	12,344
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Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacements to individual funds. The net revenue of the internal service funds is reported with governmental activities.	(103,065)
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Change in Net Position of Governmental Activities	\$	7,193,250
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See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The City Council has determined that the cost of providing the following services to both internal and external customers be recovered primarily through user charges.

Enterprise Fund - Established to account for the financing of goods or services provided to external users. The water distribution operations of the Menlo Park Municipal Water District are the only enterprise activities of the City.

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

City of Menlo Park
Statement of Net Position
Proprietary Funds
June 30, 2014

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 14,459,791	\$ 3,648,918
Receivables:		
Accounts	1,121,572	6,851
Interest	30,696	7,750
Deposits and prepaid expenses	130	156,567
Total current assets	<u>15,612,189</u>	<u>3,820,086</u>
Capital assets:		
Non-depreciable	4,503,075	-
Depreciable, net	6,502,671	516,704
Total capital assets	<u>11,005,746</u>	<u>516,704</u>
Total assets	<u>26,617,935</u>	<u>4,336,790</u>
LIABILITIES		
Current liabilities:		
Accounts payable	730,855	139,626
Accrued payroll	53,829	4,439
Deposits	110,961	-
Due to other funds	-	90,802
Claims payable, due within one year	-	703,356
Compensated absences, due within one year	17,494	4,053
Total current liabilities	<u>913,139</u>	<u>942,276</u>
Noncurrent liabilities:		
Claims payable, due in more than one year	-	2,433,790
Compensated absences, due in more than one year	25,383	5,879
Total noncurrent liabilities	<u>25,383</u>	<u>2,439,669</u>
Total liabilities	<u>938,522</u>	<u>3,381,945</u>
NET POSITION		
Net investment in capital assets	11,005,746	516,704
Restricted for:		
Capital projects	15,212,663	-
Unrestricted	(538,996)	438,141
Total net position	<u>\$ 25,679,413</u>	<u>\$ 954,845</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2014

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 8,019,921	\$ 2,384,173
Connection fees	26,698	-
Total operating revenues	8,046,619	2,384,173
OPERATING EXPENSES:		
Cost of sales and services	6,308,574	-
Personnel services	-	123,358
General and administrative	408,772	189,113
Insurance	-	2,059,687
Depreciation	199,569	142,167
Total operating expenses	6,916,915	2,514,325
OPERATING INCOME (LOSS)	1,129,704	(130,152)
NONOPERATING REVENUES (EXPENSES):		
Interest income	117,849	26,823
Gain on sale of equipment	-	264
Total nonoperating revenues	117,849	27,087
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,247,553	(103,065)
TRANSFERS:		
Transfers out	(185,881)	-
Total transfers	(185,881)	-
Net income (loss)	1,061,672	(103,065)
NET POSITION:		
Beginning of year	24,617,741	1,057,910
End of year	\$ 25,679,413	\$ 954,845

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2014

	Major Enterprise Fund	Governmental Activities
	Water Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/other funds	\$ 7,613,458	\$ 2,438,288
Cash payment to suppliers	(5,596,532)	(2,179,531)
Cash payments for general and administrative	(753,549)	-
Cash paid to employees	-	(48,609)
Net cash provided (used) by operating activities	1,263,377	210,148
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(185,881)	-
Contributions	-	(17,638)
Net cash provided (used) by noncapital financing activities	(185,881)	(17,638)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,125,633)	(229,255)
Proceeds from disposal of capital assets	-	300
Net cash provided (used) by capital and related financing activities	(1,125,633)	(228,955)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	142,924	29,417
Net cash provided (used) by investing activities	142,924	29,417
Net increase (decrease) in cash and cash equivalents	94,787	(7,028)
CASH AND CASH EQUIVALENTS:		
Beginning of year	14,365,004	3,655,946
End of year	\$ 14,459,791	\$ 3,648,918
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,129,704	\$ (130,152)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	199,569	142,167
Changes in current assets and liabilities:		
Accounts receivable	(127,005)	36,160
Prepaid expenses	-	(544)
Accounts payable	(51,477)	76,588
Accrued payroll	23,884	(551)
Insurance claim payable	-	82,434
Compensated absences	(9,905)	4,046
Deposits	98,607	-
Total adjustments	133,673	340,300
Net cash provided (used) by operating activities	\$ 1,263,377	\$ 210,148

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds are custodial in nature and do not involve measurements of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

City of Menlo Park
Statement of Fiduciary Net Position
June 30, 2014

	<u>Total Successor Agency Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Current assets:		
Cash and investments:		
Held with City	\$ 3,103,697	\$ 31,785
Held with trustees	10,691,742	-
Prepays	-	342,290
Accounts receivable	-	652
Total assets	<u>\$ 13,795,439</u>	<u>\$ 374,727</u>
DEFERRED OUTFLOWS OF RESOURCES		
Interest rate swap	10,322,626	-
Deferred loss of refunding	2,176,116	-
	<u>12,498,742</u>	<u>-</u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ 16,545	\$ -
Interest payable	189,770	-
Deposits	108,891	374,727
Long-term debt:		
Derivative instrument liability (Note 6C)	10,322,626	-
Due within one year	2,091,528	-
Due in more than one year	57,404,448	-
Total liabilities	<u>\$ 70,133,808</u>	<u>\$ 374,727</u>
NET POSITION		
Held in trust for private purpose	<u>(43,839,627)</u>	<u>-</u>
Total net position	<u>\$ (43,839,627)</u>	<u>\$ -</u>

City of Menlo Park
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the Period Ending June 30, 2014

	<u>Total Successor Agency Funds</u>
Additions:	
Property taxes	\$ 6,484,737
Investment earnings	116,202
Other	1,678,196
Total additions	<u>8,279,135</u>
Deductions:	
Program expenses of former redevelopment agency	19,205
Interest and fiscal agency expenses of former redevelopment agency	4,192,647
Total deductions	<u>4,211,852</u>
Extraordinary gain(loss)	<u>(7,373,173)</u>
Change in net position	<u>(3,305,890)</u>
Net position - beginning of the year	<u>(41,333,002)</u>
Prior period adjustments	799,265
Net position - end of the year	<u><u>\$ (43,839,627)</u></u>

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City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Menlo Park (City) was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such “General Law” cities. The City uses the City Council/Manager form of government. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The City is the primary government unit based on the foundation of a separately elected governing board that is elected by the citizens in a general public election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if it appoints a voting majority of the organization’s governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As of June 30, 2014, the City did not include component units, because as of February 1, 2012, the Community Development Agency was dissolved through State Assembly Bill 1X 26, which dissolved redevelopment agencies throughout the State of California. The activity of the former Community Development Agency was reported in the City’s financial statements for the shortened period of July 1, 2012 through January 31, 2012. Subsequent to that, all remaining assets were transferred to the Successor Agency of the former Community Development Agency. The Successor Agency is reported in the City’s financial statements as a fiduciary private-purpose trust fund.

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 with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City 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 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

These Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities (including capital assets and related infrastructure assets and long-term liabilities), and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in 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 the liability 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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards 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. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) under Governmental Accounting Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30 ,1989 FASB and AICPA Pronouncements*.

B. Basis of Accounting and Measurement Focus

Governmental 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 aggregated. An accompanying schedule is presented to reconcile and explain the differences in net

position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented the following major funds:

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

General Fund - Accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police, planning, engineering, public works operations and maintenance, library, recreational programs and legal and administrative services.

Below Market Rate Housing Fund - Utilized to account for fees collected from developers of 10 or more residential units, which are used to develop below market rate housing units through down payment assistance loans. In addition, it is utilized to account for fees collected from commercial and industrial developers, which are used to expand the stock of low and moderate income houses for people who work in the City.

Housing Special Revenue Fund - Established to service the low and moderate income housing loans created by the former Community Development Agency. The loans were transferred to this fund upon dissolution of the Agency.

General Capital Improvement Project Fund - Utilizes General Fund transfers to provide adequate funding for the maintenance of the City's existing infrastructure and other non-recurring initiatives.

All 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 Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current position. 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 those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also 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 deferred revenue is removed from the balance sheet and 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 Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, 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.

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 in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in 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 the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

There are two types of proprietary funds: enterprise funds and internal service funds. The City accounts for the activities of the Menlo Park Municipal Water District as its only enterprise fund. As such, the fund comprises the only business-type activities reported in the City-wide financial statements. Activities of the City’s Workers’ Compensation, General Liability, Retiree Medical Benefit and Vehicle Replacement programs are accounted for in four separate internal service funds. These activities are included in the City-wide financial statements as governmental activities.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The City’s fiduciary funds represent agency funds, which are custodial in nature and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting. Agency funds are used to account for Refundable Deposits, Cash Bonds Payable and the Payroll Revolving.

The City also maintains fiduciary funds (private-purpose trust funds) for the Successor Agency to the former Community Development Agency. Private-purpose trust funds include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position.

C. Use of Restricted and Unrestricted Net Position

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including the use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

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 the 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 titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled 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 the changes in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. 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 fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	40 years
Other improvements	40 years
Equipment	3-15 years
Infrastructure	15-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the current Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

F. Real Estate Held for Resale

Real property held for resale is carried at the lower of cost or estimated net realizable value.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-Term Obligations

In the Government-Wide Financial Statements, the long-term obligations are reported as liabilities in the appropriate funds.

The Fund Financial Statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

H. Net Position and Fund Equity

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- This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted- This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Fund Financial Statements

In the Fund Financial Statements, fund balances are in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. Fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through council resolutions, etc., and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Net Position and Fund Equity, Continued

of decision making or by a committee or official designated for the purpose. The City Council has given the authorization to the City Manager to assign any net fund resources.

Unassigned - This category is for any balances that have no restrictions placed upon them.

In June 2011, the City Council updated the fund balance policy for net position and fund equity. Due to the nature of the restrictions of Nonspendable and Restricted fund balances, the policy focuses on financial reporting of unrestricted fund balance, or the last three categories listed above. As the highest level of decision-making authority, City Council may commit fund balances for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. The policy delegates the authority to assign fund balance amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the annual financial statements. Restricted fund balances will be expended before unrestricted fund balances when expenditures are incurred for purposes for which both are available. Unrestricted fund balances will be exhausted in the order of assigned, unassigned and committed when expenditures are incurred for which any of these fund balances are available.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Compensated Absences

City employees have vested interests in varying levels of vacation, sick leave, and compensatory time. If compensated absences are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement or termination. Such compensation is calculated at the employees' then prevalent rate at the time of retirement or termination. Whereas vacation and compensatory time is compensated at 100% of accumulated hours, sick leave is accrued and compensated only at retirement at 15% of accumulated hours. On termination, only accrued vacation and compensatory time is compensated, not sick leave. The liabilities for compensated absences of the governmental activities are recorded in the Government-Wide Financial Statements. However, the General Fund is liable for 90% of the total city-wide compensated absence liability. The liabilities of compensated absences of proprietary funds are recorded as liabilities in the appropriate proprietary fund and in the business-type activities in the Government-Wide Financial Statements. The liabilities of compensated absences in the governmental funds are reported in those funds only if there is an unused reimbursable leave still outstanding following an employee's resignation or retirement as of June 30, 2014.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. *Compensated Absences, Continued*

A recap of the maximum accruals by bargaining unit is as follows:

<u>Bargaining Unit</u>	<u>Vacation</u>	<u>Sick Leave</u>
SEIU	336 hours	1,440 hours
AFSCME	336 hours	1,440 hours
POA	424 hours	1,500 hours
PMA	1,400 hours combined	
Administration	1,200 hours combined	

K. *Property Taxes*

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are receivable from the County of San Mateo (County) within sixty days after year-end.

Lien Date	March 1
Levy Date	July 1
Due Date	November 1 and February 1
Collection	December 10 and April 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the “alternate method of property tax distribution,” known as the Teeter Plan, by the City and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid.

L. *Interfund Balances/Internal Balances*

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by unearned revenue in the applicable governmental funds to indicate that they are not available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as unearned revenue. All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements

For the fiscal year ending June 30, 2014, the City has implemented the following Governmental Accounts Standards Board (GASB) Statement:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), is effective for consolidated financial statements for periods beginning after December 31, 2012. GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The City restated beginning net position as part of implementation of this standard.

GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62* – The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. There was no effect on net position as part of the implementation of this standard.

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* – The object of this statement is to improve financial reporting by state and local governmental pension plans. There was no effect on net position as part of the implementation of this standard.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position as a part of the implementation of this standard.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB 68") - The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Governments will have to enhance note disclosures and schedules of required supplementary information. GASB 68 is effective for fiscal year June 30, 2015. The City is currently evaluating the impact of adopting this GASB Standard.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements, continued

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* - This statement establishes account and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to Measurement Date - an Amendment of GASB Statement No. 68* - The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds are reported as cash with fiscal agents.

Investment income earned on pooled cash and investments (including realized and unrealized gains and losses) is allocated monthly to the various funds based on monthly cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is adopted annually and is more conservative than that allowed by State statute.

Under provisions of this policy, the City is authorized to invest in the following types of investments:

- Certificates of Deposit
- Bankers Acceptances
- Commercial Papers
- Repurchase Agreements
- Government Agency Securities
- Treasury Bills and Notes
- Medium Term Notes
- Money Market Funds
- State of California Local Agency Investment Fund

A. Authorized Investments

The City will not invest in securities maturing more than five years from the date of purchase, unless the Council has by resolution granted authority to make such an investment at least three months prior to the date of investment.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

A. Authorized Investments, continued

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City’s investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and the effects of these adjustments are included in income for that fiscal year. Changes in fair value in the fiscal year ended June 30, 2014 from the fiscal year ended June 30, 2013, amounted to a decrease of \$147,575.

B. Deposits

At June 30, 2014, the carrying amount of the City’s deposits was \$1,119,944 and the bank balances were \$2,287,134. The total bank balance was covered by federal depository insurance or by collateral held by the City’s agent in the City’s name. In addition, the City has \$145,000 deposited with the Bay Cities Joint Powers Insurance Authority.

All pooled certificates of deposit and bank balances are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure an agency’s deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of an agency’s deposits. California law also allows financial institutions to secure local agency deposits by pledging first trust deed mortgage notes having a value of 150% of a local agency’s deposits. The City may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

C. Risks Disclosures

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent at June 30, 2014.

	Government-Wide Statement of Net Position			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds	
				Statement of Net Position	Total
Cash and investments	\$ 80,776,816	\$ 14,459,791	\$ 95,236,607	\$ 3,135,482	\$ 98,372,089
Restricted cash and investments	\$ -	\$ -	\$ -	\$ 10,691,742	\$ 10,691,742

Restricted cash and investments held by fiscal agent in the City’s debt service funds are restricted for the payment of principal and interest on general obligation and tax refunding bonds.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

C. Risks Disclosures, Continued

As of June 30, 2014, the City had the following cash and investments and maturities:

Investment Type	Fair Value	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Deposits	\$ 1,119,944	\$ 1,119,944	\$ -	\$ -	\$ -	\$ -
Petty cash	7,332	7,332	-	-	-	-
Securities of U.S. Government:						
U.S. Treasury T-notes	5,027,227	1,000,508	-	4,026,719	-	-
U.S. instrumentality	17,007,446	3,042,060	-	6,032,840	7,932,546	-
Local Agency Investments Funds	42,072,062	42,072,062	-	-	-	-
Commercial paper	6,994,641	6,994,641	-	-	-	-
Corporate notes	26,143,436	9,197,557	3,802,631	11,187,577	1,955,672	-
Total	\$ 98,372,089	\$ 63,434,104	\$ 3,802,631	\$ 21,247,136	\$ 9,888,218	\$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2014, the City's pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	64%
One to two years	4%
Two to three years	22%
Three to four years	10%

Credit Risk: It is the City's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and with a maturity date not exceeding 270 days from the date of purchase. Medium-term notes, with a final maturity not exceeding four years from the date of purchase, must have a rating of AA or the equivalent by a NRSRO. Medium-term notes with a final maturity exceeding four years from the date of purchase shall be rated at least AAA or the equivalent by a NRSRO at the time of purchase. According to the City's investment policy, the aggregate investment in medium-term notes will not exceed 30% of the City's total portfolio. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

C. Risks Disclosures, Continued

Issuer	Type	Ratings	
		Standard & Poor's	Moody's
FNMA	U.S. Instrumentality	AA+	Aaa
FHLMC	U.S. Instrumentality	AA+	Aaa
U.S. Treasury	T-Note	AA+	Aaa
Berkshire Hathaway	Corporate bond	AA	Aa2
ING Funding	Commercial Paper	A-1	P-1
IBM Corp	Corporate bond	AA-	Aa3
FHLB	U.S. Instrumentality	AA+	Aaa
Pfizer Inc	Corporate bond	AA	A1
GE Capital	Corporate bond	AA+	A1
Barclays US Funding	Commercial Paper	A-1	P-1
US Bancorp	Corporate bond	A+	A1
Well Fargo	Corporate bond	A+	A2
3M Company	Corporate bond	AA-	Aa2
Apple Inc	Corporate bond	AA+	Aa1
FFCB	U.S. Instrumentality	AA+	Aaa
Google Inc	Corporate bond	AA	Aa2
Toyota Motor Credit	Corporate bond	AA-	Aa3
Microsoft	Corporate bond	AAA	Aaa
PEPSICO Inc	Corporate bond	A-	A1

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian (Union Bank of California Trust Division). Union Bank is a registered member of the Federal Reserve Bank. The securities held by Union Bank are in street name, and an account number assigned to the City identifies ownership.

D. External Investment Pool

The City's investments with LAIF at June 30, 2014, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-back securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2014, the City had \$42,059,497 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value of its

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

D. External Investment Pool, Continued

investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2014, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2014, the City's investment in LAIF at fair value amounted to \$42,072,062 using a LAIF fair value factor of 1.00029875.

E. Successor Agency Pooled Cash and Investments

Cash and investments consisted of \$3,103,697 at June 30, 2014. The Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Restricted cash and investments amounted to \$10,691,742. These are funds held by fiscal agents to service outstanding bonds of the former Community Development Agency.

3. RECEIVABLES

A. Accounts Receivable

As of June 30, 2014, accounts receivable consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes:			
Occupancy taxes	\$ 1,176,728	\$ -	\$ 1,176,728
Utility taxes	90,676	-	90,676
Total taxes	1,267,404	-	\$ 1,267,404
Franchise fees	136,780	-	136,780
Rental income	33,000	-	33,000
General government charges	21,251	-	21,251
Public works charges	170,420	-	170,420
Community development fees	375,270	-	375,270
Recreation programs	44,906	-	44,906
Water service fees	-	1,121,572	1,121,572
Parking fines	33,964	-	33,964
Shuttle program revenues	141,267	-	141,267
Housing fees	41,511	-	41,511
Total accounts receivable	\$ 2,265,773	\$ 1,121,572	\$ 3,387,345

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. RECEIVABLES, continued

A. Notes Receivable

As of June 30, 2014, notes receivable consisted of the following:

	Notes Receivable
Major Funds:	
General Fund	\$ 1,040,000
Below Market Rate Housing	3,730,554
Housing Fund	5,324,833
Total major funds	<u>10,095,387</u>
Other Governmental Funds:	
Community Development Block Grant	798,299
Emergency repair loan (ERL)	84,407
Total special revenue funds	<u>882,706</u>
Total notes receivable	<u><u>\$ 10,978,093</u></u>

City Manager Housing

As part of the employment agreement with the City Manager, effective March 2012, the City Council has authorized a loan evidenced by a note totaling \$990,000 in order to assist in the purchase of residential real estate property. The note is secured by a deed of trust on the property. The note bears an interest rate of 3.5% per annum, or, at the option of the City Manager, he may pay 2% per annum interest only, and 1.5% per annum would be deferred until the ultimate sale of the property or payment of the loan. The note is due and payable within 24 months of termination of employment or within 12 months if he no longer resides in the property. Effective January 1, 2014, City Council reduced the interest rate payable to 3% per annum and authorized an additional loan of up to \$360,000 for remodeling/renovation of his home with an interest rate of 2.5%. The outstanding balance of the notes at June 30, 2014, was \$1,040,000.

Community Development Block Grant

The City administers home improvement loans to seniors and very low income residents using Community Development Block Grant (CDBG) funds. The program provides for no or very low interest loans, which are secured by deeds of trust. Although payments for some loans are amortized over an established schedule, some loans allow for deferred payment of accrued interest and principal until the property changes ownership. Repayments received from outstanding loans are used to make additional housing rehabilitation loans. Outstanding loans at June 30, 2014, were \$798,299. Since the funds have not been legally vested with the City as of June 30, 2014, these funds are reported as unearned revenue.

Housing Fund

With the dissolution of the Menlo Park Community Development Agency (Agency) as of February 1, 2012, the City has assumed all the loans from the Agency.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

The City assumed a loan the Agency made to Peninsula Habitat for Humanity for purchase of two mini-park lots as sites to develop two single-family houses for very low-income homeowners. Loan repayment is structured as a zero interest note with a twenty-year term. The outstanding balance at June 30, 2014, was \$16,250.

The City also assumed a loan the Agency made to Mid-Peninsula Housing Coalition for the purchase of a five-unit apartment building for very low-income households. The loan carried a 3% simple interest rate per annum, with payments made from residual receipts of the property. The remaining balance of the loan was paid on July 30, 2013, which included the principal amount of \$89,749 and interest in the amount of \$222.

The City has housing rehabilitation loans to six eligible participants. Loans bear no or very low interest and are not due until the property changes ownership. The outstanding balance of these loans at June 30, 2014, was \$418,155.

Gateway – In June 1987, the Agency issued \$8,605,000 of multifamily housing revenue bonds for Menlo Gateway, Inc., a California nonprofit public benefit corporation, to fund a mortgage loan for paying the costs of acquisition and rehabilitation of a 130-unit multifamily housing project known as The Gateway, designed for occupancy by persons eligible for assistance under Section 8 of the United States Housing Act of 1937. The bonds had interest rates ranging from 5.75% to 8.25%, with payments which were to be made semi-annually on June 1 and December 1 through 2028. The bonds were payable solely from and were secured by a pledge of payments and other amounts due to the Menlo Gateway Inc. The bonds did not constitute a debt or liability of the Agency of the City and, therefore, were not reflected in the financial statements. In addition, the City did not act in any capacity in making debt service payments.

On October 28, 2002, the Agency made a loan to Menlo Gateway, Inc. to refinance Menlo Gateway's debt in the amount of \$4,022,157. The loan bears a compounded interest rate of 3% per annum. The payment is secured by the Deed of Trust. The final payment is due on February 15, 2043. The outstanding balance as of June 30, 2014, was \$4,890,428. Menlo Gateway is to make annual payments on the loan as defined in the promissory note.

Total Housing Fund loans at June 30, 2014, amounted to \$5,324,833.

Below Market Rate Housing

The City uses Below Market Rate Housing Reserve funds to provide residents and employees who work in Menlo Park with second mortgage loans to purchase their first home in Menlo Park. These "PAL" loans are amortized over 30 years, and are currently restricted to purchasers of Below Market Rate.

Housing units, which are income and price restricted housing units produced through the City's Below Market Rate Housing program. Outstanding loans at June 30, 2014, were \$3,730,554.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

Emergency Repair Loan (ERL)

The Emergency Repair Loan (ERL) Program is designed to assist lower income households with minor emergency repairs to their home. The revolving loan program was originally funded by a Federal Revenue Sharing Grant. The maximum loan amount is \$10,000 at 3% interest per annum, with a loan term of either 5, 10, or 15 years. Outstanding loans at June 30, 2014, were \$84,407.

4. UNEARNED REVENUE

A. Government-Wide Financial Statements

Unearned revenues in the Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2014, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities
Recreation summer programs	\$ 494,502
Library donations	43,107
Percent for art deferred	8,647
Successor Agency administration fee	125,000
Total	\$ 671,256

B. Fund Financial Statements

At June 30, 2014, the following unearned revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

Governmental Funds:

	General Fund
Recreation Summer Programs	\$ 494,502
Library donations	43,107
Percent for art deferred	8,647
Successor Agency administration	125,000
Total	\$ 671,256

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

	Balance June 30, 2013	Additions	Retirements	Reclassifications	Adjustments	Balance June 30, 2014
Governmental Activities:						
Capital assets, not being depreciated/amortized:						
Land	\$ 199,256,305	\$ -	\$ -	\$ -	\$ -	\$ 199,256,305
Land improvements	32,900,109	-	-	-	-	32,900,109
Construction in progress	2,537,004	937,849	(654,715)	(866,575)	-	1,953,563
Total capital assets, not being depreciated/amortized	<u>234,693,418</u>	<u>937,849</u>	<u>(654,715)</u>	<u>(866,575)</u>	<u>-</u>	<u>234,109,977</u>
Capital assets, being depreciated/amortized:						
Buildings	76,762,760	231,528	-	28,159	-	77,022,447
Shared use facilities	2,600,000	-	-	-	-	2,600,000
Equipment	7,064,784	633,545	(369,262)	-	-	7,329,067
Other improvements	16,370,783	947,031	-	6,991	-	17,324,805
Infrastructure	113,871,991	602,572	(648,249)	831,425	-	114,657,739
Total capital assets, being depreciated/amortized	<u>216,670,318</u>	<u>2,414,676</u>	<u>(1,017,511)</u>	<u>866,575</u>	<u>-</u>	<u>218,934,058</u>
<i>Less accumulated depreciation/amortization for:</i>						
Buildings	(16,749,572)	(1,563,729)	-	-	-	(18,313,301)
Shared use facilities	(364,000)	(104,000)	-	-	-	(468,000)
Equipment	(5,652,888)	(387,064)	366,208	-	-	(5,673,744)
Other improvements	(5,349,830)	(798,545)	-	-	-	(6,148,375)
Infrastructure	(55,180,301)	(3,082,989)	340,315	-	-	(57,922,975)
Total accumulated depreciation/ amortization	<u>(83,296,591)</u>	<u>(5,936,327)</u>	<u>706,523</u>	<u>-</u>	<u>-</u>	<u>(88,526,395)</u>
Total capital assets, being depreciated/amortized, net	<u>133,373,727</u>	<u>(3,521,651)</u>	<u>(310,988)</u>	<u>866,575</u>	<u>-</u>	<u>130,407,663</u>
Governmental activities capital assets, net	<u>\$ 368,067,145</u>	<u>\$ (2,583,802)</u>	<u>\$ (965,703)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,517,640</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense was charged to the various governmental activities as follows:

General government	\$ 619,438
Public safety	166,742
Public works	3,156,637
Culture and recreation	1,991,243
Community development	<u>2,267</u>
Total depreciation expense - governmental departments	<u><u>\$ 5,936,327</u></u>

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

	Balance June 30, 2013	Additions	Retirements	Reclassifications	Adjustments	Balance June 30, 2014
Business Activities:						
Capital assets, not being depreciated:						
Land	\$ 1,066,454	\$ -	\$ -	\$ -	\$ -	\$ 1,066,454
Land improvements	-	-				-
Construction in progress	<u>2,310,988</u>	<u>1,125,633</u>	-	-	-	<u>3,436,621</u>
Total capital assets, not being depreciated	<u>3,377,442</u>	<u>1,125,633</u>	-	-	-	<u>4,503,075</u>
Capital assets, being depreciated:						
Buildings	4,159,460	-			-	4,159,460
Equipment	542,565	-	(2,242)	-	-	540,323
Other improvements	-	-	-	-	-	-
Infrastructure	<u>8,371,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,371,534</u>
Total capital assets, being depreciated	<u>13,073,559</u>	<u>-</u>	<u>(2,242)</u>	<u>-</u>	<u>-</u>	<u>13,071,317</u>
<i>Less accumulated depreciation for:</i>						
Buildings	(1,629,911)	(83,189)	-	-	-	(1,713,100)
Equipment	(481,876)	(11,884)	2,242	-	-	(491,518)
Other improvements	-	-	-	-	-	-
Infrastructure	<u>(4,259,532)</u>	<u>(104,496)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,364,028)</u>
Total accumulated depreciation	<u>(6,371,319)</u>	<u>(199,569)</u>	<u>2,242</u>	<u>-</u>	<u>-</u>	<u>(6,568,646)</u>
Total capital assets, being depreciated, net	<u>6,702,240</u>	<u>(199,569)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,502,671</u>
Business activities capital assets, net	<u><u>\$ 10,079,682</u></u>	<u><u>\$ 926,064</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,005,746</u></u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense for all proprietary funds was \$199,569 for the year ended June 30, 2014, which was recorded in the City's water business-type activity.

B. Successor Agency Capital Assets

The following is a summary of capital assets for fiduciary activities:

	Balance June 30, 2013	Additions	Retirements	Adjustments	Balance June 30, 2014
Fiduciary Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 5,694,977	\$ -	\$ (5,694,977)	\$ -	\$ -
Construction in progress	-	-	-	-	-
<hr/>					
Total capital assets, not being depreciated/amortized	5,694,977	-	(5,694,977)	-	-
<hr/>					
Fiduciary activities capital assets, net	\$ 5,694,977	\$ -	\$ (5,694,977)	\$ -	\$ -

On August 30, 2013, the Successor Agency sold the remaining capital assets held by the former Community Development Agency and remitted the proceeds to the County. The capital assets consisted of a 2.2 acre tract of land held that was to be used for low to moderate income housing.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT

A. Long-Term Obligations

Summary of changes in long-term debt transactions for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Adjustments	Balance June 30, 2014	Due within one year
<u>Governmental Activities</u>						
1996 General Obligation Refunding Bonds	\$ 1,215,000	\$ -	\$ (380,000)		\$ 835,000	\$ 405,000
2009A General Obligation Bonds	955,000	-	(60,000)	-	895,000	65,000
2009B General Obligation Bonds	9,360,000	-	-	-	9,360,000	-
Premium on 2009 General Obligation Bonds	64,975	-	(2,499)	-	62,476	2,499
2012 General Obligation Refunding Bonds	9,490,000	-	(180,000)	-	9,310,000	535,000
Discount on 2012 General Obligation Bonds	(68,196)	-	3,686	-	(64,510)	(3,686)
Total governmental activities	<u>\$ 21,016,779</u>	<u>\$ -</u>	<u>\$ (618,813)</u>	<u>\$ -</u>	<u>\$ 20,397,966</u>	<u>\$ 1,003,813</u>
	Balance July 1, 2012	Adjustments (A)	Additions	Deletions	Balance June 30, 2013	Due within one year
<u>Fiduciary Activities</u>						
2006 Las Pulgas Project Tax Allocation Bonds	\$ 61,755,000	-	\$ -	\$ (2,030,000)	\$ 59,725,000	\$ 2,105,000
Discount on 2006 Las Pulgas Project Tax Allocation Bonds	(242,496)	-	-	13,472	(229,024)	(13,472)
Total fiduciary activities	<u>\$ 61,512,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,016,528)</u>	<u>\$ 59,495,976</u>	<u>\$ 2,091,528</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

1996 General Obligation Refunding Bonds

During fiscal year 1995-96, the City issued \$4,630,000 of 1996 General Obligation Refunding Bonds to fund certain library improvement projects. The bonds bear interest rates between 3.75% and 5.0% annually between June 30, 2000 and August 1, 2015. The bonds mature on August 1 of each year from 1996 to 2015 in amounts ranging from \$40,000 to \$430,000. Interest is payable semi-annually on February 1 and August 1 of each year. The bonds are paid from special assessments to property owners within the City.

Outstanding bonds maturing on or before August 1, 2008, are subject to optional redemption prior to maturity at the option of the City, in whole or in part, at any time, from any available source of funds thereof at redemption prices of 100 percent of the principal amount, plus accrued interest to the date fixed for redemption.

The annual debt service requirements to maturity for the 1996 General Obligation Refunding Bonds Outstanding at June 30, 2014, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	405,000	31,625	436,625
2016	430,000	10,750	440,750
Total	\$ 835,000	\$ 42,375	\$ 877,375

2009 General Obligation Bonds

On July 1, 2009, the City issued a second series of the “Measure T” General Obligation bonds in the amount of \$10,440,000. The financing was used to fund new recreation facilities, specifically, a new gymnasium and new gymnastic center on the Burgess campus. The decision to include Build America Bonds (BABs) in the financing allowed the City to generate an additional \$1,049,000 over the tax exempt bonds. The overall “total issuance cost” for the series was 4.638%.

The Series A (Tax Exempt) Bonds totaled \$1,080,000; the (serial) bonds bear an annual interest of 5% and mature annually from 2010 to 2024 on August 1 in amounts ranging from \$10,000 to \$100,000.

The Series B (Taxable Build America) Bonds totaled \$9,360,000; the (term) bonds bear an annual interest at rates between 6.82% and 7.02% and mature annually from 2025 to 2039 on August 1 in amounts ranging from \$110,000 to \$1,355,000.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

The 2009 General Obligation Bonds maturing on or before August 1, 2019 are not subject to redemption prior to their stated maturities. The bonds maturing in each year beginning August 1, 2020, are subject to redemption prior to maturity, at the option of the City, from any source of available funds, as a whole or in part on any date on or after August 1, 2019, at a redemption price equal to the principal amount of the Bonds called, together with interest accrued to the date of redemption. If less than all of the bonds are called for redemption, the bonds will be redeemed in inverse order of maturities, and if less than all of the bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

The annual debt service requirements to maturity for the 2009 General Obligation Bonds outstanding at June 30, 2014, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	65,000	698,435	763,435
2016	65,000	695,185	760,185
2017	70,000	691,935	761,935
2018	75,000	688,435	763,435
2019	75,000	684,685	759,685
2020-2024	445,000	3,362,425	3,807,425
2025-2029	565,000	3,227,731	3,792,731
2030-2034	1,595,000	3,017,030	4,612,030
2035-2039	5,945,000	1,765,179	7,710,179
2040-2040	1,355,000	95,121	1,450,121
Total	<u>\$ 10,255,000</u>	<u>\$ 14,926,161</u>	<u>\$ 25,181,161</u>

2012 General Obligation Bonds

In January 2012, the City of Menlo Park issued General Obligation Bonds in a par amount of \$9,830,000 for the purpose of refunding at lower interest rates the City's outstanding Series 2002 General Obligation Bonds. The bonds bear an interest rate of 3.75% annually between January 2012 and August 1, 2032. The bonds mature on August 1 of each year starting in 2013 and ending 2032 in amounts ranging from \$180,000 to \$640,000. No amount of the bonds are to mature before August 1, 2012. Interest is paid semi-annually on February 1 and August 1 of each year. The bonds are paid from special assessments to property owners within the City.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

The annual debt service requirements to maturity for the 2012 General Obligation Bonds outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	535,000	349,125	884,125
2016	555,000	329,063	884,063
2017	355,000	308,250	663,250
2018	365,000	294,938	659,938
2019	380,000	281,250	661,250
2020-2024	2,135,000	1,181,063	3,316,063
2025-2029	2,565,000	749,063	3,314,063
2030-2033	2,420,000	231,188	2,651,188
Total	\$ 9,310,000	\$ 3,723,939	\$ 13,033,939

B. Prior Years' Defeased Obligations

1996 and 2000 Tax Allocation Bonds

During fiscal year 2005-06, the City's former Community Development Agency issued \$72,430,000 of 2006 Tax Allocation Refunding Bonds to refund and defease the Agency's outstanding principal of \$25,515,000 of the 1996 Tax Allocation Refunding Bonds and the outstanding principal of \$43,215,000 of the 2000 Tax Allocation Refunding Bonds. Both the 1996 and 2000 series bonds have been 100% defeased and the liability has been removed from the long-term debt.

The refundings were undertaken to reduce total debt service payments over the next 25 years and to obtain an estimated net savings of over \$5,122,000 over the life of the bonds.

2002 General Obligation Bonds

As noted previously, the City issued \$13,245,000 of the 2002 General Obligation Bonds known as "Measure T" bonds. This financing was used to fund various parks and recreation projects in the City. The bonds bear annual interest at rates between 4.50% and 5.75%, with interest payments made semi-annually on February 1 and August 1. In January 2012, the City issued \$9,830,000 in 2012 General Obligation Bonds for the purpose of refunding the 2002 General Obligation bonds, and the 2002 General Obligation Bonds have been 100% defeased and the liability has been removed from long-term debt. Additionally, the City placed \$1,460,000 into escrow. Future debt service payments were reduced by \$2,349,066 with a present value savings of \$999,288.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations

2006 Las Pulgas Project Tax Allocation Bonds

In May 2006, the former Community Development Agency of the City of Menlo Park, now the Successor Agency, issued Tax Allocation Refunding Bonds in a par amount of \$72,430,000 for the purpose of refunding at lower interest rates the Agency's outstanding Series 1996 and Series 2000 Tax Allocation Bonds. As such, the Series 2006 is the only outstanding bond issuance funding redevelopment activities of benefit to the former Agency's Las Pulgas Community Development Project Area. The bonds are repayable from the former Agency's tax revenues, including a portion of its housing set-aside tax increment revenues. In addition, pass-through payments to other local taxing agencies were subordinated to payment of debt service on the Bonds. Principal payments are due annually on January 1st of each year.

The 2006 Bonds were issued as variable rate bonds, with interest calculated monthly. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds and to maximize refunding savings, the Agency entered into a pay-fixed, receive variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed below. The only amounts recorded in the basic financial statements are the net interest receipts, the value of the swap agreement at June 30, 2014, expenditures resulting from the swap agreement and the deferred outflow of resources related to the swap agreement.

Terms:

Former Community Development Agency of the City of Menlo Park Swap Portfolio						
Bond Issue	Initial Notional Amount	Counter-party	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Ratings Moody's/S&P/Fitch
Tax Allocation Refunding Series 2006	\$72,430,000	Piper Jaffray with guarantee from Morgan Stanley Capital Services	6.632 %	63.5% of 1-month LIBOR + 0.15%	01/01/2031	Aa3/A+/AA-

In connection with the issuance of the refunding bonds, the Agency elected to enter into a floating-to-fixed interest rate swap, creating a synthetic fixed-rate debt for the Agency. The bonds annual interest rate of 6.632% includes the 3.794% base swap rate plus the 2.75% liquidity fee plus the 0.0875% remarketing fee.

Fair Value: At June 30, 2014, the swap had a negative fair value of (\$10,322,626). Because the coupons on the Agency's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. Valuations based on other models or different assumptions may yield different results.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations, Continued

Credit Risk: As of June 30, 2014, the Agency was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Agency would be exposed to credit risk in the amount of the derivative's fair value.

The swap agreement contains specific collateral requirements that are in effect for the Agency and the counterparties, which would require collateralization of the fair value of the swap should credit ratings fall below the applicable thresholds. As a result of the downgrade of the Agency's bond insurer early in 2008, the swap payments associated with the Series 2006 bonds are now guaranteed by a direct-pay letter of credit with State Street Bank and Trust Co. Inc. The original Ambac insurance is also intact. Cross-default provisions allow a nondefaulting party to accelerate and terminate all outstanding transactions and to net the transactions' fair values into a single sum to be owed by or owed to the nondefaulting party.

Basis Risk: The interest rates on the Agency's variable rate bonds are expected to be equivalent, but not necessarily equal to the variable rate payments received from the counterparty on the swap. To the extent these variable payments differ, the Agency is exposed to basis risk.

In particular, the swap exposes the City to tax risk, should an imbalance develop between LIBOR (a taxable index) and the variable rate paid on the bonds. For example, if a reduction in the benefits of the tax exemption for municipal bonds were to occur, resulting in a convergence of these rates, the expected cost savings of the swap may not be realized.

Termination Risk: The agency may terminate the swap if the counterparty fails to perform under the terms of the swap agreement. If the swap were to be terminated, the associated variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

The annual debt service requirements to mature the Series 2006 Community Development Agency Tax Allocation Refunding Bonds outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Swap Interest	Letter of Credit 2%	Remarketing Fee 0.0875%	Total
2015	2,105,000	2,265,966	1,228,610	52,259	5,651,835
2016	2,190,000	2,186,103	1,185,307	50,418	5,611,828
2017	2,785,000	2,103,014	1,140,257	48,501	6,076,772
2018	2,895,000	1,997,351	1,082,966	46,064	6,021,381
2019	3,010,000	1,887,515	1,023,413	43,531	5,964,459
2020-2024	16,960,000	7,625,750	4,134,690	175,871	28,896,311
2025-2029	20,445,000	4,157,276	2,254,080	95,878	26,952,234
2030-2031	9,335,000	534,575	289,847	12,329	10,171,751
Total	\$ 59,725,000	\$ 22,757,550	\$ 12,339,170	\$ 524,851	\$ 95,346,571

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations, Continued

The issuance of the 2006 Las Pulgas Tax Allocation Bonds included a discount of \$336,800. This amount was recorded as expenditures in the fund financial statements but was capitalized in the government-wide financials statements and recorded as a reduction of long-term debt. The discount will be amortized over the life of the debt. The amortization recorded in fiscal year 2014 was a total of \$13,472 was recorded in the Successor Agency trust fund for the period ending June 30, 2014.

In connection with the issuance of the 2006 Las Pulgas Tax Allocation Bonds, the City recorded a deferral on refunding of debt which is reported as a deferred outflow of resources. This deferral was in connection with interest payments made to the escrow agent for future payments of interest. The total amount deferred was \$3,200,172, which will be amortized over the life of the bond. The amortization recorded in fiscal year 2014 was a total of \$128,007 which was recorded in the Successor Agency trust fund for the period ending June 30, 2014.

Event Disclosure: On April 23, 2008, the Agency remarketed its outstanding Series 2006 Bonds, substituting the preexisting State Street line of credit for a State Street direct-pay letter of credit. This letter of credit effectively “wrapped” around the preexisting Ambac Assurance Corporation bond insurance policy, providing additional credit enhancement on the Bonds. The Ambac policy remains in effect, but is secondary to the State Street letter of credit. The Bonds remained otherwise unchanged, continuing as before as daily reset variable rated demand bonds (VRDBs). The swap associated with the Bonds, entered into with Piper Jaffray at the original issuance of the Bonds, remains in effect.

7. COMPENSATED ABSENCES

Compensated absences at June 30, 2014, were as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Estimated Due Within One Year	Estimated Due in More than One Year
Governmental Activities	\$ 1,830,772	\$ 1,636,851	\$ (1,201,567)	\$ 2,266,056	\$ 924,632	\$ 1,341,424
Business-Type Activities	52,783	30,096	(40,002)	42,877	17,494	25,383
Total compensated absences	<u>\$ 1,883,555</u>	<u>\$ 1,666,947</u>	<u>\$ (1,241,569)</u>	<u>\$ 2,308,933</u>	<u>\$ 942,126</u>	<u>\$ 1,366,807</u>

As stated before, the General Fund contributes to over 90% of the compensated absences liability for the governmental activities.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City participates in pooled insurance programs offered by the Bay Cities Joint Powers Insurance Authority (BCJPIA) for losses in excess of specific program deductibles. The purpose of the pool is to provide certain levels of liability coverage, claims administration, and loss control support to member Cities. The bylaws of the BCJPIA, the risk coverage agreement, and an associated memorandum of coverage govern the rights and responsibilities of the BCJPIA's 19 members. Each member chooses its self-insured liability retention levels. Each member has a vote in approving the pool's self-insured retention level, in setting the coverage limits, in establishing the level of pool reserves and in approving the premium allocation methodology used for setting the premiums for each member.

Complete financial statements for the BCJPIA may be obtained from the offices of Bickmore Risk Services & Consulting at the following address:

Bay Cities Joint Powers Insurance Authority
 1750 Creekside Oaks Drive, Suite 200
 Sacramento, CA 95833

The City's Liability program has a per claim deductible of \$250,000 and a policy limit of \$29,000,000. The Employment Practices program has a per claim deductible of \$250,000 and a policy limit of \$1,000,000. The Property and Fire program has a per claim deductible of \$10,000 and a policy limit of replacement value.

The City's Workers' Compensation program has a per claim deductible of \$350,000 and through the Authority, pooled coverage and reinsurance up to statutory limits.

Claims for long-term disability are covered by standard insurance.

Estimated reserves for all claims are recorded in internal service funds. No claim settlement has exceeded the coverage amounts in place for any of the years shown. The amount of claims due in one year from June 30, 2014, is estimated to total \$703,356.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2014, 2013, and 2012 were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2011-2012	\$ 2,123,439	\$ 865,749	\$ (451,068)	\$ 2,538,120
2012-2013	2,538,120	1,064,707	(548,115)	3,054,712
2013-2014	3,054,712	1,031,210	(948,776)	3,137,146

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

9. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2014, were as follows:

Due To / From Other Funds

Interfund due to/due from represent short term loans owed for purposed of covering short term negative cash positions and will be repaid when fund revenues are received. The composition of due to/from other funds as of June 30, 2014, is as follows:

Due to other funds	General Fund	Non-Major Funds	Total
Governmental Activities:			
Non-Major Funds	\$ 93,025	\$ 1,486	\$ 94,511
TOTAL	\$ 93,025	\$ 1,486	\$ 94,511

All Due To/From Other Funds were established as of June 30, 2014, to cover short-term negative cash balances.

Interfund Transfers

Interfund transfers for the year ended June 30, 2014, were as follows:

		Transfers In			
		Governmental Activities			
		General Fund	Capital Improvement - General Fund	Non-Major Funds	Total
Transfers Out	Governmental Activities General Fund		2,340,000	214,600	2,554,600
	Non-Major Funds	253,780			253,780
	Business-Type Activities Water Fund - Operating	185,881			185,881
TOTAL	439,661	2,340,000	214,600	2,994,261	

The most significant transaction was a transfer of \$2,340,000 from the General Fund to the General Capital Improvement Project fund for infrastructure improvements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

10. Fund Balance

In the fund financial statements, governmental funds report restriction of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. The various committed and assigned balances are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. The following are the classifications that were implemented according to GASB 54 at June 30, 2014:

	General Fund	Below Market Rate Housing Special Revenue	Housing Fund Special Revenue	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Deposits and prepaid items	\$ 36,587	\$ -	\$ -	\$ -	\$ 565	\$ 37,152
Notes receivable	1,040,000	-	-	-	-	1,040,000
Total nonspendable	1,076,587	-	-	-	565	1,077,152
Restricted to:						
Housing	-	11,751,143	496,458	-	678,756	12,926,357
Transportation	-	-	-	-	521,485	521,485
Streets and sidewalks	-	-	-	-	2,751,098	2,751,098
City trees	-	-	-	-	288,028	288,028
Public safety	-	-	-	-	45,869	45,869
Solid waste	-	-	-	-	3,647,684	3,647,684
Stormwater	-	-	-	-	325,682	325,682
Other purposed	-	-	-	-	1,198,626	1,198,626
Total restricted	-	11,751,143	496,458	-	9,457,228	21,704,829
Committed to:						
Streets, sidewalks and parkin	-	-	-	-	6,853,645	6,853,645
Stormdrains	-	-	-	-	3,730,856	3,730,856
Solid waste	-	-	-	-	1,062,322	1,062,322
Leisure and cultural activities	-	-	-	-	2,432,829	2,432,829
Landscape maintenance	-	-	-	-	72,441	72,441
Public safety	-	-	-	-	752	752
Community development	-	-	-	-	197,914	197,914
Loans	310,000	-	-	-	-	310,000
Strategic pension funding	1,930,000	-	-	-	-	1,930,000
Emergency contingency	6,000,000	-	-	-	-	6,000,000
Economic stablization	8,000,000	-	-	-	-	8,000,000
Total committed	16,240,000	-	-	-	14,350,759	30,590,759
Assigned to:						
Infrastructure maintenance	2,433,600	-	-	-	-	2,433,600
Community development	767,000	-	-	-	-	767,000
Capital projects	-	-	-	13,148,534	453,117	13,601,651
Leisure and cultural activities	-	-	-	-	99,550	99,550
Debt service	-	-	-	-	2,133,308	2,133,308
Other purposes	1,107,034	-	-	-	-	1,107,034
Total assigned	4,307,634	-	-	13,148,534	2,685,975	20,142,143
Unassigned	6,367,022	-	-	-	(54,106)	6,312,916
Total Fund Balance	\$ 27,991,243	\$ 11,751,143	\$ 496,458	\$ 13,148,534	\$ 26,440,421	\$ 79,827,799

Nonspendable Amounts - represents amounts that cannot be spent or appropriated because they are not in spendable form or are 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

10. Fund Balance, Continued

Restricted Amounts - includes amounts that can be spent only for specific purposes stipulated by external sources, constitutionally or through enabling legislation. Restrictions may be effectively changed or lifted only by the consent of the resource provider.

Committed Amounts - represent amounts that are only to be used for specific purposes pursuant to the constraints imposed by formal action of the City Council. The committed amounts cannot be used for any other purposes unless the Council removes or changes the specified use by taking the same action it used to previously commit those amounts.

The emergency contingency and economic stabilization fund balance amounts in this category, which are considered stabilization arrangements under GASB 54, were established by resolution of the City Council in 2011 as part of the creation of a formal policy on fund balance in the General Fund. The emergency contingency balance as of June 30, 2014 remains at its originally established amount of \$6,000,000; however, the City Council may increase or decrease this amount as it deems necessary. The goal for this portion of fund balance is to provide an amount equivalent to 15-20 percent of the General Fund's annual operating budget. These funds can only be used if there is a declaration of a state or federal state of emergency or a local emergency as defined in the Menlo Park Municipal Code Section 2.44.010. The economic stabilization balance as of June 30, 2014 remains at its originally established amount of \$8,000,000. Like the emergency contingency balance, this amount can be increased or decreased by the City Council. The goal for this portion of fund balance is to provide an amount equivalent to 20-25 percent of the General Fund's annual operating budget. Council approval is required before expending any portion of this fund balance, and access to these funds is reserved for economic emergency situations such as unplanned major events like a catastrophic disaster requiring expenditures that exceed the amount of the emergency contingency reserve; budgeted revenue being taken over by another entity; or a drop in projected/actual revenue of more than five percent of the General Fund's adopted revenue budget.

Assigned Amounts - represents funds that are constrained by the City's intent to be used for a specific purpose that are neither restricted nor committed. Intent is expressed by the City Council or City Manager, to which the City Council has delegated the authority through a resolution, to assign amounts to be used for specific purposes.

Pursuant to the authority delegated by City Council, the City Manager determines the amount of assigned fund balances. This can include, but not limited to, such items as encumbrances and constrained amounts when it is the City's intent to use proceeds or collections for specific purposes, and residual fund balances, if any, of special revenue, capital projects, and debt service funds which have not been restricted or committed.

Unassigned amounts - represents 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. In other governmental funds, if expenditures exceed amounts restricted, committed, or assigned, the negative amount is reflected as negative unassigned fund balance.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

11. NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets: This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted: This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This category represents net position of the City, not restricted for any other purpose.

12. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations:

Major:	
Housing Fund	\$ 2,022
Non-Major:	
Special Revenue Funds:	
Narcotic Seizure Fund	\$ 3,149
Peninsula Partnership Fund	14,138
Recreation In-Lieu Fund	17,222
Miscellaneous Trust Funds	259,024

The Housing Fund experienced additional rehabilitation loan expenses during the fiscal year due to the dissolution of the former Community Development Agency, exceeding the fund's budget by \$2,022.

The Narcotic Seizure Fund experienced additional expenses with the purchase of new equipment, exceeding the fund's budget by \$3,149.

The Peninsula Partnership Special Revenue Fund exceeded appropriations by \$14,138 due to additional services to be provided that were required by the grantor later in the fiscal year. These costs and future costs will be offset by the General Fund as the Peninsula Partnership fund will be closed next fiscal year.

The Recreation In-Lieu Fund exceeded appropriations by \$17,222 due to a capital improvement project that was started earlier than anticipated.

In the Miscellaneous Trust Special Revenue Funds, the EIR Fees Fund exceeded appropriations due to increased construction activity requiring an environmental impact review of \$259,024. The costs for these reports are funded by deposits made to the City by the business or resident performing the construction.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM

Plan Description

The City contributes to the California Public Employee Retirement System (PERS). The miscellaneous employees of the City are part of an agent multiple-employer defined benefit pension plan. The safety employees are part of a cost-sharing multiple-employer defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 6.25%, 7%, or 8% for miscellaneous and 9% or 11.5% for safety employees of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 17.702% for miscellaneous employees, and 26.149% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For the fiscal year ended June 30, 2014, the City's annual pension cost of \$3,440,255 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were as follows:

	Miscellaneous	Safety
Valuation date	June 30, 2011	June 30, 2011
Actuarial cost method	Entry age Normal Cost Method	Entry age Normal Cost Method
Amortization method	Level Percent of Payroll	Level Percent of Payroll
Average remaining period	18 years as of the valuation date	21 years as of the valuation date
Asset valuation method	15 year smoothed market	15 year smoothed market
Actuarial assumptions:		
Investment rate of return	7.50% (net of administrative expenses)	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and annual production growth of 0.25%.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

The following is the three-year trend information for both safety and miscellaneous employees:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 3,350,411	100%	\$ -
June 30, 2013	3,356,213	100%	-
June 30, 2014	3,440,255	100%	-

Funded Status of Plan – Miscellaneous Employees

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
2013	\$ 73,962,941	\$ 95,424,029	\$ 21,461,088	77.5%	\$ 12,890,765	166.5%

** Additional information regarding the funded status of the miscellaneous employees' retirement plan can be found in the Required Supplementary Information Section.

Funded Status of Plan – Safety Employees

The City's retirement plan for safety employees is a part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's safety employees is no longer available nor disclosed.

14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City sponsors and administers a single-employer defined benefit postemployment healthcare plan (the Plan) to provide healthcare insurance benefits to eligible retired employees and their dependents. Benefit provisions are established and may be amended by the City.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

The City participates in the CalPERS healthcare program (PEMHCA) and allows retirees to continue participation in the medical insurance program after retirement. The following summarizes the retiree healthcare benefits:

PEMHCA Minimum: The City pays the PEMHCA minimum required employer contribution for retirees participating in PEMHCA towards the retiree monthly premium.

Retiree Health Benefit Credits (RHBC): Employees can convert unused sick or general leave balance (up to a maximum) to RHBC at retirement. The City pays retiree medical or dental coverage based on RHBC. Sick leave hour accrual and RHBC conversion rates vary by bargaining unit and service.

Implied Subsidy: An implied subsidy generally exists when retiree premiums are based on blended active and retiree experience. In May 2014, the American Academy of Actuaries released a new version of Actuarial Standard of Practice No. 6 (ASOP No. 6). The revised ASOP No. 6 requires the implied subsidy to be valued for community plans such as PEMHCA. This is mandatory for all valuations with measurement dates on or after March 31, 2015. Since PEMHCA is a community rated plan for the City, no implied subsidy is valued for the PEMHCA plan.

Funding Policy

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For fiscal year 2013-14, the City contributed \$665,733, including \$566,643 in benefit payments and a \$99,090 deposit to CERBT. The City's ARC was \$548,000 for fiscal year 2013-14.

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Annual Other Postemployment Benefit Cost and Net Obligation

The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation/(asset).

Annual required contribution	\$ 548,000
Interest on net OPEB obligation	8,000
Adjustment to annual required contribution	<u>(10,000)</u>
Annual OPEB cost (expense)	546,000
Contributions made	(99,090)
Benefit payments	<u>(566,643)</u>
Increase (decrease) in net OPEB obligation	(119,733)
Net OPEB obligation - beginning of year	<u>110,470</u>
Net OPEB obligation/(asset) - end of year	<u><u>\$ (9,263)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net post-employment healthcare plan obligation were as follows:

Fiscal Year Ended June 30,	OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
2012	\$ 719,000	77%	\$ 4,947
2013	741,000	86%	110,470
2014	546,000	122%	(9,263)

Funded Status

The funded status of the plan as of June 30, 2013, was as follows:

	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 13,155,000
Actuarial Value of Plan Assets	<u>13,861,000</u>
Unfunded Actuarial Accrued Liability (UAAL)	(706,000)
Funded Ratio (Actuarial value of plan assets/AAL)	105.4%
Covered Payroll (active plan members)	\$ 16,970,000
UAAL as a Percentage of Covered Payroll	-4.20%

A valuation of the City's OPEB obligation must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2013. Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing of benefit costs between employer and plan members to that point.

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), a 3.0% general inflation increase, and annual pre-Medicare eligible healthcare cost trend rates for medical of 8.0% in 2015 (actual 2014 premium rates were used) decreasing to 5.0% over six years. The post-Medicare eligible healthcare trend stated 0.3% higher for 2015. Sick leave accrual, benefit conversion rates, and maximum conversion amounts all assumed fixed in the future. Salary scale and demographic assumptions for withdrawal, mortality, disability, and retirement rates were based on CalPERS 1997-2011 Experience Study with fully generational Scale AA applied to post-retirement mortality. Actuarial value of assets was based on 5-year smoothed market value.

An initial UAAL was paid off in 2007-08. Actuarial methods and assumption changes and experience and contribution gains and losses were amortized over a 15-year closed period, all as a level percentage of payroll.

15. LANDFILL POST-CLOSURE CARE

The City owns and maintains a closed, municipal, non-hazardous solid waste landfill known as the Marsh Road Landfill. Landfill operations began at the site in 1957 through a Joint Exercise of Powers Agreement initiated by San Mateo County. In 1968, the City took responsibility for the landfill and its eventual post-closure maintenance. The landfill ceased the receipt of wastes in May of 1984. In 1995, the construction of Bayfront Park was completed, incorporating required features such as a gas recovery and leachate control system.

State and Federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill site at Bayfront Park through the year 2025. These same regulations require the City to make annual contributions and/or provide an alternative funding mechanism to finance closure and post-closure care costs. In January 2003, the City Council approved a plan for a 5.4% surcharge on solid waste collection fees, increasing at a rate of 0.2% per year, in order to cover these costs. The surcharge is currently 7.2 percent.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

15. LANDFILL POST-CLOSURE CARE, Continued

The City’s outstanding future post-closure care costs were estimated at \$5,139,145 at June 30, 2014. This estimate is based upon the present value of future cash flows associated with the landfill site’s post-closure costs, discounted using the City’s projected return on investment. The amount of fund balance within the Landfill Special Revenue Fund is not sufficient to cover such a liability, though the revenue stream provided by the solid waste collection surcharge and all post-closure costs will be accounted for in this fund. The City has recorded the post-closure cost liability as part of governmental activities in the government-wide financial statements.

The City will fund on-going post-closure costs with a combination of revenues from the surcharge and interest earnings. However, if these revenues are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by additional garbage surcharges or from future tax revenue. The following is the activity for landfill post closure care for fiscal year 2014:

	Balance July 1, 2013	Deletions	Balance June 30, 2014	Due within one year	Due in more than one year
Governmental Activities	\$ 5,782,181	\$ (643,036)	\$ 5,139,145	\$ 355,719	\$ 4,783,426

16. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

The former Community Development Agency of the City of Menlo Park (Agency) was established in 1981 with the adoption of the Las Pulgas Community Development Plan (1981 Plan). Since 1981, the Agency has implemented numerous programs to improve housing in the project area. During the fiscal year 2011-12, the Agency was dissolved in accordance to State Assembly Bill 1X26. All assets of the Agency were transferred to the Successor Agency private-purpose trust fund. More information on the Successor Agency can be found in Note 18.

17. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1x 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Menlo Park that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets of the former redevelopment agency until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 6043.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

**17. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY,
Continued**

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

During fiscal year 2013-14, the Successor Agency liquidated the last remaining assets of the former Community Development Agency. The assets consisted of land held by the former redevelopment agency that was recorded at \$5,694,977. The Successor Agency received \$7,373,173 for the sale of the land resulting in a gain on the sale of property in the amount of \$1,678,196. The entire proceeds were remitted to the County to be distributed among the affected taxing districts. The remittance of these assets as of June 30, 2014, was reported in the private-purpose trust fund as an extraordinary loss.

As of June 30, 2014, all of the assets of the former Community Development Agency have been liquidated and distributed among the affected taxing districts. The Successor Agency's remaining responsibility is for the maintenance of the former agency's debt, which consists of the 2006 Las Pulgas Project Tax Allocation Bonds. More information on these bonds can be found in Section C of Note 6.

18. CONTINGENCIES

The City participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2014, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

19. LITIGATION

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, most of these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

20. ENCUMBRANCES/COMMITMENTS

The City had various commitments totaling \$2,806,099 as of June 30, 2014. The most significant commitments are for plan check services and environmental impact reviews for new developments of the capital improvement projects which include but are not limited to city buildings maintenance, street resurfacing projects, and traffic congestion projects. All commitments are evidenced by contractual agreements with contractors. The encumbrances listed by fund are as follows:

Major:	
General Fund	\$ 1,099,202
General Capital Improvement Fund	503,519
Non-Major Funds	<u>1,203,378</u>
Total	<u><u>\$ 2,806,099</u></u>

21. JOINT VENTURES

General

The City of Menlo Park participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. Obligations and liabilities of the JPAs are not those of the City.

San Francisquito Creek

The San Francisquito Creek Joint Powers Authority (SFCJPA) was created in May 1999 as a joint powers authority by the City of Menlo Park, the City of Palo Alto, the City of East Palo Alto, the Santa Clara Valley Water District and the San Mateo Flood Control District. The Authority's board is comprised of one director appointed by each of these member entities, and is a legally separate and fiscally independent entity.

The Authority was formed to manage the joint contribution of services and provide policy direction on issues of mutual concern related to the San Francisquito Creek, including bank stabilization, channel clearing and other creek maintenance, planning of flood control measures, preserving environmental values and instream uses and emergency response coordination. The SFCJPA and U.S. Army Corps of Engineers are presently working together with the area's Congressional delegation to secure Federal funding for studies needed to identify a comprehensive flood management and ecosystem restoration project within the Creek watershed.

In the fiscal year ended June 30, 2014, each member entity contributed \$118,000 to cover Authority administrative costs for the year.

Complete financial statements for the SFCJPA may be obtained from their offices at the following address:

San Francisquito Creek Joint Powers Authority
 1231 Hoover Street
 Menlo Park, CA 94025

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

21. JOINT VENTURES, Continued

South Bayside Waste Management Authority

The City of Menlo Park is one of twelve members of the South Bayside Waste Management Authority (SBWMA). The SBWMA was formed in October 1999 for the purpose of joint ownership, financing and administration of solid waste transfer and recycling facilities; and the planning, administration management review, monitoring, enforcement and reporting of solid waste, recyclable material and plant material collection activities within the Authority's service area.

The Authority is controlled by a twelve member board consisting of one representative from each member entity. None of the SBWMA member entities exercise specific control over the budgeting and financing of the Authority's activities beyond their representation of the board.

Through the operation of franchise agreements with each member, Recology San Mateo County (Recology) collects fees charged for the use of the Authority's facilities and remits them to the Authority. Pursuant to an operations agreement with the Authority effective through December 31, 2020, Recology operates the facilities and is paid compensation based on costs, a provision for profit and incentives for cost savings and performance.

Complete financial statement for the SBWMA may be obtained from their offices at the following address:

South Bayside Management Authority
610 Elm Street, Suite 202
San Carlos, CA 94070

22. NEGATIVE FUND BALANCE

As of June 30, 2014, the Peninsula Partnership Grant Fund has a negative fund balance of \$45,730. The grant funding for this program was no longer available but expenditures were not reduced. This program will be discontinued and the fund will be made inactive during the 2014-15 fiscal year. Any negative fund balance remaining will be funded by the General Fund. The Literacy Grants Fund has a negative fund balance of \$8,376. The grant funding from the State was reduced late in the fiscal year while the City was committed to make expenditures. The shortfall will be made up in subsequent fiscal years. The Workers Compensation Internal Service Fund had a negative \$444,364 fund balance at 6/30/2014. This was mainly due to increased insurance claims and estimated claims liability at 6/30/2014. The City has increased the amount paid by departments by 50% to cover the negative fund balance. The estimated claims liability, however, does not involve cash, cannot be estimated during budget preparation, and the entire amount would most likely not be paid out as it is considered a worst-case scenario. The Other Post Employment Benefits fund had a negative \$72,778 fund balance at 6/30/2014. The City has changed its procedure for charging departments to ensure collecting the entire amount needed as well as increased the percentage charged to eliminate the negative fund balance in the following fiscal year.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

23. PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustments totaling \$46,073, to decrease the beginning governmental activities net position. This adjustment was made in accordance with GASB 65 to write off the cost of issuance that was previously being amortized for the 2009 General Obligation bonds.

The City as Successor Agency recorded prior period adjustments in the amount of \$799,265 in the private purpose trust funds. One adjustment, in the amount of \$1,146,789, was made in accordance to GASB 65 to write off the cost of issuance that was previously being amortized for the 2006 Tax Allocation Refunding Bonds. The other adjustment was the \$1,946,054 payment from the County for June 2013 which should have been recorded as revenue in the previous fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Menlo Park
Required Supplementary Information
For the year ended June 30, 2014

BUDGETARY PRINCIPLES

The City followed these procedures in establishing the budgetary data reflected in the General Purpose Financial Statements:

1. City Council identifies the priority projects/programs for the budget at a study session with public input. The City Council annually adopts the budget for the ensuing fiscal year generally prior to July 1.
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds, and capital projects funds. Proprietary funds and Agency funds are not budgeted.
4. Budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.
8. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as an assignment of fund balances.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

Budgetary Comparison Schedule, General Fund

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Secured property taxes	\$ 12,875,000	\$ 13,635,000	\$ 14,081,491	\$ 446,491
Unsecured property taxes	400,000	400,000	384,686	(15,314)
Other property taxes	680,000	680,000	689,888	9,888
Sales taxes	6,431,400	6,136,400	6,444,292	307,892
Other taxes	6,639,920	7,047,300	7,158,313	111,013
Licenses and permits	4,459,465	6,559,465	5,782,225	(777,240)
Fines and forfeitures	1,319,980	1,149,980	1,253,261	103,281
Use of money and property	777,712	627,712	684,561	56,849
Intergovernmental	741,704	841,717	888,131	46,414
Charges for services	7,795,222	7,595,222	7,681,433	86,211
Other	31,050	802,872	26,356	(776,516)
Total revenues	42,151,453	45,475,668	45,074,637	(401,031)
EXPENDITURES:				
Current:				
General government	6,664,269	6,841,734	5,560,887	1,280,847
Public safety	14,871,562	14,912,106	14,144,949	767,157
Public works	5,474,597	5,474,597	4,967,899	506,698
Culture and recreation	9,274,126	9,321,555	9,127,797	193,758
Community development	3,495,590	4,595,590	3,749,480	846,110
Urban development and housing	7,098	12,633	38,941	(26,308)
Capital outlay	393,530	589,614	527,972	61,642
Total expenditures	40,180,772	41,747,829	38,117,925	3,629,904
REVENUES OVER (UNDER) EXPENDITURES	1,970,681	3,727,839	6,956,712	3,228,873
OTHER FINANCING SOURCES (USES):				
Transfers in	398,394	398,394	439,661	41,267
Transfers out	(2,554,600)	(2,554,600)	(2,554,600)	-
Total other financing sources (uses)	(2,156,206)	(2,156,206)	(2,114,939)	41,267
Extraordinary gain(loss)	-	-	771,822	771,822
Net change in fund balance	\$ (185,525)	\$ 1,571,633	5,613,595	\$ 4,041,962
FUND BALANCE:				
Beginning of year			22,377,648	
End of year			\$ 27,991,243	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

Budgetary Comparison Schedule, Below Market Rate Housing Special Revenue Fund

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Use of money and property	\$ 40,000	\$ 40,000	\$ 114,817	\$ 74,817
Charges for services	365,000	365,000	81,277	(283,723)
Total revenues	405,000	405,000	196,094	(208,906)
EXPENDITURES:				
Current:				
Urban development and housing	107,479	127,479	92,560	34,919
Capital outlay	37,775	37,775	62,962	(25,187)
Total expenditures	145,254	165,254	155,522	9,732
REVENUES OVER (UNDER) EXPENDITURES	259,746	239,746	40,572	(199,174)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	1,080,667	1,080,667
Total other financing sources (uses)	-	-	1,080,667	1,080,667
Net change in fund balance	\$ 259,746	\$ 239,746	1,121,239	\$ 881,493
FUND BALANCE:				
Beginning of year			10,629,904	
End of year			\$ 11,751,143	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

Budgetary Comparison Schedule, Housing Special Revenue Fund

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 6,571	\$ 6,571
Charges for services	-	-	171,562	171,562
Total revenues	-	-	178,133	178,133
EXPENDITURES:				
Current:				
Urban development and housing	-	-	2,022	(2,022)
Total expenditures	-	-	2,022	(2,022)
REVENUES OVER (UNDER) EXPENDITURES	-	-	176,111	176,111
Net change in fund balance	\$ -	\$ -	176,111	\$ 176,111
FUND BALANCE:				
Beginning of year			320,347	
End of year			\$ 496,458	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

SCHEDULE OF FUNDING PROGRESS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
2011	73,863,432	85,715,937	11,852,505	86.2%	13,490,012	87.9%
2012	78,392,509	90,386,805	11,994,296	86.7%	12,847,225	93.4%
2013	73,962,941	95,424,029	21,461,088	77.5%	12,890,765	166.5%

Safety Employees

The City's retirement plan for safety employees is a part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's safety employees is no longer available or disclosed.

B. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In order to comply with GASB Statement 45, an actuarial valuation of the City's OPEB obligations must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2013.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
1/1/2010	\$ 10,324,000	\$ 9,862,000	\$ (462,000)	104.7%	\$ 18,863,000	-2.4%
6/30/2011	\$ 11,891,000	\$ 11,873,000	\$ (18,000)	100.2%	\$ 18,752,000	-0.1%
6/30/2013	\$ 13,861,000	\$ 13,155,000	\$ (706,000)	105.4%	\$ 16,970,000	-4.2%

SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

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City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Capital Improvement Capital Projects Fund

For the year ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other taxes	\$ -	\$ -	\$ 82,386	\$ 82,386
Intergovernmental	-	-	131,132	131,132
Charges for services	100,000	158,795	90,172	(68,623)
Total revenues	100,000	158,795	303,690	144,895
EXPENDITURES:				
Capital outlay	15,745,516	16,844,694	3,473,308	13,371,386
Total expenditures	15,745,516	16,844,694	3,473,308	13,371,386
REVENUES OVER (UNDER) EXPENDITURES	(15,645,516)	(16,685,899)	(3,169,618)	13,516,281
OTHER FINANCING SOURCES (USES):				
Transfers in	2,340,000	2,340,000	2,340,000	-
Total other financing sources (uses)	2,340,000	2,340,000	2,340,000	-
Net change in fund balance	\$ (13,305,516)	\$ (14,345,899)	(829,618)	\$ 13,516,281
FUND BALANCE:				
Beginning of year			13,978,152	
End of year			<u>\$ 13,148,534</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Highway Users Tax Fund - Established to receive and expend the City's allocation of the State Gasoline taxes.

Federal Revenue Sharing Fund - Established to account for Federal Revenue Sharing money used to make emergency repair loans to lower income owners of single-family owner-occupied properties.

Landscape/Tree Assessment Fund - Established to account for property tax assessments collected under the Landscaping and Lighting Act of 1972 utilized for maintaining of City street trees.

Sidewalk Assessment Fund - Established to account for property tax assessments collected under the Landscaping and Lighting Act of 1972 utilized for repair and replacement of hazardous sidewalks and curbs.

Landfill Post-Closure Fund - Established to receive and expend increased solid waste surcharges and other revenues to cover the post-closure costs of the Marsh Road landfill at the Bayfront Park.

County Transportation Tax Fund - Established to account for the City's portion of the County-wide 1/2 cent sales tax used for City transportation purposes.

Public Library Fund - Established to provide supplementary funds to public libraries and to encourage local jurisdictions to maintain local support for their libraries.

Literacy Grants Fund - Established to provide literacy services to adult learners.

Narcotic Seizure Fund - Established to account for money seized in arrests for drug law violations used to purchase law enforcement equipment and supplies.

Transportation Impact Fees Fund - Established to account for traffic improvement fees charged to developers and used to mitigate City traffic problems that result either directly or indirectly from the development.

Downtown Parking Permits Fund - Established to provide adequate parking within the Central Business District.

Storm Drainage Fees Fund - Established to account for storm drainage fees used to mitigate City storm drainage problems either directly or indirectly resulting from the development.

Solid Waste Service Fund - Utilized to provide a City-wide garbage pickup service in order to keep health standards high for the single-family residences.

Bay Area Air Quality Management Fund (AB 434) - Established to account for City's share of surcharge funds from motor vehicle registration fees to be used for implementing eligible transportation programs.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds, Continued:

Storm Water Management Fund - Established to account for the local requirements delineated in the Storm Water Management Plan, funded by a City-wide fee per parcel.

Peninsula Partnership Grant Fund - Established to account for federal grants used to improve the quality of life for children and their families in the Belle Haven neighborhood.

Supplemental Law Enforcement Services Fund - Established to account for funds received from Supplemental Law Enforcement Services Fund (SLESF) monies under AB3229 used to provide front line law enforcement services.

Local Law Enforcement Block Grant Fund - Established to account for funds received from Bureau of Justice Assistance used to reduce crime and improve public safety.

Construction Impact Fee Fund - Established to account for developer fees paid to mitigate pavement damage due to heavy construction activity.

Bedwell Bayfront Park Maintenance Fund - Utilized to account for prior year fees residing in the fund balance that were charged to the public for trash hauled to the City landfill site. The interest earned on these fees are used to maintain the Bedwell Bayfront Park built on the site.

Recreation In-Lieu Fund - Established to account for developer fees paid in-lieu of new recreation facilities. The funds are used to improve and expand recreation facilities.

Sharon Hills Park Fund - Established to account for a developer payment to be used for maintenance of Sharon Hills Park.

Vintage Oaks Landscape Fund - Established to account for a developer payment to be used for maintenance of the perimeter landscaping of the Vintage Oaks subdivision.

Community Development Block Grant Special Revenue Fund - Established in 1981 to account for Federal Housing and Community Development Block Grant funds utilized for single family housing rehabilitation and related administration.

Miscellaneous Trust Fund - Includes donations given to the City for certain programs within Library, Recreational and Public Safety services and deposits held by the City for environmental impact reports on small individual property developments

Debt Service Fund:

Debt service funds are established to account for the accumulation and disbursement of monies to comply with the interest and redemption requirements of the Library Bond and the 2002 Recreation GO Bond Obligations as well as the retirement of the former Community Development Agency's Series 2006 Refunding bonds.

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds:

Library Addition Fund - Established to account for proceeds of the 1990 Library Improvements Bond Issue used to construct improvements to the existing Library.

Measure T 2002 GO Bond - Established to account for the proceeds of the 2002 Measure T Recreation Improvements Bond Issue used to construct improvements to the City's parks and recreation facilities.

Capital Improvement General Fund - Utilizes an annual City General Fund transfer to provide adequate funding for maintenance of the City's existing infrastructure.

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
ASSETS					
Cash and investments	\$ 2,613,453	\$ 45,444	\$ 395,539	\$ 169,054	\$ 3,676,644
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	-	7,618	-	61,909
Interest	5,523	96	-	-	7,770
Notes	-	84,407	-	-	-
Due from other governments	-	-	2,300	-	-
Deposits and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 2,618,976	\$ 129,947	\$ 405,457	\$ 169,054	\$ 3,746,323
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 88	\$ -	\$ 10,543	\$ 473	\$ 25,287
Accrued payroll and related liabilities	1,284	-	11,725	160	1,599
Due to other funds	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	1,372	-	22,268	633	26,886
Deferred inflows of resources					
Housing loans	-	84,407	-	-	-
Total deferred inflows of resources	-	84,407	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,617,604	45,540	383,189	168,421	3,719,437
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,617,604	45,540	383,189	168,421	3,719,437
Total liabilities , deferred inflows of resources, and fund balances	\$ 2,618,976	\$ 129,947	\$ 405,457	\$ 169,054	\$ 3,746,323

(Continued)

Special Revenue

County	Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Transportation Impact Fees	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service
	\$ 665,354	\$ 98,064	\$ 75	\$ 45,891	\$ 3,975,455	\$ 3,251,270	\$ 116,574	\$ 1,040,379
	-	-	-	-	-	-	-	-
	157,727	-	-	-	26,014	-	-	25,000
	1,415	-	-	-	8,404	6,861	246	2,104
	-	-	-	-	-	-	-	-
	90,923	-	-	-	-	-	-	8,840
	565	-	-	-	-	-	-	-
	-	1,486	-	-	-	-	-	-
	<u>\$ 915,984</u>	<u>\$ 99,550</u>	<u>\$ 75</u>	<u>\$ 45,891</u>	<u>\$ 4,009,873</u>	<u>\$ 3,258,131</u>	<u>\$ 116,820</u>	<u>\$ 1,076,323</u>
	\$ 170,193	\$ -	\$ 5	\$ 22	\$ 349	\$ 13,825	\$ -	\$ 2,573
	30,087	-	6,960	-	7,043	-	-	8,890
	-	-	1,486	-	-	-	-	-
	45,000	-	-	-	40,000	-	-	-
	<u>245,280</u>	<u>-</u>	<u>8,451</u>	<u>22</u>	<u>47,392</u>	<u>13,825</u>	<u>-</u>	<u>11,463</u>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	565	-	-	-	-	-	-	-
	670,139	-	-	45,869	349,089	4,053	10,694	2,538
	-	-	-	-	3,613,392	3,240,253	106,126	1,062,322
	-	99,550	-	-	-	-	-	-
	-	-	(8,376)	-	-	-	-	-
	<u>670,704</u>	<u>99,550</u>	<u>(8,376)</u>	<u>45,869</u>	<u>3,962,481</u>	<u>3,244,306</u>	<u>116,820</u>	<u>1,064,860</u>
	<u>\$ 915,984</u>	<u>\$ 99,550</u>	<u>\$ 75</u>	<u>\$ 45,891</u>	<u>\$ 4,009,873</u>	<u>\$ 3,258,131</u>	<u>\$ 116,820</u>	<u>\$ 1,076,323</u>

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2014

	Special Revenue				
	Bay Area Air Quality Management	Storm Water Management	Peninsula Partnership Grant	Supplemental Law Enforcement Service	Construction Impact Fees
ASSETS					
Cash and investments	\$ 2,588	\$ 338,109	\$ (43,506)	\$ 52,629	\$ 3,621,917
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Interest	5	-	-	111	7,657
Notes	-	-	-	-	-
Due from other governments	-	5,200	-	8,267	-
Deposits and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 2,593	\$ 343,309	\$ (43,506)	\$ 61,007	\$ 3,629,574
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 3,513	\$ -	\$ 35,822	\$ 3,920
Accrued payroll and related liabilities	-	11,114	-	-	924
Due to other funds	-	-	2,224	-	-
Deposits	-	-	-	-	-
Total liabilities	-	14,627	2,224	35,822	4,844
Deferred inflows of resources					
Housing loans	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,593	328,682	-	25,185	-
Committed	-	-	-	-	3,624,730
Assigned	-	-	-	-	-
Unassigned	-	-	(45,730)	-	-
Total fund balances	2,593	328,682	(45,730)	25,185	3,624,730
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,593	\$ 343,309	\$ (43,506)	\$ 61,007	\$ 3,629,574

(Continued)

Special Revenue						Debt Service	
Bedwell Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002
\$ 615,260	\$ 1,381,159	\$ 68,453	\$ 73,053	\$ 701,978	\$ 1,064,636	\$ 823,922	\$ 1,194,022
-	-	-	-	-	-	-	-
475	-	-	-	-	-	-	-
1,300	2,919	145	154	-	443	1,741	2,523
-	-	-	-	798,299	-	-	-
-	-	-	-	-	-	850	110,250
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 617,035</u>	<u>\$ 1,384,078</u>	<u>\$ 68,598</u>	<u>\$ 73,207</u>	<u>\$ 1,500,277</u>	<u>\$ 1,065,079</u>	<u>\$ 826,513</u>	<u>\$ 1,306,795</u>
\$ 4,240	\$ 1,422	\$ -	\$ 766	\$ 1,662	\$ 111,342	\$ -	\$ -
536	-	-	-	-	1,876	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,776</u>	<u>1,422</u>	<u>-</u>	<u>766</u>	<u>1,662</u>	<u>113,218</u>	<u>-</u>	<u>-</u>
-	-	-	-	798,299	-	-	-
-	-	-	-	798,299	-	-	-
-	-	-	-	-	-	-	-
12,500	56,147	-	-	700,316	315,232	-	-
599,759	1,326,509	68,598	72,441	-	636,629	-	-
-	-	-	-	-	-	826,513	1,306,795
-	-	-	-	-	-	-	-
<u>612,259</u>	<u>1,382,656</u>	<u>68,598</u>	<u>72,441</u>	<u>700,316</u>	<u>951,861</u>	<u>826,513</u>	<u>1,306,795</u>
<u>\$ 617,035</u>	<u>\$ 1,384,078</u>	<u>\$ 68,598</u>	<u>\$ 73,207</u>	<u>\$ 1,500,277</u>	<u>\$ 1,065,079</u>	<u>\$ 826,513</u>	<u>\$ 1,306,795</u>

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2014

	Capital Projects		Total Non-Major Governmental Funds
	Library Addition	Measure T 2002 GO Bond	
ASSETS			
Cash and investments	\$ 127,096	\$ 287,808	\$ 26,402,320
Restricted cash and investments	-	-	-
Receivables:			
Accounts	-	37,336	316,079
Interest	269	608	50,294
Notes	-	-	882,706
Due from other governments	-	-	226,630
Deposits and prepaid items	-	-	565
Due from other funds	-	-	1,486
Total assets	\$ 127,365	\$ 325,752	\$ 27,880,080
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 386,045
Accrued payroll and related liabilities	-	-	82,198
Due to other funds	-	-	3,710
Deposits	-	-	85,000
Total liabilities	-	-	556,953
Deferred inflows of resources			
Housing loans	-	-	882,706
Total deferred inflows of resources	-	-	882,706
Fund Balances:			
Nonspendable	-	-	565
Restricted	-	-	9,457,228
Committed	-	-	14,350,759
Assigned	127,365	325,752	2,685,975
Unassigned	-	-	(54,106)
Total fund balances	127,365	325,752	26,440,421
Total liabilities , deferred inflows of resources, and fund balances	\$ 127,365	\$ 325,752	\$ 27,880,080

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City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2014

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	1,006,294	-	-	-	-
Special assessments	-	-	518,946	225,060	-
Licenses and permits	-	-	-	-	-
Use of money and property	13,991	1,024	-	-	27,916
Intergovernmental	-	-	7,618	-	-
Charges for services	510	662	2,300	-	741,665
Other	-	-	-	-	-
Total revenues	1,020,795	1,686	528,864	225,060	769,581
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	64,817	-	543,626	14,799	235,690
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Urban development and housing	-	-	-	-	-
Capital outlay	343,793	-	1,937	335,374	407,396
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Total expenditures	408,610	-	545,563	350,173	643,086
REVENUES OVER (UNDER) EXPENDITURES	612,185	1,686	(16,699)	(125,113)	126,495
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	159,600	-	-
Transfers out	(41,268)	-	(64,777)	(19,459)	(8,089)
Proceeds from sale of fixed assets	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Payment to bond escrow account	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-
Total other financing sources (uses)	(41,268)	-	94,823	(19,459)	(8,089)
Extraordinary gain (loss)	-	-	-	-	-
Net change in fund balances	570,917	1,686	78,124	(144,572)	118,406
FUND BALANCES:					
Beginning of year	2,046,687	43,854	305,065	312,993	3,601,031
End of year	\$ 2,617,604	\$ 45,540	\$ 383,189	\$ 168,421	\$ 3,719,437

(Continued)

Special Revenue

County Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Transportation Impact Fees	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
838,318	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	440,350	-	-
8,076	-	-	-	26,789	22,783	936	6,790
485,716	-	10,000	-	141,008	-	-	8,840
42,325	-	-	18,041	1,350,662	32	4,494	395,058
-	-	58,460	-	-	-	-	47,420
<u>1,374,435</u>	<u>-</u>	<u>68,460</u>	<u>18,041</u>	<u>1,518,459</u>	<u>463,165</u>	<u>5,430</u>	<u>458,108</u>
-	-	-	-	-	-	-	6,746
-	-	-	13,149	-	7,294	-	-
1,325,885	-	-	-	238,602	113,596	-	281,218
-	1,189	127,353	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
456,740	-	-	-	5,479	7,307	1,503	900
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,782,625</u>	<u>1,189</u>	<u>127,353</u>	<u>13,149</u>	<u>244,081</u>	<u>128,197</u>	<u>1,503</u>	<u>288,864</u>
<u>(408,190)</u>	<u>(1,189)</u>	<u>(58,893)</u>	<u>4,892</u>	<u>1,274,378</u>	<u>334,968</u>	<u>3,927</u>	<u>169,244</u>
-	-	55,000	-	-	-	-	-
-	-	-	-	-	(25,898)	-	(43,651)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>(25,898)</u>	<u>-</u>	<u>(43,651)</u>
-	-	-	-	-	-	-	-
<u>(408,190)</u>	<u>(1,189)</u>	<u>(3,893)</u>	<u>4,892</u>	<u>1,274,378</u>	<u>309,070</u>	<u>3,927</u>	<u>125,593</u>
1,078,894	100,739	(4,483)	40,977	2,688,103	2,935,236	112,893	939,267
<u>\$ 670,704</u>	<u>\$ 99,550</u>	<u>\$ (8,376)</u>	<u>\$ 45,869</u>	<u>\$ 3,962,481</u>	<u>\$ 3,244,306</u>	<u>\$ 116,820</u>	<u>\$ 1,064,860</u>

(Continued)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2014

	Special Revenue				
	Bay Area Air Quality Management	Storm Water Management (NPDES)	Peninsula Partnership	Supplemental Law Enforcement Services	Construction Impact Fee
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Special assessments	-	344,293	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	(5)	-	-	133	16,069
Intergovernmental	-	-	1,990	82,839	-
Charges for services	-	2,560	-	-	1,725,457
Other	-	-	-	-	-
Total revenues	(5)	346,853	1,990	82,972	1,741,526
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	29,265	-
Public works	-	248,622	-	-	-
Culture and recreation	-	-	16,040	-	-
Community development	-	-	-	-	-
Urban development and housing	-	-	-	-	-
Capital outlay	-	172	-	78,556	219,872
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Total expenditures	-	248,794	16,040	107,821	219,872
REVENUES OVER (UNDER) EXPENDITURES	(5)	98,059	(14,050)	(24,849)	1,521,654
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(36,954)	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Payment to bond escrow account	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-
Total other financing sources (uses)	-	(36,954)	-	-	-
Extraordinary gain (loss)	-	-	-	-	-
Net change in fund balances	(5)	61,105	(14,050)	(24,849)	1,521,654
FUND BALANCES:					
Beginning of year	2,598	267,577	(31,680)	50,034	2,103,076
End of year	\$ 2,593	\$ 328,682	\$ (45,730)	\$ 25,185	\$ 3,624,730

(Continued)

Special Revenue						Debt Service	
Bedwell Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	341,382	1,701,418
-	-	-	-	-	-	-	-
5,566	9,374	695	600	-	1,998	4,604	(745)
-	-	-	-	-	-	-	-
475	276,000	-	-	30	690,436	-	-
-	-	-	-	-	9,198	-	-
<u>6,041</u>	<u>285,374</u>	<u>695</u>	<u>600</u>	<u>30</u>	<u>701,632</u>	<u>345,986</u>	<u>1,700,673</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
71,536	-	11,645	12,816	-	-	-	-
-	-	-	-	-	52,645	550	5,300
-	-	-	-	-	499,472	-	-
-	-	-	-	-	-	-	-
5,407	67,222	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	380,000	240,000
-	-	-	-	-	-	51,250	1,179,605
-	-	-	-	-	-	-	-
<u>76,943</u>	<u>67,222</u>	<u>11,645</u>	<u>12,816</u>	<u>-</u>	<u>552,117</u>	<u>431,800</u>	<u>1,424,905</u>
<u>(70,902)</u>	<u>218,152</u>	<u>(10,950)</u>	<u>(12,216)</u>	<u>30</u>	<u>149,515</u>	<u>(85,814)</u>	<u>275,768</u>
-	-	-	-	-	-	-	-
(12,984)	-	-	-	-	(700)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(12,984)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>(83,886)</u>	<u>218,152</u>	<u>(10,950)</u>	<u>(12,216)</u>	<u>30</u>	<u>148,815</u>	<u>(85,814)</u>	<u>275,768</u>
696,145	1,164,504	79,548	84,657	700,286	803,046	912,327	1,031,027
<u>\$ 612,259</u>	<u>\$ 1,382,656</u>	<u>\$ 68,598</u>	<u>\$ 72,441</u>	<u>\$ 700,316</u>	<u>\$ 951,861</u>	<u>\$ 826,513</u>	<u>\$ 1,306,795</u>

(Continued)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2014

	Capital Projects		Total Non-Major Governmental Funds
	Library Addition	Measure T 2002 GO Bond	
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	1,844,612
Special assessments	-	-	3,131,099
Licenses and permits	-	-	440,350
Use of money and property	996	2,278	149,868
Intergovernmental	-	-	738,011
Charges for services	-	37,336	5,288,043
Other	-	-	115,078
Total revenues	996	39,614	11,707,061
EXPENDITURES:			
Current:			
General government	-	-	6,746
Public safety	-	-	49,708
Public works	-	-	3,162,852
Culture and recreation	-	-	203,077
Community development	-	-	499,472
Urban development and housing	-	-	-
Capital outlay	-	3,975	1,935,633
Debt service:			
Principal	-	-	620,000
Interest	-	-	1,230,855
Cost of issuance	-	-	-
Total expenditures	-	3,975	7,708,343
REVENUES OVER (UNDER) EXPENDITURES	996	35,639	3,998,718
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	214,600
Transfers out	-	-	(253,780)
Proceeds from sale of fixed assets	-	-	-
Bond proceeds	-	-	-
Bond issuance cost	-	-	-
Payment to bond escrow account	-	-	-
Discount on issuance of bonds	-	-	-
Total other financing sources (uses)	-	-	(39,180)
Extraordinary gain (loss)	-	-	-
Net change in fund balances	996	35,639	3,959,538
FUND BALANCES:			
Beginning of year	126,369	290,113	22,480,883
End of year	\$ 127,365	\$ 325,752	\$ 26,440,421

(Concluded)

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Highway Users Tax Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 913,000	\$ 913,000	\$ 1,006,294	\$ 93,294
Use of money and property	4,500	4,500	13,991	9,491
Intergovernmental	-	-	-	-
Charges for services	-	-	510	510
Total revenues	<u>917,500</u>	<u>917,500</u>	<u>1,020,795</u>	<u>103,295</u>
EXPENDITURES:				
Current:				
Public works	355,746	355,746	64,817	290,929
Capital outlay	1,839,109	1,839,109	343,793	1,495,316
Total expenditures	<u>2,194,855</u>	<u>2,194,855</u>	<u>408,610</u>	<u>1,786,245</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,277,355)	(1,277,355)	612,185	(1,889,540)
OTHER FINANCING SOURCES (USES):				
Transfers out			(41,268)	(41,268)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(41,268)</u>	<u>(41,268)</u>
Net change in fund balance	<u>\$ (1,277,355)</u>	<u>\$ (1,277,355)</u>	570,917	<u>\$ 1,848,272</u>
FUND BALANCE:				
Beginning of year			2,046,687	
End of year			<u>\$ 2,617,604</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Federal Revenue Sharing Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 1,024	\$ 524
Charges for services			662	662
Total revenues	500	500	1,686	1,186
EXPENDITURES:				
Current:				
Urban development and housing	2,800	2,800	-	2,800
Total expenditures	2,800	2,800	-	2,800
Net change in fund balance	\$ (2,300)	\$ (2,300)	1,686	\$ 3,986
FUND BALANCE:				
Beginning of year			43,854	
End of year			\$ 45,540	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landscape Tree Assessment Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 547,502	\$ 547,502	\$ 518,946	\$ (28,556)
Intergovernmental	-	-	7,618	7,618
Charges for services	3,300	3,300	2,300	(1,000)
Total revenues	550,802	550,802	528,864	(21,938)
EXPENDITURES:				
Current:				
Public works	723,461	723,461	543,626	179,835
Capital outlay	5,000	5,000	1,937	3,063
Total expenditures	728,461	728,461	545,563	182,898
REVENUES OVER (UNDER) EXPENDITURES	(177,659)	(177,659)	(16,699)	(160,960)
OTHER FINANCING SOURCES (USES):				
Transfers in	159,600	159,600	159,600	-
Transfers out	(64,777)	(64,777)	(64,777)	-
Total other financing sources (uses)	94,823	94,823	94,823	-
Net change in fund balance	\$ (82,836)	\$ (82,836)	78,124	\$ 160,960
FUND BALANCE:				
Beginning of year			305,065	
End of year			\$ 383,189	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Sidewalk Assessment Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 196,336	\$ 196,336	\$ 225,060	\$ 28,724
Total revenues	<u>196,336</u>	<u>196,336</u>	<u>225,060</u>	<u>28,724</u>
EXPENDITURES:				
Current:				
Public works	205,041	205,041	14,799	190,242
Capital outlay	218,940	218,940	335,374	(116,434)
Total expenditures	<u>423,981</u>	<u>423,981</u>	<u>350,173</u>	<u>73,808</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(227,645)</u>	<u>(227,645)</u>	<u>(125,113)</u>	<u>(45,084)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(19,459)	(19,459)	(19,459)	-
Total other financing sources (uses)	<u>(19,459)</u>	<u>(19,459)</u>	<u>(19,459)</u>	<u>-</u>
Net change in fund balance	<u>\$ (247,104)</u>	<u>\$ (247,104)</u>	<u>(144,572)</u>	<u>\$ 102,532</u>
FUND BALANCE:				
Beginning of year			<u>312,993</u>	
End of year			<u>\$ 168,421</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landfill Post-Closure Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 27,916	\$ 20,916
Charges for services	725,000	725,000	741,665	16,665
Total revenues	732,000	732,000	769,581	37,581
EXPENDITURES:				
Current:				
Public works	463,664	463,664	235,690	227,974
Capital outlay	639,637	639,637	407,396	232,241
Total expenditures	1,103,301	1,103,301	643,086	460,215
REVENUES OVER (UNDER) EXPENDITURES	(371,301)	(371,301)	126,495	(422,634)
OTHER FINANCING SOURCES (USES):				
Transfers out	(8,089)	(8,089)	(8,089)	-
Total other financing sources (uses)	(8,089)	(8,089)	(8,089)	-
Net change in fund balance	\$ (363,212)	\$ (363,212)	118,406	481,618
FUND BALANCE:				
Beginning of year			3,601,031	
End of year			\$ 3,719,437	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual County Transportation Tax Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 812,000	\$ 812,000	\$ 838,318	\$ 26,318
Use of money and property	2,000	2,000	8,076	6,076
Intergovernmental	747,334	747,334	485,716	(261,618)
Charges for services	45,000	45,000	42,325	(2,675)
Total revenues	1,606,334	1,606,334	1,374,435	(231,899)
EXPENDITURES:				
Current:				
Public works	1,782,458	1,782,458	1,325,885	456,573
Capital outlay	1,378,507	1,378,507	456,740	921,767
Total expenditures	3,160,965	3,160,965	1,782,625	1,378,340
REVENUES OVER (UNDER) EXPENDITURES	(1,554,631)	(1,554,631)	(408,190)	(1,146,441)
Net change in fund balance	\$ (1,554,631)	\$ (1,554,631)	(408,190)	\$ 1,146,441
FUND BALANCE:				
Beginning of year			1,078,894	
End of year			<u>\$ 670,704</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Public Library Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Culture and recreation	34,856	34,856	1,189	33,667
Total expenditures	34,856	34,856	1,189	33,667
Net change in fund balance	\$ (34,856)	\$ (34,856)	(1,189)	\$ (33,667)
FUND BALANCE:				
Beginning of year			100,739	
End of year			<u>\$ 99,550</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Literacy Grant Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 31,000	\$ 31,000	\$ 10,000	\$ (21,000)
Other	102,000	102,000	58,460	(43,540)
Total revenues	133,000	133,000	68,460	(64,540)
EXPENDITURES:				
Current:				
Culture and recreation	174,504	174,504	127,353	47,151
Total expenditures	174,504	174,504	127,353	47,151
REVENUES OVER (UNDER) EXPENDITURES	(41,504)	(41,504)	(58,893)	(17,389)
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	55,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	55,000	55,000	55,000	-
Net change in fund balance	\$ 13,496	\$ 13,496	(3,893)	\$ (17,389)
FUND BALANCE:				
Beginning of year			(4,483)	
End of year			<u>(8,376)</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Narcotic Seizure Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 18,041	\$ 18,041
Total revenues	<u>-</u>	<u>-</u>	<u>18,041</u>	<u>18,041</u>
EXPENDITURES:				
Current:				
Public safety	10,000	10,000	13,149	(3,149)
Capital outlay	-	-	-	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>13,149</u>	<u>(3,149)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000)</u>	<u>(10,000)</u>	<u>4,892</u>	<u>21,190</u>
Net change in fund balance	<u><u>\$ (10,000)</u></u>	<u><u>\$ (10,000)</u></u>	<u>4,892</u>	<u><u>\$ 14,892</u></u>
FUND BALANCE:				
Beginning of year			<u>40,977</u>	
End of year			<u><u>\$ 45,869</u></u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Impact Fees Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 26,789	\$ 19,789
Intergovernmental	900,000	900,000	141,008	(758,992)
Charges for services	1,500,000	1,500,000	1,350,662	(149,338)
Total revenues	2,407,000	2,407,000	1,518,459	(888,541)
EXPENDITURES:				
Current:				
Public works	326,538	486,538	238,602	247,936
Capital outlay	923,254	1,045,054	5,479	1,039,575
Total expenditures	1,249,792	1,531,592	244,081	1,287,511
Net change in fund balance	\$ 1,157,208	\$ 875,408	1,274,378	\$ 398,970
FUND BALANCE:				
Beginning of year			2,688,103	
End of year			\$ 3,962,481	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Downtown Parking Permits Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 375,000	\$ 375,000	\$ 440,350	\$ 65,350
Use of money and property	7,000	7,000	22,783	15,783
Charges for services	-	-	32	32
Total revenues	382,000	382,000	463,165	81,165
EXPENDITURES:				
Current:				
Public safety	21,400	21,400	7,294	14,106
Public works	90,604	90,604	113,596	(22,992)
Capital outlay	1,019,473	1,019,473	7,307	1,012,166
Total expenditures	1,131,477	1,131,477	128,197	1,003,280
REVENUES OVER (UNDER) EXPENDITURES	(749,477)	(749,477)	334,968	(922,115)
OTHER FINANCING SOURCES (USES):				
Transfers out	(25,898)	(25,898)	(25,898)	-
Total other financing sources (uses)	(25,898)	(25,898)	(25,898)	-
Net change in fund balance	\$ (775,375)	\$ (775,375)	309,070	\$ 1,084,445
FUND BALANCE:				
Beginning of year			2,935,236	
End of year			\$ 3,244,306	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Storm Drainage Fees Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 936	\$ 436
Charges for services	5,000	5,000	4,494	(506)
Total revenues	5,500	5,500	5,430	(70)
EXPENDITURES:				
Public works	19,027	19,027	-	19,027
Capital outlay	-	-	1,503	(1,503)
Total expenditures	19,027	19,027	1,503	17,524
Net change in fund balance	\$ (13,527)	\$ (13,527)	3,927	\$ 17,454
FUND BALANCE:				
Beginning of year			112,893	
End of year			\$ 116,820	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Solid Waste Service Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 6,790	\$ 4,790
Intergovernmental	8,753	8,753	8,840	87
Charges for services	240,000	240,000	395,058	155,058
Other	-	-	47,420	47,420
Total revenues	<u>250,753</u>	<u>250,753</u>	<u>458,108</u>	<u>207,355</u>
EXPENDITURES:				
Current:				
General government	16,172	16,172	6,746	9,426
Public works	341,328	341,328	281,218	60,110
Capital outlay	-	-	900	(900)
Total expenditures	<u>357,500</u>	<u>357,500</u>	<u>288,864</u>	<u>68,636</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(106,747)</u>	<u>(106,747)</u>	<u>169,244</u>	<u>138,719</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(43,651)</u>	<u>(43,651)</u>	<u>(43,651)</u>	<u>-</u>
Total other financing sources (uses)	<u>(43,651)</u>	<u>(43,651)</u>	<u>(43,651)</u>	<u>-</u>
Net change in fund balance	<u>\$ (150,398)</u>	<u>\$ (150,398)</u>	<u>125,593</u>	<u>\$ 275,991</u>
FUND BALANCE:				
Beginning of year			<u>939,267</u>	
End of year			<u>\$ 1,064,860</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Bay Area Air Quality Management Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (5)	\$ (5)
Total revenues	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(5)</u>	<u>\$ (5)</u>
FUND BALANCE:				
Beginning of year			<u>2,598</u>	
End of year			<u>\$ 2,593</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Water Management (NPDES) Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 329,000	\$ 329,000	\$ 344,293	\$ 15,293
Charges for services	5,000	5,000	2,560	(2,440)
Total revenues	334,000	334,000	346,853	12,853
EXPENDITURES:				
Current:				
Public works	321,975	321,975	248,622	73,353
Capital outlay	-	-	172	(172)
Total expenditures	321,975	321,975	248,794	73,181
REVENUES OVER (UNDER) EXPENDITURES	12,025	12,025	98,059	86,034
OTHER FINANCING SOURCES (USES):				
Transfers out	(36,954)	(36,954)	(36,954)	-
Total other financing sources (uses)	(36,954)	(36,954)	(36,954)	-
Net change in fund balance	\$ (24,929)	\$ (24,929)	61,105	\$ 86,034
FUND BALANCE:				
Beginning of year			267,577	
End of year			\$ 328,682	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Peninsula Partnership Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,990	\$ 1,990
Total revenues	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>1,990</u>
EXPENDITURES:				
Current:				
Culture and recreation	1,902	1,902	16,040	(14,138)
Capital outlay	-	-	-	-
Total expenditures	<u>1,902</u>	<u>1,902</u>	<u>16,040</u>	<u>(14,138)</u>
Net change in fund balance	<u>\$ (1,902)</u>	<u>\$ (1,902)</u>	<u>(14,050)</u>	<u>\$ (12,148)</u>
FUND BALANCE:				
Beginning of year			<u>(31,680)</u>	
End of year			<u>\$ (45,730)</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement Services Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 200	\$ 200	\$ 133	\$ (67)
Intergovernmental	100,000	100,000	82,839	(17,161)
Total revenues	100,200	100,200	82,972	(17,228)
EXPENDITURES:				
Current:				
Public safety	29,000	29,000	29,265	(265)
Capital outlay	77,187	94,814	78,556	16,258
Total expenditures	106,187	123,814	107,821	15,993
Net change in fund balance	\$ (5,987)	\$ (23,614)	(24,849)	\$ (1,235)
FUND BALANCE:				
Beginning of year			50,034	
End of year			\$ 25,185	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Construction Impact Fees Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,000	\$ 5,000	16,069	\$ 11,069
Charges for services	1,000,000	1,000,000	1,725,457	725,457
Total revenues	1,005,000	1,005,000	1,741,526	736,526
EXPENDITURES:				
Current:				
Public works	73,092	73,092	-	73,092
Capital outlay	1,315,414	1,315,414	219,872	1,095,542
Total expenditures	1,388,506	1,388,506	219,872	1,168,634
Net change in fund balance	\$ 2,393,506	\$ 2,393,506	1,521,654	\$ (871,852)
FUND BALANCE:				
Beginning of year			2,103,076	
End of year			\$ 3,624,730	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Bedwell Bayfront Park Maintenance Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 5,566	\$ 3,566
Charges for services	-	-	475	475
Total revenues	2,000	2,000	6,041	4,041
EXPENDITURES:				
Current:				
Public works	111,418	111,418	71,536	39,882
Capital outlay	5,000	5,000	5,407	(407)
Total expenditures	116,418	116,418	76,943	39,475
REVENUES OVER (UNDER) EXPENDITURES	(114,418)	(114,418)	(70,902)	(35,434)
OTHER FINANCING SOURCES (USES):				
Transfers out	(12,984)	(12,984)	(12,984)	-
Total other financing sources (uses)	(12,984)	(12,984)	(12,984)	-
Net change in fund balance	\$ (127,402)	\$ (127,402)	(83,886)	\$ 43,516
FUND BALANCE:				
Beginning of year			696,145	
End of year			<u>\$ 612,259</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Recreation In-Lieu Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 9,374	\$ 7,874
Charges for services	250,000	250,000	276,000	26,000
Total revenues	251,500	251,500	285,374	33,874
EXPENDITURES:				
Capital outlay	50,000	50,000	67,222	(17,222)
Total expenditures	50,000	50,000	67,222	(17,222)
REVENUES OVER (UNDER) EXPENDITURES	201,500	201,500	218,152	51,096
Net change in fund balance	\$ 251,500	\$ 251,500	218,152	\$ (33,348)
FUND BALANCE:				
Beginning of year			1,164,504	
End of year			\$ 1,382,656	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Sharon Hills Park Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 400	\$ 400	\$ 695	\$ 295
Total revenues	<u>400</u>	<u>400</u>	<u>695</u>	<u>295</u>
EXPENDITURES:				
Current:				
Public works	13,000	13,000	11,645	1,355
Total expenditures	<u>13,000</u>	<u>13,000</u>	<u>11,645</u>	<u>1,355</u>
Net change in fund balance	<u>\$ (12,600)</u>	<u>\$ (12,600)</u>	(10,950)	<u>\$ 1,650</u>
FUND BALANCE:				
Beginning of year			<u>79,548</u>	
End of year			<u>\$ 68,598</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Vintage Oaks Landscape Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ 600	\$ 300
Total revenues	<u>300</u>	<u>300</u>	<u>600</u>	<u>300</u>
EXPENDITURES:				
Current:				
Public works	19,840	19,840	12,816	7,024
Total expenditures	<u>19,840</u>	<u>19,840</u>	<u>12,816</u>	<u>7,024</u>
Net change in fund balance	<u>\$ (19,540)</u>	<u>\$ (19,540)</u>	(12,216)	<u>\$ 7,324</u>
FUND BALANCE:				
Beginning of year			84,657	
End of year			<u>\$ 72,441</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Development Block Grant Special Revenue Fund

For the year ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 18,500	\$ 18,500	\$ -	\$ (18,500)
Charges for services	(18,500)	(18,500)	30	18,530
Total revenues	-	-	30	30
EXPENDITURES:				
Current:				
Urban development and housing	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	30	\$ 30
FUND BALANCE:				
Beginning of year			700,286	
End of year			\$ 700,316	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Miscellaneous Trust Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,998	\$ 1,998
Charges for services	-	-	690,436	690,436
Other	2,000	2,000	9,198	7,198
Total revenues	2,000	2,000	701,632	699,632
EXPENDITURES:				
Current:				
Culture and recreation	102,923	102,923	52,645	50,278
Community development	181,170	181,170	499,472	(318,302)
Capital outlay	9,000	9,000	-	9,000
Total expenditures	293,093	293,093	552,117	(259,024)
REVENUES OVER (UNDER) EXPENDITURES	(291,093)	(291,093)	149,515	440,608
OTHER FINANCING SOURCES (USES):				
Transfers out	(700)	(700)	(700)	-
Total other financing sources (uses)	(700)	(700)	(700)	-
Net change in fund balance	\$ (291,793)	\$ (291,793)	148,815	\$ 440,608
FUND BALANCE:				
Beginning of year			803,046	
End of year			\$ 951,861	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Bond Debt Service Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 429,700	\$ 429,700	\$ 341,382	\$ (88,318)
Use of money and property	2,000	2,000	4,604	2,604
Total revenues	431,700	431,700	345,986	(85,714)
EXPENDITURES:				
Cultural and recreation	450	450	550	(100)
Debt service:				
Principal	380,000	380,000	380,000	-
Interest	51,250	51,250	51,250	-
Total expenditures	431,700	431,700	431,800	(100)
Net change in fund balance	\$ -	\$ -	(85,814)	\$ (85,814)
FUND BALANCE:				
Beginning of year			912,327	
End of year			\$ 826,513	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Recreation GO Bond 2002 Debt Service Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 842,630	\$ 842,630	\$ 1,701,418	\$ 858,788
Use of money and property	1,500	1,500	(745)	(2,245)
Total revenues	844,130	844,130	1,700,673	856,543
EXPENDITURES:				
Culture and recreation	5,900	5,900	5,300	600
Debt service:				
Principal	570,000	570,000	240,000	330,000
Interest	836,957	836,957	1,179,605	(342,648)
Total expenditures	1,412,857	1,412,857	1,424,905	(12,048)
REVENUES OVER (UNDER) EXPENDITURES	(568,727)	(568,727)	275,768	868,591
OTHER FINANCING SOURCES (USES):				
Payment to bond escrow account	-	(1,460,000)	-	(1,460,000)
Total other financing sources (uses)	-	(1,460,000)	-	(1,460,000)
Net change in fund balance	\$ (568,727)	\$ (2,028,727)	275,768	\$ 2,304,495
FUND BALANCE:				
Beginning of year			1,031,027	
End of year			<u>\$ 1,306,795</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Addition Capital Projects Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 996	\$ 496
Total revenues	500	500	996	496
EXPENDITURES:				
Current				
Capital outlay	122,595	122,595	-	122,595
Total expenditures	122,595	122,595	-	122,595
REVENUES OVER (UNDER) EXPENDITURES	(122,095)	(122,095)	996	123,091
Net change in fund balance	\$ (122,095)	\$ (122,095)	996	\$ 123,091
FUND BALANCE:				
Beginning of year			126,369	
End of year			\$ 127,365	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure T 2002 GO Bond Capital Projects Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 2,278	\$ 278
Charges for services	-	-	37,336	37,336
Total revenues	2,000	2,000	39,614	37,614
EXPENDITURES:				
Capital outlay	69,039	59,771	3,975	55,796
Total expenditures	69,039	59,771	3,975	55,796
REVENUES OVER (UNDER) EXPENDITURES	(67,039)	(57,771)	35,639	(18,182)
Net change in fund balance	\$ (67,039)	\$ (57,771)	35,639	\$ 93,410
FUND BALANCE:				
Beginning of year			290,113	
End of year			\$ 325,752	

ENTERPRISE FUNDS

Water Operations Fund - Established to account for the water distributions operations of the Menlo Park Municipal Water District.

Water Capital Improvement Fund - Accounts for the proceeds of the capital surcharge from water operations and is utilized for construction improvements of the water infrastructure.

City of Menlo Park
Combining Schedule of Net Position
Enterprise Funds
June 30, 2014

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
ASSETS			
Current assets:			
Cash and investments	\$ 984	\$ 14,458,807	\$ 14,459,791
Receivables:			
Accounts	1,020,985	100,587	1,121,572
Interest	345	30,351	30,696
Deposits and prepaid expenses	130	-	130
Due from other funds	-	858,326	858,326
Total current assets	1,022,444	15,448,071	16,470,515
Capital assets:			
Non-depreciable	4,503,075	-	4,503,075
Depreciable, net	6,502,671	-	6,502,671
Total capital assets	11,005,746	-	11,005,746
Total assets	12,028,190	15,448,071	27,476,261
LIABILITIES			
Current liabilities:			
Accounts payable	522,460	208,395	730,855
Accrued payroll	35,356	18,473	53,829
Deposits	110,961	-	110,961
Compensated absences	14,010	3,484	17,494
Due to other funds	858,326	-	858,326
Total current liabilities	1,541,113	230,352	1,771,465
Noncurrent liabilities:			
Compensated absences	20,327	5,056	25,383
Total noncurrent liabilities	20,327	5,056	25,383
Total liabilities	1,561,440	235,408	1,796,848
NET POSITION			
Invested in capital assets, net of related debt	11,005,746	-	11,005,746
Restricted for:			
Capital projects	-	15,212,663	15,212,663
Unrestricted	(538,996)	-	(538,996)
Total net position	\$ 10,466,750	\$ 15,212,663	\$ 25,679,413

City of Menlo Park
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2014

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
OPERATING REVENUES:			
Water sales	\$ 6,994,297	\$ 1,025,624	\$ 8,019,921
Connection fees	26,698	-	26,698
Total operating revenues	7,020,995	1,025,624	8,046,619
OPERATING EXPENSES:			
Cost of sales and services	6,231,351	77,223	6,308,574
General and administrative	408,772	-	408,772
Depreciation	199,569	-	199,569
Total operating expenses	6,839,692	77,223	6,916,915
OPERATING INCOME (LOSS)	181,303	948,401	1,129,704
NONOPERATING REVENUES (EXPENSES):			
Interest income	1,642	116,207	117,849
Total nonoperating revenues	1,642	116,207	117,849
INCOME (LOSS) BEFORE TRANSFERS	182,945	1,064,608	1,247,553
TRANSFERS:			
Transfers in	1,125,633	-	1,125,633
Transfers out	(185,881)	(1,125,633)	(1,311,514)
Total transfers	939,752	(1,125,633)	(185,881)
Net income (loss)	1,122,697	(61,025)	1,061,672
NET POSITION:			
Beginning of year	9,344,053	15,273,688	24,617,741
End of year	\$ 10,466,750	\$ 15,212,663	\$ 25,679,413

City of Menlo Park
Combining Schedule of Cash Flows
Enterprise Funds
For the year ended June 30, 2014

	Water Operating Fund	Water Capital Improvement Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/other funds	\$ 6,531,422	\$ 1,082,036
Cash payment to suppliers	(5,596,532)	-
Cash payments for general and administrative	(749,473)	(4,076)
Net cash provided (used) by operating activities	185,417	1,077,960
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers out	(185,881)	-
Net cash provided (used) by noncapital financing activities	(185,881)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	-	(1,125,633)
Net cash provided (used) by capital and related financing activities	-	(1,125,633)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	1,298	141,626
Net cash provided (used) by investing activities	1,298	141,626
Net increase (decrease) in cash and cash equivalents	834	93,953
CASH AND CASH EQUIVALENTS:		
Beginning of year	150	14,364,854
End of year	\$ 984	\$ 14,458,807
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 181,303	\$ 948,401
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	199,569	-
Changes in current assets and liabilities:		
Accounts receivable	(208,834)	81,829
Accounts payable	(94,209)	42,732
Accrued payroll	13,313	10,571
Compensated absences	(4,332)	(5,573)
Deposits	98,607	-
Total adjustments	4,114	129,559
Net cash provided (used) by operating activities	\$ 185,417	\$ 1,077,960

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Total
Water Funds

7,613,458
(5,596,532)
(753,549)

1,263,377

(185,881)

(185,881)

(1,125,633)

(1,125,633)

142,924

142,924

94,787

14,365,004

\$ 14,459,791

\$ 1,129,704

199,569

(127,005)

(51,477)

23,884

(9,905)

98,607

133,673

\$ 1,263,377

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INTERNAL SERVICE FUNDS

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

Workers' Compensation Insurance Fund - This fund accounts for the administration of the City's self-insured Workers' Compensation Insurance Program.

Liability Fire Insurance Fund - This fund accounts for the administration of the City's General Liability Insurance program.

Other Post Employment Benefits - This fund accounts for the financial administration of funding from all City departments for retiree medical benefits as these benefits are earned.

Vehicle Replacement Fund - This fund accounts for the replacement of vehicles and equipment used by various City departments.

City of Menlo Park
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
ASSETS					
Current assets:					
Cash, cash equivalents and investments	\$ 2,301,530	\$ 973,522	\$ -	\$ 373,866	\$ 3,648,918
Receivables:					
Accounts	-	-	6,851	-	6,851
Interest	4,865	2,058	37	790	7,750
Deposits and prepaid items	95,000	50,000	11,567	-	156,567
Total current assets	<u>2,401,395</u>	<u>1,025,580</u>	<u>18,455</u>	<u>374,656</u>	<u>3,820,086</u>
Capital assets:					
Depreciable, net	-	-	-	516,704	516,704
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,704</u>	<u>516,704</u>
Total assets	<u>2,401,395</u>	<u>1,025,580</u>	<u>18,455</u>	<u>891,360</u>	<u>4,336,790</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Current liabilities:					
Accounts payable	125,563	13,632	431	-	139,626
Accrued payroll	3,379	1,060	-	-	4,439
Due to other funds	-	-	90,802	-	90,802
Claims payable, due within one year	612,318	91,038	-	-	703,356
Compensated absences payable, due within one year	3,656	397	-	-	4,053
Total current liabilities	<u>744,916</u>	<u>106,127</u>	<u>91,233</u>	<u>-</u>	<u>942,276</u>
Claims payable, due in more than one year	2,095,539	338,251	-	-	2,433,790
Compensated absences payable, due in more than one year	5,304	575	-	-	5,879
Total liabilities	<u>2,845,759</u>	<u>444,953</u>	<u>91,233</u>	<u>-</u>	<u>3,381,945</u>
Net Position:					
Invested in capital assets, net of related debt	-	-	-	516,704	516,704
Unrestricted	(444,364)	580,627	(72,778)	374,656	438,141
Total net position	<u>\$ (444,364)</u>	<u>\$ 580,627</u>	<u>\$ (72,778)</u>	<u>\$ 891,360</u>	<u>\$ 954,845</u>

City of Menlo Park
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
OPERATING REVENUES:					
Charges for services	\$ 500,035	\$ 945,268	\$ 688,120	\$ 250,750	\$ 2,384,173
Total operating revenues	500,035	945,268	688,120	250,750	2,384,173
OPERATING EXPENSES:					
Personnel services	94,208	29,150	-	-	123,358
General and administrative	30,434	54,686	103,993	-	189,113
Insurance	1,000,810	492,234	566,643	-	2,059,687
Depreciation	-	-	-	142,167	142,167
Total operating expenses	1,125,452	576,070	670,636	142,167	2,514,325
OPERATING INCOME (LOSS)	(625,417)	369,198	17,484	108,583	(130,152)
NONOPERATING REVENUES (EXPENSES):					
Interest and investment earnings	20,604	2,367	467	3,385	26,823
Gain (loss) on sale of equipment	-	-	-	264	264
Total nonoperating revenues (expenses)	20,604	2,367	467	3,649	27,087
NET INCOME (LOSS)	(604,813)	371,565	17,951	112,232	(103,065)
NET POSITION:					
Beginning of the year	160,449	209,062	(90,729)	779,128	1,057,910
End of the year	\$ (444,364)	\$ 580,627	\$ (72,778)	\$ 891,360	\$ 954,845

City of Menlo Park
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from other funds including cash deposits	\$ 504,817	\$ 962,877	\$ 687,966	\$ 282,628	\$ 2,438,288
Cash paid to suppliers	(871,001)	(637,771)	(670,759)	-	(2,179,531)
Cash paid to employees	(19,707)	(28,902)	-	-	(48,609)
Net cash provided (used) by operating activities	(385,891)	296,204	17,207	282,628	210,148
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Contributions	-	-	(17,638)	-	(17,638)
Net cash provided (used) by noncapital financing activities	-	-	(17,638)	-	(17,638)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from disposal of equipment	-	-	-	300	300
Acquisition and construction of capital assets	-	-	-	(229,255)	(229,255)
Net cash provided (used) by capital and related financing activities	-	-	-	(228,955)	(228,955)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings received (paid)	23,283	2,612	431	3,091	29,417
Net cash provided (used) by investing activities	23,283	2,612	431	3,091	29,417
Net increase (decrease) in cash cash and cash equivalents	(362,608)	298,816	-	56,764	(7,028)
Cash, cash equivalents, and investments at beginning of year	2,664,138	674,706	-	317,102	3,655,946
Cash, cash equivalents, and investments at end of year	\$ 2,301,530	\$ 973,522	\$ -	\$ 373,866	\$ 3,648,918

City of Menlo Park
Combining Statement of Cash Flows, Continued
Internal Service Funds
For the year ended June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
RECONCILIATION OF OPERATING					
INCOME (LOSS) TO NET CASH PROVIDED					
(USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (625,417)	\$ 369,198	\$ 17,484	\$ 108,583	\$ (130,152)
Depreciation	-	-	-	142,167	142,167
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Accounts receivable	4,228	245	(191)	31,878	36,160
Prepaid expenses	-	-	(544)	-	(544)
Accounts payable	83,848	(7,718)	458	-	76,588
Payroll liabilities	(799)	248	-	-	(551)
Insurance claim payable	148,041	(65,607)	-	-	82,434
Compensated absence payable	4,208	(162)	-	-	4,046
Total adjustments	239,526	(72,994)	(277)	174,045	340,300
Net cash provided (used) by operating activities	\$ (385,891)	\$ 296,204	\$ 17,207	\$ 282,628	\$ 210,148

City of Menlo Park
Combining Statement of Net Position
Agency Funds
June 30, 2014

	Refundable Deposits	Cash Bonds Payable	Payroll Revolving	Total Agency Funds
ASSETS				
Cash and investments	\$ 373,827	\$ 900	\$ (342,942)	\$ 31,785
Accounts receivable	-	-	652	652
Prepays	-	-	342,290	342,290
Total assets	\$ 373,827	\$ 900	\$ -	\$ 374,727
LIABILITIES				
Deposits	\$ 373,827	\$ 900	\$ -	\$ 374,727
Total liabilities	\$ 373,827	\$ 900	\$ -	\$ 374,727

City of Menlo Park
Combining Statement of Changes in Net Position
Agency Funds
For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Refundable Deposits</u>				
Assets:				
Cash and investments	\$ 444,044	\$ 210,648	\$ (280,865)	\$ 373,827
Liabilities:				
Accounts payable	\$ 3,000	\$ 277,865	\$ (280,865)	\$ -
Deposits	441,044	207,648	(274,865)	373,827
Total liabilities	\$ 444,044	\$ 485,513	\$ (555,730)	\$ 373,827
<u>Cash Bonds Payable</u>				
Assets:				
Cash and investments	\$ 900	\$ -	\$ -	\$ 900
Liabilities:				
Deposits	\$ 900	\$ -	\$ -	\$ 900
<u>Payroll Revolving</u>				
Assets:				
Cash and investments	\$ (131,818)	\$ 3,696,256	\$ (3,907,380)	\$ (342,942)
Accounts receivable	-	652	-	652
Prepays	274,152	342,290	(274,152)	342,290
Total assets	\$ 142,334	\$ 4,039,198	\$ (4,181,532)	\$ -
Liabilities:				
Accounts payable	\$ 142,334	\$ 18,281,671	\$ (18,424,005)	\$ -
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 313,126	\$ 3,906,904	\$ (4,188,245)	\$ 31,785
Prepays	274,152	342,290	(274,152)	342,290
	\$ 587,278	\$ 4,249,194	\$ (4,462,397)	\$ 374,075
Liabilities:				
Accounts payable	\$ 145,334	\$ 18,559,536	\$ (18,704,870)	\$ -
Deposits	441,944	207,648	(274,865)	374,727
Total liabilities	\$ 587,278	\$ 18,767,184	\$ (18,979,735)	\$ 374,727

City of Menlo Park
Combining Schedule of Net Position
Private-Purpose Trust Fund - Successor Agency
June 30, 2014

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency Funds
ASSETS			
Current assets:			
Cash and investments:			
Held with City	\$ 3,103,687	\$ 10	\$ 3,103,697
Held with trustees	10,691,742	-	10,691,742
Total assets	13,795,429	10	13,795,439
DEFERRED OUTFLOWS OF RESOURCES			
Interest rate swap instrument	10,322,626	-	10,322,626
Deferred loss of refunding	2,176,116	-	2,176,116
Total deferred outflows of resources	12,498,742	-	12,498,742
LIABILITIES			
Liabilities:			
Accounts payable	16,545	-	16,545
Interest payable	189,770	-	189,770
Deposits	108,891	-	108,891
Long-term debt:			
Other long-term debt (Note 6)	10,322,626	-	10,322,626
Due within one year	2,091,528	-	2,091,528
Due in more than one year	57,404,448	-	57,404,448
Total liabilities	70,133,808	-	70,133,808
NET POSITION			
Held in trust for other governments	(43,839,637)	10	(43,839,627)
Total net position	\$ (43,839,637)	\$ 10	\$ (43,839,627)

City of Menlo Park
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the year ended June 30, 2014

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency
Additions:			
Property taxes	\$ 6,484,737	\$ -	\$ 6,484,737
Investment earnings	116,200	2	116,202
Other	-	1,678,196	1,678,196
Total additions	6,600,937	1,678,198	8,279,135
Deductions:			
Program expenses of former redevelopment agency	19,205	-	19,205
Interest and fiscal agency expenses of former redevelopment agency	4,192,647	-	4,192,647
Total deductions	4,211,852	-	4,211,852
Extraordinary gain(loss)	-	(7,373,173)	(7,373,173)
Change in net position	2,389,085	(5,694,975)	(3,305,890)
Net position - beginning of the year	(47,027,987)	5,694,985	(41,333,002)
Prior period adjustment	799,265	-	799,265
net position - end of the year	\$ (43,839,637)	\$ 10	\$ (43,839,627)

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Statistical Section

Fiscal Year 2013-2014

- Unaudited -

This part of the City of Menlo Park's comprehensive annual financial report presents detailed information as a context to aid in understanding of the information in the financial statements, note disclosures, and required supplementary information regarding the City's overall financial health.

Financial Trend

Schedule #

These schedules contain trend information to help the readers understand how the City of Menlo Park's financial performance and well-being have changed over time.

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

Revenue Capacity

These schedules contain information to help the readers assess the City of Menlo Park's most significant local revenue resource, property taxes.

Governmental Funds by Source	5
Governmental Funds Taxes by Type	6
Assessed Valuation, Tax Rates, and Tax Levies	7

Debt Capacity

These schedules present information to help the readers assess the affordability of the City of Menlo Park's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Direct and Overlapping Property Tax Rates	8
Principal Property Tax Payers	9
Property Tax Levies and Collections	10
Ratios of Outstanding Debt by Type	11
Direct and Overlapping Debt	12
Legal Debt Service Margin Informations	13

Demographic and Economic Information

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

Demographic and Economic Statistics	14
Principal Employers	15
Full Time Equivalent City Employees by Function	16

Operating Information

These schedules contain service and infrastructure data to help the readers understand how the information in the City's financial reports relate to the services the City provides and the activities it performs.

Operating Indicators by Demand and Level of Service by Function/Program	17
Capital Asset Statistics by Function	18
Capital Asset and Infrastructure Statistics by Activities	19
Water Sold by Type of Customer	20
Water Service Rates	21
Miscellaneous Statistics	22

Net Position by Component

Financial Trend:
Schedule 1

June 30, 2014

Fiscal Year Ending June 30, ____

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Government Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 276,025,463	\$ 266,250,790	\$ 260,060,574	\$ 265,272,383	\$ 261,153,596	\$ 259,274,758	\$ 279,942,360	\$ 345,357,433	\$ 347,050,366	\$ 344,119,674
Restricted for:										
Capital Projects	37,452,612	16,297,615	17,102,064	20,378,994	18,207,379	19,717,874	14,582,060	9,432,413	14,394,634	13,601,651
Debt Service	1,287,410	8,366,348	10,581,505	10,759,071	12,184,002	12,630,096	12,662,667	2,225,873	1,943,354	2,133,308
Community Development	-	6,187,396	5,866,768	6,160,144	6,140,612	6,265,677	-	-	-	-
Special Projects	2,094,806	4,647,861	809,974	1,034,326	1,203,583	5,857,506	9,176,084	2,842,844	1,501,478	2,238,560
Total Restricted - Government Activities	40,834,828	35,499,220	34,360,311	38,332,535	37,735,576	44,471,153	36,420,811	14,501,130	17,839,466	17,973,519
Total Unrestricted - Government Activities	47,350,857	51,292,783	71,773,633	66,120,512	74,932,478	69,032,234	61,310,616	49,224,495	50,586,566	60,530,382
Total Government Activities	\$ 364,211,148	\$ 353,042,793	\$ 366,194,518	\$ 369,725,430	\$ 373,821,650	\$ 372,778,145	\$ 377,673,787	\$ 409,083,058	\$ 415,476,398	\$ 422,623,575
<u>Business-Type Activities</u>										
Related Debt	\$ 7,119,922	\$ 7,440,931	\$ 7,391,343	\$ 7,532,369	\$ 7,620,626	\$ 7,790,683	\$ 8,536,711	\$ 9,524,216	\$ 10,079,682	\$ 11,005,746
Restricted for:										
Capital Projects	9,743,217	10,653,717	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663
Special Projects	-	-	-	-	-	-	-	-	-	-
Total Restricted - Business-Type Activities	9,743,217	10,653,717	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663
Total Unrestricted - Business-Type Activities	4,541,177	4,067,282	3,710,223	1,216,854	776,214	144,088	(397,806)	(431,529)	(735,629)	(538,996)
Total Business-Type Activities	\$ 21,404,316	\$ 22,161,930	\$ 22,953,125	\$ 24,133,098	\$ 24,915,793	\$ 24,878,987	\$ 24,909,905	\$ 24,474,532	\$ 24,617,741	\$ 25,679,413

Source: City of Menlo Park

(Continued)

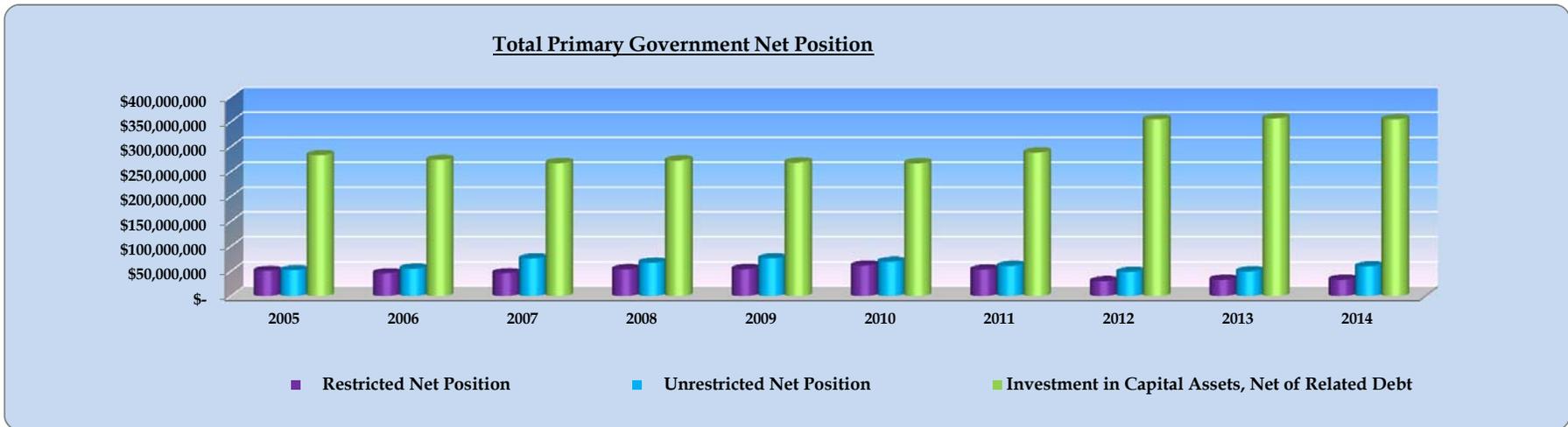
Net Position by Component

Financial Trend:
Schedule 1

June 30, 2014

Fiscal Year Ending June 30, ____

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Primary Government</u>										
Investment in Capital Assets, Net of Related Debt	\$ 283,145,385	\$ 273,691,721	\$ 267,451,917	\$ 272,804,752	\$ 268,774,222	\$ 267,065,441	\$ 288,479,071	\$ 354,881,649	\$ 357,130,048	\$ 355,125,420
Unrestricted Net Position	51,892,034	55,360,065	75,483,856	67,337,366	75,708,692	69,176,322	60,912,810	48,792,966	49,850,937	59,991,386
Investment in Capital Assets & Unrestricted Net Position	335,037,419	329,051,786	342,935,773	340,142,118	344,482,914	336,241,763	349,391,881	403,674,615	406,980,985	415,116,806
Restricted Net Position	50,578,045	46,152,937	46,211,870	53,716,410	54,254,529	61,415,369	53,191,811	29,882,975	33,113,154	33,186,182
Total Primary Government Net Position	<u>\$ 385,615,464</u>	<u>\$ 375,204,723</u>	<u>\$ 389,147,643</u>	<u>\$ 393,858,528</u>	<u>\$ 398,737,443</u>	<u>\$ 397,657,132</u>	<u>\$ 402,583,692</u>	<u>\$ 433,557,590</u>	<u>\$ 440,094,139</u>	<u>\$ 448,302,988</u>
% of Change - from Prior Year	-1.9%	-2.7%	3.7%	1.2%	1.2%	-0.3%	1.2%	7.7%	1.5%	1.9%



Source: City of Menlo Park

Changes in Net Position
June 30, 2014

Financial Trend:
Schedule 2

	Fiscal Year Ending June 30, ____									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Primary Government-Program Revenues</u>										
Governmental Activities										
Charges for Services										
General Government	\$ 4,486,715	\$ 4,649,505	\$ 3,676,393	\$ 3,539,934	\$ 3,123,825	\$ 3,145,514	\$ 2,878,920	\$ 2,830,591	\$ 3,125,908	\$ 3,011,181
Public Safety	1,240,807	1,086,348	1,241,847	5,154,247	1,390,649	1,505,640	1,830,534	1,609,755	1,579,674	2,031,899
Public Works	3,391,517	3,609,732	6,541,634	3,837,839	2,753,607	2,922,929	4,109,836	3,650,442	6,924,069	6,189,576
Culture and Recreation	2,835,631	2,949,807	3,291,723	3,345,055	3,323,877	3,434,135	3,077,788	3,679,129	3,873,165	3,782,550
Community Development	2,377,251	3,897,805	6,170,024	3,952,454	4,145,205	2,122,221	3,408,895	4,994,156	3,695,171	5,467,278
Operating Grants and Contributions	1,712,952	1,681,505	3,251,025	2,369,502	2,428,500	2,557,313	2,185,417	2,729,866	1,644,022	1,438,966
Capital Grants and Contributions (1)	686,540	268,468	520,156	1,030,839	2,569,003	2,549,779	12,342,612	6,922,360	2,353,049	2,341,476
Total Governmental Activities-Program Revenues	16,731,413	18,143,170	24,692,802	23,229,870	19,734,666	18,237,531	29,834,002	26,416,299	23,195,058	24,262,926
Business-Type Activities										
Charges for Services	3,305,954	3,567,919	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619
Capital Grants and Contributions	462,525	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	3,768,479	3,567,919	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619
Total Primary Government-Program Revenues	20,499,892	21,711,089	28,573,917	27,713,015	24,086,813	22,496,448	34,769,651	32,166,958	29,828,205	32,309,545
<u>General Revenues & Other Changes in Net Position</u>										
Governmental Activities										
Taxes										
Property Taxes (2)	17,755,873	19,621,262	20,634,276	23,292,838	24,213,136	23,753,592	23,936,578	13,239,856	15,731,889	15,156,065
Sales Taxes	6,057,460	6,503,635	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292
Transient Occupancy Tax	1,101,929	1,237,697	1,375,914	1,474,119	1,351,578	2,074,486	2,453,981	2,939,475	3,468,256	4,158,809
Other Taxes	3,259,064	2,022,174	2,267,911	3,262,586	3,953,097	3,960,714	4,490,992	4,607,758	4,556,371	4,946,135
Total Taxes	28,174,326	29,384,768	31,077,662	35,706,486	36,382,963	35,288,036	36,869,606	26,725,399	29,800,386	30,705,301
Investment Earnings	2,239,123	3,482,982	5,175,930	6,076,112	4,645,732	2,085,808	1,431,440	1,133,432	647,963	982,640
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	547,749	264
Miscellaneous	77,106	212,819	372,534	706,444	193,370	30,125	235,145	255,185	107,652	1,222,100
Transfers	216,700	227,700	238,700	184,711	198,814	160,814	165,639	170,605	181,525	185,881
Extraordinary gain (3),(4)	-	-	-	-	-	-	-	28,170,332	-	771,822
Total Governmental Activities - General Revenues	30,707,255	33,308,269	36,864,826	42,673,753	41,420,879	37,564,783	38,701,830	56,454,953	31,285,275	33,868,008
Business-type Activities										
Investment Earnings	333,040	498,773	750,700	957,071	667,230	242,433	135,619	103,480	(8,799)	117,849
Miscellaneous	-	-	-	344	10,000	935	-	(5,953)	-	-
Transfers	(216,700)	(227,700)	(238,700)	(184,711)	(198,814)	(160,814)	(165,639)	(170,605)	(181,525)	(185,881)
Total Business-Type Activities - General Revenues	116,340	271,073	512,000	772,704	478,416	82,554	(30,020)	(73,078)	(190,324)	(68,032)
Total Primary Government-Program Revenues, General Revenues & Other Changes in Net Position	51,323,487	55,290,431	65,950,743	71,159,472	65,986,108	60,143,785	73,441,461	88,548,833	60,923,156	66,109,521

Source: City of Menlo Park

Notes:

- (1) In fiscal year 2010-11 and 2011-2012, capital contributions include construction of Arrillaga Family Gym, Recreation Center, and Gymnastics Center.
- (2) In fiscal year 2005-06, Property tax in lieu of Motor Vehicle License fees was reclassified to Property Taxes.
- (3) In fiscal year 2011-12, extraordinary gain was due to dissolution of the Community Development Agency.
- (4) In fiscal year 2013-14 extraordinary gain was due to the sale of the Hamilton Ave property.

(Continued)

Changes in Net Position
June 30, 2014

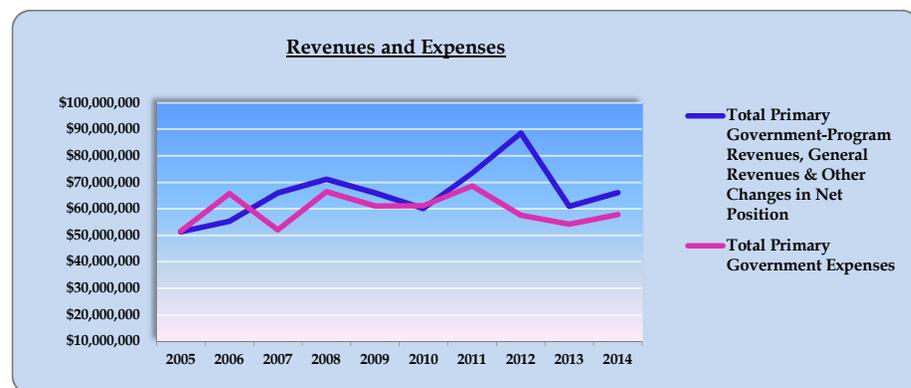
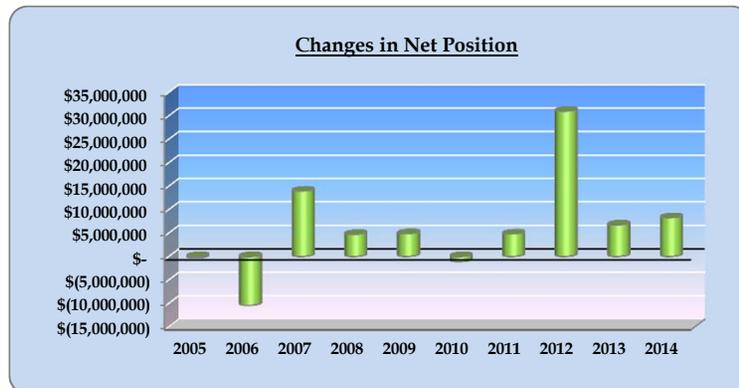
Financial Trend:
Schedule 2

	Fiscal Year Ending June 30, ____									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General Government	7,322,997	7,761,696	6,857,574	8,145,031	6,507,831	6,353,156	8,845,324	7,386,399	6,332,057	8,057,304
Public Safety (4)	9,196,468	9,092,996	11,191,323	15,763,116	13,755,857	13,605,071	20,707,475	14,248,362	14,080,936	14,237,536
Public Works	11,040,198	10,275,029	9,723,201	12,332,849	10,717,616	10,635,694	10,789,784	10,809,670	10,920,198	11,638,045
Culture and Recreation	7,547,337	7,781,549	8,647,013	11,276,226	9,723,210	9,616,046	9,461,866	9,860,317	11,077,343	11,400,791
Community Development (5)	8,721,659	23,179,192	6,916,391	9,817,989	12,644,222	12,615,612	9,470,060	6,186,002	4,240,784	4,384,310
Interest on Long-Term Debt	4,602,336	4,529,332	5,070,401	5,037,500	3,710,590	4,020,241	4,481,135	2,971,231	1,229,193	1,219,698
Total Governmental Activities Expenses	48,430,995	62,619,794	48,405,903	62,372,711	57,059,325	56,845,819	63,755,644	51,461,981	47,880,511	50,937,684
Business-Type Activities										
Water	3,187,578	3,081,378	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915
Total Business-Type Activities Expenses	3,187,578	3,081,378	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915
Total Primary Government Expenses	51,618,573	65,701,172	52,007,822	66,448,587	61,107,193	61,224,096	68,630,355	57,574,935	54,180,125	57,854,599
Net Revenue (Expenses)										
Governmental Activities	(31,699,582)	(44,476,624)	(23,713,101)	(39,142,841)	(37,324,659)	(38,608,288)	(33,921,642)	(25,045,682)	(24,685,453)	(26,674,758)
Business-type Activities	580,901	486,541	279,196	407,269	304,279	(119,360)	60,938	(362,295)	333,533	1,129,704
Total Net Revenue (Expenses)	(31,118,681)	(43,990,083)	(23,433,905)	(38,735,572)	(37,020,380)	(38,727,648)	(33,860,704)	(25,407,977)	(24,351,920)	(25,545,054)
Changes in Net Position										
Governmental Activities	(992,327)	(11,168,355)	13,151,725	3,530,912	4,096,220	(1,043,505)	4,780,188	31,409,271	6,599,822	7,193,250
Business-type Activities	697,241	757,614	791,196	1,179,973	782,695	(36,806)	30,918	(435,373)	143,209	1,061,672
Changes in Net Position	\$ (295,086)	\$ (10,410,741)	\$ 13,942,921	\$ 4,710,885	\$ 4,878,915	\$ (1,080,311)	\$ 4,811,106	\$ 30,973,898	\$ 6,743,031	\$ 8,254,922

Notes:

(4) In fiscal year 2010-11, City paid off a \$ 7.1 million pension liability for safety employees.

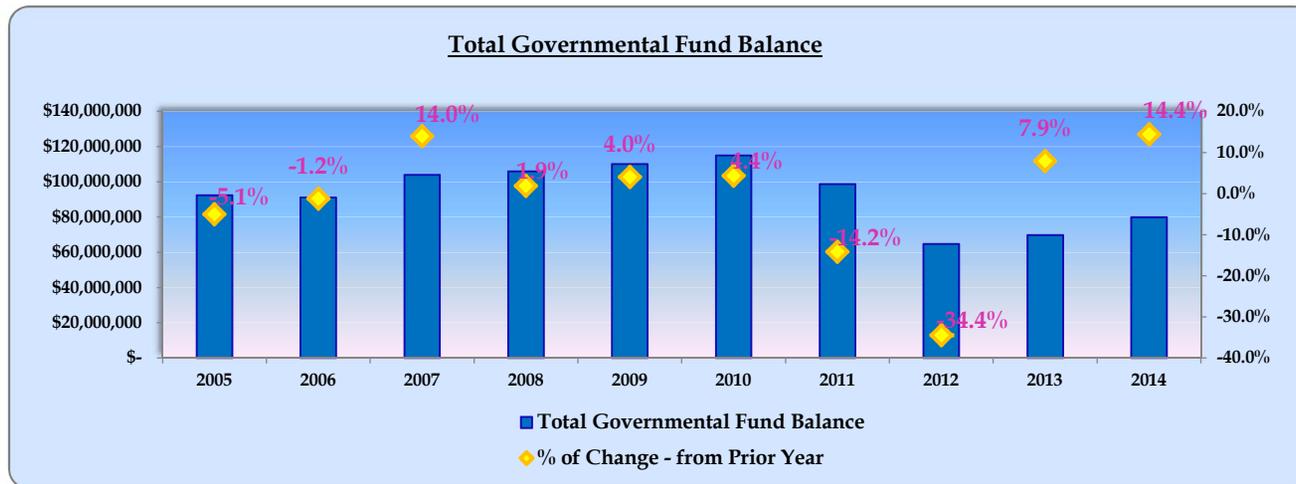
(5) Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development Agency of the City to the developers.



Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 3

	Fiscal Year Ending June 30, __									
	2005	2006	2007	2008	2009	2010	2011 *	2012	2013	2014
<u>General Fund</u>										
Nonspendable	\$ 1,487,329	\$ 1,503,411	\$ 202,244	\$ -	\$ 1,529,495	\$ 1,196,456	\$ 1,435,026	\$ 2,227,593	\$ 1,005,376	\$ 1,076,587
Committed	5,106,483	5,865,122	3,000,000	3,000,000	3,000,000	3,000,000	14,000,000	14,000,000	14,000,000	16,240,000
Assigned	3,158,044	3,130,894	2,934,623	3,278,658	3,034,172	2,999,575	2,592,173	3,494,188	2,728,033	4,307,634
Unassigned	<u>22,054,356</u>	<u>25,001,249</u>	<u>29,521,304</u>	<u>21,003,074</u>	<u>19,144,493</u>	<u>18,231,011</u>	<u>1,578,736</u>	<u>1,776,214</u>	<u>4,644,239</u>	<u>6,367,022</u>
General Fund Balance	31,806,212	35,500,676	35,658,171	27,281,732	26,708,160	25,427,042	19,605,935	21,497,995	22,377,648	27,991,243
<u>Other Governmental Funds</u>										
Nonspendable	2,686,585	6,187,396	6,186,018	6,160,144	6,140,612	2,554,413	2,475,807	4,233,517	4,907,442	565
Restricted	1,287,410	8,366,348	10,581,508	10,759,071	12,184,002	12,630,096	76,633,611	38,934,347	42,501,844	21,704,829
Committed	500,000	500,000	-	-	-	-	-	-	-	14,350,759
Assigned	56,509,986	42,674,483	52,333,571	61,727,238	65,056,016	74,302,453	-	-	-	15,834,509
Unassigned	<u>(500,245)</u>	<u>(2,080,256)</u>	<u>(880,527)</u>	<u>(94,386)</u>	<u>-</u>	<u>-</u>	<u>(105,083)</u>	<u>-</u>	<u>-</u>	<u>(54,106)</u>
Total Other Governmental Fund Balance	60,483,736	55,647,971	68,220,570	78,552,067	83,380,630	89,486,962	79,004,335	43,167,864	47,409,286	51,836,556
Total Governmental Fund Balance	<u>\$ 92,289,948</u>	<u>\$ 91,148,647</u>	<u>\$ 103,878,741</u>	<u>\$ 105,833,799</u>	<u>\$ 110,088,790</u>	<u>\$ 114,914,004</u>	<u>\$ 98,610,270</u>	<u>\$ 64,665,859</u>	<u>\$ 69,786,934</u>	<u>\$ 79,827,799</u>
% of Change - from Prior Year	-5.1%	-1.2%	14.0%	1.9%	4.0%	4.4%	-14.2%	-34.4%	7.9%	14.4%



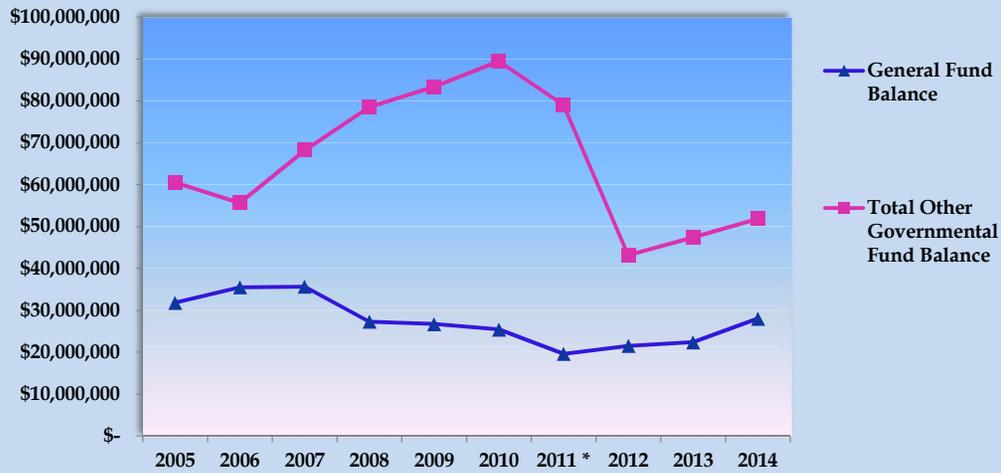
Source: City of Menlo Park

* GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" implemented in 2010-11.

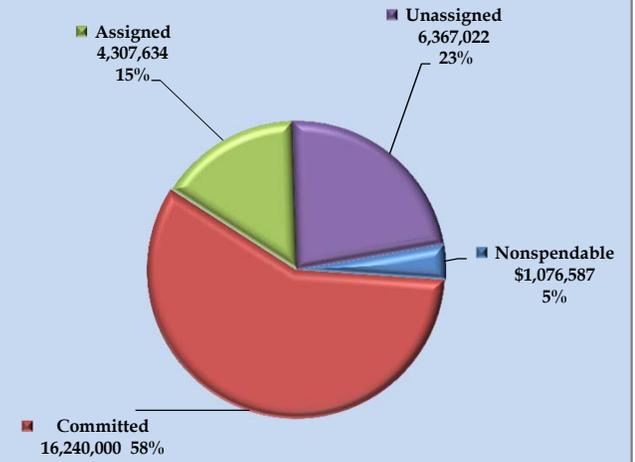
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Fund Balances - Governmental Funds
Last Ten Fiscal Years

General Fund and Other Governmental Fund Balances



General Fund Balance - June 30, 2014



Source: City of Menlo Park

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

	Fiscal Year Ending June 30, _____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes										
Secured property taxes	\$ 15,771,442	\$ 17,573,221	\$ 18,597,314	\$ 21,081,671	\$ 22,050,255	\$ 21,912,423	\$ 21,810,655	\$ 12,258,233	\$ 14,854,925	\$ 14,081,491
Unsecured property taxes	1,378,158	1,330,885	1,337,681	1,752,345	1,817,213	1,422,317	1,577,479	404,916	351,099	384,686
Other property taxes	606,274	717,157	699,280	458,822	345,670	418,851	548,444	576,707	525,865	689,888
Sales taxes	6,057,460	6,503,635	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292
Other Taxes(1)	3,521,874	3,761,949	4,664,247	5,878,652	5,214,176	5,940,486	6,774,780	7,530,245	8,007,960	9,085,311
Special assessments	2,362,435	2,433,635	2,537,408	2,661,078	2,894,276	2,824,098	2,818,829	2,862,076	2,831,235	3,131,099
Licenses and permits	2,917,357	3,432,745	3,657,542	4,376,750	3,208,028	3,069,990	3,586,374	4,093,978	4,845,041	6,222,575
Fines and forfeitures	832,897	792,005	897,568	951,145	1,105,836	1,028,825	953,194	1,067,328	998,259	1,253,261
Use of money and property	2,656,739	3,482,982	5,542,009	6,162,279	4,528,617	1,918,576	1,406,100	1,102,320	594,476	955,817
Intergovernmental	4,176,319	2,691,439	2,750,760	3,533,679	3,180,550	3,219,749	2,547,164	2,325,236	2,276,829	1,757,274
Charges for services	6,873,012	8,047,145	13,884,432	10,713,906	10,221,426	8,738,183	10,486,567	11,943,461	13,225,264	13,312,487
Other Revenues	77,106	212,817	372,534	702,342	186,473	334,959	234,550	270,567	202,137	141,434
Total Revenues	<u>47,231,073</u>	<u>50,979,615</u>	<u>61,740,336</u>	<u>65,949,612</u>	<u>61,617,672</u>	<u>56,327,701</u>	<u>58,732,191</u>	<u>50,373,377</u>	<u>54,756,960</u>	<u>57,459,615</u>
Expenditures										
Current										
General Government	6,154,281	6,652,130	5,938,008	6,168,001	6,372,271	6,442,817	6,209,988	4,545,864	5,204,412	5,567,633
Public Safety(2)	9,078,447	8,929,677	11,212,320	12,476,614	13,371,606	13,532,394	20,568,030	13,978,279	13,831,018	14,194,657
Public Works	7,218,664	7,750,882	7,387,498	7,774,129	7,991,160	7,768,455	7,929,428	7,886,059	8,174,802	8,130,751
Culture and Recreation	7,195,048	7,303,573	7,813,935	8,359,386	8,669,415	8,570,915	8,286,639	8,287,074	9,014,947	9,330,874
Rehabilitation Loans	190,050	400,100	-	-	-	-	-	-	-	-
Community Development	3,780,494	4,088,283	3,233,905	4,325,628	4,533,291	4,354,345	4,061,407	5,560,374	3,937,710	4,248,952
Urban Development and Housing	4,722,358	4,544,265	3,439,609	4,101,470	4,236,426	7,312,083	5,399,919	614,951	286,699	133,523
Capital Outlay	8,346,574	10,260,993	2,989,734	4,545,565	6,405,132	8,314,011	16,030,908	10,215,010	7,904,805	5,999,875
Debt Service										
Principal(3)	1,770,000	1,855,000	475,000	2,115,000	2,215,000	2,305,000	2,420,000	2,570,000	760,000	620,000
Interest and Fiscal Charges(4)	4,614,326	6,224,963	3,768,661	4,868,947	3,540,575	3,581,456	4,295,839	4,254,712	1,255,585	1,230,855
Total Expenditures	<u>53,070,242</u>	<u>58,009,866</u>	<u>46,258,670</u>	<u>54,734,740</u>	<u>57,334,876</u>	<u>62,181,476</u>	<u>75,202,158</u>	<u>57,912,323</u>	<u>50,369,978</u>	<u>49,457,120</u>
Revenues over (under) Expenditures	<u>(5,839,169)</u>	<u>(7,030,251)</u>	<u>15,481,666</u>	<u>11,214,872</u>	<u>4,282,796</u>	<u>(5,853,775)</u>	<u>(16,469,967)</u>	<u>(7,538,946)</u>	<u>4,386,982</u>	<u>8,002,495</u>

Source: City of Menlo Park

Notes:

- (1) Other Taxes include Franchise & Occupancy, Utility Users, Highway Users and County Transportation taxes.
- (2) In fiscal year 2010-11, the large increase was due to paying off the PERS safety side fund.
- (3) Principal payment due on the 2006 Las Pulgas Tax Allocation Refunding Bonds on January 1, 2008.
- (4) Interest and Fiscal Charges include cost of issuance and bond insurance.

(Continued)

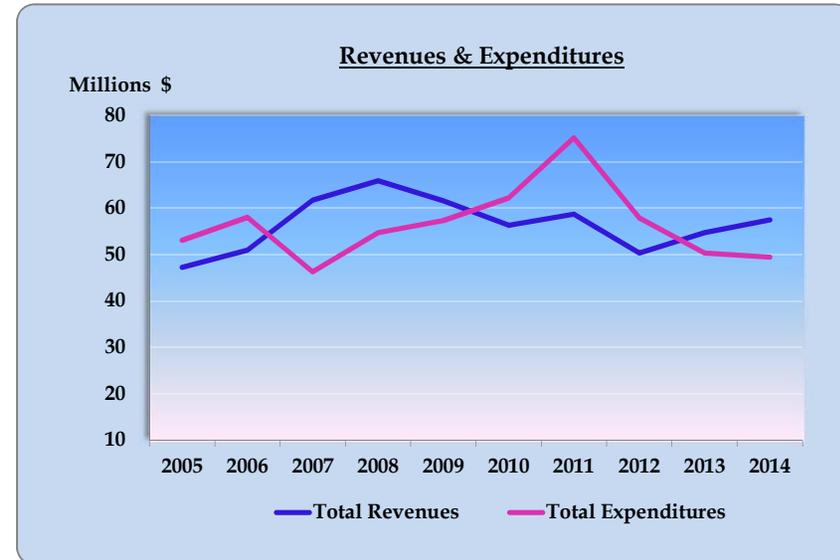
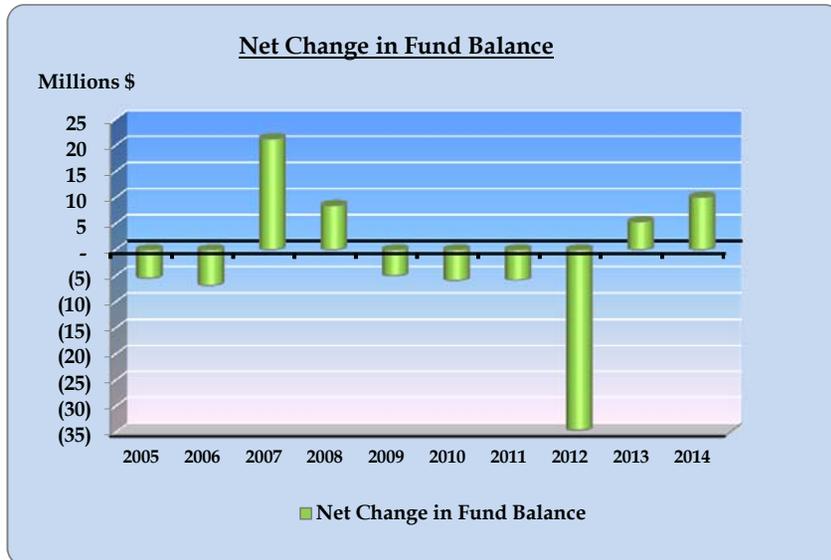
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

	Fiscal Year Ending June 30, ____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other Financing Sources (Uses)										
Transfer In	3,443,703	2,831,593	16,376,591	7,551,944	10,799,042	7,159,491	7,297,500	9,722,425	6,091,632	2,994,261
Transfer Out	(3,227,003)	(2,614,893)	(16,148,891)	(10,586,019)	(20,058,856)	(7,188,677)	(7,136,686)	(9,551,820)	(5,910,107)	(2,808,380)
Proceeds from Sale of Fixed/Capital Assets	196,131	15,633	3,985,446	282,503	-	1,381	3,204	-	766,855	1,080,667
Proceeds from Debt Issuance	-	-	72,430,000	-	-	-	10,440,000	9,830,000	-	-
Payment to Escrow Agent	-	-	(70,525,172)	-	-	-	-	(11,166,467)	-	-
Discount on Issuance of Debt	-	-	(336,800)	-	-	-	74,971	(73,725)	-	-
Total Other Financing Sources (Uses)	412,831	232,333	5,781,174	(2,751,572)	(9,259,814)	(27,805)	10,678,989	(1,239,587)	948,380	1,266,548
Extraordinary gain(loss)(6),(7)	-	-	-	-	-	-	-	(25,814,163)	-	771,822
Net Change in Fund Balance	\$ (5,426,338)	\$ (6,797,918)	\$ 21,262,840	\$ 8,463,300	\$ (4,977,018)	\$ (5,881,580)	\$ (5,790,978)	\$ (34,592,696)	\$ 5,335,362	\$ 10,040,865
% of Change	-16.7%	25.3%	-412.8%	-60.2%	-158.8%	18.2%	-1.5%	497.4%	-115.4%	88.2%

Debt Service as Percentage of Non-Capital Expenditures

14.3%	16.9%	9.8%	13.9%	11.3%	10.9%	11.3%	14.3%	4.7%	4.3%
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Source: City of Menlo Park

(6) In fiscal year 2011-12, the extraordinary gain was due to dissolution of the Community Development Agency

(7) In fiscal year 2013-14, the extraordinary gain was due to sale of the Hamilton Ave. property

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

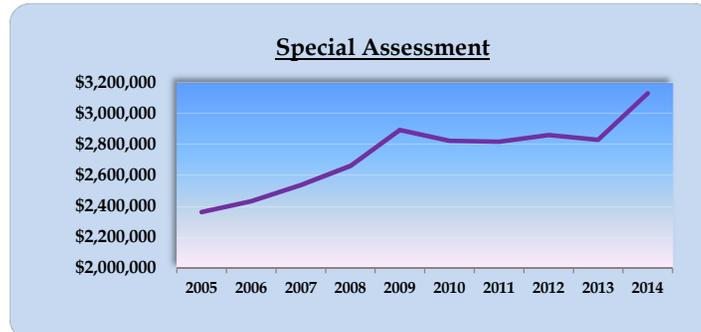
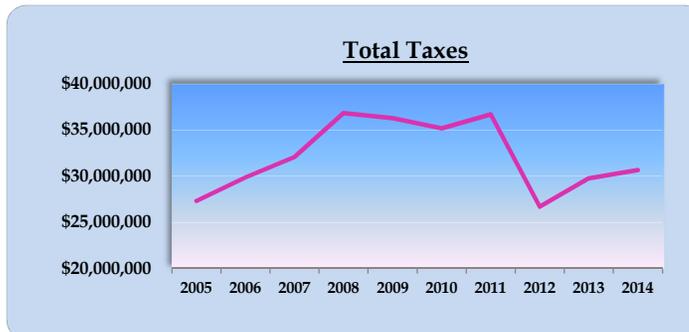
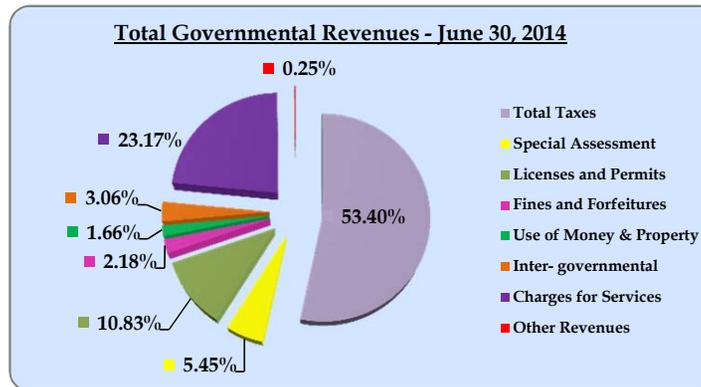
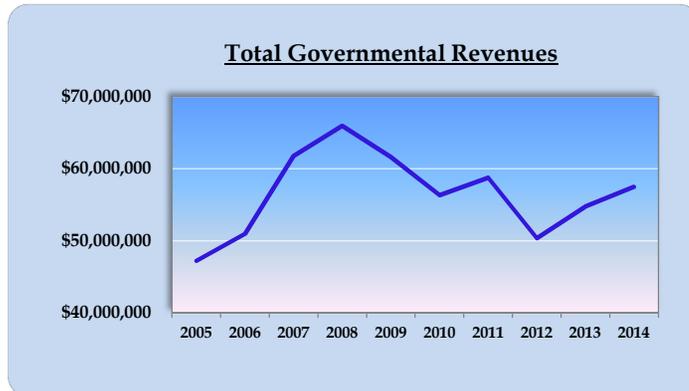
Revenue Capacity:
Schedule 5

Fiscal Year Ending June 30	Total Taxes	Special Assessment	Licenses and Permits	Fines and Forfeitures	Use of Money & Property	Inter- governmental	Charges for Services	Other Revenues	Total Governmental Revenues
2005	\$ 27,335,208	\$ 2,362,435	\$ 2,917,357	\$ 832,897	\$ 2,656,739	\$ 4,176,319	\$ 6,873,012	\$ 77,106	\$ 47,231,073
2006	29,886,847 (2)	2,433,635	3,432,745	792,005	3,482,982	2,691,439	8,047,145	212,817	50,979,615
2007	32,098,083	2,537,408	3,657,542	897,568	5,542,009	2,750,760	13,884,432	372,534	61,740,336
2008	36,848,433	2,661,078	4,376,750	951,145	6,162,279	3,533,679	10,713,906	702,342	65,949,612
2009	36,292,466	2,894,276	3,208,028	1,105,836	4,528,617	3,180,550	10,221,426	186,473	61,617,672
2010	35,193,321	2,824,098	3,069,990	1,028,825	1,918,576	3,219,749	8,738,183	334,959	56,327,701
2011	36,699,413	2,818,829	3,586,374	953,194	1,406,100	2,547,164	10,486,567	234,550	58,732,191
2012	26,708,411	2,862,076	4,093,978	1,067,328	1,102,320	2,325,236	11,943,461	270,567	50,373,377
2013	29,783,719	2,831,235	4,845,041	998,259	594,476	2,276,829	13,225,264	202,137	54,756,960
2014	30,685,668	3,131,099	6,222,575	1,253,261	955,817	1,757,274	13,312,487	141,434	57,459,615

Source: City of Menlo Park

⁽¹⁾ General governmental revenues by source consist of the following City funds: General, Special Revenue, Debt Service, Capital Projects and Expendable Trusts.

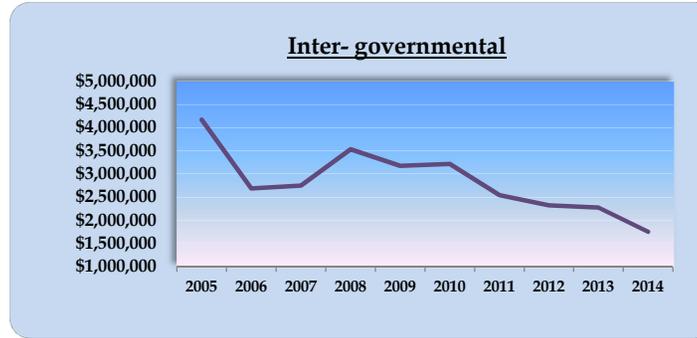
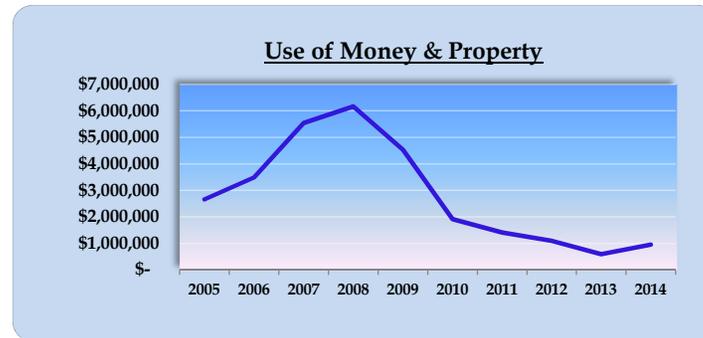
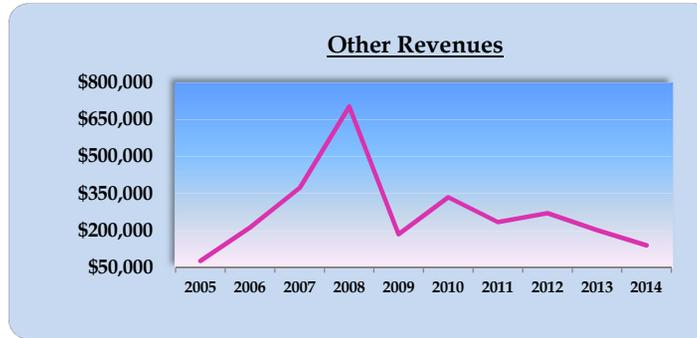
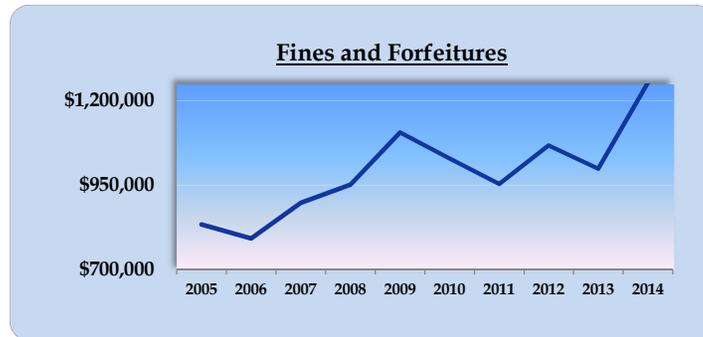
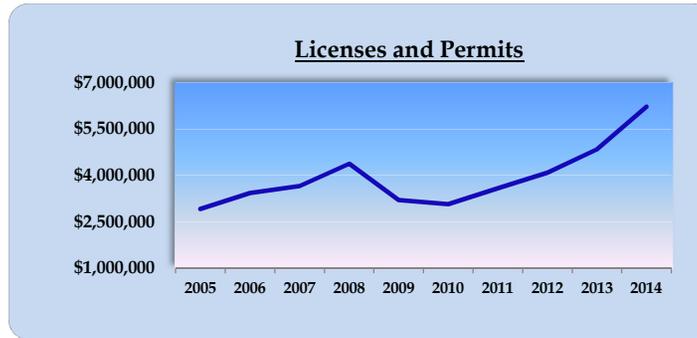
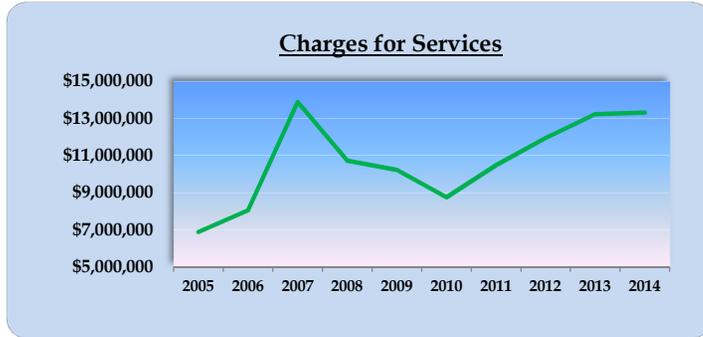
⁽²⁾ In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.



(Continued)

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

Revenue Capacity:
Schedule 5



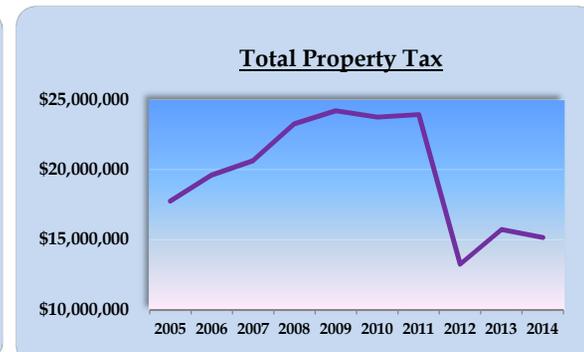
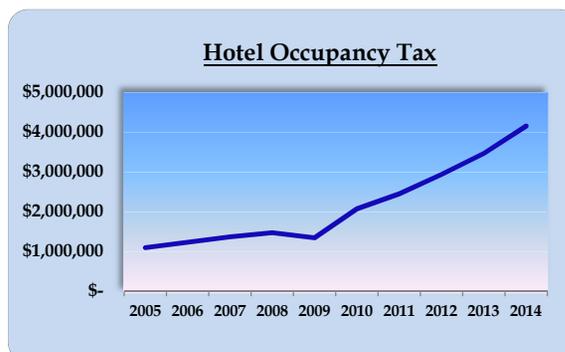
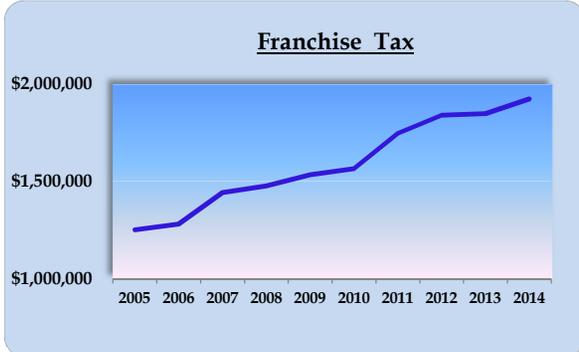
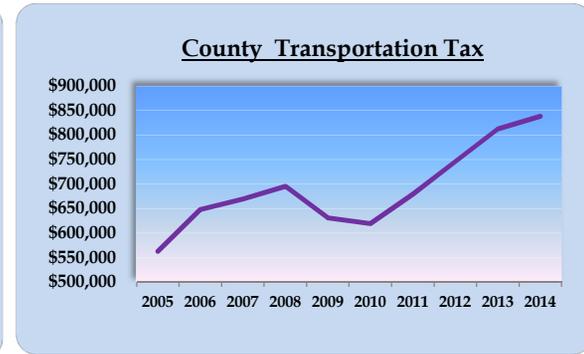
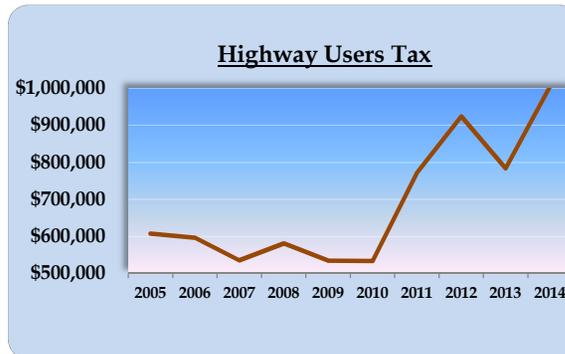
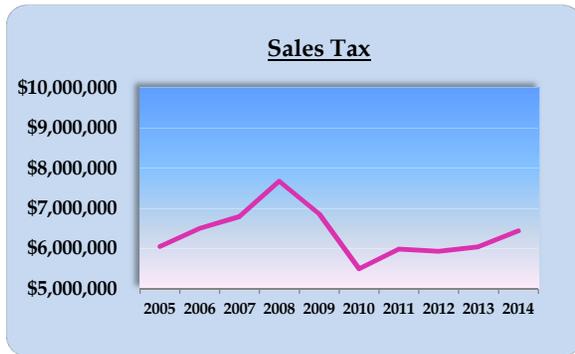
Source: City of Menlo Park

Governmental Funds by Type
Last Ten Fiscal Years

Revenue Capacity:
Schedule 6

Fiscal Year Ending June 30	Highway		County	Franchise	Hotel Occupancy	Utility	Property Tax				Total	Total Governmental Funds
	Sales Tax	Users Tax	Transportation Tax	Tax	Tax	Users Tax (1)	Secured	Unsecured	Transfer Tax	Other	Property Tax	
2005	\$ 6,057,460	\$ 606,867	\$ 562,472	\$ 1,250,605	\$ 1,101,930	\$ -	\$ 15,771,442	\$ 1,378,158	\$ 541,765	\$ 64,509	\$ 17,755,874	\$ 27,335,208
2006	6,503,635	595,607	647,938	1,280,707	1,237,697	-	17,573,221	1,330,885	579,473	137,684	19,621,263	29,886,847
2007	6,799,561	534,699	669,280	1,442,686	1,375,914	641,668	18,597,314	1,337,681	588,158	111,122	20,634,275	32,098,083
2008	7,676,943	580,220	695,066	1,477,768	1,474,119	1,651,479	21,081,671	1,752,345	386,206	72,616	23,292,838	36,848,433
2009	6,865,152	533,784	630,996	1,535,223	1,351,578	1,162,595	22,050,255	1,817,213	278,290	67,380	24,213,138	36,292,466
2010	5,499,244	533,444	618,996	1,565,106	2,074,486	1,148,454	21,912,423	1,422,317	329,368	89,483	23,753,591	35,193,321
2011	5,988,055	770,967	679,286	1,747,605	2,453,981	1,122,940	21,810,655	1,577,479	457,701	90,743	23,936,578	36,699,412
2012	5,938,310	923,796	746,187	1,840,351	2,939,475	1,080,436	12,258,233	404,916	501,161	75,546	13,239,856	26,708,411
2013	6,043,870	783,719	812,249	1,848,480	3,468,256	1,095,256	14,854,925	351,099	460,683	65,182	15,731,889	29,783,719
2014	6,444,292	1,006,294	838,318	1,924,237	4,158,809	1,157,653	14,081,491	384,686	627,644	62,244	15,156,065	30,685,668

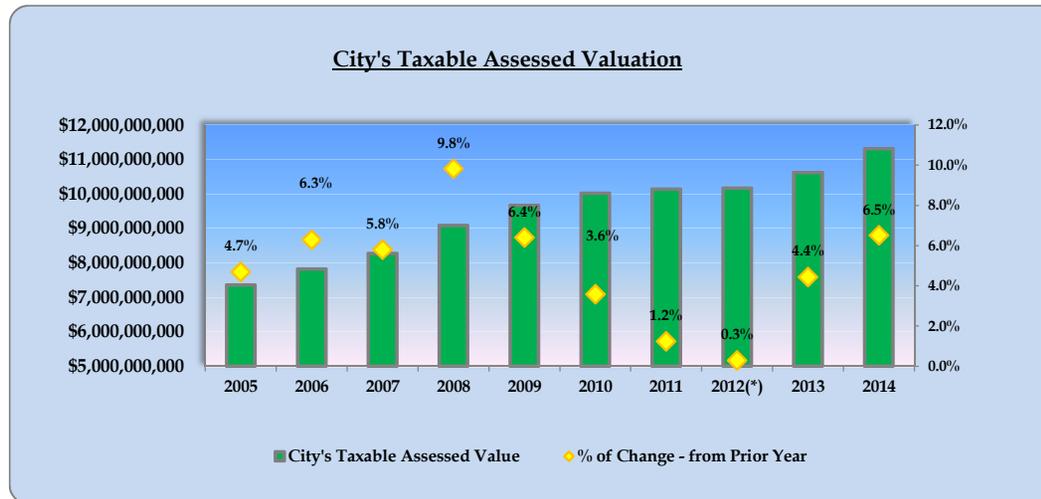
Source: City of Menlo Park and County of San Mateo
(1) City implemented Utility Users Tax in April 2007



Assessed Valuation, Tax Rates, and Tax Levies
Last Ten Fiscal Years

Revenue Capacity:
Schedule 7

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less</u> <u>Exemptions</u>	<u>City's Taxable</u> <u>Assessed Value</u>	<u>% of Change -</u> <u>from Prior Year</u>
2005	\$ 6,920,718,474	\$ 605,826,607	\$ (168,363,050)	\$ 7,358,182,031	4.7%
2006	7,377,433,642	628,446,311	(185,070,530)	7,820,809,423	6.3%
2007	7,919,201,296	544,875,879	(189,778,409)	8,274,298,766	5.8%
2008	8,613,253,093	684,419,419	(210,102,184)	9,087,570,328	9.8%
2009	9,144,410,123	745,589,266	(220,706,897)	9,669,292,492	6.4%
2010	9,525,325,520	733,413,542	(242,215,879)	10,016,523,183	3.6%
2011	9,632,437,282	741,119,897	(234,843,253)	10,140,348,118	1.2%
2012(*)	9,701,542,385	712,158,100	(244,456,426)	10,169,244,059	0.3%
2013	10,059,424,137	819,698,175	(258,752,495)	10,620,369,817	4.4%
2014	10,793,653,677	809,314,081	(291,016,106)	11,311,951,652	6.5%



Source: County of San Mateo

Notes:

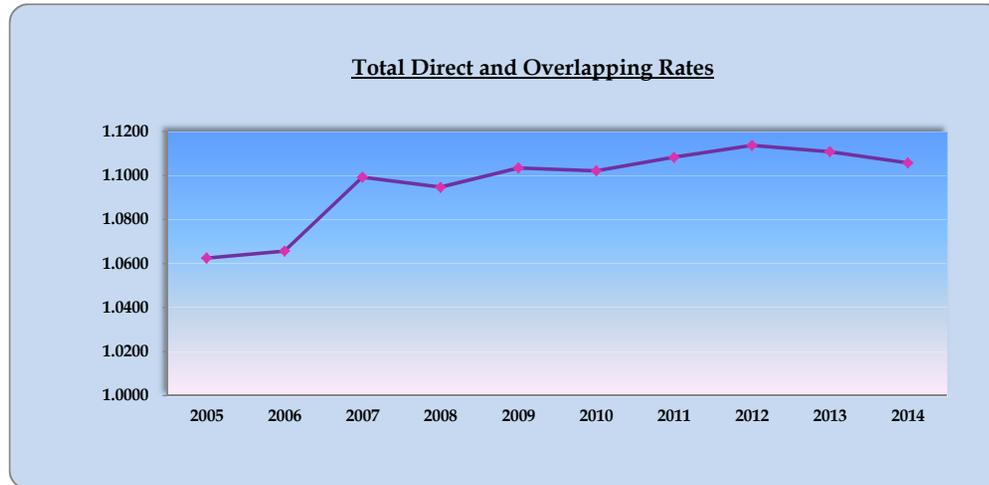
In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(*) Redevelopment Agency was transferred to Successor Agency due to dissolution

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Debt Capacity:
Schedule 8

(Per \$1,000 Assessed Valuation)	Fiscal Year Ending June 30, ____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City Direct Rates (1)	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
Overlapping Rates (2)										
San Mateo County	0.9976	0.9976	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Menlo Park Elementary	0.0233	0.0209	0.0416	0.0384	0.0399	0.0390	0.0410	0.0413	0.0402	0.0381
San Mateo Junior College	0.0065	0.0065	0.0184	0.0171	0.0165	0.0182	0.0193	0.0199	0.0194	0.0194
Menlo Park Debt Service	0.0056	0.0052	0.0052	0.0047	0.0048	0.0046	0.0042	0.0041	0.0038	0.0026
Menlo Park Parks & Rec Bond	0.0131	0.0132	0.0132	0.0140	0.0141	0.0127	0.0127	0.0126	0.0118	0.0144
Sequoia Union High School District	<u>0.0164</u>	<u>0.0223</u>	<u>0.0208</u>	<u>0.0205</u>	<u>0.0282</u>	<u>0.0277</u>	<u>0.0311</u>	<u>0.0358</u>	<u>0.0356</u>	<u>0.0313</u>
Total Overlapping Rates	<u>1.0625</u>	<u>1.0657</u>	<u>1.0992</u>	<u>1.0947</u>	<u>1.1035</u>	<u>1.1022</u>	<u>1.1083</u>	<u>1.1137</u>	<u>1.1108</u>	<u>1.1058</u>
Total Direct and Overlapping Rates	<u>1.0649</u>	<u>1.0681</u>	<u>1.1016</u>	<u>1.0971</u>	<u>1.1059</u>	<u>1.1046</u>	<u>1.1107</u>	<u>1.1161</u>	<u>1.1132</u>	<u>1.1082</u>
% of Change - from Prior Year	-0.5%	0.3%	3.1%	-0.4%	0.8%	-0.1%	0.6%	0.5%	-0.3%	-0.4%



Source:

(1) County of San Mateo, Property Taxes

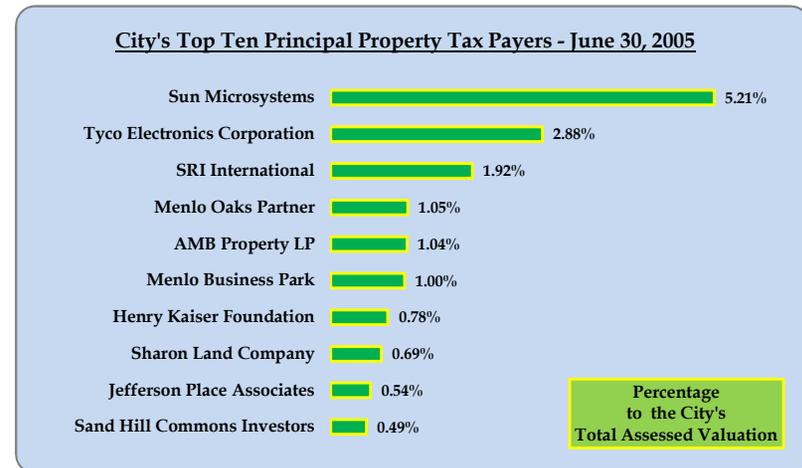
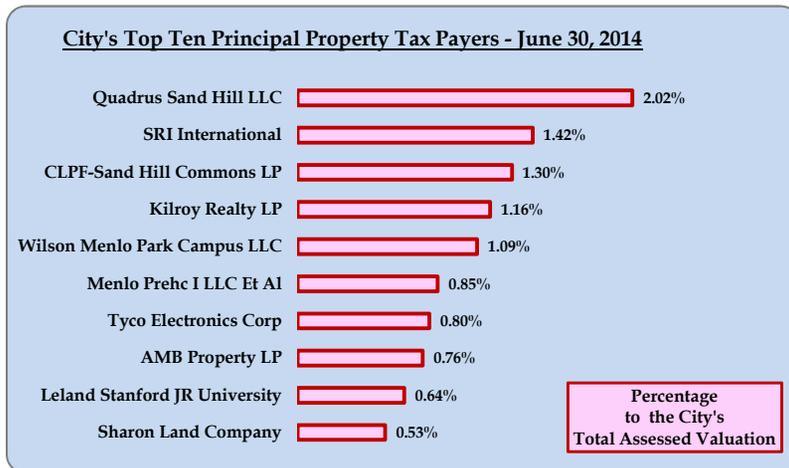
(2) County of San Mateo, Tax Rate Book, Code 08-004

Principal Property Tax Payers
Current Fiscal Year and Ten Years Prior

Debt Capacity:
Schedule 9

FY 2013-2014				
Property Owner	Rank	Taxable Assessed		Ratio to Total City's Assessed Valuation
		Value		
Quadrus Sand Hill LLC	1	\$ 228,980,894		2.02%
SRI International	2	160,904,907		1.42%
CLPF-Sand Hill Commons LP	3	146,595,724		1.30%
Kilroy Realty LP	4	131,628,416		1.16%
Wilson Menlo Park Campus LLC	5	122,827,619		1.09%
Menlo Prehc I LLC Et Al	6	95,849,230		0.85%
Tyco Electronics Corp	7	90,167,340		0.80%
AMB Property LP	8	85,641,357		0.76%
Leland Stanford JR University	9	72,888,002		0.64%
Sharon Land Company	10	59,926,202		0.53%
Total Top 10 Taxpayers' Totals		\$ 1,195,409,691		10.57%
City's Total Assessed Valuation		\$ 11,311,951,652		100%

FY 2004-2005				
Property Owner	Rank	Taxable Assessed		Ratio to Total City's Assessed Valuation
		Value		
Sun Microsystems	1	\$ 383,591,524		5.21%
Tyco Electronics Corporation	2	211,771,958		2.88%
SRI International	3	141,612,177		1.92%
Menlo Oaks Partner	4	77,129,798		1.05%
AMB Property LP	5	76,452,399		1.04%
Menlo Business Park	6	73,896,134		1.00%
Henry Kaiser Foundation	7	57,192,756		0.78%
Sharon Land Company	8	50,595,125		0.69%
Jefferson Place Associates	9	39,900,000		0.54%
Sand Hill Commons Investors	10	35,723,135		0.49%
Total Top 10 Taxpayers' Totals		\$ 1,147,865,006		15.60%
City's Total Assessed Valuation		\$ 7,359,278,793		100%

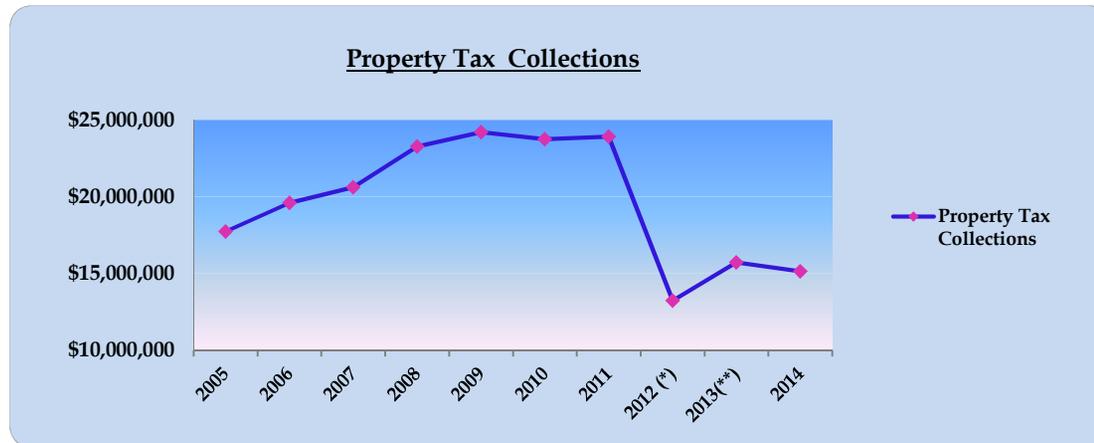


Source:
San Mateo County Tax Roll
California Municipal Statistics Inc

Property Tax Levies and Collections
Last Ten Fiscal Years

Debt Capacity:
Schedule 10

<u>Fiscal Year Ending June 30</u>	<u>Property Tax Levies</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>	<u>Subsequent Year Collections</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2005	\$ 17,755,874	\$ 17,755,874	100.00%	-	\$ 17,755,874	100%
2006	19,621,263	19,621,263	100.00%	-	19,621,263	100%
2007	20,634,275	20,634,275	100.00%	-	20,634,275	100%
2008	23,292,838	23,292,838	100.00%	-	23,292,838	100%
2009	24,213,138	24,213,138	100.00%	-	24,213,138	100%
2010	23,753,591	23,753,591	100.00%	-	23,753,591	100%
2011	23,936,578	23,936,578	100.00%	-	23,936,578	100%
2012 (*)	13,239,856	13,239,856	100.00%	-	13,239,856	100%
2013(**)	15,731,889	15,731,889	100.00%	-	15,731,889	100%
2014	15,156,065	15,156,065	100.00%	-	15,156,065	100%



Source:

County of San Mateo, Estimated Property Tax Revenue and Estimated Tax Increment Revenue

City of Menlo Park

Notes:

(*) In prior years, property tax levies included property tax increment from their former Community Development Agencies.

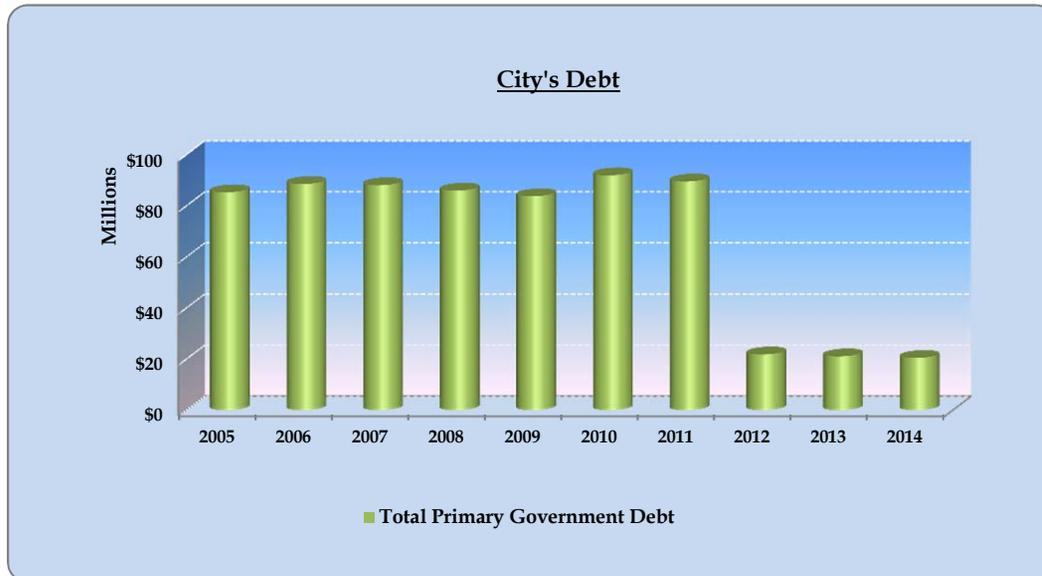
The last year of such tax increment received was in 2010-11.

(**) One time property tax increase due to dissolution of the Redevelopment Area.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Debt Capacity:
Schedule 11

Fiscal Year Ending June 30	General Obligation Bonds ⁽¹⁾	Tax Allocation Bonds ⁽⁴⁾	Total Primary Government Debt	Percentage of Personal Income ⁽⁷⁾	Outstanding Debt Per Capita ⁽⁸⁾	Outstanding Debt to Taxable Assessed Value
2005	\$ 16,500,000	\$ 68,730,000	\$ 85,230,000	4.02%	\$ 2,781	1.16%
2006	16,050,000	72,430,000 ⁽⁵⁾	88,480,000	3.94%	2,877	1.13%
2007	15,575,000	72,430,000	88,005,000	4.02%	2,826	1.06%
2008	15,070,000	70,820,000	85,890,000	4.17%	2,728	0.95%
2009	14,535,000	69,140,000	83,675,000	3.94%	2,626	0.87%
2010	24,487,472 ⁽²⁾	67,395,000	91,882,472	4.10%	2,853	0.92%
2011	23,874,973	65,585,000	89,459,973	not available	2,760	0.88%
2012	21,775,595 ⁽³⁾	- ⁽⁶⁾	21,775,595	not available	672	0.21%
2013	21,016,779	-	21,016,779	not available	639	0.20%
2014	20,397,966	-	20,397,966	not available	617	0.18%



Source: City of Menlo Park

Notes:

- (1) General Obligation Bonds consists of 1996, 2002, 2009 General Obligation Bonds
- (2) The City issued \$10,440,000 in 2009 General Obligation Bonds
- (3) General Obligation Bonds consists of 1996, 2009, & 2012 General Obligation Bonds
- (4) Tax Allocation Bonds consists of 2006 Las Pulgas Project Tax Allocation Bonds
- (5) The 1996 & 2000 Tax Allocation Bonds were refinanced with 2006 Refunding Bonds
- (6) In fiscal year 2011-12 former Community Redevelopment Agency was dissolved and all debts transferred
- (7) County of San Mateo's personal income per capita
- (8) U.S. Census Bureau, Quickfacts.Census.gov, Population

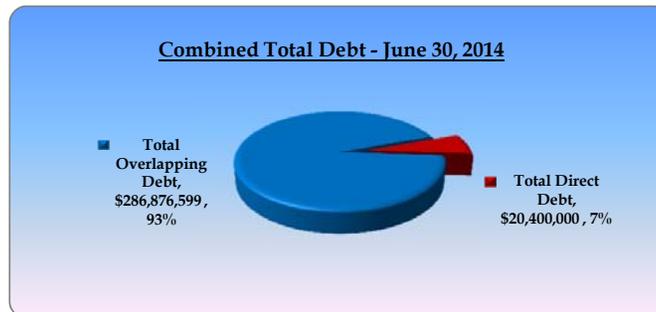
Direct and Overlapping Debt
June 30, 2014

Debt Capacity:
Schedule 12

Fiscal year 2013-14

City Assessed Valuation ⁽¹⁾ \$ 11,353,101,942

	Outstanding Debt 6/30/2014	Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt	Ratio to City's Assessed Valuation
Direct and Overlapping Tax and Assessment Debt				
San Mateo Community College District	\$ 563,069,994	7.231%	\$ 40,715,591	0.36%
Sequoia Union High School District	328,635,000	17.385%	57,133,195	0.50%
Las Lomas School District	13,824,346	35.353%	4,887,321	0.04%
Menlo Park City School District	116,853,747	61.130%	71,432,696	0.63%
Ravenswood School District	9,303,246	41.325%	3,844,566	0.03%
Redwood City School District	40,102,854	2.290%	918,355	0.01%
City of Menlo Park	20,400,000	100%	20,400,000	0.18%
Total Direct and Overlapping tax and Assessment Debt			\$ 199,331,724	1.76%
Overlapping General Fund Debt				
San Mateo County General Fund Obligations	\$ 473,769,816	7.231%	\$ 34,258,295	0.30%
San Mateo County Board of Education Certificates of Participation	10,950,000	7.231%	791,795	0.01%
Redwood City School District General Fund Obligations	662,071	2.290%	15,161	0.00%
Midpeninsula Regional Park District Certificates of Participation	133,209,717	5.866%	7,814,082	0.07%
Menlo Park Fire Protection District Certification of Participation	11,515,000	46.379%	5,340,542	0.05%
Total Overlapping General Fund Debt			\$ 48,219,875	0.42%
Overlapping Tax Increment Debt - Successor Agency	59,725,000	100%	\$ 59,725,000	0.53%
Total Direct Debt			\$ 20,400,000	0.18%
Total Overlapping Debt			\$ 286,876,599	2.53%
Combined Total Debt (2)			\$ 307,276,599	2.71%



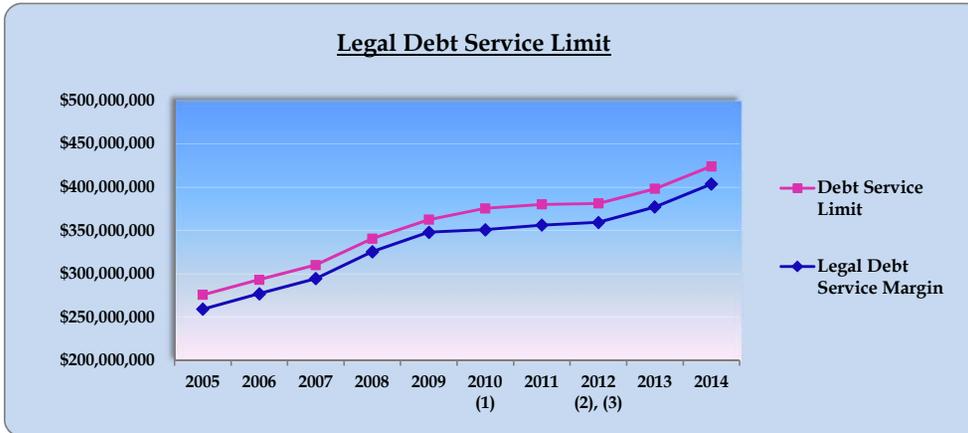
Source: California Municipal Statistics, Inc.

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Legal Debt Service Margin Information
Last Ten Fiscal Years

	Fiscal year ending June 30, ____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012 (2), (3)</u>	<u>2013</u>	<u>2014</u>
City's Taxable Assessed Valuation	\$ 7,358,182,031	\$ 7,820,809,423	\$ 8,274,298,766	\$ 9,087,570,328	\$ 9,669,292,492	\$ 10,016,523,183	\$ 10,140,348,118	\$ 10,169,244,059	\$ 10,620,369,817	\$ 11,311,951,652
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	1,839,545,508	1,955,202,356	2,068,574,692	2,271,892,582	2,417,323,123	2,504,130,796	2,535,087,030	2,542,311,015	2,655,092,454	2,827,987,913
Debt Service Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Service Limit	275,931,826	293,280,353	310,286,204	340,783,887	362,598,468	375,619,619	380,263,054	381,346,652	398,263,868	424,198,187
Less:										
General Obligation Bonds	<u>16,500,000</u>	<u>16,050,000</u>	<u>15,575,000</u>	<u>15,070,000</u>	<u>14,535,000</u>	<u>24,487,472</u>	<u>23,874,973</u>	<u>21,775,595</u>	<u>21,016,779</u>	<u>20,397,966</u>
Legal Debt Service Margin	\$ 259,431,826	\$ 277,230,353	\$ 294,711,204	\$ 325,713,887	\$ 348,063,468	\$ 351,132,147	\$ 356,388,081	\$ 359,571,057	\$ 377,247,089	\$ 403,800,221
Legal Debt Service Margin as a Percentage of Debt Service Limit	<u>94.0%</u>	<u>94.5%</u>	<u>95.0%</u>	<u>95.6%</u>	<u>96.0%</u>	<u>93.5%</u>	<u>93.7%</u>	<u>94.3%</u>	<u>94.7%</u>	<u>95.2%</u>



Source: County of San Mateo, Assessed Valuation Reports

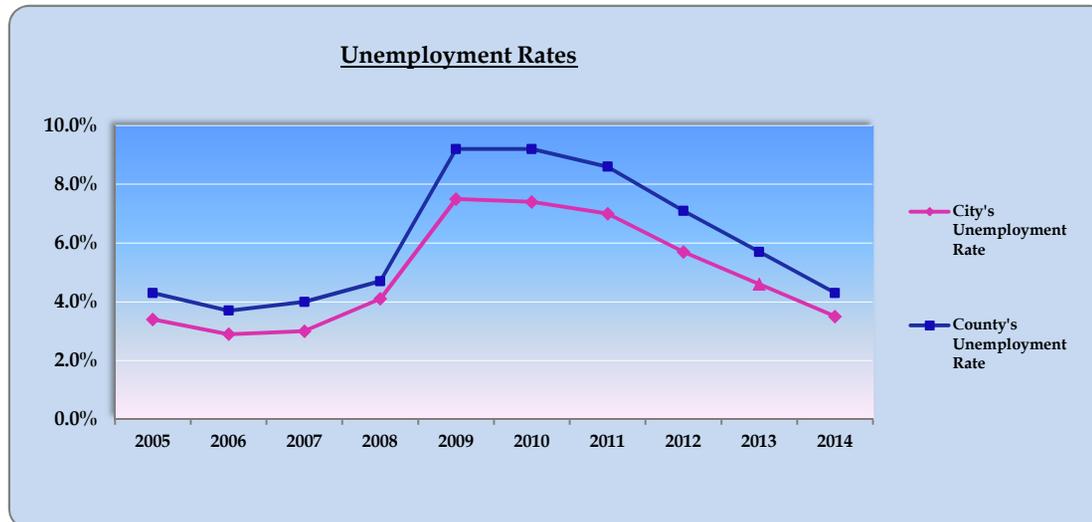
Notes:

- (1) The City issued 2009 General Obligation Bonds
- (2) The City refinanced 2002 Bonds with issuance of 2012 General Obligation Bonds
- (3) Community Development Agency was transferred to Successor Agency

Demographic and Economic Statistics
Last Ten Fiscal Years

Demographic and
Economic
Information:
Schedule 14

<u>Calendar Year</u>	<u>Population</u>	<u>City's Unemployment Rate</u>	<u>County's Unemployment Rate</u>	<u>Personal Income Per Capita</u>	<u>K-12 Public School Enrollments</u>
2005	30,648	3.4%	4.3%	\$ 63,115	4,120
2006	30,750	2.9%	3.7%	69,107	4,124
2007	31,146	3.0%	4.0%	72,941	4,177
2008	31,490	4.1%	4.7%	70,211	4,297
2009	31,865	7.5%	9.2%	65,414	4,498
2010	32,206	7.4%	9.2%	66,629	4,477
2011	32,412	7.0%	8.6%	69,577	4,678
2012	32,412	5.7%	7.1%	not available	4,719
2013	32,881	4.6%	5.7%	not available	4,835
2014	33,071	3.5%	4.3%	67,072	4,976



Source:

U.S. Census Bureau, Quickfacts.Census.gov, Population 2012 Estimate

U.S. Department of Commerce, bea.gov, CA1-3 Personal Income Summary, County of San Mateo Per capita personal income 2008-2012

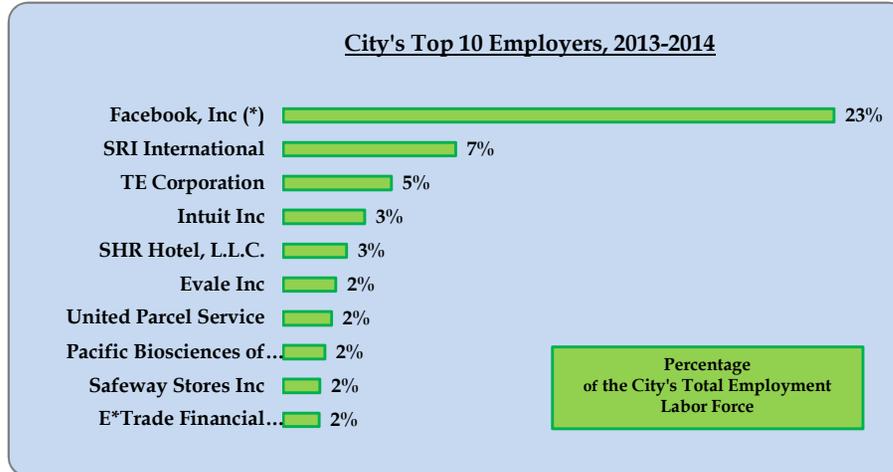
California Department of Education, Data Quest/Enrollment over time, school year 2011-12 Menlo Park Elementary Schools K-12 and Menlo Atherton High School

California Labor Market Information, EDD, labormarketinfo.edd.ca.gov, August 2014

Principal Employers
Current Fiscal Year and Ten Years Prior

Demographic
Economic
Information:
Schedule 15

<u>City's Principal Employers</u>	<u>2013-2014</u>			<u>2004-2005</u>	
	<u>Rank</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>
Facebook, Inc (*)	1	3957	23%	n/a	n/a
SRI International	2	1239	7%	1,250	8%
TE Corporation	3	776	5%	1,040	7%
Intuit Inc	4	585	3%	n/a	n/a
SHR Hotel, L.L.C.	5	454	3%	n/a	n/a
Evale Inc	6	378	2%	47	0%
United Parcel Service	7	348	2%	n/a	n/a
Pacific Biosciences of California	8	300	2%	17	0%
Safeway Stores Inc	9	264	2%	232	2%
E*Trade Financial Corporation	10	259	2%	201	1%
Top 10 Employers		8,560	51%	2,787	18%
Total Employment of the City's Labor Force		16,900	100%	15,300	100%



Source:

City of Menlo Park, Finance, Business License, calendar year, non-profit organizations' data is not available

State of California, Employment Development Department, Labor Force Report, Unemployment Rates/Labor Force, June 2004, 2013

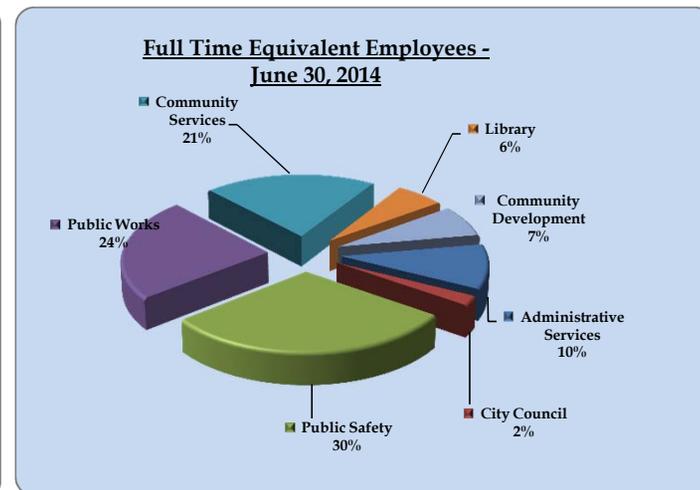
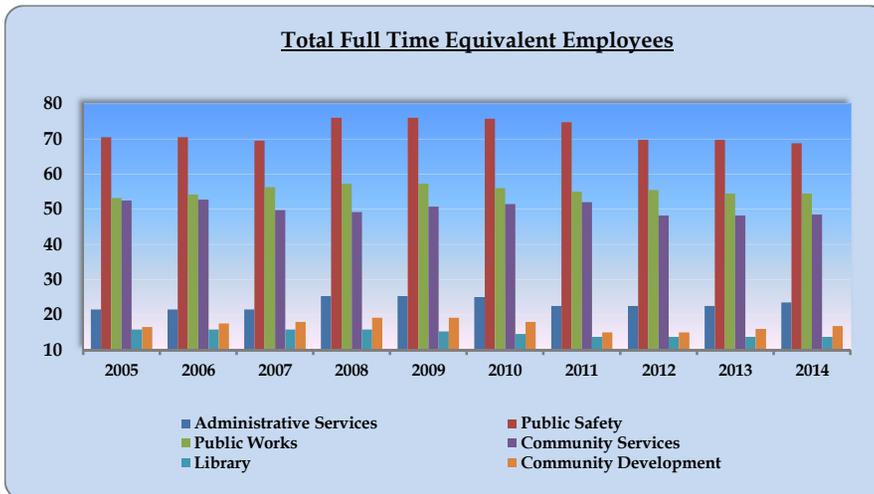
Notes:

(*) Moved to Menlo Park in 2012

n/a Not Available

Full Time Equivalent City Employees by Function
Last Ten Fiscal Years

<u>FTE by Department</u>	Fiscal year ending June 30, ____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administrative Services	21.50	21.50	21.50	25.35	25.35	25.00	22.50	22.50	22.50	23.50
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety	70.50	70.50	69.50	76.00	76.00	75.75	74.75	69.75 ⁽¹⁾	69.75	68.75
Public Works	53.25	54.25	56.25	57.25	57.25	56.00	55.00	55.50	54.50	54.50
Community Services	52.50	52.75	49.75	49.25	50.75	51.50	52.00	48.25 ⁽²⁾	48.25	48.50
Library	15.75	15.75	15.75	15.75	15.25	14.50	13.75	13.75	13.75	13.75
Community Development	16.50	17.50	18.00	19.15	19.15	18.00	15.00	15.00	16.00	16.75
Total Full Time Equivalent Employees	235.00	237.25	235.75	247.75	248.75	245.75	238.00	229.75	229.75	230.75



Source: City of Menlo Park, Human Resources

Remarks:

⁽¹⁾ Reduction of 5.0 FTE includes the loss of the San Carlos dispatch contract, which resulted in the elimination of 4 FTE's for dispatch

⁽²⁾ Reduction of 3.0 FTE Housing Division during fiscal year 2011-12

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Operating Indicators by Demand Level of Service, by Function/Program
Last Ten Fiscal Years

Operating Information:
Schedule 17

		Fiscal Year Ending June 30, _____									
<u>FUNCTION/PROGRAM</u>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety	Incidents	31,977	30,597	36,206	37,997	41,200	39,217	40,675	44,405	41,206	40,964
	Calls for Service	18,467	19,806	18,721	19,736	20,015	19,840	19,752	20,469	22,383	21,021
	Officer Initiated Incidents	13,510	10,791	17,485	18,261	21,185	19,377	20,923	23,936	18,823	19,943
Public Works	Transportation:										
	Shuttle Passengers(1)	71,963	53,978	70,712	68,201	81,837	86,503	83,246	86,004	80,774	82,420
	Engineering:										
	Encroachment Permits Issued	266	275	274	319	310	289	290	272	300	365
Culture and Recreation	Parks and recreation:										
	Number of Activity Hours Provided (2)	9,649	9,571	21,902	119,674	37,869	48,270	37,964	1,662,457	2,403,979	3,095,612 (5)
	Number of Recreational Activities Participants (3)	20,033	39,987	42,424	237,968	61,514	64,762	88,032	706,830	931,490	1,119,365 (6)
	Library:										
	Books Volumes held	136,590	143,351	142,735	149,927	151,650	146,429	146,356	150,017	157,155	165,118
	Video/DVD held	11,650	12,569	11,092	15,148	14,989	13,688	14,262	14,728	13,348	16,704
	Books Volumes added	9,153	4,992	9,587	7,613	15,162	9,826	9,587	9,239	11,183	10,966
Total Circulations	602,548	545,764	590,261	707,073	756,808	742,555	726,189	624,699	672,967	682,381	
Community Development	Building Permits Issued:										
	Residential Buildings - Count	761	824	745	787	652	667	733	655	728	717
	Residential -Value (\$1000s)	44,819	55,404	70,643	84,006	51,761	42,033	49,618	44,545	64,932	65,386
	Commercial Buildings - Count	161	155	185	170	187	160	202	231	229	180
	Commercial -Value (\$1000s)	24,425	44,428	112,118	73,820	42,435	32,419	46,756	78,055	61,201	238,585
	Accessory Buildings - Count	84	107	99	99	74	87	85	73	100	91
	Accessory -Value (\$1000s)	4,552	1,062	1,290	2,337	1,039	1,188	1,812	1,925	1,876	3,752
	Building Inspection Conducted	10,159	10,522	10,036	11,197	10,532	8,797	9,928	9,733	10,171	10,004
	Housing and Redevelopment:										
	Below Market Rate - Units sold	0	0	8	16	5	2	2	2	1	4
	Below Market Rate - Units resold	0	1	2	0	0	1	3	3	0	2
	Housing Rehabilitation - New loans	3	5	0	0	5	0	0	0	0	0
	Housing Rehab Loans - Cumulative \$	2,129,896	2,205,021	1,744,741	1,459,047	1,440,877	1,340,433	1,312,380	1,210,372	960,179	917,315
	Housing Rehab Homes - Cumulative Count	64	58	47	41	41	36	33	32	28	26
	RDA - Housing Rehabilitation - New loans (4)	-	-	-	-	-	4	3	0	0	0
RDA - Housing Rehab Loans - Cumulative \$	-	-	-	-	-	193,000	347,785	337,285	328,676	299,139	
Count	-	-	-	-	-	4	7	7	7	7	
Administrative Services	Finance:										
	New Business License Applications	481	469	649	708	564	308	458	829	811	661

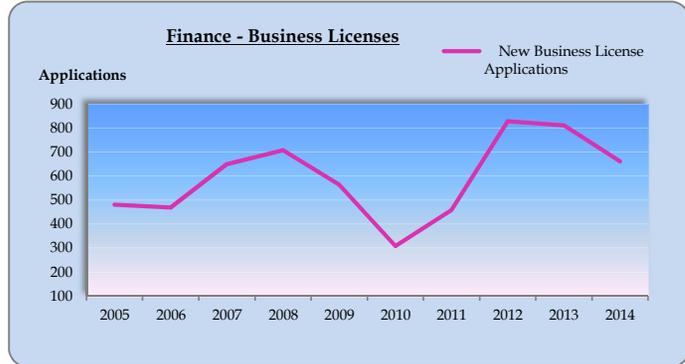
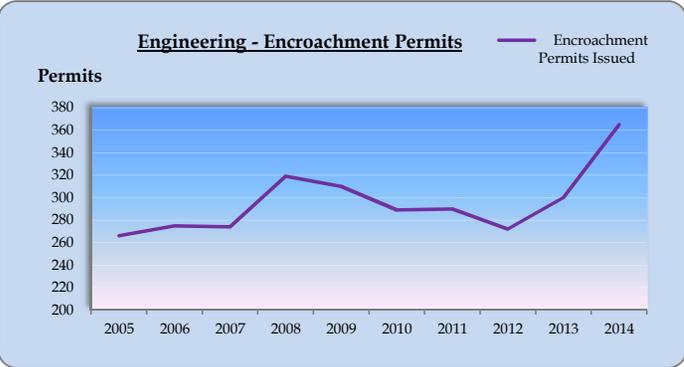
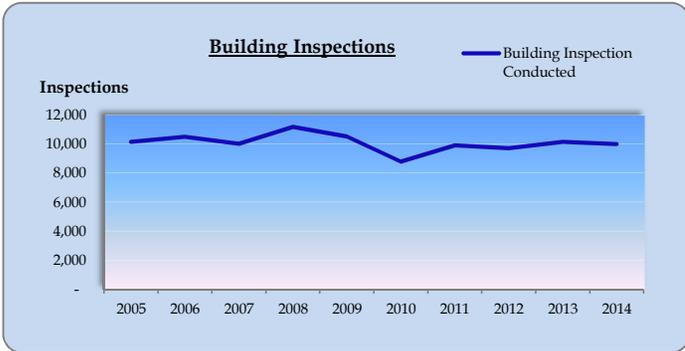
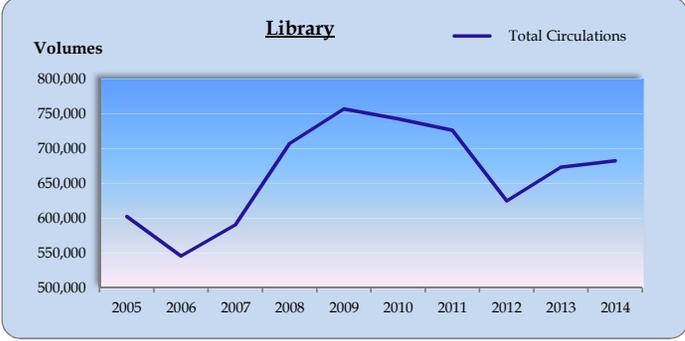
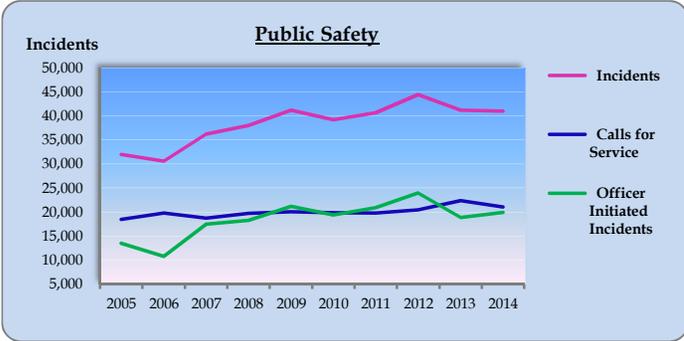
Source: City of Menlo Park

Note:

- (1) Public demand of the free shuttles was increased in 2006-07 as a result of frequent promotions of the free service by the City of Menlo Park Transportation Department and the participating companies who promote commute alternatives in peak hours.
- (2) Increased programming in rooms previously used for child care at Burgess and new programs at the Onetta Harris Community Center. The method of calculation may vary from previously submitted information.
- (3) Park and Recreation: Differences in department programming from year to year result in substantial variances in some totals.
- (4) Redevelopment Agency-Housing Rehabilitation Program started in fiscal year 2009-2010 and ended in January 2012
- (5) During fiscal year 2011-12, Activity Hour was changed to count every hour each participant in a program or using City service
- (6) During fiscal year 2011-12, Activity Participant was changed to count each visit

(Continued)

Operating Indicators by Demand Level of Service, by Function/Program
Last Ten Fiscal Years



Source: City of Menlo Park

Capital Asset Statistics by Function
Last Ten Fiscal Years

Operating Information:
Schedule 18

<u>Function</u>	<u>Facility</u>	<u>Fiscal Year Ending June 30, _____</u>									
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	Civic Center-Administration	1	1	1	1	1	1	1	1	1	1
	Public Safety	Police Stations	2	2	2	2	2	2	2	2	2
Public Works	Streets (miles)	101	101	101	101	101	101	101	100	100	100
	Streetlights	1718	1718	1718	1718	1718	1719	2233	2233	2233	2233
	Traffic Signals	22	22	22	22	22	22	22	22	22	22
	Water:										
	- Daily average introduced into system (1,000 gallons)	3363	3363	3556	3805	3337	2582	2868	2947	2995	3020
	- Capacity per day (millions of gallons)	4	3	4	4	3	3	3	3	3	3
	- Water storage (millions of gallons)	6	6	6	6	6	6	6	6	6	6
- Water lines (miles)	55	55	55	55	59	59	59	59	59	59	
Parks and Recreation	Child Care Centers	5	5	5	5	6	6	6	3	3	3
	Recreation Center	1	1	1	1	1	1	1	1	1	1
	Library	2	2	2	2	2	2	2	2	2	2
	Parks	13	13	13	13	14	14	14	14	14	14
	Community Centers	2	2	2	2	2	2	2	2	2	2
	Senior Center	2	2	2	2	2	2	2	1	1	1
	Gymnasium	2	2	2	2	2	2	2	2	2	2
	Gymnastics Center	1	1	1	1	1	1	1	1	1	1
	Pools (locations)	2	2	2	2	2	2	2	2	2	2
	Medical Clinic	1	1	1	1	1	1	1	1	1	1
	Gate House	1	1	1	1	1	1	1	1	1	1
	Dog Park Areas	n/a	n/a	n/a	2	2	2	2	2	2	2

Source: City of Menlo Park

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Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19

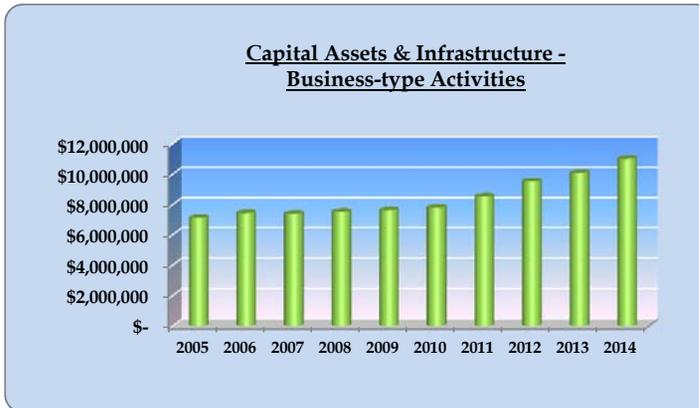
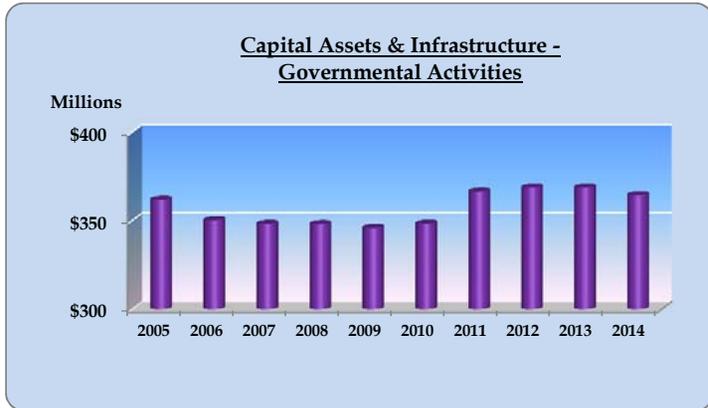
Fiscal Year	Non-Depreciable					Depreciable							Combined Total
	Land	Real Estate	Construction	Total	Share Use	Other	Less: Accumulated	Total	Total				
	Ending Land	Improvement	Held for Sale	in Progress	Non-Depreciable	Buildings	Facilities	Equipment		Improvements	Infrastructure	Depreciation	
2005	\$ 221,534,267	\$ 32,900,109	\$ -	\$ 8,501,684	\$ 262,936,060	\$39,974,278	\$ -	\$ 6,035,756	\$ 5,509,784	\$ 102,932,198	\$ (55,468,475)	\$ 98,983,541	\$ 361,919,601
2006	205,232,510	32,900,109	-	968,145	239,100,764	46,658,887	-	6,201,377	12,081,605	103,885,147	(57,765,455)	111,061,561	350,162,325
2007	204,949,233	32,900,109	-	600,561	238,449,903	46,933,785	-	5,912,705	12,717,853	105,533,229	(61,481,901)	109,615,671	348,065,574
2008	204,949,233	32,900,109	-	2,971,197	240,820,539	46,933,785	-	6,162,913	12,782,089	106,952,666	(65,743,622)	107,087,831	347,908,370
2009	204,949,233	32,900,109	-	3,318,133	241,167,475	46,933,785	-	6,383,215	12,792,366	107,911,764	(69,349,289)	104,671,841	345,839,316
2010	204,949,233	32,900,109	446,725	5,889,419	244,185,486	47,218,382	2,600,000	6,384,363	12,792,366	108,730,291	(73,724,714)	104,000,688	348,186,174
2011	204,949,233	32,900,109	648,285	6,979,308	245,476,935	65,959,147	2,600,000	6,464,074	12,878,068	109,994,804	(76,800,272)	121,095,821	366,572,756
2012	199,254,256	32,900,109	1,643,404	2,112,344	235,910,113	76,591,580	2,600,000	6,929,594	16,259,990	110,974,228	(80,489,073)	132,866,319	368,776,432
2013	199,256,305	32,900,109	733,597	2,537,004	235,427,015	76,762,760	2,600,000	7,064,784	16,370,783	113,871,991	(83,296,591)	133,373,727	368,800,742
2014	199,256,305	32,900,109	-	1,953,563	234,109,977	77,022,447	2,600,000	7,329,067	173,248,051	114,657,739	(88,526,395)	130,407,663	364,517,640
2005	\$ 1,066,454	\$ -	\$ -	\$ 1,936,034	\$ 3,002,488	\$ 3,945,489	\$ -	\$ 585,643	\$ -	\$ 4,874,739	\$ (5,288,437)	\$ 4,117,434	\$ 7,119,922
2006	1,066,454	-	-	183,225	1,249,679	4,141,695	-	589,093	-	6,812,639	(5,352,175)	6,191,252	7,440,931
2007	1,066,454	-	-	277,361	1,343,815	4,165,957	-	589,093	-	6,812,639	(5,520,161)	6,047,528	7,391,343
2008	1,066,454	-	-	561,544	1,627,998	4,159,460	-	621,809	-	6,812,639	(5,689,537)	5,904,371	7,532,369
2009	1,066,454	-	-	793,183	1,859,637	4,159,460	-	566,303	-	6,812,639	(5,777,412)	5,760,990	7,620,627
2010	1,066,454	-	-	1,133,544	2,199,998	4,159,460	-	569,755	-	6,812,639	(5,951,168)	5,590,686	7,790,684
2011	1,066,454	-	-	2,041,278	3,107,732	4,159,460	-	503,003	-	6,812,639	(6,046,123)	5,428,979	8,536,711
2012	1,066,454	-	-	1,555,026	2,621,480	4,159,460	-	542,565	-	8,371,534	(6,170,823)	6,902,736	9,524,216
2013	1,066,454	-	-	2,310,988	3,377,442	4,159,460	-	542,565	-	8,371,534	(6,371,319)	6,702,240	10,079,682
2014	1,066,454	-	-	3,436,621	4,503,075	4,159,460	-	540,323	-	8,371,534	(6,568,646)	6,502,671	11,005,746

Source: City of Menlo Park

(Continued)

Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19



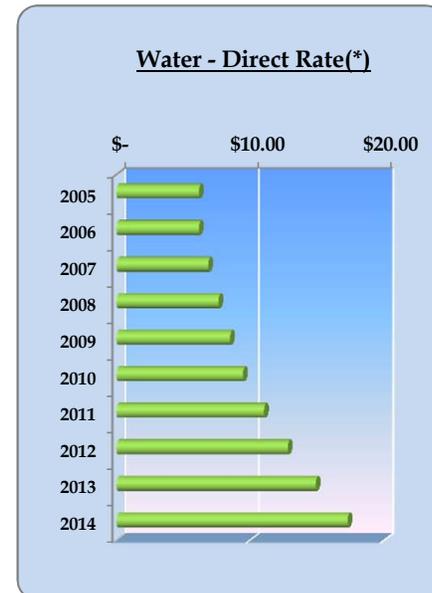
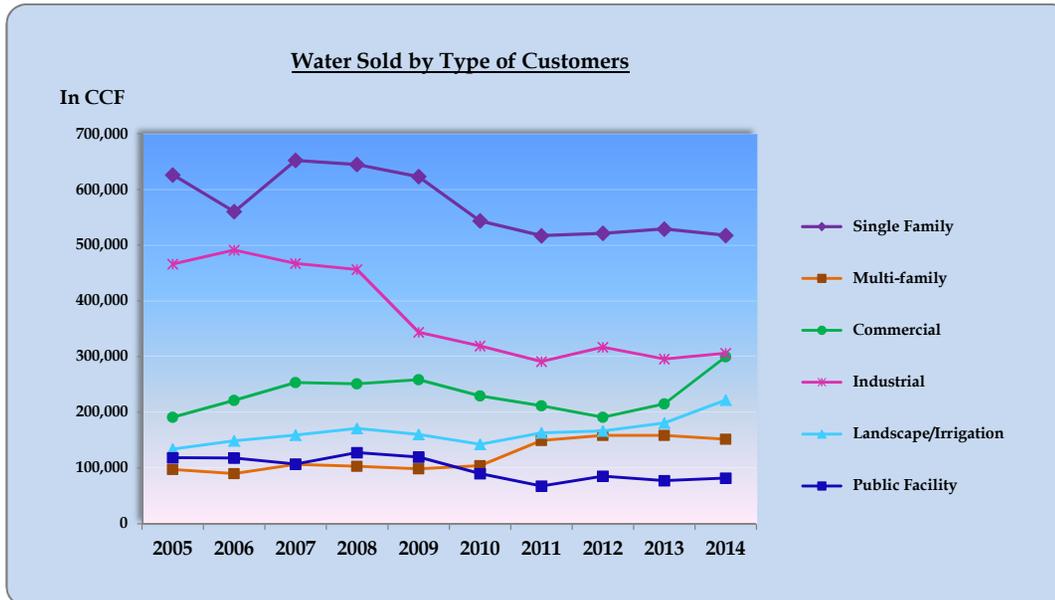
Source: City of Menlo Park

Water Sold by Type of Customer
Last Ten Fiscal Years

Operating Information:
Schedule 20

(in CCF)

<u>Type of Customer</u>	<u>Fiscal year ending June 30, ____</u>										<u>10-year Trend</u>
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Single Family	626,255	560,166	652,204	644,785	623,012	543,758	516,958	521,341	529,161	517,640	
Multi-family	97,178	89,682	106,339	103,263	98,672	104,032	149,228	158,342	158,386	151,865	
Commercial	190,834	221,551	253,596	251,400	258,675	229,159	211,796	190,988	215,162	299,597	
Industrial	466,153	491,050	467,379	456,315	343,516	319,117	291,137	316,857	295,864	305,787	
Landscape/Irrigation	134,150	148,601	159,097	170,846	160,021	142,781	163,080	166,262	181,100	221,816	
Public Facility	118,424	117,785	107,003	127,811	119,814	89,655	67,389	85,474	77,494	81,762	
Total Water Sold - CCF	1,632,994	1,628,835	1,745,618	1,754,420	1,603,710	1,428,502	1,399,588	1,439,264	1,457,167	1,578,467	
Direct Rate(*)	\$ 6.15	\$ 6.15	\$ 6.85	\$ 7.61	\$ 8.48	\$ 9.44	\$ 11.01	\$ 12.78	\$ 14.86	\$ 17.24	



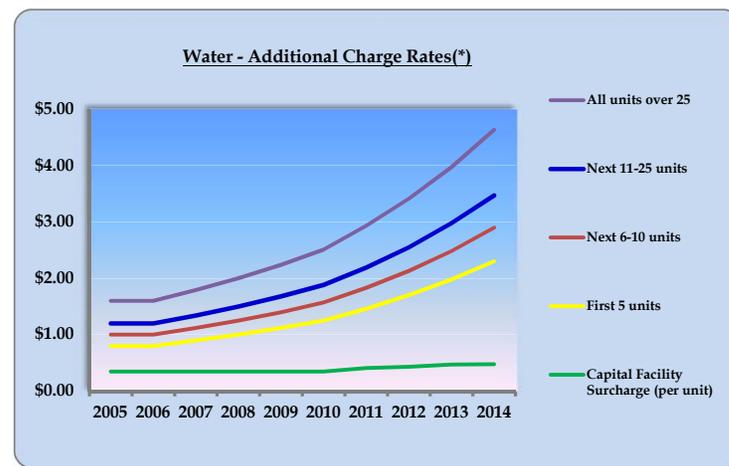
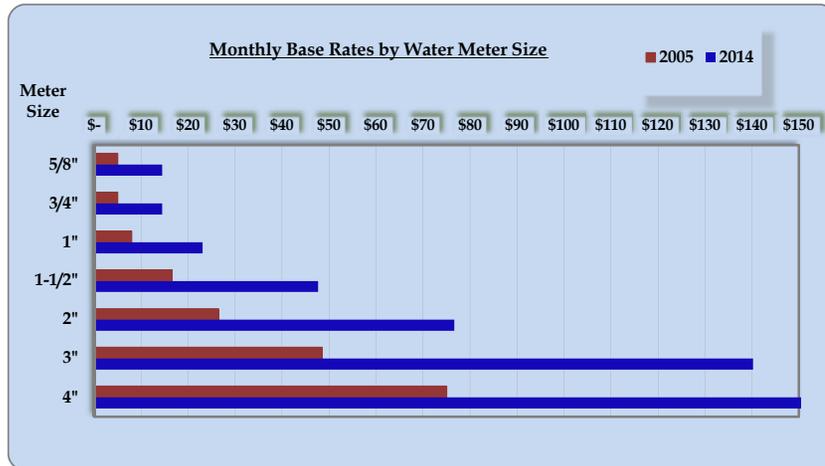
Source: California Water Service Company, City of Menlo Park

Notes: 1 unit is 748 gallons

*Rate based on a minimum monthly service charge based on size of meter plus a charge for water consumed plus a surcharge per unit

Water Service Rates
Last Ten Fiscal Years

Monthly Base Rate by Meter Size	Fiscal Year Ending June 30, ____									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
5/8"	5.00	5.00	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46
3/4"	5.00	5.00	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46
1"	8.00	8.00	8.95	10.02	11.21	12.54	14.61	17.03	19.85	23.12
1-1/2"	16.50	16.50	18.46	20.66	23.12	25.87	30.15	35.14	40.95	47.70
2"	26.50	26.50	29.65	33.18	37.13	41.55	48.42	56.43	65.77	76.62
3"	48.50	48.50	54.27	60.73	67.96	76.04	88.62	103.27	120.36	140.21
4"	75.00	75.00	83.93	93.91	105.09	117.59	137.04	159.71	186.12	216.83
6"	166.50	166.50	186.31	208.48	233.29	261.06	304.24	354.56	413.20	481.38
8"	369.50	369.50	413.47	462.67	517.73	579.34	675.16	786.83	916.98	1,068.28
10"	820.00	820.00	917.58	1,026.77	1,148.96	1,285.68	1,498.33	1,746.16	2,034.97	2,370.74
Additional charges (*)										
First 5 units	0.80	0.80	0.90	1.00	1.12	1.25	1.46	1.70	1.98	2.30
Next 6-10 units	1.00	1.00	1.12	1.25	1.40	1.57	1.83	2.13	2.48	2.90
Next 11-25 units	1.20	1.20	1.34	1.50	1.68	1.88	2.19	2.55	2.98	3.47
All units over 25	1.60	1.60	1.79	2.00	2.24	2.51	2.93	3.41	3.97	4.63
Capital Facility Surcharge (per unit)	0.35	0.35	0.35	0.35	0.35	0.35	0.41	0.43	0.47	0.48



Source: City of Menlo Park, Master Fee Schedules

Notes: (*) Additional charge is based on monthly meter readings, one unit is 748 gallons.

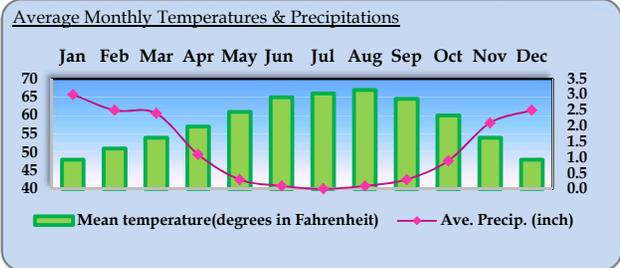
The Menlo Park Municipal Water District charges an excess-use rate above normal demand.

Miscellaneous Statistics

June 30, 2014

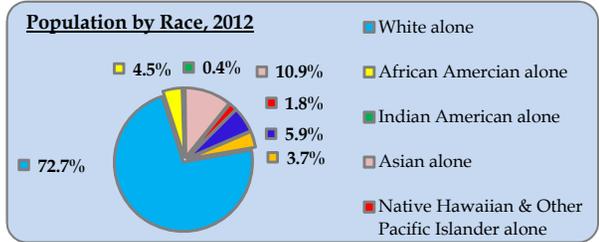
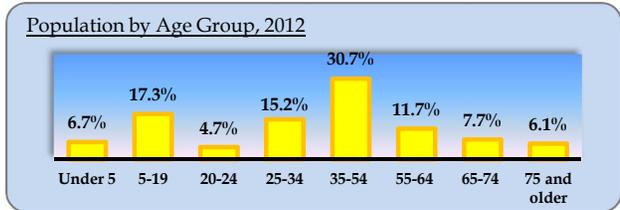
Operating Information:
Schedule 22

Date of Incorporation	November 23, 1927
Form of Government	Council / Manager
City Council Members	5
City Commissions	10
Arts, Bicycle, Environmental Quality, Finance & Audit, Housing, Las Pulgas, Library, Parks & Recreation, Planning, & Transportation	
Latitude, Longitude	37.45 N, 122.18 W
Elevation	60 feet
Land Area in square miles, 2010	10.1
Sunny Days a year	265
Average Annual Rainfall	15.71"



Demographic Profile

Population, 2012 Estimate	32,881
People per square miles, 2010	3,247
Male Persons, 2012	47.1%
Female Persons, 2012	52.9%
Median age (years), 2012	38.7



Social Characteristics

<i>Percentage Speak English only</i>	
Age 5 - 17	16.6%
Age 18-64	67.0%
Age 65+	16.4%
<i>Percentage Speak a language other than English:</i>	
Age 5 - 17	19.1%
Age 18-64	70.0%
Age 65+	10.9%
<i>Education Attainment -Population 25 years and over</i>	
Less than high school graduate	8.0%
High school graduate or equivalent	8.3%
Some college or associate's degree	14.4%
Bachelor's degree	32.4%
Graduate or professional degree	36.8%
<i>Marital Status</i>	
Never married	31.4%
Now married - except separated	52.2%
Divorced or separated	11.7%
Widowed	4.8%
<i>Citizenship Status</i>	
Native, 5 years and over	74.1%
Foreign-born, 5 years and over	25.9%
Naturalized U.S. citizen	10.4%
Not a U.S. citizen	15.6%
<i>Poverty Status in the past 12 months, 2012</i>	
Below poverty level	6.6%
At or above poverty level	93.4%

Housing Characteristics

Total housing units	13,209
Occupied housing units	12,554
Homeownership rate	56.3%
Housing units in multi-unit structures	36.7%
Median value of owner-occupied homes	\$ 1,000,001
Foreign born persons	23.9%

Schools

Preschools	16
Public schools, K-12	6
Private schools, K-12	9
Charter schools	2
Adult education institutions	2
Colleges, public & private	3

Utilities and other services:

Water Services	4
Sewer Service	1
Refuse Removal & Recycling Service	1
Gas & Electricity Service	1
Police protection, stations	2
Menlo Park Fire District, stations	7
Hospitals/Medical Clinics	3
Health Support	4
U. S. Post Offices, branches	2

Local attractions, culture & recreation

Allied Arts Guild	
Menlo Atherton Performance Arts Center	
Stanford Linear Accelerator Center (SLAC)	
Sunset Publishing Corporation	
United States Geological Survey (USGS)	
Movie theater, the Guild	1
Clubs/Organizations	13
Places of worship	22

Source: Menlo Park Chamber of Commerce, City of Menlo Park
 CountryStudies.us/united-states/weather/california/menlo-park.htm
 U.S. Census Bureau, 2010 Demographic Profile Data , ACS Demographic & Housing Estimates 2008-2012

