

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2009



CITY OF MENLO PARK, CALIFORNIA

PREPARED BY
THE FINANCE DEPARTMENT

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This report is printed on recycled paper.

City of Menlo Park
For the year ended June 30, 2009

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INTRODUCTORY SECTION

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701 LAUREL STREET, MENLO PARK, CA 94025-3483
www.menlopark.org

December 23, 2009

Honorable Mayor
Members of the City Council
and Citizens 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, 2009. 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 in such a way as to present fairly and honestly the financial position and results of operations of the funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The comprehensive annual financial report is presented in four major sections that provide introductory, financial, supplementary, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements consisting of government-wide financial statements and fund financial statements, notes to basic financial statements, required supplementary information on budgetary principles and schedule of funding progress for the Public Employee Retirement System, supplementary information on non-major funds, and the independent auditor's report. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. 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.

Since the year ended June 30, 2003, the City has incorporated the financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB)

Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This GASB Statement requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements presented as Management’s Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Background

The City of Menlo Park is in San Mateo County, midway between the cities of San Francisco and San Jose. It is an area that has 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 that is invested through companies located in Menlo Park, the City is often referred to as the “Venture Capital” capital.

The City maintains a healthy balance of residential, commercial, and industrial uses. Residential home prices continue to be among the highest in the area reflecting the desirability of living in the community. Major companies that have facilities in Menlo Park include Sun Microsystems, Tyco Electronics Corporation, E*Trade Financial, SRI International, and OfficeMax. 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 all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are in substance part of the primary government’s operations and are included as part of the primary government. Accordingly, the Community Development Agency (the Agency) is reported as a blended component unit of the primary government.

The City of Menlo Park provides a varied range of services, including police protection, public works (engineering, street, park, 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, personnel, economic development, management information systems, legal and record keeping). Fire protection services are provided by the Menlo Park Fire Protection District, an entity separate and distinct from the City.

Economic Condition and Outlook

At the turn of the 21st century, Menlo Park was a financial beneficiary of a vibrant regional economy that was experiencing significant increases in sales tax revenue and property values. Unfortunately, the national economic downturn in 2001 resulted in decreases in both realized and forecasted revenues, particularly in the area of retail sales taxes. Although the downturn stabilized and economic growth returned at a moderate pace, the near 50% decline in sales tax revenues from the height of the technology boom severely limited the City's fiscal flexibility. Because Menlo Park had prudently built up its General Fund reserves over the economic boon of the preceding decade, it was able to weather the revenue challenges in each annual operating budget with a combination of improved efficiencies, modest service reductions, fee increases, some workforce reduction and planned use of the General Fund reserve. But the City was often forced to defer certain costs, such as maintenance on streets, sidewalks, and other City infrastructure. In 2005-06, the City launched a unique budget process that informed the public of the budgetary tradeoffs being faced, and helped determine the public's fiscal priorities. The goal was to establish a budget that would be sustainable in the *long term*.

As a result of the feedback of this civic engagement process, the Council approved net cost reductions of more than \$1.5 million. In addition, voters approved a Utility Users Tax (UUT) in November 2006. With General Fund revenues on the rebound, the City Council approved a reduction in the UUT effective October 1, 2007. Although many of the City's revenues had started to recover, on-going operating costs continued to accelerate: operation of facilities, maintenance of City infrastructure, increased employer retirement system assessments, higher health care premiums, increased workers' compensation and unpredictable energy costs continued to place significant fiscal pressure on the General Fund.

At the beginning of the 2008-09 fiscal year, a nation-wide downturn in the housing markets, the ensuing credit crunch, volatile energy costs and the combined effects of these conditions on consumer confidence and spending presented a major budget challenge for all public entities. By the time the mid-year analysis was presented to the Menlo Park City Council, the economic "downturn" anticipated in the adopted budget had grown to become a global recession of unknown length and depth. Not unlike most business, the City employed a strategy of short-term reductions, with a long-term focus on preparedness for the ultimate recovery. The City's mid-year budget amendments included over \$820,000 in decreased revenues (largely in developmental permits and fees), which could not be totally offset by operational cost savings. In order to bring the General Fund budget back to short-term balance, several large projects were deferred which allowed the annual transfer out for capital improvements to be reduced. During the remaining months of the fiscal year, collapse of the U.S. labor market forced the unemployment rate higher and consumer confidence continued to fade. As reflected in this financial report, the City ended the fiscal year with a relatively small impact on its General Fund reserves.

One of the key forces behind the nationwide recession – the sharply declining real estate markets – hit the State of California particularly hard. The state fell into deeper financial straights as the year continued, including a cash shortage that halted thousands of infrastructure projects and necessitated layoffs and unpaid furloughs for many state workers. While Proposition 1A protects California cities from ongoing unrestrained state grabs of tax revenues, the impacts of the state’s continuing budget woes provide additional uncertainty to local governments.

The State attempted to “shift” approximately 7.7 percent of local redevelopment revenues (over \$700,000 from the City’s Community Development Agency) to mitigate its 2008-09 budget crisis. The California Redevelopment Association filed a lawsuit challenging the constitutionality of State budget raids of redevelopment funds and prevailed. However, with the budget gap widening, a raid of local redevelopment funds will be an integral part of the State’s budget for years to come.

Notwithstanding the State’s budget woes, the City is taking aggressive measures to maximize the benefits available through the federal stimulus program of 2009. Capital needs are also being addressed with revenues generated from City-imposed fees such as Traffic Impact, Construction Road Impact and Recreation-in-Lieu Fees. Because the cost of construction has actually *receded* with the economic downturn, funds collected for these purposes are now providing a good return as the City continues its capital investments.

Menlo Park embarked on another investment in the community through the development and implementation of a comprehensive Community Engagement Model for the City. The model allows the staff to effectively use community-based processes in major planning projects such as the El Camino Real Downtown Specific Plan, as well as for on-going programs. The concept of “community attachment” – determined by how residents regard the community’s openness, aesthetics, and social offerings – has recently been found to be greatly correlated with higher local economic growth, providing an interesting new angle for long-term financial planning.

In addition, a City-wide Business Development Plan was developed and approved by the Council in November 2008. This document sets a clear direction for local economic development by establishing specific goals and strategies for each of the City’s eight economic activity centers. One of the primary deliverables of the plan during the fiscal year was the completion of the Rosewood Sand Hill Resort & Spa, which opened on April 2, 2009. Revenues from the new resort will effectively double the City’s previous hotel tax revenues within the next few years.

As of the issuance of this report there are positive signs that the country is starting to emerge from its worst economic recession since the 1930s. But since municipal revenues typically lag the economy, the impact of this downturn on Menlo Park’s fiscal outlook will surely endure in the current and future fiscal years. Though property tax

revenues remain fairly secure, sales tax receipts have taken a beating and development activity has slowed considerably. Lower yields on the City's portfolio will also result in a decrease in revenues in all of the City's major funds. The City's emphasis on long-term planning should allow it to identify cost reductions and efficiencies that provide the least negative impact possible on current levels of service without relying heavily on the use of reserves or the need for taxes increases. Staff will continue to monitor the challenging budget situation, keep the City Council informed of critical market and economic events, and be proactive in developing plans to help mitigate the impacts on the City. Amid all the economic uncertainty, it is clear that the City cannot rely on continuous revenue growth to provide future budgetary relief.

Community Development Agency

The City Council, acting as the Community Development Agency Board, exercises authority over redevelopment activities for which the City also provides administrative and financial services. Therefore, its financial activities are included in this report.

The Agency was established in 1981. Plan amendments have expanded the Las Pulgas Community Development Project Area, established new bonded indebtedness limits and revenue caps, and extended the Agency's deadline for Activities and Plan expiration. Bonds issued in 1988, 1992 and again in 2000 provided funds for various redevelopment projects. The debt (totaling \$72.4 million) was consolidated into one refunding issuance in 2006. The Agency's investment in projects has resulted in demand for housing and considerable investment in renovations and additions to the existing housing stock. This year, soil remediation at the Agency's Terminal Avenue property was completed in preparation for a housing development at the site. Although work on the new Police Substation/City Service Center for the area was delayed, construction was again in progress by the end of the fiscal year. In addition, the design of major improvements at Kelly Park was advanced during the fiscal year.

Agency staff was active in processing rehabilitation loans, emergency repair loans and landscaping grants - all programs developed to increase and maintain the availability of affordable housing in the project area. Program funding for code and drug enforcement and housing improvements continued to have a positive effect on the quality of life of the area.

Since the Agency's primary source of revenue is tax increments, property values and new construction in the redevelopment area are the key economic factors that define the future resources of the agency. Assessed valuation for the Agency increased 6.1 percent over the prior year, but appeals for reductions generated a higher level of refunds than in the prior year, and tax revenues grew by only 3.3 percent.

Major Initiatives

FOR THE YEAR: During the fiscal year the City Manager's office has worked closely with the City Council to ensure that resources are effectively focused on the Council's highest priorities. A comprehensive organizational plan was developed during the summer of 2008 and used to focus staff work on activities that would improve the organization's ability to achieve Council goals. In December staff facilitated a Council goal setting process that resulted in Council consensus on high level values and three key goals for the coming year. Deliverables for each of the goals have also been developed and continue to provide a focus for staff work.

Regular communications with Council have also been enhanced in the past year with the addition of the City Manager's newsletter and quarterly departmental reports, as well as an expanded use of focused study sessions to provide policy background information on such topics as public benefit policy, high speed rail, a planning approach for the M2 area, detailed Council input on the El Camino Real / Downtown Specific Plan, fiscal policies, and more.

The **Department of Administrative Services** undertook a number of proactive measures to protect the City and Redevelopment Agency's assets and reduce costs in 2008-09. Work began on a long-term succession and restructuring plan which would allow the organization to take advantage of anticipated retirements, to assist in making changes to the organizational structure to improve efficiencies, and to better align resources with service levels. A leadership development team was established, including members from all departments to develop a program that would guide and support existing employees in furthering their professional goals and providing "leaders at all levels" of the organization.

Within the Personnel Division, changes were made to the performance planning system based on employee feedback. The division also undertook an update of required training and re-evaluated a vacant (retirement) staff position and implemented several process improvement efficiencies. With the Community Engagement Manager, Personnel staff initiated a quarterly employee newsletter - *In the Loop*. In addition, successful recruitments for several management level positions, including the Assistant City Manager, Police Commander and City Clerk, were completed this past year.

To ensure that fees are based on a more complete understanding of the true cost of services, a Full Cost Analysis of User Fee Services was finalized in October 2008, which was used to inform both the City's Master Fee Schedule Update in November, and a draft User Fee Cost Recovery Policy. The Finance Division also advanced work on a General Fund Reserve Policy by contracting with GFOA to assist in development of a policy tailored to the needs of the City. In addition, the City's investment policy received extra scrutiny in light of the slowing economy and unprecedented volatility in the financial markets. With the help of the Finance/Audit Committee established in the prior fiscal year, a quarterly General Fund financial report format was developed to

provide timely information on the City's fiscal health. Finance staff also began the process of preparing for the issuance of a second bond sale for Measure T by reaffirming the City's excellent bond ratings and analyzing the possible benefits of including Build America Bonds in the issuance.

MIS (Management Information Services) staff implemented a major network upgrade allowing high speed gigabit networking within the Civic Center campus and implemented a second email server to provide faster system response when sending and receiving email. Wireless security and ease of use was also improved. In public safety, MIS implemented a mobile GIS mapping application giving dispatchers a real time view of each officer's GPS position as well as the ability to review other GIS layers and parcel information.

Accomplishments in the Community Engagement function this fiscal year include development of the City's Community Engagement Model previously noted. A complete community engagement plan was also developed and implemented, including communications activities such as a quarterly community newsletter, called Menlofocus; a bi-annual community-wide survey conducted by the International City Management Association; streamlining and enhancement of the City's web page; updating and re-introduction of the City's Direct Connect 24/7 customer service system.

In addition to development of the Council-directed Business Development Plan, business retention activities were accelerated due to the national economic downturn. The effort included establishing a Council Business Development Subcommittee so that all levels of City administration can be effectively utilized in stimulating economic development. Attracting new businesses has been another important component of maintaining the local economy. Some of the important new businesses opening during the fiscal year include Penzys Spices, Pendleton, Amici's New York Pizza, Rubio's Fish Tacos, Cococrystal Discovery, Tesla Motors auto dealership, Marq's in Menlo, and GC's Tasting and Specialty Market. Business Development staff also furthered work on: the Marriott Hotel and office complex (Gateway Menlo Park) development agreement; AMB's 55-acre Willow Park industrial site repositioning to a life sciences orientation; inclusion of a crucial economic development component in the City's Redevelopment Area 5-year Implementation Plan; and furthering interest in a major development on the RDA properties located in the M-2 Zoning District's Haven Avenue project area.

The new fiscal year brought a new City Clerk and a new Deputy City Clerk. The addition of their years of professional Clerk experience has already benefitted the organization by improving the scope of official records document maintenance, training for Commissions, and initial improvements to document management. The City Clerk's Office began streamlining various processes to create efficiencies and increase centralization of key documents, such as contracts. The "official record" has been improved by linking PowerPoint presentations made during the Council meetings to the minutes to enable interested parties access to these presentations. The City Council

also approved changing to Action Minutes during the 2008-09 fiscal year, providing a concise record of the actions taken by the City Council. In addition, all commissioners and staff liaisons were invited to participate in a special training by the City Attorney on issues relating to the Brown Act, protocol and procedures. The November election was conducted and the two incumbent Council Members were seated in December.

One of the primary focuses of the **Community Development Department** during the fiscal year has been the El Camino Real/Downtown Visioning and Specific Plan Project. Early in the fiscal year, the City Council unanimously accepted the Vision Plan and approved moving forward with Phase II of the project, the development of a Specific Plan. In Phase II, staff continued working with a Council Subcommittee and a Community Oversight and Outreach Committee. Efforts included: completion of a consultant procurement and selection process for Phase II; preparation of a community engagement plan; creation of flyers, newsletters and a banner; stakeholder interviews; analysis of existing conditions; and development of alternative development scenarios. Within the fiscal year, two of three planned community workshops were held, as well as meetings of the Oversight and Outreach Committee, Planning Commission and City Council. The Specific Plan is expected to be completed in October 2010.

Other comprehensive planning efforts have included: consideration of, and Council direction on, a comprehensive planning approach for the Willow Business Area of the M2 zoning district; Council adoption of an updated definition of Gross Floor Area for use in the review of development proposals; implementation of a mandatory program for the submittal of sustainable building checklists for new non-residential projects over 10,000 square feet in size and residential projects of more than five units; and completion of a draft background chapter for the update of the Housing Element.

The Community Development staff also continued to review significant development proposals, including the 1300 El Camino Real mixed use project and Menlo Gateway hotel and office project, both of which involve the preparation of environmental documents and fiscal impact analyses. Other large-scale projects continuing in the development review process include the Burgess Gymnasium, a residential project proposed at 389 El Camino Real and a medical office project at 1706 El Camino Real. The land use entitlement process was completed for a new 23,000 square foot office building at 2550 Sand Hill Road.

Community Development staff issued 1,150 building permits and conducted 9,705 inspections, including inspections needed to successfully open the Rosewood Hotel and Office complex on time, and the retail stores associated with Safeway. Inspection services were also provided to the Morgan Lane I and II developments on Linfield Drive allowing for the completion of 34 homes and the Lane Woods development on Willow Road allowing for the completion of 27 homes. The conversion of the City's historical building documents from micro-fiche to a digital format was completed to facilitate easier access to information for the public. Plans and supporting documentation can now be viewed on the public computer monitors.

In the areas of redevelopment and housing, the department has been focused on two key efforts: the preparation of a Redevelopment Implementation Plan providing the blueprint for the Redevelopment Agency's activities for the 2009-10 through 2013-14 fiscal years. As of the fiscal year end, a community outreach program had been conducted and successfully engaged over 125 stakeholders. Staff also prepared two programs to deal with the issue of increased foreclosures in the City. Council adopted the Neighborhood Stabilization Program and the Habitat Acquisition and Rehabilitation Program to address foreclosed properties. Work is continuing on a third companion program to address pending foreclosures. Department staff also certified completion of six Below Market Rate (BMR) units with an additional five units under construction. To facilitate those home purchases, the department provided first-time home buyer loans (PAL loans) utilizing \$282,000 in PAL Funding. The department continued its discussions with Habitat for Humanity regarding the proposed development of low-income housing units on Terminal Avenue. Despite the dramatic reductions in development revenues and continued uncertainty in both the commercial and residential development sectors Community Development staff continue to forward long-term planning efforts while maintaining current planning services and activities.

The **Community Services Department** offered a wide variety of services to the community this past year. Social service programs and recreation programs provided opportunities to improve the quality of home and family life through physical development, lifelong learning and leisure activities in the form of sports programs, fitness classes, drop-in opportunities, enrichment classes, celebrations, cultural activities and the use of the City's Parks and Recreation facilities.

This past year participation in classes and leagues was steady. Youth development sports leagues in volleyball and basketball were offered for girls and boys in elementary and middle schools. Over 170 teams with over 1,700 youth participated in these two programs. The gymnastics program increased the number of students from the previous year by approximately 7%. At the Burgess Recreation Center, many expanded programs were offered, including the Menlo Madness Summer Camp and Birthday Parties. A wide variety of successful new classes, including Kids Carpentry and Cooking, were added this year. The Onetta Harris Community Center, also featured new events and classes such as the Mouse Squad, PJ Jam Movie Nights, a Teen Dance, International Night, Games Galore Night, Ballet, Mixed Martial Arts, Community Quilting, and Karate. Improvements to the Onetta Harris facility also occurred in early 2009. The weight room received new equipment, several rooms received window coverings and mirrors were installed in the activity room for exercise, martial arts and dance classes.

A large focus in 2008-09 was outreach to the Belle Haven Community through social services offerings, recreation programs and partnerships. *Built to Last*, East Palo Alto Tennis and Tutoring, the Boys and Girls Clubs, Belle Haven School and the Belle Haven Child Development Center are new partners at the Onetta Harris Community Center.

Outreach efforts with these partners have provided new avenues for reaching residents with enriching experiences for the community and increased attendance at the center. Along with these partnerships, an advisory council was created in July 2008. The council meets monthly and assists staff with determining the types of new programs and projects that could be offered to the community. The Belle Haven Community School, of which the City is a partner, gained two new corporate sponsors this year – Tyco and Diageo. Tyco assisted with facility improvements at Belle Haven School and Diageo provided both food baskets during the holidays and student tutoring services.

During the fall of 2008, Bayfront Park was renamed to Bedwell Bayfront Park in honor of Michael Bedwell, former City Manager of Menlo Park. Volunteers worked with staff for months on the development of three storyboards featuring the history of the park, its development and the wildlife. Volunteers also supported events, assisted with food distributions, read stories to children and continue to lend a hand in many areas of the department. This past year, the Menlo Park Senior Center had over 40 volunteers, that made programs possible by bringing free events to the center, providing classes, helping with the farmers' market, and assisting with the delivery of daily programs at the center.

At the end of the year, Community Services staff looked forward to their new partnership with Menlo Atherton High School as the new Menlo Atherton Performing Art Center opens its doors. Additionally, the Burgess Gymnasium and the Kelly Field improvement projects will continue to enhance recreational opportunities available to community members.

Circulation of materials from the **Library** continues to increase despite a decline in the already limited funding sources for the City's library services. In FY 2007-08 circulation increased by 15% and rose another 5% in 2008-09. Public libraries throughout the state are seeing an increase in their usage as economic times have become more difficult. Patrons are eager to access the library's resources to assist with employment searches, increase self learning and enhance their leisure and creative opportunities. The library continues to develop the Small Business Resources and Green Living Collections.

Library services to youth expanded in FY 2008-09 with the introduction of Teen Night at the Library. This is an "after hours" event in which teens have exclusive use of the library. Library staff present a wide array of entertaining and educational programs for teen participation. All four Teen Nights were well received by the "tweens" and teens of Menlo Park.

Project Read, the adult literacy program, applied for and received numerous grants this year, some of which were used to fund group classes in rudimentary English as a Second Language. The classes have helped numerous Spanish-speaking students gain enough English language skill so that they can graduate to the formal Project Read tutoring program.

The library also expanded its collection of recordings of courses taught by nationally recognized college professors. Available in both CD and DVD format, the courses are in multiple parts. The library has added 100 new courses this year. Over the past year, the average circulation per course was very high for this type of academic material.

The **Police Department** enjoyed the benefits of being fully staffed this fiscal year due to proactive recruitment and retention efforts launched in fiscal year 2007-08. In addition to overall department staffing, for the first time in several years, the department was able to fully staff key specialty units including Investigations, Narcotics, and Traffic. This staffing provided for proactively addressing gang and narcotic issues. On March 7, 2009, a multi-jurisdiction investigation known as “Operation Crackdown” became the largest gang arrest in San Mateo County in over thirty years. Approximately 48 arrests of validated gang members were made; large quantities of narcotics were seized along with weapons, cars, and houses that had been purchased with drug proceeds.

The red light photo enforcement program, using cameras installed at high-risk intersections, also came to fruition this year. This program has shown to be an effective tool for increasing traffic safety through a reduction in intersection collisions. During this fiscal year, three more approaches were installed along the El Camino Real and have already begun to decrease accidents. In addition, two motorcycle units went into service. These traffic officers enforce all traffic laws, address traffic complaints, coordinate the City’s involvement with special events, and assist with traffic safety at and near schools.

The new Belle Haven Police Substation did break ground this year, however, due to unexpected construction complications, has not been completed as planned. Staff will continue to work with the contractor in an attempt to get this long awaited project completed.

In the **Public Works Department**, staff remains focused on maintaining the City’s infrastructure assets. Numerous renovation projects are planned to improve City streets, storm drains, sports fields, tennis courts, and buildings in the coming fiscal year. The department is also poised to receive Federal stimulus package funds to augment City resources for street resurfacing and potentially other infrastructure needs.

Public Works has continued to lead the City’s efforts in reducing greenhouse gas emissions. The City’s Climate Action Plan was recently adopted and will serve as a resource for decision makers in selecting implementation projects over the next several years. Further research is planned to better identify the costs and benefits of various climate protection strategies.

The department’s transportation division continues to emphasize pedestrian and bicycle safety in Menlo Park neighborhoods and around schools. Work will continue to advance the City’s Safe-Routes-to-School (SRS) programs through Federal grants.

An increase in the demands on storm water programs poses a major challenge to the City. The Municipal Regional Permit (MRP) recently developed by the Regional Water Quality Control Board to regulate storm water discharges added numerous new requirements for storm water management programs in the Bay Area. The City's storm water program is partially funded from a regulatory fee (enacted in 1994). However, the annual revenues from the fee are approximately \$310,000, which has not been sufficient to cover the increasing costs of the program for the past eight years. The City's additional costs under the MRP is estimated at \$300,000 per year, representing a 60 percent increase over the current/base annual cost of \$500,000 per year. These additional costs will be borne by the General Fund until more appropriate funding is in place.

FOR THE FUTURE: 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 on-going expenses. The operating budget provides annual funding for large infrastructure maintenance projects, and on-going retiree medical benefit obligations. In addition, all funds are regularly evaluated in terms of on-going sustainability, to avoid any future burden on the General Fund. The City Council looks to develop fiscal policies that will provide guidance on maintaining sound financial standing in the long term, including a General Fund Reserve Policy.

However, the current economic environment will surely test the sustainable nature of the City's financial planning processes. As the City sets about the task of developing robust fiscal policies and strategies for the future, it must also deal with the current reality. Although reserves are available to provide temporary financing for extraordinary events such as an economic recession, the City must be able to distinguish between operating structural deficits and deficits that result from temporary downturns in the economy. As the current downturn is not anticipated to be short-lived, making this distinction will be a critical challenge to the City's long-term fiscal well-being.

In addition to a sustainable *fiscal* plan, Council values its role in providing strong environmental stewardship, which includes promoting and following sustainable *environmental* practices aimed at reducing greenhouse emissions, protecting the environment and conserving natural resources. An emissions inventory will be useful in prioritizing actions that the City and the community can take to forward this value.

As the economic environment and the needs of the community change, the City is challenged to identify the most appropriate use of available funds with each annual budget. In carrying out each fiscal year plan, efforts will be focused on monitoring expenditures to make sure the City's resources are optimized.

Accounting and Budgetary Controls

The City administration is responsible for establishing and maintaining an internal control structure designated to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to prepare financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that, (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, special revenue funds and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system for accomplishing budgetary control, and as demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management

Cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF, administered by the Treasurer of the State of California), obligations of the United States Treasury, Federal Agency Discount Notes, Medium Term Notes, and Certificates of Deposit. The average daily balance of the investments for the City and the Agency for the fiscal year was \$104 million, which earned approximately \$3.4 million with an annualized return net of fees of 3.35 percent.

At June 30, 2009, 46 percent of investments held by the City were invested in LAIF. Investments in LAIF are highly liquid, and generally may be converted to cash within twenty-four hours without loss of investment income. Combined with other investments of limited duration, the City's portfolio carries an average investment maturity of 293 days, with 71 percent of the portfolio invested in securities with a maturity of less than a year. By remaining short in duration, exposure to fair value losses from rising interest rates is mitigated. Since LAIF is a state-administered external investment pool, additional disclosures are included regarding LAIF investments.

Risk Management

On July 1, 2002, the City joined with other local governments in the Bay City Joint Powers Insurance Authority (BCJPIA). The BCJPIA maintains pooled coverage programs (self-insured with excess coverage) for its member cities. Actuarial and management estimates are utilized to determine the annual funding required from each member to pay anticipated claims, purchase insurance, and provide for administrative,

risk management, litigation management, loss prevention and claims management services. In addition, the City makes use of various risk control techniques, including employee safety training, an employee safety committee to analyze accidents, and a safety and loss control consultant to minimize employee accident and liability claim losses.

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 relates to services the City provides. Over time, the intent is to accumulate meaningful trend information useful in assessing performance.

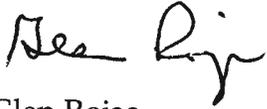
Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Odenberg, Ullakko, Muranishi & Co., LLP Certified Public Accountants and Consultants, was selected by the City for this purpose early in the fiscal year. The auditor's report 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. The Government Finance Officers Association (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, 2008. 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.

Acknowledgments. This CAFR represents the culmination of numerous hours of hard work expended by the entire Finance staff. Timely and efficient accounting practices and coordination with the City's independent auditors were essential in producing this 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.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Glen Rojas".

Glen Rojas
City Manager

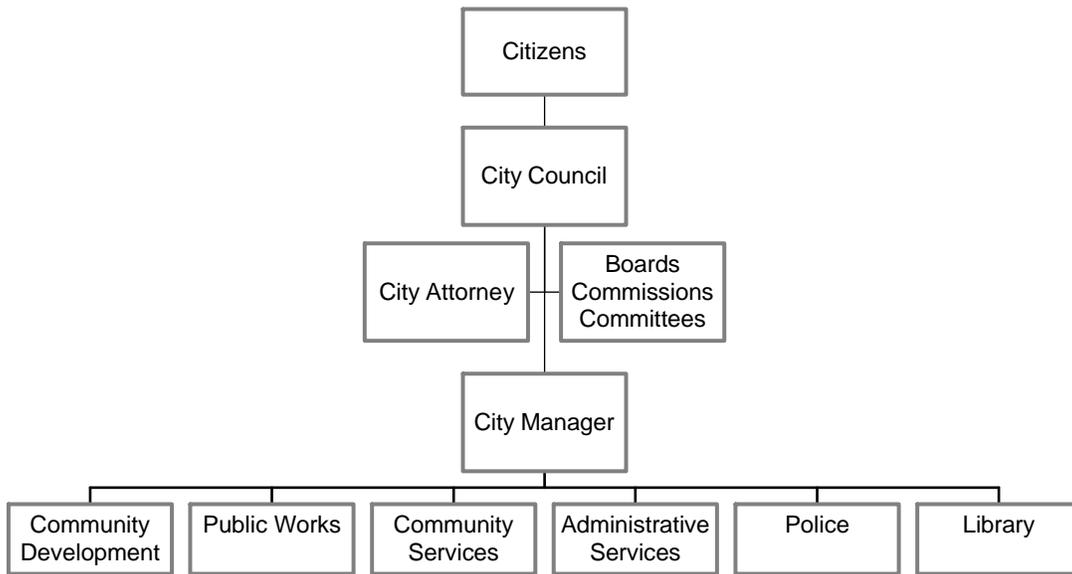
A handwritten signature in cursive script that reads "Carol Augustine".

Carol Augustine
Finance Director

CITY OF MENLO PARK, CALIFORNIA

ORGANIZATIONAL CHART

JUNE 30, 2009



CITY OF MENLO PARK, CALIFORNIA

LIST OF CITY OFFICIALS

JUNE 30, 2009

CITY COUNCIL

Heyward Robinson Cohen, Mayor

Richard Cline, Vice Mayor

John Boyle, Councilmember

Andrew Cohen, Councilmember

Kelly Fergusson, Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Attorney William McClure

City Manager Glen Rojas

Assistant City Manager Starla Jerome-Robinson

Administrative Services:

Personnel and Information Services Director Glen Kramer

Finance Director Carol Augustine

City Clerk Margaret Roberts

Community Services Director Barbara George

Police Chief Bruce Goitia

Library Director Susan Holmer

Developmental Services:

Director of Community Development Arlinda Heineck

Director of Public Works Kent Steffens

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

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December 22, 2009

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 express no opinion on them.

Odeberg Ollakko Muravishi & Co LLP



701 LAUREL STREET, MENLO PARK, CA 94025-3483
www.menlopark.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2009

This Management's Discussion and Analysis (MD&A) of the City of Menlo Park's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. 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 Assets - The assets of the City exceeded its liabilities at fiscal year ending June 30, 2009 by \$398,737,443. Of this amount, \$75,708,692 was reported as "unrestricted net assets" and may be used to meet ongoing obligations.

Changes in Net Assets - The City's total net assets increased by \$4,878,915 in fiscal year 2008-09. Net assets of governmental activities increased by \$4,096,220 due largely to the accumulation of resources in several of the City's special revenue funds for specific long-term needs. Net assets of the business- type activities increased by \$782,695, reflecting the net operating income of the Menlo Park Municipal Water District.

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2008-09, the City's governmental funds reported a combined ending fund balance of \$110,088,790. This is a \$4,254,991 increase over the prior year which occurred despite the slight decrease in the City's General Fund. The Community Development Agency fund balances increased \$2,448,339, while Non-Major Governmental Funds increased \$2,232,588. Of the total fund balances, \$61,480,302 is categorized as "unreserved, undesignated fund balances" available for appropriation.

General Fund - The undesignated fund balance of the General Fund on June 30, 2009 was \$19,144,493, a decrease of \$1,858,581 from the prior year. The net decrease in total fund balance was \$573,572.

Internal Service Funds - Four internal service funds are utilized to account for certain administrative activities required for operations of various departments and other funds. Net assets in the internal service funds totaled \$1,738,241 as of June 30, 2009, a decrease of \$67,608 for the fiscal year.

Long-Term Debt:

The City's total bonded debt obligations decreased by \$2,073,521 during fiscal year 2008-09, due in most part to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment (\$1,680,000) was made on the Community Development Agency's 2006 Tax Allocation Refunding Bonds.

City Highlights:

Having recognized a significant drop in sales taxes during the economic decline earlier in the decade, the City continued its work on development of a long-term, sustainable budget for the General Fund during the 2008-09 fiscal year. Various net cost reduction strategies from prior years remained in place. In

addition, the Utility User Tax (UUT), which was effective April 1, 2007, provided an additional \$1,162,595 of revenues to the City in the fiscal year 2008-09.

Governmental Fund revenues decreased over \$4.3 million from the previous fiscal year. Although property taxes increased approximately \$920,000 (3.95 percent), nearly all other revenue categories dropped significantly as the impact of the global economic recession took hold. Fees collected for development projects (especially for future mitigation of traffic, recreational facility and infrastructure needs) decreased as building activity slowed appreciably from the intense pace of prior years. Revenues from licenses and permits, which dropped nearly \$1.2 million, reflect this reduced pace. Investment earnings also decreased (approximately \$1.6 million, or 26.5 percent) as yields on the City's investment portfolio fell markedly throughout the fiscal year.

Governmental expenditures grew approximately \$2.6 million (4.75 percent). This increase includes an investment in capital outlay of nearly \$1.9 million higher than in the previous fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended 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 Assets and the Statement of Activities and Changes in Net Assets

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets include information about the City as a whole and about its activities. These statements include *all* assets and liabilities 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 *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets 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 Assets and the Statement of Activities and Changes in Net Assets, 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—not the City

as a whole. 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 Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In addition, a statement of cash flows is provided.

Fiduciary funds - The City is the trustee, or *fiduciary*, for certain funds held 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 Assets. We exclude these activities from the City’s other financial statements because the City cannot use these 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 Employees Pension Plan Schedule of Funding.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the City as a whole has net assets of \$398,737,443. 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 Assets.

City of Menlo Park's Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current Assets | \$ 96,555,045 | \$ 93,937,145 | \$ 17,795,255 | \$ 17,236,631 | \$ 114,350,300 | \$ 111,173,776 |
| Non-Current Assets | 29,072,879 | 27,320,620 | - | - | 29,072,879 | 27,320,620 |
| Capital Assets | 345,839,316 | 347,908,369 | 7,620,626 | 7,532,369 | 353,459,942 | 355,440,738 |
| Total Assets | 471,467,240 | 469,166,134 | 25,415,881 | 24,769,000 | 496,883,121 | 493,935,134 |
| Current Liabilities | 10,159,682 | 9,655,256 | 471,983 | 616,068 | 10,631,665 | 10,271,324 |
| Long-term Liabilities | 87,485,908 | 89,785,448 | 28,105 | 19,834 | 87,514,013 | 89,805,282 |
| Total Liabilities | 97,645,590 | 99,440,704 | 500,088 | 635,902 | 98,145,678 | 100,076,606 |
| Investments in Capital assets | | | | | | |
| Net of Related Debt | 261,153,596 | 265,272,383 | 7,620,626 | 7,532,369 | 268,774,222 | 272,804,752 |
| Restricted | 37,735,576 | 38,332,535 | 16,518,953 | 15,383,875 | 54,254,529 | 53,716,410 |
| Unrestricted | 74,932,478 | 66,120,512 | 776,214 | 1,216,854 | 75,708,692 | 67,337,366 |
| Total Net Assets | \$ 373,821,650 | \$ 369,725,430 | \$ 24,915,793 | \$ 24,133,098 | \$ 398,737,443 | \$ 393,858,528 |

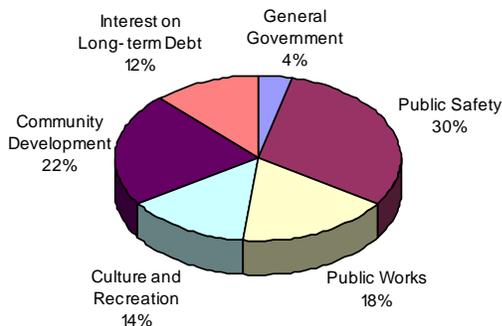
Note: certain amounts within the 2008 governmental activities net assets have been reclassified to conform with the 2009 presentation. These reclassifications had no effect upon the reported net assets or changes in net assets for 2008. Additionally, net assets at June 30, 2008 have been restated (see Note 22.)

City of Menlo Park's Changes in Net Assets

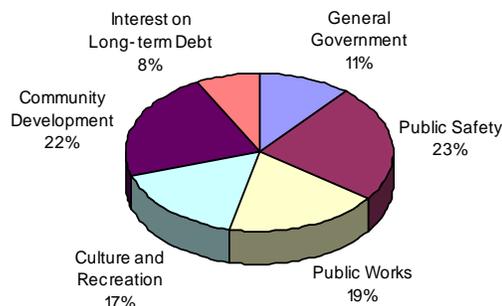
| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 16,644,612 | \$ 18,505,183 | \$ 4,352,147 | \$ 4,483,145 | \$ 20,996,759 | \$ 22,988,328 |
| Operating Grants and Contributions | 2,428,500 | 2,369,502 | - | - | 2,428,500 | 2,369,502 |
| Capital Grants and Contributions | 661,554 | 1,030,839 | - | - | 661,554 | 1,030,839 |
| General Revenue: | | | | | | |
| Property Taxes | 24,213,136 | 23,292,838 | - | - | 24,213,136 | 23,292,838 |
| Sales Taxes | 6,865,152 | 7,676,943 | - | - | 6,865,152 | 7,676,943 |
| Transient Occupancy Taxes | 1,351,578 | 1,474,119 | - | - | 1,351,578 | 1,474,119 |
| Other Taxes | 3,953,097 | 4,586,932 | - | - | 3,953,097 | 4,586,932 |
| Investment Earnings | 4,645,732 | 6,076,112 | 667,230 | 957,071 | 5,312,962 | 7,033,183 |
| Miscellaneous | 193,370 | 706,444 | 10,000 | 344 | 203,370 | 706,788 |
| Total Revenues | 60,956,731 | 65,718,912 | 5,029,377 | 5,440,560 | 65,986,108 | 71,159,472 |
| Expenses: | | | | | | |
| General Government | 6,507,831 | 8,145,031 | - | - | 6,507,831 | 8,145,031 |
| Public Safety | 13,755,857 | 15,763,116 | - | - | 13,755,857 | 15,763,116 |
| Public Works | 10,717,616 | 12,332,849 | - | - | 10,717,616 | 12,332,849 |
| Culture and Recreation | 9,723,210 | 11,276,226 | - | - | 9,723,210 | 11,276,226 |
| Community Development | 12,644,222 | 9,817,989 | - | - | 12,644,222 | 9,817,989 |
| Interest on Long-term Debt | 3,710,590 | 5,037,500 | - | - | 3,710,590 | 5,037,500 |
| Water Operations | - | - | 4,047,868 | 4,075,876 | 4,047,868 | 4,075,876 |
| Total Expenses | 57,059,325 | 62,372,711 | 4,047,868 | 4,075,876 | 61,107,193 | 66,448,587 |
| Inc/Dec in Net Assets before Transfers | 3,897,406 | 3,346,201 | 981,509 | 1,364,684 | 4,878,915 | 4,710,885 |
| Transfers | 198,814 | 184,711 | (198,814) | (184,711) | - | - |
| Changes in Net Assets | 4,096,220 | 3,530,912 | 782,695 | 1,179,973 | 4,878,915 | 4,710,885 |
| Net Assets - Beginning of the Year | 369,725,430 | 366,194,518 | 24,133,098 | 22,953,125 | 393,858,528 | 389,147,643 |
| Net Assets - End of the Year | \$ 373,821,650 | \$ 369,725,430 | \$ 24,915,793 | \$ 24,133,098 | \$ 398,737,443 | \$ 393,858,528 |

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.

Net Cost of Governmental Activities



Governmental Expense by Activity



BUSINESS-TYPE ACTIVITIES

Net assets for business-type activities were \$24,915,793. Total program revenues for business-type activities were \$4,352,147, which consisted solely of Charges for Services related to the water usage and capital surcharge fees. Total expenses for the business-type activities were \$4,047,868 during fiscal year 2009, all related to water operations.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Major Fund Balances

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.

The City's major fund balances and aggregate other governmental funds balances are:

| Governmental Fund Balances | June 30 2009 | June 30 2008 | Increase (Decrease) From 2008-09 |
|-----------------------------------|-------------------------|-------------------------|---|
| General Fund | \$26,708,160 | \$27,281,732 | (\$573,572) |
| CDA Housing Fund | 1,704,834 | 1,697,546 | 7,288 |
| CDA Non-Housing Fund | 20,511,208 | 18,800,915 | 1,710,293 |
| CDA Debt Service Fund | 9,073,768 | 8,349,894 | 723,874 |
| CDA Capital Projects Fund | 7,694,249 | 7,687,365 | 6,884 |
| Community Development Block Grant | 602,703 | 455,067 | 147,636 |
| Other Governmental Funds | 43,793,868 | 41,561,280 | 2,232,588 |
| TOTAL | \$110,088,790 | \$105,833,799 | \$4,254,991 |

Note that these 2008-09 statements present the City's Community Development Agency (CDA) funds as four distinct major funds, rather than the combined treatment provided prior to the 2005-06 fiscal year.

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 current fiscal year, the unreserved fund balance of the General Fund was \$24,744,493, while the total fund balance was \$26,708,160. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. The unreserved fund balance represents 72 percent of total General Fund expenditures (excluding transfers out) for the year, while total fund balance represents 77 percent of that same amount.

During the current year, the *total* fund balance of the General Fund decreased by \$573,572, representing a 2.1 percent decrease in the fund balance at the beginning of the year. The decrease is largely reflective of the 7.7 percent (\$2.9 million) drop in revenues when compared to the prior fiscal year. Of the total fund balance of \$26,708,160, \$1,963,667 is reserved for certain commitments and loans, and \$5,600,000 is designated for various items such as equipment and infrastructure replacement and fiscal uncertainties leaving \$19,144,493 as the undesignated fund balance.

Although the City's total General Fund balance decreased slightly during the fiscal year, much of the operating deficit was anticipated. Approximately \$340,000 was expended for the El Camino Real/Downtown Specific Plan, a comprehensive planning project that is considered to be funded directly from reserves. Other key factors in the decreased fund balance are discussed further in General Fund Budgetary Highlights, later in this report.

Community Development Agency (CDA) Fund Balances

The Community Development Agency (CDA) funds experienced a combined increase of \$2,448,339. A 3.28 percent increase in tax increment revenues allowed for the rise in the two Special Revenue funds for Housing and Non-Housing activities.

The Agency is required by State law to set aside 20 percent of the tax increment revenue in a separate fund for low and moderate-income housing purposes. In 2008-09, this Redevelopment Housing Set-Aside fund had total revenues of \$2,660,110, and expenditures of \$1,594,321. The capital outlay of \$840,216

within the fund represents completion of the major soil remediation project at the Terminal Avenue Housing Site which began in the previous fiscal year. With transfers out of \$1,058,501 for the fund's proportionate annual debt service and administrative expense, the ending fund balance of \$1,704,834 reflects an increase of \$7,288 from the prior fiscal year.

The \$20,511,208 fund balance in the Non-Housing fund is an increase of \$1,710,293 from the prior year. Fund revenues as a whole totaled \$10,699,986, including \$9,876,463 in tax increment revenue. Expenditures were \$4,891,646, including \$3,238,284 of pass-through payments to San Mateo County and other agencies that provide services to the project area. Transfers out for debt and administrative service totaled \$4,098,047.

The debt service fund activity reflects interest revenue of \$311,149, with payments of interest and debt administration fees (\$2,776,371) and principal (\$1,680,000) on the 2006 refinancing bonds. Receipt of debt service payments from the Special Revenue Housing Set-Aside and Non-Housing funds for debt service expenses amounted to \$4,869,096.

The capital projects fund accounts for all bond proceeds available for capital improvement and the related interest income. Interest income for the year amounted to \$208,194, approximately \$80,000 less than in the prior year due to lower restricted cash balance and significantly reduced interest rates. Expenditures totaling \$201,310 included work on the design phase of the Kelly Park Improvements project (\$127,981); the Police/City Service Center construction project (\$55,130); and elements of the Atherton Channel Study/ Design project (\$13,862). Capital spending within the Agency was relatively low for the fiscal year, as construction of the new Police/City Service Center was delayed so that high-voltage facilities from underneath the building footprint could be relocated.

Community Development Block Grant (CDBG) Fund Balance

Activity in the Community Development Block Grant (CDBG) Fund Balance is limited to the administration of currently-held loans. Revenues consist predominantly of loan repayments. Since 2007-08, no new loans are being made within this City program. Because the \$1.4 million in notes receivable represent more than 10 percent of the City's total governmental fund liabilities, the fund is still considered a major fund for financial statement purposes.

Other Governmental Funds Balances

At the end of the 2008-09 year, the total fund balance of the City's twenty-four non-major Special Revenue funds was \$30,488,255. During the year, the total fund balance for these funds increased by \$3,408,572. The largest fund increase (over \$2.8 million) was experienced in the Below Market Rate Housing fund, which resulted from the receipt of development-related impact fees at the conclusion of the Rosewood Sandhill Hotel and office complex construction. Development-related fees in other funds were greatly subdued over the prior year. Within the Non-major Capital Projects funds, the Capital Improvement General Fund alone experienced a decrease of over \$1.5 million, with the completion of the \$4.4 million 2007-08 Street Resurfacing Project, which began late in the previous fiscal year. This project was the largest repavement in the City's history, and was funded from various capital and special revenue funds. Although the adopted budget called for a General fund transfer of \$2.2 million for the annual funding of infrastructure maintenance, this amount was reduced by \$800,000 upon mid-year analysis. The Measure T 2002 GO Bond Capital Improvement Fund expended over \$300,000, largely for the Burgess Gym Study and Design project, in anticipation of a second issuance of the bonds early in fiscal year 2009-10.

Propriety Funds

Proprietary Funds are comprised of enterprise funds and internal service funds. The City has one enterprise operation: 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 assets of the fund at June 30, 2009 were \$24,915,793; an increase of \$782,695 from the prior fiscal year. This increase was the result of net operating income of approximately \$1.1 million in the Water Capital Fund, and a \$154,000 net operating loss (4.1 percent of revenues) in the Water Operating Fund. Reserve funding policies were established in 2006, with the City adopting an 11.9 percent annual increase in water meter and consumption block rates through fiscal year 2009-10, based on increases in the cost of water. A capital surcharge was established in 1990 to fund major water capital projects; the surcharge netted the Water Capital Fund approximately \$588,000 in fiscal year 2008-09.

The City uses internal service funds to account for four major administrative activities: Workers' Compensation Insurance, General Liability Insurance, Retiree Medical Benefit, 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. Through 2008-09, the Vehicle Replacement Fund received direct transfers from the General Fund and Water Fund to provide for the cost of anticipated vehicle purchases. Beginning in 2009-10, the fund will begin collecting "charges for services" from the departments and programs which utilize the assets being replaced. Charges received in the General Liability Insurance Fund were insufficient to meet the increase in litigation activity on several outstanding claims from previous years, while revenues of the Workers' Compensation Insurance Fund covered that fund's expenses nearly two-fold. The Retiree Medical Benefit Fund was created 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. The amount of the contributions are generated as a percentage-of-payroll charge, actuarial calculated to reflect full funding of the normal cost of these benefits. Charges to the Internal Service Funds are adjusted each year to cover the anticipated cost of the various overhead service provided to the benefiting departments/programs.

Fiduciary Operations

As previously stated, the City holds certain assets on behalf of others in separate Fiduciary, or Agency funds. These funds cannot be used to finance City operations. The amount of fiduciary funds held at year end increased by \$29,948, due largely to an increase in refundable deposits paid for development projects.

DEBT ADMINISTRATION

As of June 30, 2009, the City had various debt obligations outstanding. These debt obligations were comprised of:

| <u>Type</u> | <u>Principal Outstanding</u> |
|--------------------------|------------------------------|
| General Obligation Bonds | \$ 14,535,000 |
| Tax Allocation Bonds | 69,140,000 |

The General Obligation Bonds consist of City of Menlo Park General Obligation Refunding Bonds, Series 1996, bond funding used to finance the 1990 Library Improvement Project. The balance of these bonds at

June 30, 2009 was \$2,535,000. The bonds are to be paid from special assessments to property owners within the City.

During fiscal year 2001-2002 the City issued \$13,245,000 of General Obligation Bonds Series 2002, to finance certain parks and recreation improvements. The balance of the 2002 General Obligation Bonds at June 30, 2009 was \$12,000,000.

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. The 2006 net bond proceeds were used to refund the outstanding principal of prior bond issues (\$25,515,000 and \$43,215,000, respectively). In order to maximize refunding savings, the Agency utilized a "synthetic" fixed-rate bond structure by issuing variable-rate bonds and then entering into a floating-to-fixed interest rate swap.

A re-structuring of the Agency's debt was necessitated in fiscal year 2007-08, when the downgrade of major bond insurers in February created turmoil in the municipal bond market and caused a significant increase in the interest payments required to investors of the Agency's bonds. Wrapping the preexisting insurance policy with a direct-pay letter-of-credit provided additional credit enhancement on the Agency's bonds, returning the interest rate on the bonds to historical levels. Higher interest costs for the debt while the letter-of-credit was being negotiated added substantially to the debt service costs for that (prior) fiscal year.

Additional information on the City's long-term debt can be found in note 6 on pages 58 through 63 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 \$6,551,380 at June 30, 2009.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$353,459,942, net of accumulated depreciation of \$75,126,700. 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 dropped slightly from the prior year, as a result of depreciation charges (\$4,872,491) and retirements of assets that exceeded capital asset additions during the fiscal year. The majority of capital asset additions during the current fiscal year were the result of the 2007-08 Street Resurfacing Project. Information on the City's capital assets can be found in note 5 on pages 56 through 57 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2008-09 fiscal year adopted budget for General Fund expenditures, including transfers out, amounted to \$37,638,454. The adopted budget was increased to include \$637,520 in purchase orders and other commitments from the prior year, for an "original" budget of \$38,873,688. The final (adjusted) budget amount was \$35,904,254, a net decrease of \$435,234 from the original budget, due in large part to the departmental expenditure budget reductions of \$866,120 made at midyear, which included the following:

- Due to the significant drop in development-related activity, the Community Development Department reduced plan checking and other contract services by approximately \$300,000.
- Funding for consultant services for the City's Housing Element EIR Project (\$282,000) was eliminated from the 2008-09 budget as work on the project was deferred to the subsequent fiscal year.
- Personnel budgets of four departments were reduced \$98,000 to reflect specific vacancies anticipated to remain unfilled in the second half of the fiscal year.

In addition, the transfer out of the General Fund for infrastructure maintenance within the City's General Capital Improvement Fund was reduced by \$800,000 at midyear. These decreases were somewhat offset by an additional appropriation of \$380,000 for the El Camino Real/Downtown planning process.

General Fund Revenues

- Property tax revenues increased 4.6 percent over the prior year (to \$11,867,559), primarily due to a continued increase in assessed property values. Although property transfer tax revenue dropped to \$278,000 (28 percent less than the previous fiscal year low), indicating a reduction in the volume and value of properties changing hands, the City's assessed valuation (property rolls) continued to grow. Revenues from property taxes were a mere \$17,441 short of the 2008-09 adjusted budget.
- Sales tax revenues, at \$6,865,152, marked a 10.5 percent decrease (\$811,791) over the prior year, short of the mid-year budget estimate by almost \$385,000. Although sales receipts were holding steady in the first half of the fiscal year, results in the final two quarters, particularly in the Business-to-Business category, were increasingly poor.
- Similarly for the revenue category of Licenses and Permits, development activity continued to remain strong at the time the 2008-09 Budget was adopted. However, the collapse of the credit markets in September created significant uncertainty in development activity, and a budget reduction of nearly one-third (\$750,000) was posted. Revenue from development permits dropped \$1.04 million from the 2007-08 fiscal year, ending 2008-09 at \$234,000 short of the adjusted budget. Business license revenues also fell short of the budget by \$105,000 (6.9 percent).
- The largest dollar revenue variance (over \$500,000) was experienced in the category of "other taxes". Most (\$458,000) of this variance was due to a drop in Transient Occupancy Tax (TOT, or Hotel Tax) receipts. Revenues from hotel taxes were anticipated to increase due to the opening of the Rosewood Hotel in April 2009. However, the economic downturn caused a significant decrease in both room prices and occupancy rates for the City's existing hotels.
- A positive variance in revenue derived from "use of money and property" is primarily the result of interest earnings on the City's investment portfolio, which exceeded budgetary expectations for two reasons: (1) the need to value the portfolio at fair market value as of June 30, 2009 for government financial reporting purposes created an additional \$126,000 unrealized (and un-budgeted) gain in the General Fund alone; and (2) a slower decrease in yields on the City's portfolio than was originally anticipated.

Total General Fund revenues, exclusive of transfers in from other funds, dropped 7.7 percent (approximately \$2,900,000) over the 2007-08 fiscal year.

General Fund Expenditures

Despite budget reductions posted at midyear, General Fund expenditures grew by 5.8 percent in fiscal year 2008-09. Budgetary savings were experienced in all departments, amounting to \$1.4 million for the year. Departmental expenses varied greatly from the prior year.

- Public safety expenditures rose slightly over \$915,000 (to \$13.3 million) from the prior fiscal year, largely due to higher personnel costs. Critical staffing concerns in the prior year had resulted in an aggressive three-year labor contract with the City's public safety employees, creating higher payroll expenses overall.
- Budgetary savings (\$397,144, or 4.6 percent) were largest in the area of culture and recreation (comprised of the City's Community Services and Library Departments). Expenditures grew only 3.3 percent over the prior fiscal year. The majority of savings (\$355,000) were experienced in the Community Services Department budget, with \$166,000 of savings in personnel and \$143,000 in consultant and other contractual services that were not utilized by the fiscal year end.
- Expenditures actually decreased in the Community Development Department, as the aforementioned decline in development activity necessitated fewer contract resources in 2008-09. The budget for contract services in this department was reduced at mid-year by over \$300,000; actual contract expenses were still nearly \$170,000 under the adjusted budget.
- General Fund expenditures for capital outlay decreased nearly \$70,000 (23.2 percent) from the prior year, and fell short of budget due to planned fixed capital purchases or improvements delayed into the next fiscal year.

Total actual General Fund expenditures, exclusive of transfers out, increased 5.8 percent (\$1,900,000) over the 2007-08 fiscal year.

An \$800,000 decrease in transfers to other funds was posted to the 2008-09 Budget when the mid-year review was presented and the budget was revised in anticipation of a continued slide in various General Fund revenues. The reduction in the transfer for infrastructure maintenance was justified by the deferral of several projects, most notably the Santa Cruz Avenue Sidewalk Improvements project.

ECONOMIC CONDITION AND OUTLOOK

The San Francisco Bay Area as a whole was late in following the rest of the country into the economic recession that began (officially) in Decemer 2007. But early in fiscal year 2008-09, effects of the world-wide slump were fully present. The housing market, which had been a major support of the area's economic recovery, started to decline late in 2007. In Menlo Park, total General Fund revenues had finally recovered from the 2001 downturn, only to decline in the current economic climate.

Decreased property values now diminish the probability of the continued property tax growth seen in recent years. The forecast for sales tax - the City's second-largest revenue source - must also be subdued as the City reckons with the new "economic reality" created by the severe recession. The concurrent drop in investment yields, and ongoing uncertainty in business and community development activity will also serve to dampen General Fund revenues going forward. As the State continues to grapple with a budget deficit predicted to be \$28 billion by 2010, many local governments are anticipating budgetary shortfalls for the very near term.

Despite the incorporation of cost saving strategies in past annual budget processes, the City's General Fund expenditures have continued to increase fairly steadily since 2002. However, building on the budgetary strategies brought forward from the public outreach process completed in 2005-06, which include revenue enhancements as well as cost containment measures, Menlo Park continues its focus on long-term fiscal sustainability. Because personnel costs represent approximately 70 percent of the City's General Fund budget, particular attention has been paid to controlling rising employee retirement and health benefit costs. Adequate funding of infrastructure, careful planning of the El Camino Real and downtown areas, and optimization of business and residential development opportunities in the redevelopment project area remain as fiscal priorities for the City. As long-term needs are identified, the necessary resources continue to be accrued appropriately. The promotion and municipal application of sustainable environmental practices also reflect the long-term nature of the City's goals.

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 Division, 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 Assets
June 30, 2009

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 92,875,315 | \$ 17,317,564 | \$ 110,192,879 |
| Receivables: | | | |
| Accounts | 1,388,766 | 365,290 | 1,754,056 |
| Interest | 612,714 | 112,197 | 724,911 |
| Due from other governments | 1,418,290 | - | 1,418,290 |
| Deposits and prepaid items | 259,960 | 204 | 260,164 |
| Total current assets | <u>96,555,045</u> | <u>17,795,255</u> | <u>114,350,300</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | 17,735,960 | - | 17,735,960 |
| Notes receivable | 9,888,341 | - | 9,888,341 |
| Deferred charges | 1,448,578 | - | 1,448,578 |
| Capital assets: | | | |
| Non-depreciable | 241,167,475 | 1,859,637 | 243,027,112 |
| Depreciable, net | 104,671,841 | 5,760,989 | 110,432,830 |
| Total capital assets | <u>345,839,316</u> | <u>7,620,626</u> | <u>353,459,942</u> |
| Total noncurrent assets | <u>374,912,195</u> | <u>7,620,626</u> | <u>382,532,821</u> |
| Total assets | <u>471,467,240</u> | <u>25,415,881</u> | <u>496,883,121</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 2,441,821 | 377,792 | 2,819,613 |
| Accrued payroll | 969,523 | 19,400 | 988,923 |
| Interest payable | 1,632,957 | - | 1,632,957 |
| Deposits | 283,334 | 48,888 | 332,222 |
| Unearned revenue | 889,980 | - | 889,980 |
| Claims payable due within one year | 603,910 | - | 603,910 |
| Compensated absences due within one year | 951,705 | 25,903 | 977,608 |
| Landfill postclosure care due within one year | 222,931 | - | 222,931 |
| Long-term debt due within one year | 2,163,521 | - | 2,163,521 |
| Total current liabilities | <u>10,159,682</u> | <u>471,983</u> | <u>9,741,685</u> |
| Noncurrent liabilities: | | | |
| Claims payable due in more than one year | 1,701,926 | - | 1,701,926 |
| Compensated absences due in more than one year | 1,056,589 | 28,105 | 1,084,694 |
| Landfill postclosure care due in more than one year | 6,328,449 | - | 6,328,449 |
| Long-term debt due in more than one year | 78,398,944 | - | 78,398,944 |
| Total noncurrent liabilities | <u>87,485,908</u> | <u>28,105</u> | <u>87,514,013</u> |
| Total liabilities | <u>97,645,590</u> | <u>500,088</u> | <u>97,255,698</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 261,153,596 | 7,620,626 | 268,774,222 |
| Restricted for: | | | |
| Capital projects | 18,207,379 | 16,518,953 | 34,726,332 |
| Debt service | 12,184,002 | - | 12,184,002 |
| Community Development | 6,140,612 | - | 6,140,612 |
| Special projects | 1,203,583 | - | 1,203,583 |
| Unrestricted | 74,932,478 | 776,214 | 75,708,692 |
| Total net assets | <u>\$ 373,821,650</u> | <u>\$ 24,915,793</u> | <u>\$ 398,737,443</u> |

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | | Total |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 6,507,831 | \$ 5,031,274 | \$ 18,135 | \$ - | \$ 5,049,409 |
| Public safety | 13,755,857 | 1,390,649 | 811,532 | - | 2,202,181 |
| Public works | 10,717,616 | 2,753,607 | 543,332 | 661,554 | 3,958,493 |
| Culture and recreation | 9,723,210 | 3,323,877 | 1,055,501 | - | 4,379,378 |
| Community development | 12,644,222 | 4,145,205 | - | - | 4,145,205 |
| Interest on long-term debt | 3,710,590 | - | - | - | - |
| Total governmental activities | 57,059,325 | 16,644,612 | 2,428,500 | 661,554 | 19,734,666 |
| Business-type activities: | | | | | |
| Water | 4,047,868 | 4,352,147 | - | - | 4,352,147 |
| Total business-type activities | 4,047,868 | 4,352,147 | - | - | 4,352,147 |
| Total primary government | \$ 61,107,193 | \$ 20,996,759 | \$ 2,428,500 | \$ 661,554 | \$ 24,086,813 |

General Revenues:

Taxes:

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

Total taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated (Note 22)

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ (1,458,422) | \$ - | \$ (1,458,422) |
| (11,553,676) | - | (11,553,676) |
| (6,759,123) | - | (6,759,123) |
| (5,343,832) | - | (5,343,832) |
| (8,499,017) | - | (8,499,017) |
| (3,710,590) | - | (3,710,590) |
| <u>(37,324,659)</u> | <u>-</u> | <u>(37,324,659)</u> |
| - | 304,279 | 304,279 |
| - | 304,279 | 304,279 |
| <u>(37,324,659)</u> | <u>304,279</u> | <u>(37,020,380)</u> |
| 24,213,136 | - | 24,213,136 |
| 6,865,152 | - | 6,865,152 |
| 90,499 | - | 90,499 |
| 1,351,578 | - | 1,351,578 |
| 1,484,275 | - | 1,484,275 |
| 2,378,323 | - | 2,378,323 |
| 36,382,963 | - | 36,382,963 |
| 4,645,732 | 667,230 | 5,312,962 |
| 193,370 | 10,000 | 203,370 |
| 198,814 | (198,814) | - |
| <u>41,420,879</u> | <u>478,416</u> | <u>41,899,295</u> |
| 4,096,220 | 782,695 | 4,878,915 |
| 369,725,430 | 24,133,098 | 393,858,528 |
| <u>\$ 373,821,650</u> | <u>\$ 24,915,793</u> | <u>\$ 398,737,443</u> |

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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.

Community Development Agency - Established to account for tax increment property taxes received under State of California Health and Safety Code Division 24, Part 1. Funds are utilized to reduce and eliminate visual, economic, physical and social blight existing within the Agency's project area(s). The following funds are presented for the Community Development Agency:

Housing Special Revenue Fund - Established to account for 20% of the tax increment property taxes received under State of California Health and Safety Code Division 24, Part 1. Funds are used to promote the expansion of local housing opportunities for low and moderate income residents.

Non-Housing Special Revenue Fund - Accounts for 80% of the tax increment property taxes received under State of California Health and Safety Code Division 24, Part 1 and utilized to reduce and eliminate visual, economic, physical and social blight existing within the Las Pulgas Community Development Project Area.

Debt Service Fund - Established to comply with interest and redemption requirements of the Las Pulgas Tax Allocation Refunding Bonds.

Capital Projects Fund - Established to account for the proceeds of the Las Pulgas Tax Allocation Refunding Bond Issue and used to construct improvements to the project area.

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.

City of Menlo Park
Balance Sheet
Governmental Funds
June 30, 2009

| | Major Funds | | | | |
|--|----------------------|------------------------------|----------------------|---------------------|---------------------|
| | General Fund | Community Development Agency | | Debt Service | Capital Projects |
| | | Housing | Non-Housing | | |
| ASSETS | | | | | |
| Cash and investments | \$ 25,290,553 | \$ 1,266,883 | \$ 20,857,579 | \$ - | \$ 42,032 |
| Restricted cash and investments | - | - | 986 | 9,080,868 | 7,789,140 |
| Receivables: | | | | | |
| Accounts | 1,068,300 | - | - | - | - |
| Interest | 245,277 | 8,403 | 134,355 | - | 271 |
| Notes | 1,297,517 | 5,081,733 | - | - | - |
| Due from other governments | 871,514 | 50,641 | 155,502 | - | - |
| Deposits and prepaid items | 259,495 | - | - | - | - |
| Due from other funds | 137,847 | - | 81,518 | - | - |
| Total assets | \$ 29,170,503 | \$ 6,407,660 | \$ 21,229,940 | \$ 9,080,868 | \$ 7,831,443 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 869,136 | \$ 22,106 | \$ 685,201 | \$ 2,916 | \$ 55,733 |
| Accrued payroll and related liabilities | 841,873 | 13,753 | 33,531 | - | 4,127 |
| Due to other funds | - | - | - | 4,184 | 77,334 |
| Deposits | 283,334 | - | - | - | - |
| Deferred revenue | 468,000 | 4,666,967 | - | - | - |
| Total liabilities | 2,462,343 | 4,702,826 | 718,732 | 7,100 | 137,194 |
| Fund Balances: | | | | | |
| Reserved | 1,963,667 | 1,688,880 | 62,911 | 9,073,768 | 1,564,703 |
| Unreserved: | | | | | |
| Designated, reported in: | | | | | |
| General fund | 5,600,000 | - | - | - | - |
| Special revenue funds | - | - | - | - | - |
| Capital project funds | - | - | - | - | 6,129,546 |
| Undesignated, reported in: | | | | | |
| General fund | 19,144,493 | - | - | - | - |
| Special revenue funds | - | 15,954 | 20,448,297 | - | - |
| Total unreserved | 24,744,493 | 15,954 | 20,448,297 | - | 6,129,546 |
| Total fund balances | 26,708,160 | 1,704,834 | 20,511,208 | 9,073,768 | 7,694,249 |
| Total liabilities and fund balances | \$ 29,170,503 | \$ 6,407,660 | \$ 21,229,940 | \$ 9,080,868 | \$ 7,831,443 |

See accompanying Notes to Basic Financial Statements.

| Major Fund | | |
|---------------------|----------------------|-----------------------|
| Community | | |
| Development | Non-Major | Total |
| Block Grant | Governmental | Governmental |
| Special Revenue | Funds | Funds |
| \$ 603,387 | \$ 41,310,460 | \$ 89,370,894 |
| - | 864,966 | 17,735,960 |
| - | 307,672 | 1,375,972 |
| - | 202,259 | 590,565 |
| 1,407,724 | 2,101,367 | 9,888,341 |
| 5,000 | 335,633 | 1,418,290 |
| - | 465 | 259,960 |
| - | 56,254 | 275,619 |
| <u>\$ 2,016,111</u> | <u>\$ 45,179,076</u> | <u>\$ 120,915,601</u> |
| | | |
| \$ 5,684 | \$ 632,505 | \$ 2,273,281 |
| - | 73,729 | 967,013 |
| - | 174,669 | 256,187 |
| - | - | 283,334 |
| 1,407,724 | 504,305 | 7,046,996 |
| <u>1,413,408</u> | <u>1,385,208</u> | <u>10,826,811</u> |
| | | |
| 2,274 | 8,438,018 | 22,794,221 |
| | | |
| - | - | 5,600,000 |
| - | 3,996,311 | 3,996,311 |
| - | 10,088,410 | 16,217,956 |
| - | - | 19,144,493 |
| 600,429 | 21,271,129 | 42,335,809 |
| <u>600,429</u> | <u>35,355,850</u> | <u>87,294,569</u> |
| | | |
| 602,703 | 43,793,868 | 110,088,790 |
| <u>\$ 2,016,111</u> | <u>\$ 45,179,076</u> | <u>\$ 120,915,601</u> |

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City of Menlo Park
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds \$ 110,088,790

because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount is net of capital assets of the internal service funds in the amount of \$707,141.

| | |
|------------------|-------------|
| Non-depreciable | 241,167,475 |
| Depreciable, net | 103,964,700 |

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. (1,632,957)

Deferred charges on issuance of debt are recorded as expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and amortized over the life of the debt. 1,448,578

Deferred revenues recorded in governmental fund financial statements in the amount of \$7,046,996, less actual unearned revenue recorded on the Government-wide financial statements in the amount of \$889,980, resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 6,157,016

Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the governmental fund financial statements. (6,551,380)

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 \$5,729 short-term, and \$6,217 long-term.

| | |
|--|--------------|
| Long-term liabilities - due within one year: | |
| Compensated absences payable | (945,976) |
| Long-term debt | (2,163,521) |
| Long-term liabilities - due in more than one year: | |
| Compensated absences payable | (1,050,372) |
| Long-term debt | (78,398,944) |

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 Assets.

1,738,241

Net Assets of Governmental Activities \$ 373,821,650

City of Menlo Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

| | Major Funds | | | | |
|---|--------------------|------------------------------|-----------------------------|--------------------|------------------|
| | General Fund | Community Development Agency | | | Capital Projects |
| | | Housing Special Revenue | Non-Housing Special Revenue | Debt Service | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Secured property taxes | \$ 11,136,512 | \$ 2,182,748 | \$ 8,730,995 | \$ - | \$ - |
| Unsecured property taxes | 385,377 | 286,368 | 1,145,468 | - | - |
| Other property taxes | 345,670 | - | - | - | - |
| Sales taxes | 6,865,152 | - | - | - | - |
| Other taxes | 3,998,448 | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Licenses and permits | 2,843,479 | - | - | - | - |
| Fines and forfeitures | 1,105,836 | - | - | - | - |
| Use of money and property | 1,746,994 | 190,994 | 813,995 | 311,149 | 208,194 |
| Intergovernmental | 1,827,065 | - | - | - | - |
| Charges for services | 4,639,203 | - | 9,528 | - | - |
| Other | 49,316 | - | - | - | - |
| Total revenues | 34,943,052 | 2,660,110 | 10,699,986 | 311,149 | 208,194 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 4,811,785 | - | - | - | - |
| Public safety | 13,304,517 | - | - | - | - |
| Public works | 5,063,510 | - | - | - | - |
| Culture and recreation | 8,284,585 | - | - | - | - |
| Community development | 2,805,657 | - | 1,438,171 | - | - |
| Urban development and housing | - | 754,105 | 3,453,475 | - | - |
| Capital outlay | 229,946 | 840,216 | - | - | 201,310 |
| Debt service: | | | | | |
| Principal | - | - | - | 1,680,000 | - |
| Interest and fiscal charges | - | - | - | 2,522,376 | - |
| Cost of issuance | - | - | - | 253,995 | - |
| Total expenditures | 34,500,000 | 1,594,321 | 4,891,646 | 4,456,371 | 201,310 |
| REVENUES OVER (UNDER) EXPENDITURES | 443,052 | 1,065,789 | 5,808,340 | (4,145,222) | 6,884 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 716,195 | - | - | 4,869,096 | - |
| Transfers out | (1,734,200) | (1,058,501) | (4,098,047) | - | - |
| Proceeds from sale of assets | 1,381 | - | - | - | - |
| Total other financing sources (uses) | (1,016,624) | (1,058,501) | (4,098,047) | 4,869,096 | - |
| Net change in fund balances | (573,572) | 7,288 | 1,710,293 | 723,874 | 6,884 |
| FUND BALANCES: | | | | | |
| Beginning of year | 27,281,732 | 1,697,546 | 18,800,915 | 8,349,894 | 7,687,365 |
| End of year | \$ 26,708,160 | \$ 1,704,834 | \$ 20,511,208 | \$ 9,073,768 | \$ 7,694,249 |

See accompanying Notes to Basic Financial Statements.

| <hr/> <hr/> | | |
|------------------------|----------------------|-----------------------|
| <u>Major Fund</u> | | |
| <u>Community</u> | | |
| <u>Development</u> | <u>Non-Major</u> | <u>Total</u> |
| <u>Block Grant</u> | <u>Governmental</u> | <u>Governmental</u> |
| <u>Special Revenue</u> | <u>Funds</u> | <u>Funds</u> |
| \$ - | \$ - | \$ 22,050,255 |
| - | - | 1,817,213 |
| - | - | 345,670 |
| - | - | 6,865,152 |
| - | 1,215,728 | 5,214,176 |
| - | 2,894,276 | 2,894,276 |
| - | 364,549 | 3,208,028 |
| - | - | 1,105,836 |
| 5,532 | 1,251,759 | 4,528,617 |
| - | 1,353,485 | 3,180,550 |
| 147,810 | 5,424,885 | 10,221,426 |
| - | 137,157 | 186,473 |
| <u>153,342</u> | <u>12,641,839</u> | <u>61,617,672</u> |
| - | 1,560,486 | 6,372,271 |
| - | 67,089 | 13,371,606 |
| - | 2,927,650 | 7,991,160 |
| - | 384,830 | 8,669,415 |
| - | 289,463 | 4,533,291 |
| 5,706 | 23,140 | 4,236,426 |
| - | 5,133,660 | 6,405,132 |
| - | 535,000 | 2,215,000 |
| - | 764,204 | 3,286,580 |
| - | - | 253,995 |
| <u>5,706</u> | <u>11,685,522</u> | <u>57,334,876</u> |
| <u>147,636</u> | <u>956,317</u> | <u>4,282,796</u> |
| - | 1,574,200 | 7,159,491 |
| - | (297,929) | (7,188,677) |
| - | - | 1,381 |
| <u>-</u> | <u>1,276,271</u> | <u>(27,805)</u> |
| 147,636 | 2,232,588 | 4,254,991 |
| 455,067 | 41,561,280 | 105,833,799 |
| <u>\$ 602,703</u> | <u>\$ 43,793,868</u> | <u>\$ 110,088,790</u> |

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 Assets For the year ended June 30, 2009

| | | |
|--|----|-----------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 4,254,991 |
|--|----|-----------|

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 Assets, 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 additions recorded in the internal service funds of \$388,315. | | 2,536,033 |
|---|--|-----------|

| | | |
|--|--|-------------|
| Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, 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 \$327,405 recorded in the internal service funds. | | (4,373,428) |
|--|--|-------------|

| | | |
|--|--|-----------|
| Loss on the disposal of capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, it was not reported as expenditures in the Governmental Funds. | | (292,571) |
|--|--|-----------|

| | | |
|--|--|-----------|
| 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 deferred revenue from the prior year. | | (107,998) |
|--|--|-----------|

| | | |
|--|--|-----------|
| Expenses to accrue for long-term compensated absences and claims liability is reported in the Government-Wide Statement of Activities and Changes in Net Assets, 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 | | (165,179) |

| | | |
|--|--|-----------|
| Bond proceeds provided current financial resources to Governmental Funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets. 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 | | 2,215,000 |

| | | |
|---|--|----------|
| Deferred charges on issuance of debt are recorded as expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and amortized over the life of the debt. | | (65,845) |
|---|--|----------|

| | | |
|---|--|-----------|
| Discounts on issuance of debt are recorded as expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and reported as part of long-term debt and amortized over the life of the debt. | | (141,479) |
|---|--|-----------|

| | | |
|--|--|---------|
| Expenses for landfill postclosure costs are expenditures in the Governmental Fund Financial Statements but reduce the liability in the Government-Wide Financial Statements. | | 266,994 |
|--|--|---------|

| | | |
|--|--|--------|
| Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, 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. | | 37,309 |
|--|--|--------|

| | | |
|--|--|----------|
| 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. | | (67,607) |
|--|--|----------|

| | | |
|--|-----------|------------------|
| Change in Net Assets of Governmental Activities | \$ | 4,096,220 |
|--|-----------|------------------|

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 Assets
Proprietary Funds
June 30, 2009

| | Major Enterprise Fund Water Fund | Governmental Activities Internal Service Funds |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 17,317,564 | \$ 3,504,421 |
| Receivables: | | |
| Accounts | 365,290 | 12,794 |
| Interest | 112,197 | 22,149 |
| Deposits and prepaid expenses | 204 | - |
| Total current assets | <u>17,795,255</u> | <u>3,539,364</u> |
| Capital assets: | | |
| Non-depreciable | 1,859,637 | - |
| Depreciable, net | <u>5,760,989</u> | <u>707,141</u> |
| Total capital assets | <u>7,620,626</u> | <u>707,141</u> |
| Total assets | <u>25,415,881</u> | <u>4,246,505</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 377,792 | 168,540 |
| Accrued payroll | 19,400 | 2,510 |
| Deposits | 48,888 | - |
| Due to other funds | - | 19,432 |
| Claims payable, due within one year | - | 603,910 |
| Compensated absences, due within one year | <u>25,903</u> | <u>5,729</u> |
| Total current liabilities | <u>471,983</u> | <u>800,121</u> |
| Noncurrent liabilities: | | |
| Claims payable, due in more than one year | - | 1,701,926 |
| Compensated absences, due in more than one year | <u>28,105</u> | <u>6,217</u> |
| Total noncurrent liabilities | <u>28,105</u> | <u>1,708,143</u> |
| Total liabilities | <u>500,088</u> | <u>2,508,264</u> |
| NET ASSETS | | |
| Net assets, invested in capital assets | 7,620,626 | 707,141 |
| Restricted for: | | |
| Capital projects | 16,518,953 | - |
| Unrestricted | <u>776,214</u> | <u>1,031,100</u> |
| Total net assets | <u>\$ 24,915,793</u> | <u>\$ 1,738,241</u> |

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2009

| | Major Enterprise Fund Water Fund | Governmental Activities Internal Service Funds |
|---|---|---|
| OPERATING REVENUES: | | |
| Charges for services | \$ 4,313,452 | \$ 2,227,847 |
| Connection fees | 38,695 | - |
| Total operating revenues | 4,352,147 | 2,227,847 |
| OPERATING EXPENSES: | | |
| Cost of sales and services | 3,535,524 | - |
| Personnel Services | - | 101,341 |
| General and administrative | 340,682 | 869,322 |
| Insurance | - | 1,390,817 |
| Depreciation | 171,662 | 327,405 |
| Total operating expenses | 4,047,868 | 2,688,885 |
| OPERATING INCOME (LOSS) | 304,279 | (461,038) |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest income | 667,230 | 117,115 |
| Gain (loss) on sale of equipment | 10,000 | 42,798 |
| Total nonoperating revenues | 677,230 | 159,913 |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | 981,509 | (301,125) |
| TRANSFERS: | | |
| Transfers in | - | 228,000 |
| Transfers out | (198,814) | - |
| Contributions | - | 5,517 |
| Total transfers | (198,814) | 233,517 |
| Net income (loss) | 782,695 | (67,608) |
| NET ASSETS: | | |
| Beginning of year | 24,133,098 | 1,805,849 |
| End of year | \$ 24,915,793 | \$ 1,738,241 |

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

| | Major Enterprise Fund | Governmental Activities |
|---|--------------------------|----------------------------|
| | Water Fund | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers/other funds | \$ 4,409,261 | \$ 2,207,237 |
| Cash payment to suppliers | (3,607,936) | (2,182,678) |
| Cash payments for general and administrative | (444,763) | - |
| Cash paid to employees | - | (105,324) |
| Cash receipts other | - | 90,479 |
| Net cash provided (used) by operating activities | 356,562 | 9,714 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Transfers from other funds | - | 228,000 |
| Transfers to other funds | (198,814) | - |
| Contributions | - | 5,517 |
| Net cash provided (used) by noncapital financing activities | (198,814) | 233,517 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and construction of capital assets | (259,918) | (388,313) |
| Proceeds from disposal of capital assets | - | 36,412 |
| Net cash provided (used) by capital and related financing activities | (259,918) | (351,901) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income | 714,539 | 148,245 |
| Net cash provided (used) by investing activities | 714,539 | 148,245 |
| Net increase (decrease) in cash and cash equivalents | 612,369 | 39,575 |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 16,705,195 | 3,464,846 |
| End of year | <u>\$ 17,317,564</u> | <u>\$ 3,504,421</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET | | |
| CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ 304,279 | \$ (461,038) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 171,662 | 327,405 |
| Changes in current assets and liabilities: | | |
| Accounts receivable | (10,501) | (892) |
| Accounts payable | (84,775) | (10,673) |
| Accrued payroll | 2,290 | 602 |
| Insurance claim payable | - | 153,526 |
| Compensated absences | 15,896 | 784 |
| Deposits | (42,289) | - |
| Total adjustments | <u>52,283</u> | <u>470,752</u> |
| Net cash provided (used) by operating activities | \$ 356,562 | \$ 9,714 |

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds are custodial in nature (assets equal liabilities) 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 Assets
Fiduciary Funds
June 30, 2009

| | Agency Funds |
|---------------------------|-------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 598,450 |
| Total assets | \$ 598,450 |
| LIABILITIES | |
| Accrued payroll | \$ 160,228 |
| Deposits | 438,222 |
| Total liabilities | \$ 598,450 |

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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City of Menlo Park
Notes to Basic Financial Statements
For the year ended June 30, 2009

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 financial reporting entity consists of (a) the primary government, the City; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief review of the component unit included in the accompanying Basic Financial Statements of the City.

Community Development Agency of the City of Menlo Park - The Community Development Agency (Agency) was established in November 1981 pursuant to the State of California Health and Safety Codes, Section 33000, entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Agency has been accounted for as a "blended" component unit of the City. Despite being legally separate, this entity is so intertwined with the City that it is, in substance, part of the City's operations. Accordingly, the balances and transactions of these component units are reported within the funds of the City. Balances for the Agency consisting of special revenue, debt service and capital projects are reported as separate funds.

The following specific criteria were used in determining that the Agency was a blended component unit:

- The members of the City Council also act as the governing bodies of the Agency.
- The Agency is managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Agency each year.
- The City and the Agency are financially interdependent. The City makes loans to the Agency to use for redevelopment purposes. Property tax revenues of the Agency are used to repay the loans to the City.

Detailed financial statements are available for the above component unit from the City's Finance Department.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

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, liabilities, 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 Assets and a Statement of Activities and Changes in Net Assets. 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.

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 and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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 Assets 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) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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

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.

Community Development Agency Housing Special Revenue Fund - Established to account for 20% of the tax increment property taxes received under State of California Health and Safety Code Division 24, Part 1. Funds are used to promote the expansion of local housing opportunities for low and moderate income residents.

Community Development Agency Non-Housing Special Revenue Fund - Accounts for 80% of the tax increment property taxes received under State of California Health and Safety Code Division 24, Part 1 and utilized to reduce and eliminate visual, economic, physical and social blight existing within the Las Pulgas Community Development Project Area.

Community Development Agency Debt Service Fund - Established to comply with interest and redemption requirements of the Las Pulgas Tax Allocation Refunding Bonds.

Community Development Agency Capital Projects Fund - Established to account for the proceeds of the Las Pulgas Tax Allocation Refunding Bond Issue and used to construct improvements to the project area.

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.

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 assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred 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.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, 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 on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability 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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating 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 in 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) 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.

C. Use of Restricted and Unrestricted Net Assets

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

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 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 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 change 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, 2009

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 \$2,000. 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 infrastructures 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. 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.

G. Net Assets and Fund Equity

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

In the Fund Financial Statements, reservations of fund balances of governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

H. 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.

I. Compensated Absences

City employees have vested interests in varying levels of vacation, sick leave, and compensatory time. If sick leave and vacation is not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employees' then prevalent rate at the time of retirement or termination. Whereas vacation 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 is compensated and not sick leave. The liabilities for compensated absences of the governmental activities are recorded in the Government-Wide financial statements. 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 of 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, 2009.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. *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 | |

J. *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 Date | 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.

K. *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 deferred 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 deferred 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, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. New Pronouncements

In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB No. 49 identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. Disclosure for the City's landfill post-closure costs is included in Note 15.

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:

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Statement specifically requires governments to measure and report most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The requirement of reporting the derivative instruments at fair value on the face of financial statements gives the users of financial statements a clearer look into the risks their governments are sometimes exposed to when they enter into these transactions and how those risks are managed. The Statement also addresses hedge accounting requirements and improves disclosures, providing a summary of the government's derivative instrument activity, its objectives for entering into derivative instruments, and their significant terms and risks. Application of this Statement is effective for the City's fiscal year ending June 30, 2010.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective to this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Application of this Statement is effective for the City's fiscal year ending June 30, 2011.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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.

A. Authorized Investments

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

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.

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, 2009 from the fiscal year ended June 30, 2008, amounted to an increase of \$607,020.

B. Deposits

At June 30, 2009, the carrying amount of the City's deposits was \$487,057 and the bank balances were \$1,377,706. 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 \$75,000 deposited with the Bay Cities Joint Powers Insurance Authority.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH AND INVESTMENTS, Continued

B. Deposits, Continued

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, 2009.

| | Government-Wide Statement of Net Assets | | | Fund Financials | |
|---------------------------------|---|-----------------------------|----------------|----------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total | Fiduciary Funds | |
| | | | | Statement of Net Assets | |
| | | | | Net Assets | Total |
| Cash and investments | \$ 92,875,315 | \$ 17,317,564 | \$ 110,192,879 | \$ 598,450 | \$ 110,791,329 |
| Restricted cash and investments | \$ 17,735,960 | \$ - | \$ 17,735,960 | \$ - | \$ 17,735,960 |

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.

As of June 30, 2009, the City had the following cash and investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in years) | | | | |
|--------------------------------|-----------------------|----------------------------------|----------------------|----------------------|---------------------|---------------------|
| | | 1 year or less | 1-2 years | 2-3 years | 3-4 years | 4-5 years |
| Deposits | \$ 562,057 | \$ 562,057 | \$ - | \$ - | \$ - | \$ - |
| Petty cash | 11,855 | 11,855 | - | - | - | - |
| Securities of U.S. Government: | | | | | | |
| U.S. agencies | 3,049,522 | - | - | 3,049,522 | - | - |
| U.S. treasury T-notes | 8,624,981 | 8,624,981 | - | - | - | - |
| U.S. instrumentality | 47,630,662 | 13,818,101 | 15,500,875 | 16,315,712 | - | 1,995,974 |
| Local Agency Investments Funds | 48,872,758 | 48,872,758 | - | - | - | - |
| Corporate notes | 2,039,494 | 1,011,517 | - | - | 1,027,977 | - |
| Total | \$ 110,791,329 | \$ 72,901,269 | \$ 15,500,875 | \$ 19,365,234 | \$ 1,027,977 | \$ 1,995,974 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH AND INVESTMENTS, Continued

C. Risks Disclosures, Continued

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, 2009, the City's pooled cash and investments had the following maturities:

| <u>Maturity</u> | <u>Percentage of Investment</u> |
|---------------------|---------------------------------|
| Less than one year | 66% |
| One to two years | 14% |
| Two to three years | 17% |
| Three to four years | 1% |
| Four to five years | 2% |

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 10% of the City's total portfolio. Federal instrumentalities must have a rating of AAA or the equivalent by a NRSRO at the time of purchase. 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. The City's investments in the bonds of the U.S. Treasury were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The investments in the bonds of U.S. instrumentality were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The investments in the bonds of U.S. agencies insured by the FDIC were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's investments in the state investment pool, Local Agency Investments Funds, was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City has investments in two corporate notes. The investment in GE Capital is rated AA+ by Standard & Poor's and Aa2 by Moody's Investors Services. The Well Fargo corporate note is rated AA- by Standard & Poor's and A1 by Moody's Investors Services.

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH AND INVESTMENTS, Continued

D. External Investment Pool

The City's investments with LAIF at June 30, 2009, 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, 2009, the City had \$48,809,072 invested in LAIF, which had invested 14.71% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its 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, 2009, 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, 2009, the City's investment in LAIF at fair value amounted to \$48,872,758 using a LAIF fair value factor of 1.001304743.

3. RECEIVABLES

A. Accounts Receivable

As of June 30, 2009, accounts receivable consisted of the following:

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|---------------------|
| Taxes: | | | |
| Occupancy taxes | \$ 406,012 | \$ - | \$ 406,012 |
| Utility taxes | 130,690 | - | 130,690 |
| Total taxes | 536,702 | - | 536,702 |
| Franchise fees | 193,082 | - | 193,082 |
| Rental income | 26,145 | - | 26,145 |
| General government charges | 1,694 | - | 1,694 |
| Public works charges | 128,720 | - | 128,720 |
| Public safety charges | 20 | - | 20 |
| Community development fees | 261,187 | - | 261,187 |
| Recreation programs | 136,520 | - | 136,520 |
| Solid waste service fees | 104,501 | - | 104,501 |
| Water service fees | - | 365,290 | 365,290 |
| Donations | 195 | - | 195 |
| Total accounts receivable | \$ 1,388,766 | \$ 365,290 | \$ 1,754,056 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. RECEIVABLES, Continued

B. Notes Receivable

As of June 30, 2009, notes receivable consisted of the following:

| | Notes Receivable |
|-----------------------------------|----------------------------|
| Major Funds: | |
| General Fund | \$ 1,297,517 |
| Community Development Block Grant | 1,407,724 |
| Community Development Agency | 5,081,733 |
| Total major funds | <u>7,786,974</u> |
| Other Governmental Funds: | |
| Below market rate housing | 2,046,559 |
| Emergency repair loan (ERL) | 54,808 |
| Total special revenue funds | <u>2,101,367</u> |
| Total notes receivable | <u><u>\$ 9,888,341</u></u> |

City Manager Housing

As part of an employment agreement effective August 2007, the City Council has authorized a loan evidenced by two notes totaling \$1.27 million to the City Manager in order to assist in the purchase of residential real estate property. These notes are secured by deeds of trust on the property. The notes bear an interest rate of 5 percent per annum, however, 3.25 percent per annum is deferred until the ultimate sale of the property or payment of the loan. The notes are due and payable within 24 months of termination of employment or within 12 months of the City Manager's failure to reside in the property. The outstanding balance of the notes, including interest, at June 30, 2009 was \$1,297,517.

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, 2009, were \$1,407,724. Since the funds have not been legally vested with the City as of June 30, 2009, these funds are reported as deferred revenue in the governmental funds.

Community Development Agency

The City of Menlo Park Community Development Agency (Agency) assumed a portfolio of loans which had been made by Neighborhood Housing Services (NHS) to low income residents of Menlo Park for housing rehabilitation. The Agency had granted funds to the local NHS for that purpose and assumed the loans when the NHS closed. The outstanding balance at June 30, 2009 was \$3,821.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

The Agency made a loan 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, 2009, was \$32,500.

The Agency made a loan to Mid-Peninsula Housing Coalition for purchase of a five-unit apartment building for very low-income households. The loan carries a 3% simple interest rate per annum, a due date of June 1, 2031, with payments made from residual receipts of the property. The outstanding balance at June 30, 2009, was \$261,781.

The Agency made housing rehabilitation loans to two eligible participants. The loans carry a 3% simple interest rate and are due by February 1, 2011. The outstanding balance at June 30, 2009, was \$131,866.

On March 21, 2002, the Agency made a loan for the Peace Officer Homebuyer Assistance Program (POMA) to one eligible participant in the amount of \$84,000. The loan bears an annual interest rate of 5.48%. The loan amount (principal and interest) is forgiven at an increasing graduated rate with every bi-weekly pay period until the loan is entirely forgiven at the end of 10 years. The outstanding balance as of June 30, 2009, was \$38,417.

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 a Deed of Trust. The final payment is due on February 15, 2043. The outstanding balance as of June 30, 2009, was \$4,613,348, including interest. Menlo Gateway is to make annual payments on the loan as defined in the promissory note.

Total Agency loans at June 30, 2009, amounted to \$5,081,733.

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

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, 2009, were \$2,046,599.

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 ten thousand dollars at 3% interest per annum, with a loan term of either 5, 10, or 15 years. Outstanding loans at June 30, 2009, were \$54,808.

4. UNEARNED/DEFERRED REVENUE

A. Government-Wide Financial Statements

Unearned revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2009, deferred revenues in the Government-Wide Financial Statements were as follows:

| | Governmental Activities |
|----------------------------|----------------------------|
| Rental income | \$ 689 |
| Recreation summer programs | 416,946 |
| Events deposits | 25 |
| Police donations | 388 |
| Library donations | 13,126 |
| Planning deferred | 662 |
| Percent for art deferred | 8,647 |
| Garbage service fees | 449,497 |
| Total | \$ 889,980 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

4. UNEARNED/DEFERRED REVENUE, Continued

B. Fund Financial Statements

At June 30, 2009, the following deferred 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 | Special Revenue Funds | | | Total |
|---------------------------------|-------------------|------------------------------|-----------------------------------|-------------------|---------------------|
| | | Community Development Agency | Community Development Block Grant | Non-Major Funds | |
| Rental income | \$ 689 | \$ - | \$ - | \$ - | \$ 689 |
| Recreation Summer Programs | 416,946 | - | - | - | 416,946 |
| Events deposits | 25 | - | - | - | 25 |
| Planning deferred | 662 | - | - | - | 662 |
| Library donations | 13,126 | - | - | - | 13,126 |
| City Manager home loan interest | 27,517 | - | - | - | 27,517 |
| Percent for art deferred | 8,647 | - | - | - | 8,647 |
| Police donations | 388 | - | - | - | 388 |
| Garbage service fees | - | - | - | 449,497 | 449,497 |
| Menlo Gateway loan | - | 4,613,348 | - | - | 4,613,348 |
| CDBG loans | - | - | 1,407,724 | - | 1,407,724 |
| Emergency repair loans | - | - | - | 54,808 | 54,808 |
| Mid Peninsula loans | - | 53,619 | - | - | 53,619 |
| Total | \$ 468,000 | \$ 4,666,967 | \$ 1,407,724 | \$ 504,305 | \$ 7,046,996 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

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

| | Balance July 1, 2008 | Additions | Retirements | Reclassification | Balance June 30, 2009 |
|---|-------------------------|-----------------------|---------------------|------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 204,949,233 | \$ - | \$ - | \$ - | \$ 204,949,233 |
| Land improvements | 32,900,109 | - | - | - | 32,900,109 |
| Construction in progress | 2,971,197 | 1,018,027 | (30,066) | (641,025) | 3,318,133 |
| Total capital assets, not being depreciated | 240,820,539 | 1,018,027 | (30,066) | (641,025) | 241,167,475 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 46,933,785 | - | - | - | 46,933,785 |
| Equipment | 6,162,913 | 574,481 | (354,179) | - | 6,383,215 |
| Other improvements | 12,782,089 | 10,277 | - | - | 12,792,366 |
| Infrastructure | 106,952,666 | 1,321,563 | (1,003,490) | 641,025 | 107,911,764 |
| Total capital assets, being depreciated | 172,831,453 | 1,906,321 | (1,357,669) | 641,025 | 174,021,130 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (12,797,339) | (938,676) | - | - | (13,736,015) |
| Equipment | (4,906,494) | (492,484) | 352,333 | - | (5,046,645) |
| Other improvements | (2,306,788) | (609,908) | - | - | (2,916,696) |
| Infrastructure | (45,733,001) | (2,659,763) | 742,831 | - | (47,649,933) |
| Total accumulated depreciation | (65,743,622) | (4,700,831) | 1,095,164 | - | (69,349,289) |
| Total capital assets, being depreciated, net | 107,087,831 | (2,794,510) | (262,505) | 641,025 | 104,671,841 |
| Governmental activities | | | | | |
| capital assets, net | \$ 347,908,370 | \$ (1,776,483) | \$ (292,571) | \$ - | \$ 345,839,316 |

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

| | |
|--|---------------------|
| General government | \$ 565,490 |
| Public safety | 189,654 |
| Public works | 2,920,791 |
| Culture and recreation | 1,019,382 |
| Community development | 5,514 |
| Total depreciation expense - governmental departments | \$ 4,700,831 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

| | Balance June 30, 2008 | Additions | Retirements | Reclassifications | Adjustments | Balance June 30, 2009 |
|--|--------------------------|------------------|-----------------|-------------------|-------------|--------------------------|
| Business Activities: | | | | | | |
| Capital assets, not being depreciated: | | | | | | |
| Land | \$ 1,066,454 | \$ - | \$ - | \$ - | \$ - | \$ 1,066,454 |
| Land improvements | - | - | | | | - |
| Construction in progress | 561,544 | 231,639 | - | - | - | 793,183 |
| Total capital assets, not being depreciated | <u>1,627,998</u> | <u>231,639</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,859,637</u> |
| Capital assets, being depreciated: | | | | | | |
| Buildings | 4,159,460 | - | | | - | 4,159,460 |
| Equipment | 621,809 | 28,278 | (83,786) | - | - | 566,301 |
| Other improvements | - | - | - | - | - | - |
| Infrastructure | 6,812,639 | - | - | - | - | 6,812,639 |
| Total capital assets, being depreciated | <u>11,593,908</u> | <u>28,278</u> | <u>(83,786)</u> | <u>-</u> | <u>-</u> | <u>11,538,400</u> |
| <i>Less accumulated depreciation for:</i> | | | | | | |
| Buildings | (1,213,966) | (83,188) | - | - | - | (1,297,154) |
| Equipment | (584,844) | (6,120) | 83,786 | - | - | (507,178) |
| Other improvements | - | - | - | - | - | - |
| Infrastructure | (3,890,727) | (82,352) | - | - | - | (3,973,079) |
| Total accumulated depreciation | <u>(5,689,537)</u> | <u>(171,660)</u> | <u>83,786</u> | <u>-</u> | <u>-</u> | <u>(5,777,411)</u> |
| Total capital assets, being depreciated, net | <u>5,904,371</u> | <u>(143,382)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,760,989</u> |
| Business activities capital assets, net | <u>\$ 7,532,369</u> | <u>\$ 88,257</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,620,626</u> |

Depreciation expense for all proprietary funds was \$171,660 for the year ended June 30, 2009, which was recorded in the City's water business-type activity.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM DEBT

A. Long-Term Obligations

Summary of changes in long-term debt transactions for the year ended June 30, 2009 was as follows:

| | Balance July 1, 2008 | Additions | Deletions | Balance June 30, 2009 | Due within one year | Due in more than one year |
|--|-------------------------|-------------|-----------------------|--------------------------|------------------------|------------------------------|
| Governmental Activities: | | | | | | |
| 1996 General Obligation Refunding Bonds | \$ 2,820,000 | \$ - | \$ (285,000) | \$ 2,535,000 | \$ 300,000 | \$ 2,235,000 |
| 2002 General Obligation Bonds | 12,250,000 | - | (250,000) | 12,000,000 | 260,000 | 11,740,000 |
| 2006 Las Pulgas Project Tax Allocation Bonds | 70,820,000 | - | (1,680,000) | 69,140,000 | 1,745,000 | 67,395,000 |
| Deferred amount on refunding of the 2006 Las Pulgas Project Tax Allocation Bonds | (2,944,158) | - | 128,007 | (2,816,151) | (128,007) | (2,688,144) |
| Discount on 2006 Las Pulgas Project Tax Allocation Bonds | (309,856) | - | 13,472 | (296,384) | (13,472) | (282,912) |
| Total governmental activities | \$ 82,635,986 | \$ - | \$ (2,073,521) | \$ 80,562,465 | \$ 2,163,521 | \$ 78,398,944 |

1996 General Obligation Refunding Bonds

During fiscal year 1995-1996, 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

1996 General Obligation Refunding Bonds, Continued

The annual debt service requirements to maturity for the 1996 General Obligation Refunding Bonds Outstanding at June 30, 2009, were as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2010 | \$ 300,000 | \$ 119,025 | \$ 419,025 |
| 2011 | 320,000 | 103,750 | 423,750 |
| 2012 | 340,000 | 87,250 | 427,250 |
| 2013 | 360,000 | 69,750 | 429,750 |
| 2014 | 380,000 | 51,250 | 431,250 |
| 2015-2016 | 835,000 | 42,375 | 877,375 |
| Total | \$ 2,535,000 | \$ 473,400 | \$ 3,008,400 |

2002 General Obligation Bonds

On April 17, 2002, 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. The bonds mature annually from 2003 to 2032 on August 1 in amounts ranging from \$130,000 to \$840,000.

The Measure T bonds maturing on or before August 1, 2013 are not subject to optional redemption prior to their maturities. The Measure T bonds maturing on or after August 1, 2014 are subject to redemption prior to their respective maturities 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, 2012. If less than all of the Measure T bonds are called for redemption, bonds shall be redeemed in inverse order of maturities, and if less than all of the Measure T bonds of any given maturity are called for redemption, the portions of bonds given maturities to be redeemed shall be determined by lot. Measure T bonds shall be redeemed at the following redemption prices (expressed as a percentage of the principal amount of the bonds called for redemption), together with interest accrued thereon to the date of redemption:

| <u>Redemption Period</u> | <u>Redemption Price</u> |
|--------------------------------------|-------------------------|
| August 1, 2012 through July 31, 2013 | 101.0% |
| August 1, 2013 through July 31, 2014 | 100.5% |
| August 1, 2014 and thereafter | 100.0% |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM DEBT, Continued

A. Long-term Obligations, Continued

2002 General Obligation Bonds, Continued

The annual debt service requirements to maturity for the 2002 General Obligation Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|----------------------|---------------------|----------------------|
| 2010 | \$ 260,000 | \$ 616,473 | \$ 876,473 |
| 2011 | 280,000 | 600,948 | 880,948 |
| 2012 | 295,000 | 584,407 | 879,407 |
| 2013 | 310,000 | 567,023 | 877,023 |
| 2014 | 330,000 | 548,623 | 878,623 |
| 2015-2019 | 1,900,000 | 2,485,542 | 4,385,542 |
| 2020-2024 | 2,405,000 | 1,965,052 | 4,370,052 |
| 2025-2029 | 3,100,000 | 1,251,754 | 4,351,754 |
| 2030-2033 | 3,120,000 | 341,320 | 3,461,320 |
| Total | \$ 12,000,000 | \$ 8,961,142 | \$ 20,961,142 |

2006 Las Pulgas Project Tax Allocation Bonds

In May 2006, the Community Development Agency of the City of Menlo Park 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 Agency's Las Pulgas Community Development Project Area. The bonds are repayable from the Community Development Agency 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. Other than the net interest receipts and expenditures resulting from the swap agreement, no amounts are recorded in the basic financial statements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM DEBT, Continued

A. Long-term Obligations, Continued

2006 Las Pulgas Project Tax Allocation Bonds, Continued

Terms:

| Redevelopment Agency of the City of Menlo Park Swap Portfolio | | | | | | |
|---|-------------------------|---|-----------------|--------------------------------|-----------------------|---|
| Bond Issue | Notional Amount (000's) | 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 | Piper Jaffray with guarantee from Morgan Stanley Capital Services | 4.065 % | 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 4.065% includes the 3.794% base swap rate plus the 0.165% liquidity fee plus the 0.0875% remarketing fee.

Fair Value: At June 30, 2009, the swap had a negative fair value of (\$8,541,685). 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.

Credit Risk: As of June 30, 2009, 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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM DEBT, Continued

A. Long-term Obligations, Continued

2006 Las Pulgas Project Tax Allocation Bonds, Continued

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, 2009 were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|----------------------|----------------------|-----------------------|
| 2010 | \$ 1,745,000 | \$ 2,623,172 | 4,368,172 |
| 2011 | 1,810,000 | 2,556,966 | 4,366,966 |
| 2012 | 1,880,000 | 2,488,295 | 4,368,295 |
| 2013 | 1,950,000 | 2,416,968 | 4,366,968 |
| 2014 | 2,030,000 | 2,342,985 | 4,372,985 |
| 2015-2019 | 12,985,000 | 10,439,949 | 23,424,949 |
| 2020-2024 | 16,960,000 | 7,625,791 | 24,585,791 |
| 2025-2029 | 20,445,000 | 4,157,275 | 24,602,275 |
| 2030-2031 | 9,335,000 | 534,575 | 9,869,575 |
| Total | \$ 69,140,000 | \$ 35,185,976 | \$ 104,325,976 |

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 2009 was \$13,472.

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 part of long-term debt. 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 2009 was \$128,007.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM DEBT, Continued

A. Long-term Obligations, Continued

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.

B. Prior Years’ Defeased Obligations

1996 and 2000 Tax Allocation Bonds

During fiscal year 2005-2006, the City’s 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 balance of the defeased bonds outstanding as of June 30, 2009, was \$62,705,000.

7. COMPENSATED ABSENCES

As of fiscal year 2009, compensated absences were not included as a liability in the Fund Financial Statements. Compensated absences at June 30, 2009 were as follows:

| | Balance | | | Balance | Estimated Due | Estimated Due in |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| | July 1, 2008 | Additions | Deletions | June 30, 2009 | Within One Year | More than One Year |
| Governmental Activities: | \$ 1,840,664 | \$ 987,300 | \$ (819,670) | \$ 2,008,294 | \$ 951,705 | \$ 1,056,589 |
| Business-Type Activities: | 38,112 | 36,803 | (20,907) | 54,008 | 25,903 | 28,105 |
| Total compensated absences | \$ 1,878,776 | \$ 1,024,103 | \$ (840,577) | \$ 2,062,302 | \$ 977,608 | \$ 1,084,694 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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 statement 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 \$20,000,000. The Employment Practices program has a per claim deductible of \$75,000 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 a policy limit of \$150,000,000.

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

Estimated reserves for all claims are recorded in the General Fund. No claim settlement has exceeded the coverage amounts in place for any of the years shown.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2009, 2008 and 2007 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 |
|-----------|-----------------------------------|--|--|-----------------------------|
| 2006-2007 | \$ 2,865,122 | \$ 280,164 | \$ (459,596) | \$ 2,685,690 |
| 2007-2008 | 2,685,690 | 96,517 | (621,876) | 2,160,331 |
| 2008-2009 | 2,160,331 | 734,411 | (588,906) | 2,305,836 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

9. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2009, were as follows:

Due To / From Other Funds

Interfund due to/due from represent short term loans owed for the purpose 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, 2009 is as follows:

| | Due from other funds | | | | Total | |
|------------------------------|-----------------------------|----------------------------|------------------|-------------------|-------|------------------------------|
| | Governmental Funds | | | | | |
| | General Fund | CDA | | | | Non-Major Governmental Funds |
| | | Special Revenue Nonhousing | Special Revenue | | | |
| Due to other funds: | | | | | | |
| Governmental Funds: | | | | | | |
| CDA Debt Service Fund | \$ - | \$ 4,184 | \$ - | \$ 4,184 | | |
| CDA Capital Improvement Fund | - | 77,334 | - | 77,334 | | |
| Non-Major Funds | 118,415 | - | 56,254 | 174,669 | | |
| Internal Service Funds | 19,432 | - | - | 19,432 | | |
| Total | \$ 137,847 | \$ 81,518 | \$ 56,254 | \$ 275,619 | | |

All Due To/From Other Funds were established as of June 30, 2009 to cover short-term negative cash balances.

Interfund Transfers

Interfund transfers for the year ended June 30, 2009, were as follows:

| | Transfers In | | | | Total |
|------------------------------|-------------------------|---------------------|------------------------------|------------------------|---------------------|
| | Governmental Activities | | | | |
| | Major Funds | | Non-Major Governmental Funds | Internal Service Funds | |
| | General Fund | CDA Debt Service | | | |
| Transfers Out | | | | | |
| Governmental Activities: | | | | | |
| Major funds: | | | | | |
| General Fund | \$ - | \$ - | \$ 1,574,200 | \$ 160,000 | \$ 1,734,200 |
| CDA- Housing | 84,682 | 973,819 | - | - | 1,058,501 |
| CDA- Non Housing | 202,770 | 3,895,277 | - | - | 4,098,047 |
| Non-Major Governmental Funds | 267,929 | - | - | 30,000 | 297,929 |
| Business-type Activities: | | | | | |
| Water | 160,814 | - | - | 38,000 | 198,814 |
| Total | \$ 716,195 | \$ 4,869,096 | \$ 1,574,200 | \$ 228,000 | \$ 7,387,491 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

9. INTERFUND TRANSACTIONS, Continued

The most significant transfers were from the Community Development Agency Housing and non-Housing funds to the Community Development Agency Debt Service Fund of \$4,869,096 total, which was provided to make debt service payments and a transfer of \$1,363,200 from the General Fund to the General Capital Improvement Project fund for infrastructure improvements.

10. FUND BALANCE

In the Fund Financial Statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. The various designations are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. The following reserves and designations were recorded at June 30, 2009:

| | General Fund | Development Block Grant Special Revenue | Community Development Agency | | | | Non-Major Governmental Funds | Total |
|---|----------------------|---|------------------------------|-----------------------------|---------------------|---------------------|------------------------------|-----------------------|
| | | | Housing Special Revenue | Non-housing Special Revenue | Debt Service | Capital Projects | | |
| Reserved: | | | | | | | | |
| Encumbrances | \$ 434,172 | \$ 2,274 | \$ 30,268 | \$ 62,911 | \$ - | \$ 1,564,703 | \$ 845,784 | \$ 2,940,112 |
| Deposits and prepaid items | 259,495 | - | - | - | - | - | - | 259,495 |
| Advances to other funds | - | - | - | - | - | - | - | - |
| Housing loans | - | - | 1,658,612 | - | - | - | 4,482,000 | 6,140,612 |
| Debt service | - | - | - | - | 9,073,768 | - | 3,110,234 | 12,184,002 |
| Notes receivable | 1,270,000 | - | - | - | - | - | - | 1,270,000 |
| Total reserved | 1,963,667 | 2,274 | 1,688,880 | 62,911 | 9,073,768 | 1,564,703 | 8,438,018 | 22,794,221 |
| Unreserved, Designated | | | | | | | | |
| Operational reserve | 500,000 | - | - | - | - | - | - | 500,000 |
| Vacation and sick leave | 100,000 | - | - | - | - | - | - | 100,000 |
| Infrastructure replacement | 2,000,000 | - | - | - | - | - | - | 2,000,000 |
| Fiscal uncertainties | 1,000,000 | - | - | - | - | - | - | 1,000,000 |
| PERS safety investment | 2,000,000 | - | - | - | - | - | - | 2,000,000 |
| Special programs and services reported in special revenue funds | - | - | - | - | - | - | 3,996,311 | 3,996,311 |
| Capital improvements reported in: | | | | | | | | |
| Capital project funds | - | - | - | - | - | 6,129,546 | 10,088,410 | 16,217,956 |
| Total unreserved, designated | 5,600,000 | - | - | - | - | 6,129,546 | 14,084,721 | 25,814,267 |
| Unreserved, undesignated reported in: | | | | | | | | |
| Major funds | 19,144,493 | 600,429 | 15,954 | 20,448,297 | - | - | - | 40,209,173 |
| Non-major funds: | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | 21,271,129 | 21,271,129 |
| Total Unreserved, undesignated | 19,144,493 | 600,429 | 15,954 | 20,448,297 | - | - | 21,271,129 | 61,480,302 |
| Total Fund Balance | \$ 26,708,160 | \$ 602,703 | \$ 1,704,834 | \$ 20,511,208 | \$ 9,073,768 | \$ 7,694,249 | \$ 43,793,868 | \$ 110,088,790 |

Reserved for Encumbrances and Reappropriations - represents commitments for materials and services on purchase orders and contracts which are unperformed, or funds appropriated by the Council for specific programs that were not otherwise legally committed at year-end.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

10. FUND BALANCE, Continued

Reserved for Deposits and Prepaid Items - is provided to indicate that deposits and prepaid items are not "available" as a resource to meet expenditures of the current year.

Reserved for Advances to Other Funds - represents funds that are to be received from other funds on a long-term basis.

Reserved for Housing Loans - represents funds reserved for the receipt of Neighborhood Housing (NHS), Peninsula Habitat for Humanity, Mid-Peninsula Housing Coalition, and Down Payment Assistance (PAL) loans.

Reserved for Debt Service - represents amounts accumulated in accordance with a bond indenture or similar covenant.

Reserved for Notes Receivable - represents funds reserved for the receipt of the City Manager's residential real estate property note.

Designated for Operational Reserve - represents funds designated to cover operational cash flow shortfalls.

Designated for Vacation and Sick Leave - represents funds designated to provide for the employees' compensated absences and sick leave.

Designated for Infrastructure Replacement - represents funds designated for the long-term cost of replacing City infrastructure.

Designated for Fiscal Uncertainties - represents funds designated for potential revenue shortfall due to economic downturn.

Designated for PERS Safety Investment - represents funds designated to supplement funds on discount in the state retirement system in order to minimize the future impact of 3% at 50 police officers' benefits.

Designated for Special Programs and Services - represents funds designated for special programs and services.

Designated for Capital Improvements - represents funds designated for capital improvements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

11. NET ASSETS

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt: This category groups all capital assets, including infrastructure, into one component of net assets. 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 Net Assets: 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 Net Assets: This category represents net assets of the City/District, not restricted for any project or other purpose.

12. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations:

The Literacy Grants Fund experienced additional Library staff time charges for extra programs related to the grant funding, exceeding the fund's budget by \$16,795.

The Sharon Hill Park Special Revenue Fund experienced addition Public Works personnel charges for overseeing the landscaping contract for the year, exceeding the fund's budget by \$1,288. There is fund balance available in the fund to provide this coverage.

The Vintage Oaks Landscape Special Revenue Fund exceeding appropriations by \$1,322 due to the cost of the water utilities being inadvertently omitted from the program's budget. There is fund balance available in the fund to provide this coverage.

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

Funding Policy

Participants are required to contribute 8% for miscellaneous and 9% for safety employees of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 9.68% for miscellaneous employees, and 36.489% 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 2009, the City's annual pension cost of \$3,565,493 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were as follows:

| | Miscellaneous | Safety |
|----------------------------|--|--|
| Valuation date | June 30, 2006 | June 30, 2006 |
| Actuarial cost method | Entry age Actuarial Cost Method | Entry age Actuarial Cost Method |
| Amortization method | level percent of payroll | level percent of payroll |
| Average remaining period | 21 years as of the valuation date | 17 years as of the valuation date |
| Asset valuation method | 15 year smoothed market | 15 year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return | 7.75% (net of administrative expenses) | 7.75% (net of administrative expenses) |
| Projected salary increases | 3.25% to 14.45% depending on age, service, and type of employment | 3.25% to 14.45% depending on age, service, and type of employment |
| Inflation | 3.00% | 3.00% |
| Payroll growth | 3.25% | 3.25% |
| Individual salary growth | A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and and annual production growth of 0.25% | A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and and annual production growth of 0.25% |

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, 2007 | \$ 2,655,478 | 100% | \$ - |
| June 30, 2008 | 2,935,159 | 100% | - |
| June 30, 2009 | 3,565,493 | 100% | - |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

Funded Status of Plan – 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 |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|---|
| 2008 | \$ 61,338,783 | \$ 67,682,313 | \$ 6,343,530 | 90.6% | \$ 13,787,507 | 46.0% |

** 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.

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): Employee 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. Since PEMHCA is a community rated plan for the City, no implied subsidy is valued for the PEMHCA plan.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

Funding Policy

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing at least 100% of the City's Annual Required Contribution (ARC) every year. For fiscal year 2008/09, the City contributed \$841,310, including \$277,307 in benefit payments and a \$564,003 deposit to CERBT. The City's ARC was \$841,310 for fiscal year 2008/09.

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.

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.

| | |
|--|--------------------|
| Annual required contribution | \$ 841,310 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>841,310</u> |
| Contributions made | (564,003) |
| Benefit Payments | <u>(277,307)</u> |
| Increase (decrease) in net OPEB obligation | - |
| Net OPEB obligation – beginning of year | <u>-</u> |
| Net OPEB obligation/(asset) – end of year | <u><u>\$ -</u></u> |

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

| Fiscal Year Ended June 30, | OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------------|---------------|--|---------------------|
| 2008 | \$ 10,667,000 | 100% | \$ - |
| 2009 | 841,310 | 100% | - |

Note: Disclosure of annual OPEB cost, percent contributed, and net OPEB obligation, if any, is required for the current fiscal year and each of the two preceding fiscal years. The fiscal year ended June 30, 2008 was the first year of implementation of GASB 45 for the City; accordingly, three-year data is not available and will be presented when such data becomes available.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

Funded Status

The funded status of the plan as of January 1, 2008, the most recent actuarial valuation date, was as follows:

| | Total |
|---|-------------------|
| Actuarial Accrued Liability (AAL) | \$ 10,057,000 |
| Actuarial Value of Plan Assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>10,057,000</u> |
| Funded Ratio (Actuarial value of plan assets/AAL) | 0% |
| Covered Payroll (active plan members) | \$ 17,936,000 |
| UAAL as a Percentage of Covered Payroll | 56.10% |

An annual 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 January 1, 2008. 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 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 January 1, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.75% 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 9.7% (10.5% for PPO's) in 2009 (actual 2008 premium rates were used) decreasing to 4.5% over nine years. The post-Medicare eligible healthcare trend stated 0.4% higher for 2009. 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 1997-2002 Experience Study.

The UAAL was amortized over a 1.1-year closed period as a level percentage of payroll.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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 percent surcharge on solid waste collection fees, increasing at a rate of 0.2 percent per year, in order to cover these costs. The surcharge is currently 6.6 percent.

The City's outstanding future post-closure care costs were estimated at \$6,551,380 at June 30, 2009. 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 2009:

| | Balance July 1, 2008 | Deletions | Balance June 30, 2009 | Due within one year | Due in more than one year |
|--------------------------------|-------------------------|--------------|--------------------------|------------------------|------------------------------|
| Governmental Activities | \$ 6,818,374 | \$ (266,994) | \$ 6,551,380 | \$ 222,931 | \$ 6,328,449 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

16. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

The 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. Revenue from tax increments in fiscal year 2009 was \$12,345,579.

Because the Agency has received and expended or is committed to expend nearly all of the property tax increment revenues authorized under the 1981 Plan, the City amended the 1981 Plan in October 1991 to increase the amount of the tax increment that the Agency may collect from \$30 million to \$430 million and extend the project to the year 2030. The amended Plan includes a comprehensive and coordinated set of additional project activities related to, 1) planning and code enforcement, 2) real estate development and improvements (including significant activities to continue to improve, increase and preserve the community's supply of affordable low and moderate income housing), 3) public infrastructure and facilities improvements, 4) community facilities, and 5) other support projects. These projects are designed to help reduce and eliminate the many aspects of visual, economic, physical, and social blight which still exists within the project area.

17. 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, 2009, 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.

18. 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.

19. COMMITMENTS

The City had various commitments totaling \$4,240,112 as of June 30, 2009. The City committed \$1.3 million to the Sequoia Union High School District to assist funding the construction of the Menlo-Atherton Performing Arts Center, which was completed in October 2009. Five of the commitments were for large construction projects: the Police Substation/City Hall Annex for \$1,305,208, the Emergency Water Tank Replacement program for \$285,716, the Kelly Park Improvements project for \$246,898, the Sharon Heights Pump Station Replacement project for \$199,309, and the Sidewalk Improvement Program for \$146,745. The remaining commitments, totaling \$756,236, were for less significant activities. All commitments are evidenced by contractual agreements with contractors.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

20. 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, 2009, each member entity contributed \$98,000 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

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

20. JOINT VENTURES, Continued

Through the operation of franchise agreements with each member, Allied Waste Services (Allied) 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, 2010, Allied 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

21. NEGATIVE FUND BALANCE

As of June 30, 2009, the Peninsula Partnership Grant Fund has a negative fund balance of \$14,010. The grant funding for this program was overestimated but expenditures were not reduced. Additional funding in future years will be needed or the General Fund will add additional support. The Supplemental Law Enforcement Services Special Revenue Fund had a negative fund balance of \$7,362 at June 30, 2009. This program should receive additional funding from future revenues. The General Liability Insurance internal service fund has a negative fund balance of \$299,254. The negative fund balance will be reduced from future internal service charges. The Other Post Employments Benefits internal service fund has a negative fund balance of \$1,313 as of June 30, 2009. The negative fund balance will be reduced from future internal service charges.

22. PRIOR PERIOD ADJUSTMENT

In the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, the City misstated the interest payable on its long-term debt in the governmental activities of its City-wide financial statements. The correct amount of interest payable as of June 30, 2008 was \$1,670,266. The restatement of this liability of the prior year results in a decrease of \$858,985 in beginning net assets for governmental activities in the government-wide financial statements.

| | Net Assets as Previously Reported at June 30, 2008 | Prior Period Adjustment <u>Interest Payable</u> | Net Assets as Restated June 30, 2008 |
|---------------------------------|---|---|--|
| Governmental Activities: | | | |
| Net assets | \$ 370,584,415 | \$ (858,985) | \$ 369,725,430 |

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

23. SUBSEQUENT EVENTS

On July 1, 2009, the City issued general obligation bonds in the amount of \$10,440,000, the second in a series of bonds authorized by voters in 2001 with the passage of "Measure T". This measure provided for up to \$38 million to renovate and expand City parks and recreation facilities. The new issue is comprised of \$1,080,000 Series 2009A General Obligation Bonds and \$9,360,000 Series 2009B General Obligation, Federally Taxable Build America Bonds. The proceeds of the bonds will be used to finance the cost of certain recreation facilities, beginning with the Burgess Gymnasium project currently in design.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Menlo Park
Required Supplementary Information
For the year ended June 30, 2009

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, 2009, 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 reservations of fund balances.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2009

Budgetary Comparison Schedule, General Fund

| | Budget | | Actual | Variance with |
|---|-----------------------|-----------------------|----------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Taxes: | | | | |
| Secured property taxes | \$ 10,940,000 | \$ 11,180,000 | \$ 11,136,512 | \$ (43,488) |
| Unsecured property taxes | 380,000 | 367,000 | 385,377 | 18,377 |
| Other property taxes | 465,000 | 338,000 | 345,670 | 7,670 |
| Sales taxes | 7,320,000 | 7,250,000 | 6,865,152 | (384,848) |
| Other taxes | 4,330,600 | 4,520,600 | 3,998,448 | (522,152) |
| Licenses and permits | 3,927,400 | 3,212,400 | 2,843,479 | (368,921) |
| Fines and forfeitures | 1,033,520 | 1,036,520 | 1,105,836 | 69,316 |
| Use of money and property | 1,522,455 | 1,514,455 | 1,746,994 | 232,539 |
| Intergovernmental | 1,803,507 | 1,803,518 | 1,827,065 | 23,547 |
| Charges for services | 4,770,693 | 4,506,793 | 4,639,203 | 132,410 |
| Other | 18,750 | 18,750 | 49,316 | 30,566 |
| Total revenues | 36,511,925 | 35,748,036 | 34,943,052 | (804,984) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 5,247,332 | 5,122,149 | 4,811,785 | 310,364 |
| Public safety | 13,324,938 | 13,457,542 | 13,304,517 | 153,025 |
| Public works | 5,311,166 | 5,220,580 | 5,063,510 | 157,070 |
| Culture and recreation | 8,749,781 | 8,681,729 | 8,284,585 | 397,144 |
| Community development | 3,331,010 | 3,098,032 | 2,805,657 | 292,375 |
| Capital outlay | 375,261 | 324,222 | 229,946 | 94,276 |
| Total expenditures | 36,339,488 | 35,904,254 | 34,500,000 | 1,404,254 |
| REVENUES OVER (UNDER) EXPENDITURES | 172,437 | (156,218) | 443,052 | 599,270 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 716,194 | 716,194 | 716,195 | 1 |
| Transfers out | (2,534,200) | (1,734,200) | (1,734,200) | - |
| Proceeds from sale of assets | - | - | 1,381 | 1,381 |
| Total other financing sources (uses) | (1,818,006) | (1,018,006) | (1,016,624) | 1,382 |
| Net change in fund balance | \$ (1,645,569) | \$ (1,174,224) | (573,572) | \$ 600,652 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 27,281,732 | |
| End of year | | | <u>\$ 26,708,160</u> | |

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2009

Budgetary Comparison Schedule, Community Development Agency Housing Special Revenue

| | Budget | | Actual | Variance with |
|---|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Taxes: | | | | |
| Secured property taxes | \$ 2,145,000 | \$ 2,251,029 | \$ 2,182,748 | \$ (68,281) |
| Unsecured property taxes | 295,000 | 295,000 | 286,368 | (8,632) |
| Use of money and property | 30,000 | 30,000 | 190,994 | 160,994 |
| Charges for services | 142,000 | 142,000 | - | (142,000) |
| Total revenues | 2,612,000 | 2,718,029 | 2,660,110 | (57,919) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development and housing | 1,074,628 | 1,104,628 | 754,105 | 350,523 |
| Capital outlay | 925,728 | 895,728 | 840,216 | 55,512 |
| Total expenditures | 2,000,356 | 2,000,356 | 1,594,321 | 406,035 |
| REVENUES OVER (UNDER) EXPENDITURES | 611,644 | 717,673 | 1,065,789 | 348,116 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (1,058,501) | (1,058,501) | (1,058,501) | - |
| Total other financing sources (uses) | (1,058,501) | (1,058,501) | (1,058,501) | - |
| Net change in fund balance | \$ (446,857) | \$ (340,828) | 7,288 | \$ 348,116 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,697,546 | |
| End of year | | | \$ 1,704,834 | |

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2009

Budgetary Comparison Schedule, Community Development Agency Non-Housing Special

| | Budget | | Actual | Variance with |
|---|---------------------|---------------------|----------------------|-------------------|
| | Original | Final | | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| REVENUES: | | | | |
| Taxes: | | | | |
| Secured property taxes | \$ 8,575,000 | \$ 9,003,117 | \$ 8,730,995 | \$ (272,122) |
| Unsecured property taxes | 1,181,000 | 1,181,000 | 1,145,468 | (35,532) |
| Use of money and property | 700,000 | 700,000 | 813,995 | 113,995 |
| Intergovernmental | 155,000 | 155,000 | - | (155,000) |
| Charges for services | 1,000 | 1,000 | 9,528 | 8,528 |
| Total revenues | 10,612,000 | 11,040,117 | 10,699,986 | (340,131) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 1,495,424 | 1,504,424 | 1,438,171 | 66,253 |
| Urban development and housing | 3,959,164 | 4,011,114 | 3,453,475 | 557,639 |
| Capital outlay | 1,800 | 1,800 | - | 1,800 |
| Total expenditures | 5,456,388 | 5,517,338 | 4,891,646 | 625,692 |
| REVENUES OVER (UNDER) EXPENDITURES | 5,155,612 | 5,522,779 | 5,808,340 | 285,561 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (4,098,047) | (4,098,047) | (4,098,047) | - |
| Total other financing sources (uses) | (4,098,047) | (4,098,047) | (4,098,047) | - |
| Net change in fund balance | \$ 1,057,565 | \$ 1,424,732 | 1,710,293 | \$ 285,561 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 18,800,915 | |
| End of year | | | <u>\$ 20,511,208</u> | |

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2009

Budgetary Comparison Schedule, Community Development Block Grant Special Revenue Fund

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------|-----------------|----------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 5,532 | \$ 5,532 |
| Charges for services | 25,000 | 25,000 | 147,810 | 122,810 |
| Total revenues | 25,000 | 25,000 | 153,342 | 128,342 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development and housing | 14,140 | 14,140 | 5,706 | 8,434 |
| Capital outlay | 1,300 | 1,300 | - | 1,300 |
| Total expenditures | 15,440 | 15,440 | 5,706 | 9,734 |
| REVENUES OVER (UNDER) EXPENDITURES | \$ 9,560 | \$ 9,560 | 147,636 | \$ 138,076 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 455,067 | |
| End of year | | | \$ 602,703 | |

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2009

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 |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|---|
| 2006 | \$ 52,004,618 | \$ 55,717,648 | \$ 3,713,030 | 93.3% | \$ 12,190,823 | 30.5% |
| 2007 | 56,842,197 | 64,016,741 | 7,174,544 | 88.8% | 12,810,019 | 56.0% |
| 2008 | 61,338,783 | 67,682,313 | 6,343,530 | 90.6% | 13,787,507 | 46.0% |

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 January 1, 2008.

| 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 |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|---|
| 2008 | \$ - | \$ 10,057,000 | \$ 10,057,000 | 0.0% | \$ 17,936,000 | 56.1% |

SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Agency - Debt Service Major Fund For the year ended June 30, 2009

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ 240,000 | \$ 311,149 | \$ 71,149 |
| Total revenues | - | 240,000 | 311,149 | 71,149 |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal | 1,680,000 | 1,680,000 | 1,680,000 | - |
| Interest and fiscal charges | 2,839,624 | 2,839,624 | 2,522,376 | 317,248 |
| Cost of issuance | - | 190,000 | 253,995 | (63,995) |
| Total expenditures | 4,519,624 | 4,709,624 | 4,456,371 | - |
| REVENUES OVER (UNDER) EXPENDITURES | (4,519,624) | (4,469,624) | (4,145,222) | 324,402 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 4,519,624 | 4,519,624 | 4,869,096 | 349,472 |
| Total other financing sources (uses) | 4,519,624 | 4,519,624 | 4,869,096 | 349,472 |
| Net change in fund balance | \$ - | \$ 50,000 | 723,874 | \$ 673,874 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 8,349,894 | |
| End of year | | | <u>\$ 9,073,768</u> | |

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Agency - Capital Projects Major Fund For the year ended June 30, 2009

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------------------|------------------------------|----------------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 168,000 | \$ 168,000 | \$ 208,194 | \$ 40,194 |
| Total revenues | <u>168,000</u> | <u>168,000</u> | <u>208,194</u> | <u>40,194</u> |
| EXPENDITURES: | | | | |
| Capital outlay | 3,181,993 | 3,181,993 | 201,310 | 2,980,683 |
| Total expenditures | <u>3,181,993</u> | <u>3,181,993</u> | <u>201,310</u> | <u>2,980,683</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(3,013,993)</u> | <u>(3,013,993)</u> | <u>6,884</u> | <u>3,020,877</u> |
| Net change in fund balance | <u><u>\$ (3,013,993)</u></u> | <u><u>\$ (3,013,993)</u></u> | <u>6,884</u> | <u><u>\$ 3,020,877</u></u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>7,687,365</u> | |
| End of year | | | <u><u>\$ 7,694,249</u></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.

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.

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.

Traffic 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.

Miscellaneous Trust Fund - Includes Refundable Deposits and Payroll Revolving Funds to account for assets held by the City as an agent.

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.

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 transfers to provide adequate funding for maintenance of the City's current infrastructure.

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City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

| | Special Revenue | | | | |
|--|-------------------------|-------------------------------|----------------------------------|------------------------|--------------------------|
| | Highway Users Tax | Federal Revenue Sharing | Landscape/ Tree Assessment | Sidewalk Assessment | Landfill Post-Closure |
| ASSETS | | | | | |
| Cash and investments | \$ 1,953,555 | \$ 62,975 | \$ 337,594 | \$ 531,961 | \$ 1,473,604 |
| Restricted cash and investments | - | - | - | - | - |
| Receivables: | | | | | |
| Accounts | - | - | - | - | 104,501 |
| Interest | 12,619 | 406 | - | - | 9,464 |
| Notes | - | 54,808 | - | - | - |
| Due from other governments | 64,214 | - | 26,194 | - | 8,126 |
| Deposits and prepaid items | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Total assets | \$ 2,030,388 | \$ 118,189 | \$ 363,788 | \$ 531,961 | \$ 1,595,695 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 12,222 | \$ - | \$ 82,794 | \$ - | \$ 18,786 |
| Accrued payroll and related liabilities | 2,466 | - | 8,174 | 380 | 376 |
| Due to other funds | - | - | - | - | - |
| Deferred revenue | - | 54,808 | - | - | 26,932 |
| Total liabilities | 14,688 | 54,808 | 90,968 | 380 | 46,094 |
| Fund Balances: | | | | | |
| Reserved: | | | | | |
| Encumbrances and reappropriations | 24,023 | - | 89,792 | 146,954 | 53,290 |
| Housing loans | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Total reserved | 24,023 | - | 89,792 | 146,954 | 53,290 |
| Unreserved: | | | | | |
| Designated: | | | | | |
| Special programs and services | - | - | - | - | 1,496,311 |
| Capital improvements | - | - | - | - | - |
| Total designated | - | - | - | - | 1,496,311 |
| Undesignated | 1,991,677 | 63,381 | 183,028 | 384,627 | - |
| Total fund balances | 2,015,700 | 63,381 | 272,820 | 531,581 | 1,549,601 |
| Total liabilities and fund balances | \$ 2,030,388 | \$ 118,189 | \$ 363,788 | \$ 531,961 | \$ 1,595,695 |

(Continued)

Special Revenue

| Below Market Rate Housing | County Transportation Tax | Public Library | Literacy Grants | Narcotic Seizure | Traffic Impact Fees | Downtown Parking Permits | Storm Drainage Fees |
|---------------------------------|---------------------------------|-------------------|--------------------|---------------------|---------------------------|--------------------------------|---------------------------|
| \$ 9,239,805 | \$ 1,555,181 | \$ 79,302 | \$ 72,632 | \$ 25,032 | \$ 791,392 | \$ 2,670,847 | \$ 252,215 |
| - | - | - | - | - | - | - | - |
| - | 37,630 | - | - | - | - | - | - |
| 59,627 | 10,973 | - | - | - | 5,153 | 17,602 | 1,628 |
| 2,046,559 | - | - | - | - | - | - | - |
| - | 74,769 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 33,867 | 22,387 | - | - | - | - |
| <u>\$ 11,345,991</u> | <u>\$ 1,678,553</u> | <u>\$ 113,169</u> | <u>\$ 95,019</u> | <u>\$ 25,032</u> | <u>\$ 796,545</u> | <u>\$ 2,688,449</u> | <u>\$ 253,843</u> |
| \$ 1,909 | \$ 61,472 | \$ 21 | \$ 58 | \$ 3,144 | \$ 18,102 | \$ 2,684 | \$ - |
| - | 14,347 | - | 5,233 | - | 4,807 | 5,197 | - |
| - | - | - | 56,254 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>1,909</u> | <u>75,819</u> | <u>21</u> | <u>61,545</u> | <u>3,144</u> | <u>22,909</u> | <u>7,881</u> | <u>-</u> |
| - | 117,541 | - | - | - | 104,805 | - | - |
| 4,482,000 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>4,482,000</u> | <u>117,541</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>104,805</u> | <u>-</u> | <u>-</u> |
| 2,500,000 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>2,500,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4,362,082 | 1,485,193 | 113,148 | 33,474 | 21,888 | 668,831 | 2,680,568 | 253,843 |
| 11,344,082 | 1,602,734 | 113,148 | 33,474 | 21,888 | 773,636 | 2,680,568 | 253,843 |
| <u>\$ 11,345,991</u> | <u>\$ 1,678,553</u> | <u>\$ 113,169</u> | <u>\$ 95,019</u> | <u>\$ 25,032</u> | <u>\$ 796,545</u> | <u>\$ 2,688,449</u> | <u>\$ 253,843</u> |

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

| | Special Revenue | | | | |
|--|---------------------|---------------------------------|------------------------|-----------------------------|--------------------------------------|
| | Solid Waste Service | Bay Area Air Quality Management | Storm Water Management | Peninsula Partnership Grant | Supplemental Law Enforcement Service |
| ASSETS | | | | | |
| Cash and investments | \$ 857,551 | \$ 47,955 | \$ 327,143 | \$ - | \$ - |
| Restricted cash and investments | - | - | - | - | - |
| Receivables: | | | | | |
| Accounts | - | - | - | 65,720 | - |
| Interest | 5,637 | 309 | - | - | - |
| Notes | - | - | - | - | - |
| Due from other governments | 69,034 | - | 12,495 | - | 36,672 |
| Deposits and prepaid items | - | - | 465 | - | - |
| Due from other funds | - | - | - | - | - |
| Total assets | \$ 932,222 | \$ 48,264 | \$ 340,103 | \$ 65,720 | \$ 36,672 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 124,699 | \$ - | \$ 2,793 | \$ 94 | \$ 1,798 |
| Accrued payroll and related liabilities | 6,868 | - | 3,348 | 3,457 | - |
| Due to other funds | - | - | - | 76,179 | 42,236 |
| Deferred revenue | 422,565 | - | - | - | - |
| Total liabilities | 554,132 | - | 6,141 | 79,730 | 44,034 |
| Fund Balances: | | | | | |
| Reserved: | | | | | |
| Encumbrances and reappropriations | 41,836 | - | 29,570 | - | - |
| Housing loans | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Total reserved | 41,836 | - | 29,570 | - | - |
| Unreserved: | | | | | |
| Designated: | | | | | |
| Special programs and services | - | - | - | - | - |
| Capital improvements | - | - | - | - | - |
| Total designated | - | - | - | - | - |
| Undesignated | 336,254 | 48,264 | 304,392 | (14,010) | (7,362) |
| Total fund balances | 378,090 | 48,264 | 333,962 | (14,010) | (7,362) |
| Total liabilities and fund balances | \$ 932,222 | \$ 48,264 | \$ 340,103 | \$ 65,720 | \$ 36,672 |

(Continued)

| Special Revenue | | | | | | Debt Service |
|--------------------------|-----------------------------------|---------------------|-------------------|------------------------|---------------------|-------------------|
| Construction Impact Fees | Bedwell Bayfront Park Maintenance | Recreation In-Lieu | Sharon Hills Park | Vintage Oaks Landscape | Miscellaneous Trust | Library Bond |
| \$ 2,442,748 | \$ 1,229,695 | \$ 3,572,286 | \$ 121,200 | \$ 141,152 | \$ 1,095,787 | \$ 801,788 |
| - | - | - | - | - | - | 64 |
| - | - | - | - | - | - | - |
| 15,770 | 8,024 | 23,053 | 782 | 911 | 3,743 | 5,174 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 10,639 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 2,458,518</u> | <u>\$ 1,237,719</u> | <u>\$ 3,595,339</u> | <u>\$ 121,982</u> | <u>\$ 142,063</u> | <u>\$ 1,099,530</u> | <u>\$ 817,665</u> |
| \$ - | \$ 35,367 | \$ - | \$ - | \$ 1,072 | \$ 123,861 | \$ - |
| 628 | 493 | 63 | - | - | 812 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>628</u> | <u>35,860</u> | <u>63</u> | <u>-</u> | <u>1,072</u> | <u>124,673</u> | <u>-</u> |
| 2,422 | 14,446 | 10,159 | - | - | 103,977 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 817,665 |
| <u>2,422</u> | <u>14,446</u> | <u>10,159</u> | <u>-</u> | <u>-</u> | <u>103,977</u> | <u>817,665</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>2,455,468</u> | <u>1,187,413</u> | <u>3,585,117</u> | <u>121,982</u> | <u>140,991</u> | <u>870,880</u> | <u>-</u> |
| <u>2,457,890</u> | <u>1,201,859</u> | <u>3,595,276</u> | <u>121,982</u> | <u>140,991</u> | <u>974,857</u> | <u>817,665</u> |
| <u>\$ 2,458,518</u> | <u>\$ 1,237,719</u> | <u>\$ 3,595,339</u> | <u>\$ 121,982</u> | <u>\$ 142,063</u> | <u>\$ 1,099,530</u> | <u>\$ 817,665</u> |

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

| | Debt Service | Capital Projects | | | Total Non-Major Governmental Funds |
|--|-------------------------------|---------------------|------------------------------|-----------------------------------|---|
| | Recreation GO Bond 2002 | Library Addition | Measure T 2002 GO Bond | Capital Improvement General | |
| ASSETS | | | | | |
| Cash and investments | \$ 2,246,581 | \$ 368,217 | \$ 100,676 | \$ 8,911,586 | \$ 41,310,460 |
| Restricted cash and investments | - | - | 864,902 | - | 864,966 |
| Receivables: | | | | | |
| Accounts | - | - | - | 99,821 | 307,672 |
| Interest | 14,498 | 2,377 | 4,509 | - | 202,259 |
| Notes | - | - | - | - | 2,101,367 |
| Due from other governments | 33,490 | - | - | - | 335,633 |
| | - | - | - | - | 465 |
| Due from other funds | - | - | - | - | 56,254 |
| Total assets | \$ 2,294,569 | \$ 370,594 | \$ 970,087 | \$ 9,011,407 | \$ 45,179,076 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 2,000 | \$ 19,178 | \$ 48,840 | \$ 71,611 | \$ 632,505 |
| Accrued payroll and related liabilities | - | 29 | 6,217 | 10,834 | 73,729 |
| Due to other funds | - | - | - | - | 174,669 |
| Deferred revenue | - | - | - | - | 504,305 |
| Total liabilities | 2,000 | 19,207 | 55,057 | 82,445 | 1,385,208 |
| Fund Balances: | | | | | |
| Reserved: | | | | | |
| Encumbrances and reappropriations | - | 16,408 | 37,354 | 53,207 | 845,784 |
| Housing loans | - | - | - | - | 4,482,000 |
| Debt service | 2,292,569 | - | - | - | 3,110,234 |
| Total reserved | 2,292,569 | 16,408 | 37,354 | 53,207 | 8,438,018 |
| Unreserved: | | | | | |
| Designated: | | | | | |
| Special programs and services | - | - | - | - | 3,996,311 |
| Capital improvements | - | 334,979 | 877,676 | 8,875,755 | 10,088,410 |
| Total designated | - | 334,979 | 877,676 | 8,875,755 | 14,084,721 |
| Undesignated | - | - | - | - | 21,271,129 |
| Total fund balances | 2,292,569 | 351,387 | 915,030 | 8,928,962 | 43,793,868 |
| Total liabilities and fund balances | \$ 2,294,569 | \$ 370,594 | \$ 970,087 | \$ 9,011,407 | \$ 45,179,076 |

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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, 2009

| | Special Revenue | | | | |
|---|-------------------------|-------------------------------|----------------------------------|------------------------|--------------------------|
| | Highway Users Tax | Federal Revenue Sharing | Landscape/ Tree Assessment | Sidewalk Assessment | Landfill Post-Closure |
| REVENUES: | | | | | |
| Other taxes | \$ 533,784 | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | 486,583 | 175,373 | - |
| Licenses and permits | - | - | - | - | - |
| Use of money and property | 71,892 | 2,549 | - | - | 139,184 |
| Intergovernmental | 766,480 | - | 27,193 | - | - |
| Charges for services | - | 177 | 300 | - | 421,980 |
| Other | - | - | - | - | - |
| Total revenues | <u>1,372,156</u> | <u>2,726</u> | <u>514,076</u> | <u>175,373</u> | <u>561,164</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | 116,464 | - | 598,088 | 14,157 | 130,675 |
| Culture and recreation | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Urban development and housing | - | 7,925 | - | - | - |
| Capital outlay | 884,346 | - | 3,232 | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Total expenditures | <u>1,000,810</u> | <u>7,925</u> | <u>601,320</u> | <u>14,157</u> | <u>130,675</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>371,346</u> | <u>(5,199)</u> | <u>(87,244)</u> | <u>161,216</u> | <u>430,489</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | 156,000 | - | - |
| Transfers out | - | - | (86,041) | (16,835) | (6,998) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>69,959</u> | <u>(16,835)</u> | <u>(6,998)</u> |
| Net change in fund balances | <u>371,346</u> | <u>(5,199)</u> | <u>(17,285)</u> | <u>144,381</u> | <u>423,491</u> |
| FUND BALANCES: | | | | | |
| Beginning of year | 1,644,354 | 68,580 | 290,105 | 387,200 | 1,126,110 |
| End of year | <u>\$ 2,015,700</u> | <u>\$ 63,381</u> | <u>\$ 272,820</u> | <u>\$ 531,581</u> | <u>\$ 1,549,601</u> |

(Continued)

Special Revenue

| Below Market Rate Housing | County Transportation Tax | Public Library | Literacy Grants | Narcotic Seizure | Traffic Impact Fees | Downtown Parking Permits | Storm Drainage Fees |
|---------------------------------|---------------------------------|-------------------|--------------------|---------------------|---------------------------|--------------------------------|---------------------------|
| \$ - | \$ 630,996 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 364,549 | - |
| 348,456 | 65,403 | - | - | - | 29,876 | 105,597 | 9,632 |
| - | 337,848 | 10,772 | 20,000 | - | - | - | - |
| 2,476,249 | 75,012 | - | - | 9,784 | - | - | 9,964 |
| - | - | - | 127,329 | - | - | - | - |
| <u>2,824,705</u> | <u>1,109,259</u> | <u>10,772</u> | <u>147,329</u> | <u>9,784</u> | <u>29,876</u> | <u>470,146</u> | <u>19,596</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 4,910 | - | 10,837 | - |
| - | 865,688 | - | - | - | 225,280 | 139,369 | - |
| - | - | 16,426 | 179,061 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 15,215 | - | - | - | - | - | - | - |
| - | 592,537 | - | - | - | 40,600 | - | - |
| - | - | - | - | - | - | - | - |
| <u>15,215</u> | <u>1,458,225</u> | <u>16,426</u> | <u>179,061</u> | <u>4,910</u> | <u>265,880</u> | <u>150,206</u> | <u>-</u> |
| <u>2,809,490</u> | <u>(348,966)</u> | <u>(5,654)</u> | <u>(31,732)</u> | <u>4,874</u> | <u>(236,004)</u> | <u>319,940</u> | <u>19,596</u> |
| - | - | - | 55,000 | - | - | - | - |
| - | - | (27,200) | - | - | - | (22,406) | - |
| - | - | (27,200) | 55,000 | - | - | (22,406) | - |
| <u>2,809,490</u> | <u>(348,966)</u> | <u>(32,854)</u> | <u>23,268</u> | <u>4,874</u> | <u>(236,004)</u> | <u>297,534</u> | <u>19,596</u> |
| 8,534,592 | 1,951,700 | 146,002 | 10,206 | 17,014 | 1,009,640 | 2,383,034 | 234,247 |
| <u>\$ 11,344,082</u> | <u>\$ 1,602,734</u> | <u>\$ 113,148</u> | <u>\$ 33,474</u> | <u>\$ 21,888</u> | <u>\$ 773,636</u> | <u>\$ 2,680,568</u> | <u>\$ 253,843</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, 2009

| | Special Revenue | | | | Supplemental Law Enforcement Services |
|---|---------------------------|---------------------------------------|--------------------------------------|--------------------------|--|
| | Solid Waste Service | Bay Area Air Quality Management | Storm Water Management (NPDES) | Peninsula Partnership | |
| REVENUES: | | | | | |
| Other taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | 324,871 | - | - |
| Licenses and permits | - | - | - | - | - |
| Use of money and property | 30,678 | 2,034 | - | - | 41 |
| Intergovernmental | 8,170 | - | - | 89,490 | 93,532 |
| Charges for services | 1,610,464 | - | 382 | - | - |
| Other | - | - | - | - | - |
| Total revenues | 1,649,312 | 2,034 | 325,253 | 89,490 | 93,573 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 1,560,486 | - | - | - | - |
| Public safety | - | - | - | - | 51,342 |
| Public works | 185,418 | - | 340,778 | - | - |
| Culture and recreation | - | - | - | 119,665 | - |
| Community development | - | - | - | - | - |
| Urban development and housing | - | - | - | - | - |
| Capital outlay | - | - | - | - | 65,579 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Total expenditures | 1,745,904 | - | 340,778 | 119,665 | 116,921 |
| REVENUES OVER (UNDER) EXPENDITURES | (96,592) | 2,034 | (15,525) | (30,175) | (23,348) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (68,526) | - | (57,990) | - | - |
| Total other financing sources (uses) | (68,526) | - | (57,990) | - | - |
| Net change in fund balances | (165,118) | 2,034 | (73,515) | (30,175) | (23,348) |
| FUND BALANCES: | | | | | |
| Beginning of year | 543,208 | 46,230 | 407,477 | 16,165 | 15,986 |
| End of year | \$ 378,090 | \$ 48,264 | \$ 333,962 | \$ (14,010) | \$ (7,362) |

(Continued)

| Special Revenue | | | | | | Debt Service |
|-------------------------------|--|-----------------------|----------------------|---------------------------|------------------------|-------------------|
| Construction Impact Fee | Bedwell Bayfront Park Maintenance | Recreation In-Lieu | Sharon Hills Park | Vintage Oaks Landscape | Miscellaneous Trust | Library Bond |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | 487,365 |
| - | - | - | - | - | - | - |
| 94,110 | 46,747 | 136,476 | 4,780 | 5,372 | 22,178 | 22,616 |
| - | - | - | - | - | - | - |
| 436,732 | - | 64,000 | - | - | 243,378 | - |
| - | - | - | - | - | 9,828 | - |
| <u>530,842</u> | <u>46,747</u> | <u>200,476</u> | <u>4,780</u> | <u>5,372</u> | <u>275,384</u> | <u>509,981</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 93,911 | 178,377 | 11,395 | 14,288 | 13,762 | - | - |
| - | - | - | - | - | 67,178 | - |
| - | - | - | - | - | 289,463 | - |
| - | - | - | - | - | - | - |
| 137,620 | 272 | - | - | - | 380 | - |
| - | - | - | - | - | - | 285,000 |
| - | - | - | - | - | - | 133,069 |
| <u>231,531</u> | <u>178,649</u> | <u>11,395</u> | <u>14,288</u> | <u>13,762</u> | <u>357,021</u> | <u>418,069</u> |
| <u>299,311</u> | <u>(131,902)</u> | <u>189,081</u> | <u>(9,508)</u> | <u>(8,390)</u> | <u>(81,637)</u> | <u>91,912</u> |
| - | - | - | - | - | - | - |
| - | (11,233) | - | - | - | (700) | - |
| - | (11,233) | - | - | - | (700) | - |
| <u>299,311</u> | <u>(143,135)</u> | <u>189,081</u> | <u>(9,508)</u> | <u>(8,390)</u> | <u>(82,337)</u> | <u>91,912</u> |
| 2,158,579 | 1,344,994 | 3,406,195 | 131,490 | 149,381 | 1,057,194 | 725,753 |
| <u>\$ 2,457,890</u> | <u>\$ 1,201,859</u> | <u>\$ 3,595,276</u> | <u>\$ 121,982</u> | <u>\$ 140,991</u> | <u>\$ 974,857</u> | <u>\$ 817,665</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, 2009

| | Debt Service | | Capital Projects | | Total Non-Major Governmental Funds |
|---|-------------------------------|---------------------|------------------------------|-----------------------------------|---|
| | Recreation GO Bond 2002 | Library Addition | Measure T 2002 GO Bond | Capital Improvement General | |
| REVENUES: | | | | | |
| Other taxes | \$ - | \$ - | \$ - | \$ 50,948 | \$ 1,215,728 |
| Special assessments | 1,420,084 | - | - | - | 2,894,276 |
| Licenses and permits | - | - | - | - | 364,549 |
| Use of money and property | 72,696 | 14,002 | 27,440 | - | 1,251,759 |
| Intergovernmental | - | - | - | - | 1,353,485 |
| Charges for services | - | - | - | 76,463 | 5,424,885 |
| Other | - | - | - | - | 137,157 |
| Total revenues | 1,492,780 | 14,002 | 27,440 | 127,411 | 12,641,839 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 1,560,486 |
| Public safety | - | - | - | - | 67,089 |
| Public works | - | - | - | - | 2,927,650 |
| Culture and recreation | 2,500 | - | - | - | 384,830 |
| Community development | - | - | - | - | 289,463 |
| Urban development and housing | - | - | - | - | 23,140 |
| Capital outlay | - | 63,556 | 306,204 | 3,039,334 | 5,133,660 |
| Debt service: | | | | | |
| Principal | 250,000 | - | - | - | 535,000 |
| Interest | 631,135 | - | - | - | 764,204 |
| Total expenditures | 883,635 | 63,556 | 306,204 | 3,039,334 | 11,685,522 |
| REVENUES OVER (UNDER) EXPENDITURES | 609,145 | (49,554) | (278,764) | (2,911,923) | 956,317 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | 1,363,200 | 1,574,200 |
| Transfers out | - | - | - | - | (297,929) |
| Total other financing sources (uses) | - | - | - | 1,363,200 | 1,276,271 |
| Net change in fund balances | 609,145 | (49,554) | (278,764) | (1,548,723) | 2,232,588 |
| FUND BALANCES: | | | | | |
| Beginning of year | 1,683,424 | 400,941 | 1,193,794 | 10,477,685 | 41,561,280 |
| End of year | \$ 2,292,569 | \$ 351,387 | \$ 915,030 | \$ 8,928,962 | \$ 43,793,868 |

(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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Other Taxes | \$ 588,000 | \$ 588,000 | \$ 533,784 | \$ (54,216) |
| Use of money and property | 55,000 | 55,000 | 71,892 | 16,892 |
| Intergovernmental | 287,400 | 396,400 | 766,480 | 370,080 |
| Total revenues | <u>930,400</u> | <u>1,039,400</u> | <u>1,372,156</u> | <u>332,756</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 283,486 | 182,721 | 116,464 | 66,257 |
| Capital outlay | 1,008,175 | 1,108,940 | 884,346 | 224,594 |
| Total expenditures | <u>1,291,661</u> | <u>1,291,661</u> | <u>1,000,810</u> | <u>290,851</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (361,261) | (252,261) | 371,346 | (623,607) |
| Net change in fund balance | <u>\$ (361,261)</u> | <u>\$ (252,261)</u> | 371,346 | <u>\$ 623,607</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,644,354</u> | |
| End of year | | | <u>\$ 2,015,700</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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 2,549 | \$ 2,549 |
| Charges for services | 1,000 | 1,000 | 177 | (823) |
| Total revenues | 1,000 | 1,000 | 2,726 | 1,726 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development and housing | 25,000 | 25,000 | 7,925 | 17,075 |
| Total expenditures | 25,000 | 25,000 | 7,925 | 17,075 |
| Net change in fund balance | \$ (24,000) | \$ (24,000) | (5,199) | \$ 18,801 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 68,580 | |
| End of year | | | \$ 63,381 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 487,000 | \$ 487,000 | \$ 486,583 | \$ (417) |
| Intergovernmental | 13,000 | 13,000 | 27,193 | 14,193 |
| Charges for services | 5,200 | 5,200 | 300 | (4,900) |
| Total revenues | 505,200 | 505,200 | 514,076 | 8,876 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 697,323 | 727,323 | 598,088 | 129,235 |
| Capital outlay | 44,000 | 14,000 | 3,232 | 10,768 |
| Total expenditures | 741,323 | 741,323 | 601,320 | 140,003 |
| REVENUES OVER (UNDER) EXPENDITURES | (236,123) | (236,123) | (87,244) | (148,879) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 156,000 | 156,000 | 156,000 | - |
| Transfers out | (86,041) | (86,041) | (86,041) | - |
| Total other financing sources (uses) | 69,959 | 69,959 | 69,959 | - |
| Net change in fund balance | \$ (166,164) | \$ (166,164) | (17,285) | \$ 148,879 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 290,105 | |
| End of year | | | \$ 272,820 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 184,549 | \$ 184,549 | \$ 175,373 | \$ (9,176) |
| Total revenues | <u>184,549</u> | <u>184,549</u> | <u>175,373</u> | <u>(9,176)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 151,401 | 151,401 | 14,157 | 137,244 |
| Capital outlay | 332,468 | 332,468 | - | 332,468 |
| Total expenditures | <u>483,869</u> | <u>483,869</u> | <u>14,157</u> | <u>469,712</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(299,320)</u> | <u>(299,320)</u> | <u>161,216</u> | <u>(478,888)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (16,835) | (16,835) | (16,835) | - |
| Total other financing sources (uses) | <u>(16,835)</u> | <u>(16,835)</u> | <u>(16,835)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (316,155)</u> | <u>\$ (316,155)</u> | <u>144,381</u> | <u>\$ 460,536</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>387,200</u> | |
| End of year | | | <u>\$ 531,581</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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 125,000 | \$ 125,000 | \$ 139,184 | \$ 14,184 |
| Charges for services | 360,000 | 360,000 | 421,980 | 61,980 |
| Total revenues | 485,000 | 485,000 | 561,164 | 76,164 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Works | 309,267 | 309,267 | 130,675 | 178,592 |
| Capital outlay | 25,000 | 25,000 | - | 25,000 |
| Total expenditures | 334,267 | 334,267 | 130,675 | 203,592 |
| REVENUES OVER (UNDER) EXPENDITURES | 150,733 | 150,733 | 430,489 | (127,428) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (6,998) | (6,998) | (6,998) | - |
| Total other financing sources (uses) | (6,998) | (6,998) | (6,998) | - |
| Net change in fund balance | \$ 157,731 | \$ 157,731 | 423,491 | 265,760 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,126,110 | |
| End of year | | | \$ 1,549,601 | |

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Below Market Rate Housing Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 230,000 | \$ 230,000 | \$ 348,456 | \$ 118,456 |
| Charges for services | 2,700,000 | 2,700,000 | 2,476,249 | (223,751) |
| Total revenues | 2,930,000 | 2,930,000 | 2,824,705 | (105,295) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development and housing | 25,000 | 25,000 | 15,215 | 9,785 |
| Total expenditures | 25,000 | 25,000 | 15,215 | 9,785 |
| REVENUES OVER (UNDER) EXPENDITURES | 2,905,000 | 2,905,000 | 2,809,490 | 95,510 |
| Net change in fund balance | \$ 2,905,000 | \$ 2,905,000 | 2,809,490 | \$ 95,510 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 8,534,592 | |
| End of year | | | \$ 11,344,082 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES: | | | | |
| Other Taxes | \$ 690,000 | \$ 690,000 | \$ 630,996 | \$ (59,004) |
| Use of money and property | 146,487 | 806,579 | 65,403 | (741,176) |
| Intergovernmental | 60,000 | 60,000 | 337,848 | 277,848 |
| Charges for services | 36,793 | 81,793 | 75,012 | (6,781) |
| Total revenues | <u>933,280</u> | <u>1,638,372</u> | <u>1,109,259</u> | <u>(529,113)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 1,074,656 | 1,219,152 | 865,688 | 353,464 |
| Capital outlay | 749,036 | 1,280,540 | 592,537 | 688,003 |
| Total expenditures | <u>1,823,692</u> | <u>2,499,692</u> | <u>1,458,225</u> | <u>1,041,467</u> |
| Net change in fund balance | <u>\$ (890,412)</u> | <u>\$ (861,320)</u> | <u>(348,966)</u> | <u>\$ 512,354</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,951,700</u> | |
| End of year | | | <u>\$ 1,602,734</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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 17,000 | \$ 10,700 | \$ 10,772 | \$ 72 |
| Total revenues | 17,000 | 10,700 | 10,772 | 72 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and recreation | 20,147 | | 16,426 | (16,426) |
| Total expenditures | 20,147 | - | 16,426 | (16,426) |
| REVENUES OVER (UNDER) EXPENDITURES | (3,147) | 10,700 | (5,654) | 16,498 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (27,200) | (27,200) | (27,200) | - |
| Total other financing sources (uses) | (27,200) | (27,200) | (27,200) | - |
| Net change in fund balance | \$ 24,053 | \$ 10,700 | (32,854) | \$ (43,554) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 146,002 | |
| End of year | | | \$ 113,148 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 47,000 | \$ 47,000 | \$ 20,000 | \$ (27,000) |
| Other | 56,000 | 83,000 | 127,329 | 44,329 |
| Total revenues | 103,000 | 130,000 | 147,329 | 17,329 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and recreation | 162,266 | 162,266 | 179,061 | (16,795) |
| Total expenditures | 162,266 | 162,266 | 179,061 | (16,795) |
| REVENUES OVER (UNDER) EXPENDITURES | (59,266) | (32,266) | (31,732) | 534 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 55,000 | 55,000 | 55,000 | - |
| Total other financing sources (uses) | 55,000 | 55,000 | 55,000 | - |
| Net change in fund balance | \$ (4,266) | \$ 22,734 | 23,268 | \$ 534 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 10,206 | |
| End of year | | | \$ 33,474 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for current services | \$ - | \$ - | \$ 9,784 | \$ 9,784 |
| Total revenues | - | - | 9,784 | 9,784 |
| REVENUES OVER (UNDER) EXPENDITURES | - | - | 9,784 | 9,784 |
| Net change in fund balance | \$ - | \$ - | 4,874 | \$ 4,874 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 17,014 | |
| End of year | | | \$ 21,888 | |

City of Menlo Park

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

Traffic Impact Fees Special Revenue Fund

For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|---------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 27,000 | \$ 27,000 | \$ 29,876 | \$ 2,876 |
| Charges for services | 350,000 | - | - | - |
| Total revenues | 377,000 | 27,000 | 29,876 | 2,876 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 435,680 | 395,680 | 225,280 | 170,400 |
| Capital outlay | 34,234 | 99,234 | 40,600 | 58,634 |
| Total expenditures | 469,914 | 494,914 | 265,880 | 229,034 |
| Net change in fund balance | \$ (92,914) | \$ (467,914) | (236,004) | \$ 231,910 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,009,640 | |
| End of year | | | \$ 773,636 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 440,000 | \$ 440,000 | \$ 364,549 | \$ (75,451) |
| Use of money and property | 75,000 | 75,000 | 105,597 | 30,597 |
| Total revenues | 515,000 | 515,000 | 470,146 | (44,854) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 12,786 | 12,786 | 10,837 | 1,949 |
| Public works | 343,548 | 343,548 | 139,369 | 204,179 |
| Capital outlay | 430,135 | 430,135 | - | 430,135 |
| Total expenditures | 786,469 | 786,469 | 150,206 | 636,263 |
| REVENUES OVER (UNDER) EXPENDITURES | (271,469) | (271,469) | 319,940 | (681,117) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (22,406) | (22,406) | (22,406) | - |
| Total other financing sources (uses) | (22,406) | (22,406) | (22,406) | - |
| Net change in fund balance | \$ (293,875) | \$ (293,875) | 297,534 | \$ 591,409 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 2,383,034 | |
| End of year | | | \$ 2,680,568 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ 10,000 | \$ 9,632 | \$ (368) |
| Charges for services | 25,000 | 45,000 | 9,964 | (35,036) |
| Total revenues | 25,000 | 55,000 | 19,596 | (35,404) |
| | | | | |
| Net change in fund balance | \$ 25,000 | \$ 55,000 | 19,596 | \$ (35,404) |
| | | | | |
| FUND BALANCE: | | | | |
| Beginning of year | | | 234,247 | |
| End of year | | | \$ 253,843 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 15,000 | \$ 15,000 | \$ 30,678 | \$ 15,678 |
| Intergovernmental | 8,171 | 8,171 | 8,170 | (1) |
| Charges for services | 1,700,000 | 1,700,000 | 1,610,464 | (89,536) |
| Total revenues | <u>1,723,171</u> | <u>1,723,171</u> | <u>1,649,312</u> | <u>(73,859)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,563,041 | 1,563,041 | 1,560,486 | 2,555 |
| Public works | 200,994 | 200,994 | 185,418 | 15,576 |
| Capital outlay | 25,000 | 25,000 | - | 25,000 |
| Total expenditures | <u>1,789,035</u> | <u>1,789,035</u> | <u>1,745,904</u> | <u>43,131</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(65,864)</u> | <u>(65,864)</u> | <u>(96,592)</u> | <u>(116,990)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (68,526) | (68,526) | (68,526) | - |
| Total other financing sources (uses) | <u>(68,526)</u> | <u>(68,526)</u> | <u>(68,526)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (134,390)</u> | <u>\$ (134,390)</u> | <u>(165,118)</u> | <u>\$ (30,728)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>543,208</u> | |
| End of year | | | <u>\$ 378,090</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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 1,500 | \$ 1,500 | \$ 2,034 | \$ 534 |
| Intergovernmental | 41,000 | - | - | - |
| Total revenues | 42,500 | 1,500 | 2,034 | 534 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 41,000 | 41,000 | - | 41,000 |
| Total expenditures | 41,000 | 41,000 | - | 41,000 |
| Net change in fund balance | \$ 1,500 | \$ (39,500) | 2,034 | \$ 41,534 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 46,230 | |
| End of year | | | \$ 48,264 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 321,800 | \$ 321,800 | \$ 324,871 | \$ 3,071 |
| Charges for services | - | - | 382 | 382 |
| Total revenues | 321,800 | 321,800 | 325,253 | 3,453 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 456,286 | 456,277 | 340,778 | 115,499 |
| Capital outlay | 140,390 | 140,390 | - | 140,390 |
| Total expenditures | 596,676 | 596,667 | 340,778 | 255,889 |
| REVENUES OVER (UNDER) EXPENDITURES | (274,876) | (274,867) | (15,525) | 259,342 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (57,990) | (57,990) | (57,990) | - |
| Total other financing sources (uses) | (57,990) | (57,990) | (57,990) | - |
| Net change in fund balance | \$ (332,866) | \$ (332,857) | (73,515) | \$ 259,342 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 407,477 | |
| End of year | | | <u>\$ 333,962</u> | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|-----------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 143,490 | \$ 143,490 | \$ 89,490 | \$ (54,000) |
| Other | - | - | - | - |
| Total revenues | 143,490 | 143,490 | 89,490 | (54,000) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and recreation | 144,331 | 144,331 | 119,665 | 24,666 |
| Total expenditures | 144,331 | 144,331 | 119,665 | 24,666 |
| Net change in fund balance | \$ (841) | \$ (841) | (30,175) | \$ (29,334) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 16,165 | |
| End of year | | | \$ (14,010) | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 3,000 | \$ 3,000 | \$ 41 | \$ (2,959) |
| Intergovernmental | 100,000 | 100,000 | 93,532 | (6,468) |
| Total revenues | 103,000 | 103,000 | 93,573 | (9,427) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 58,400 | 71,650 | 51,342 | 20,308 |
| Capital outlay | 63,000 | 49,750 | 65,579 | (15,829) |
| Total expenditures | 121,400 | 121,400 | 116,921 | 4,479 |
| Net change in fund balance | \$ (18,400) | \$ (18,400) | (23,348) | \$ (4,948) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 15,986 | |
| End of year | | | \$ (7,362) | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|---------------------|---------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 45,000 | \$ 45,000 | 94,110 | \$ 49,110 |
| Charges for services | 800,000 | 500,000 | 436,732 | (63,268) |
| Total revenues | 845,000 | 545,000 | 530,842 | (14,158) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | 160,000 | 93,911 | 66,089 |
| Capital outlay | 600,000 | 440,000 | 137,620 | 302,380 |
| Total expenditures | 600,000 | 600,000 | 231,531 | 368,469 |
| Net change in fund balance | \$ 1,445,000 | \$ 1,145,000 | 299,311 | \$ (845,689) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 2,158,579 | |
| End of year | | | \$ 2,457,890 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 55,000 | \$ 55,000 | \$ 46,747 | \$ (8,253) |
| Total revenues | 55,000 | 55,000 | 46,747 | (8,253) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 189,420 | 205,920 | 178,377 | 27,543 |
| Capital outlay | 5,000 | 5,000 | 272 | 4,728 |
| Total expenditures | 194,420 | 210,920 | 178,649 | 32,271 |
| REVENUES OVER (UNDER) EXPENDITURES | (139,420) | (155,920) | (131,902) | (40,524) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (11,233) | (11,233) | (11,233) | - |
| Total other financing sources (uses) | (11,233) | (11,233) | (11,233) | - |
| Net change in fund balance | \$ (150,653) | \$ (167,153) | (143,135) | \$ 24,018 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,344,994 | |
| End of year | | | <u>\$ 1,201,859</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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 150,000 | \$ 150,000 | \$ 136,476 | \$ (13,524) |
| Charges for services | - | 64,000 | 64,000 | - |
| Total revenues | 150,000 | 214,000 | 200,476 | (13,524) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 18,587 | 18,587 | 11,395 | 7,192 |
| Total expenditures | 18,587 | 18,587 | 11,395 | 7,192 |
| REVENUES OVER (UNDER) EXPENDITURES | 131,413 | 195,413 | 189,081 | (20,716) |
| Net change in fund balance | \$ 150,000 | \$ 214,000 | 189,081 | \$ (24,919) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 3,406,195 | |
| End of year | | | <u>\$ 3,595,276</u> | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 5,500 | \$ 5,500 | \$ 4,780 | \$ (720) |
| Total revenues | <u>5,500</u> | <u>5,500</u> | <u>4,780</u> | <u>(720)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 13,000 | 13,000 | 14,288 | (1,288) |
| Total expenditures | <u>13,000</u> | <u>13,000</u> | <u>14,288</u> | <u>(1,288)</u> |
| Net change in fund balance | <u>\$ (7,500)</u> | <u>\$ (7,500)</u> | (9,508) | <u>\$ (2,008)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>131,490</u> | |
| End of year | | | <u>\$ 121,982</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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 5,000 | \$ 5,000 | \$ 5,372 | \$ 372 |
| Total revenues | <u>5,000</u> | <u>5,000</u> | <u>5,372</u> | <u>372</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 12,440 | 12,440 | 13,762 | (1,322) |
| Total expenditures | <u>12,440</u> | <u>12,440</u> | <u>13,762</u> | <u>(1,322)</u> |
| Net change in fund balance | <u>\$ (7,440)</u> | <u>\$ (7,440)</u> | (8,390) | <u>\$ (950)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>149,381</u> | |
| End of year | | | <u>\$ 140,991</u> | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 19,800 | \$ 19,800 | \$ 22,178 | \$ 2,378 |
| Charges for services | - | - | 243,378 | 243,378 |
| Other | 2,000 | 2,000 | 9,828 | 7,828 |
| Total revenues | 21,800 | 21,800 | 275,384 | 253,584 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and recreation | 143,815 | 143,815 | 67,178 | 76,637 |
| Community development | 157,332 | 157,332 | 289,463 | (132,131) |
| Capital outlay | 3,000 | 3,000 | 380 | 2,620 |
| Total expenditures | 304,147 | 304,147 | 357,021 | (52,874) |
| REVENUES OVER (UNDER) EXPENDITURES | (282,347) | (282,347) | (81,637) | 200,710 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (700) | (700) | (700) | - |
| Total other financing sources (uses) | (700) | (700) | (700) | - |
| Net change in fund balance | \$ (283,047) | \$ (283,047) | (82,337) | \$ 200,710 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,057,194 | |
| End of year | | | \$ 974,857 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|----------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 408,000 | \$ 408,000 | \$ 487,365 | \$ 79,365 |
| Use of money and property | 10,000 | 10,000 | 22,616 | 12,616 |
| Total revenues | 418,000 | 418,000 | 509,981 | 91,981 |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal | 285,000 | 285,000 | 285,000 | - |
| Interest | 133,069 | 133,069 | 133,069 | - |
| Total expenditures | 418,069 | 418,069 | 418,069 | - |
| Net change in fund balance | \$ (69) | \$ (69) | 91,912 | \$ 91,981 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 725,753 | |
| End of year | | | \$ 817,665 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------|-------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 1,160,000 | \$ 1,160,000 | \$ 1,420,084 | \$ 260,084 |
| Use of money and property | 20,000 | 20,000 | 72,696 | 52,696 |
| Total revenues | 1,180,000 | 1,180,000 | 1,492,780 | 312,780 |
| EXPENDITURES: | | | | |
| Culture and recreation | 5,000 | 5,000 | 2,500 | 2,500 |
| Debt service: | | | | |
| Principal | 250,000 | 250,000 | 250,000 | - |
| Interest | 649,580 | 649,580 | 631,135 | 18,445 |
| Total expenditures | 904,580 | 904,580 | 883,635 | 20,945 |
| Net change in fund balance | \$ 275,420 | \$ 275,420 | 609,145 | \$ 333,725 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,200,558 | |
| End of year | | | \$ 1,809,703 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 8,000 | \$ 8,000 | \$ 14,002 | \$ 6,002 |
| Total revenues | <u>8,000</u> | <u>8,000</u> | <u>14,002</u> | <u>6,002</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Capital outlay | 385,106 | 385,106 | 63,556 | 321,550 |
| Total expenditures | <u>385,106</u> | <u>385,106</u> | <u>63,556</u> | <u>321,550</u> |
| Net change in fund balance | <u>\$ (377,106)</u> | <u>\$ (377,106)</u> | (49,554) | <u>\$ 327,552</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>400,941</u> | |
| End of year | | | <u>\$ 351,387</u> | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-----------------------|-----------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 65,000 | \$ 65,000 | \$ 27,440 | \$ (37,560) |
| Total revenues | 65,000 | 65,000 | 27,440 | (37,560) |
| EXPENDITURES: | | | | |
| Capital outlay | 1,091,250 | 1,091,250 | 306,204 | 785,046 |
| Total expenditures | 1,091,250 | 1,091,250 | 306,204 | 785,046 |
| Net change in fund balance | \$ (1,026,250) | \$ (1,026,250) | (278,764) | \$ (822,606) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,193,794 | |
| End of year | | | \$ 915,030 | |

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Capital Improvement General Capital Projects Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-----------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Other taxes | \$ 47,500 | \$ 47,500 | \$ 50,948 | \$ 3,448 |
| Charges for services | - | - | 76,463 | 76,463 |
| Intergovernmental | - | 635,000 | - | (635,000) |
| Total revenues | 47,500 | 682,500 | 127,411 | (555,089) |
| EXPENDITURES: | | | | |
| Capital outlay | 5,193,045 | 5,323,045 | 3,039,334 | 2,283,711 |
| Total expenditures | 5,193,045 | 5,323,045 | 3,039,334 | 2,283,711 |
| REVENUES OVER (UNDER) EXPENDITURES | (5,145,545) | (4,640,545) | (2,911,923) | 1,728,622 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 2,080,000 | 4,680,000 | 1,363,200 | (3,316,800) |
| Total other financing sources (uses) | 2,080,000 | 4,680,000 | 1,363,200 | (3,316,800) |
| Net change in fund balance | \$ (3,065,545) | \$ 39,455 | (1,548,723) | \$ (1,588,178) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 10,477,685 | |
| End of year | | | <u>\$ 8,928,962</u> | |

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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 Assets
Enterprise Funds
June 30, 2009

| | Water Operating Fund | Water Capital Improvement Fund | Total Water Funds |
|---|-------------------------|-----------------------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 875,048 | \$ 16,442,516 | \$ 17,317,564 |
| Receivables: | | | |
| Accounts | 322,576 | 42,714 | 365,290 |
| Interest | 7,920 | 104,277 | 112,197 |
| Deposits and prepaid expenses | 204 | - | 204 |
| Total current assets | 1,205,748 | 16,589,507 | 17,795,255 |
| Capital assets: | | | |
| Non-depreciable | 1,859,637 | - | 1,859,637 |
| Depreciable, net | 5,760,989 | - | 5,760,989 |
| Total capital assets | 7,620,626 | - | 7,620,626 |
| Total assets | 8,826,374 | 16,589,507 | 25,415,881 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 324,990 | 52,802 | 377,792 |
| Accrued payroll | 16,261 | 3,139 | 19,400 |
| Deposits | 48,888 | - | 48,888 |
| Compensated absences | 18,895 | 7,008 | 25,903 |
| Total current liabilities | 409,034 | 62,949 | 471,983 |
| Noncurrent liabilities: | | | |
| Compensated absences | 20,500 | 7,605 | 28,105 |
| Total noncurrent liabilities | 20,500 | 7,605 | 28,105 |
| Total liabilities | 429,534 | 70,554 | 500,088 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 7,620,626 | - | 7,620,626 |
| Restricted for: | | | |
| Capital projects | - | 16,518,953 | 16,518,953 |
| Unrestricted | 776,214 | - | 776,214 |
| Total net assets | \$ 8,396,840 | \$ 16,518,953 | \$ 24,915,793 |

City of Menlo Park
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Funds
For the year ended June 30, 2009

| | Water Operating Fund | Water Capital Improvement Fund | Total Water Funds |
|--|-------------------------|-----------------------------------|----------------------|
| OPERATING REVENUES: | | | |
| Water sales | \$ 3,725,548 | \$ 587,904 | \$ 4,313,452 |
| Connection fees | 38,695 | - | 38,695 |
| Total operating revenues | 3,764,243 | 587,904 | 4,352,147 |
| OPERATING EXPENSES: | | | |
| Cost of sales and services | 3,462,258 | 73,266 | 3,535,524 |
| General and administrative | 340,682 | - | 340,682 |
| Depreciation | 171,662 | - | 171,662 |
| Total operating expenses | 3,974,602 | 73,266 | 4,047,868 |
| OPERATING INCOME (LOSS) | (210,359) | 514,638 | 304,279 |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Interest income | 46,790 | 620,440 | 667,230 |
| Gain (Loss) on sale of equipment | 10,000 | - | 10,000 |
| Total nonoperating revenues | 56,790 | 620,440 | 677,230 |
| INCOME (LOSS) BEFORE TRANSFERS | (153,569) | 1,135,078 | 981,509 |
| TRANSFERS: | | | |
| Transfers out | (198,814) | - | (198,814) |
| Total transfers | (198,814) | - | (198,814) |
| Net income (loss) | (352,383) | 1,135,078 | 782,695 |
| NET ASSETS: | | | |
| Beginning of year | 8,749,223 | 15,383,875 | 24,133,098 |
| End of year | \$ 8,396,840 | \$ 16,518,953 | \$ 24,915,793 |

City of Menlo Park
Combining Schedule of Cash Flows
Enterprise Funds
For the year ended June 30, 2009

| | Water Operating Fund | Water Capital Improvement Fund | Total Water Funds |
|---|----------------------------|--------------------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers/other funds | \$ 3,604,534 | \$ 804,727 | \$ 4,409,261 |
| Cash payment to suppliers | (3,362,721) | (245,215) | (3,607,936) |
| Cash payments for general and administrative | (340,681) | (104,082) | (444,763) |
| Net cash provided (used) by operating activities | (98,868) | 455,430 | 356,562 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Transfers out | (198,814) | - | (198,814) |
| Net cash provided (used) by noncapital financing activities | (198,814) | - | (198,814) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and construction of capital assets | (259,918) | - | (259,918) |
| Net cash provided (used) by capital and related financing activities | (259,918) | - | (259,918) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Investment income | 55,408 | 659,131 | 714,539 |
| Net cash provided (used) by investing activities | 55,408 | 659,131 | 714,539 |
| Net increase (decrease) in cash and cash equivalents | (502,192) | 1,114,561 | 612,369 |
| CASH AND CASH EQUIVALENTS: | | | |
| Beginning of year | 1,377,240 | 15,327,955 | 16,705,195 |
| End of year | \$ 875,048 | \$ 16,442,516 | \$ 17,317,564 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ (210,359) | \$ 514,638 | \$ 304,279 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 171,662 | - | 171,662 |
| Changes in current assets and liabilities: | | | |
| Accounts receivable | 8,845 | (19,346) | (10,501) |
| Accounts payable | (38,220) | (46,555) | (84,775) |
| Accrued payroll | 2,989 | (699) | 2,290 |
| Compensated absences | 8,504 | 7,392 | 15,896 |
| Deposits | (42,289) | - | (42,289) |
| Total adjustments | 111,491 | (59,208) | 52,283 |
| Net cash provided (used) by operating activities | \$ (98,868) | \$ 455,430 | \$ 356,562 |

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 Assets
Internal Service Funds
June 30, 2009

| | Workers' Compensation Insurance | General Liability Insurance | Other Post Employment Benefits | Vehicle Replacement | Total |
|--|---------------------------------------|-----------------------------------|--------------------------------------|------------------------|---------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash, cash equivalents and investments | \$ 3,232,184 | \$ 272,237 | \$ - | \$ - | \$ 3,504,421 |
| Receivables: | | | | | |
| Accounts | - | - | 12,794 | - | 12,794 |
| Interest | 20,451 | 1,698 | - | - | 22,149 |
| Total current assets | <u>3,252,635</u> | <u>273,935</u> | <u>12,794</u> | <u>-</u> | <u>3,539,364</u> |
| Capital assets: | | | | | |
| Depreciable, net | - | - | - | 707,141 | 707,141 |
| Total capital assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>707,141</u> | <u>707,141</u> |
| Total assets | <u>3,252,635</u> | <u>273,935</u> | <u>12,794</u> | <u>707,141</u> | <u>4,246,505</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 37,574 | 130,316 | - | 650 | 168,540 |
| Accrued payroll | 1,608 | 902 | - | - | 2,510 |
| Due to other funds | - | - | 14,107 | 5,325 | 19,432 |
| Claims payable, due within one year | 405,785 | 198,125 | - | - | 603,910 |
| Compensated absences payable, due within one year | 3,956 | 1,773 | - | - | 5,729 |
| Total current liabilities | <u>448,923</u> | <u>331,116</u> | <u>14,107</u> | <u>5,975</u> | <u>800,121</u> |
| Claims payable, due in more than one year | 1,461,777 | 240,149 | - | - | 1,701,926 |
| Compensated absences payable, due in more than one year | 4,293 | 1,924 | - | - | 6,217 |
| Total liabilities | <u>1,914,993</u> | <u>573,189</u> | <u>14,107</u> | <u>5,975</u> | <u>2,508,264</u> |
| Net Assets: | | | | | |
| Invested in capital assets, net of related debt | - | - | - | 707,141 | 707,141 |
| Unrestricted | 1,337,642 | (299,254) | (1,313) | (5,975) | 1,031,100 |
| Total net assets | <u>\$ 1,337,642</u> | <u>\$ (299,254)</u> | <u>\$ (1,313)</u> | <u>\$ 701,166</u> | <u>\$ 1,738,241</u> |

City of Menlo Park
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2009

| | Workers' Compensation Insurance | General Liability Insurance | Other Post Employment Benefits | Vehicle Replacement | Total |
|---|---------------------------------------|-----------------------------------|--------------------------------------|------------------------|------------------|
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ 899,999 | \$ 649,360 | \$ 678,488 | \$ - | \$ 2,227,847 |
| Total operating revenues | 899,999 | 649,360 | 678,488 | - | 2,227,847 |
| OPERATING EXPENSES: | | | | | |
| Personnel services | 71,798 | 29,543 | - | - | 101,341 |
| General and administrative | 34,360 | 268,544 | 566,418 | - | 869,322 |
| Insurance | 472,448 | 641,063 | 277,306 | - | 1,390,817 |
| Depreciation | - | - | - | 327,405 | 327,405 |
| Total operating expenses | 578,606 | 939,150 | 843,724 | 327,405 | 2,688,885 |
| OPERATING INCOME (LOSS) | 321,393 | (289,790) | (165,236) | (327,405) | (461,038) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Interest and investment earnings | 114,282 | 797 | 3,514 | (1,478) | 117,115 |
| Gain (loss) on sale of equipment | - | - | - | 42,798 | 42,798 |
| Total nonoperating revenues (expenses) | 114,282 | 797 | 3,514 | 41,320 | 159,913 |
| INCOME (LOSS) BEFORE TRANSFERS | 435,675 | (288,993) | (161,722) | (286,085) | (301,125) |
| TRANSFERS: | | | | | |
| Transfers in | - | - | - | 228,000 | 228,000 |
| Contributions | - | - | - | 5,517 | 5,517 |
| Total transfers | - | - | - | 233,517 | 233,517 |
| NET INCOME (LOSS) | 435,675 | (288,993) | (161,722) | (52,568) | (67,608) |
| NET ASSETS: | | | | | |
| Beginning of the year | 901,967 | (10,261) | 160,409 | 753,734 | 1,805,849 |
| End of the year | \$ 1,337,642 | \$ (299,254) | \$ (1,313) | \$ 701,166 | \$ 1,738,241 |

City of Menlo Park
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2009

| | Workers' Compensation Insurance | General Liability Insurance | Other Post Employment Benefits | Vehicle Replacement | Total |
|---|---------------------------------------|-----------------------------------|--------------------------------------|------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers, including cash deposits | \$ 875,158 | \$ 653,591 | \$ 678,488 | \$ - | \$ 2,207,237 |
| Cash paid to suppliers | (584,685) | (749,630) | (843,724) | (4,639) | (2,182,678) |
| Cash paid to employees | (71,798) | (33,526) | - | - | (105,324) |
| Cash receipts other | 77,465 | - | 13,014 | - | 90,479 |
| Net cash provided (used) by operating activities | 296,140 | (129,565) | (152,222) | (4,639) | 9,714 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers from other funds | - | - | - | 228,000 | 228,000 |
| Contributions | - | - | - | 5,517 | 5,517 |
| Net cash provided (used) by noncapital financing activities | - | - | - | 233,517 | 233,517 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from disposal of equipment | - | - | - | 36,412 | 36,412 |
| Acquisition and construction of capital assets | - | - | - | (388,313) | (388,313) |
| Net cash provided (used) by capital and related financing activities | - | - | - | (351,901) | (351,901) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment earnings received (paid) | 143,257 | 1,451 | 3,515 | 22 | 148,245 |
| Net cash provided (used) by investing activities | 143,257 | 1,451 | 3,515 | 22 | 148,245 |
| Net increase (decrease) in cash cash and cash equivalents | 439,397 | (128,114) | (148,707) | (123,001) | 39,575 |
| Cash, cash equivalents, and investments at beginning of year | 2,792,787 | 400,351 | 148,707 | 123,001 | 3,464,846 |
| Cash, cash equivalents, and investments at end of year | \$ 3,232,184 | \$ 272,237 | \$ - | \$ - | \$ 3,504,421 |

(Continued)

City of Menlo Park
Combining Statement of Cash Flows, Continued
Internal Service Funds
For the year ended June 30, 2009

| | 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) | \$ 321,393 | \$ (289,790) | \$ (165,236) | \$ (327,405) | \$ (461,038) |
| Depreciation | - | - | - | 327,405 | 327,405 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Accounts receivable | (3,096) | 2,123 | (1,093) | 1,174 | (892) |
| Accounts payable | (10,721) | (3,361) | 14,107 | (10,698) | (10,673) |
| Payroll liabilities | 273 | 329 | - | - | 602 |
| Insurance claim payable | (12,154) | 165,680 | - | - | 153,526 |
| Compensated absence payable | 445 | 339 | - | - | 784 |
| Total adjustments | (25,253) | 165,110 | 13,014 | 317,881 | 470,752 |
| Net cash provided (used) by operating activities | \$ 296,140 | \$ (124,680) | \$ (152,222) | \$ (9,524) | \$ 9,714 |

(Concluded)

City of Menlo Park
Combining Statement of Net Assets
Agency Funds
June 30, 2009

| | Refundable Deposits | Cash Bonds Payable | Payroll Revolving | Total Agency Funds |
|--------------------------|------------------------|-----------------------|----------------------|--------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 181,941 | \$ 266,281 | \$ 150,228 | \$ 598,450 |
| Total assets | \$ 181,941 | \$ 266,281 | \$ 150,228 | \$ 598,450 |
| LIABILITIES | | | | |
| Accounts payable | \$ 10,000 | \$ - | \$ 150,228 | \$ 160,228 |
| Deposits | 171,941 | 266,281 | - | 438,222 |
| Total liabilities | \$ 181,941 | \$ 266,281 | \$ 150,228 | \$ 598,450 |

City of Menlo Park
Combining Statement of Changes in Net Assets
Agency Funds
For the year ended June 30, 2009

| | Balance July 1, 2008 | Additions | Deductions | Balance June 30, 2009 |
|-----------------------------------|-------------------------|------------------------|----------------------|--------------------------|
| <u>Refundable Deposits</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 129,820 | \$ 136,421 | \$ (84,300) | \$ 181,941 |
| Liabilities: | | | | |
| Accounts payable | \$ 27,000 | \$ (83,300) | \$ 66,300 | \$ 10,000 |
| Deposits | 102,820 | (66,300) | 135,421 | 171,941 |
| Total liabilities | \$ 129,820 | \$ (149,600) | \$ 201,721 | \$ 181,941 |
| <u>Cash Bonds Payable</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 286,281 | \$ - | \$ (20,000) | \$ 266,281 |
| Liabilities: | | | | |
| Deposits | \$ 286,281 | \$ (40,000) | \$ 20,000 | \$ 266,281 |
| <u>Payroll Revolving</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 152,401 | \$ 2,982,190 | \$ (2,984,363) | \$ 150,228 |
| Liabilities: | | | | |
| Accounts payable | \$ 152,401 | \$ (17,926,286) | \$ 17,924,113 | \$ 150,228 |
| <u>Total Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 568,502 | \$ 3,118,611 | \$ (3,088,663) | \$ 598,450 |
| Liabilities: | | | | |
| Accounts payable | \$ 179,401 | \$ (18,009,586) | \$ 17,990,413 | \$ 160,228 |
| Deposits | 389,101 | (106,300) | 155,421 | 438,222 |
| Total liabilities | \$ 568,502 | \$ (18,115,886) | \$ 18,145,834 | \$ 598,450 |

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CITY OF MENLO PARK
Statistical Section
(unaudited)

This part of the City of Menlo Park's comprehensive annual financial report presents detailed information as a context for understanding of what the information in the financial statements, notes disclosures, and required supplementary information says about the City of Menlo Park's overall financial health.

Financial Trends

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.

- Schedule 1: Net Assets by Component
- Schedule 2: Changes in Net Assets
- Schedule 3: Fund Balances-Governmental Funds
- Schedule 4: Changes in Fund Balances-Governmental Funds

Revenue Capacity

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

- Schedule 5: General Government Revenues by Source
- Schedule 6: General Government Taxes Details
- Schedule 7: Assessed Valuation, Tax Rates, and Tax Levies

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.

- Schedule 8: Direct and Overlapping Property Tax Rates
- Schedule 9: Principal Property Tax Payers
- Schedule 10: Property Tax Levies and Collections
- Schedule 11: Ratios of Outstanding Debt by Type
- Schedule 12: Direct and Overlapping Debt
- Schedule 13: Legal Debt Service Margin Information
- Schedule 14: Pledge Revenue Coverage---Community Development Agency

Demographic and Economic Information

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

- Schedule 15: Demographic and Economic Statistics
- Schedule 16: Principal Employers
- Schedule 17: Full Time Equivalent City Employees by Function

Operating Information

These schedules contain service and infrastructure data to help the readers understand how the information in the City of Menlo Park's financial report relates to the services the City provides and the activities it performs.

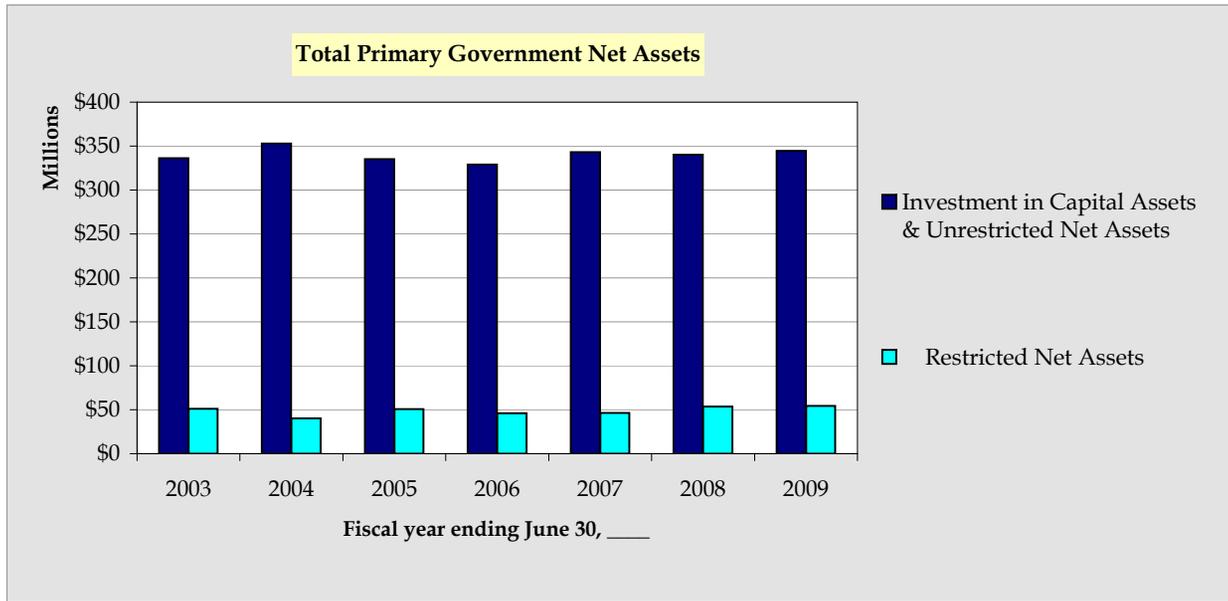
- Schedule 18: Operating Indicators by Demand and Level of Service by Function/Program
- Schedule 19: Capital Asset Statistics by Function
- Schedule 20: Capital Asset and Infrastructure Statistics by Activities
- Schedule 21: Water Sold by Type of Customer
- Schedule 22: Water Service Rates

City of Menlo Park
Net Assets by Component
June 30, 2009
Last Seven Years

Financial Trends:
Schedule 1

| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | |
|--|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| Government Activities | | | | | | | |
| Investment in Capital Assets, Net of Related Debt | \$ 264,641,246 | \$ 271,543,602 | \$ 276,025,463 | \$ 266,250,790 | \$ 260,060,574 | \$ 265,272,383 | \$ 261,153,596 |
| Restricted for: | | | | | | | |
| Capital Projects | 45,576,230 | 36,959,941 | 37,452,612 | 16,297,615 | 17,102,064 | 20,378,994 | 18,207,379 |
| Debt Service | 1,008,151 | 1,142,055 | 1,287,410 | 8,366,348 | 10,581,505 | 10,759,071 | 12,184,002 |
| Community Development | | | | 6,187,396 | 5,866,768 | 6,160,144 | 6,140,612 |
| Special Projects | 4,313,637 | 2,094,806 | 2,094,806 | 4,647,861 | 809,974 | 1,034,326 | 1,203,583 |
| Total Restricted - Government Activities | 50,898,018 | 40,196,802 | 40,834,828 | 35,499,220 | 34,360,311 | 38,332,535 | 37,735,576 |
| Unrestricted - Government Activities | 51,014,831 | 60,788,071 | 47,350,857 | 51,292,783 | 71,773,633 | 66,120,512 | 74,932,478 |
| Total Government Activities | 366,554,095 | 372,528,475 | 364,211,148 | 353,042,793 | 366,194,518 | 369,725,430 | 373,821,650 |
| Business-Type Activities | | | | | | | |
| Investment in Capital Assets, Net of Related Debt | 5,031,535 | 5,149,972 | 7,119,922 | 7,440,931 | 7,391,343 | 7,532,369 | 7,620,626 |
| Restricted for: | | | | | | | |
| Capital Projects | 31,887 | 50,413 | 9,743,217 | 10,653,717 | 11,851,559 | 15,383,875 | 16,518,953 |
| Debt Service | | | | | | | |
| Special Projects | | 23,647 | | | | | |
| Total Restricted - Business-Type Activities | 31,887 | 74,060 | 9,743,217 | 10,653,717 | 11,851,559 | 15,383,875 | 16,518,953 |
| Unrestricted - Business-Type Activities | 15,530,760 | 15,483,043 | 4,541,177 | 4,067,282 | 3,710,223 | 1,216,854 | 776,214 |
| Total Business-Type Activities | 20,594,182 | 20,707,075 | 21,404,316 | 22,161,930 | 22,953,125 | 24,133,098 | 24,915,793 |
| Primary Government | | | | | | | |
| Investment in Capital Assets, Net of Related Debt | 269,672,781 | 276,693,574 | 283,145,385 | 273,691,721 | 267,451,917 | 272,804,752 | 268,774,222 |
| Unrestricted Net Assets | 66,545,591 | 76,271,114 | 51,892,034 | 55,360,065 | 75,483,856 | 67,337,366 | 75,708,692 |
| Investment in Capital Assets & Unrestricted Net Assets | 336,218,372 | 352,964,688 | 335,037,419 | 329,051,786 | 342,935,773 | 340,142,118 | 344,482,914 |
| Restricted Net Assets | 50,929,905 | 40,270,862 | 50,578,045 | 46,152,937 | 46,211,870 | 53,716,410 | 54,254,529 |
| Total Primary Government Net Assets | \$ 387,148,277 | \$ 393,235,550 | \$ 385,615,464 | \$ 375,204,723 | \$ 389,147,643 | \$ 393,858,528 | \$ 398,737,443 |

City of Menlo Park
 Net Assets by Component
 June 30, 2009
 Last Seven Years



Source: City of Menlo Park

Notes: The City of Menlo Park implemented GASB 34 for the fiscal year ended June 30, 2003.

Information prior to the implementation of GASB 34 is not available.

City of Menlo Park
 Changes in Net Assets
 June 30, 2009
 Last Seven Years

Financial Trends:
 Schedule 2

| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | |
|--|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Expenses | | | | | | | |
| Governmental Activities | | | | | | | |
| General Government | \$ 6,701,141 | \$ 8,375,348 | \$ 7,322,997 | \$ 7,761,696 | \$ 6,857,574 | \$ 8,145,031 | \$ 6,507,831 |
| Public Safety | 8,685,740 | 8,010,385 | 9,196,468 | 9,092,996 | 11,191,323 | 15,763,116 | 13,755,857 |
| Public Works | 11,231,842 | 9,742,184 | 11,040,198 | 10,275,029 | 9,723,201 | 12,332,849 | 10,717,616 |
| Culture and Recreation | 7,761,262 | 7,971,110 | 7,547,337 | 7,781,549 | 8,647,013 | 11,276,226 | 9,723,210 |
| Community Development ⁽¹⁾ | 7,098,764 | 7,780,767 | 8,721,659 | 23,179,192 | 6,916,391 | 9,817,989 | 12,644,222 |
| Interest on Long-Term Debt | 4,821,928 | 4,679,811 | 4,602,336 | 4,529,332 | 5,070,401 | 5,037,500 | 3,710,590 |
| Total Governmental Activities Expenses | 46,300,677 | 46,559,605 | 48,430,995 | 62,619,794 | 48,405,903 | 62,372,711 | 57,059,325 |
| Business-Type Activities | | | | | | | |
| Water | 2,831,383 | 3,555,582 | 3,187,578 | 3,081,378 | 3,601,919 | 4,075,876 | 4,047,868 |
| Total Business-Type Activities Expenses | 2,831,383 | 3,555,582 | 3,187,578 | 3,081,378 | 3,601,919 | 4,075,876 | 4,047,868 |
| Total Primary Government Expenses | \$ 49,132,060 | \$ 50,115,187 | \$ 51,618,573 | \$ 65,701,172 | \$ 52,007,822 | \$ 66,448,587 | \$ 61,107,193 |
| Program Revenues | | | | | | | |
| Governmental Activities | | | | | | | |
| Charges for Services | | | | | | | |
| General Government | 4,398,884 | 5,707,675 | 4,486,715 | 4,649,505 | 3,676,393 | 3,539,934 | 5,031,274 |
| Public Safety | 1,225,796 | 526,542 | 1,240,807 | 1,086,348 | 1,241,847 | 5,154,247 | 1,390,649 |
| Public Works | 1,908,545 | 2,914,762 | 3,391,517 | 3,609,732 | 6,541,634 | 3,837,839 | 2,753,607 |
| Culture and Recreation | 3,041,867 | 2,909,707 | 2,835,631 | 2,949,807 | 3,291,723 | 3,345,055 | 3,323,877 |
| Community Development | 2,014,063 | 2,868,863 | 2,377,251 | 3,897,805 | 6,170,024 | 3,952,454 | 4,145,205 |
| Operating Grants and Contributions | 1,318,007 | 2,418,574 | 1,712,952 | 1,681,505 | 3,251,025 | 2,369,502 | 2,428,500 |
| Capital Grants and Contributions | 1,341,927 | 80,579 | 686,540 | 268,468 | 520,156 | 1,030,839 | 661,554 |
| Total Governmental Activities-Program Revenues | 15,249,089 | 17,426,702 | 16,731,413 | 18,143,170 | 24,692,802 | 23,229,870 | 19,734,666 |
| Business-Type Activities | | | | | | | |
| Charges for Services | 3,421,677 | 3,754,693 | 3,305,954 | 3,567,919 | 3,881,115 | 4,483,145 | 4,352,147 |
| Capital Grants and Contributions | | | 462,525 | | | | |
| Total Business-Type Activities Program Revenues | 3,421,677 | 3,754,693 | 3,768,479 | 3,567,919 | 3,881,115 | 4,483,145 | 4,352,147 |
| Total Primary Government-Program Revenues | \$ 18,670,766 | \$ 21,181,395 | \$ 20,499,892 | \$ 21,711,089 | \$ 28,573,917 | \$ 27,713,015 | \$ 24,086,813 |
| Net Revenue (Expenses) | | | | | | | |
| Governmental Activities | (31,051,588) | (29,132,903) | (31,699,582) | (44,476,624) | (23,713,101) | (39,142,841) | (37,324,659) |
| Business-type Activities | 590,294 | 199,111 | 580,901 | 486,541 | 279,196 | 407,269 | 304,279 |
| Total Net Revenue (Expenses) | (\$30,461,294) | (\$28,933,792) | (\$31,118,681) | (\$43,990,083) | (\$23,433,905) | (\$38,735,572) | (\$37,020,380) |

Source: City of Menlo Park

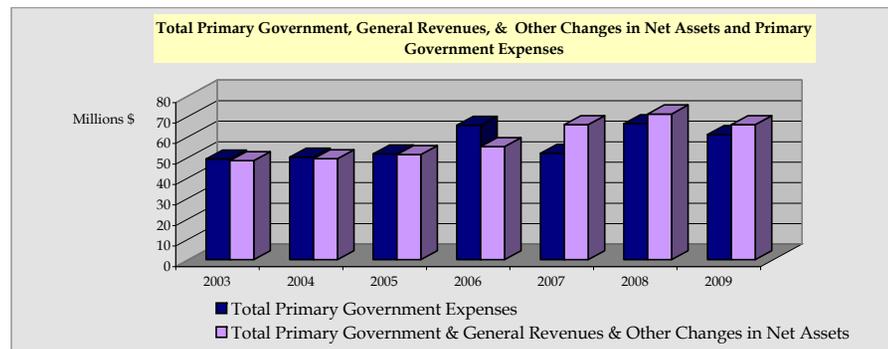
Notes: The City implemented GASB 34 for the fiscal year ended 2003. Information prior to the implementation of GASB 34 is not available.

⁽¹⁾ Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development to developer

(Continued)

City of Menlo Park
 Changes in Net Assets
 June 30, 2009
 Last Seven Years

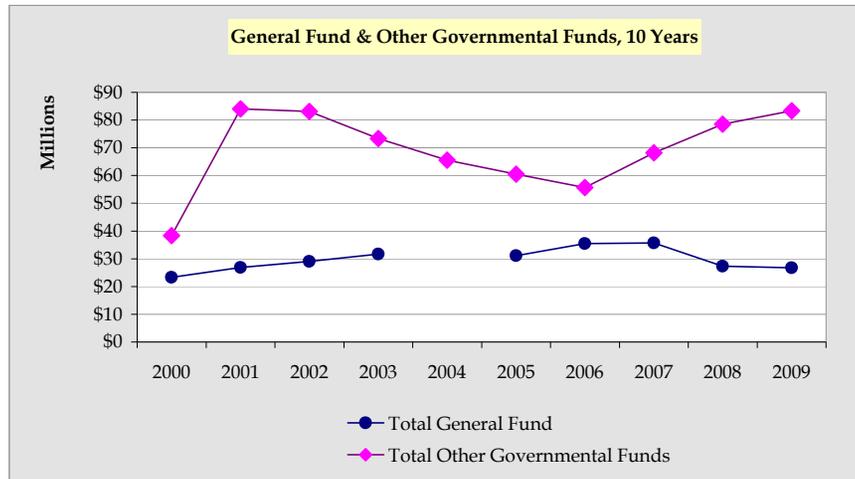
| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | |
|---|-----------------------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General Revenues & Other Changes in Net Assets | | | | | | | |
| Governmental Activities | | | | | | | |
| Taxes | | | | | | | |
| Property Taxes | \$ 15,876,102 | \$ 16,878,085 | \$ 17,755,873 | \$ 19,621,262 | \$ 20,634,276 | \$ 23,292,838 | \$ 24,213,136 |
| Sales Taxes | 8,005,666 | 6,580,473 | 6,057,460 | 6,503,635 | 6,799,561 | 7,676,943 | 6,865,152 |
| Motor Vehicle License Fees ⁽²⁾ | 1,850,187 | 1,394,880 | 2,008,458 | 741,467 | 183,559 | 133,339 | 90,499 |
| Other Taxes | 2,157,463 | 1,565,592 | 2,352,535 | 2,518,404 | 3,460,266 | 4,603,366 | 5,214,176 |
| Total Taxes | 27,889,418 | 26,419,030 | 28,174,326 | 29,384,768 | 31,077,662 | 35,706,486 | 36,382,963 |
| Investment Earnings | 2,775,669 | 1,464,350 | 2,239,123 | 3,482,982 | 5,175,930 | 6,076,112 | 4,645,732 |
| Loss of Sale of Asset | (1,698,248) | | | | | | |
| Miscellaneous | 278,561 | 107,531 | 77,106 | 212,819 | 372,534 | 706,444 | 193,370 |
| Transfers | 216,700 | 216,700 | 216,700 | 227,700 | 238,700 | 184,711 | 198,814 |
| Total Governmental Activities - General Revenues | 29,462,100 | 28,207,611 | 30,707,255 | 33,308,269 | 36,864,826 | 42,673,753 | 41,420,879 |
| Business-type Activities | | | | | | | |
| Investment Earnings | 454,611 | 130,482 | 333,040 | 498,773 | 750,700 | 957,071 | 667,230 |
| Miscellaneous | | | | | | 344 | 10,000 |
| Transfers | (216,700) | (216,700) | (216,700) | (227,700) | (238,700) | (184,711) | (198,814) |
| Total Business-Type Activities - General Revenues | 237,911 | (86,218) | 116,340 | 271,073 | 512,000 | 772,704 | 478,416 |
| Total Primary Government, General Revenues & Other Changes in Net Assets | \$ 48,370,777 | \$ 49,302,788 | \$ 51,323,487 | \$ 55,290,431 | \$ 65,950,743 | \$ 71,159,472 | \$ 65,986,108 |
| Changes in Net Assets | | | | | | | |
| Governmental Activities | (1,589,488) | (925,292) | (992,327) | (11,168,355) | 13,151,725 | 3,530,912 | 4,096,220 |
| Business-type Activities | 828,205 | 112,893 | 697,241 | 757,614 | 791,196 | 1,179,973 | 782,695 |
| Changes in Net Assets | (\$761,283) | (\$812,399) | (\$295,086) | (\$10,410,741) | \$13,942,921 | \$4,710,885 | \$4,878,915 |



⁽²⁾ In fiscal year 2005-2006, Property tax in lieu of Motor Vehicle License fees was reclassified to Property Taxes.

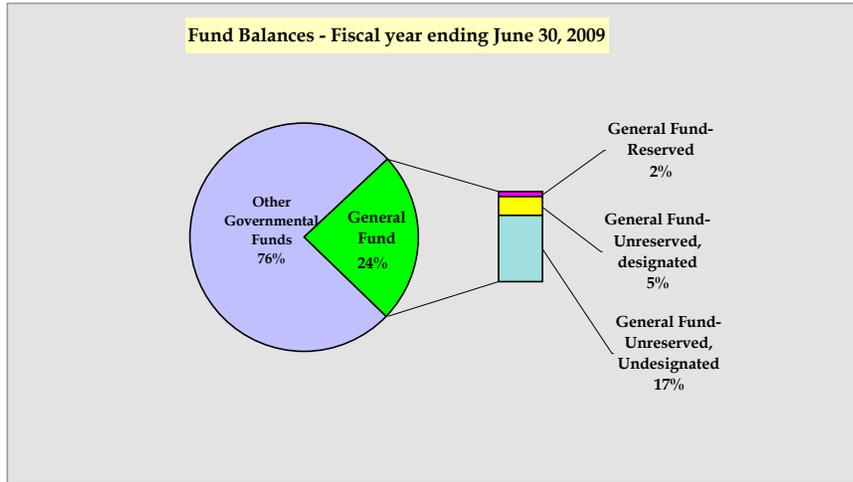
City of Menlo Park
Fund Balances - Governmental Funds
June 30, 2009
Last Ten Years

| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|---------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 5,521,954 | \$ 1,373,028 | \$ 1,165,317 | \$ 2,449,808 | \$ 1,543,774 | \$ 1,959,224 | \$ 1,887,470 | \$ 536,867 | \$ 678,658 | \$ 1,963,667 |
| Unreserved Designated | 3,343,547 | 7,587,079 | 7,189,192 | 7,187,292 | 7,979,994 | 7,792,632 | 8,611,957 | 5,600,000 | 5,600,000 | 5,600,000 |
| Unreserved Undesignated | 14,405,817 | 17,883,417 | 20,652,998 | 22,102,635 | 22,173,565 | 21,357,266 | 25,001,249 | 29,521,304 | 21,003,074 | 19,144,493 |
| Total General Fund | 23,271,318 | 26,843,524 | 29,007,507 | 31,739,735 | 31,109,122 | 35,500,676 | 35,658,171 | 27,281,732 | 26,708,160 | |
| Other Governmental Funds | | | | | | | | | | |
| Reserved | 6,541,459 | 8,703,793 | 12,457,917 | 10,522,945 | 13,356,811 | 18,326,048 | 19,405,226 | 19,655,201 | 19,441,738 | 20,830,554 |
| Unreserved Special Revenue Funds | 26,410,670 | 32,800,581 | 23,635,084 | 22,943,944 | 37,076,386 | 33,774,816 | 23,502,748 | 33,807,182 | 40,898,190 | 46,332,120 |
| Unreserved Capital Project Funds | 5,383,077 | 42,549,679 | 47,035,244 | 39,832,040 | 15,069,164 | 8,382,872 | 12,739,997 | 14,758,187 | 18,212,139 | 16,217,956 |
| Total Other Governmental Funds | 38,335,207 | 84,054,053 | 83,128,246 | 73,298,929 | 65,502,361 | 60,483,736 | 55,647,972 | 68,220,570 | 78,552,067 | 83,380,630 |
| Total Fund Balances | \$ 61,606,524 | \$ 110,897,577 | \$ 112,135,752 | \$ 105,038,664 | \$ 65,502,361 | \$ 91,592,858 | \$ 91,148,647 | \$ 103,878,741 | \$ 105,833,799 | \$ 110,088,790 |



Source: City of Menlo Park

(Continued)



Source: City of Menlo Park

City of Menlo Park
 Changes in Fund Balances - Governmental Funds
 June 30, 2009
 Last Ten Years

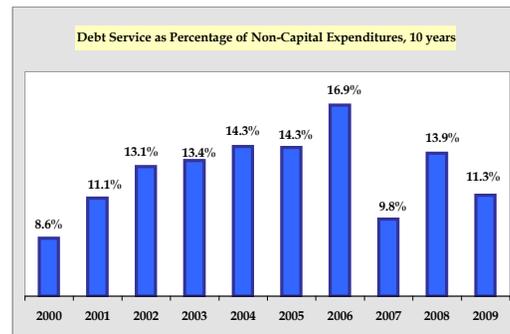
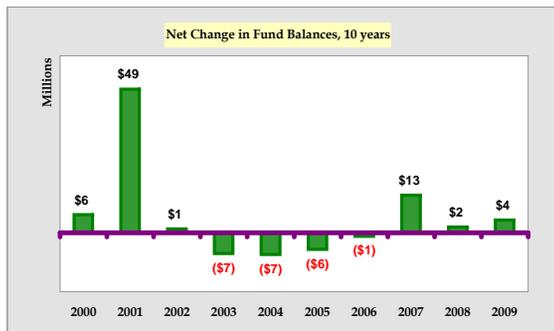
Financial Trends:
 Schedule 4

| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|--|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Secured property taxes | \$ 10,691,113 | \$ 11,573,842 | \$ 12,626,049 | \$ 13,695,509 | \$ 14,758,475 | \$ 15,771,442 | \$ 17,573,221 | \$ 18,597,314 | \$ 21,081,671 | \$ 22,050,255 |
| Unsecured property taxes | 1,273,399 | 1,355,236 | 1,568,876 | 1,501,581 | 1,579,850 | 1,378,158 | 1,330,885 | 1,337,681 | 1,752,345 | 1,817,213 |
| Other property taxes ⁽¹⁾ | 1,128,944 | 660,156 | 1,612,307 | 679,012 | 540,255 | 606,274 | 717,157 | 699,280 | 458,822 | 345,670 |
| Sales taxes | 9,381,470 | 12,358,973 | 8,648,641 | 6,857,224 | 6,048,940 | 6,057,460 | 6,503,635 | 6,799,561 | 7,676,943 | 6,865,152 |
| Other Taxes ⁽²⁾ | 3,102,553 | 3,338,369 | 2,978,377 | 3,305,904 | 3,340,693 | 3,521,874 | 3,761,949 | 4,664,247 | 5,878,652 | 5,214,176 |
| Special assessments | 1,493,406 | 1,379,277 | 1,399,697 | 2,247,423 | 2,549,037 | 2,362,435 | 2,433,635 | 2,537,408 | 2,661,078 | 2,894,276 |
| Licenses and permits | 2,824,434 | 3,227,919 | 2,585,384 | 2,952,762 | 2,891,023 | 2,917,357 | 3,432,745 | 3,657,542 | 4,376,750 | 3,208,028 |
| Fines and forfeitures | 213,482 | 279,172 | 207,906 | 802,636 | 756,678 | 832,897 | 792,005 | 897,568 | 951,145 | 1,105,836 |
| Use of money and property | 3,470,883 | 6,374,995 | 4,857,451 | 3,257,644 | 1,458,436 | 2,656,739 | 3,482,982 | 5,542,009 | 6,162,279 | 4,528,617 |
| Intergovernmental ⁽¹⁾ | 4,626,773 | 4,743,028 | 6,084,897 | 5,130,839 | 3,682,937 | 4,176,319 | 2,691,439 | 2,750,760 | 3,533,679 | 3,180,550 |
| Charges for services | 4,528,800 | 5,465,783 | 5,015,592 | 5,589,680 | 7,492,661 | 6,873,012 | 8,047,145 | 13,884,432 | 10,713,906 | 10,221,426 |
| Other Revenues | 174,215 | 84,882 | 97,678 | 172,523 | 107,530 | 77,106 | 212,817 | 372,534 | 702,342 | 186,473 |
| Total Revenues | 42,909,472 | 50,841,632 | 47,682,855 | 46,192,737 | 45,206,515 | 47,231,073 | 50,979,615 | 61,740,336 | 65,949,612 | 61,617,672 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General Government | 5,101,699 | 5,652,521 | 6,083,761 | 6,010,975 | 7,380,500 | 6,154,281 | 6,652,130 | 5,938,008 | 6,168,001 | 6,372,271 |
| Public Safety | 7,264,817 | 7,980,832 | 8,044,869 | 8,462,537 | 7,826,595 | 9,078,447 | 8,929,677 | 11,212,320 | 12,476,614 | 13,371,606 |
| Public Works | 3,862,141 | 4,099,263 | 3,993,619 | 6,136,086 | 7,213,412 | 7,218,664 | 7,750,882 | 7,387,498 | 7,774,129 | 7,991,160 |
| Culture and Recreation | 6,740,339 | 6,975,161 | 7,995,043 | 7,357,338 | 7,597,970 | 7,195,048 | 7,303,573 | 7,813,935 | 8,359,386 | 8,669,415 |
| Rehabilitation Loans | 248,660 | 350,030 | 595,290 | 434,120 | 582,200 | 190,050 | 400,100 | - | - | - |
| Community Development | 2,416,633 | 2,854,841 | 3,140,511 | 2,682,788 | 2,859,800 | 3,780,494 | 4,088,283 | 3,233,905 | 4,325,628 | 4,533,291 |
| Urban Development and Housing | 2,815,875 | 4,687,426 | 3,757,889 | 3,945,154 | 4,304,319 | 4,722,358 | 4,544,265 | 3,439,609 | 4,101,470 | 4,236,426 |
| Capital Outlay | 5,850,623 | 10,021,368 | 21,510,780 | 14,105,147 | 8,928,921 | 8,346,574 | 10,260,993 | 2,989,734 | 4,545,565 | 6,405,132 |
| Debt Service | | | | | | | | | | |
| Principal ⁽³⁾ | 875,000 | 925,000 | 970,000 | 905,000 | 1,625,000 | 1,770,000 | 1,855,000 | 475,000 | 2,115,000 | 2,215,000 |
| Interest and Fiscal Charges ⁽⁴⁾ | 1,809,243 | 3,149,759 | 4,086,960 | 4,538,471 | 4,691,522 | 4,614,326 | 6,224,963 | 3,768,661 | 4,868,947 | 3,540,575 |
| Total Expenditures | 36,985,030 | 46,696,201 | 60,178,722 | 54,577,616 | 53,010,239 | 53,070,242 | 58,009,866 | 46,258,670 | 54,734,740 | 57,334,876 |

(Continued)

City of Menlo Park
 Changes in Fund Balances - Governmental Funds
 June 30, 2009
 Last Ten Years

| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|---|-----------------------------------|---------------------|--------------------|----------------------|----------------------|----------------------|----------------------|---------------------|--------------------|--------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues over (under) Expenditures | \$5,924,442 | \$4,145,431 | (\$12,495,867) | (\$8,384,879) | (\$7,803,724) | (\$5,839,169) | (\$7,030,251) | \$15,481,666 | \$11,214,872 | \$4,282,796 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfer In | \$ 9,701,618 | \$ 20,340,955 | \$ 27,641,868 | 1,374,574 | 3,443,703 | 2,831,593 | 16,376,591 | 7,551,944 | 10,799,042 | 7,159,491 |
| Transfer Out | (9,504,618) | (20,143,955) | (27,444,868) | (1,157,874) | (3,227,003) | (2,614,893) | (16,148,891) | (10,586,019) | (20,058,856) | (7,188,677) |
| Proceeds from Sale of Fixed/Capital Asset | 2,908 | 322,701 | 23,009 | 1,071,091 | 196,131 | 15,633 | 3,985,446 | 282,503 | | 1,381 |
| Proceeds from Debt Issuance ⁽⁵⁾ | | 44,000,000 | 13,514,033 | | | | 72,430,000 | | | |
| Payment to Escrow Agent | | | | | | | (70,525,172) | | | |
| Discount on Issuance of Debt | | | | | | | (336,800) | | | |
| Total Other Financing Sources (Uses) | 199,908 | 44,519,701 | 13,734,042 | 1,287,791 | 412,831 | 232,333 | 5,781,174 | (2,751,572) | (9,259,814) | (27,805) |
| Net Change in Fund Balances | \$6,124,350 | \$48,665,132 | \$1,238,175 | (\$7,097,088) | (\$7,390,893) | (\$5,606,836) | (\$1,249,077) | \$12,730,094 | \$1,955,058 | \$4,254,991 |
| Debt Service as Percentage of Non-Capital Expenditures | 8.6% | 11.1% | 13.1% | 13.4% | 14.3% | 14.3% | 16.9% | 9.8% | 13.9% | 11.3% |



Source: City of Menlo Park

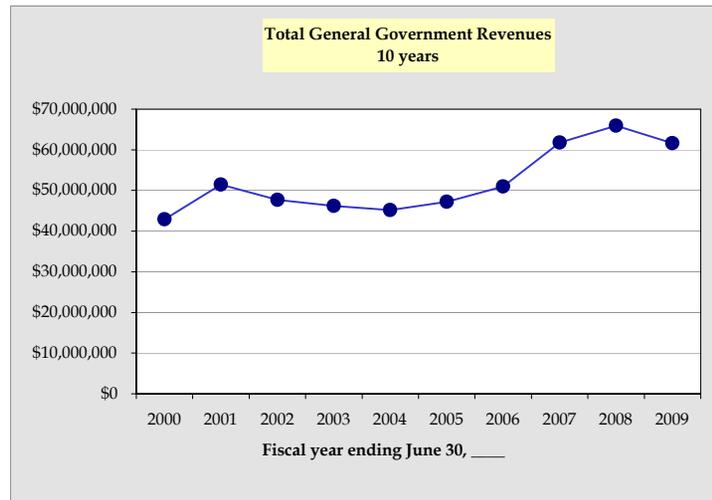
Notes:

- (1) Beginning in fiscal year 2005, over 90% of Vehicle License Fee revenue allocated to cities from the State was exchanged for property tax (the "VLF" swap). The reclassification from Inter-governmental to Secured Property Tax revenues was made in fiscal year 2006.
- (2) Other Taxes include Franchise & Occupancy, Utility Users, Highway Users and County Transportation taxes.
- (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.
- (5) Fund balances as of June 30, 2001 and June 30, 2002 include unexpended bond proceeds from Series 2000 Las Pulgas Tax Allocation Bonds and Series 2002 Measure T General Obligation Bonds, respectively.

City of Menlo Park
 General Government Revenues by Source ⁽¹⁾
 June 30, 2009
 Last Ten 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 |
|-------------------------------|---------------------------|-----------------------|-------------------------|--------------------------|----------------------------|------------------------|-------------------------|-------------------|---------------------------|
| 2000 | 25,577,479 | 1,493,406 | 2,824,434 | 213,482 | 3,470,883 | 4,626,773 | 4,528,800 | 174,215 | 42,909,472 |
| 2001 | 29,060,083 | 1,379,277 | 3,227,919 | 279,172 | 6,374,995 | 5,595,442 | 5,465,783 | 84,882 | 51,467,553 |
| 2002 | 26,484,663 | 1,399,697 | 2,585,384 | 207,906 | 4,857,451 | 7,034,484 | 5,015,592 | 97,678 | 47,682,855 |
| 2003 | 26,039,230 | 2,247,423 | 2,952,762 | 802,636 | 3,257,644 | 5,130,839 | 5,589,680 | 172,523 | 46,192,737 |
| 2004 | 26,268,213 | 2,549,037 | 2,891,023 | 756,678 | 1,458,436 | 3,682,937 | 7,492,661 | 107,530 | 45,206,515 |
| 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 ⁽²⁾ |
| 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 |



Source: City of Menlo Park

Notes:

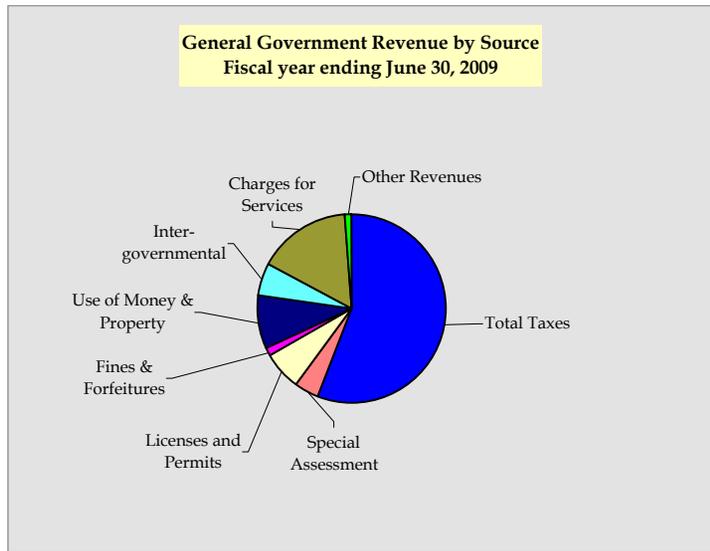
(1) General governmental revenues by source consist of the following City funds:
 General, Special Revenue, Debt Service, Capital Projects and Expendable Trusts.

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

(Continued)

City of Menlo Park
General Government Revenues by Source ⁽¹⁾
June 30, 2009
Last Ten Years

Revenue Capacity:
Schedule 5



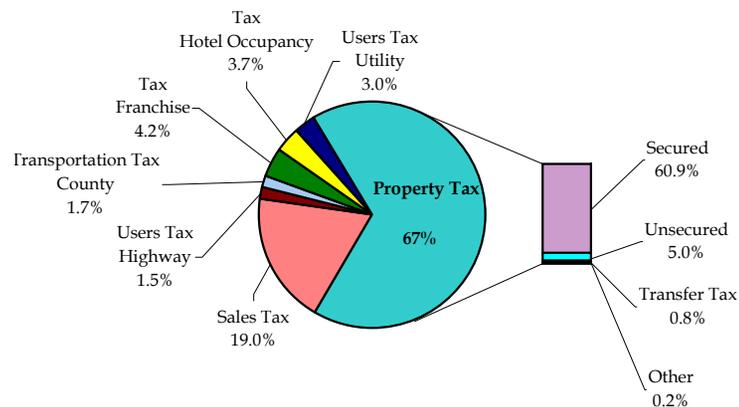
Source: City of Menlo Park

City of Menlo Park
 General Government Taxes Details
 June 30, 2009
 Last Ten Years

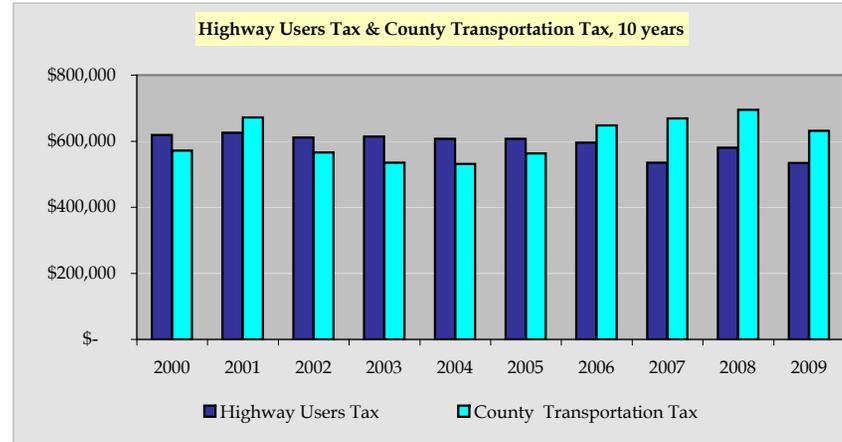
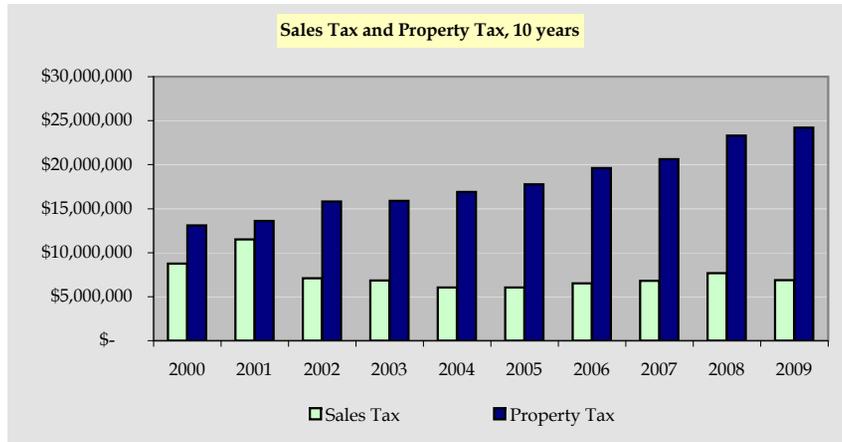
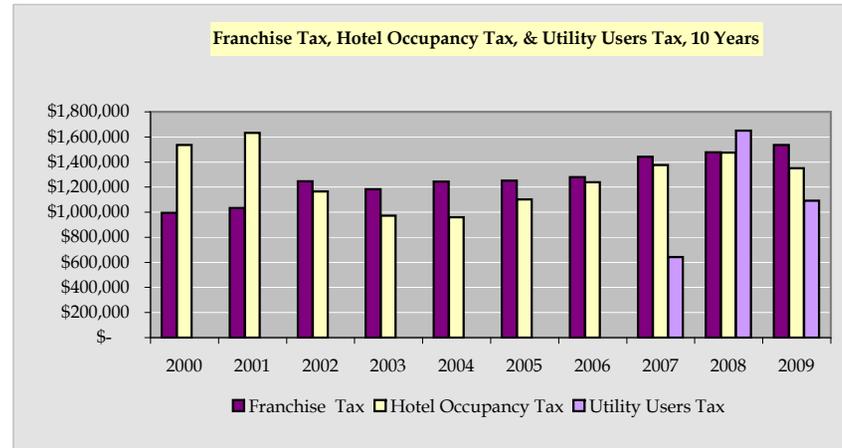
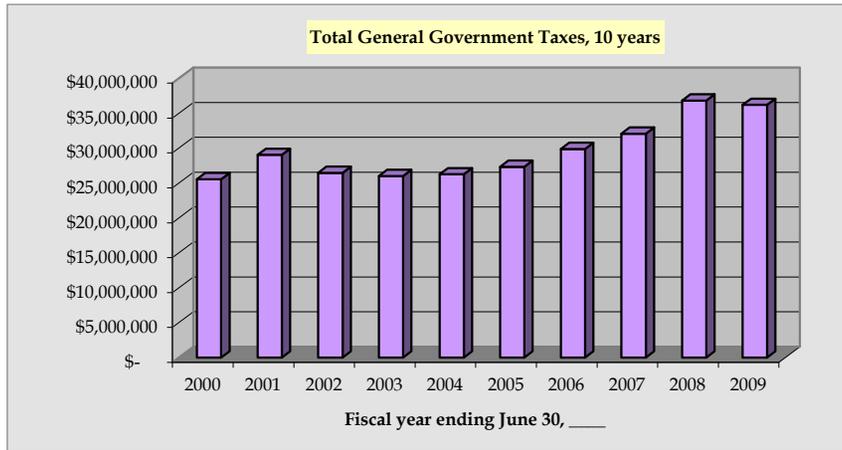
Revenue Capacity:
 Schedule 6

| Fiscal Year Ending June 30 | Sales Tax | Highway Users Tax | County Transportation Tax | Franchise Tax | Hotel Occupancy Tax | Utility Users Tax | Property Tax | | | | Total Property Tax | Total General Government Taxes |
|-------------------------------|--------------|----------------------|------------------------------|------------------|------------------------|------------------------|---------------|--------------|--------------|--------------------------|---------------------------|-----------------------------------|
| | | | | | | | Secured | Unsecured | Transfer Tax | Other | | |
| 2000 | \$ 8,762,810 | \$ 618,660 | \$ 571,522 | \$ 996,028 | \$ 1,535,003 | \$ - | \$ 10,691,113 | \$ 1,273,399 | \$ 393,167 | \$ 735,777 | \$ 13,093,456 | \$ 25,577,479 |
| 2001 | 11,506,559 | 625,921 | 672,041 | 1,033,722 | 1,632,606 | - | 11,573,842 | 1,355,236 | 347,243 | 312,913 | 13,589,234 | 29,060,083 |
| 2002 | 7,087,519 | 611,535 | 566,072 | 1,246,837 | 1,165,467 | - | 12,626,049 | 1,568,876 | 358,241 | 1,254,066 ⁽²⁾ | 15,807,232 ⁽²⁾ | 26,484,663 |
| 2003 | 6,857,224 | 613,959 | 534,483 | 1,184,284 | 973,178 | - | 13,695,509 | 1,501,581 | 330,542 | 348,470 | 15,876,102 | 26,039,230 |
| 2004 | 6,048,940 | 606,797 | 531,532 | 1,243,569 | 958,795 | - | 14,758,475 | 1,579,850 | 463,562 | 80,148 | 16,882,035 | 26,271,668 |
| 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 ⁽¹⁾ | 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 | 1,091,950 | 22,050,255 | 1,817,213 | 278,290 | 67,380 | 24,213,138 | 36,221,821 |

General Government Taxes
 Fiscal year ending June 30, 2009



City of Menlo Park
 General Government Taxes Details
 June 30, 2009
 Last Ten Years



Source: City of Menlo Park and County of San Mateo

Notes:

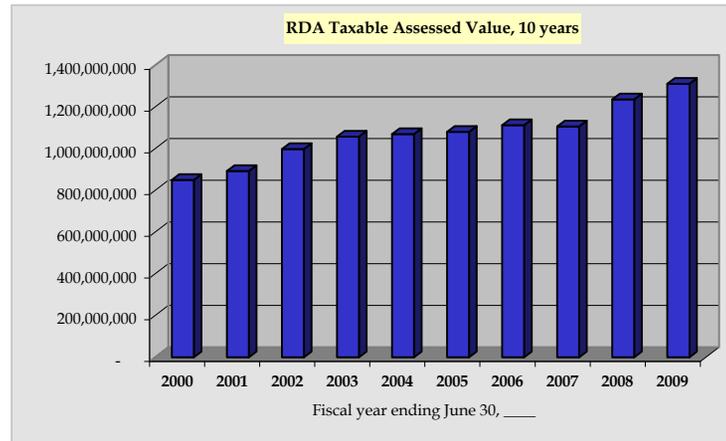
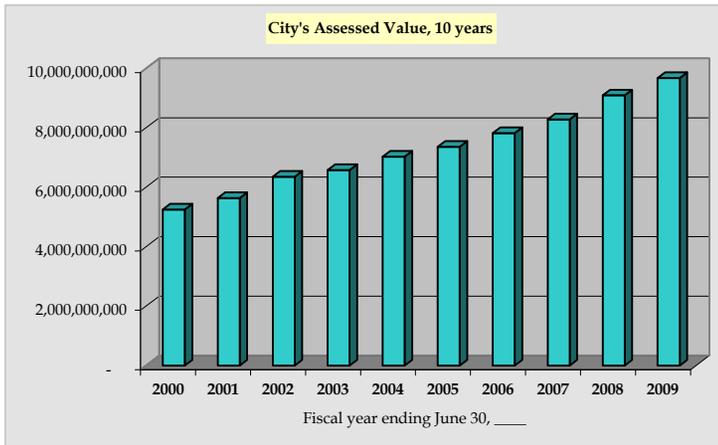
⁽¹⁾ City implemented Utility Users Tax in April 2007

⁽²⁾ VLF "Swap" by State required reclassification of previous intergovernmental revenue to other property taxes in fiscal year 2006.

City of Menlo Park
 Assessed Valuation, Tax Rates, and Tax Levies
 June 30, 2009
 Last Ten Years

Revenue Capacity:
 Schedule 7

| Fiscal Year Ending June 30 | City's Assessed Valuation | | | | | Redevelopment Agency-Assessed Valuation | | | | |
|-------------------------------|---------------------------|-------------|-----------------|-------------------------------|---------------------------|---|-------------|-----------------|----------------------------|------------------------|
| | Secured | Unsecured | Less Exemptions | City's Taxable Assessed Value | City's Direct Tax Rate(1) | Secured | Unsecured | Less Exemptions | RDA Taxable Assessed Value | RDA Direct Tax Rate(2) |
| 2000 | 4,892,868,466 | 480,357,512 | (123,900,248) | 5,249,325,730 | 0.249% | 769,089,955 | 99,212,126 | (18,018,728) | 850,283,353 | 1.540% |
| 2001 | 5,162,506,368 | 626,394,269 | (156,522,221) | 5,632,378,416 | 0.241% | 807,980,015 | 100,842,817 | (16,993,593) | 891,829,239 | 1.524% |
| 2002 | 5,720,685,023 | 756,199,198 | (130,297,047) | 6,346,587,174 | 0.249% | 906,620,804 | 114,689,237 | (23,664,340) | 997,645,701 | 1.584% |
| 2003 | 6,020,761,962 | 706,399,938 | (152,591,386) | 6,574,570,514 | 0.241% | 983,421,696 | 108,187,998 | (34,601,756) | 1,057,007,938 | 1.502% |
| 2004 | 6,521,857,488 | 669,542,451 | (163,717,503) | 7,027,682,436 | 0.240% | 990,597,114 | 115,986,467 | (36,858,240) | 1,069,725,341 | 1.578% |
| 2005 | 6,920,718,474 | 605,826,607 | (168,363,050) | 7,358,182,031 | 0.241% | 1,033,304,174 | 84,847,220 | (37,739,518) | 1,080,411,876 | 1.643% |
| 2006 | 7,377,433,642 | 628,446,311 | (185,070,530) | 7,820,809,423 | 0.251% | 1,046,349,313 | 108,767,684 | (42,711,030) | 1,112,405,967 | 1.764% |
| 2007 | 7,919,201,296 | 544,875,879 | (189,778,409) | 8,274,298,766 | 0.249% | 1,035,909,580 | 114,289,881 | (43,498,754) | 1,106,700,707 | 1.864% |
| 2008 | 8,613,253,093 | 684,419,419 | (210,102,184) | 9,087,570,328 | 0.256% | 1,138,152,561 | 156,629,922 | (59,676,800) | 1,235,105,683 | 1.886% |
| 2009 | 9,144,410,123 | 745,589,266 | (220,706,897) | 9,669,292,492 | 0.250% | 1,208,257,199 | 159,215,126 | (56,858,297) | 1,310,614,028 | 1.847% |



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 reassessed 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.

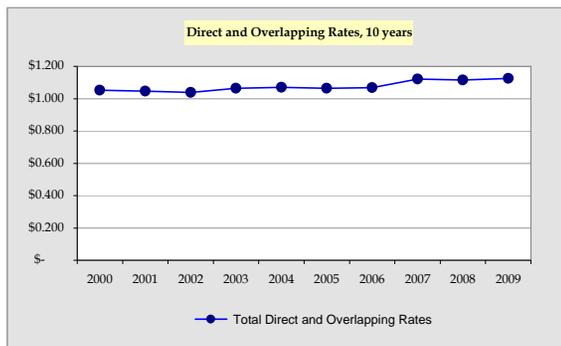
- (1) represents total property tax recognized divided by City taxable assessed value
- (2) represent total property tax recognized divided by RDA taxable assessed value

City of Menlo Park
 Direct and Overlapping Property Tax Rates
 June 30, 2009
 Last Ten Years

Debt Capacity:
 Schedule 8

(Per \$1,000 Assessed Valuation)

| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|---|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| City Direct Rates | | | | | | | | | | |
| City Basic Rate | \$0.0025 | \$0.0024 | \$0.0025 | \$0.0024 | \$0.0024 | \$0.0024 | \$0.0025 | \$0.0025 | \$0.0026 | \$0.0026 |
| Redevelopment Agency | 0.0154 | 0.0152 | 0.0158 | 0.0150 | 0.0158 | 0.0164 | 0.0176 | 0.0186 | 0.0189 | 0.0185 |
| Total City Direct Rates | 0.0179 | 0.0177 | 0.0183 | 0.0174 | 0.0182 | 0.0188 | 0.0201 | 0.0211 | 0.0215 | 0.0211 |
| Overlapping Rates | | | | | | | | | | |
| San Mateo County | 0.9821 | 0.9823 | 0.9817 | 0.9826 | 0.9818 | 0.9812 | 0.9799 | 1.0000 | 1.000 | 1.000 |
| Menlo Park Elementary | 0.0346 | 0.0303 | 0.0245 | 0.0220 | 0.0232 | 0.0233 | 0.0209 | 0.0416 | 0.0384 | 0.0399 |
| San Mateo Junior College | 0.0000 | 0.0000 | 0.0000 | 0.0079 | 0.0065 | 0.0065 | 0.0065 | 0.0184 | 0.0171 | 0.0165 |
| Menlo Park Debt Service | 0.0076 | 0.0071 | 0.0063 | 0.0062 | 0.0060 | 0.0056 | 0.0052 | 0.0052 | 0.0047 | 0.0048 |
| Menlo Park Parks & Rec Bond | 0.0000 | 0.0000 | 0.0000 | 0.0140 | 0.0110 | 0.0131 | 0.0132 | 0.0132 | 0.0140 | 0.0141 |
| Sequoia High School | 0.0107 | 0.0092 | 0.0079 | 0.0130 | 0.0238 | 0.0164 | 0.0223 | 0.0208 | 0.0205 | 0.0282 |
| Total Overlapping Rates: | 1.0350 | 1.0289 | 1.0204 | 1.0457 | 1.0523 | 1.0461 | 1.0480 | 1.0992 | 1.0947 | 1.1035 |
| Total Direct and Overlapping Rates | \$1.0529 | \$1.0466 | \$1.0387 | \$1.0631 | \$1.0705 | \$1.0649 | \$1.0681 | \$1.1203 | \$1.1162 | \$1.1246 |



Source: County of San Mateo, Tax Rolls Code 08-004

City of Menlo Park
 Principal Property Tax Payers
 June 30, 2009
 Current Fiscal Year and Fiscal Year 1999-2000

Debt Capacity:
 Schedule 9

| FY 2008-09 | | | | |
|----------------------------------|------|--------------------------|--|--|
| Taxpayer | Rank | Taxable Assessed | | Ratio to Total City's Assessed Valuation |
| | | Value | | |
| Sun Microsystems Inc | 1 | \$ 216,012,863 | | 2.0% |
| CLPS-Sand Hill Commons LP | 2 | 139,548,851 | | 1.3% |
| Tyco Electronics Corp | 3 | 130,027,999 | | 1.2% |
| SRI International | 4 | 127,079,070 | | 1.2% |
| WSC Menlo Oaks Investors V LLC | 5 | 120,686,400 | | 1.1% |
| Menlo Business Park LLC | 6 | 81,125,767 | | 0.7% |
| AMB Property LP | 7 | 79,214,332 | | 0.7% |
| Henry J Kaiser Family Foundation | 8 | 67,743,791 | | 0.6% |
| Sharon Land Company | 9 | 57,006,757 | | 0.5% |
| Jefferson Place Associates LP | 10 | 49,536,286 | | 0.5% |
| Top Ten Total | | \$ 1,067,982,116 | | 9.8% |
| City's Assessed Valuation | | \$ 10,929,693,128 | | 100% |

| FY 1999-2000 | | | | |
|----------------------------------|------|-------------------------|--|--|
| Taxpayer | Rank | Taxable Assessed | | Ratio to Total City's Assessed Valuation |
| | | Value | | |
| Sun Microsystems Inc | 1 | \$ 326,468,785 | | 6.2% |
| Raychem Corporation | 2 | 191,665,919 | | 3.6% |
| Stanford Research Institute | 3 | 127,590,011 | | 2.4% |
| Bohannon Development Company | 4 | 96,611,381 | | 1.8% |
| Menlo Oaks Partner | 5 | 69,950,059 | | 1.3% |
| AMB Property LP | 6 | 69,335,750 | | 1.3% |
| Jefferson Place Associates | 7 | 65,960,890 | | 1.3% |
| Henry J Kaiser Family Foundation | 8 | 48,712,395 | | 0.9% |
| Sharon Land Company | 9 | 45,495,426 | | 0.9% |
| Menlo Business Park LLC | 10 | 43,839,242 | | 0.8% |
| Top Ten Total | | \$ 1,085,629,858 | | 20.7% |
| City's Assessed Valuation | | \$ 5,251,820,561 | | 100% |

City's Top 10 Principal Tax Payers
 Fiscal Year 2008-2009



City's Top 10 Principal Tax Payers
 Fiscal Year 1999-2000

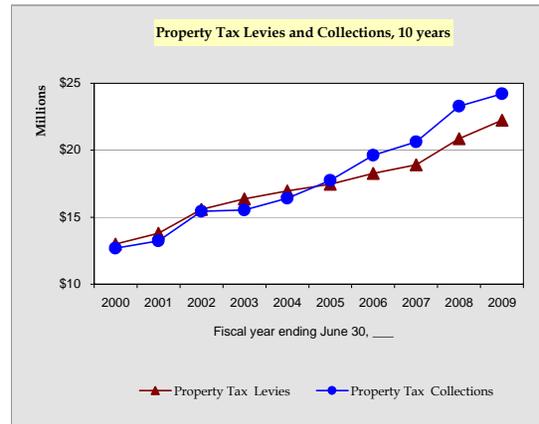


Source: San Mateo County Tax Roll

City of Menlo Park
 Property Tax Levies and Collections
 June 30, 2009
 Last Ten Years

Debt Capacity:
 Schedule 10

| Fiscal Year Ending June 30 | Property Tax Levies | Property Tax Collections | Percentage of Collections |
|-------------------------------|------------------------|-----------------------------|------------------------------|
| 2000 | \$ 13,003,352 | \$ 12,697,552 | 97.65% |
| 2001 | 13,804,204 | 13,241,338 | 95.92% |
| 2002 | 15,587,032 | 15,448,991 | 99.11% |
| 2003 | 16,363,962 | 15,545,560 | 95.00% |
| 2004 | 16,969,603 | 16,418,473 | 96.75% |
| 2005 | 17,467,955 | 17,755,873 | 101.65% |
| 2006 | 18,281,120 | 19,621,262 | 107.33% |
| 2007 | 18,913,707 | 20,634,275 | 109.10% |
| 2008 | 20,873,781 | 23,292,838 | 111.59% |
| 2009 | 22,237,748 | 24,213,138 | 108.88% |

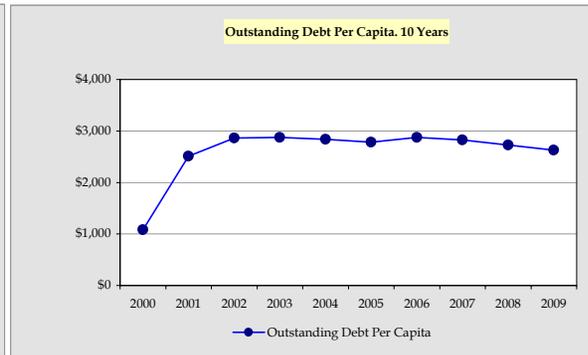
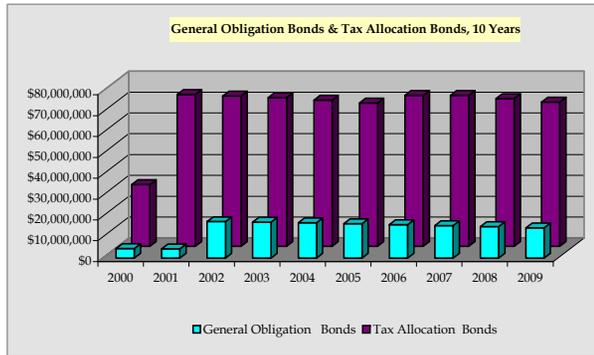


Source: County of San Mateo, Letter of Estimated Tax Increment Revenue
 City of Menlo Park, Comprehensive Annual Financial Report

City of Menlo Park
Ratios of Outstanding Debt by Type
June 30, 2009
Last Ten Years

Debt Capacity:
Schedule 11

| Fiscal Year Ending June 30 | General Obligation Bonds ⁽¹⁾ | Tax Allocation Bonds ⁽³⁾ | Total Primary Government | Percentage of Personal Income ⁽⁶⁾ | Outstanding Debt Per Capita ⁽⁷⁾ |
|-------------------------------|--|--|-----------------------------|---|---|
| 2000 | 4,615,000 | 29,565,000 ⁽⁴⁾ | 34,180,000 | 1.84% | 1,084 |
| 2001 | 4,435,000 ⁽²⁾ | 72,820,000 | 77,255,000 | 4.51% | 2,510 |
| 2002 | 17,485,000 | 72,045,000 | 89,530,000 | 5.37% | 2,864 |
| 2003 | 17,275,000 | 71,350,000 | 88,625,000 | 5.50% | 2,878 |
| 2004 | 16,930,000 | 70,070,000 | 87,000,000 | 5.00% | 2,837 |
| 2005 | 16,500,000 | 68,730,000 | 85,230,000 | 4.70% | 2,781 |
| 2006 | 16,050,000 | 72,430,000 ⁽⁵⁾ | 88,480,000 | 4.30% | 2,877 |
| 2007 | 15,575,000 | 72,430,000 | 88,005,000 | 3.94% | 2,826 |
| 2008 | 15,070,000 | 70,820,000 | 85,890,000 | n/a | 2,728 |
| 2009 | 14,535,000 | 69,140,000 | 83,675,000 | n/a | 2,626 |



Source: City of Menlo Park

Notes:

- (1) General Obligation Bonds consist of 1990,1996 & 2002 General Obligation Bonds
 - (2) The City issued \$13,245,000 of the 2002 General Obligation bonds
 - (3) Tax Allocation Bonds consist of 1996 & 2000 Las Pulgas Project Tax Allocation Bonds
 - (4) The City issued \$44 million of the 2000 Las Pulgas Project Tax Allocation Bonds
 - (5) The 1996 & 2000 Tax Allocation Bonds were refinanced with 2006 Refunding Bonds
 - (6) County of San Mateo's per capita personal income
 - (7) State of California Department of Finance, population
- n/a per capita personal income information is not available

City of Menlo Park
 Direct and Overlapping Debt
 June 30, 2009

Debt Capacity:
 Schedule 12

| | |
|--|--------------------------|
| 2008-2009 City Assessed Valuation | \$ 9,712,223,606 |
| Redevelopment Incremental Valuation | 1,217,469,522 |
| Total Assessed Valuation | \$ 10,929,693,128 |

| | Outstanding Debt 6/30/2009 | Percentage Applicable ⁽¹⁾ | Estimated Share of Overlapping Debt |
|--|-------------------------------|---|--|
| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| San Mateo Community College District | \$ 634,554,994 | 6.608% | \$ 41,931,394 |
| Sequoia Union High School District | 266,520,000 | 16.259% | 43,333,487 |
| Las Lomas School District | 19,934,944 | 35.490% | 7,074,912 |
| Menlo Park City School District | 82,649,728 | 61.953% | 51,203,986 |
| Ravenswood School District | 13,132,301 | 28.017% | 3,679,277 |
| Redwood City School District | 55,249,891 | 2.187% | 1,208,315 |
| City of Menlo Park | 14,535,000 | 100% | 14,535,000 ⁽²⁾ |
| Total Direct and Overlapping Tax and Assessment Debt | | | 162,966,371 |
| OVERLAPPING GENERAL FUND DEBT: | | | |
| San Mateo County General Fund Obligations | 370,964,816 | 6.608% | 24,513,355 |
| San Mateo County Board of Education Certificates of Participation | 13,350,000 | 6.608% | 882,168 |
| Midpeninsula Regional Park District Certificates of Participation | 116,673,031 | 5.457% | 6,366,847 |
| San Mateo County Mosquito Abatement District Certificates of Participation | 540,000 | 9.219% | 49,783 |
| Total Overlapping General Fund Debt | | | 31,812,153 |
| COMBINED TOTAL DEBT | | | \$ 194,778,524 ⁽³⁾ |

Ratios to 2008-2009 Assessed Valuation:

| | |
|--|-------|
| Direct Debt (\$14,535,000) | 0.15% |
| Total Direct and Overlapping Tax and Assessment Debt | 1.68% |

Ratios to Adjust Assessed Valuation:

| | |
|---------------------|--------------|
| Combined Total Debt | 2.29% |
|---------------------|--------------|

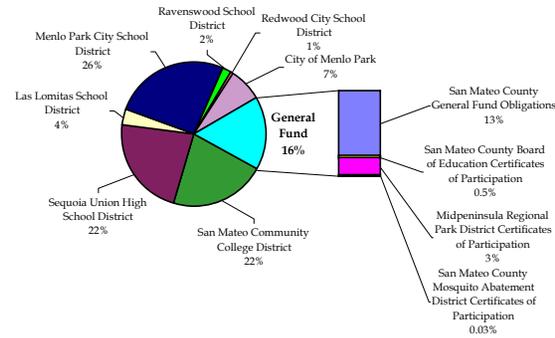
Source: California Municipal Statistics, Inc.

⁽¹⁾ Percentage of overlapping agency's assessed valuation located within boundaries of the city.

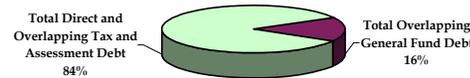
⁽²⁾ Excludes General Obligation Bonds Series 2009 A (\$1,080,000) and 2009 B (\$9,360,000) dated July 1, 2009 non-bonded capital lease obligations.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Estimated Share of Overlapping Debt
 Fiscal year ending June 30, 2009



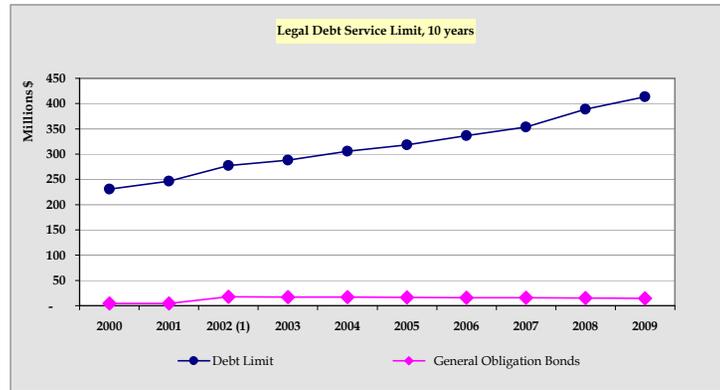
Combined Total Debt
 Fiscal year ending June 30, 2009



City of Menlo Park
 Legal Debt Service Margin Information
 June 30, 2009
 Last Ten Years

Debt Capacity:
 Schedule 13

| | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|---|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2000 | 2001 | 2002 (1) | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Total Assessed Valuation | \$ 6,153,174,567 | \$ 6,574,222,839 | \$ 7,399,674,506 | \$ 7,683,867,042 | \$ 8,145,202,844 | \$ 8,485,835,020 | \$ 8,980,531,639 | \$ 9,428,099,548 | \$ 10,369,710,371 | \$ 11,027,086,634 |
| Conversion Percentage | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% |
| Adjusted Assessed Valuation | 1,538,293,642 | 1,643,555,710 | 1,849,918,627 | 1,920,966,761 | 2,036,300,711 | 2,121,458,755 | 2,245,132,910 | 2,357,024,887 | 2,592,427,593 | 2,756,771,659 |
| Debt Limit Percentage | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% |
| Debt Limit | 230,744,046 | 246,533,356 | 277,487,794 | 288,145,014 | 305,445,107 | 318,218,813 | 336,769,936 | 353,553,733 | 388,864,139 | 413,515,749 |
| Debt Applicable to Limit - General Obligation Bonds | 4,615,000 | 4,435,000 | 17,485,000 | 17,275,000 | 16,930,000 | 16,500,000 | 16,050,000 | 15,575,000 | 15,070,000 | 14,535,000 |
| Legal Debt Margin | \$ 226,129,046 | \$ 242,098,356 | \$ 260,002,794 | \$ 270,870,014 | \$ 288,515,107 | \$ 301,718,813 | \$ 320,719,936 | \$ 337,978,733 | \$ 373,794,139 | \$ 398,980,749 |
| Debt Applicable to Limit as a Percentage of Debt Limit | 98.0% | 98.2% | 93.7% | 94.0% | 94.5% | 94.8% | 95.2% | 95.6% | 96.1% | 96.5% |



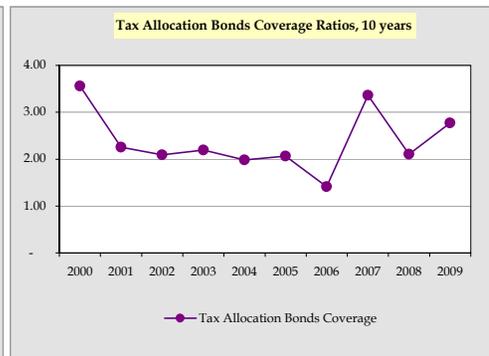
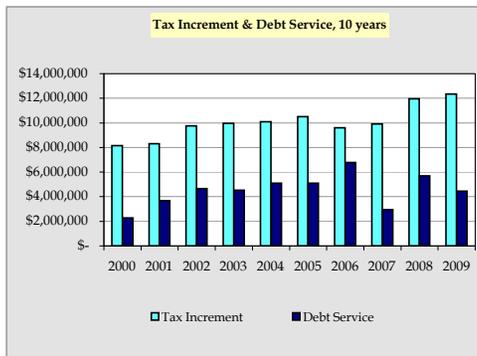
Source: County of San Mateo, Assessed Valuation Reports

(1) The City issued 2002 General Obligation Bonds

City of Menlo Park
Pledge Revenue Coverage-Community Development Agency
June 30, 2009
Last Ten Years

Debt Capacity:
Schedule 14

| Fiscal Year | Tax | | Debt Service | | Total | Tax Allocation |
|-------------|--------|--------------|------------------|--------------------|--------------|----------------|
| | Ending | Increment | Principal | Interest & Charges | | |
| 2000 | | \$ 8,139,480 | \$ 710,000 | \$ 1,579,314 | \$ 2,289,314 | 3.56 |
| 2001 | | 8,301,618 | 745,000 | 2,933,680 | 3,678,680 | 2.26 |
| 2002 | | 9,747,852 | 775,000 | 3,878,739 | 4,653,739 | 2.09 |
| 2003 | | 9,961,806 | 695,000 | 3,843,476 | 4,538,476 | 2.19 |
| 2004 | | 10,086,004 | 1,280,000 | 3,811,159 | 5,091,159 | 1.98 |
| 2005 | | 10,501,114 | 1,340,000 | 3,752,829 | 5,092,829 | 2.06 |
| 2006 | | 9,613,455 | 1,405,000 | 5,384,928 | 6,789,928 | 1.42 |
| 2007 | | 9,907,272 | - ⁽¹⁾ | 2,948,006 | 2,948,006 | 3.36 |
| 2008 | | 11,953,189 | 1,610,000 | 4,075,322 | 5,685,322 | 2.10 |
| 2009 | | 12,345,579 | 1,680,000 | 2,776,371 | 4,456,371 | 2.77 |

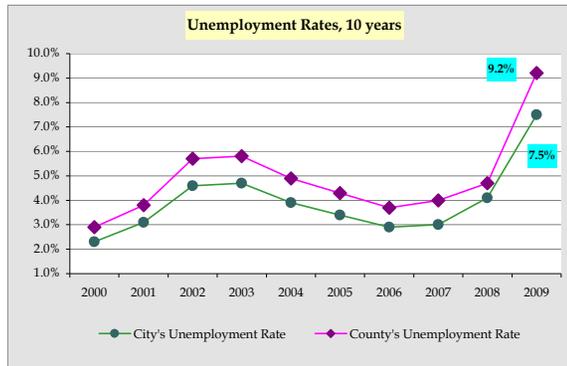


Source: City of Menlo Park

⁽¹⁾ No principal due, the bonds were refinanced in 2006.

City of Menlo Park
 Demographic and Economic Statistics
 June 30, 2009
 Last Ten Years

| Calendar Year | City of Menlo Park | | County of San Mateo | | K-12 Public School Enrollments ⁽⁴⁾ |
|------------------|---------------------------|--|--|--|--|
| | Population ⁽¹⁾ | City's Unemployment Rate ⁽²⁾ | County's Unemployment Rate ⁽²⁾ | Personal Income Per Capita ⁽³⁾ | |
| 2000 | 31,529 | 2.3% | 2.9% | 58,888 | 3,880 |
| 2001 | 30,785 | 3.1% | 3.8% | 55,634 | 3,955 |
| 2002 | 31,262 | 4.6% | 5.7% | 53,315 | 3,919 |
| 2003 | 30,798 | 4.7% | 5.8% | 52,289 | 4,033 |
| 2004 | 30,671 | 3.9% | 4.9% | 56,697 | 4,109 |
| 2005 | 30,648 | 3.4% | 4.3% | 59,213 | 4,120 |
| 2006 | 30,750 | 2.9% | 3.7% | 66,839 | 4,124 |
| 2007 | 31,146 | 3.0% | 4.0% | 71,753 | 4,177 |
| 2008 | 31,490 | 4.1% | 4.7% | n/a | 4,297 |
| 2009 | 31,865 | 7.5% | 9.2% | n/a | 4,498 |

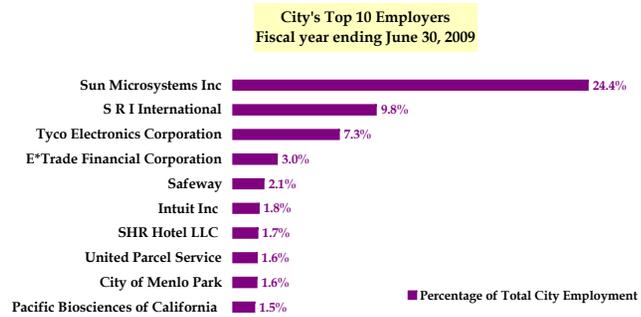


Source:

- (1) State of California Department of Finance, Demographic Research Unit
- (2) California Labor Market Information, EDD, labormarketinfo.edd.ca.gov, Sept. 18, 2009 March 2008 Benchmark
- (3) US Department of Commerce, Bureau of Economic Analysis, bea.gov
- (4) California Department of Education, Education Demographics Unit

City of Menlo Park
Principal Employers
June 30, 2009
Current Fiscal Year and Nine Years Prior

| City's Principal Employers ⁽¹⁾ | Rank | 2008-2009 | | 1999- 2000 | | |
|---|------|-----------------|-------------------------------------|-----------------|-------------------------------------|-----|
| | | Total Employees | Percentage of Total City Employment | Total Employees | Percentage of Total City Employment | |
| Sun Microsystems Inc | 1 | 3,632 | 24.4% | 4,342 | 26% | |
| S R I International | 2 | 1,462 | 9.8% | 1,496 | 9% | |
| Tyco Electronics Corporation | 3 | 1,084 | 7.3% | 1,758 | 11% | |
| E*Trade Financial Corporation | 4 | 450 | 3.0% | 440 | 3% | |
| Safeway | 5 | 314 | 2.1% | 232 | 1% | |
| Intuit Inc | 6 | 264 | 1.8% | - | 0% | (2) |
| SHR Hotel LLC | 7 | 250 | 1.7% | - | 0% | (3) |
| United Parcel Service | 8 | 245 | 1.6% | 176 | 1% | |
| City of Menlo Park | 9 | 240 | 1.6% | 233 | 1% | |
| Pacific Biosciences of California | 10 | 217 | 1.5% | - | 0% | (4) |
| Top 10 Employers | | 8,158 | 55% | 8,677 | 53% | |
| Total Employment of the City's Labor Force⁽⁵⁾ | | 14,900 | 100% | 16,500 | 100% | |



Sources:

⁽¹⁾ City of Menlo Park, Business License

Hdl Business License System

⁽²⁾ Intuit's Business License started 2008

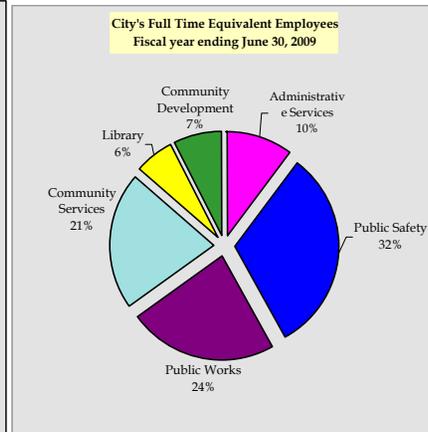
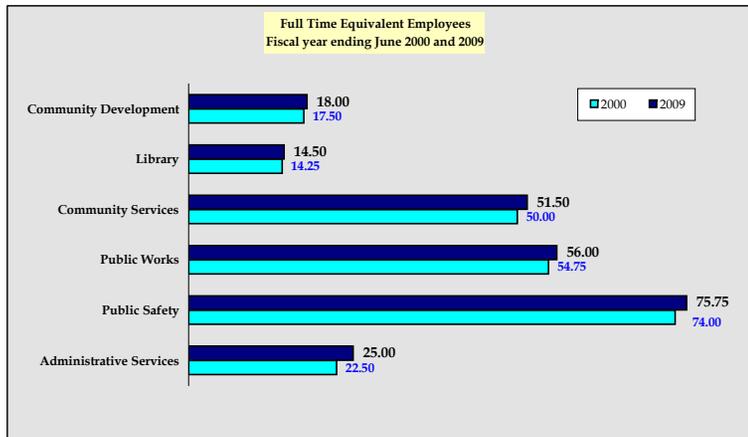
⁽³⁾ SHR Hotel's Business License started 2009

⁽⁴⁾ Pacific Biosciences of California's Business License started 2004

⁽⁵⁾ State of California, Employment Development Department, March 20, 2009, March 2008 Benchmark, labormarketinfo.edd.ca.gov

City of Menlo Park
 Full Time Equivalent City Employees by Function
 June 30, 2009
 Last Ten Years

| | Full-Time Equivalent Employees | | | | | | | | | |
|-------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General government | | | | | | | | | | |
| Administrative Services | 22.50 | 22.00 | 22.50 | 23.50 | 24.50 | 21.50 | 21.50 | 21.72 | 25.35 | 25.00 |
| Public Safety | 74.00 | 75.00 | 76.00 | 75.50 | 71.50 | 70.50 | 70.50 | 73.55 | 76.00 | 75.75 |
| Public Works | 54.75 | 55.75 | 55.75 | 60.75 | 56.75 | 53.25 | 54.25 | 55.68 | 57.00 | 56.00 |
| Culture and recreation | | | | | | | | | | |
| Community Services | 50.00 | 53.50 | 55.50 | 64.25 | 61.50 | 52.50 | 52.75 | 49.65 | 50.75 | 51.50 |
| Library | 14.25 | 14.25 | 14.25 | 17.00 | 16.00 | 15.75 | 15.75 | 15.00 | 15.25 | 14.50 |
| Community Development | 17.50 | 20.00 | 20.00 | 19.50 | 17.50 | 16.50 | 17.50 | 18.40 | 19.15 | 18.00 |
| Total | 233.00 | 240.50 | 244.00 | 260.50 | 247.75 | 230.00 | 232.25 | 234.00 | 243.50 | 240.75 |



Source: City of Menlo Park, Personnel

City of Menlo Park
 Operating Indicators by Demand Level of Service, by Function/Program
 June 30, 2009
 Last Ten Years

Operating Information:
 Schedule 18

| FUNCTION/PROGRAM | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|---|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Public Safety | | | | | | | | | | |
| Incidents | 37,355 | 36,132 | 35,907 | 38,856 | 34,676 | 31,977 | 30,597 | 36,206 | 37,997 | 41,200 |
| Calls for Service | 20,175 | 20,282 | 19,658 | 18,299 | 18,516 | 18,467 | 19,806 | 18,721 | 19,736 | 20,015 |
| Officer Initiated Incidents | 17,180 | 15,850 | 16,249 | 20,557 | 16,160 | 13,510 | 10,791 | 17,485 | 18,261 | 21,185 |
| Public Works | | | | | | | | | | |
| <u>Transportation:</u> | | | | | | | | | | |
| Shuttle Passengers ⁽¹⁾ | n/a | n/a | n/a | n/a | 63,387 | 71,963 | 53,978 | 70,712 | 68,201 | 81,837 |
| <u>Engineering:</u> | | | | | | | | | | |
| Encroachment Permits Issued | 290 | 319 | 305 | 294 | 257 | 266 | 275 | 274 | 319 | 310 |
| Culture and Recreation | | | | | | | | | | |
| <u>Parks and recreation:</u> | | | | | | | | | | |
| Number of Activity Hours Provided ⁽²⁾ | 11,223 | 10,327 | 10,239 | 9,863 | 9,762 | 9,649 | 9,571 | 21,902 | 119,674 | 37,869 |
| Number of Recreational Activities Participants ⁽³⁾ | 20,476 | 65,039 | 43,480 | 22,108 | 17,157 | 17,229 | 40,400 | 31,659 | 39,106 | 61,514 |
| <u>Library:</u> | | | | | | | | | | |
| Books Volumes held | 122,566 | 136,103 | 140,942 | 134,047 | 134,294 | 136,590 | 143,351 | 142,735 | 149,927 | 151,650 |
| Video/DVD held | 4,385 | 5,799 | 7,500 | 8,749 | 10,048 | 11,650 | 12,569 | 11,092 | 15,148 | 14,989 |
| Books Volumes added | 8,334 | 11,332 | 11,480 | 13,850 | 9,394 | 9,153 | 4,992 | 9,587 | 7,613 | 15,162 |
| Total Circulations | 389,533 | 457,658 | 513,560 | 577,170 | 575,023 | 602,548 | 545,764 | 590,261 | 707,073 | 756,808 |
| Community Development | | | | | | | | | | |
| <u>Building Permits Issued:</u> | | | | | | | | | | |
| Residential - Count | 668 | 734 | 679 | 707 | 970 | 761 | 824 | 745 | 787 | 652 |
| Residential - Value (\$1000s) | 27,635 | 41,732 | 34,417 | 34,163 | 56,527 | 44,819 | 55,404 | 70,643 | 84,006 | 51,761 |
| Commercial - Count | 220 | 206 | 145 | 153 | 210 | 161 | 155 | 185 | 170 | 187 |
| Commercial - Value (\$1000s) | 46,005 | 68,413 | 64,675 | 73,280 | 25,199 | 24,425 | 44,428 | 112,118 | 73,820 | 42,435 |
| Accessory -Count | 136 | 179 | 132 | 136 | 94 | 84 | 107 | 99 | 99 | 74 |
| Accessory -Value (\$1000s) | 2,341 | 2,559 | 2,134 | 2,866 | 1,820 | 4,552 | 1,062 | 1,290 | 2,337 | 1,039 |
| Building Inspections Conducted | n/a | 5,624 | 11,377 | 10,713 | 10,215 | 10,159 | 10,522 | 10,036 | 11,197 | 10,532 |
| <u>Housing and Redevelopment:</u> | | | | | | | | | | |
| Below Market Rate-Units sold | 0 | 0 | 0 | 2 | 1 | 0 | 0 | 7 | 16 | 5 |
| Below Market Rate-Units resold | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| Housing Rehabilitation-New loans | 9 | 12 | 13 | 7 | 9 | 3 | 5 | 0 | 0 | 5 |
| Housing Rehab Loans-Cumulative (\$) | 2,090,666 | 2,168,928 | 2,284,738 | 2,337,511 | 2,276,512 | 2,129,896 | 2,205,021 | 1,744,741 | 1,459,047 | 1,440,877 |
| Housing Rehab Homes-Cumulative Count | 109 | 99 | 95 | 91 | 73 | 64 | 58 | 47 | 41 | 41 |
| Administration | | | | | | | | | | |
| <u>Finance</u> - New Business License Applications | | | | | | | | | | |
| | 801 | 1,162 | 593 | 510 | 527 | 481 | 469 | 649 | 708 | 564 |

Source: City of Menlo Park

⁽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.

City of Menlo Park
 Capital Asset Statistics by Function
 June 30, 2009
 Last Ten Years

Operating Information:
 Schedule 19

| Functions | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|--|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|----------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General government | | | | | | | | | | |
| Civic Center-Administration | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Public Works | | | | | | | | | | |
| Streets (miles) | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 |
| Streetlights | 1,659 | 1,659 | 1,659 | 1,659 | 1,659 | 1,718 | 1,718 | 1,718 | 1,718 | 1,718 ⁽¹⁾ |
| Traffic Signals | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Water gallons) | 3,557 | 3,557 | 3,557 | 3,557 | 3,557 | 3,363 | 3,363 | 3,556 | 3,805 | 3,337 |
| - Capacity per day (millions of gallons) | 4 | 4 | 4 | 3 | 4 | 4 | 3 | 4 | 4 | 3 |
| - Water storage (millions of gallons) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| - Water lines (miles) | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 59 |
| Parks and Recreation | | | | | | | | | | |
| Child Care Centers | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Recreation Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Parks | 11 | 11 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 14 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Gymnasium | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Pools ⁽²⁾ | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| 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 | N/A | N/A | N/A | N/A | N/A | 2 | 2 |

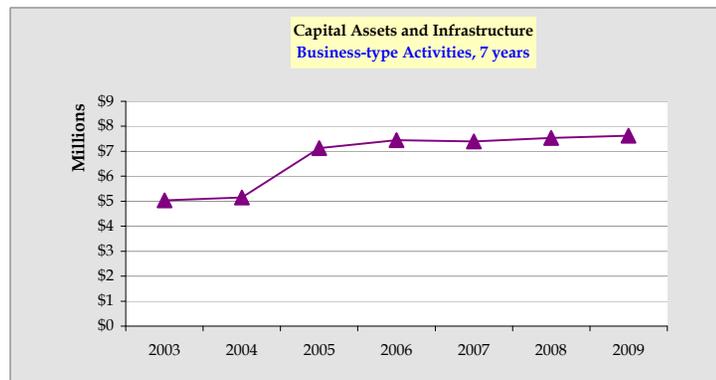
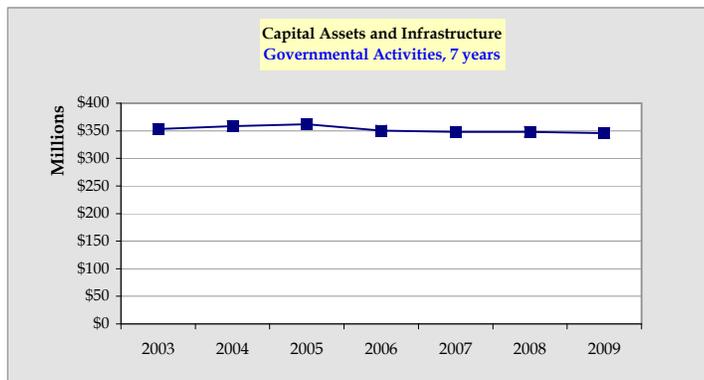
Source: City of Menlo Park

⁽¹⁾ PG & E updated in 2009

⁽²⁾ Burgess pools were closed for construction in December 2004 and re-opened in May 2005

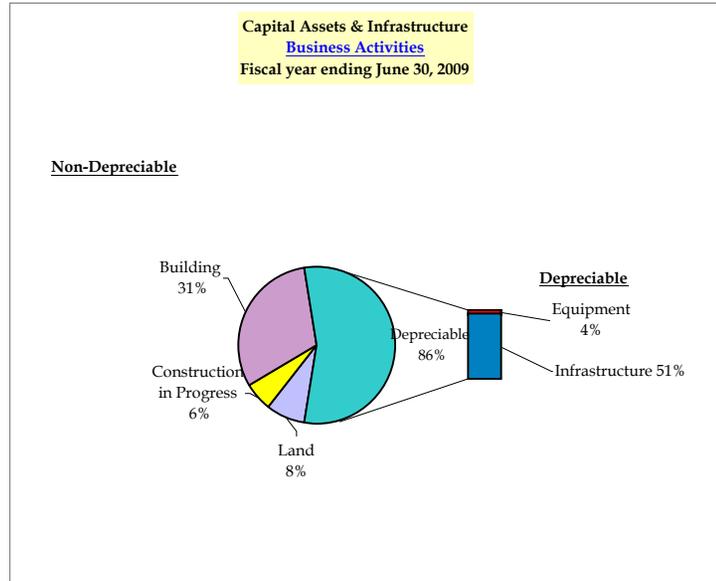
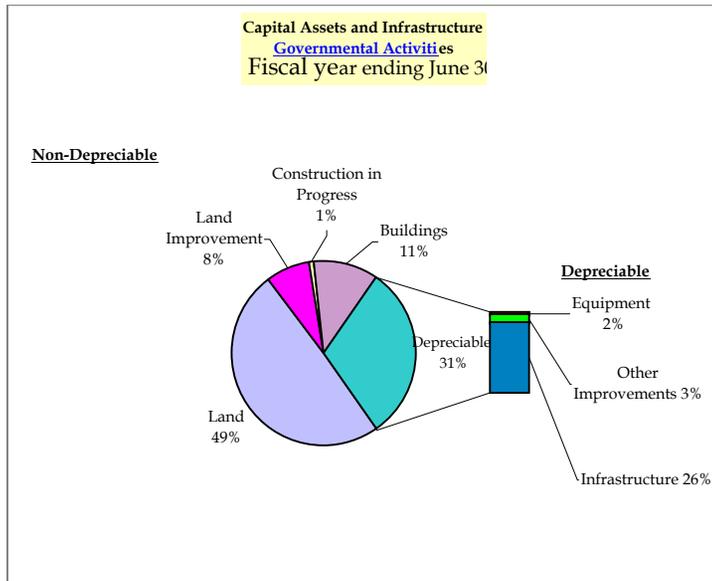
City of Menlo Park
 Capital Asset and Infrastructure Statistics by Activities
 June 30, 2009
 Last Ten Years

| Activity | Fiscal Year Ending | Non-Depreciable | | | | Depreciable | | | | Total Fiscal Year |
|-------------------------------------|-----------------------|-----------------|---------------------|-----------------------------|---------------|--------------|-----------------------|----------------|-----------------------------------|----------------------|
| | | Land | Land Improvement | Construction in Progress | Buildings | Equipment | Other Improvements | Infrastructure | Less: Accumulated Depreciation | |
| Governmental Activities | 2000 | \$ 8,490,309 | \$ - | \$ 1,416,078 | \$ 27,318,871 | \$ 6,774,902 | \$ 10,550,018 | \$ - | \$ - | \$ 54,550,178 |
| | 2001 | 8,490,309 | - | 7,141,856 | 29,095,692 | 7,435,257 | 11,754,006 | - | - | 63,917,120 |
| | 2002 | 8,490,309 | - | 25,626,382 | 29,185,487 | 7,803,067 | 13,767,101 | - | - | 84,872,346 |
| | 2003 | 221,534,267 | 32,705,490 | 1,717,984 | 39,689,374 | 5,798,154 | 3,328,493 | 97,117,678 | (48,625,194) | 353,266,246 |
| | 2004 | 221,534,267 | 32,705,490 | 9,060,550 | 39,706,068 | 5,919,103 | 3,797,004 | 97,849,119 | (52,039,710) | 358,531,891 |
| | 2005 | 221,534,267 | 32,900,109 | 8,501,684 | 39,974,278 | 6,035,756 | 5,509,784 | 102,932,198 | (55,468,475) | 361,919,601 |
| | 2006 | 205,232,510 | 32,900,109 | 968,145 | 46,658,887 | 6,201,377 | 12,081,605 | 103,885,147 | (57,765,455) | 350,162,325 |
| | 2007 | 204,949,233 | 32,900,109 | 600,561 | 46,933,785 | 5,912,705 | 12,717,853 | 105,533,229 | (61,481,901) | 348,065,574 |
| | 2008 | 204,949,233 | 32,900,109 | 2,971,197 | 46,933,785 | 6,162,913 | 12,782,089 | 106,952,666 | (65,743,622) | 347,908,370 |
| | 2009 | 204,949,233 | 32,900,109 | 3,318,133 | 46,933,785 | 6,383,215 | 12,792,366 | 107,911,764 | (69,349,289) | 345,839,316 |
| Business-Type Activities | 2000 | 403,675 | - | - | - | 463,139 | - | 7,588,267 | (2,591,707) | 5,863,374 |
| | 2001 | 403,675 | - | - | - | 463,139 | - | 8,988,163 | (2,804,053) | 7,050,924 |
| | 2002 | 403,675 | - | - | - | 605,104 | - | 9,459,197 | (3,047,256) | 7,420,720 |
| | 2003 | 1,066,454 | - | - | - | 585,643 | - | 8,423,306 | (5,043,868) | 5,031,535 |
| | 2004 | 1,066,454 | - | 262,293 | 3,945,489 | 585,643 | - | 4,457,930 | (5,167,837) | 5,149,972 |
| | 2005 | 1,066,454 | - | 1,936,034 | 3,945,489 | 585,643 | - | 4,874,739 | (5,288,437) | 7,119,922 |
| | 2006 | 1,066,454 | - | 183,225 | 4,141,695 | 589,093 | - | 6,812,639 | (5,352,175) | 7,440,931 |
| | 2007 | 1,066,454 | - | 277,361 | 4,165,957 | 589,093 | - | 6,812,639 | (5,520,161) | 7,391,343 |
| | 2008 | 1,066,454 | - | 561,544 | 4,159,460 | 621,809 | - | 6,812,639 | (5,689,537) | 7,532,369 |
| | 2009 | 1,066,454 | - | 793,183 | 4,159,460 | 566,303 | - | 6,812,639 | (5,777,412) | 7,620,627 |



(Continued)

City of Menlo Park
 Capital Asset and Infrastructure Statistics by Activities
 June 30, 2009
 Last Ten Years



Source: City of Menlo Park

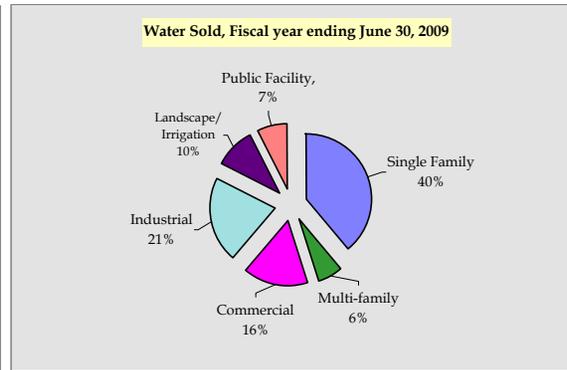
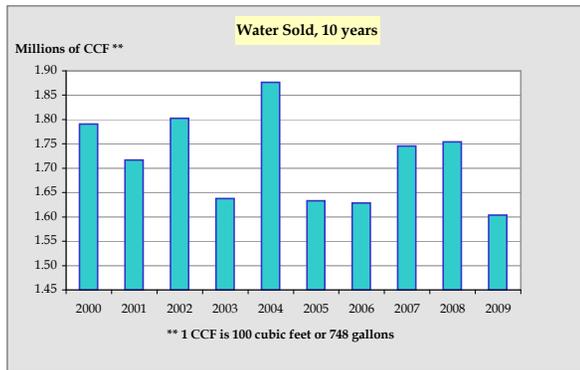
Notes: City started implementing the GASB Statement No. 34 in FY 2002-03.

Prior to FY 2002-03, capital assets of the governmental funds were not depreciated and infrastructure was not reported

- * In 1999, Land and Improvements held for resale were retired
- ** In 1999, the Fremont School Enterprise Fund was closed as of 6/30/99 and Fund's Capital Assets were transferred to the General Fixed Assets Account Group (Governmental activities)

City of Menlo Park
 Water Sold by Type of Customer
 June 30, 2009
 Last Ten Years

| Type of Customer | Water Sold per Fiscal Year Ending June 30, | | | | | | | | | |
|------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Single Family | 635,480 | 642,238 | 650,434 | 649,272 | 687,498 | 626,255 | 560,166 | 652,204 | 644,785 | 623,012 |
| Multi-family | 108,582 | 108,747 | 108,870 | 100,851 | 101,149 | 97,178 | 89,682 | 106,339 | 103,263 | 98,672 |
| Commercial | 225,362 | 218,946 | 222,508 | 182,992 | 219,354 | 190,834 | 221,551 | 253,596 | 251,400 | 258,675 |
| Industrial | 445,505 | 430,755 | 511,933 | 452,007 | 549,563 | 466,153 | 491,050 | 467,379 | 456,315 | 343,516 |
| Landscape/Irrigation | 187,900 | 182,525 | 179,607 | 144,931 | 177,958 | 134,150 | 148,601 | 159,097 | 170,846 | 160,021 |
| Public Facility | 187,734 | 133,406 | 129,221 | 107,918 | 141,001 | 118,424 | 117,785 | 107,003 | 127,811 | 119,814 |
| Total Water Sold - CCF | 1,790,563 | 1,716,617 | 1,802,573 | 1,637,971 | 1,876,523 | 1,632,994 | 1,628,835 | 1,745,618 | 1,754,420 | 1,603,710 |
| Total Direct Rate* | 6.15 | 6.15 | 6.15 | 6.15 | 6.15 | 6.15 | 6.15 | 6.85 | 7.61 | 9.44 |



Source: California Water Service Company

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

Prior year 2007-Monthly charge \$5 plus additional first 5 units charge and surcharge \$1.15

Year 2007-Monthly charge \$5.60 plus additional first 5 units charge and surcharge \$1.25

Year 2008-Monthly charge \$6.26 plus additional first 5 units charge and surcharge \$1.35

Year 2009-Monthly charge \$7.84 plus additional first 5 units charge and surcharge \$1.60

1 unit is 748 gallons

City of Menlo Park
 Water Service Rates
 June 30, 2009
 Last Ten Years

Operating Information:
 Schedule 22

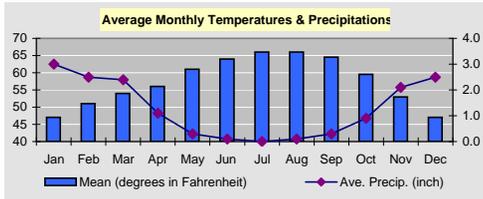
| Monthly Base Rate by Meter Size | FISCAL YEAR ENDING JUNE 30, _____ | | | | | | | | | |
|------------------------------------|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|----------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| 5/8" | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.00 | \$ 5.60 | \$ 6.26 | \$ 7.84 |
| 3/4" | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.60 | 6.26 | 7.84 |
| 1" | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.95 | 10.02 | 12.54 |
| 1-1/2" | 16.50 | 16.50 | 16.50 | 16.50 | 16.50 | 16.50 | 16.50 | 18.46 | 20.66 | 25.87 |
| 2" | 26.50 | 26.50 | 26.50 | 26.50 | 26.50 | 26.50 | 26.50 | 29.65 | 33.18 | 41.55 |
| 3" | 48.50 | 48.50 | 48.50 | 48.50 | 48.50 | 48.50 | 48.50 | 54.27 | 60.73 | 76.04 |
| 4" | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 83.93 | 93.91 | 117.59 |
| 6" | 166.50 | 166.50 | 166.50 | 166.50 | 166.50 | 166.50 | 166.50 | 186.31 | 208.48 | 261.06 |
| 8" | 369.50 | 369.50 | 369.50 | 369.50 | 369.50 | 369.50 | 369.50 | 413.47 | 462.67 | 579.34 |
| 10" | 820.00 | 820.00 | 820.00 | 820.00 | 820.00 | 820.00 | 820.00 | 917.58 | 1,026.77 | 1,285.68 |
| Additional charges (*) | | | | | | | | | | |
| First 5 units | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.90 | 1.00 | 1.25 |
| Next 6-10 units | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.12 | 1.25 | 1.57 |
| Next 11-25 units | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.34 | 1.50 | 1.88 |
| All units over 25 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.79 | 2.00 | 2.51 |
| Capital Facility | | | | | | | | | | |
| Surcharge (per unit) | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 |

Source: City of Menlo Park, Master Fee Schedule, July 2009

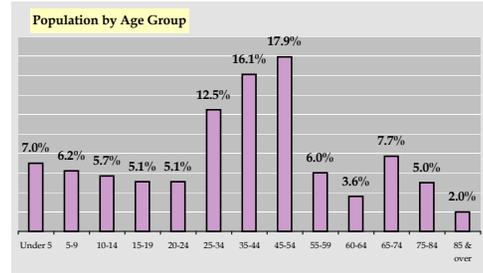
Notes:

* Additional charge is based on monthly meter readings, an unit is 748 gallons.
 The District charges an excess-use rate above normal demand.

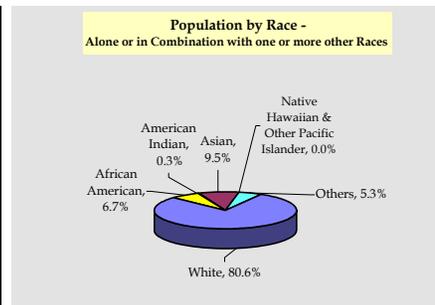
| | |
|--|-------------------|
| Date of Incorporation | November 23, 1927 |
| Form of Government | Council / Manager |
| City Council Members | 5 |
| City Commissions | 10 |
| Arts, Bicycle, Environmental Quality, Finance & Audit, Housing, Las Pulgas, Library, Parks & Recreation, Planning, & Transportation | |
| Latitude, Longitude | 37.45 N, 122.18 W |
| Elevation | 60 feet |
| Land Area, square miles | 18 |
| Sunny Days a year | 265 |
| Average Annual Rainfall | 15.71" |



| | |
|------------------------------|--------|
| Demographic Estimates | |
| Population, January 2009 | 31,865 |
| People per square miles | 1,770 |
| Males | 50.0% |
| Females | 50.0% |
| Median age (years) | 40.7 |



Source: Menlo Park Chamber of Commerce, City of Menlo Park
CountryStudies.us/united-states/weather/california/menlo-park.htm
 California Department of Finance, Demographic Research Unit
 U.S. Census Bureau, 2005-2007 American Community Survey



| | |
|--|-------|
| Social Characteristics | |
| <i>Language spoken at home - population over age 5 :</i> | |
| English only | 75.4% |
| Other languages | 24.6% |
| Spanish | 14.5% |
| Other Indo-European languages | 4.3% |
| Asian & Pacific Islander languages | 4.3% |
| Other languages | 0.2% |
| <i>Educational attainment - population 25 years & over :</i> | |
| High school graduate or higher | 92.3% |
| Bachelor's degrees or higher | 67.3% |
| <i>Disability status - population 5 years & over</i> | |
| Age 5 & 15 with a disability | 5.4% |
| Age 16 & 64 with a disability | 32.3% |
| Age 65 & over with a disability | 6.1% |

| | |
|--|-----------|
| Housing Characteristics | |
| Total housing units | 12,624 |
| Occupied housing units | 94.3% |
| Vacant housing units | 5.7% |
| Owner occupied median value (\$) | 1,000,000 |
| Owner occupied | 63.8% |
| Renter occupied | 36.2% |
| Housing units with a mortgage median costs (\$) | 3,488 |
| Housing units without a mortgage median costs (\$) | 777 |
| Renter occupied units median costs (\$) | 1,596 |

| | |
|--|----|
| Schools | |
| Preschools | 7 |
| Public schools, K-12 | 10 |
| Private schools, K-12 | 9 |
| Adult education institutions | 2 |
| Colleges - private | 2 |
| College - public | 1 |
| Utilities and other services: | |
| Water Supplier | 1 |
| Menlo Park Municipal Water District | |
| Sewer: West Bay Sanitary District | 1 |
| Refuse Removal & Recycling Service | 1 |
| Allied Waste Services | |
| Gas & Electric Service | 1 |
| Pacific Gas & Electric | |
| Telephone Service | 1 |
| At & T / SBC | |
| Cable Services | 2 |
| Comcast | |
| Matrix Cablevision | |
| Police protection, stations | 2 |
| Menlo Park Fire District, stations | 7 |
| Hospitals | 2 |
| Medical Clinics | 1 |
| 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 | |
| Movie theater, the Guild | |
| Places of worships | 23 |
| Radio station, KCEA-FM, 89.1 | 1 |
| Local newspaper, the Almanac | 1 |