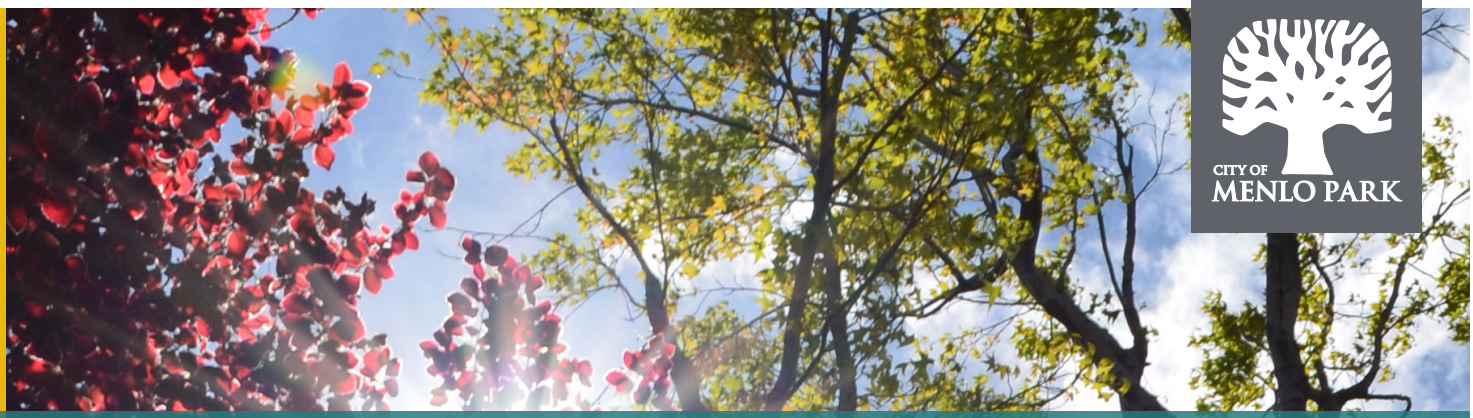

CITY OF MENLO PARK

# CITY OF MENLO PARK, CALIFORNIA
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
## For the Fiscal Year Ended June 30, 2015

# COMPREHENSIVE
# ANNUAL
# FINANCIAL REPORT

**Fiscal Year Ended June 30, 2015**

**CITY OF MENLO PARK, CALIFORNIA**

PREPARED BY

The Administrative Services Department - Finance Division

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# INTRODUCTORY SECTION

CITY OF MENLO PARK

January 15, 2016

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

We are pleased to submit the comprehensive annual financial report for the City of Menlo Park, California, for the fiscal year ended June 30, 2015. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data is accurate in all material respects and is reported fairly and honestly. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The comprehensive annual financial report (CAFR) is presented in three major sections that provide introductory, financial as of June 30, 2015, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to basic financial statements, required supplementary information and supplementary information on nonmajor funds. The statistical section, which is unaudited, includes selected financial and demographic information.

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

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

## Background

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

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

## Reporting Entity

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

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

## Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment of which the City operates.

### Local economy

The unemployment rate in San Mateo County has fallen from 4.3% in 2014 to 3.2% in 2015. The Menlo Park unemployment rate is lower than that of the County at 2.5%. This compares with an unemployment rate of 6.2% for California and 5.3% for the nation during the same period. As of June 2015, there were an estimated 426,200 jobs in the County, an increase of 38,100 jobs from a year earlier. According to the California Employment Development Department, the total number of jobs located in the West Bay counties of San Francisco and San Mateo expanded by 90,900 to total 985,600 between June 2014 and June 2015.

With total tax revenues up 8 percent year-over-year, the City's financial condition remains on solid ground. From the depths of the Great Recession, the City's tax revenues have recovered and now stand above pre-recession levels. This recovery has been aided by a more robust growth than anticipated in property taxes, transient occupancy taxes, and the utility users' tax. This has allowed the General Fund to maintain service levels, continue to appropriately fund infrastructure maintenance, make substantial progress in addressing unfunded pension and retiree medical liabilities and absorb expenditures previously funded with redevelopment tax increment.

### Outlook

The City's financial outlook remains sound. Property values remain high, and with a number of large-scale development projects in process, the outlook for future growth in this area is strong. From 2013-14 to 2014-15, property taxes increased by 9.4 percent to $15.40 million. Being the General Fund's largest revenue source, at 32 percent of the total, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the loss of what is called "excess ERAF" (educational revenue augmentation fund). San Mateo County is one of three counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for local schools, which leads to those excess funds being redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's 10-year forecast reflects receiving 50 percent of this revenue through 2016-17 before it drops off completely in 2017-18. This is a highly speculative assumption that simply serves to keep this uncertainty squarely in our sights as we move forward.

Also an area of continued monitoring is the financial health of the State of California. In November 2012, California voters passed Proposition 30, a measure that raises the state sales tax by a quarter-cent for four years and increases income tax rates for individuals who earn more than $250,000 a year for seven years. Passage of the measure is said to have offset the need to make $6 billion per year in cuts in the State budget, cuts that could have impacted local governments. The passage of Proposition 30, coupled with growth in the State economy, has enabled the Governor and the State Legislature to predict a balanced budget and a record surplus at the State level for the upcoming 2015-16 fiscal year. This has lessened the likelihood of looking to the local agencies' revenue sources to balance the State budget. However, there are still challenges ahead for the State budget. The Governor has talked about the need to be conservative in State spending as plans are made to pay off some of the State's bonded debt. These challenges suggest that the State may yet be looking for additional revenues to address its budget in the years ahead.

As always, staff will continue to monitor the long-term budget situation, both locally and at the State level, to keep the City Council informed of critical economic events that may impact the sustainability of the City's spending plan. Further, staff will continue to be proactive in developing plans to promote economic development in the City, aggressively pursue grant funding for significant infrastructure improvements, and continually assess the City's operations and service delivery models to achieve efficiencies where possible.

**Major Initiatives**

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

In 2014-15, the **Community Development Department** completed substantial work on the General Plan update, including a visioning effort that involved an educational speaker series, stakeholder interviews and community workshops. The department also completed revisions to the El Camino Real/ Downtown Specific Plan, including the environmental review. Construction of an undercrossing at Bayfront Expressway which provides bicycle and pedestrian connectivity to the Bay Conservation and Development Commission (BCDC) Bay Trail and Bedwell Bayfront Park was also completed in 2014-15. With regard to private development, several major

development projects were completed including the Facebook MPK20 building (also known as the West Campus), 389 El Camino Real residential project, 1460 El Camino Real mixed-use project, Marriot Residence Inn and Beechwood School. For future residential development, the department managed the review and/or construction of major housing projects, including Anton Menlo, Greenheart/Hamilton, Graystar/Haven, MidPen/ Willow and CORE Veteran's housing, all of which were identified as housing opportunity sites in the 2015-2023 Housing Element. The department also completed and/or continued the review of an unprecedented number of large-scale development projects, including Menlo Gateway, Commonwealth Corporate Center, SRI Campus Modernization, mixed use office and residential projects at 500 and 1300 El Camino Real, Menlo Park Fire Protection District Station #6, a residential development on the former Roger Reynolds Nursery site, and an office development at 1020 Alma Street.

In 2014-15 the **Community Services Department** completed a comprehensive operational review, increased program and event sponsorships by 25 percent, and supported the second year of the Belle Haven Neighborhood Action Plan implementation including youth diversion and family support processes. The department expanded the "Concerts in the Park" program to Kelly Park with over 200 in attendance. At the Senior Center, the department provided a new nutrition/meal program and increased the number of daily meals served. Of particular note, the Belle Haven Child Development Center preschool program began operation at full capacity for the first time in three years, serving 96 children in full- and part-day slots.

The **Library Department** added a new collection of 4,100 e-audio books available only to Menlo Park library card holders, two new story times for children increasing weekly story times to 10, and added more than 400 items to the quick pick collection with a rewarding average of 12.5 circulations per item in a 9-month period. The department also completed work on the library organizational and management review and began work on recommendations from the report.

Over the course of 2014-15, the **Police Department** completed a partial reorganization by creating a new rank of corporal which took the place of the special assignments of acting watch commander and field training officer. The dispatch center modernization project was completed with the installation of the Next Generation 911 system which allows the center to eventually accept "text to 911" calls along with multimedia messaging (photos and video) to 911 from mobile devices. The department implemented a "body worn camera" program and equipped every police officer and community service officer with a wearable video recording device. The department also purchased and deployed a taser device to every officer following a successful one year trial period. Finally, the department realized an 11 percent decrease in the most serious classifications of crime from calendar year 2013 to 2014.

The **Public Works Department** completed a number of capital improvements in 2014-15 including: the Sharon Heights pump station replacement, Trinity Drive water main replacement, the 2014-15 Resurfacing of Federal Aid Routes project, Replacement of El Camino Real Trees-Phase 3, and Oak Grove and Merrill Street lighted crosswalk installation. The department also added a Sharon Heights area Tuesday shoppers' shuttle service to offset decreases in regional public transit service. The El Camino Real Corridor study was completed and, in response to the Governor's State of Emergency due to the drought, the City Council adopted an urgency ordinance to implement the State Water Resources Control Board's mandatory emergency water conservation regulations. Finally, in the area of sustainability, the City began work on solar facilities at the Arrillaga Family Gymnasium, Arrillaga Family Gymnastics Center, Onetta Harris Center and Corporation Yard to reduce the City's carbon footprint.

FOR THE FUTURE:

**Financial Planning and Fiscal Policies**

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

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

Menlo Park strives to maintain fiscal policies that will provide guidance on preserving its sound financial standing in the long term. Several years ago, a General Fund Reserve Policy was finalized, incorporating requirements of Governmental Accounting Standards Board (GASB Statement No. 54). The policy outlines the City Council's formal commitment of amounts of fund balance to be set aside specifically for emergency ($6 million) and economic contingencies ($8 million). The total goal range for the City's unrestricted fund balance is 43 to 55 percent of General Fund expenditures. As of June 30, 2015, the unrestricted fund balance of nearly $30.26 million represents approximately 74.6 percent of General Fund expenditures for the 2015-16 fiscal year. It is expected that during the 2015-16 reporting period portions of unrestricted fund balance may be utilized for nonrecurring needs, which will bring this

portion of fund balance within, or closer to, the goal range.

Further solidifying the City's sound financial policies was Council's action in 2013-14 to establish the Strategic Pension Funding Reserve. As a result of that policy direction, the City has a committed reserve that was funded with an additional $930,000 in 2014-15 for a total reserve as of June 30, 2015 of $1.93 million.

Although reserves are available to provide temporary financing for extraordinary events such as an economic recession, the City must continue to distinguish between operating structural deficits and deficits resulting from temporary downturns in the economy. This will be essential in the current reporting period, as the City found out late in 2013-14 that it would be losing a major sales tax provider. As such, baseline expenditures may need to be recalibrated if revenue growth in other areas does not close that gap. Ensuring this situation is properly evaluated and the City acts accordingly to maintain structural balance will be critical to maintaining the City's long-term fiscal health. Infrastructure maintenance, comprehensive planning activities, technology upgrades and stormwater programs, in addition to standard City operations, are all part of a comprehensive and sustainable fiscal plan for the City and must be considered as limited resources are allocated.

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

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

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

## Other Information

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

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

*Awards and Acknowledgments.* The GFOA of the United States has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to receive this Certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, and satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one year. We believe our current report continues to meet the Certificate of Achievement Program's requirements.

Timely and efficient accounting practices, in coordination with the City's independent auditors, were essential in producing this annual document. During the production of this report, the City experienced a transition in key finance personnel historically responsible for preparing the CAFR. In their absence, Financial Analyst Stephen Green and Interim Finance Director Clay Curtin, shared the responsibility for overseeing the fiscal year-end close and coordinating the annual audit process. Their diligent work, as well as the overall contributions from the entire Finance Department, was instrumental in ensuring the successful completion of this document.

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

Respectfully submitted,

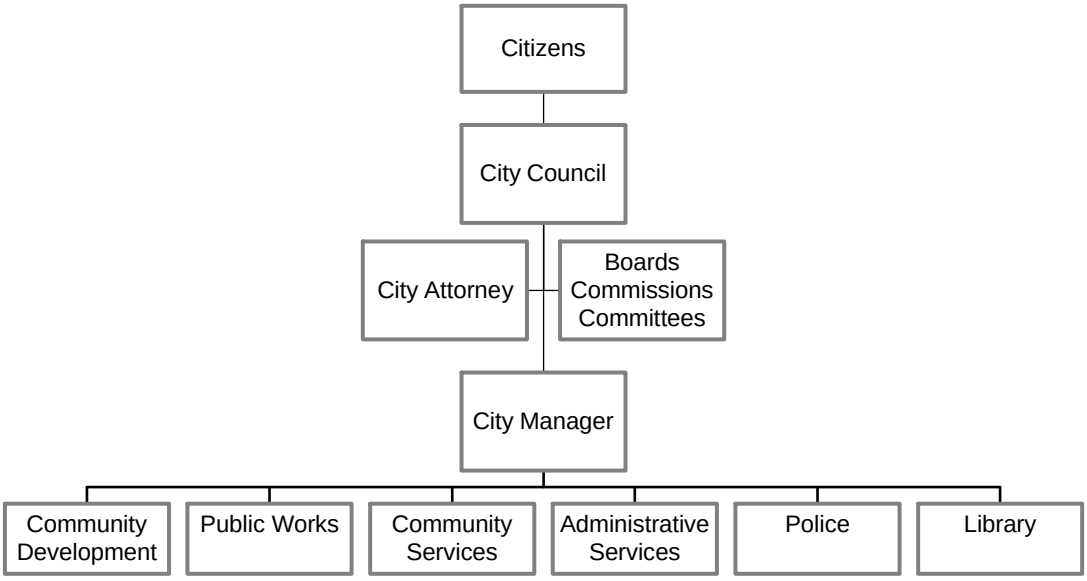
Alex D. McIntyre
City Manager

Nick Pegueros
Administrative Services Director

# CITY OF MENLO PARK, CALIFORNIA

## ORGANIZATIONAL CHART

## JUNE 30, 2015



**CITY OF MENLO PARK, CALIFORNIA**

**LIST OF CITY OFFICIALS**

**JUNE 30, 2015**

## CITY COUNCIL

Catherine Carlton, Mayor

Richard Cline, Mayor Pro Tem

Kirsten Keith, Councilmember

Ray Mueller, Councilmember

Peter Ohtaki, Councilmember

## ADMINISTRATION AND DEPARTMENT HEADS

City Attorney..... William McClure
City Manager..... Alex D. McIntyre
Administrative Services:
Assistant City Manager..... Starla Jerome-Robinson
City Clerk..... Pam Aguilar
Finance Director ..... Drew Corbett
Human Resources Director ..... Gina Donnelly
Community Services Director..... Cherise Brandell
Developmental Services:
Director of Community Development ..... Arlinda Heineck
Director of Public Works ..... Jesse Quirion
Police Chief..... Robert Jonsen
Library Director..... Susan Holmer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Menlo Park**

**California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# FINANCIAL SECTION

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BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Menlo Park, California (City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

Address: 180 Grand Avenue, Suite 1500 Oakland, CA 94612 • Phone: 510.768.8251 • Fax: 510.768.8249

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and schedules of funding progress for pension on pages 5 to 19 and 104 to 116 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 121 to 177 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Badawi and Associates
Certified Public Accountants
Oakland, California
January 15, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS
**Fiscal Year Ended June 30, 2015**

This section of the City of Menlo Park's Comprehensive Annual Financial Report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter and accompanying Basic Financial statements

### FINANCIAL HIGHLIGHTS

**City-Wide:**
*Net Position* - The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2015, by $416,563,502. Of this amount, $29,909,232 was reported as "unrestricted net position" and may be used to meet ongoing obligations.

*Changes in Net Position* – The City's total net position increased by $9,679,911 in fiscal year 2014-15. Net position of governmental activities increased by $8,634,459, which is due in large part to an increase in cash and investments. Net position of the business-type activities increased by $1,045,452, reflecting the year's net income for the Menlo Park Municipal Water District.

**Long-Term Debt:**
The City's total bonded debt obligations decreased by $998,813 during fiscal year 2014-15 due to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment ($535,000) was made on the 2012 General Obligation Refunding Bonds, leaving a remaining balance of $8,775,000 as of June 30, 2015.

**Fund Highlights:**
Governmental Funds – Fund Balances - As of the close of fiscal year 2014-15, the City's governmental funds reported a combined ending fund balance of $95,870,800. This is a $10,879,580 increase from the prior year, which is primarily the result of an increase in total assets, predominantly in the form of cash and investments. The City's General Fund increased $3,345,589, with revenues/transfers in/extraordinary gains of $48,220,479 and expenditures/transfers out of $44,874,890. This includes a transfer of $4,293,930 to support infrastructure maintenance in the Capital Improvement Projects Fund. The surplus is credited primarily to continued recovery of many of the General Fund's major revenue sources, as well as expenditures coming in below budgeted amounts. General Fund revenues and expenditures for the reporting period will be discussed in more detail later in the MD&A.

Of the total fund balances, $1,074,929 is categorized as "nonspendable", largely representing amounts associated with loans and notes receivable. In establishing and subsequently modifying its General Fund Reserve Policy, the City Council has set aside $15,930,000 million as "committed" fund balance. Of that amount, $6 million is committed for emergency contingencies, $8 million is committed for economic stabilization and $1,930,000 is for strategic pension funding. Most of the remaining funds are restricted

within special revenue funds for specific purposes, capital improvement projects or debt service. Governmental fund balances that are categorized as “unassigned fund balance” totaled $9,801,823 and is predominantly reported in the City’s General Fund.

**City Highlights:**
Total governmental fund revenues for 2014-15, as presented in the Fund Financial Statements, were up $3.8 million over 2014-15, and this gain was driven by the General Fund, which had revenues, excluding transfers and extraordinary gains, that were up nearly $2.74 million. General Fund taxes reflect the largest year-over-year gain in General Fund revenues, up $2.4 million, and reflects the significant improvements in secured property taxes. In addition to significant changes in the General Fund, the Below Market Rate Housing Special Revenue Fund increased $2.37 million due to a significant increase in developer fees.

Governmental fund expenditures, excluding transfers and extraordinary, increased approximately $1.13 million in 2014-15, compared to prior year. General Fund expenditures were up approximately $2.46 million year-over-year, driven by increases in the public safety, culture and recreation, public works, and general government categories. Non-major governmental funds expenditures decreased $1.15 million in the capital outlay category.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

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

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

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

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

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

**Fund Financial Statements**

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

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

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

*Fiduciary funds*—The City is the trustee, or fiduciary, for certain funds held in a trustee or agency on behalf of individuals, private organizations, other governments, and/or other funds. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these funds' assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the Financial Statements**

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

**Required Supplementary Information**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**City of Menlo Park's Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| Current Assets | $93,720,032 | $84,247,586 | $14,253,829 | $15,612,189 | $107,973,861 | $99,859,775 |
| Noncurrent Assets | 14,460,485 | 10,978,093 | - | - | 14,460,485 | 10,978,093 |
| Capital Assets | 360,557,593 | 364,517,640 | 13,990,073 | 11,005,746 | 374,547,666 | 375,523,386 |
| Total Assets | 468,738,110 | 459,743,319 | 28,243,902 | 26,617,935 | 496,982,012 | 486,361,254 |
| Deferred Outflows of Resources | 4,152,246 | 40,698,986 | 78,144 | 720,411 | 4,230,390 | 41,419,397 |
| Current Liabilities | 10,637,428 | 8,376,214 | 1,513,426 | 913,139 | 12,150,854 | 9,289,353 |
| Noncurrent Liabilities | 60,415,696 | 27,943,530 | 627,469 | 25,383 | 61,043,165 | 27,968,913 |
| Total Liabilities | 71,053,124 | 36,319,744 | 2,140,895 | 938,522 | 73,194,019 | 37,258,266 |
| Deferred Inflows of Resources | 11,278,184 | 800,000 | 176,697 | - | 11,454,881 | 800,000 |
| Net Investments in Capital Assets | 341,158,440 | 344,119,674 | 13,990,073 | 11,005,746 | 355,148,513 | 355,125,420 |
| Restricted | 19,060,225 | 17,973,519 | 12,445,532 | 15,212,663 | 31,505,757 | 33,186,182 |
| Unrestricted | 30,340,383 | 19,831,396 | (431,151) | (1,259,407) | 29,909,232 | 18,571,989 |
| Total Net Position | $390,559,048 | $381,924,589 | $26,004,454 | $24,959,002 | $416,563,502 | $406,883,591 |

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

As noted earlier, the City as a whole has net position of $416,563,502. The largest portion of the City's net position (approximately 85 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (8 percent) represents resources that are subject to external restrictions on how they may be utilized. The remaining balance of unrestricted net assets (7 percent) may be used to meet the government's ongoing obligation to citizens and creditors. This is an increase of $11 million compared to prior year.

Total net position of the City increased $9,679,911 in the fiscal year ended June 30, 2015. This was primarily related to an increase in in the City's cash position, particularly in the governmental activities.

## Governmental Activities

**City of Menlo Park's Changes in Net Position**

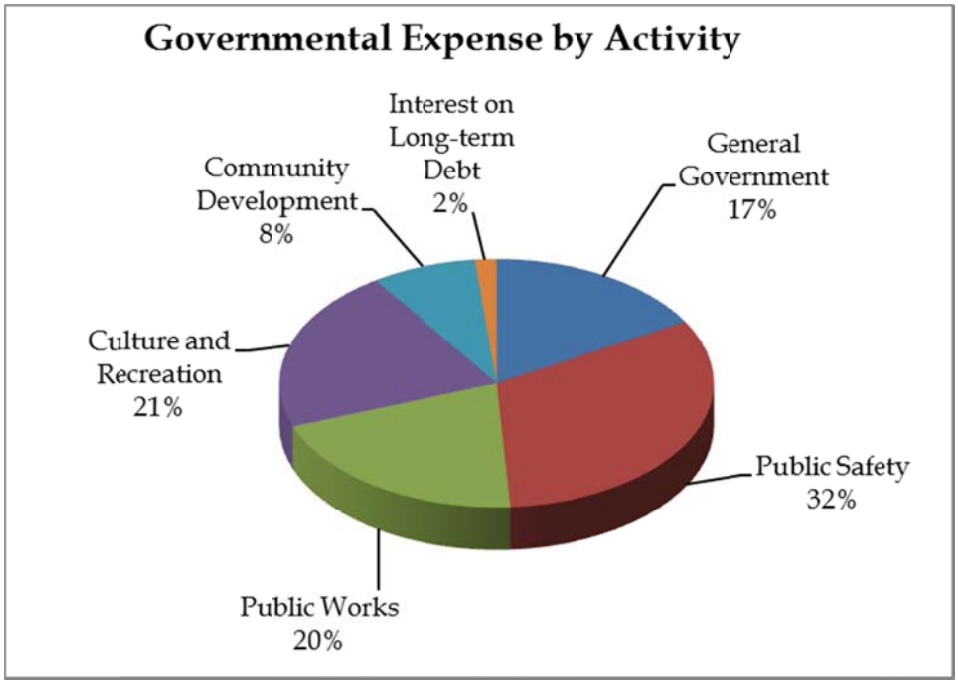
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $22,657,055 | $20,482,484 | $8,165,645 | $8,046,619 | $30,822,700 | $28,529,103 |
| Operating Grants and Contributions | 1,876,305 | 1,438,966 | - | - | 1,876,305 | 1,438,966 |
| Capital Grants and Contributions | 2,262,146 | 2,341,476 | - | - | 2,262,146 | 2,341,476 |
| General Revenue: | | | | | | |
| Property Taxes | 16,827,338 | 15,156,065 | - | - | 16,827,338 | 15,156,065 |
| Sales Taxes | 6,527,498 | 6,444,292 | - | - | 6,527,498 | 6,444,292 |
| Transient Occupancy Taxes | 4,720,226 | 4,158,809 | - | - | 4,720,226 | 4,158,809 |
| Other Taxes | 5,008,837 | 4,946,135 | - | - | 5,008,837 | 4,946,135 |
| Investment Earnings | 1,311,875 | 982,640 | 146,647 | 117,849 | 1,458,522 | 1,100,489 |
| Gain on Sale of Assets | 45,544 | 264 | - | - | 45,544 | 264 |
| Miscellaneous | 247,865 | 1,222,100 | (1,752) | - | 246,113 | 1,222,100 |
| Total Revenues | 61,484,689 | 57,173,231 | 8,310,540 | 8,164,468 | 69,795,229 | 65,337,699 |
| Expenses: | | | | | | |
| General Government | 8,896,023 | 8,057,304 | - | - | 8,896,023 | 8,057,304 |
| Public Safety | 17,090,541 | 14,237,536 | - | - | 17,090,541 | 14,237,536 |
| Public Works | 10,784,753 | 11,638,045 | - | - | 10,784,753 | 11,638,045 |
| Culture and Recreation | 11,250,082 | 11,400,791 | - | - | 11,250,082 | 11,400,791 |
| Community Development | 4,166,948 | 4,384,310 | - | - | 4,166,948 | 4,384,310 |
| Interest on Long-term Debt | 850,924 | 1,219,698 | - | - | 850,924 | 1,219,698 |
| Water Operations | - | - | 7,076,047 | 6,916,915 | 7,076,047 | 6,916,915 |
| Total Expenses | 53,039,271 | 50,937,684 | 7,076,047 | 6,916,915 | 60,115,318 | 57,854,599 |
| Inc/Dec in Net Position before Transfers | 8,445,418 | 6,235,547 | 1,234,493 | 1,247,553 | 9,679,911 | 7,483,100 |
| Extraordinary gain (loss) | 0 | 771,822 | - | - | - | 771,822 |
| Transfers | 189,041 | 185,881 | (189,041) | (185,881) | - | - |
| Changes in Net Position | 8,634,459 | 7,193,250 | 1,045,452 | 1,061,672 | 9,679,911 | 8,254,922 |
| Net Position - Beginning of the Year, as restatec | 381,924,589 * | 374,777,412 | 24,959,002 * | 23,897,330 | 406,883,591 | 398,674,742 |
| Prior Period Adjustment | - | (46,073) | - | - | 0 | (46,073) |
| Net Position - End of the Year | $390,559,048 | $381,924,589 | $26,004,454 | $24,959,002 | $416,563,502 | $406,883,591 |

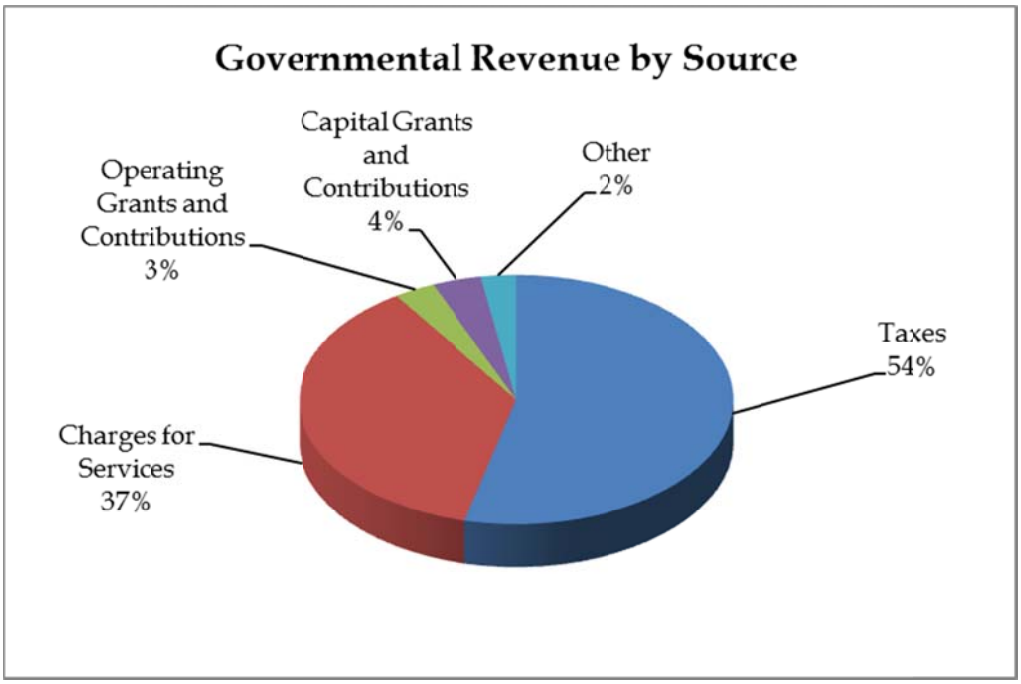
- See note 23 regarding Prior Period Adjustment

Total governmental activities increased the City of Menlo Park's net position by $8,634,459, as revenues closed the year well above expenses, which is similar to how the 2013-14 fiscal year closed. Both revenues and expenses were up in 2014-15 over 2013-14, with revenues increasing by $4,311,458 and expenses increasing by $2,101,587. Program and general revenues increased in a number of categories, however, charges for services and property taxes had the largest year-over-year growth in dollars at $3.85 million year-over-year. Increases in expenses also occurred in a number of operational areas, with Public Safety seeing the most significant year-over-year change of $2.85 million, which is attributed to the allocation of net pension liability as detailed in Note 13 and fewer vacancies when compared to the prior year.

The increases in both revenues and expenses are a reflection of the strong economic conditions under which the City is currently operating. Factoring out one-time occurrences, tax revenues, particularly property tax and transient occupancy tax, are on a growth trend of 11% and 13% respectively. Further, Citywide development activity and increased demand for Community Services programs has driven an increase in service charge revenues of 13%. This increased demand also has had an impact on the expense side, as the increase in service charge revenue has resulted in an increase in actual services being provided in the current or future periods.

The following charts of expenses and sources of funding for the City's various governmental activities have been derived from the Statement of Activities and Changes in Net Position. The first pie chart reflects expenses incurred in each area as a percentage of the total expense of governmental activities ($53,039,271 in fiscal year 2014-15). The second pie chart reflects the sources of funding available to cover the expenses of the governmental activities ($61,484,689 in fiscal year 2014-15). After applying program revenues (charges for services, grants, and contributions) to the cost of governmental activity programs, remaining expenses must be funded out of the City's general revenues – primarily taxes and investment earnings. Areas with the highest program revenues (i.e., Public Works, Culture and Recreation, and Community Development) are able to offset relatively more costs than activities that have fewer opportunities to derive program revenues (such as Public Safety). In total, program revenues covered nearly 51 percent of governmental activity expenses in fiscal year 2014-15, which is up when compared to fiscal year 2013-14 (48 percent).






*Business Type Activities*
The final net position for business-type activities in 2014-15 was $26,004,454. Total program revenues for business-type activities (operation of the Menlo Park Municipal Water District) were $8,165,645, which consisted solely of charges for services related to water usage and capital surcharge fees. Total expenses for the business-type activities were $7,076,047 during 2014-15, nearly all of which were related to water operations. Overall net position increased by $1,045,452 in 2014-15, which considers the $1,089,598 operating surplus discussed above, $146,647 in interest income, and $189,041 in net transfers out for administrative overhead charges.

## FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

### Major Fund Balances – Governmental Funds

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

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

There are four major funds in the Governmental Funds category. Below is a table with a comparison of the fund balance for each of these four funds between 2013-14 and 2014-15, as well as a consolidated comparison of all of the non-major governmental funds for the same time period.

| Governmental Fund Balances | June 30, 2015 | June 30, 2014 | Increase (Decrease) From 2013-14 |
|---|---|---|---|
| General Fund | $ 31,336,832 | $ 27,991,243 | 3,345,589 |
| Housing Fund | 4,806,320 | 4,777,173 | 29,147 |
| Below Market Rate Housing Fund | 14,135,309 | 11,751,143 | 2,384,166 |
| General Capital Improvement Project Fund | 14,471,623 | 13,148,534 | 1,323,089 |
| Other Governmental Funds | 31,120,716 | 27,323,127 | 3,797,589 |
| **TOTAL** | **$ 95,870,800** | **$ 84,991,220** | **$ 10,879,580** |

*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 2014-15 reporting period, the fund balance of the City's General Fund was $31,336,832, an increase of $3,345,589 from the prior year. The rise in fund balance of 12 percent was due to continued strong growth for a number of the City's revenue sources, as well as expenditures falling below expectations. It is important to note that nearly all of the $3.34 million increase in the General Fund's fund balance represents unassigned fund balance. With that said, total General Fund expenditures finished $4.47 million lower than final budget amounts, which was predominantly the result of personnel cost savings throughout the operating departments. This significant expenditure savings highlights a challenge the City is currently facing in which it has the budgetary resources to provide services at the desired level, but it has been unable to staff itself at a level to actually meet the budgeted service level. Addressing this challenge will be a priority for the City in the 2015-16 reporting period.

Although $1.1 million of the fund balance was categorized as "nonspendable", the City's recently-amended General Fund Reserve Policy sets aside ("committed") $6 million for emergency contingencies, $8 million to mitigate the effects of major economic uncertainties, and $1.9 million for strategic pension funding opportunities. Based on the updated reserve policy, the pension-related reserve is slated to grow when the General Fund achieves a net operating surplus in a given year. The reserve policy affirms the Council's desire to limit use of General Fund balances to address unanticipated, one-time needs or opportunities, and establishes a goal range for the City's unrestricted fund balance (including commitments and assignments of fund balance) of 43-55 percent of General Fund expenditures. As of June 30, 2015, the City's General Fund unrestricted fund balance equaled 67.4 percent of the fund's total expenditures, including transfers, for the year and puts this fund balance outside the goal range. This will be partially mitigated by the $1.10 million in assigned fund balance that will be used for 2015-16 spending commitments. Further, it is expected that during the 2015-16 reporting period, portions of unrestricted fund balance may be appropriated for non-recurring needs, which will also bring this portion of fund balance closer to the goal range.

*Below Market Rate Housing Fund Balance*
The Below Market Rate Housing Fund became a major fund for financial statement purposes starting in fiscal year 2011-12, based on the assets of the fund relative to the City's total governmental fund assets. The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have limited income per the limits established by San Mateo County. The program requires the provision of BMR units or in-lieu fees for certain development projects. State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. During the 2014-15 fiscal year, the fund had revenue that included $2,388,211 of BMR in-lieu fees, $178,193 in interest on outstanding loans and interest earnings on fund balance. The fund had expenditures of $182,238 for the overall administration of the BMR program and for maintenance and rehabilitation work on various properties.

*Housing Fund*
As Successor Agency for both housing and non-housing activities of the former redevelopment agency, the City transferred all loans of the former CDA Housing Fund to the City's own, newly established Housing Fund in 2011-12. In previous years, the CDA Housing Fund had received twenty percent of all the tax increment revenues of the former Agency to advance low- and moderate-income housing programs in the area. Per dissolution law, all future tax increment revenues will go to the County, and any unencumbered funds of the former agency will be distributed to other taxing agencies once recognized obligations have been paid. Therefore, the current Housing Fund exists to account for the housing loans of the former Agency. Net revenues from loan payments may go back to the fund to provide further loans or to other qualifying housing programs. The City has elected to report the Housing Fund as a major fund for financial statement purposes.

*General Capital Improvement Project Fund Balance*
The General Capital Improvement Project Fund is also a major fund for financial statement purposes, based on the relative amount of assets in the fund. In 2014-15, fund expenditures were nearly $3.25 million and included work on major projects such as street resurfacing, Sharon Heights Pump station replacement, and improvements to City buildings. Total fund balance increase $1,323,089 from 2013-14 due to a higher than usual transfer from the General Fund to provide the resources necessary for future work programs. This transaction increased the relatively high General Capital Improvement Project fund balance to $14,471,623. It is not unusual for this particular fund to accumulate reserves because of the nature of the fund itself. Major capital and infrastructure projects, such as street resurfacing, require significant capital outlays and are most cost effective when done in large segments. To stabilize the impact on the General Fund, which funds many of these projects, annual transfers are made and reserves are accumulated to then be appropriated as large-scale projects are scheduled to begin.

*Other Governmental Funds Balances*
At the end of the 2014-15 fiscal year, the total fund balance of the City's 28 non-major governmental funds was $31,120,716. This represents a significant (14%) increase in fund balance year-over-year, which is discussed in more detail below.

The fund balances consist of 24 special revenue funds, 2 debt service funds, and 2 capital projects funds. Within the special revenue funds, fourteen fund balances increased over the course of the fiscal year, while ten experienced a drop. The largest fund balance increases were with the Highway Users Tax ($655,566), Transportation Impact Fees ($820,529), and Construction Impact Fees ($1,423,993) Funds. All three of

these funds are utilized to fund large capital and infrastructure projects, and as such, large fluctuations in fund balance year-over-year are not uncommon as revenues can accumulate over several years to ensure adequate funding for large projects. The County Transportation Tax Fund had the largest decrease in fund balance ($280,678) which was primarily the result of $811,120 in maintenance expenditures.

**Propriety Funds**

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

The Water Fund accounts for water supplied to the approximately 4,000 customers of the MPMWD. The net position of the fund at June 30, 2015 was $26,004,454, an increase of $1,045,452 from the prior fiscal year. This overall increase was the result of net income of $401,955 in the Water Operating Fund, and $643,497 in the Water Capital Fund.

Reserve funding policies established in 2006 were revised in 2010, with the City adopting a 16.5 percent annual increase in water meter and consumption block rates through fiscal year 2013-14 based on projected increases in the cost of water. The Water Fund Reserve Policy anticipated the need for transfers/loans from the capital fund to maintain the operating fund during this period of water rate increases. The total transfer amount in 2014-15 from the capital fund to the operating fund was $3,170,491. Further, a capital surcharge was established in 1990 to fund major water capital projects; the surcharge netted the Water Capital Fund $824,528 in fiscal year 2014-15.

*Internal Service Funds*

The City uses internal service funds to account for four major administrative activities: Workers' Compensation Insurance, General Liability Insurance, Retiree Medical Benefits, and Vehicle Replacement. Separation of these programs from the General Fund allows for better tracking and allocation of the costs associated with these "overhead" activities and provides a mechanism for funding those costs in the year incurred. The Vehicle Replacement Fund collected "charges for services" of $345,699 in 2014-15 from the departments and programs that utilize the assets being replaced to provide for the cost of anticipated vehicle purchases.

Departmental charges received in the Workers' Compensation Insurance Fund in the amount of $1,238,002 were not sufficient to meet the actuarially determined costs of current and past claims charged to the funds, as evidenced by the net loss ($524,757) reported in this fund for the fiscal year. This continued a negative net position trend first experienced in 2012-13 despite efforts during the year to balance the fund by increasing charges to department in 2014-15 by 40% when compared to 2013-14. Charges to departments have been increased in fiscal year 2015-16 to mitigate this, and it is also important to note that the claims payable reported in the financial statements reflects the value of outstanding claims, but not necessarily the actual amount of funds that will be spent to settle and/or close claims, which is expected to be less than the outstanding value. The General Liability Fund's collections and interest income exceed its overall expenses by $8,891, which positively impacted its net position as of June 30, 2015.

The Retiree Medical Benefits Fund was created in 2008-09 for the sole purpose of providing contributions to the California Employers Retiree Benefits Trust (CERBT), the funding vehicle for the City's long-term

obligations under its retiree medical benefits program. $9.2 million was sufficient to fund the accumulated liability of these benefits in fiscal year 2007-08. Going forward, the amount of the contributions are generated as a percentage-of-payroll charge, actuarially calculated to reflect full funding of the normal (annual) cost of these benefits. In fiscal year 2014-15 these costs were $542,477, while collections and interest earnings yielded $825,599, which resulted in net income of $283,122. Charges to operating departments to fund the Retiree Medical Benefits Fund are adjusted each year to cover the anticipated cost for providing ongoing retiree medical benefits.

**Fiduciary Operations**

Fiduciary Fund Financial Statements are presented in the Basic Financial Statements separately from the Government-Wide Financial Statements. Prior to 2011-12, the City's only fiduciary funds were agency funds, used to account for certain assets held on behalf of others. As the City's role is purely custodial in these cases, all assets reported in the agency funds are offset by a liability to the party on whose behalf they are held. Total assets of the agency funds held by the City increased from $374,727 to $588,193, which was due largely to the increase in refundable deposits held for current development projects and a increased cash balance for the fiduciary funds.

A new private-purpose trust fund was established in 2011-12 to account for the activities related to the dissolution of the former Community Development Agency of the City of Menlo Park. As previously discussed, the former redevelopment agency was eliminated by State law as of February 1, 2012. All assets and obligations (including long-term debt) of the former agency were transferred to the City, as Successor Agency, as of that date. Housing loans are reported as assets in that governmental fund, but all other assets and liabilities are held in trust capacity in a fiduciary fund. Unlike agency funds, trust funds report an "income statement". As such, the activity of the Successor Agency Trust from 2014-15 is reported in the Statement of Changes in Fiduciary Net Position. Because the transferred debt exceeded the transferred assets of the former agency when this trust was established, the fund ended the 2011-12 fiscal year with a net position of ($26,844,414). Continued disposition of assets of the former community development agency in led to extraordinary losses in the amount of ($17,149,614) in 2012-13 and ($7,373,173) in 2013-14. As of June 30, 2015, the fund's net position was ($42,214,247). It is important to note, however, that because the net negative position is primarily a function of long-term liabilities (debt service), which will be paid by future property tax revenues in the former redevelopment project area, there is no impact on the primary government's current or future financial position.

**DEBT ADMINISTRATION**

As of June 30, 2015, the City's debt obligations were comprised of General Obligation Bonds. These bonds include the City of Menlo Park General Obligation Refunding Bonds, Series 1996, a bond funding used to finance the 1990 Library Improvement Project. The balance of these bonds at June 30, 2015 was $435,000. The bonds are paid from special assessments to property owners within the City. In addition, the City has two outstanding issuances of "Measure T" bonds, approved by voters in 2001, to finance certain parks and recreation improvements. The balance of the original 2002 General Obligation Bonds issuance ($11,165,000) was refinanced through a direct placement sale of 2012 General Obligation Bonds in January 2012. The refinancing allowed for lower interest rates, which will provide debt service savings of nearly $2.5 million over the remaining life of the original obligation. The balance of these bonds at June 30, 2015 was $8,775,000. The second issuance of these "Measure T" bonds was sold on July 1, 2009, adding $10,440,000 to the amount of bonds outstanding. At June 30, 2015, the outstanding balance of these bonds was $10,190,000. Of this 2009 issuance, $830,000 is outstanding on Series A tax exempt bonds. The remaining $9,360,000 is the principal outstanding on Series B taxable Build America Bonds (BABs).

The decision to include BABs in the 2009 financing allowed the City to generate an additional $1,049,000 over the tax exempt bonds.

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

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

As disclosed in the Notes to Basic Financial Statements, a liability has been recorded to reflect the City's obligation to provide post-closure care of the landfill at Bayfront Park. Although the City has established a revenue stream to fund landfill post-closure care, governmental accounting standards require the calculation and recording of the liability associated with this activity. The liability is included in the reporting of the City's long-term debt, at an estimated $4,845,465 at June 30, 2015.

## CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to $374,547,666, net of accumulated depreciation of $100,242,967. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The City's investment in capital assets for the current fiscal year decreased by $975,720 from the prior year as a result of capital asset additions of $6,062,056 offset with depreciation charges ($6,262,794) and net retirements of assets ($774,982). Detailed information on the City's capital assets can be found in Note 5 of this report.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The 2014-15 fiscal year adopted budget for the General Fund reflected an operating deficit, of $417,823 with revenue inclusive of transfers totaling $46,484,555 and expenditures inclusive of transfers totaling $46,902,378. The adopted expenditure budget was increased over the course of the fiscal year to include purchase orders and other commitments from the prior year, as well as any other Council-approved budget adjustments. The final adjusted budget reflected an operating deficit of $846,928. At the end of 2014-15, however, the revenues inclusive of transfers exceeded expenditures inclusive of transfers resulting in an operating surplus of $3,345,589. This was predominantly the result of taxes, licenses and permits, and intergovernmental revenues coming in slightly higher than expected and significant savings in operating expenditures, both of which are discussed further below.

*General Fund Revenues*

The General Fund experienced year-over-year revenue growth for the fourth consecutive year. Overall, revenues, including transfers and asset sales, totaled $48,220,479, which was a $2,706,181 (5.9 percent) increase over 2014-15. Property taxes, sales tax, transient occupancy tax, licenses and permits, and intergovernmental led the way, accounting for the vast majority of the revenue growth. Sales tax revenues continued the slow recovery from the recession but were bolstered by several significant non-recurring transactions, while transient occupancy tax revenues benefitted from a full year of the 12% tax rate, as well as a strong economic climate that resulted in high room and occupancy rates at the City's hotels. Licenses

and permits were up significantly due to the heavy development activity currently underway in the City, and charges for services were up primarily due to higher utilization of City facilities, particularly the recreation buildings.

*General Fund Expenditures*
Total General Fund expenditures, including transfers out, totaled $44,874,890 and were 21.2% higher in 2014-15 than tin the prior year. This is due to a one-time $4.3 million transfer to the Capital Improvement Projects Fund made in 2014-15 that inflated expenditures for that year. Excluding that one-time transfer, General Fund expenditures were up $2,463,035 million, or 6.4 percent. This increase was the result of departmental operations, and the largest year-over-year increases were in Public Safety and General Government. These increases were due to a variety of factors, including vacant positions being filled

While overall expenditures, excluding the one-time transfer, were up over 2014-15 total expenditures were lower than budgeted amounts by $4.47 million. This is entirely the result of operating savings in each of the departments, 59% of which was savings in the Community Development department. While these operational savings enhanced the City's net position for the fiscal year ended June 30, 2015, the inability to staff itself at budgeted levels has resulted in the slight degradation of some service levels. Getting staffing at a level commensurate with the budgeted service levels will be an area of focus in the 2015-16 reporting period.

**ECONOMIC CONDITION AND OUTLOOK**

The City's financial outlook remains sound. Property values remain high, and with a number of large-scale development projects in process, the outlook for future growth in this area is strong. From 2013-14 to 2014-15, property taxes increased by 9.4 percent to $15.40 million. Being the General Fund's largest revenue source, at 32 percent of the total, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the loss of what is called "excess ERAF" (educational revenue augmentation fund). San Mateo County is one of three counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for local schools, which leads to those excess funds being redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's 10-year forecast reflects receiving 50 percent of this revenue through 2016-17 before it drops off completely in 2017-18. This is a highly speculative assumption that simply serves to keep this uncertainty squarely in our sights as we move forward.

Also an area of continued monitoring is the financial health of the State of California. In November 2012, California voters passed Proposition 30, a measure that raises the state sales tax by a quarter-cent for four years and increases income tax rates for individuals who earn more than $250,000 a year for seven years. Passage of the measure is said to have offset the need to make $6 billion per year in cuts in the State budget, cuts that could have impacted local governments. The passage of Proposition 30, coupled with growth in the State economy, has enabled the Governor and the State Legislature to predict a balanced budget and a record surplus at the State level for the upcoming 2015-16 fiscal year. This has lessened the likelihood of looking to the local agencies' revenue sources to balance the State budget. However, there are still challenges ahead for the State budget. The Governor has talked about the need to be conservative in State spending as plans are made to pay off some of the State's bonded debt. These challenges suggest

that the State may yet be looking for additional revenues to address its budget in the years ahead. As always, staff will continue to monitor the long-term budget situation, both locally and at the State level, to keep the City Council informed of critical economic events that may impact the sustainability of the City's spending plan. Further, staff will continue to be proactive in developing plans to promote economic development in the City, aggressively pursue grant funding for significant infrastructure improvements, and continually assess the City's operations and service delivery models to achieve efficiencies where possible.

Going forward, the City of Menlo Park is on solid financial footing. With strong recovery continuing for many of its major revenues sources and a reset expenditure baseline that incorporates the cost containment strategies implemented in response to the recession, the City's budget is structurally balanced. For the 2016-17 and 2017-18, the City's 10-year forecast anticipates continued transfers to capital improvement projects that will draw from unassigned fund balance which is simply the accumulation of budget surpluses from prior years. These transfers will provide for significant investments in the community in an effort to build the infrastructure necessary for private investment that will establish a revenue base capable of carrying the City through future downturns in the regional economy. Moreover, the draw down on unassigned fund balance in 2016-17 and 2017-18, forecast to total $2.50 million, is less than the 2015-16 operating surplus of $3.34 million.

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

## REQUESTS FOR INFORMATION

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

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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# City of Menlo Park
## Statement of Net Position
## June 30, 2015

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and investments | $ 89,349,306 | $ 13,190,664 | $ 102,539,970 |
| Receivables: | | | |
| Accounts | 3,106,585 | 1,032,754 | 4,139,339 |
| Interest | 283,042 | 30,411 | 313,453 |
| Due from other governments | 789,302 | - | 789,302 |
| Deposits and prepaid items | 191,797 | - | 191,797 |
| Total current assets | 93,720,032 | 14,253,829 | 107,973,861 |
| Noncurrent assets: | | | |
| Real estate held for resale | 1,092,019 | - | 1,092,019 |
| Notes receivable | 13,368,466 | - | 13,368,466 |
| Capital assets | | | |
| Non-depreciable | 234,540,086 | 7,673,566 | 242,213,652 |
| Depreciable, net | 126,017,507 | 6,316,507 | 132,334,014 |
| Total capital asset | 360,557,593 | 13,990,073 | 374,547,666 |
| Total noncurrent assets | 375,018,078 | 13,990,073 | 389,008,151 |
| **Total assets** | 468,738,110 | 28,243,902 | 496,982,012 |
| **DEFERRED OUTFLOW OF RESOURCES** | | | |
| Employer pension contribution | 4,149,866 | 78,144 | 4,228,010 |
| Pension related amounts | 2,380 | - | 2,380 |
| **Total deferred outflow of resources** | 4,152,246 | 78,144 | 4,230,390 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 1,930,083 | 1,384,242 | 3,314,325 |
| Accrued payroll | 1,485,448 | 62,002 | 1,547,450 |
| Interest payable | 435,728 | - | 435,728 |
| Deposits | 2,413,728 | 35,928 | 2,449,656 |
| Unearned revenue | 743,341 | - | 743,341 |
| Claims payable due within one year | 776,122 | - | 776,122 |
| Compensated absences due within one year | 1,412,535 | 31,254 | 1,443,789 |
| Landfill postclosure care due within one year | 385,443 | - | 385,443 |
| Long-term debt due within one year | 1,055,000 | - | 1,055,000 |
| Total current liabilities | 10,637,428 | 1,513,426 | 12,150,854 |
| Noncurrent liabilities: | | | |
| Net OPEB liability | (19,931) | - | (19,931) |
| Claims payable due in more than one year | 2,642,902 | - | 2,642,902 |
| Compensated absences due in more than one year | 1,217,902 | 26,624 | 1,244,526 |
| Net pension liability | 33,770,648 | 600,845 | 34,371,493 |
| Landfill postclosure care due in more than one year | 4,460,022 | - | 4,460,022 |
| Long-term debt due in more than one year | 18,344,153 | - | 18,344,153 |
| Total noncurrent liabilities | 60,415,696 | 627,469 | 61,043,165 |
| **Total liabilities** | 71,053,124 | 2,140,895 | 73,194,019 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension related amounts | 10,228,184 | 176,697 | 10,404,881 |
| In-lieu agreement payments | 1,050,000 | - | 1,050,000 |
| **Total deferred inflows of resources** | 11,278,184 | 176,697 | 11,454,881 |
| **NET POSITION** | | | |
| Net investment in capital assets | 341,158,440 | 13,990,073 | 355,148,513 |
| Restricted for: | | | |
| Capital projects | 14,926,424 | 12,445,532 | 27,371,956 |
| Debt service | 2,123,752 | - | 2,123,752 |
| Special projects | 2,010,049 | - | 2,010,049 |
| Unrestricted | 30,340,383 | (431,151) | 29,909,232 |
| **Total net position** | $ 390,559,048 | $ 26,004,454 | $ 416,563,502 |

See accompanying Notes to Basic Financial Statements.

# City of Menlo Park
## Statement of Activities and Changes in Net Position
## For the year ended June 30, 2015

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Total |
|---|---|---|---|---|---|
| **Primary government:** | | | | | |
| Governmental activities: | | | | | |
| General government | $ 8,896,023 | $ 3,053,753 | $ 900 | $ - | $ 3,054,653 |
| Public safety | 17,090,541 | 1,840,342 | 136,713 | - | 1,977,055 |
| Public works | 10,784,753 | 7,063,763 | 293,197 | 427,000 | 7,783,960 |
| Culture and recreation | 11,250,082 | 5,348,966 | 1,445,495 | 1,835,146 | 8,629,607 |
| Community development | 4,166,948 | 5,350,231 | - | - | 5,350,231 |
| Interest on long-term debt | 850,924 | - | - | - | - |
| Total governmental activities | 53,039,271 | 22,657,055 | 1,876,305 | 2,262,146 | 26,795,506 |
| Business-type activities: | | | | | |
| Water | 7,076,047 | 8,165,645 | - | - | 8,165,645 |
| Total business-type activities | 7,076,047 | 8,165,645 | - | - | 8,165,645 |
| **Total primary government** | $ 60,115,318 | $ 30,822,700 | $ 1,876,305 | $ 2,262,146 | $ 34,961,151 |

**General Revenues:**

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Total taxes

Investment earnings

Gain on the sale of capital assets

Miscellaneous

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year, as restated**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.

| Net (Expense) Revenue and Changes in Net Assets | | |
|---|---|---|
| Governmental Activities | Business-Type Activities | Total |
| $ (5,841,370) | $ - | $ (5,841,370) |
| (15,113,486) | - | (15,113,486) |
| (3,000,793) | - | (3,000,793) |
| (2,620,475) | - | (2,620,475) |
| 1,183,283 | - | 1,183,283 |
| (850,924) | - | (850,924) |
| (26,243,765) | - | (26,243,765) |
| - | 1,089,598 | 1,089,598 |
| - | 1,089,598 | 1,089,598 |
| (26,243,765) | 1,089,598 | (25,154,167) |
| 16,827,338 | - | 16,827,338 |
| 6,527,498 | - | 6,527,498 |
| 4,720,226 | - | 4,720,226 |
| 1,983,422 | - | 1,983,422 |
| 3,025,415 | - | 3,025,415 |
| 33,083,899 | - | 33,083,899 |
| 1,311,875 | 146,647 | 1,458,522 |
| 45,544 | - | 45,544 |
| 247,865 | (1,752) | 246,113 |
| 189,041 | (189,041) | - |
| 34,878,224 | (44,146) | 34,834,078 |
| 8,634,459 | 1,045,452 | 9,679,911 |
| 381,924,589 | 24,959,002 | 406,883,591 |
| $ 390,559,048 | $ 26,004,454 | $ 416,563,502 |

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# FUND FINANCIAL STATEMENTS

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

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

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# City of Menlo Park
## Balance Sheet
## Governmental Funds
## June 30, 2015

| | Major Funds | | | | | |
|---|---|---|---|---|---|---|
| | General Fund | Below Market Rate Housing Special Revenue Fund | Housing Special Revenue Fund | General Capital Improvement Project Fund | Non-Major Governmental Funds | Total Governmental Funds |
| **ASSETS** | | | | | | |
| Cash and investments | $ 32,298,257 | $ 6,871,601 | $ 397,497 | $ 14,829,405 | $ 31,650,338 | $ 86,047,098 |
| Receivables: | | | | | | |
| Accounts | 2,243,636 | 22,859 | - | 6,980 | 143,515 | 2,416,990 |
| Interest | 193,624 | 15,751 | - | - | 66,096 | 275,471 |
| Notes | 1,039,943 | 6,154,799 | 5,423,864 | - | 749,860 | 13,368,466 |
| Due from other governments | 577,232 | - | - | - | 212,070 | 789,302 |
| Deposits and prepaid items | 32,945 | - | - | - | 2,041 | 34,986 |
| Due from other funds | 339,414 | - | - | - | 98,642 | 438,056 |
| Real estate held for resale | - | 1,092,019 | - | - | - | 1,092,019 |
| **Total assets** | $ 36,725,051 | $ 14,157,029 | $ 5,821,361 | $ 14,836,385 | $ 32,922,562 | $ 104,462,388 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts payable | $ 1,023,259 | $ 21,720 | $ 58 | $ 204,151 | $ 538,473 | $ 1,787,661 |
| Accrued payroll and related liabilities | 1,342,582 | - | - | 60,611 | 77,495 | 1,480,688 |
| Due to other funds | - | - | - | - | 101,187 | 101,187 |
| Deposits | 1,329,037 | - | - | - | 1,084,691 | 2,413,728 |
| Unearned revenue | 743,341 | - | - | - | - | 743,341 |
| **Total liabilities** | 4,438,219 | 21,720 | 58 | 264,762 | 1,801,846 | 6,526,605 |
| **Deferred Inflows of Resources** | | | | | | |
| In-lieu agreement payments | 950,000 | - | - | 100,000 | - | 1,050,000 |
| Unavailable revenue | - | - | 1,014,983 | - | - | 1,014,983 |
| **Total deferred inflows of resources** | 950,000 | - | 1,014,983 | 100,000 | - | 2,064,983 |
| **Fund Balances:** | | | | | | |
| Nonspendable | 1,072,888 | - | - | - | 2,041 | 1,074,929 |
| Restricted | - | 14,135,309 | 4,806,320 | - | 10,903,388 | 29,845,017 |
| Committed | 15,930,000 | - | - | - | 17,601,964 | 33,531,964 |
| Assigned | 4,468,298 | - | - | 14,471,623 | 2,677,146 | 21,617,067 |
| Unassigned | 9,865,646 | - | - | - | (63,823) | 9,801,823 |
| **Total fund balances** | 31,336,832 | 14,135,309 | 4,806,320 | 14,471,623 | 31,120,716 | 95,870,800 |
| **Total liabilities, deferred inflows of resources, and fund balances** | $ 36,725,051 | $ 14,157,029 | $ 5,821,361 | $ 14,836,385 | $ 32,922,562 | $ 104,462,388 |

See accompanying Notes to Basic Financial Statements.

# City of Menlo Park
## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
## June 30, 2015

| | | |
|---|---|---|
| **Total Fund Balances - Total Governmental Funds** | $ | 95,870,800 |
| Amounts reported for Governmental Activities in the Statement of Net Position were different because: | | |
| Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. | | |
| Non-depreciable (net of real estate held for resale in special revenue funds) | | 234,540,086 |
| Depreciable (net of internal service fund capital assets of $3,335,423) | | 216,161,180 |
| Accumulated depreciation/amortization (net of internal service fund of $2,818,719) | | (90,907,590) |
| 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. | | (435,728) |
| Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds | | 19,931 |
| Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred. | | 4,149,866 |
| In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded. | | (10,225,804) |
| Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financials Statements. | | (4,845,465) |
| Unavailable revenues recorded in Governmental Fund Financial Statements in the amount of $1,014,983, resulting from activities in which revenues were earned but funds were not available, are reclassified as revenues in the Government-Wide Financial Statements. | | 1,014,983 |
| Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The compensated absences is net of the internal service funds in the amount of $4,052 short-term, and $5,879 long-term. | | |
| Long-term liabilities - due within one year: | | |
| Compensated absences payable | | (1,405,895) |
| Long-term debt | | (1,055,000) |
| Long-term liabilities - due in more than one year: | | |
| Compensated absences payable | | (1,212,245) |
| Net pension liability | | (33,770,648) |
| Long-term debt | | (18,344,153) |
| Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position. | | 1,004,730 |
| **Net Position of Governmental Activities** | $ | 390,559,048 |

See accompanying Notes to Basic Financial Statements.

# City of Menlo Park

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

## For the year ended June 30, 2015

| | Major Funds | | | | | |
|---|---|---|---|---|---|---|
| | General Fund | Below Market Rate Housing Special Revenue Fund | Housing Special Revenue Fund | General Capital Improvement Project Fund | Non-Major Governmental Funds | Total Governmental Funds |
| **REVENUES:** | | | | | | |
| Taxes: | | | | | | |
| Secured property taxes | $ 15,400,581 | $ - | $ - | $ - | $ - | $ 15,400,581 |
| Unsecured property taxes | 414,466 | - | - | - | - | 414,466 |
| Other property taxes | 1,012,292 | - | - | - | - | 1,012,292 |
| Sales taxes | 6,527,498 | - | - | - | - | 6,527,498 |
| Other taxes | 7,807,992 | - | - | 82,676 | 1,838,394 | 9,729,062 |
| Special assessments | - | - | - | - | 2,938,371 | 2,938,371 |
| Licenses and permits | 5,104,772 | - | - | - | 458,034 | 5,562,806 |
| Fines and forfeitures | 1,346,449 | - | - | - | - | 1,346,449 |
| Use of money and property | 694,628 | 178,193 | 7,682 | - | 289,985 | 1,170,488 |
| Intergovernmental | 1,397,892 | - | - | 427,000 | 333,788 | 2,158,680 |
| Charges for services | 8,079,826 | 2,388,211 | 40,611 | 30,312 | 4,262,824 | 14,801,784 |
| Other | 28,929 | - | - | - | 205,451 | 234,380 |
| **Total revenues** | 47,815,325 | 2,566,404 | 48,293 | 539,988 | 10,326,847 | 61,296,857 |
| **EXPENDITURES:** | | | | | | |
| Current: | | | | | | |
| General government | 6,286,337 | 4,322 | - | - | 6,855 | 6,297,514 |
| Public safety | 14,917,026 | - | - | - | 38,865 | 14,955,891 |
| Public works | 6,184,971 | - | - | - | 3,610,932 | 9,795,903 |
| Culture and recreation | 9,741,980 | - | - | - | 273,861 | 10,015,841 |
| Community development | 3,147,518 | - | - | - | 366,330 | 3,513,848 |
| Urban development and housing | 21,425 | 144,166 | 19,146 | - | - | 184,737 |
| Capital outlay | 281,703 | 33,750 | - | 3,250,499 | 400,817 | 3,966,769 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 1,000,000 | 1,000,000 |
| Interest and fiscal charges | - | - | - | - | 862,315 | 862,315 |
| **Total expenditures** | 40,580,960 | 182,238 | 19,146 | 3,250,499 | 6,559,975 | 50,592,818 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 7,234,365 | 2,384,166 | 29,147 | (2,710,511) | 3,766,872 | 10,704,039 |
| **OTHER FINANCING SOURCES (USES):** | | | | | | |
| Transfers in | 405,154 | - | - | 4,033,600 | 260,330 | 4,699,084 |
| Transfers out | (4,293,930) | - | - | - | (229,613) | (4,523,543) |
| **Total other financing sources (uses)** | (3,888,776) | - | - | 4,033,600 | 30,717 | 175,541 |
| **Net change in fund balances** | 3,345,589 | 2,384,166 | 29,147 | 1,323,089 | 3,797,589 | 10,879,580 |
| **FUND BALANCES:** | | | | | | |
| Beginning of year, as restated | 27,991,243 | 11,751,143 | 4,777,173 | 13,148,534 | 27,323,127 | 84,991,220 |
| End of year | $ 31,336,832 | $ 14,135,309 | $ 4,806,320 | $ 14,471,623 | $ 31,120,716 | $ 95,870,800 |

See accompanying Notes to Basic Financial Statements.

# City of Menlo Park

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position

## For the year ended June 30, 2015

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | $ | 10,879,580 |
| Amounts reported for governmental activities in the Statement of Activities were different because: | | |
| Governmental Funds reported acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. This amount is net of changes recorded in the internal service funds of $(229,255) . | | 2,483,647 |
| Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount is net of depreciation expense of $142,167 recorded in the internal service funds. | | (5,921,072) |
| Loss on the disposal of capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, it was not reported as expenditures in the Governmental Funds. | | (769,835) |
| 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 unavailable revenue from the prior year. | | 106,131 |
| Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position. | | 4,149,866 |
| Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds. | | (3,297,466) |
| Expenses to accrue for long-term compensated absences and OPEB liability (asset) is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, these expenses are not reported in the Governmental Funds. | | |
| Change in compensated absences | | (362,016) |
| Net change in OPEB asset | | 10,668 |
| Bond proceeds provided current financial resources to Governmental Funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets. | | |
| Long-term debt repayments | | 1,000,000 |
| Proceeds and premiums/discounts on issuance of debt are recorded as revenues/expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and reported as long-term debt and the premium/discounts are amortized over the life of the debt. | | (1,187) |
| Expenses for landfill postclosure costs are expenditures in the Governmental Fund Financial Statements but reduce the liability in the Government-Wide Financial Statements. | | 293,680 |
| Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in the Governmental Funds. The following amount represents the change in accrued interest from the prior year. | | 12,578 |
| 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. | | 49,885 |
| **Change in Net Position of Governmental Activities** | $ | 8,634,459 |

See accompanying Notes to Basic Financial Statements.

# PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

# City of Menlo Park
## Statement of Net Position
## Proprietary Funds
## June 30, 2015

| | Major Enterprise Fund | Governmental Activities |
|---|---|---|
| | Water Fund | Internal Service Funds |
| **ASSETS** | | |
| Current assets: | | |
| Cash and investments | $ 13,190,664 | $ 3,302,208 |
| Receivables: | | |
| Accounts | 1,032,754 | 689,595 |
| Interest | 30,411 | 7,569 |
| Deposits and prepaid expenses | - | 156,811 |
| Total current assets | 14,253,829 | 4,156,183 |
| Capital assets: | | |
| Non-depreciable | 7,673,566 | - |
| Depreciable, net | 6,316,507 | 763,917 |
| Total capital assets | 13,990,073 | 763,917 |
| **Total assets** | 28,243,902 | 4,920,100 |
| **DEFERRED OUTFLOW OF RESOURCES** | | |
| Employer pension contribution | 78,144 | - |
| **Total deferred outflow of resources** | 78,144 | - |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | 1,384,242 | 142,420 |
| Accrued payroll | 62,002 | 4,760 |
| Deposits | 35,928 | - |
| Due to other funds | - | 336,869 |
| Claims payable, due within one year | - | 776,122 |
| Compensated absences, due within one year | 31,254 | 6,640 |
| Total current liabilities | 1,513,426 | 1,266,811 |
| Noncurrent liabilities: | | |
| Claims payable, due in more than one year | - | 2,642,902 |
| Net pension liability | 600,845 | - |
| Compensated absences, due in more than one year | 26,624 | 5,657 |
| Total noncurrent liabilities | 627,469 | 2,648,559 |
| **Total liabilities** | 2,140,895 | 3,915,370 |
| **DEFERRED OUTFLOW OF RESOURCES** | | |
| Pension related amounts | 176,697 | - |
| Total deferred outflow of resources | 176,697 | - |
| **NET POSITION** | | |
| Net investment in capital assets | 13,990,073 | 763,917 |
| Restricted for: | | |
| Capital projects | 12,445,532 | - |
| Unrestricted | (431,151) | 240,813 |
| **Total net position** | $ 26,004,454 | $ 1,004,730 |

See accompanying Notes to Basic Financial Statements.

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

| | Major Enterprise Fund | Governmental Activities |
|---|---|---|
| | Water Fund | Internal Service Funds |
| **OPERATING REVENUES:** | | |
| Charges for services | $ 8,151,238 | $ 2,897,649 |
| Connection fees | 14,407 | - |
| **Total operating revenues** | 8,165,645 | 2,897,649 |
| **OPERATING EXPENSES:** | | |
| Cost of sales and services | 6,513,615 | - |
| Personnel services | - | 106,699 |
| General and administrative | 366,190 | 117,937 |
| Insurance | - | 2,572,850 |
| Depreciation | 196,242 | 145,480 |
| **Total operating expenses** | 7,076,047 | 2,942,966 |
| **OPERATING INCOME (LOSS)** | 1,089,598 | (45,317) |
| **NONOPERATING REVENUES (EXPENSES):** | | |
| Interest income | 146,647 | 35,258 |
| Operating grants and contributions | | 900 |
| Gain on sale of equipment | (1,752) | 45,544 |
| **Total nonoperating revenues** | 144,895 | 81,702 |
| **INCOME (LOSS) BEFORE OPERATING TRANSFERS** | 1,234,493 | 36,385 |
| **TRANSFERS:** | | |
| Transfers in | - | 13,500 |
| Transfers out | (189,041) | - |
| **Total transfers** | (189,041) | 13,500 |
| **Net income (loss)** | 1,045,452 | 49,885 |
| **NET POSITION:** | | |
| Beginning of year, as restated | 24,959,002 | 954,845 |
| End of year | $ 26,004,454 | $ 1,004,730 |

See accompanying Notes to Basic Financial Statements.

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

| | Major Enterprise Fund | Governmental Activities |
|---|---|---|
| | Water Fund | Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Cash received from customers/other funds | $ 8,178,091 | $ 2,214,905 |
| Cash payment to suppliers | (6,050,217) | (2,406,359) |
| Cash payments for general and administrative | (358,561) | - |
| Cash paid to employees | - | (104,013) |
| **Net cash provided (used) by operating activities** | 1,769,313 | (295,467) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | | |
| Transfers from other funds | 3,170,491 | 259,567 |
| Transfers to other funds | (3,175,010) | - |
| Contributions | - | 900 |
| **Net cash provided (used) by noncapital financing activities** | (4,519) | 260,467 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | |
| Acquisition and construction of capital assets | (3,185,717) | (392,693) |
| Proceeds from disposal of capital assets | 3,395 | 45,544 |
| **Net cash provided (used) by capital and related financing activities** | (3,182,322) | (347,149) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Investment income | 148,401 | 35,439 |
| **Net cash provided (used) by investing activities** | 148,401 | 35,439 |
| **Net increase (decrease) in cash and cash equivalents** | (1,269,127) | (346,710) |
| **CASH AND CASH EQUIVALENTS:** | | |
| Beginning of year | 14,459,791 | 3,648,918 |
| End of year | $ 13,190,664 | $ 3,302,208 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:** | | |
| Operating income (loss) | $ 1,089,598 | $ (45,317) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 196,242 | 145,480 |
| Changes in current assets and liabilities: | | |
| Accounts receivable | 87,479 | (682,744) |
| Deferred outflow of resources | (11,208) | - |
| Prepaid expenses | - | (244) |
| Accounts payable | 468,865 | 2,794 |
| Accrued payroll | 8,173 | 321 |
| Insurance claim payable | - | 281,878 |
| Compensated absences | 15,001 | 2,365 |
| Deferred inflow of resources | 176,697 | - |
| Net pension liability | (186,501) | - |
| Deposits | (75,033) | - |
| Total adjustments | 679,715 | (250,150) |
| **Net cash provided (used) by operating activities** | $ 1,769,313 | $ (295,467) |

See accompanying Notes to Basic Financial Statements.

# FIDUCIARY FUND FINANCIAL STATEMENTS

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

# City of Menlo Park
## Statement of Fiduciary Net Position
## June 30, 2015

| | Total Successor Agency Trust Fund | Agency Funds |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and investments: | | |
| Held with City | $ 2,854,983 | $ 274,587 |
| Held with trustees | 10,866,407 | - |
| Prepaids | - | 310,508 |
| Accounts receivable | - | 3,098 |
| **Total assets** | 13,724,822 | $ 588,193 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Interest rate swap | 10,227,690 | |
| Deferred loss of refunding | 2,048,109 | |
| | 12,275,799 | |
| **LIABILITIES** | | |
| Liabilities: | | |
| Accounts payable | 6,546 | $ 84,381 |
| Interest payable | 467,283 | - |
| Deposits | 108,891 | 503,812 |
| Long-term debt: | | |
| Deiravitive instrument liability (Note 6C) | 10,227,690 | - |
| Due within one year | 2,190,000 | - |
| Due in more than one year | 55,214,448 | - |
| **Total liabilities** | 68,214,858 | $ 588,193 |
| **NET POSITION** | | |
| Held in trust for private purpose | (42,214,237) | |
| **Total net position** | $ (42,214,237) | |

See accompanying Notes to Basic Financial Statements.

# City of Menlo Park
## Statement of Changes in Fiduciary Net Position
## Private Purpose Trust Fund - Successor Agency
## For the Period Ending June 30, 2015

| | Total Successor Agency Funds |
|---|---|
| **Additions:** | |
| Property taxes | $ 5,288,865 |
| Investment earnings | 48,571 |
| **Total additions** | 5,337,436 |
| **Deductions:** | |
| Program expenses of former redevelopment agency | 1,498 |
| Interest and fiscal agency expenses of former redevelopment agency | 3,710,558 |
| **Total deductions** | 3,712,056 |
| **Change in net position** | 1,625,380 |
| Net position - beginning of the year | (43,839,617) |
| Net position - end of the year | $ (42,214,237) |

See accompanying Notes to Basic Financial Statements.

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *A. Reporting Entity*

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

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

As of June 30, 2015, the City did not include component units, because as of February 1, 2012, the Community Development Agency was dissolved through State Assembly Bill 1X 26, which dissolved redevelopment agencies throughout the State of California. The activity of the former Community Development Agency was reported in the City's financial statements for the shortened period of July 1, 2012 through January 31, 2012. Subsequent to that, all remaining assets were transferred to the Successor Agency of the former Community Development Agency. The Successor Agency is reported in the City's financial statements as a fiduciary private-purpose trust fund.

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

*Government–Wide Financial Statements*

The City Government–Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *A. Reporting Entity, Continued*

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

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

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

### *B. Basis of Accounting and Measurement Focus*

*Governmental Fund Financial Statements*

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented the following major funds:

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *B. Basis of Accounting and Measurement Focus, Continued*

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

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

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

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

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *B. Basis of Accounting and Measurement Focus, Continued*

*Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

*Fiduciary Fund Financial Statements*

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

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

### *C. Use of Restricted and Unrestricted Net Position*

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *D. Cash and Investments*

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

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

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

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

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

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

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

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

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

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

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

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

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

### *F. Real Estate Held for Resale*

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *G. Long-Term Obligations*

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

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

### *H. Net Position and Fund Equity*

In the Government-Wide Financial Statements, net position is classified in the following categories:

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

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

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

Fund Financial Statements

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

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

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

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

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *H. Net Position and Fund Equity*, Continued

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

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

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

### *I. Use of Estimates*

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

### *J. Compensated Absences*

City employees have vested interests in varying levels of vacation, sick leave, and compensatory time. If compensated absences are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement or termination. Such compensation is calculated at the employees' then prevalent rate at the time of retirement or termination. Whereas vacation and compensatory time is compensated at 100% of accumulated hours, sick leave is accrued and compensated only at retirement at 15% of accumulated hours. On termination, only accrued vacation and compensatory time is compensated, not sick leave. The liabilities for compensated absences of the governmental activities are recorded in the Government-Wide Financial Statements. However, the General Fund is liable for 90% of the total city-wide compensated absence liability. The liabilities of compensated absences of proprietary funds are recorded as liabilities in the appropriate proprietary fund and in the business-type activities in the Government-Wide Financial Statements. The liabilities of compensated absences in the governmental funds are reported in those funds only if there is an unused reimbursable leave still outstanding following an employee's resignation or retirement as of June 30, 2015.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *J. Compensated Absences*, Continued

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

| Bargaining Unit | Vacation | Sick Leave |
|---|---|---|
| SEIU | 336 hours | 1,440 hours |
| AFSCME | 336 hours | 1,440 hours |
| POA | 424 hours | 1,500 hours |
| PMA | 1,400 hours combined | |
| Administration | 1,200 hours combined | |

### *K. Property Taxes*

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

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

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

### *L. Pension*

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *M. Interfund Balances/Internal Balances*

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

### *N. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government reports a deferred charge on refunding debt and deferred employer pension contributions in this category in the government-wide and enterprise statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Employer pension contributions made during period between the measurement date and the report date are deferred and reflected as a reduction in the net pension liability in the subsequent fiscal year.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government reports two items in this category, unavailable revenue and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated period. Unavailable revenue arises only under a modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grant revenues. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Certain changes in the City's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The City reported the unamortized net difference between the projected and actual earnings on pension plans as deferred inflows of resources in the government-wide and enterprise fund's statements of net position.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *O. New Pronouncements*

For the fiscal year ending June 30, 2015, the City has implemented the following Governmental Accounts Standards Board (GASB) Statement:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City restated beginning net position as part of implementation of this standard.

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations)* - The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. There was no effect on net position by the City implementing this new accounting standard.

- GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measure Date* – This objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Report for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City restated beginning net position as part of implementation of this standard.

## 2. CASH AND INVESTMENTS

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

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

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

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

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

### *A. Authorized Investments*

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

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 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, 2015 from the fiscal year ended June 30, 2014, amounted to a decrease of $143,630.

## 2. CASH AND INVESTMENTS, Continued

### *B. Deposits*

At June 30, 2015, the carrying amount of the City's deposits was $2,997,237 and the bank balances were $3,140,349. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name. In addition, the City has $145,000 deposited with the Bay Cities Joint Powers Insurance Authority.

All pooled certificates of deposit and bank balances are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure an agency's deposits by pledging government securities as collateral. The fair 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, 2015.

| | Government-Wide Statement of Net Position | | | Fund Financials | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Fiduciary Funds Statement of Net Position | Total |
| Cash and Investments | $ 89,349,306 | $ 13,190,664 | $ 102,539,970 | $ 3,129,570 | $ 105,669,540 |
| Restricted Cash and Investments | $ - | $ - | $ - | $ 10,866,407 | $ 10,866,407 |

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, 2015, the City had the following cash and investments and maturities:

| | | Investment Maturities (in years) | | | | |
|---|---|---|---|---|---|---|
| Investment Type | Fair Value | 1 year or less | 1-2 years | 2-3 years | 3-4 years | 4-5 years |
| Deposits | $ 2,997,237 | $ 2,997,237 | $ - | $ - | $ - | $ - |
| Petty Cash | 8,240 | 8,240 | - | - | - | - |
| Securities of U.S. Government | | | | | | |
| U.S. Treasury T-notes | 12,526,447 | - | 6,532,463 | 5,993,984 | - | - |
| U.S. Instrumentality | 22,489,416 | - | 4,499,199 | 16,487,740 | 1,502,477 | - |
| Local Agency Investments Funds | 38,713,065 | 38,713,065 | - | - | - | - |
| Commercial paper | 28,935,135 | 7,808,161 | 16,144,981 | 4,981,994 | - | - |
| **Total** | $ 105,669,540 | $ 49,526,703 | $ 27,176,643 | $ 27,463,718 | $ 1,502,477 | $ - |

## 2. CASH AND INVESTMENTS, Continued

### *C. Risks Disclosures*

*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, 2015, the City's pooled cash and investments had the following maturities:

| Maturity | Percentage of Investment |
|---|---|
| Less than one year | 47% |
| One to two years | 26% |
| Two to three years | 26% |
| Three to four years | 1% |

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

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

## 2. CASH AND INVESTMENTS, Continued

### *C. Risks Disclosures, Continued*

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

### *D. External Investment Pool*

The City's investments with LAIF at June 30, 2015, 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, 2015, the City had $ 38,713,065 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value of 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 fair value is not readily available. The City valued its investments in LAIF as of June 30, 2015, 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, 2015, the City's investment in LAIF at fair value amounted to $38,713,065 using a LAIF fair value factor of 1.000375979.

### *E. Successor Agency Pooled Cash and Investments*

Cash and investments consisted of $2,854,983 at June 30, 2015. The Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Restricted cash and investments amounted to $10,866,407. These are funds held by fiscal agents to service outstanding bonds of the former Community Development Agency.

## 3. RECEIVABLES

### *A. Accounts Receivable*

As of June 30, 2015, accounts receivable consisted of the following:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Taxes: | | | |
| Occupancy taxes | $ 1,396,854 | $ - | $ 1,396,854 |
| Property taxes | 149,217 | - | 149,217 |
| Utility taxes | 104,323 | - | 104,323 |
| Sales Taxes | 330,707 | - | 330,707 |
| Total taxes | 1,981,101 | - | 1,981,101 |
| Fines and Forfeitures | 66,038 | - | 66,038 |
| Franchise Fees | 163,608 | - | 163,608 |
| Rental Income | 11,378 | - | 11,378 |
| General Government | 61,445 | - | 61,445 |
| Police | 9,162 | - | 9,162 |
| Public Works | 310,226 | - | 310,226 |
| Water service fees | - | 1,032,754 | 1,032,754 |
| Community Development | 319,109 | - | 319,109 |
| Recreation Programs | 184,518 | - | 184,518 |
| **Total accounts receivable** | $ 3,106,585 | $ 1,032,754 | $ 4,139,339 |

### *B. Notes Receivable*

As of June 30, 2015, notes receivable consisted of the following:

| | Notes Receivable |
|---|---|
| Major Funds: | |
| General Fund | $ 1,039,943 |
| Below Market Rate Housing | 6,154,799 |
| Housing Fund | 5,423,864 |
| Total major funds | 12,618,606 |
| Other Governmental Funds: | |
| Community Development Block Grant | 684,474 |
| Emergency repair loan (ERL) | 65,386 |
| Total special revenue funds | 749,860 |
| **Total notes receivable** | $ 13,368,466 |

## 3. RECEIVABLES, Continued

### *B. Notes Receivable, Continued*

*City Manager Housing*

As part of the employment agreement with the City Manager, effective March 2012, the City Council has authorized a loan evidenced by a note totaling $990,000 in order to assist in the purchase of residential real estate property. The note is secured by a deed of trust on the property. The note bears an interest rate of 3.5% per annum, or, at the option of the City Manager, he may pay 2% per annum interest only, and 1.5% per annum would be deferred until the ultimate sale of the property or payment of the loan. The note is due and payable within 24 months of termination of employment or within 12 months if he no longer resides in the property. Effective January 1, 2014, City Council reduced the interest rate payable to 3% per annum and authorized an additional loan of up to $360,000 for remodeling/renovation of his home with an interest rate of 2.5%. The outstanding balance of the notes at June 30, 2015, was $1,039,943.

*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, 2015, were $684,474. Since the funds have not been legally vested with the City as of June 30, 2015, these funds are reported as unearned revenue.

*Housing Fund*

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

The City assumed a loan the Agency made to Peninsula Habitat for Humanity for purchase of two mini-park lots as sites to develop two single-family houses for very low-income homeowners. Loan repayment is structured as a zero interest note with a twenty-year term. The outstanding balance at June 30, 2015, was $13,000.

The City has housing rehabilitation loans to six eligible participants. Loans bear no or very low interest and are not due until the property changes ownership. The outstanding balance of these loans at June 30, 2015, was $373,724.

**3. RECEIVABLES, Continued**

***B. Notes Receivable, Continued***

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

On October 28, 2002, the Agency made a loan to Menlo Gateway, Inc. to refinance Menlo Gateway's debt in the amount of $4,022,157. The loan bears a compounded interest rate of 3% per annum. The payment is secured by the Deed of Trust. The final payment is due on February 15, 2043. The outstanding balance as of June 30, 2015, was $5,037,140. Menlo Gateway is to make annual payments on the loan as defined in the promissory note.

Total Housing Fund loans at June 30, 2015, amounted to $5,423,864.

*Below Market Rate Housing*

The City uses Below Market Rate Housing Reserve funds to provide residents and employees who work in Menlo Park with second mortgage loans to purchase their first home in Menlo Park. These

"PAL" loans are amortized over 30 years, and are currently restricted to purchasers of Below Market Rate Housing units, which are income and price restricted housing units produced through the City's Below Market Rate Housing program. Outstanding loans at June 30, 2015, were $6,154,799.

*Emergency Repair Loan (ERL)*

The Emergency Repair Loan (ERL) Program is designed to assist lower income households with minor emergency repairs to their home. The revolving loan program was originally funded by a Federal Revenue Sharing Grant. The maximum loan amount is $10,000 at 3% interest per annum, with a loan term of either 5, 10, or 15 years. Outstanding loans at June 30, 2015, were $65,386.

## 4. UNEARNED REVENUE

### *A. Government-Wide Financial Statements*

Unearned revenues in the Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2015, unearned revenues in the Government-Wide Financial Statements were as follows:

| | Governmental Activities |
|---|---|
| Recreation summer programs | $ 549,808 |
| Library donations | 104,111 |
| Percent for art deferred | 8,647 |
| JR League | 775 |
| Successor Agency administration fee | 80,000 |
| **Total** | $ 743,341 |

### *B. Fund Financial Statements*

At June 30, 2015, the following unearned revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

***Governmental Funds:***

| | General Fund |
|---|---|
| Recreation Summer Programs | $ 549,808 |
| Library donations | 104,111 |
| Percent for art deferred | 8,647 |
| JR League | 775 |
| Successor Agency administration | 80,000 |
| **Total** | $ 743,341 |

## 5. CAPITAL ASSETS

### *A. Government-Wide Financial Statements*

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

| | Balance June 30, 2014 | Additions | Retirements | Reclassifications | Balance June 30, 2015 |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Capital assets, not being depreciated/amortized: | | | | | |
| Land | $ 199,256,305 | $ - | $ - | $ - | $ 199,256,305 |
| Land improvements | 32,900,109 | - | - | 21,527 | 32,921,636 |
| Construction in progress | 1,953,563 | 1,384,180 | (668,739) | (306,859) | 2,362,145 |
| Total capital assets, not being depreciated | 234,109,977 | 1,384,180 | (668,739) | (285,332) | 234,540,086 |
| Capital assets, being depreciated/amortized: | | | | | |
| Buildings | 77,022,447 | 176,051 | - | - | 77,198,498 |
| Shared use facilities | 2,600,000 | - | - | - | 2,600,000 |
| Equipment | 7,329,067 | 452,595 | (1,037,121) | 74,447 | 6,818,988 |
| Other improvements | 17,324,805 | 80,109 | - | 210,885 | 17,615,799 |
| Infrastructure | 114,657,739 | 783,405 | (122,718) | - | 115,318,426 |
| Total capital assets, being depreciated/amortized | 218,934,058 | 1,492,160 | (1,159,839) | 285,332 | 219,551,711 |
| *Less accumulated depreciation/amortization for:* | | | | | |
| Buildings | (18,313,301) | (1,577,925) | - | - | (19,891,226) |
| Shared use facilities | (468,000) | (104,000) | - | - | (572,000) |
| Equipment | (5,673,744) | (389,942) | 989,312 | - | (5,074,374) |
| Other improvements | (6,148,375) | (812,376) | - | - | (6,960,751) |
| Infrastructure | (57,922,975) | (3,182,309) | 69,431 | - | (61,035,853) |
| Total accumulated depreciation | (88,526,395) | (6,066,552) | 1,058,743 | - | (93,534,204) |
| Total capital assets, being depreciated/amortized, net | 130,407,663 | (4,574,392) | (101,096) | 285,332 | 126,017,507 |
| **Governmental activities capital assets, net** | $ 364,517,640 | $ (3,190,212) | $ (769,835) | $ - | $ 360,557,593 |

## 5. CAPITAL ASSETS, Continued

### *A. Government-Wide Financial Statements, Continued*

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

| | |
|---|---|
| General government | $ 868,913 |
| Public safety | 2,021,562 |
| Public works | 1,334,031 |
| Culture and recreation | 1,317,422 |
| Community development | 524,624 |
| **Total depreciation expense - governmental departments** | $ 6,066,552 |

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

| | Balance June 30, 2014 | Additions | Retirements | Balance June 30, 2015 |
|---|---|---|---|---|
| **Business Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 1,066,454 | $ - | $ - | $ 1,066,454 |
| Construction in progress | 3,436,621 | 3,170,491 | - | 6,607,112 |
| Total capital assets, not being depreciated | 4,503,075 | 3,170,491 | - | 7,673,566 |
| Capital assets, being depreciated: | | | | |
| Buildings | 4,159,460 | - | - | 4,159,460 |
| Equipment | 540,323 | 15,225 | (61,272) | 494,276 |
| Infrastructure | 8,371,534 | - | - | 8,371,534 |
| Total capital assets, being depreciated | 13,071,317 | 15,225 | (61,272) | 13,025,270 |
| *Less accumulated depreciation for:* | | | | |
| Buildings | (1,713,100) | (83,189) | - | (1,796,289) |
| Equipment | (491,518) | (8,557) | 56,125 | (443,950) |
| Infrastructure | (4,364,028) | (104,496) | - | (4,468,524) |
| Total accumulated depreciation | (6,568,646) | (196,242) | 56,125 | (6,708,763) |
| Total capital assets, being depreciated, net | 6,502,671 | (181,017) | (5,147) | 6,316,507 |
| **Business activities capital assets, net** | $ 11,005,746 | $ 2,989,474 | $ (5,147) | $ 13,990,073 |

## 5. CAPITAL ASSETS, Continued

### *A. Government-Wide Financial Statements, Continued*

Depreciation expense for all proprietary funds was $196,242 for the year ended June 30, 2015, which was recorded in the City's water business-type activity.

## 6. LONG-TERM DEBT

### *A. Long-Term Obligations*

Summary of changes in long-term debt transactions for the year ended June 30, 2015 was as follows:

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 | Due within one year | Due in more than one year |
|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | |
| 1996 General Obligation Refunding Bonds | $ 835,000 | $ - | $ (400,000) | $ 435,000 | $ 435,000 | $ - |
| 2009A General Obligation Bonds | 895,000 | - | (65,000) | 830,000 | 65,000 | 765,000 |
| 2009B General Obligation Bonds | 9,360,000 | - | - | 9,360,000 | - | 9,360,000 |
| Premium on 2009 General Obligation Bonds | 62,476 | - | (2,499) | 59,977 | - | 59,977 |
| 2012 General Obligation Refunding Bonds | 9,310,000 | - | (535,000) | 8,775,000 | 555,000 | 8,220,000 |
| Discount on 2012 General Obligation Bonds | (64,510) | - | 3,686 | (60,824) | - | (60,824) |
| Total governmental activities | $ 20,397,966 | $ - | $ (998,813) | $ 19,399,153 | $ 1,055,000 | $ 18,344,153 |

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 | Due within one year | Due in more than one year |
|---|---|---|---|---|---|---|
| **Fiduciary Activities** | | | | | | |
| 2006 Las Pulgas Project Tax Allocation Bonds | $ 59,725,000 | $ - | $ (2,105,000) | $ 57,620,000 | $ 2,190,000 | $ 55,430,000 |
| Discount on 2006 Las Pulgas Project Tax Allocation Bonds | (229,024) | - | 13,472 | (215,552) | - | (215,552) |
| Total fiduciary activities | $ 59,495,976 | $ - | $ (2,091,528) | $ 57,404,448 | $ 2,190,000 | $ 55,214,448 |

## 6. LONG-TERM DEBT, Continued

### *A. Long-Term Obligations, Continued*

*1996 General Obligation Refunding Bonds*

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

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

The annual debt service requirements to maturity for the 1996 General Obligation Refunding Bonds Outstanding at June 30, 2015, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 435,000 | $ 10,750 | $ 445,750 |
| **Total** | $ 435,000 | $ 10,750 | $ 445,750 |

*2009 General Obligation Bonds*

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

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

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

## 6. LONG-TERM DEBT, Continued

### *A. Long-Term Obligations, Continued*

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

The annual debt service requirements to maturity for the 2009 General Obligation Bonds outstanding at June 30, 2015, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 65,000 | $ 695,185 | $ 760,185 |
| 2017 | 70,000 | 691,935 | 761,935 |
| 2018 | 75,000 | 688,435 | 763,435 |
| 2019 | 75,000 | 684,685 | 759,685 |
| 2020 | 80,000 | 680,935 | 760,935 |
| 2021-2025 | 465,000 | 3,340,175 | 3,805,175 |
| 2026-2030 | 595,000 | 3,191,018 | 3,786,018 |
| 2031-2035 | 2,550,000 | 2,907,518 | 5,457,518 |
| 2036-2040 | 6,215,000 | 1,347,840 | 7,562,840 |
| **Total** | $ 10,190,000 | $ 14,227,726 | $ 24,417,726 |

*2012 General Obligation Bonds*

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

## 6. LONG-TERM DEBT, Continued

### *A. Long-Term Obligations, Continued*

The annual debt service requirements to maturity for the 2012 General Obligation Bonds outstanding at June 30, 2015, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 555,000 | $ 329,063 | $ 884,063 |
| 2017 | 355,000 | 308,250 | 663,250 |
| 2018 | 365,000 | 294,938 | 659,938 |
| 2019 | 380,000 | 281,250 | 661,250 |
| 2020 | 395,000 | 267,000 | 662,000 |
| 2021-2025 | 2,220,000 | 1,101,000 | 3,321,000 |
| 2026-2030 | 2,655,000 | 652,875 | 3,307,875 |
| 2031-2033 | 1,850,000 | 140,438 | 1,990,438 |
| **Total** | $ 8,775,000 | $ 3,374,814 | $ 12,149,814 |

### *B. Prior Years' Defeased Obligations*

*1996 and 2000 Tax Allocation Bonds*

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

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

*2002 General Obligation Bonds*

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

## 6. LONG-TERM DEBT, Continued

### C. *Fiduciary Fund Long Term Obligations*

*2006 Las Pulgas Project Tax Allocation Bonds*

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

The 2006 Bonds were issued as variable rate bonds, with interest calculated monthly. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds and to maximize refunding savings, the Agency entered into a pay-fixed, receive variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed below. The only amounts recorded in the basic financial statements are the net interest receipts, the value of the swap agreement at June 30, 2015, expenditures resulting from the swap agreement and the deferred outflow of resources related to the swap agreement.

*Terms:*

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

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

*Fair Value:* At June 30, 2015, the swap had a negative fair value of ($10,227,690). 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.

## 6. LONG-TERM DEBT, Continued

### *C. Fiduciary Fund Long Term Obligations, Continued*

*Credit Risk:* As of June 30, 2015, the Agency was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Agency would be exposed to credit risk in the amount of the derivative's fair value.

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

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

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

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

## 6. LONG-TERM DEBT, Continued

The annual debt service requirements to mature the Series 2006 Community Development Agency Tax Allocation Refunding Bonds outstanding at June 30, 2015, were as follows:

| Year Ending June 30, | Principal | Swap Interest | Letter of Credit 2% | Remarketing Fee 0.0875% | Total |
|---|---|---|---|---|---|
| 2016 | $ 2,190,000 | $ 2,186,103 | $ 1,185,307 | $ 50,418 | $ 5,611,828 |
| 2017 | 2,785,000 | 2,103,014 | 1,140,257 | 48,501 | 6,076,772 |
| 2018 | 2,895,000 | 1,997,351 | 1,082,966 | 46,064 | 6,021,381 |
| 2019 | 3,010,000 | 1,887,515 | 1,023,413 | 43,531 | 5,964,459 |
| 2020 | 3,150,000 | 1,773,316 | 961,494 | 40,898 | 5,925,707 |
| 2021-2025 | 17,590,000 | 6,982,288 | 3,785,804 | 161,031 | 28,519,123 |
| 2026-2030 | 21,245,000 | 3,381,592 | 1,833,503 | 77,989 | 26,538,084 |
| 2031-2031 | 4,755,000 | 180,405 | 97,816 | 4,161 | 5,037,381 |
| **Total** | $ 57,620,000 | $ 20,491,584 | $ 11,110,560 | $ 472,592 | $ 89,694,735 |

### *C. Fiduciary Fund Long Term Obligations, Continued*

The issuance of the 2006 Las Pulgas Tax Allocation Bonds included a discount of $336,800. This amount was capitalized 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 2015 was a total of $13,472 was recorded in the Successor Agency trust fund for the period ending June 30, 2015.

In connection with the issuance of the 2006 Las Pulgas Tax Allocation Bonds, the City recorded a deferral on refunding of debt which is reported as a deferred outflow of resources. This deferral was in connection with interest payments made to the escrow agent for future payments of interest. The total amount deferred was $3,200,172, which will be amortized over the life of the bond. The amortization recorded in fiscal year 2015 was a total of $128,007 which was recorded in the Successor Agency trust fund for the period ending June 30, 2015.

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

## 7. COMPENSATED ABSENCES

Compensated absences at June 30, 2015, were as follows:

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 | Estimated Due Within One Year | Estimated Due in More than One Year |
|---|---|---|---|---|---|---|
| Governmental Activities | $ 2,266,056 | $ 1,678,614 | $ (1,307,401) | $ 2,637,269 | $ 1,412,535 | $ 1,217,902 |
| Business-Type Activities | 42,877 | 36,935 | (28,767) | 51,045 | 31,254 | 26,624 |
| Total compensated absences | $ 2,308,933 | $ 1,715,549 | $ (1,336,168) | $ 2,688,314 | $ 1,443,789 | $ 1,244,526 |

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

## 8. RISK MANAGEMENT

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

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

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

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

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

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

## 8. RISK MANAGEMENT, Contiuned

Estimated reserves for all claims are recorded in internal service funds. No claim settlement has exceeded the coverage amounts in place for any of the years shown. The amount of claims due in one year from June 30, 2015, is estimated to total $776,122.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2015, 2014, and 2013 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 |
|---|---|---|---|---|
| 2012-2013 | $ 2,538,120 | $ 1,064,707 | $ (548,115) | $ 3,054,712 |
| 2013-2014 | 3,054,712 | 1,031,210 | (948,776) | 3,137,146 |
| 2014-2015 | 3,137,146 | 895,507 | (613,629) | 3,419,024 |

## 9. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2015, were as follows:

*Due To / From Other Funds*

Interfund due to/due from represent short term loans owed for purposed of covering short term negative cash positions and will be repaid when fund revenues are received. The composition of due to/from other funds as of June 30, 2015, is as follows:

| | Due from other funds | | |
|---|---|---|---|
| **Due to other funds** | General Fund | Non-Major Fund | Total |
| Non-Major Governmental Funds | $ 2,545 | $ 98,642 | $ 101,187 |
| Internal Service Funds | 336,869 | | 336,869 |
| **TOTAL** | $ 339,414 | $ 98,642 | $ 438,056 |

All Due To/From Other Funds were established as of June 30, 2015, to cover short-term negative cash balances.

## 9. INTERFUND TRANSACTIONS, Continued

*Interfund Transfers*

Interfund transfers for the year ended June 30, 2015, were as follows:

| Transfers Out/ Transfer to other | Transfers In/ Transfers From other funds Governmental Activities | | | | |
|---|---|---|---|---|---|
| | General Fund | Improvement - General Fund | Internal Fund | Non-Major Funds | Total |
| Governmental Activities | | | | | |
| General Fund | $ - | $ 4,033,600 | $ - | $ 260,330 | $ 4,293,930 |
| Non-Major Funds | 216,113 | | 13,500 | | 229,613 |
| Business-Type Activities | | | | | |
| Water Fund - Operating | 189,041 | | | | 189,041 |
| TOTAL | $ 405,154 | $ 4,033,600 | $ 13,500 | $ 260,330 | $ 4,712,584 |

The most significant transaction was a transfer of $4,033,600 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 restriction of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. The various committed and assigned balances are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. The following are the classifications that were implemented according to GASB 54 at June 30, 2015:

| | General Fund | Below Market Rate Housing Special Revenue | Housing Fund Special Revenue | General Capital Improvement Project Fund | Non-Major Governmental Funds | Total |
|---|---|---|---|---|---|---|
| Nonspendable: | | | | | | |
| Deposits and prepaid items | $ 1,039,943 | $ - | $ - | $ - | $ 2,041 | $ 1,041,984 |
| Notes receivable | 32,945 | - | - | - | - | 32,945 |
| Total nonspendable | 1,072,888 | - | - | - | 2,041 | 1,074,929 |
| Restricted to: | | | | | | |
| Housing | - | 14,135,309 | 5,821,303 | - | 1,384,986 | 21,341,598 |
| Transportation | - | - | - | - | 3,956,212 | 3,956,212 |
| Streets and sidewalks | - | - | - | - | 531,788 | 531,788 |
| Public safety | - | - | - | - | 113,916 | 113,916 |
| Solid waste | - | - | - | - | 4,208,170 | 4,208,170 |
| Stormwater | - | - | - | - | 433,366 | 433,366 |
| Other purposed | - | - | - | - | 274,950 | 274,950 |
| Total restricted | - | 14,135,309 | 5,821,303 | - | 10,903,388 | 30,860,000 |
| Committed to: | | | | | | |
| Streets, sidewalks and parking | - | - | - | - | 13,456,418 | 13,456,418 |
| Stormdrains | - | - | - | - | 159,525 | 159,525 |
| Solid waste | - | - | - | - | 1,279,428 | 1,279,428 |
| Leisure and cultural activities | - | - | - | - | 2,010,131 | 2,010,131 |
| Landscape maintenance | - | - | - | - | 67,008 | 67,008 |
| Community development | - | - | - | - | 629,454 | 629,454 |
| Strategic pension funding | 1,930,000 | - | - | - | - | 1,930,000 |
| Emergency contingency | 6,000,000 | - | - | - | - | 6,000,000 |
| Economic stablization | 8,000,000 | - | - | - | - | 8,000,000 |
| Total committed | 15,930,000 | - | - | - | 17,601,964 | 33,531,964 |
| Assigned to: | | | | | | |
| Infrastructure maintenance | 1,430,944 | - | - | - | - | 1,430,944 |
| Community development | 1,038,000 | - | - | - | 427,360 | 1,465,360 |
| Capital projects | - | - | - | 14,471,623 | 126,034 | 14,597,657 |
| Debt service | - | - | - | - | 2,123,752 | 2,123,752 |
| Other purposes | 1,999,354 | - | - | - | - | 1,999,354 |
| Total assigned | 4,468,298 | - | - | 14,471,623 | 2,677,146 | 21,617,067 |
| Unassigned | 9,865,646 | - | - | - | (63,823) | 9,801,823 |
| Total Fund Balance | $ 31,336,832 | $ 14,135,309 | $ 5,821,303 | $ 14,471,623 | $ 31,120,716 | $ 96,885,783 |

*Nonspendable Amounts* - represents amounts that cannot be spent or appropriated because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**10. FUND BALANCE, CONTINUED**

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

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

The emergency contingency and economic stabilization fund balance amounts in this category, which are considered stabilization arrangements under GASB 54, were established by resolution of the City Council in 2011 as part of the creation of a formal policy on fund balance in the General Fund. The emergency contingency balance as of June 30, 2015 remains at its originally established amount of $6,000,000; however, the City Council may increase or decrease this amount as it deems necessary. The goal for this portion of fund balance is to provide an amount equivalent to 15-20 percent of the General Fund's annual operating budget. These funds can only be used if there is a declaration of a state or federal state of emergency or a local emergency as defined in the Menlo Park Municipal Code Section 2.44.010. The economic stabilization balance as of June 30, 2015 remains at its originally established amount of $8,000,000. Like the emergency contingency balance, this amount can be increased or decreased by the City Council. The goal for this portion of fund balance is to provide an amount equivalent to 20-25 percent of the General Fund's annual operating budget. Council approval is required before expending any portion of this fund balance, and access to these funds is reserved for economic emergency situations such as unplanned major events like a catastrophic disaster requiring expenditures that exceed the amount of the emergency contingency reserve; budgeted revenue being taken over by another entity; or a drop in projected/actual revenue of more than five percent of the General Fund's adopted revenue budget.

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

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

*Unassigned amounts* – represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures exceed amounts restricted, committed, or assigned, the negative amount is reflected as negative unassigned fund balance.

## 11. NET POSITION

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

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

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

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

## 12. OTHER FUND DISCLOSURES

### *Expenditures over Appropriations*

The following funds had an excess of expenditures over appropriations:

| | | |
|---|---|---|
| **Major:** | | |
| Below Market Rate Housing Fund | $ | 21,416 |
| **Non-Major:** | | |
| **Special Revenue Funds:** | | |
| Narcotic Seizure Fund | $ | 2,154 |
| Literacy Grant Fund | | 44,996 |
| Miscellaneous Trust Funds | | 361,081 |

## 13. DEFINED BENEFIT PENSION PLANS

### *A. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan*

#### *I. General Information about the Pension Plan*

***Plan Description*** – All miscellaneous qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

***Benefits Provided*** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Miscellaneous |
|---|---|
| Benefit vesting schedule | 5 years of service |
| Benefit payments | monthly for life |
| Earliest retirement age | 50 |
| Benefit factor for each year of service | |
| as a % of annual salary | 1.30 to 2.70% at age 55 |
| Required employee contribution rates | 8% |
| Required employer contribution rates | 18.738% |

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation of more than 180 days) prior to January 1, 2013 are now referred to as classic members. New/PEPRA miscellaneous members will be enrolled in a 2% at 62 plan. The City contributes 6.25% for New/PEPRA members, and employees' contribute 6.25%.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *A. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued*

#### *I. General Information about the Pension Plan, Continued*

***Employees Covered*** – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 149 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | 233 |
| Total | 382 |

***Contributions*** – Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 7.819 percent of annual pay for the Plan, and employer contribution rate is 17.702 percent of annual payroll for the Plan.

#### *II. Net Pension Liability*

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *A. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued*

#### *II. Net Pension Liability, Continued*

***Actuarial Assumptions*** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.50% |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return (1) | 7.50% |
| Mortality (2) | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**13. DEFINED BENEFIT PENSION PLANS, Continued**

## *A. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued*

### *II. Net Pension Liability, Continued*

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *A. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued*

#### *II. Net Pension Liability, Continued*

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10(a) | Real Return Years 11+(b) |
|---|---|---|---|
| Global Equity | 47.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 12.00% | 6.83% | 6.95% |
| Real Estate | 11.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.00% | 4.50% | 5.09% |
| Liquidity | 2.00% | -0.55% | -1.05% |
| Total | 100% | | |

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *A. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued*

#### *III. Changes in the Net Pension Liability*

The changes in the Net Pension Liability for each Plan follow:

***Miscellaneous Plan:***

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| **Balance at June 30, 2014 (1)** | $ 100,513,857 | $ 74,268,983 | $ 26,244,874 |
| **Changes in the year:** | | | |
| Service cost | 2,430,975 | - | 2,430,975 |
| Interest on the total pension liability | 7,464,650 | - | 7,464,650 |
| Differences between actual and expected experience | - | - | - |
| Changes in assumptions | - | - | - |
| Changes in benefit terms | - | - | - |
| Contribution - employer | - | 2,231,189 | (2,231,189) |
| Contribution - employee | - | 1,006,903 | (1,006,903) |
| Investment income | - | 12,985,317 | (12,985,317) |
| Administrative expenses | - | (111,112) | 111,112 |
| Benefit payments , including refunds of employee contributions | (4,401,346) | (4,401,346) | - |
| **Net changes** | 5,494,279 | 11,710,951 | (6,216,672) |
| **Balance at June 30, 2015** | $ 106,008,136 | $ 85,979,934 | $ 20,028,202 |

(1) – The fiduciary net position includes receivables for employee service buyback, deficiency reserve, fiduciary self-insurance, and OPEB expense.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *A. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued*

#### *III. Changes in the Net Pension Liability, Continued*

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

| | | |
|---|---|---|
| 1% Decrease | | 6.50% |
| Net Pension Liability | $ | 33,913,157 |
| Current Discount Rate | | 7.5% |
| Net Pension Liability | $ | 20,028,202 |
| 1% Increase | | 8.5% |
| Net Pension Liability | $ | 8,504,539 |

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

#### *IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

For the year ended June 30, 2015, the City recognized pension expense of $1,904,431. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 2,604,813 | |
| Net differences between projected and actual earnings on plan investments | | $ 5,889,914 |
| Total | $ 2,604,813 | $ 5,889,914 |

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *A. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued*

#### *IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

$2,604,813 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

| Measurement Period Ending June 30: | | |
|---|---|---|
| 2015 | $ | (1,472,479) |
| 2016 | | (1,472,479) |
| 2017 | | (1,472,479) |
| 2018 | | (1,472,477) |
| Total | $ | (5,889,914) |

#### *V. Payable to Pension Plan*

As of June 30, 2015, the City reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

### *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans*

#### *I. Plan Description*

Substantially all City safety employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) a cost sharing multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's safety employees participate in two separate Safety Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined on an actuarial basis as of June 30 of each year. The City must contribute the amounts determined by CALPERS.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued*

#### *II. Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits for Tier 2 Classic and New/PEPRA members. All members are eligible for non-duty are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

| | 3% @ 50 Safety - Tier 1 Classic |
|---|---|
| Hire Date | Prior to January 1, 2013 |
| Benefit vesting schedule | 5 years service |
| Benefit payment | Monthly for life |
| Retirement age | 50 |
| Monthly benefits, as a % of annual salary | 3.00% |
| Required employee contribution rates | 9.00% |
| Required employer contribution rates | 27.849% |

| | 3% @ 55 Safety - Tier 2 Classic |
|---|---|
| Hire Date | On or after January 1, 2013 |
| Benefit vesting schedule | 5 years service |
| Benefit payments | Monthly for life |
| Retirement age | 55 |
| Monthly benefits, as a % of annual salary | 3.00% |
| Required employee contribution rates | 9.00% |
| Required employer contribution rates | 21.367% |

| | 2.7% @ 57 Safety - New/PEPRA |
|---|---|
| Hire Date | On or after January 1, 2013 |
| Benefit vesting schedule | 5 years service |
| Benefit payments | Monthly for life |
| Retirement age | 57 |
| Monthly benefits, as a % of annual salary | 2.70% |
| Required employee contribution rates | 11.50% |
| Required employer contribution rates | 11.50% |

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued*

#### *II. Benefits Provided, Continued*

***Contributions*** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized against net pension liability for the Plans were as follows:

| | Safety - Tier 1 Classic | Saftey - Tier 2 Classic | Safety - New/PEPRA |
|---|---|---|---|
| Contributions - employer | $ 1,519,614 | $ 47,442 | $ 20,123 |

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plans as follows:

| | Proportionate Share of Net Pension Liability |
|---|---|
| Safety - Tier 1 Classic | $ 14,331,996 |
| Safety - Tier 2 Classic | 10,966 |
| Safety - New/PEPRA | 329 |
| **Total Net Pension Liability** | $ 14,343,291 |

The City's net pension liabilities for the Plans are measured as the proportionate share of the total net pension liability of each Plan. The net pension liability of the Plans are measured as of June 30, 2014, and the total pension liability for the Plans used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans*

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

The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 were as follows:

| | Safety Tier 1 Classic | Safety Tier 2 Classic | Safety PEPRA |
|---|---|---|---|
| Proportion - June 30, 2013 | 0.396669% | 0.000303% | 0.000009% |
| Proportion - June 30, 2014 | 0.382090% | 0.000290% | 0.000010% |
| Change - Increase (Decrease) | -0.014579% | -0.000013% | 0.000001% |

For the year ended June 30, 2015, the City recognized pension expense of $1,450,168. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 1,623,197 | $ - |
| Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions | 2,380 | 144,984 |
| Net differences between projected and actual earnings on plan investments | | 4,369,983 |
| Total | $ 1,625,577 | $ 4,514,967 |

$1,623,197 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued*

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement Period Ending June 30: | | |
|---|---|---|
| 2015 | $ | (1,147,634) |
| 2016 | | (1,147,634) |
| 2017 | | (1,134,643) |
| 2018 | | (1,082,676) |
| Total | $ | (4,512,587) |

***Actuarial Assumptions*** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | Safety Plans |
|---|---|
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.50% |
| Inflation | 2.75% |
| Projected Salary Increase | Varies by entry age and service |
| Investment Rate of Return (1) | 7.50% |
| Mortality | Derived by CalPERS membership data for all funds |

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**13. DEFINED BENEFIT PENSION PLANS, Continued**

## *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued*

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

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees

Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

## 13. DEFINED BENEFIT PENSION PLANS, Continued

### *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued*

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10(a) | Real Return Years 11+(b) |
|---|---|---|---|
| Global Equity | 47.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 12.00% | 6.83% | 6.95% |
| Real Estate | 11.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.00% | 4.50% | 5.09% |
| Liquidity | 2.00% | -0.55% | -1.05% |
| Total | 100% | | |

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

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

| | Miscellaneous Safety - Tier 1 Classic | Miscellaneous Safety - Tier 2 Classic | Miscellaneous Safety - New/PEPRA | Total |
|---|---|---|---|---|
| 1% Decrease | 6.50% | 6.50% | 6.50% | 6.50% |
| Net Pension Liability | $ 24,663,509 | $ 18,870 | $ 568 | $ 24,682,947 |
| Current Discount Rate | 7.50% | 7.50% | 7.50% | 7.50% |
| Net Pension Liability | $ 14,331,996 | $ 10,966 | $ 329 | $ 14,343,291 |
| 1% Increase | 8.50% | 8.50% | 8.50% | 8.50% |
| Net Pension Liability | $ 5,819,275 | $ 4,452 | $ 134 | $ 5,823,861 |

**13. DEFINED BENEFIT PENSION PLANS, Continued**

## *B. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued*

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

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

Payable to the Pension Plan

At June 30, 2015 the City reported a payable of $0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

## *C. Summary of Pension Plan Balances*

Pension related balances presented on the Statement of Net Position as of June 30, 2015 by individual plan are described in the following table:

| | Deferred Employer Contributions | Deferred Outflows - Pension | Net Pension Liability | Deferred Inflows - Pension | Pension Expense |
|---|---|---|---|---|---|
| CALPERS Miscellaneous | $ 2,604,813 | $ - | $ 20,028,202 | $ 5,889,914 | $ 1,904,431 |
| CALPERS Safety Plans | 1,623,197 | 2,380 | 14,343,291 | 4,514,967 | 1,450,168 |
| **Total** | $ 4,228,010 | $ 2,380 | $ 34,371,493 | $ 10,404,881 | $ 3,354,599 |

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

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

*Funding Policy*

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For fiscal year 2014-15, the City contributed $550,668. The City's ARC was $542,000 for fiscal year 2014-15.

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.

## 14. OTHER POST-EMPLOYMENT BENEFITS, Continued

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

| | |
|---|---|
| Annual required contribution | $ 542,000 |
| Interest on net OPEB obligation | 8,000 |
| Adjustment to annual required contribution | (10,000) |
| Annual OPEB cost (expense) | 540,000 |
| Benefit payments | (550,668) |
| Increase (decrease) in net OPEB obligation | (10,668) |
| Net OPEB obligation - beginning of year | (9,263) |
| Net OPEB obligation/(asset) - end of year | $ (19,931) |

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

| Fiscal Year Ended June 30, | OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB (Obligation) Asset |
|---|---|---|---|
| 2013 | 741,000 | 86% | 110,470 |
| 2014 | 546,000 | 122% | (9,263) |
| 2015 | 540,000 | 102% | (19,931) |

*Funded Status*

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

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

A valuation of the City's OPEB obligation must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2013. Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

## 14. OTHER POST-EMPLOYMENT BENEFITS, Continued

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

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

## 15. LANDFILL POST-CLOSURE CARE

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

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

## 15. LANDFILL POST-CLOSURE CARE, Continued

The City's outstanding future post-closure care costs were estimated at $4,845,465 at June 30, 2015. 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 2015:

| | Balance July 1, 2014 | Deletions | Balance June 30, 2015 | Due within one year | Due in more than one year |
|---|---|---|---|---|---|
| **Governmental Activities** | $ 5,139,145 | $ (293,680) | $ 4,845,465 | $ 385,443 | $ 4,460,022 |

## 16. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

The former Community Development Agency of the City of Menlo Park (Agency) was established in 1981 with the adoption of the Las Pulgas Community Development Plan (1981 Plan). Since 1981, the Agency has implemented numerous programs to improve housing in the project area. During the fiscal year 2011-12, the Agency was dissolved in accordance to State Assembly Bill 1X26. All assets of the Agency were transferred to the Successor Agency private-purpose trust fund. More information on the Successor Agency can be found in Note 17.

## 17. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY

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

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

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

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

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

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

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

As of June 30, 2015, all of the assets of the former Community Development Agency have been liquidated and distributed among the affected taxing districts. The Successor Agency's remaining responsibility is for the maintenance of the former agency's debt, which consists of the 2006 Las Pulgas Project Tax Allocation Bonds. More information on these bonds can be found in Section C of Note 6.

## 18. CONTINGENCIES

The City participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2015, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

## 19. LITIGATION

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

## 20. ENCUMBRANCES/COMMITMENTS

The City had various commitments totaling $2,806,099 as of June 30, 2015. The most significant commitments are for plan check services and environmental impact reviews for new developments of the capital improvement projects which include but are not limited to city buildings maintenance, street resurfacing projects, and traffic congestion projects. All commitments are evidenced by contractual agreements with contractors. The encumbrances listed by fund are as follows:

| | |
|---|---|
| **Major:** | |
| General Fund | $ 1,099,202 |
| General Capital Improvement Fund | 503,519 |
| **Non-Major Funds** | 1,203,378 |
| **Total** | $ 2,806,099 |

## 21. JOINT VENTURES

### General

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

### San Francisquito Creek

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

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

In the fiscal year ended June 30, 2015, each member entity contributed $118,000 to cover Authority administrative costs for the year.

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

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

## 21. JOINT VENTURES, Continued

### South Bayside Waste Management Authority

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

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

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

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

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

## 22. NEGATIVE FUND BALANCE

As of June 30, 2015 the Literacy Grants Fund has a negative fund balance of $63,823. The grant funding from the State was reduced late in the fiscal year while the City was committed to make expenditures. The shortfall will be made up in subsequent fiscal years. The Workers Compensation Internal Service Fund had a negative $947,557 fund balance at 6/30/2015. This was mainly due to increased insurance claims and estimated claims liability at 6/30/2015. The City has increased the amount paid by departments by 50% to cover the negative fund balance. The estimated claims liability, however, does not involve cash, cannot be estimated during budget preparation, and the entire amount would most likely not be paid out as it is considered a worst-case scenario.

## 23. PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to reallocate project expenditures to funding sources, correct the recording of sales tax and transient occupancy taxes, record the beginning balance of the net pension liability, and to record employer contributions made for pension in fiscal year 2014 as a deferred outflow of resources.

*Government-wide Statements*

| | Net Position, as Previously Reported | Prior Period Adjustment | | Net Position, as Restated |
|---|---|---|---|---|
| | | Deferred Employer Pension Contributions | Net Pension Liability | |
| Government-Wide Statements | | | | |
| Governmental Activities | $ 422,623,575 | $ 3,751,432 | $ (44,450,418) | $ 381,924,589 |
| Business-type Activities | $ 25,679,413 | $ 66,936 | $ (787,347) | $ 24,959,002 |

*Fund Statements*

| | Fund Balance, as Previously Reported | Prior Period Adjustment | | Fund Balance, as Restated |
|---|---|---|---|---|
| | | Deferred Employer Pension Contributions | Net Pension Liability | |
| Water Enterprise Fund | $ 25,679,413 | $ 66,936 | $ (787,347) | $ 24,959,002 |

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# REQUIRED SUPPLEMENTARY INFORMATION

## 1. 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 XIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.

7. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.

8. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

### *Encumbrances*

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

# City of Menlo Park
## Required Supplementary Information, Continued
## For the year ended June 30, 2015

### *Budgetary Comparison Schedule, General Fund*

| | Budget | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUES:** | | | | |
| Taxes: | | | | |
| Secured property taxes | $ 13,496,925 | $ 14,784,474 | $ 15,400,581 | $ 616,107 |
| Unsecured property taxes | 236,900 | 236,900 | 414,466 | 177,566 |
| Other property taxes | 964,950 | 964,950 | 1,012,292 | 47,342 |
| Sales taxes | 6,618,595 | 6,348,146 | 6,527,498 | 179,352 |
| Other taxes | 7,382,742 | 7,542,436 | 7,807,992 | 265,556 |
| Licenses and permits | 4,880,128 | 4,880,128 | 5,104,772 | 224,644 |
| Fines and forfeitures | 1,319,980 | 1,319,980 | 1,346,449 | 26,469 |
| Use of money and property | 715,004 | 715,004 | 694,628 | (20,376) |
| Intergovernmental | 716,268 | 936,360 | 1,397,892 | 461,532 |
| Charges for services | 8,212,908 | 8,012,908 | 8,079,826 | 66,918 |
| Other | 1,535,000 | 2,305,867 | 28,929 | (2,276,938) |
| **Total revenues** | 46,079,400 | 48,047,153 | 47,815,325 | (231,828) |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government | 6,724,291 | 7,037,891 | 6,286,337 | 751,554 |
| Public safety | 15,382,379 | 15,352,979 | 14,917,026 | 435,953 |
| Public works | 7,022,517 | 6,955,530 | 6,184,971 | 770,559 |
| Culture and recreation | 9,973,594 | 9,730,361 | 9,741,980 | (11,619) |
| Community development | 4,756,195 | 5,553,809 | 3,147,518 | 2,406,291 |
| Urban development and housing | 23,891 | 23,891 | 21,425 | 2,466 |
| Capital outlay | 371,311 | 396,575 | 281,703 | 114,872 |
| **Total expenditures** | 44,254,178 | 45,051,036 | 40,580,960 | 4,470,076 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 1,825,222 | 2,996,117 | 7,234,365 | 4,238,248 |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers in | 405,155 | 405,155 | 405,154 | (1) |
| Transfers out | (2,648,200) | (4,248,200) | (4,293,930) | (45,730) |
| **Total other financing sources (uses)** | (2,243,045) | (3,843,045) | (3,888,776) | (45,731) |
| **Net change in fund balance** | $ (417,823) | $ (846,928) | 3,345,589 | $ 4,192,517 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 27,991,243 | |
| End of year | | | $ 31,336,832 | |

# City of Menlo Park
## Required Supplementary Information, Continued
## For the year ended June 30, 2015

### *Budgetary Comparison Schedule, Below Market Rate Housing Special Revenue Fund*

| | Budget | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 75,000 | $ 75,000 | $ 178,193 | $ 103,193 |
| Charges for services | 365,000 | 365,000 | 2,388,211 | 2,023,211 |
| **Total revenues** | 440,000 | 440,000 | 2,566,404 | 2,126,404 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General Government | - | - | 4,322 | (4,322) |
| Community Development | 81,500 | 156,500 | 144,166 | 12,334 |
| Capital outlay | - | - | 33,750 | (33,750) |
| **Total expenditures** | 81,500 | 156,500 | 182,238 | (21,416) |
| **REVENUES OVER (UNDER) EXPENDITURES** | 358,500 | 283,500 | 2,384,166 | 2,100,666 |
| **Net change in fund balance** | $ 358,500 | $ 283,500 | 2,384,166 | $ 2,100,666 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 11,751,143 | |
| End of year | | | $ 14,135,309 | |

### *Budgetary Comparison Schedule, Housing Special Revenue Fund*

| | Budget | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ - | $ - | $ 7,682 | $ 7,682 |
| Charges for services | - | - | 40,611 | 40,611 |
| **Total revenues** | - | - | 48,293 | 48,293 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Urban development and housing | - | - | 19,146 | (19,146) |
| **Total expenditures** | - | - | 19,146 | (19,146) |
| **REVENUES OVER (UNDER) EXPENDITURES** | - | - | 29,147 | 29,147 |
| **Net change in fund balance** | $ - | $ - | 29,147 | $ 29,147 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 4,777,173 | |
| End of year | | | $ 4,806,320 | |

## 2. DEFINED PENSION PLAN – AGENT MULTIPLE EMPLOYER PLAN

### *A. Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period*

Miscellaneous Plan

| | | |
|---|---|---|
| Measurement Period [1] | | 2013-14 |
| **TOTAL PENSION LIABILITY** | | |
| Service Cost | $ | 2,430,975 |
| Interest | | 7,464,650 |
| Changes of Benefit Terms | | - |
| Difference Between Expected and Actual Experience | | - |
| Changes of Assumptions | | - |
| Benefit Payments, Including Refunds of Employee Contributions | | (4,401,346) |
| **Net Change in Total Pension Liability** | | **5,494,279** |
| **Total Pension Liability - Beginning** | | **100,513,857** |
| **Total Pension Liability - Ending (a)** | **$** | **106,008,136** |
| **PLAN FIDUCIARY NET POSITION** | | |
| Contributions - Employer | $ | 2,231,189 |
| Contributions - Employee | | 1,006,903 |
| Net Investment Income [2] | | 12,874,205 |
| Benefit Payments, Including Refunds of Employee Contributions | | (4,401,346) |
| Other Changes in Fiduciary Net Position | | - |
| **Net Change in Fiduciary Net Position** | | **11,710,951** |
| **Plan Fiduciary Net Position - Beginning** | | **74,268,983** |
| **Plan Fiduciary Net Position - Ending (b)** | **$** | **85,979,934** |
| **Plan Net Position Liability/(Asset) - Ending (a) - (b)** | **$** | **20,028,202** |
| **Plan Fiduciary Net Position as a Percentage of the Total Pension Liability** | | **81.11%** |
| **Covered-Employee Payroll** | **$** | **13,277,488** |
| **Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll** | | **150.84%** |

(1) – Historical information is required only for measurement periods for which GASB 68 is applicable.
(2) – Net of administrative expenses.

Notes to Schedules

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

## 2. DEFINED BENEFIT PENSION PLANS – AGENT MULTIPLE EMPLOYER PLAN, Continued

### *B. Schedule of Miscellaneous Plan Contributions*

Miscellaneous Plan

| | Fiscal Year 2014-15 [1] |
|---|---|
| Actuarially determined contribution | $ 2,604,813 |
| Contribution in relation to the actuarially determined contributions | (2,604,813) |
| Contribtion deficiency (excess) | $ - |
| Covered-emplyee payroll | $ 13,909,694 |
| Contributions as a percentage of covered-employee payroll | 18.73% |

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable

**Note to Schedule**

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Amortization Method/Period | For details, see June 30, 2011 Funding Valuation report |
| Asset Valuation Method | Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation |
| Retirement Age | The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. |

## 3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLANS

### *A. Safety (Tier 1 Classic) Plan*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

As of June 30, 2015
Last of 10 Years*

| | | 6/30/2014 |
|---|---|---|
| Proportion of the net pension liability | | 0.23033% |
| Proportionate share of the net pension liability | $ | 14,331,996 |
| Covered - employee payroll | $ | 5,854,806 |
| Proportionate Share of the net pension liability as percentage of covered-employee payroll | | 244.79% |
| Plan's fiduciary net position | $ | 62,799,054 |
| Plan fiduciary net position as a percentage of the total pension liability | | 81.42% |

**Notes to Schedule:**

***-** Fiscal year 2015 was the 1 st year of implementation, therefore only one year is shown.

## 3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLANS, Continued

### *A. Safety (Tier 1 Classic) Plan, Continued*

**SCHEDULE OF CONTRIBUTIONS**
As of June 30, 2015
Last 10 Years*

| | | 2015 |
|---|---|---|
| Contractually required contribution (actuarially determined) | $ | 1,531,935 |
| Contribution in relation to the actuarially determined contributions | | (1,531,935) |
| Contribtion deficiency (excess) | $ | - |
| Covered-emplyee payroll | $ | 5,499,647 |
| Contributions as a percentage of covered-employee payroll | | 27.86% |

**Note to Schedule**

| | |
|---|---|
| Valuation date: | 6/30/2012 |

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Single and Agent Employers Example | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 19 years |
| Asset valuation method | 15 year smoothed market |
| Inflation | 2.75% |
| Salary increases | 3.30% to 14.20%, depending on Age, Service, and employment |
| Investment rate of return | 7.50% (net of administrative expenses) |
| Retirement age | 50 yrs. |
| Mortality | RP-2000 Healthy Annutant Mortality Table |

* - Fiscal year 2015 was the 1 st year of implementation, therefore only one year is shown

### 3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLANS, Continued

### *B. Safety (Tier 2 Classic) Plan*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

As of June 30, 2015

Last of 10 Years*

| | | 6/30/2014 |
|---|---|---|
| Proportion of the net pension liability | | 0.00018% |
| Proportionate share of the net pension liability | $ | 10,966 |
| Covered - employee payroll | $ | 208,530 |
| Proportionate Share of the net pension liability as percentage of covered-employee payroll | | 5.26% |
| Plan's fiduciary net position | $ | 48,048 |
| Plan fiduciary net position as a percentage of the total pension liability | | 81.42% |

**Notes to Schedule:**

*- Fiscal year 2015 was the 1 st year of implementation, therefore only one year is shown.

## 3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLANS, Continued

### *B. Safety (Tier 2 Classic) Plan, Continued*

**SCHEDULE OF CONTRIBUTIONS**
As of June 30, 2015
Last 10 Years*

| | | 2015 |
|---|---|---|
| Contractually required contribution (actuarially determined) | $ | 70,928 |
| Contribution in relation to the actuarially determined contributions | | (70,928) |
| Contribtion deficiency (excess) | $ | - |
| Covered-emplyee payroll | $ | 311,943 |
| Contributions as a percentage of covered-employee payroll | | 22.74% |

**Note to Schedule**

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Single and Agent Employers Example | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 17 years |
| Asset valuation method | 15 year smoothed market |
| Inflation | 2.75% |
| Salary increases | 3.30% to 14.20% |
| Investment rate of return | 7.50% (net of administrative expenses) |
| Retirement age | 55 years |
| Mortality | RP-2000 Healthy Annutant Mortality Table |

## 3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLANS, Continued

### *C. Safety (New/PEPRA) Plan*

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

As of June 30, 2015

Last of 10 Years*

| | | 6/30/2014 |
|---|---|---|
| Proportion of the net pension liability | | 0.00001% |
| Proportionate share of the net pension liability | $ | 329 |
| Covered - employee payroll | $ | 190,550 |
| Proportionate Share of the net pension liability as percentage of covered-employee payroll | | 0.17% |
| Plan's fiduciary net position | $ | 1,447 |
| Plan fiduciary net position as a percentage of the total pension liability | | 81.43% |

**Notes to Schedule:**

***-** Fiscal year 2015 was the 1 st year of implementation, therefore only one year is shown.

## 3. DEFINED BENEFIT PENSION PLANS – COST SHARING PLANS, Continued

### *C. Safety (New/PEPRA) Plan, Continued*

**SCHEDULE OF CONTRIBUTIONS**
As of June 30, 2015
Last 10 Years*

| | | 2015 |
|---|---|---|
| Contractually required contribution (actuarially determined) | $ | 20,334 |
| Contribution in relation to the actuarially determined contributions | | (20,334) |
| Contribtion deficiency (excess) | $ | - |
| Covered-emplyee payroll | $ | 176,897 |
| Contributions as a percentage of covered-employee payroll | | 11.49% |

**Note to Schedule**

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Single and Agent Employers Example | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | Not available |
| Asset valuation method | 15 year smoothed market |
| Inflation | 2.75% |
| Salary increases | Not available |
| Investment rate of return | 7.50% (net of administrative expenses) |
| Retirement age | 57 years |
| Mortality | RP-2000 Healthy Annutant Mortality Table |

* - Fiscal year 2015 was the 1 st year of implementation, therefore only one year is shown

## 4. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

# SUPPLEMENTARY INFORMATION

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# MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

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# City of Menlo Park

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

## General Capital Improvement Capital Projects Fund

## For the year ended June 30, 2015

| | Budget | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUES:** | | | | |
| Taxes: | | | | |
| Other taxes | $ - | $ - | $ 82,676 | $ 82,676 |
| Intergovernmental | 90,000 | 517,000 | 427,000 | (90,000) |
| Charges for services | - | - | 30,312 | 30,312 |
| **Total revenues** | 90,000 | 517,000 | 539,988 | 22,988 |
| **EXPENDITURES:** | | | | |
| Capital outlay | 7,738,009 | 16,459,809 | 3,250,499 | 13,209,310 |
| **Total expenditures** | 7,738,009 | 16,459,809 | 3,250,499 | 13,209,310 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (7,648,009) | (15,942,809) | (2,710,511) | 13,232,298 |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers in | 2,433,600 | 4,033,600 | 4,033,600 | - |
| **Total other financing sources (uses)** | 2,433,600 | 4,033,600 | 4,033,600 | - |
| **Net change in fund balance** | $ (5,214,409) | $ (11,909,209) | 1,323,089 | $ 13,232,298 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 13,148,534 | |
| End of year | | | $ 14,471,623 | |

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# NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds, Continued:**

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

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

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

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

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

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

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

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

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

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

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

**Debt Service Fund:**

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

# NON-MAJOR GOVERNMENTAL FUNDS

**Capital Projects Funds:**

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

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

# City of Menlo Park
## Combining Balance Sheet
## Non-Major Governmental Funds
## June 30, 2015

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Highway Users Tax | Federal Revenue Sharing | Landscape/ Tree Assessment | Sidewalk Assessment | Landfill Post-Closure |
| **ASSETS** | | | | | |
| Cash and investments | $ 3,340,135 | $ 67,340 | $ 293,513 | $ 431,955 | $ 4,148,811 |
| Receivables: | | | | | |
| Accounts | - | - | - | - | 62,823 |
| Interest | 7,656 | 154 | - | - | 9,510 |
| Notes | - | 65,386 | - | - | - |
| Due from other governments | - | - | 2,300 | - | - |
| Deposits and prepaid items | - | - | - | - | 2,041 |
| Due from other funds | - | - | - | - | - |
| **Total assets** | $ 3,347,791 | $ 132,880 | $ 295,813 | $ 431,955 | $ 4,223,185 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable | $ 71,523 | $ - | $ 179,483 | $ 1,888 | $ 13,309 |
| Accrued payroll and related liabilities | 3,098 | - | 13,819 | 790 | 2,907 |
| Due to other funds | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| **Total liabilities** | 74,621 | - | 193,302 | 2,678 | 16,216 |
| **Fund Balances:** | | | | | |
| Nonspendable | - | - | - | - | 2,041 |
| Restricted | 3,273,170 | 132,880 | 102,511 | 429,277 | 4,204,928 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| **Total fund balances** | 3,273,170 | 132,880 | 102,511 | 429,277 | 4,206,969 |
| **Total liabilities and fund balances** | $ 3,347,791 | $ 132,880 | $ 295,813 | $ 431,955 | $ 4,223,185 |

(Continued)

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| Special Revenue | | | | | | | |
|---|---|---|---|---|---|---|---|
| County Transportation Tax | Public Library | Literacy Grants | Narcotic Seizure | Transportation Impact Fees | Downtown Parking Permits | Storm Drainage Fees | Solid Waste Service |
| $ 632,070 | $ - | $ 75 | $ 50,522 | $ 5,835,888 | $ 3,622,650 | $ 169,830 | $ 1,265,166 |
| 1,743 | - | 46,502 | - | 7,447 | - | - | 25,000 |
| 1,440 | - | - | - | 13,368 | 8,262 | 389 | 2,730 |
| - | - | - | - | - | - | - | - |
| 82,676 | - | - | - | - | - | - | - |
| - | | - | - | - | - | - | - |
| - | 98,642 | - | - | - | - | - | - |
| $ 717,929 | $ 98,642 | $ 46,577 | $ 50,522 | $ 5,856,703 | $ 3,630,912 | $ 170,219 | $ 1,292,896 |
| $ 99,077 | $ 49 | $ 4 | $ - | $ 28,987 | $ 5,787 | $ - | $ 2,879 |
| 23,690 | - | 9,209 | - | 5,015 | 440 | - | 7,347 |
| - | - | 101,187 | - | - | - | - | - |
| 45,000 | - | - | - | 1,039,691 | - | - | - |
| 167,767 | 49 | 110,400 | - | 1,073,693 | 6,227 | - | 10,226 |
| - | - | - | - | - | - | - | - |
| 550,162 | - | - | 50,522 | - | - | 10,694 | 3,242 |
| - | - | - | - | 4,783,010 | 3,624,685 | 159,525 | 1,279,428 |
| - | 98,593 | - | - | - | - | - | - |
| - | - | (63,823) | - | - | - | - | - |
| 550,162 | 98,593 | (63,823) | 50,522 | 4,783,010 | 3,624,685 | 170,219 | 1,282,670 |
| $ 717,929 | $ 98,642 | $ 46,577 | $ 50,522 | $ 5,856,703 | $ 3,630,912 | $ 170,219 | $ 1,292,896 |

(Continued)

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# City of Menlo Park
## Combining Balance Sheet
## Non-Major Governmental Funds, Continued
## June 30, 2015

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Bay Area Air Quality Management | Storm Water Management | Peninsula Partnership Grant | Supplemental Law Enforcement Service | Construction Impact Fees |
| **ASSETS** | | | | | |
| Cash and investments | $ 2,602 | $ 427,029 | $ - | $ 56,955 | $ 5,039,210 |
| Receivables: | | | | | |
| Accounts | - | - | - | - | - |
| Interest | 6 | - | - | 131 | 11,559 |
| Notes | - | - | - | - | - |
| Due from other governments | - | 5,200 | - | 9,162 | - |
| Deposits and prepaid items | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| **Total assets** | $ 2,608 | $ 432,229 | $ - | $ 66,248 | $ 5,050,769 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **Liabilities:** | | | | | |
| Accounts payable | $ - | $ 2,516 | $ - | $ 2,854 | $ 211 |
| Accrued payroll and related liabilities | - | 7,041 | - | - | 1,835 |
| Due to other funds | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| **Total liabilities** | - | 9,557 | - | 2,854 | 2,046 |
| **Fund Balances:** | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 2,608 | 422,672 | - | 63,394 | - |
| Committed | - | - | - | - | 5,048,723 |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| **Total fund balances** | 2,608 | 422,672 | - | 63,394 | 5,048,723 |
| **Total liabilities , deferred inflows of resources, and fund balances** | $ 2,608 | $ 432,229 | $ - | $ 66,248 | $ 5,050,769 |

(Continued)

| Special Revenue | | | | | | Debt Service | |
|---|---|---|---|---|---|---|---|
| Bedwell Bayfront Park Maintenance | Recreation In-Lieu | Sharon Hills Park | Vintage Oaks Landscape | Community Development Block Grant | Miscellaneous Trust | Library GO Bond 1990 | Recreation GO Bond 2002 |
| $ 533,435 | $ 1,426,353 | $ 57,521 | $ 67,411 | $ 725,879 | $ 995,807 | $ 739,697 | $ 1,266,723 |
| - | - | - | - | - | - | - | - |
| 1,226 | 3,270 | 132 | 155 | - | 468 | 1,696 | 2,904 |
| - | - | - | - | 684,474 | - | - | - |
| - | - | - | - | - | - | 1,158 | 111,574 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| $ 534,661 | $ 1,429,623 | $ 57,653 | $ 67,566 | $ 1,410,353 | $ 996,275 | $ 742,551 | $ 1,381,201 |
| $ 4,295 | $ - | $ - | $ 558 | $ 25,367 | $ 99,686 | $ - | $ - |
| 881 | 708 | - | - | - | 715 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 5,176 | 708 | - | 558 | 25,367 | 100,401 | - | - |
| - | - | - | - | - | - | - | - |
| - | 5,922 | - | - | 1,384,986 | 266,420 | | |
| 529,485 | 1,422,993 | 57,653 | 67,008 | - | 629,454 | - | - |
| - | - | - | - | - | - | 742,551 | 1,381,201 |
| - | - | - | - | - | - | - | - |
| 529,485 | 1,428,915 | 57,653 | 67,008 | 1,384,986 | 895,874 | 742,551 | 1,381,201 |
| $ 534,661 | $ 1,429,623 | $ 57,653 | $ 67,566 | $ 1,410,353 | $ 996,275 | $ 742,551 | $ 1,381,201 |

(Continued)

# City of Menlo Park
## Combining Balance Sheet
## Non-Major Governmental Funds, Continued
## June 30, 2015

| | Capital Projects | | |
|---|---|---|---|
| | Library Addition | Measure T 2002 GO Bond | Total Non-Major Governmental Funds |
| **ASSETS** | | | |
| Cash and investments | $ 125,746 | $ 328,015 | $ 31,650,338 |
| Receivables: | | | |
| Accounts | - | - | 143,515 |
| Interest | 288 | 752 | 66,096 |
| Notes | - | - | 749,860 |
| Due from other governments | - | - | 212,070 |
| Deposits and prepaid items | - | - | 2,041 |
| Due from other funds | - | - | 98,642 |
| **Total assets** | $ 126,034 | $ 328,767 | $ 32,922,562 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **Liabilities:** | | | |
| Accounts payable | $ - | $ - | $ 538,473 |
| Accrued payroll and related liabilities | - | - | 77,495 |
| Due to other funds | - | - | 101,187 |
| Deposits | - | - | 1,084,691 |
| **Total liabilities** | - | - | 1,801,846 |
| **Fund Balances:** | | | |
| Nonspendable | - | - | 2,041 |
| Restricted | - | - | 10,903,388 |
| Committed | - | - | 17,601,964 |
| Assigned | 126,034 | 328,767 | 2,677,146 |
| Unassigned | - | - | (63,823) |
| **Total fund balances** | 126,034 | 328,767 | 31,120,716 |
| **Total liabilities , deferred inflows of resources, and fund balances** | $ 126,034 | $ 328,767 | $ 32,922,562 |

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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, 2015

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Highway Users Tax | Federal Revenue Sharing | Landscape/ Tree Assessment | Sidewalk Assessment | Landfill Post-Closure |
| **REVENUES:** | | | | | |
| Other taxes | $ 950,205 | $ - | $ - | $ - | $ - |
| Special assessments | - | - | 455,168 | 303,067 | - |
| Licenses and permits | - | - | - | - | - |
| Use of money and property | 27,625 | 2,903 | - | - | 37,862 |
| Intergovernmental | - | - | - | - | - |
| Charges for services | - | 30 | 3,000 | - | 744,082 |
| Other | - | - | - | - | - |
| **Total revenues** | 977,830 | 2,933 | 458,168 | 303,067 | 781,944 |
| **EXPENDITURES:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | 322,264 | - | 811,120 | 20,533 | 219,562 |
| Culture and recreation | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Capital outlay | - | - | 7,948 | 1,888 | 66,624 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| **Total expenditures** | 322,264 | - | 819,068 | 22,421 | 286,186 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 655,566 | 2,933 | (360,900) | 280,646 | 495,758 |
| **OTHER FINANCING SOURCES (USES):** | | | | | |
| Transfers in | - | - | 159,600 | - | - |
| Transfers out | - | - | (79,378) | (19,790) | (8,226) |
| **Total other financing sources (uses)** | - | - | 80,222 | (19,790) | (8,226) |
| **Net change in fund balances** | 655,566 | 2,933 | (280,678) | 260,856 | 487,532 |
| **FUND BALANCES:** | | | | | |
| Beginning of year, as restated | 2,617,604 | 129,947 | 383,189 | 168,421 | 3,719,437 |
| End of year | $ 3,273,170 | $ 132,880 | $ 102,511 | $ 429,277 | $ 4,206,969 |

(Continued)

| Special Revenue | | | | | | | |
|---|---|---|---|---|---|---|---|
| County Transportation Tax | Public Library | Literacy Grants | Narcotic Seizure | Transportation Impact Fees | Downtown Parking Permits | Storm Drainage Fees | Solid Waste Service |
| $ 888,189 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 458,034 | - | - |
| 6,147 | - | - | - | 43,736 | 33,445 | 1,240 | 10,530 |
| 293,197 | - | 33,503 | - | 24,280 | - | - | 27,581 |
| 86,040 | - | - | 6,807 | 1,063,265 | - | 52,159 | 346,479 |
| - | - | 101,577 | - | - | - | - | 84,524 |
| 1,273,573 | - | 135,080 | 6,807 | 1,131,281 | 491,479 | 53,399 | 469,114 |
| | | | | | | | |
| - | - | - | - | - | - | - | 6,855 |
| - | - | - | 2,154 | - | 6,166 | - | - |
| 1,377,771 | - | - | - | 265,618 | 78,595 | - | 198,078 |
| - | 957 | 245,527 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 16,344 | - | - | - | 45,134 | - | - | 1,978 |
| | | | | | | | |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,394,115 | 957 | 245,527 | 2,154 | 310,752 | 84,761 | - | 206,911 |
| (120,542) | (957) | (110,447) | 4,653 | 820,529 | 406,718 | 53,399 | 262,203 |
| | | | | | | | |
| - | - | 55,000 | - | - | - | - | - |
| - | - | - | - | - | (26,339) | - | (44,393) |
| - | - | 55,000 | - | - | (26,339) | - | (44,393) |
| (120,542) | (957) | (55,447) | 4,653 | 820,529 | 380,379 | 53,399 | 217,810 |
| | | | | | | | |
| 670,704 | 99,550 | (8,376) | 45,869 | 3,962,481 | 3,244,306 | 116,820 | 1,064,860 |
| $ 550,162 | $ 98,593 | $ (63,823) | $ 50,522 | $ 4,783,010 | $ 3,624,685 | $ 170,219 | $ 1,282,670 |

(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, 2015

| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Bay Area Air Quality Management | Storm Water Management (NPDES) | Peninsula Partnership | Supplemental Law Enforcement Services | Construction Impact Fee |
| **REVENUES:** | | | | | |
| Other taxes | $ - | $ - | $ - | $ - | $ - |
| Special assessments | - | 344,990 | - | - | - |
| Licenses and permits | - | - | - | - | - |
| Use of money and property | 15 | - | - | 418 | 39,390 |
| Intergovernmental | - | - | - | 112,433 | - |
| Charges for services | - | 5,100 | - | - | 1,584,408 |
| Other | - | - | - | - | - |
| **Total revenues** | 15 | 350,090 | - | 112,851 | 1,623,798 |
| **EXPENDITURES:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | 30,545 | - |
| Public works | - | 211,344 | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Capital outlay | - | 7,174 | - | 44,097 | 199,805 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| **Total expenditures** | - | 218,518 | - | 74,642 | 199,805 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 15 | 131,572 | - | 38,209 | 1,423,993 |
| **OTHER FINANCING SOURCES (USES):** | | | | | |
| Transfers in | - | - | 45,730 | - | - |
| Transfers out | - | (37,582) | - | - | - |
| **Total other financing sources (uses)** | - | (37,582) | 45,730 | - | - |
| **Net change in fund balances** | 15 | 93,990 | 45,730 | 38,209 | 1,423,993 |
| **FUND BALANCES:** | | | | | |
| Beginning of year, as restated | 2,593 | 328,682 | (45,730) | 25,185 | 3,624,730 |
| End of year | $ 2,608 | $ 422,672 | $ - | $ 63,394 | $ 5,048,723 |

(Continued)

| Special Revenue | | | | | | Debt Service | |
|---|---|---|---|---|---|---|---|
| Bedwell Bayfront Park Maintenance | Recreation In-Lieu | Sharon Hills Park | Vintage Oaks Landscape | Community Development Block Grant | Miscellaneous Trust | Library GO Bond 1990 | Recreation GO Bond 2002 |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - | 341,935 | 1,493,211 |
| - | - | - | - | - | - | - | - |
| 6,105 | 14,029 | 700 | 731 | 43,381 | 2,089 | 6,803 | 8,533 |
| - | - | - | - | (157,206) | - | - | - |
| - | 52,000 | - | - | 196 | 316,981 | - | 2,277 |
| - | - | - | - | - | 19,350 | - | - |
| 6,105 | 66,029 | 700 | 731 | (113,629) | 338,420 | 348,738 | 1,504,021 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 74,504 | 13,734 | 11,645 | 6,164 | - | - | - | - |
| - | - | - | - | - | 27,377 | - | - |
| - | - | - | - | - | 366,330 | - | - |
| 1,170 | 6,036 | - | - | - | - | - | - |
| - | - | - | - | - | - | 400,000 | 600,000 |
| - | - | - | - | - | - | 32,700 | 829,615 |
| 75,674 | 19,770 | 11,645 | 6,164 | - | 393,707 | 432,700 | 1,429,615 |
| (69,569) | 46,259 | (10,945) | (5,433) | (113,629) | (55,287) | (83,962) | 74,406 |
| - | - | - | - | - | - | - | - |
| (13,205) | - | - | - | - | (700) | - | - |
| (13,205) | - | - | - | - | (700) | - | - |
| (82,774) | 46,259 | (10,945) | (5,433) | (113,629) | (55,987) | (83,962) | 74,406 |
| 612,259 | 1,382,656 | 68,598 | 72,441 | 1,498,615 | 951,861 | 826,513 | 1,306,795 |
| $ 529,485 | $ 1,428,915 | $ 57,653 | $ 67,008 | $ 1,384,986 | $ 895,874 | $ 742,551 | $ 1,381,201 |

(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, 2015

| | Capital Projects | | |
|---|---|---|---|
| | Library Addition | Measure T 2002 GO Bond | Total Non-Major Governmental Funds |
| **REVENUES:** | | | |
| Other taxes | $ - | $ - | $ 1,838,394 |
| Special assessments | - | - | 2,938,371 |
| Licenses and permits | - | - | 458,034 |
| Use of money and property | 1,288 | 3,015 | 289,985 |
| Intergovernmental | - | - | 333,788 |
| Charges for services | - | - | 4,262,824 |
| Other | - | - | 205,451 |
| **Total revenues** | 1,288 | 3,015 | 10,326,847 |
| **EXPENDITURES:** | | | |
| Current: | | | |
| General government | - | - | 6,855 |
| Public safety | - | - | 38,865 |
| Public works | - | - | 3,610,932 |
| Culture and recreation | - | - | 273,861 |
| Community development | - | - | 366,330 |
| Capital outlay | 2,619 | - | 400,817 |
| Debt service: | | | |
| Principal | - | - | 1,000,000 |
| Interest | - | - | 862,315 |
| **Total expenditures** | 2,619 | - | 6,559,975 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (1,331) | 3,015 | 3,766,872 |
| **OTHER FINANCING SOURCES (USES):** | | | |
| Transfers in | - | - | 260,330 |
| Transfers out | - | - | (229,613) |
| **Total other financing sources (uses)** | - | - | 30,717 |
| **Net change in fund balances** | (1,331) | 3,015 | 3,797,589 |
| **FUND BALANCES:** | | | |
| Beginning of year, as restated | 127,365 | 325,752 | 27,323,127 |
| End of year | $ 126,034 | $ 328,767 | $ 31,120,716 |

(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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Other taxes | $ 820,359 | $ 820,359 | $ 950,205 | $ 129,846 |
| Use of money and property | 10,000 | 10,000 | 27,625 | 17,625 |
| Intergovernmental | - | - | - | - |
| **Total revenues** | 830,359 | 830,359 | 977,830 | 147,471 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 228,504 | 130,818 | 322,264 | (191,446) |
| Capital outlay | - | 1,671,659 | - | 1,671,659 |
| **Total expenditures** | 228,504 | 1,802,477 | 322,264 | 1,480,213 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 601,855 | (972,118) | 655,566 | (1,627,684) |
| **Net change in fund balance** | $ 601,855 | $ (972,118) | 655,566 | $ 1,627,684 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 2,617,604 | |
| End of year | | | $ 3,273,170 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 600 | $ 600 | $ 2,903 | $ 2,303 |
| Charges for services | - | - | 30 | 30 |
| **Total revenues** | 600 | 600 | 2,933 | 2,333 |
| **Net change in fund balance** | $ 600 | $ 600 | 2,933 | $ 2,333 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 129,947 | |
| End of year | | | $ 132,880 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Special assessments | $ 562,668 | $ 562,668 | $ 455,168 | $ (107,500) |
| Charges for services | 3,300 | 3,300 | 3,000 | (300) |
| **Total revenues** | 565,968 | 565,968 | 458,168 | (107,800) |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 895,202 | 904,700 | 811,120 | 93,580 |
| Capital outlay | 4,500 | 4,500 | 7,948 | (3,448) |
| **Total expenditures** | 899,702 | 909,200 | 819,068 | 90,132 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (333,734) | (343,232) | (360,900) | 17,668 |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers in | 159,600 | 159,600 | 159,600 | - |
| Transfers out | (79,378) | (79,378) | (79,378) | - |
| **Total other financing sources (uses)** | 80,222 | 80,222 | 80,222 | - |
| **Net change in fund balance** | $ (253,512) | $ (263,010) | (280,678) | $ (17,668) |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 383,189 | |
| End of year | | | $ 102,511 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Other taxes | $ - | $ - | $ - | $ - |
| Special assessments | 196,230 | 196,230 | 303,067 | 106,837 |
| **Total revenues** | 196,230 | 196,230 | 303,067 | 106,837 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 16,602 | 16,602 | 20,533 | (3,931) |
| Capital outlay | 164,787 | 238,068 | 1,888 | 236,180 |
| **Total expenditures** | 181,389 | 254,670 | 22,421 | 232,249 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 14,841 | (58,440) | 280,646 | (125,412) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | (19,790) | (19,790) | (19,790) | - |
| **Total other financing sources (uses)** | (19,790) | (19,790) | (19,790) | - |
| **Net change in fund balance** | $ (4,949) | $ (78,230) | 260,856 | $ 339,086 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 168,421 | |
| End of year | | | $ 429,277 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 20,000 | $ 20,000 | $ 37,862 | $ 17,862 |
| Charges for services | 725,000 | 725,000 | 744,082 | 19,082 |
| **Total revenues** | 745,000 | 745,000 | 781,944 | 36,944 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 386,473 | 327,119 | 219,562 | 107,557 |
| Capital outlay | 25,000 | 296,518 | 66,624 | 229,894 |
| **Total expenditures** | 411,473 | 623,637 | 286,186 | 337,451 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 333,527 | 121,363 | 495,758 | (300,507) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | 8,226 | 8,226 | (8,226) | 16,452 |
| **Total other financing sources (uses)** | 8,226 | 8,226 | (8,226) | 16,452 |
| **Net change in fund balance** | $ 325,301 | $ 113,137 | 487,532 | 374,395 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 3,719,437 | |
| End of year | | | $ 4,206,969 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Other taxes | $ 840,000 | $ 840,000 | $ 888,189 | $ 48,189 |
| Use of money and property | 5,000 | 5,000 | 6,147 | 1,147 |
| Intergovernmental | 589,358 | 589,358 | 293,197 | (296,161) |
| Charges for services | 45,000 | 45,000 | 86,040 | 41,040 |
| **Total revenues** | 1,479,358 | 1,479,358 | 1,273,573 | (205,785) |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 1,462,632 | 1,655,190 | 1,377,771 | 277,419 |
| Capital outlay | 99,985 | 1,014,160 | 16,344 | 997,816 |
| **Total expenditures** | 1,562,617 | 2,669,350 | 1,394,115 | 1,275,235 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (83,259) | (1,189,992) | (120,542) | (1,069,450) |
| **Net change in fund balance** | $ (83,259) | $ (1,189,992) | (120,542) | $ 1,069,450 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 670,704 | |
| End of year | | | $ 550,162 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - |
| **Total revenues** | - | - | - | - |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Culture and recreation | 20,765 | 33,765 | 957 | 32,808 |
| **Total expenditures** | 20,765 | 33,765 | 957 | 32,808 |
| **Net change in fund balance** | $ (20,765) | $ (33,765) | (957) | $ (32,808) |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 99,550 | |
| End of year | | | $ 98,593 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Intergovernmental | $ 21,000 | $ 21,000 | $ 33,503 | $ 12,503 |
| Other | 112,000 | 112,000 | 101,577 | (10,423) |
| **Total revenues** | 133,000 | 133,000 | 135,080 | 2,080 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Culture and recreation | 200,531 | 200,531 | 245,527 | (44,996) |
| **Total expenditures** | 200,531 | 200,531 | 245,527 | (44,996) |
| **REVENUES OVER (UNDER) EXPENDITURES** | (67,531) | (67,531) | (110,447) | (42,916) |
| **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** | $ (12,531) | $ (12,531) | (55,447) | $ (42,916) |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | (8,376) | |
| End of year | | | $ (63,823) | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Charges for current services | $ - | $ - | $ 6,807 | $ 6,807 |
| **Total revenues** | - | - | 6,807 | 6,807 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public safety | - | - | 2,154 | (2,154) |
| **Total expenditures** | - | - | 2,154 | (2,154) |
| **REVENUES OVER (UNDER) EXPENDITURES** | - | - | 4,653 | 8,961 |
| **Net change in fund balance** | $ - | $ - | 4,653 | $ 4,653 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 45,869 | |
| End of year | | | $ 50,522 | |

# City of Menlo Park

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

## Transportation Impact Fees Special Revenue Fund

## For the year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 23,000 | $ 23,000 | $ 43,736 | $ 20,736 |
| Intergovernmental | 1,495,000 | 1,495,000 | 24,280 | (1,470,720) |
| Charges for services | 500,000 | 500,000 | 1,063,265 | 563,265 |
| **Total revenues** | 2,018,000 | 2,018,000 | 1,131,281 | (886,719) |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 461,646 | 398,034 | 265,618 | 132,416 |
| Capital outlay | 2,531,617 | 3,422,083 | 45,134 | 3,376,949 |
| **Total expenditures** | 2,993,263 | 3,820,117 | 310,752 | 3,509,365 |
| **Net change in fund balance** | $ (975,263) | $ (1,802,117) | 820,529 | $ 2,622,646 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 3,962,481 | |
| End of year | | | $ 4,783,010 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Licenses and permits | $ 375,000 | $ 375,000 | $ 458,034 | $ 83,034 |
| Use of money and property | 16,000 | 16,000 | 33,445 | 17,445 |
| **Total revenues** | 391,000 | 391,000 | 491,479 | 100,479 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public safety | 21,400 | 21,400 | 6,166 | 15,234 |
| Public works | 76,206 | 1,091,699 | 78,595 | 1,013,104 |
| **Total expenditures** | 97,606 | 1,113,099 | 84,761 | 1,028,338 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 293,394 | (722,099) | 406,718 | (927,859) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | (26,339) | (26,339) | (26,339) | - |
| **Total other financing sources (uses)** | (26,339) | (26,339) | (26,339) | - |
| **Net change in fund balance** | $ 267,055 | $ (748,438) | 380,379 | $ 1,128,817 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 3,244,306 | |
| End of year | | | $ 3,624,685 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 550 | $ 550 | $ 1,240 | $ 690 |
| Charges for services | 5,000 | 5,000 | 52,159 | 47,159 |
| **Total revenues** | 5,550 | 5,550 | 53,399 | 47,849 |
| **EXPENDITURES:** | | | | |
| Capital outlay | 10,694 | 17,941 | - | 17,941 |
| **Total expenditures** | 10,694 | 17,941 | - | 17,941 |
| **Net change in fund balance** | $ (5,144) | $ (12,391) | 53,399 | $ 65,790 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 116,820 | |
| End of year | | | $ 170,219 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 5,500 | $ 5,500 | $ 10,530 | $ 5,030 |
| Intergovernmental | 8,753 | 8,753 | 27,581 | 18,828 |
| Charges for services | 300,000 | 300,000 | 346,479 | 46,479 |
| Other | - | - | 84,524 | 84,524 |
| **Total revenues** | 314,253 | 314,253 | 469,114 | 154,861 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government | 11,797 | 8,554 | 6,855 | 1,699 |
| Public works | 357,000 | 359,538 | 198,078 | 161,460 |
| Capital outlay | - | - | 1,978 | (1,978) |
| **Total expenditures** | 368,797 | 368,092 | 206,911 | 161,181 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (54,544) | (53,839) | 262,203 | (6,320) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | (44,393) | (44,393) | (44,393) | - |
| **Total other financing sources (uses)** | (44,393) | (44,393) | (44,393) | - |
| **Net change in fund balance** | $ (98,937) | $ (98,232) | 217,810 | $ 316,042 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 1,064,860 | |
| End of year | | | $ 1,282,670 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ - | $ - | $ 15 | $ 15 |
| **Total revenues** | - | - | 15 | 15 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | - | - | - | - |
| **Total expenditures** | - | - | - | - |
| **Net change in fund balance** | $ - | $ - | 15 | $ 15 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 2,593 | |
| End of year | | | $ 2,608 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Special assessments | $ 329,000 | $ 329,000 | $ 344,990 | $ 15,990 |
| Charges for services | 5,000 | 5,000 | 5,100 | 100 |
| **Total revenues** | 334,000 | 334,000 | 350,090 | 16,090 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 302,213 | 304,713 | 211,344 | 93,369 |
| Capital outlay | - | - | 7,174 | (7,174) |
| **Total expenditures** | 302,213 | 304,713 | 218,518 | 86,195 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 31,787 | 29,287 | 131,572 | 102,285 |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | (37,582) | (37,582) | (37,582) | - |
| **Total other financing sources (uses)** | (37,582) | (37,582) | (37,582) | - |
| **Net change in fund balance** | $ (5,795) | $ (8,295) | 93,990 | $ 102,285 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 328,682 | |
| End of year | | | $ 422,672 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Intergovernmental | $ - | $ - | $ - | $ - |
| **Total revenues** | - | - | - | - |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Culture and recreation | - | - | - | - |
| **Total expenditures** | - | - | - | - |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers in | - | - | 45,730 | 45,730 |
| **Total other financing sources (uses)** | - | - | 45,730 | 45,730 |
| **Net change in fund balance** | $ - | $ - | 45,730 | $ 45,730 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | (45,730) | |
| End of year | | | $ - | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 250 | $ 250 | $ 418 | $ 168 |
| Intergovernmental | 100,000 | 100,000 | 112,433 | 12,433 |
| **Total revenues** | 100,250 | 100,250 | 112,851 | 12,601 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public safety | 29,000 | 29,000 | 30,545 | (1,545) |
| Capital outlay | 71,000 | 76,934 | 44,097 | 32,837 |
| **Total expenditures** | 100,000 | 105,934 | 74,642 | 31,292 |
| **Net change in fund balance** | $ 250 | $ (5,684) | 38,209 | $ 43,893 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 25,185 | |
| End of year | | | $ 63,394 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 14,000 | $ 14,000 | $ 39,390 | $ 25,390 |
| Charges for services | 1,000,000 | 1,000,000 | 1,584,408 | 584,408 |
| **Total revenues** | 1,014,000 | 1,014,000 | 1,623,798 | 609,798 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 61,441 | 254,663 | - | 254,663 |
| Capital outlay | - | 2,481,256 | 199,805 | 2,281,451 |
| **Total expenditures** | 61,441 | 2,735,919 | 199,805 | 2,536,114 |
| **Net change in fund balance** | $ 952,559 | $ (1,721,919) | 1,423,993 | $ 3,145,912 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 3,624,730 | |
| End of year | | | $ 5,048,723 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 3,000 | $ 3,000 | $ 6,105 | $ 3,105 |
| **Total revenues** | 3,000 | 3,000 | 6,105 | 3,105 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 94,167 | 106,667 | 74,504 | 32,163 |
| Capital outlay | 5,000 | 5,000 | 1,170 | 3,830 |
| **Total expenditures** | 99,167 | 111,667 | 75,674 | 35,993 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (96,167) | (108,667) | (69,569) | (32,888) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | (13,205) | (13,205) | (13,205) | - |
| **Total other financing sources (uses)** | (13,205) | (13,205) | (13,205) | - |
| **Net change in fund balance** | $ (109,372) | $ (121,872) | (82,774) | $ 39,098 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 612,259 | |
| End of year | | | $ 529,485 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 6,000 | $ 6,000 | $ 14,029 | $ 8,029 |
| Charges for services | 250,000 | 250,000 | 52,000 | (198,000) |
| **Total revenues** | 256,000 | 256,000 | 66,029 | (189,971) |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 184,500 | 180,000 | 13,734 | 166,266 |
| Capital outlay | 1,422 | 6,147 | 6,036 | 111 |
| **Total expenditures** | 185,922 | 186,147 | 19,770 | 166,377 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 70,078 | 69,853 | 46,259 | (356,348) |
| **Net change in fund balance** | $ 256,000 | $ 256,000 | 46,259 | $ (209,741) |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 1,382,656 | |
| End of year | | | $ 1,428,915 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 400 | $ 400 | $ 700 | $ 300 |
| **Total revenues** | 400 | 400 | 700 | 300 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 13,000 | 13,000 | 11,645 | 1,355 |
| **Total expenditures** | 13,000 | 13,000 | 11,645 | 1,355 |
| **Net change in fund balance** | $ (12,600) | $ (12,600) | (10,945) | $ 1,655 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 68,598 | |
| End of year | | | $ 57,653 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 300 | $ 300 | $ 731 | $ 431 |
| **Total revenues** | 300 | 300 | 731 | 431 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Public works | 10,190 | 10,190 | 6,164 | 4,026 |
| **Total expenditures** | 10,190 | 10,190 | 6,164 | 4,026 |
| **Net change in fund balance** | $ (9,890) | $ (9,890) | (5,433) | $ 4,457 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 72,441 | |
| End of year | | | $ 67,008 | |

# City of Menlo Park

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

## Community Development Block Grant Special Revenue Fund

## For the year ended June 30, 2015

| | Budget | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 9,000 | $ 9,000 | $ 43,381 | $ 34,381 |
| Intergovernmental | - | - | (157,206) | $ (157,206) |
| Charges for services | - | - | 196 | 196 |
| **Total revenues** | 9,000 | 9,000 | (113,629) | (122,629) |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Urban development and housing | - | - | - | - |
| **Total expenditures** | - | - | - | - |
| **REVENUES OVER (UNDER) EXPENDITURES** | $ 9,000 | $ 9,000 | (113,629) | $ (122,629) |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 1,498,615 | |
| End of year | | | $ 1,384,986 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 1,120 | $ 1,120 | $ 2,089 | $ 969 |
| Charges for services | - | - | 316,981 | 316,981 |
| Other | - | - | 19,350 | 19,350 |
| **Total revenues** | 1,120 | 1,120 | 338,420 | 337,300 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| Culture and recreation | 32,626 | 32,626 | 27,377 | 5,249 |
| Community development | - | - | 366,330 | (366,330) |
| **Total expenditures** | 32,626 | 32,626 | 393,707 | (361,081) |
| **REVENUES OVER (UNDER) EXPENDITURES** | (31,506) | (31,506) | (55,287) | (23,781) |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers out | (700) | (700) | (700) | - |
| **Total other financing sources (uses)** | (700) | (700) | (700) | - |
| **Net change in fund balance** | $ (32,206) | $ (32,206) | (55,987) | $ (23,781) |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 951,861 | |
| End of year | | | $ 895,874 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Special assessments | $ 434,675 | $ 434,675 | $ 341,935 | $ (92,740) |
| Use of money and property | 2,500 | 2,500 | 6,803 | 4,303 |
| **Total revenues** | 437,175 | 437,175 | 348,738 | (88,437) |
| **EXPENDITURES:** | | | | |
| Debt service: | | | | |
| Principal | 405,000 | 405,000 | 400,000 | 5,000 |
| Interest | 32,175 | 32,175 | 32,700 | (525) |
| **Total expenditures** | 437,175 | 437,175 | 432,700 | 4,475 |
| **Net change in fund balance** | $ - | $ - | (83,962) | $ (83,962) |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 826,513 | |
| End of year | | | $ 742,551 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Special assessments | $ 1,400,000 | $ 1,400,000 | $ 1,493,211 | $ 93,211 |
| Use of money and property | 1,700 | 1,700 | 8,533 | 6,833 |
| **Total revenues** | 1,401,700 | 1,401,700 | 1,504,021 | 102,321 |
| **EXPENDITURES:** | | | | |
| Debt service: | | | | |
| Principal | 600,000 | 600,000 | 600,000 | - |
| Interest | 1,041,804 | 1,041,804 | 829,615 | 212,189 |
| **Total expenditures** | 1,641,804 | 1,641,804 | 1,429,615 | 212,189 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (240,104) | (240,104) | 74,406 | (109,868) |
| **Net change in fund balance** | $ (240,104) | $ (240,104) | 74,406 | $ 314,510 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 1,306,795 | |
| End of year | | | $ 1,381,201 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 600 | $ 600 | $ 1,288 | $ 688 |
| **Total revenues** | 600 | 600 | 1,288 | 688 |
| **EXPENDITURES:** | | | | |
| Capital outlay | 40,000 | 47,595 | 2,619 | 44,976 |
| **Total expenditures** | 40,000 | 47,595 | 2,619 | 44,976 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (39,400) | (46,995) | (1,331) | 45,664 |
| **Net change in fund balance** | $ (39,400) | $ (46,995) | (1,331) | $ 45,664 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 127,365 | |
| End of year | | | $ 126,034 | |

# 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amount | (Negative) |
| **REVENUES:** | | | | |
| Use of money and property | $ 1,500 | $ 1,500 | $ 3,015 | $ 1,515 |
| Charges for services | - | - | - | - |
| **Total revenues** | 1,500 | 1,500 | 3,015 | 1,515 |
| **EXPENDITURES:** | | | | |
| Capital outlay | - | 55,791 | - | 55,791 |
| **Total expenditures** | - | 55,791 | - | 55,791 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 1,500 | (54,291) | 3,015 | (54,276) |
| **Net change in fund balance** | $ 1,500 | $ (54,291) | 3,015 | $ 57,306 |
| **FUND BALANCE:** | | | | |
| Beginning of year | | | 325,752 | |
| End of year | | | $ 328,767 | |

# ENTERPRISE FUNDS

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

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

# City of Menlo Park
## Combining Schedule of Net Position
## Enterprise Funds
## June 30, 2015

| | Water Operating Fund | Water Capital Improvement Fund | Total Water Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and investments | $ 721,946 | $ 12,468,718 | $ 13,190,664 |
| Receivables: | | | |
| Accounts | 957,516 | 75,238 | 1,032,754 |
| Interest | 1,814 | 28,597 | 30,411 |
| Due from other funds | - | 858,326 | 858,326 |
| Total current assets | 1,681,276 | 13,430,879 | 15,112,155 |
| Capital assets: | | | |
| Non-depreciable | 7,673,566 | - | 7,673,566 |
| Depreciable, net | 6,316,507 | - | 6,316,507 |
| Total capital assets | 13,990,073 | - | 13,990,073 |
| **Total assets** | 15,671,349 | 13,430,879 | 29,102,228 |
| **DEFERRED OUTFLOW OF RESOURCES** | | | |
| Employer pension contribution | 52,096 | 26,048 | 78,144 |
| **Total deferred outflow of resources** | 52,096 | 26,048 | 78,144 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 660,578 | 723,664 | 1,384,242 |
| Accrued payroll | 45,862 | 16,140 | 62,002 |
| Deposits | 35,928 | - | 35,928 |
| Compensated absences | 24,553 | 6,701 | 31,254 |
| Due to other funds | 858,326 | - | 858,326 |
| Total current liabilities | 1,625,247 | 746,505 | 2,371,752 |
| Noncurrent liabilities: | | | |
| Net pension liability | 400,563 | 200,282 | 600,845 |
| Compensated absences | 20,915 | 5,709 | 26,624 |
| Total noncurrent liabilities | 421,478 | 205,991 | 627,469 |
| **Total liabilities** | 2,046,725 | 952,496 | 2,999,221 |
| **DEFERRED INFLOW OF RESOURCES** | | | |
| Pension related amounts | 117,798 | 58,899 | 176,697 |
| Total deferred inflow of resources | 117,798 | 58,899 | 176,697 |
| **NET POSITION** | | | |
| Invested in capital assets, net of related debt | 13,990,073 | - | 13,990,073 |
| Restricted for: | | | |
| Capital projects | - | 12,445,532 | 12,445,532 |
| Unrestricted | (431,151) | - | (431,151) |
| **Total net position** | $ 13,558,922 | $ 12,445,532 | $ 26,004,454 |

# City of Menlo Park
## Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
## Enterprise Funds
## For the year ended June 30, 2015

| | Water Operating Fund | Water Capital Improvement Fund | Total Water Funds |
|---|---|---|---|
| **OPERATING REVENUES:** | | | |
| Water sales | $ 7,326,710 | $ 824,528 | $ 8,151,238 |
| Connection fees | 14,407 | - | 14,407 |
| **Total operating revenues** | 7,341,117 | 824,528 | 8,165,645 |
| **OPERATING EXPENSES:** | | | |
| Cost of sales and services | 6,188,335 | 325,280 | 6,513,615 |
| General and administrative | 366,190 | - | 366,190 |
| Depreciation | 196,242 | - | 196,242 |
| **Total operating expenses** | 6,750,767 | 325,280 | 7,076,047 |
| **OPERATING INCOME (LOSS)** | 590,350 | 499,248 | 1,089,598 |
| **NONOPERATING REVENUES (EXPENSES):** | | | |
| Interest income | 2,398 | 144,249 | 146,647 |
| Gain (Loss) on sale of equipment | (1,752) | - | (1,752) |
| **Total nonoperating revenues** | 646 | 144,249 | 144,895 |
| **INCOME (LOSS) BEFORE TRANSFERS** | 590,996 | 643,497 | 1,234,493 |
| **TRANSFERS:** | | | |
| Transfers in | 3,170,491 | - | 3,170,491 |
| Transfers out | (189,041) | (3,170,491) | (3,359,532) |
| **Total transfers** | 2,981,450 | (3,170,491) | (189,041) |
| **Net income (loss)** | 3,572,446 | (2,526,994) | 1,045,452 |
| **NET POSITION:** | | | |
| Beginning of year, as restated | 9,986,476 | 14,972,526 | 24,959,002 |
| End of year | $ 13,558,922 | $ 12,445,532 | $ 26,004,454 |

# City of Menlo Park
## Combining Schedule of Cash Flows
## Enterprise Funds
## For the year ended June 30, 2015

| | Water Operating Fund | Water Capital Improvement Fund | Total Water Funds |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Cash received from customers/other funds | $ 7,328,214 | $ 849,877 | 8,178,091 |
| Cash payment to suppliers | (6,050,217) | - | (6,050,217) |
| Cash payments for general and administrative | (358,561) | - | (358,561) |
| **Net cash provided (used) by operating activities** | 919,436 | 849,877 | 1,769,313 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | | | |
| Transfers in | 3,170,491 | - | 3,170,491 |
| Transfers out | (189,041) | (2,985,969) | (3,175,010) |
| **Net cash provided (used) by noncapital financing activities** | 2,981,450 | (2,985,969) | (4,519) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | | |
| Proceeds from disposal of equipment | 3,395 | - | 3,395 |
| Acquisition and construction of capital assets | (3,185,717) | - | (3,185,717) |
| **Net cash provided (used) by capital and related financing activities** | (3,182,322) | - | (3,182,322) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Investment income | 2,398 | 146,003 | 148,401 |
| **Net cash provided (used) by investing activities** | 2,398 | 146,003 | 148,401 |
| **Net increase (decrease) in cash and cash equivalents** | 720,962 | (1,990,089) | (1,269,127) |
| **CASH AND CASH EQUIVALENTS:** | | | |
| Beginning of year | 984 | 14,458,807 | 14,459,791 |
| End of year | $ 721,946 | $ 12,468,718 | $ 13,190,664 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:** | | | |
| Operating income (loss) | $ 590,350 | $ 499,248 | $ 1,089,598 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 196,242 | - | 196,242 |
| Changes in current assets and liabilities: | | | |
| Accounts receivable | 62,130 | 25,349 | 87,479 |
| Deferred outflow of resources | (7,472) | (3,736) | (11,208) |
| Accounts payable | 138,118 | 330,747 | 468,865 |
| Accrued payroll | 10,506 | (2,333) | 8,173 |
| Compensated absences | 11,131 | 3,870 | 15,001 |
| Deferred inflow of resources | 117,798 | 58,899 | 176,697 |
| Net pension liability | (124,334) | (62,167) | (186,501) |
| Deposits | (75,033) | - | (75,033) |
| Total adjustments | 329,086 | 350,629 | 679,715 |
| **Net cash provided (used) by operating activities** | $ 919,436 | $ 849,877 | $ 1,769,313 |

# INTERNAL SERVICE FUNDS

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

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

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

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

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

# City of Menlo Park
## Combining Statement of Net Position
## Internal Service Funds
## June 30, 2015

| | Workers' Compensation Insurance | General Liability Insurance | Other Post Employment Benefits | Vehicle Replacement | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash, cash equivalents and investments | $ 2,165,783 | $ 782,099 | $ - | $ 354,326 | $ 3,302,208 |
| Receivables: | | | | | |
| Accounts | 15,745 | 86,657 | 552,669 | 34,524 | 689,595 |
| Interest | 3,846 | 2,911 | - | 812 | 7,569 |
| Deposits and prepaid items | 95,000 | 50,000 | 11,811 | - | 156,811 |
| Total current assets | 2,280,374 | 921,667 | 564,480 | 389,662 | 4,156,183 |
| Capital assets: | | | | | |
| Depreciable, net | - | - | - | 763,917 | 763,917 |
| Total capital assets | - | - | - | 763,917 | 763,917 |
| **Total assets** | 2,280,374 | 921,667 | 564,480 | 1,153,579 | 4,920,100 |
| **LIABILITIES AND NET ASSETS** | | | | | |
| **Liabilities:** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 112,147 | 11,852 | 17,267 | 1,154 | 142,420 |
| Accrued payroll | 3,245 | 1,515 | - | - | 4,760 |
| Due to other funds | - | - | 336,869 | - | 336,869 |
| Claims payable, due within one year | 692,640 | 83,482 | - | - | 776,122 |
| Compensated absences payable, due within one year | 5,126 | 1,514 | - | - | 6,640 |
| Total current liabilities | 813,158 | 98,363 | 354,136 | 1,154 | 1,266,811 |
| Claims payable, due in more than one year | 2,410,406 | 232,496 | - | - | 2,642,902 |
| Compensated absences payable, due in more than one year | 4,367 | 1,290 | - | - | 5,657 |
| **Total liabilities** | 3,227,931 | 332,149 | 354,136 | 1,154 | 3,915,370 |
| **Net Position:** | | | | | |
| Invested in capital assets, net of related debt | - | - | - | 763,917 | 763,917 |
| Unrestricted | (947,557) | 589,518 | 210,344 | 388,508 | 240,813 |
| **Total net position** | $ (947,557) | $ 589,518 | $ 210,344 | $ 1,152,425 | $ 1,004,730 |

# City of Menlo Park
## Combining Statement of Revenues, Expenses and Changes in Net Position
## Internal Service Funds
## For the year ended June 30, 2015

| | Workers' Compensation Insurance | General Liability Insurance | Other Post Employment Benefits | Vehicle Replacement | Total |
|---|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | | |
| Charges for services | $ 1,238,002 | $ 488,824 | $ 825,124 | $ 345,699 | $ 2,897,649 |
| **Total operating revenues** | 1,238,002 | 488,824 | 825,124 | 345,699 | 2,897,649 |
| **OPERATING EXPENSES:** | | | | | |
| Personnel services | 73,653 | 33,046 | - | - | 106,699 |
| General and administrative | 27,757 | 91,973 | (5,053) | 3,260 | 117,937 |
| Insurance | 1,661,349 | 363,971 | 547,530 | - | 2,572,850 |
| Depreciation | - | - | - | 145,480 | 145,480 |
| **Total operating expenses** | 1,762,759 | 488,990 | 542,477 | 148,740 | 2,942,966 |
| **OPERATING INCOME (LOSS)** | (524,757) | (166) | 282,647 | 196,959 | (45,317) |
| **NONOPERATING REVENUES (EXPENSES):** | | | | | |
| Interest and investment earnings | 21,564 | 9,057 | 475 | 4,162 | 35,258 |
| Operating grants and contributions | - | - | - | 900 | 900 |
| Gain (loss) on sale of equipment | - | - | - | 45,544 | 45,544 |
| **Total nonoperating revenues (expenses)** | 21,564 | 9,057 | 475 | 50,606 | 81,702 |
| **INCOME (LOSS) BEFORE TRANSFERS** | (503,193) | 8,891 | 283,122 | 247,565 | 36,385 |
| **TRANSFERS:** | | | | | |
| Transfers in | - | - | - | 13,500 | 13,500 |
| **Total transfers** | - | - | - | 13,500 | 13,500 |
| **NET INCOME (LOSS)** | (503,193) | 8,891 | 283,122 | 261,065 | 49,885 |
| **NET POSITION:** | | | | | |
| Beginning of the year | (444,364) | 580,627 | (72,778) | 891,360 | 954,845 |
| End of the year | $ (947,557) | $ 589,518 | $ 210,344 | $ 1,152,425 | $ 1,004,730 |

# City of Menlo Park
## Combining Statement of Cash Flows
## Internal Service Funds
## For the year ended June 30, 2015

| | Workers' Compensation Insurance | General Liability Insurance | Other Post Employment Benefits | Vehicle Replacement | Total |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | | | |
| Cash received from other funds including cash deposits | $ 1,222,257 | $ 402,167 | $ 279,306 | $ 311,175 | $ 2,214,905 |
| Cash paid to suppliers | (1,307,333) | (571,035) | (525,885) | (2,106) | (2,406,359) |
| Cash paid to employees | (73,254) | (30,759) | - | - | (104,013) |
| **Net cash provided (used) by operating activities** | (158,330) | (199,627) | (246,579) | 309,069 | (295,467) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | | | | | |
| Proceeds from other funds | - | - | 246,067 | 13,500 | 259,567 |
| Contributions | - | - | - | 900 | 900 |
| **Net cash provided (used) by noncapital financing activities** | - | - | 246,067 | 14,400 | 260,467 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | | | | |
| Proceeds from disposal of equipment | - | - | - | 45,544 | 45,544 |
| Acquisition and construction of capital assets | - | - | - | (392,693) | (392,693) |
| **Net cash provided (used) by capital and related financing activities** | - | - | - | (347,149) | (347,149) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | | | |
| Investment earnings received (paid) | 22,583 | 8,204 | 512 | 4,140 | 35,439 |
| **Net cash provided (used) by investing activities** | 22,583 | 8,204 | 512 | 4,140 | 35,439 |
| **Net increase (decrease) in cash cash and cash equivalents** | (135,747) | (191,423) | - | (19,540) | (346,710) |
| Cash, cash equivalents, and investments at beginning of year | 2,301,530 | 973,522 | - | 373,866 | 3,648,918 |
| Cash, cash equivalents, and investments at end of year | $ 2,165,783 | $ 782,099 | $ - | $ 354,326 | $ 3,302,208 |

# City of Menlo Park
## Combining Statement of Cash Flows, Continued
## Internal Service Funds
## For the year ended June 30, 2015

| | 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) | $ (524,757) | $ (166) | $ 282,647 | $ 196,959 | $ (45,317) |
| Depreciation | - | - | - | 145,480 | 145,480 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Accounts receivable | (15,745) | (86,657) | (545,818) | (34,524) | (682,744) |
| Prepaid expenses | - | - | (244) | - | (244) |
| Accounts payable | (13,416) | (1,780) | 16,836 | 1,154 | 2,794 |
| Payroll liabilities | (134) | 455 | - | - | 321 |
| Insurance claim payable | 395,189 | (113,311) | - | - | 281,878 |
| Compensated absence payable | 533 | 1,832 | - | - | 2,365 |
| Total adjustments | 366,427 | (199,461) | (529,226) | 112,110 | (250,150) |
| **Net cash provided (used) by operating activities** | $ (158,330) | $ (199,627) | $ (246,579) | $ 309,069 | $ (295,467) |

# City of Menlo Park
## Combining Statement of Net Position
## Agency Funds
## June 30, 2015

| | Refundable Deposits | Cash Bonds Payable | Payroll Revolving | Total Agency Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 502,912 | $ 900 | $ (229,225) | $ 274,587 |
| Accounts receivable | - | - | 3,098 | 3,098 |
| Prepaids | - | - | 310,508 | 310,508 |
| **Total assets** | $ 502,912 | $ 900 | $ 84,381 | $ 588,193 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ - | $ 84,381 | $ 84,381 |
| Deposits | 502,912 | 900 | - | 503,812 |
| **Total liabilities** | $ 502,912 | $ 900 | $ 84,381 | $ 588,193 |

# City of Menlo Park
## Combining Statement of Changes in Net Position
## Agency Funds
## For the year ended June 30, 2015

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|---|---|---|---|---|
| **Refundable Deposits** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 373,827 | $ 502,912 | $ (373,827) | $ 502,912 |
| **Liabilities:** | | | | |
| Deposits | $ 373,827 | $ 502,912 | $ (373,827) | $ 502,912 |
| **Cash Bonds Payable** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 900 | $ - | $ - | $ 900 |
| **Liabilities:** | | | | |
| Deposits | $ 900 | $ - | $ - | $ 900 |
| **Payroll Revolving** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ (342,942) | $ 342,942 | $ (229,225) | $ (229,225) |
| Accounts receivable | 652 | 3,098 | (652) | 3,098 |
| Prepaids | 342,290 | 310,508 | (342,290) | 310,508 |
| **Total assets** | $ - | $ 656,548 | $ (572,167) | $ 84,381 |
| **Liabilities:** | | | | |
| Accounts payable | $ - | $ 84,381 | $ - | $ 84,381 |
| **Total Agency Funds** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 31,785 | $ 845,854 | $ (603,052) | $ 274,587 |
| Accounts receivable | 652 | 3,098 | (652) | 3,098 |
| Prepaids | 342,290 | 310,508 | (342,290) | 310,508 |
| | $ 374,075 | $ 1,159,460 | $ (945,994) | $ 588,193 |
| **Liabilities:** | | | | |
| Accounts payable | $ - | $ 84,381 | $ - | $ 84,381 |
| Deposits | 374,727 | 502,912 | (373,827) | 503,812 |
| **Total liabilities** | $ 374,727 | $ 587,293 | $ (373,827) | $ 588,193 |

# City of Menlo Park
## Combining Schedule of Net Position
## Private-Purpose Trust Fund - Successor Agency
## June 30, 2015

| | Redevelopment Obligation Retirement Fund | Redevelopment Dissolution Fund | Total Successor Agency Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and investments: | | | |
| Held with City | $ 2,854,973 | $ 10 | $ 2,854,983 |
| Held with trustees | 10,866,407 | - | 10,866,407 |
| Prepaid Expenses | 3,432 | - | 3,432 |
| **Total assets** | 13,724,812 | 10 | 13,724,822 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Interest rate swap instrument | 10,227,690 | - | 10,227,690 |
| Deferred loss of refunding | 2,048,109 | - | 2,048,109 |
| **Total deferred outflows of resources** | 12,275,799 | - | 12,275,799 |
| **LIABILITIES** | | | |
| Liabilities: | | | |
| Accounts payable | 6,546 | - | 6,546 |
| Interest payable | 467,283 | - | 467,283 |
| Deposits | 108,891 | - | 108,891 |
| Long-term debt: | | | |
| Other long-term debt (Note 6) | 10,227,690 | - | 10,227,690 |
| Due within one year | 2,176,528 | - | 2,176,528 |
| Due in more than one year | 55,227,920 | - | 55,227,920 |
| **Total liabilities** | 68,214,858 | - | 68,214,858 |
| **NET POSITION** | | | |
| Held in trust for other goverments | (42,214,247) | 10 | (42,214,237) |
| **Total net position** | $ (42,214,247) | $ 10 | $ (42,214,237) |

# City of Menlo Park
## Combining Statement of Changes in Fiduciary Net Position
## Private Purpose Trust Fund - Successor Agency
## For the year ended June 30, 2015

| | Redevelopment Obligation Retirement Fund | Redevelopment Dissolution Fund | Total Successor Agency |
|---|---|---|---|
| **Additions:** | | | |
| Property taxes | $ 5,288,865 | $ - | $ 5,288,865 |
| Investment earnings | 48,571 | - | 48,571 |
| **Total additions** | 5,337,436 | - | 5,337,436 |
| **Deductions:** | | | |
| Program expenses of former redevelopment agency | 1,498 | - | 1,498 |
| Interest and fiscal agency expenses of former redevelopment agency | 3,710,558 | - | 3,710,558 |
| **Total deductions** | 3,712,056 | - | 3,712,056 |
| **Change in net position** | 1,625,380 | - | 1,625,380 |
| Net position - beginning of the year | (43,839,627) | 10 | (43,839,617) |
| Net position - end of the year | $ (42,214,247) | $ 10 | $ (42,214,237) |

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# Statistical Section

**Fiscal Year 2014-2015**

*- Unaudited -*

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


| Financial Trend | Schedule # |
|---|---|
| *These schedules contain trend information to help the readers understand how the City of Menlo Park's financial performance and well-being have changed over time.* | |
| **Net Position by Component** | 1 |
| **Changes in Net Position** | 2 |
| **Fund Balances-Governmental Funds** | 3 |
| **Changes in Fund Balances-Governmental Funds** | 4 |
| **Revenue Capacity** | |
| These schedules contain information to help the readers assess the City of Menlo Park's most significant local revenue resource, property taxes. | |
| **Governmental Funds by Source** | 5 |
| **Governmental Funds Taxes by Type** | 6 |
| **Assessed Valuation, Tax Rates, and Tax Levies** | 7 |
| **Debt Capacity** | |
| *These schedules present information to help the readers assess the affordability of the City of Menlo Park's current levels of outstanding debt and the City's ability to issue additional debt in the future.* | |
| **Direct and Overlapping Property Tax Rates** | 8 |
| **Principal Property Tax Payers** | 9 |
| **Property Tax Levies and Collections** | 10 |
| **Ratios of Outstanding Debt by Type** | 11 |
| **Direct and Overlapping Debt** | 12 |
| **Legal Debt Service Margin Informations** | 13 |
| **Demographic and Economic Information** | |
| *These schedules offer demographic and economic indicators to help the readers understand the environment within which the City's financial activities take place.* | |
| **Demographic and Economic Statistics** | 14 |
| **Principal Employers** | 15 |
| **Full Time Equivalent City Employees by Function** | 16 |
| **Operating Information** | |
| *These schedules contain service and infrastructure data to help the readers understand how the information in the City's financial reports relate to the services the City provides and the activities it performs.* | |
| **Operating Indicators by Demand and Level of Service by Function/Program** | 17 |
| **Capital Asset Statistics by Function** | 18 |
| **Capital Asset and Infrastructure Statistics by Activities** | 19 |
| **Water Sold by Type of Customer** | 20 |
| **Water Service Rates** | 21 |
| **Miscellaneous Statistics** | 22 |

# Net Position by Component

Financial Trend:
Schedule 1

June 30, 2015

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Activities | | | | | | | | | | |
| Net Investment in Capital Assets | $ 266,250,790 | $ 260,060,574 | $ 265,272,383 | $ 261,153,596 | $ 259,274,758 | $ 279,942,360 | $ 345,357,433 | $ 347,050,366 | $ 344,119,674 | $ 341,158,440 |
| Restricted for: | | | | | | | | | | |
| Capital Projects | 16,297,615 | 17,102,064 | 20,378,994 | 18,207,379 | 19,717,874 | 14,582,060 | 9,432,413 | 14,394,634 | 13,601,651 | 14,926,424 |
| Debt Service | 8,366,348 | 10,581,505 | 10,759,071 | 12,184,002 | 12,630,096 | 12,662,667 | 2,225,873 | 1,943,354 | 2,133,308 | 2,123,752 |
| Community Development | 6,187,396 | 5,866,768 | 6,160,144 | 6,140,612 | 6,265,677 | - | - | - | - | - |
| Special Projects | 4,647,861 | 809,974 | 1,034,326 | 1,203,583 | 5,857,506 | 9,176,084 | 2,842,844 | 1,501,478 | 2,238,560 | 2,010,049 |
| Total Restricted - Government Activities | 35,499,220 | 34,360,311 | 38,332,535 | 37,735,576 | 44,471,153 | 36,420,811 | 14,501,130 | 17,839,466 | 17,973,519 | 19,060,225 |
| Total Unrestricted - Government Activities | 51,292,783 | 71,773,633 | 66,120,512 | 74,932,478 | 69,032,234 | 61,310,616 | 49,224,495 | 50,586,566 | 60,530,382 | 30,340,383 |
| Total Government Activities | $ 353,042,793 | $ 366,194,518 | $ 369,725,430 | $ 373,821,650 | $ 372,778,145 | $ 377,673,787 | $ 409,083,058 | $ 415,476,398 | $ 422,623,575 | $ 390,559,048 |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | $ 7,440,931 | $ 7,391,343 | $ 7,532,369 | $ 7,620,626 | $ 7,790,683 | $ 8,536,711 | $ 9,524,216 | $ 10,079,682 | $ 11,005,746 | $ 13,990,073 |
| Restricted for: | | | | | | | | | | |
| Capital Projects | 10,653,717 | 11,851,559 | 15,383,875 | 16,518,953 | 16,944,216 | 16,771,000 | 15,381,845 | 15,273,688 | 15,212,663 | 12,445,532 |
| Special Projects | - | - | - | - | - | - | - | - | - | - |
| Total Restricted - Business-Type Activities | 10,653,717 | 11,851,559 | 15,383,875 | 16,518,953 | 16,944,216 | 16,771,000 | 15,381,845 | 15,273,688 | 15,212,663 | 12,445,532 |
| Total Unrestricted - Business-Type Activities | 4,067,282 | 3,710,223 | 1,216,854 | 776,214 | 144,088 | (397,806) | (431,529) | (735,629) | (538,996) | (431,151) |
| Total Business-Type Activities | $ 22,161,930 | $ 22,953,125 | $ 24,133,098 | $ 24,915,793 | $ 24,878,987 | $ 24,909,905 | $ 24,474,532 | $ 24,617,741 | $ 25,679,413 | $ 26,004,454 |

Source: City of Menlo Park

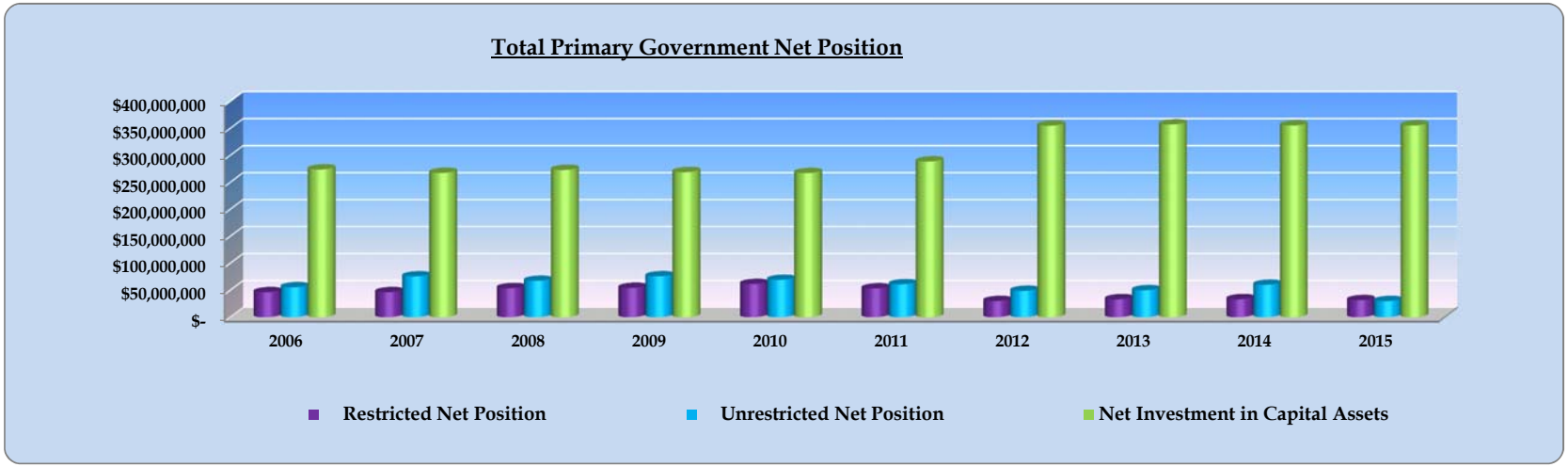
(Continued)

# Net Position by Component

Financial Trend:
Schedule 1

June 30, 2015

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | $ 273,691,721 | $ 267,451,917 | $ 272,804,752 | $ 268,774,222 | $ 267,065,441 | $ 288,479,071 | $ 354,881,649 | $ 357,130,048 | $ 355,125,420 | $ 355,148,513 |
| Unrestricted Net Position | 55,360,065 | 75,483,856 | 67,337,366 | 75,708,692 | 69,176,322 | 60,912,810 | 48,792,966 | 49,850,937 | 59,991,386 | 29,909,232 |
| Investment in Capital Assets & Unrestricted Net Position | 329,051,786 | 342,935,773 | 340,142,118 | 344,482,914 | 336,241,763 | 349,391,881 | 403,674,615 | 406,980,985 | 415,116,806 | 385,057,745 |
| Restricted Net Position | 46,152,937 | 46,211,870 | 53,716,410 | 54,254,529 | 61,415,369 | 53,191,811 | 29,882,975 | 33,113,154 | 33,186,182 | 31,505,757 |
| Total Primary Government Net Position | $ 375,204,723 | $ 389,147,643 | $ 393,858,528 | $ 398,737,443 | $ 397,657,132 | $ 402,583,692 | $ 433,557,590 | $ 440,094,139 | $ 448,302,988 | $ 416,563,502 |
| % of Change - from Prior Year | -9.9% | 3.7% | 1.2% | 1.2% | -0.3% | 1.2% | 7.7% | 1.5% | 1.9% | 5.9% |




Source: City of Menlo Park

# Changes in Net Position
June 30, 2015

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Primary Government-Program Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| General Government | $ 4,649,505 | $ 3,676,393 | $ 3,539,934 | $ 3,123,825 | $ 3,145,514 | $ 2,878,920 | $ 2,830,591 | $ 3,125,908 | $ 3,011,181 | $ 3,053,753 |
| Public Safety | 1,086,348 | 1,241,847 | 5,154,247 | 1,390,649 | 1,505,640 | 1,830,534 | 1,609,755 | 1,579,674 | 2,031,899 | 1,840,342 |
| Public Works | 3,609,732 | 6,541,634 | 3,837,839 | 2,753,607 | 2,922,929 | 4,109,836 | 3,650,442 | 6,924,069 | 6,189,576 | 7,063,763 |
| Culture and Recreation | 2,949,807 | 3,291,723 | 3,345,055 | 3,323,877 | 3,434,135 | 3,077,788 | 3,679,129 | 3,873,165 | 3,782,550 | 5,348,966 |
| Community Development | 3,897,805 | 6,170,024 | 3,952,454 | 4,145,205 | 2,122,221 | 3,408,895 | 4,994,156 | 3,695,171 | 5,467,278 | 5,350,231 |
| Operating Grants and Contributions | 1,681,505 | 3,251,025 | 2,369,502 | 2,428,500 | 2,557,313 | 2,185,417 | 2,729,866 | 1,644,022 | 1,438,966 | 1,876,305 |
| Capital Grants and Contributions (1) | 268,468 | 520,156 | 1,030,839 | 2,569,003 | 2,549,779 | 12,342,612 | 6,922,360 | 2,353,049 | 2,341,476 | 2,262,146 |
| Total Governmental Activities-Program Revenues | 18,143,170 | 24,692,802 | 23,229,870 | 19,734,666 | 18,237,531 | 29,834,002 | 26,416,299 | 23,195,058 | 24,262,926 | 26,795,506 |
| Business-Type Activities | | | | | | | | | | |
| Charges for Services | 3,567,919 | 3,881,115 | 4,483,145 | 4,352,147 | 4,258,917 | 4,935,649 | 5,750,659 | 6,633,147 | 8,046,619 | 8,165,645 |
| Capital Grants and Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Business-Type Activities Program Revenues | 3,567,919 | 3,881,115 | 4,483,145 | 4,352,147 | 4,258,917 | 4,935,649 | 5,750,659 | 6,633,147 | 8,046,619 | 8,165,645 |
| Total Primary Government-Program Revenues | 21,711,089 | 28,573,917 | 27,713,015 | 24,086,813 | 22,496,448 | 34,769,651 | 32,166,958 | 29,828,205 | 32,309,545 | 34,961,151 |
| General Revenues & Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property Taxes (2) | 19,621,262 | 20,634,276 | 23,292,838 | 24,213,136 | 23,753,592 | 23,936,578 | 13,239,856 | 15,731,889 | 15,156,065 | 16,827,338 |
| Sales Taxes | 6,503,635 | 6,799,561 | 7,676,943 | 6,865,152 | 5,499,244 | 5,988,055 | 5,938,310 | 6,043,870 | 6,444,292 | 6,527,498 |
| Transient Occupancy Tax | 1,237,697 | 1,375,914 | 1,474,119 | 1,351,578 | 2,074,486 | 2,453,981 | 2,939,475 | 3,468,256 | 4,158,809 | 4,720,226 |
| Other Taxes | 2,022,174 | 2,267,911 | 3,262,586 | 3,953,097 | 3,960,714 | 4,490,992 | 4,607,758 | 4,556,371 | 4,946,135 | 5,008,837 |
| Total Taxes | 29,384,768 | 31,077,662 | 35,706,486 | 36,382,963 | 35,288,036 | 36,869,606 | 26,725,399 | 29,800,386 | 30,705,301 | 33,083,899 |
| Investment Earnings | 3,482,982 | 5,175,930 | 6,076,112 | 4,645,732 | 2,085,808 | 1,431,440 | 1,133,432 | 647,963 | 982,640 | 1,311,875 |
| Gain (Loss) on Sale of Capital Assets | - | - | - | - | - | - | - | 547,749 | 264 | 45,544 |
| Miscellaneous | 212,819 | 372,534 | 706,444 | 193,370 | 30,125 | 235,145 | 255,185 | 107,652 | 1,222,100 | 247,865 |
| Transfers | 227,700 | 238,700 | 184,711 | 198,814 | 160,814 | 165,639 | 170,605 | 181,525 | 185,881 | 189,041 |
| Extraordinary gain (3),(4) | - | - | - | - | - | - | 28,170,332 | - | 771,822 | - |
| Total Governmental Activities - General Revenues | 33,308,269 | 36,864,826 | 42,673,753 | 41,420,879 | 37,564,783 | 38,701,830 | 56,454,953 | 31,285,275 | 33,868,008 | 34,878,224 |
| Business-type Activities | | | | | | | | | | |
| Investment Earnings | 498,773 | 750,700 | 957,071 | 667,230 | 242,433 | 135,619 | 103,480 | (8,799) | 117,849 | 146,647 |
| Miscellaneous | | | 344 | 10,000 | 935 | - | (5,953) | - | - | (1,752) |
| Transfers | (227,700) | (238,700) | (184,711) | (198,814) | (160,814) | (165,639) | (170,605) | (181,525) | (185,881) | (189,041) |
| Total Business-Type Activities - General Revenues | 271,073 | 512,000 | 772,704 | 478,416 | 82,554 | (30,020) | (73,078) | (190,324) | (68,032) | (44,146) |
| **Total Primary Government-Program Revenues, General Revenues & Other Changes in Net Position** | **55,290,431** | **65,950,743** | **71,159,472** | **65,986,108** | **60,143,785** | **73,441,461** | **88,548,833** | **60,923,156** | **66,109,521** | **69,795,229** |

*Source: City of Menlo Park*

*Notes:*

(1) In fiscal year 2010-11 and 2011-2012, capital contributions include construction of Arrillaga Family Gym, Recreation Center, and Gymnastics Center.

(2) In fiscal year 2005-06, Property tax in lieu of Motor Vehicle License fees was reclassified to Property Taxes.

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

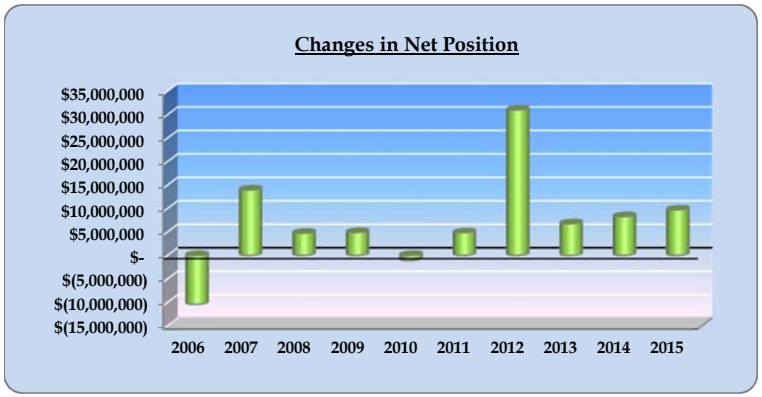
(4) In fiscal year 2013-14 extraordinary gain was due to the sale of the Hamilton Ave property.

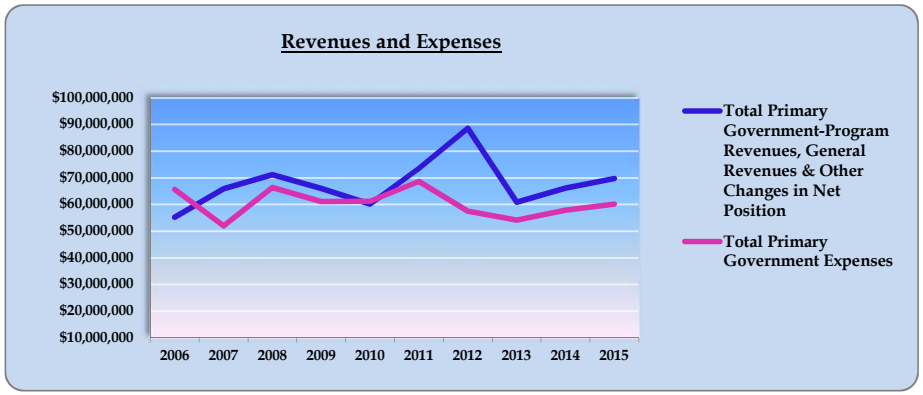
(Continued)

# Changes in Net Position
June 30, 2015

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General Government | 7,761,696 | 6,857,574 | 8,145,031 | 6,507,831 | 6,353,156 | 8,845,324 | 7,386,399 | 6,332,057 | 8,057,304 | 8,896,023 |
| Public Safety (4) | 9,092,996 | 11,191,323 | 15,763,116 | 13,755,857 | 13,605,071 | 20,707,475 | 14,248,362 | 14,080,936 | 14,237,536 | 17,090,541 |
| Public Works | 10,275,029 | 9,723,201 | 12,332,849 | 10,717,616 | 10,635,694 | 10,789,784 | 10,809,670 | 10,920,198 | 11,638,045 | 10,784,753 |
| Culture and Recreation | 7,781,549 | 8,647,013 | 11,276,226 | 9,723,210 | 9,616,046 | 9,461,866 | 9,860,317 | 11,077,343 | 11,400,791 | 11,250,082 |
| Community Development (5) | 23,179,192 | 6,916,391 | 9,817,989 | 12,644,222 | 12,615,612 | 9,470,060 | 6,186,002 | 4,240,784 | 4,384,310 | 4,166,948 |
| Interest on Long-Term Debt | 4,529,332 | 5,070,401 | 5,037,500 | 3,710,590 | 4,020,241 | 4,481,135 | 2,971,231 | 1,229,193 | 1,219,698 | 850,924 |
| Total Governmental Activities Expenses | 62,619,794 | 48,405,903 | 62,372,711 | 57,059,325 | 56,845,819 | 63,755,644 | 51,461,981 | 47,880,511 | 50,937,684 | 53,039,271 |
| Business-Type Activities | | | | | | | | | | |
| Water | 3,081,378 | 3,601,919 | 4,075,876 | 4,047,868 | 4,378,277 | 4,874,711 | 6,112,954 | 6,299,614 | 6,916,915 | 7,076,047 |
| Total Business-Type Activities Expenses | 3,081,378 | 3,601,919 | 4,075,876 | 4,047,868 | 4,378,277 | 4,874,711 | 6,112,954 | 6,299,614 | 6,916,915 | 7,076,047 |
| **Total Primary Government Expenses** | **65,701,172** | **52,007,822** | **66,448,587** | **61,107,193** | **61,224,096** | **68,630,355** | **57,574,935** | **54,180,125** | **57,854,599** | **60,115,318** |
| **Net Revenue (Expenses)** | | | | | | | | | | |
| **Governmental Activities** | (44,476,624) | (23,713,101) | (39,142,841) | (37,324,659) | (38,608,288) | (33,921,642) | (25,045,682) | (24,685,453) | (26,674,758) | (26,243,765) |
| **Business-type Activities** | 486,541 | 279,196 | 407,269 | 304,279 | (119,360) | 60,938 | (362,295) | 333,533 | 1,129,704 | 1,089,598 |
| **Total Net Revenue (Expenses)** | (43,990,083) | (23,433,905) | (38,735,572) | (37,020,380) | (38,727,648) | (33,860,704) | (25,407,977) | (24,351,920) | (25,545,054) | (25,154,167) |
| **Changes in Net Position** | | | | | | | | | | |
| **Governmental Activities** | (11,168,355) | 13,151,725 | 3,530,912 | 4,096,220 | (1,043,505) | 4,780,188 | 31,409,271 | 6,599,822 | 7,193,250 | 8,634,459 |
| **Business-type Activities** | 757,614 | 791,196 | 1,179,973 | 782,695 | (36,806) | 30,918 | (435,373) | 143,209 | 1,061,672 | 1,045,452 |
| **Changes in Net Position** | **$ (10,410,741)** | **$ 13,942,921** | **$ 4,710,885** | **$ 4,878,915** | **$ (1,080,311)** | **$ 4,811,106** | **$ 30,973,898** | **$ 6,743,031** | **$ 8,254,922** | **$ 9,679,911** |

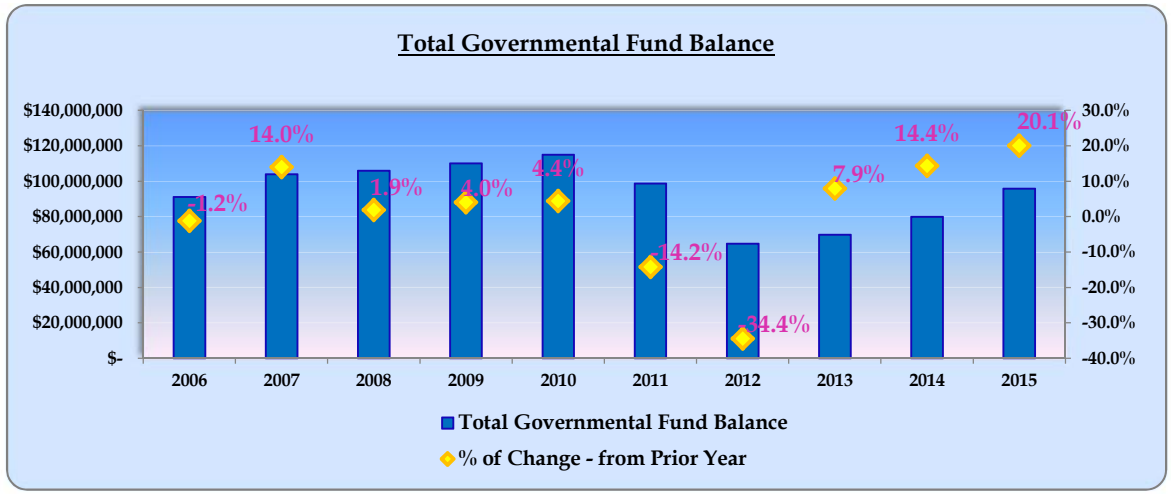
Notes:
(4) In fiscal year 2010-11, City paid off a $ 7.1 million pension liability for safety employees.
(5) Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development Agency of the City to the developers.



## Fund Balances - Governmental Funds
Last Ten Fiscal Years

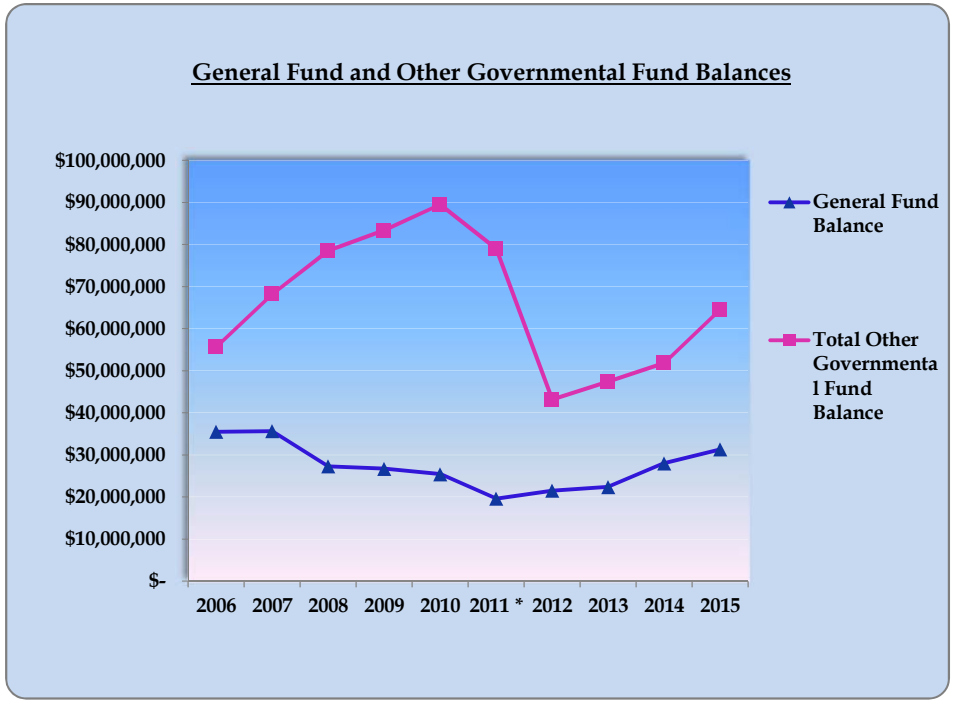
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 * | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | | | |
| Nonspendable | $ 1,503,411 | $ 202,244 | $ - | $ 1,529,495 | $ 1,196,456 | $ 1,435,026 | $ 2,227,593 | $ 1,005,376 | $ 1,076,587 | $ 1,072,888 |
| Committed | 5,865,122 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 14,000,000 | 14,000,000 | 14,000,000 | 16,240,000 | 15,930,000 |
| Assigned | 3,130,894 | 2,934,623 | 3,278,658 | 3,034,172 | 2,999,575 | 2,592,173 | 3,494,188 | 2,728,033 | 4,307,634 | 4,468,298 |
| Unassigned | 25,001,249 | 29,521,304 | 21,003,074 | 19,144,493 | 18,231,011 | 1,578,736 | 1,776,214 | 4,644,239 | 6,367,022 | 9,865,646 |
| General Fund Balance | 35,500,676 | 35,658,171 | 27,281,732 | 26,708,160 | 25,427,042 | 19,605,935 | 21,497,995 | 22,377,648 | 27,991,243 | 31,336,832 |
| Other Governmental Funds | | | | | | | | | | |
| Nonspendable | 6,187,396 | 6,186,018 | 6,160,144 | 6,140,612 | 2,554,413 | 2,475,807 | 4,233,517 | 4,907,442 | 565 | 2,041 |
| Restricted | 8,366,348 | 10,581,508 | 10,759,071 | 12,184,002 | 12,630,096 | 76,633,611 | 38,934,347 | 42,501,844 | 21,704,829 | 29,845,017 |
| Committed | 500,000 | - | - | - | - | - | - | - | 14,350,759 | 17,601,964 |
| Assigned | 42,674,483 | 52,333,571 | 61,727,238 | 65,056,016 | 74,302,453 | - | - | - | 15,834,509 | 17,148,769 |
| Unassigned | (2,080,256) | (880,527) | (94,386) | - | - | (105,083) | - | - | (54,106) | (63,823) |
| Total Other Governmental Fund Balance | 55,647,971 | 68,220,570 | 78,552,067 | 83,380,630 | 89,486,962 | 79,004,335 | 43,167,864 | 47,409,286 | 51,836,556 | 64,533,968 |
| Total Governmental Fund Balance | $ 91,148,647 | $ 103,878,741 | $ 105,833,799 | $ 110,088,790 | $ 114,914,004 | $ 98,610,270 | $ 64,665,859 | $ 69,786,934 | $ 79,827,799 | $ 95,870,800 |
| % of Change - from Prior Year | -1.2% | 14.0% | 1.9% | 4.0% | 4.4% | -14.2% | -34.4% | 7.9% | 14.4% | 20.1% |

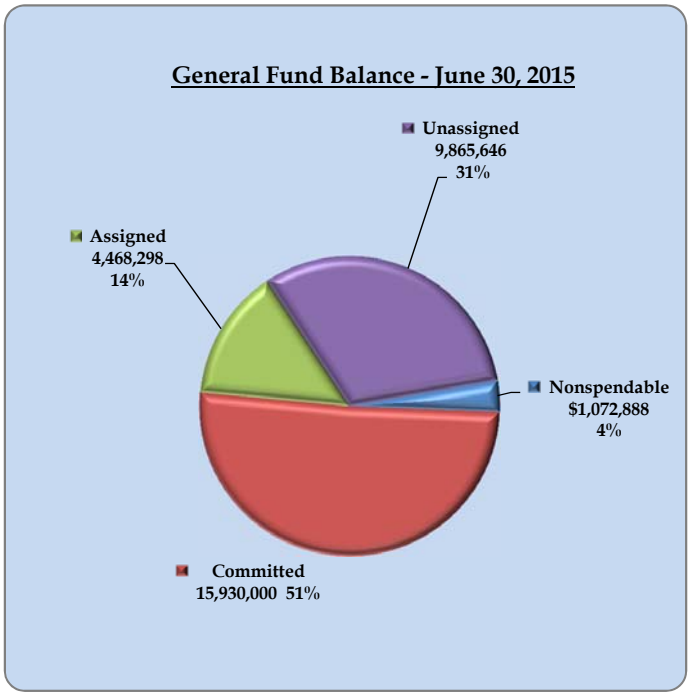



Source: City of Menlo Park
* GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" implemented in 2010-11.

(Continued)

Fund Balances - Governmental Funds
Last Ten Fiscal Years




Source: City of Menlo Park

# Changes in Fund Balances - Governmental Funds
## Last Ten Fiscal Years

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Secured property taxes | $ 17,573,221 | $ 18,597,314 | $ 21,081,671 | $ 22,050,255 | $ 21,912,423 | $ 21,810,655 | $ 12,258,233 | $ 14,854,925 | $ 14,081,491 | $ 15,400,581 |
| Unsecured property taxes | 1,330,885 | 1,337,681 | 1,752,345 | 1,817,213 | 1,422,317 | 1,577,479 | 404,916 | 351,099 | 384,686 | 414,466 |
| Other property taxes | 717,157 | 699,280 | 458,822 | 345,670 | 418,851 | 548,444 | 576,707 | 525,865 | 689,888 | 1,012,292 |
| Sales taxes | 6,503,635 | 6,799,561 | 7,676,943 | 6,865,152 | 5,499,244 | 5,988,055 | 5,938,310 | 6,043,870 | 6,444,292 | 6,527,498 |
| Other Taxes(1) | 3,761,949 | 4,664,247 | 5,878,652 | 5,214,176 | 5,940,486 | 6,774,780 | 7,530,245 | 8,007,960 | 9,085,311 | 9,729,062 |
| Special assessments | 2,433,635 | 2,537,408 | 2,661,078 | 2,894,276 | 2,824,098 | 2,818,829 | 2,862,076 | 2,831,235 | 3,131,099 | 2,938,371 |
| Licenses and permits | 3,432,745 | 3,657,542 | 4,376,750 | 3,208,028 | 3,069,990 | 3,586,374 | 4,093,978 | 4,845,041 | 6,222,575 | 5,562,806 |
| Fines and forfeitures | 792,005 | 897,568 | 951,145 | 1,105,836 | 1,028,825 | 953,194 | 1,067,328 | 998,259 | 1,253,261 | 1,346,449 |
| Use of money and property | 3,482,982 | 5,542,009 | 6,162,279 | 4,528,617 | 1,918,576 | 1,406,100 | 1,102,320 | 594,476 | 955,817 | 1,170,488 |
| Intergovernmental | 2,691,439 | 2,750,760 | 3,533,679 | 3,180,550 | 3,219,749 | 2,547,164 | 2,325,236 | 2,276,829 | 1,757,274 | 2,158,680 |
| Charges for services | 8,047,145 | 13,884,432 | 10,713,906 | 10,221,426 | 8,738,183 | 10,486,567 | 11,943,461 | 13,225,264 | 13,312,487 | 14,801,784 |
| Other Revenues | 212,817 | 372,534 | 702,342 | 186,473 | 334,959 | 234,550 | 270,567 | 202,137 | 141,434 | 234,380 |
| **Total Revenues** | **50,979,615** | **61,740,336** | **65,949,612** | **61,617,672** | **56,327,701** | **58,732,191** | **50,373,377** | **54,756,960** | **57,459,615** | **61,296,857** |
| **Expenditures** | | | | | | | | | | |
| Current | | | | | | | | | | |
| General Government | 6,652,130 | 5,938,008 | 6,168,001 | 6,372,271 | 6,442,817 | 6,209,988 | 4,545,864 | 5,204,412 | 5,567,633 | 6,297,514 |
| Public Safety(2) | 8,929,677 | 11,212,320 | 12,476,614 | 13,371,606 | 13,532,394 | 20,568,030 | 13,978,279 | 13,831,018 | 14,194,657 | 14,955,891 |
| Public Works | 7,750,882 | 7,387,498 | 7,774,129 | 7,991,160 | 7,768,455 | 7,929,428 | 7,886,059 | 8,174,802 | 8,130,751 | 9,795,903 |
| Culture and Recreation | 7,303,573 | 7,813,935 | 8,359,386 | 8,669,415 | 8,570,915 | 8,286,639 | 8,287,074 | 9,014,947 | 9,330,874 | 10,015,841 |
| Rehabilitation Loans | 400,100 | - | - | - | - | - | - | - | - | - |
| Community Development | 4,088,283 | 3,233,905 | 4,325,628 | 4,533,291 | 4,354,345 | 4,061,407 | 5,560,374 | 3,937,710 | 4,248,952 | 3,513,848 |
| Urban Development and Housing | 4,544,265 | 3,439,609 | 4,101,470 | 4,236,426 | 7,312,083 | 5,399,919 | 614,951 | 286,699 | 133,523 | 184,737 |
| Capital Outlay | 10,260,993 | 2,989,734 | 4,545,565 | 6,405,132 | 8,314,011 | 16,030,908 | 10,215,010 | 7,904,805 | 5,999,875 | 3,966,769 |
| Debt Service | | | | | | | | | | |
| Principal(3) | 1,855,000 | 475,000 | 2,115,000 | 2,215,000 | 2,305,000 | 2,420,000 | 2,570,000 | 760,000 | 620,000 | 1,000,000 |
| Interest and Fiscal Charges(4) | 6,224,963 | 3,768,661 | 4,868,947 | 3,540,575 | 3,581,456 | 4,295,839 | 4,254,712 | 1,255,585 | 1,230,855 | 862,315 |
| **Total Expenditures** | **58,009,866** | **46,258,670** | **54,734,740** | **57,334,876** | **62,181,476** | **75,202,158** | **57,912,323** | **50,369,978** | **49,457,120** | **50,592,818** |
| **Revenues over (under) Expenditures** | **(7,030,251)** | **15,481,666** | **11,214,872** | **4,282,796** | **(5,853,775)** | **(16,469,967)** | **(7,538,946)** | **4,386,982** | **8,002,495** | **10,704,039** |

Source: City of Menlo Park

Notes:

(1) Other Taxes include Franchise & Occupancy, Utility Users, Highway Users and County Transportation taxes.

(2) In fiscal year 2010-11, the large increase was due to paying off the PERS safety side fund.

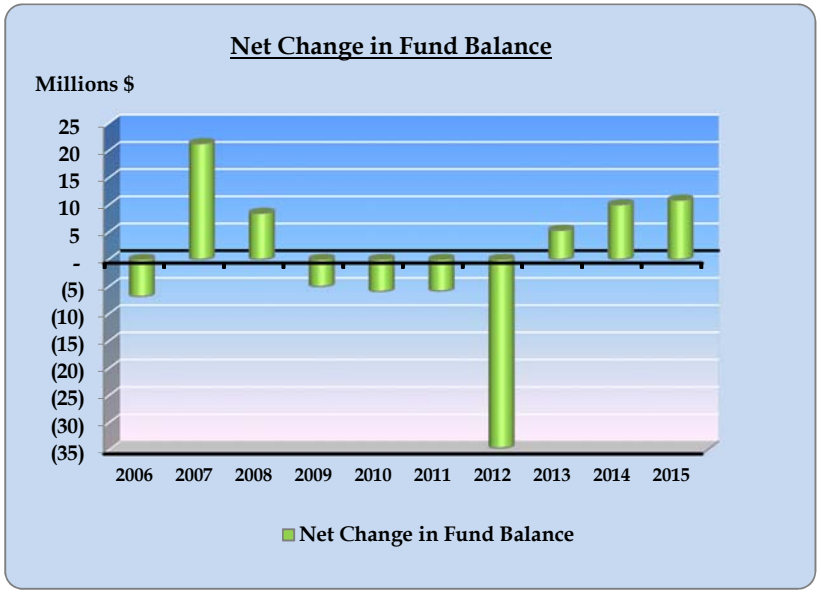
(3) Principal payment due on the 2006 Las Pulgas Tax Allocation Refunding Bonds on January 1, 2008.

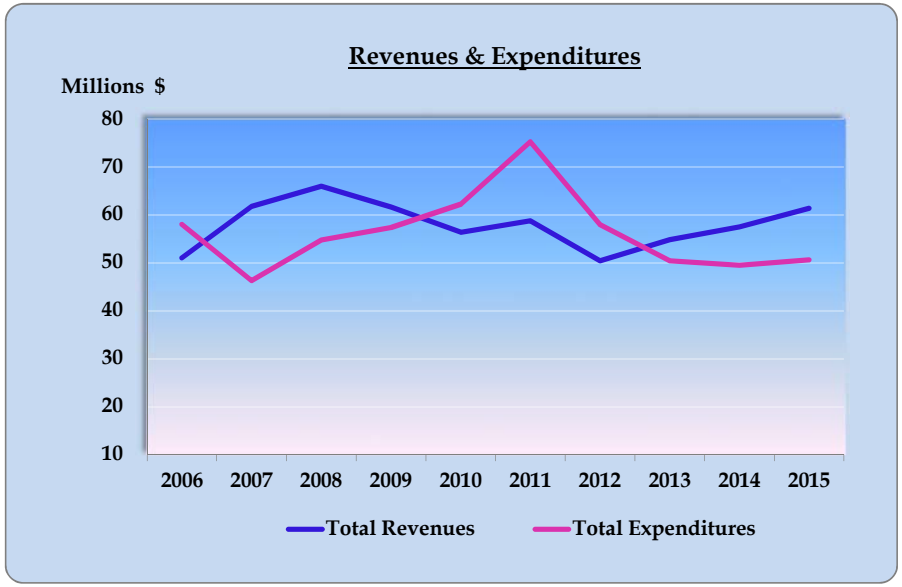
(4) Interest and Fiscal Charges include cost of issuance and bond insurance.

(Continued)

# Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Other Financing Sources (Uses)** | | | | | | | | | | |
| Transfer In | 2,831,593 | 16,376,591 | 7,551,944 | 10,799,042 | 7,159,491 | 7,297,500 | 9,722,425 | 6,091,632 | 2,994,261 | 4,699,084 |
| Transfer Out | (2,614,893) | (16,148,891) | (10,586,019) | (20,058,856) | (7,188,677) | (7,136,686) | (9,551,820) | (5,910,107) | (2,808,380) | (4,523,543) |
| Proceeds from Sale of Fixed/Capital Assets | 15,633 | 3,985,446 | 282,503 | - | 1,381 | 3,204 | - | 766,855 | 1,080,667 | - |
| Proceeds from Debt Issuance | - | 72,430,000 | - | - | - | 10,440,000 | 9,830,000 | - | - | - |
| Payment to Escrow Agent | - | (70,525,172) | - | - | - | - | (11,166,467) | - | - | - |
| Discount on Issuance of Debt | - | (336,800) | - | - | - | 74,971 | (73,725) | - | - | - |
| **Total Other Financing Sources (Uses)** | **232,333** | **5,781,174** | **(2,751,572)** | **(9,259,814)** | **(27,805)** | **10,678,989** | **(1,239,587)** | **948,380** | **1,266,548** | **175,541** |
| Extraordinary gain(loss)(6),(7) | - | - | - | - | - | - | (25,814,163) | - | 771,822 | - |
| **Net Change in Fund Balance** | **$ (6,797,918)** | **$ 21,262,840** | **$ 8,463,300** | **$ (4,977,018)** | **$ (5,881,580)** | **$ (5,790,978)** | **$(34,592,696)** | **$ 5,335,362** | **$ 10,040,865** | **$ 10,879,580** |
| **% of Change** | **25.3%** | **-412.8%** | **-60.2%** | **-158.8%** | **18.2%** | **-1.5%** | **497.4%** | **-115.4%** | **88.2%** | **8.4%** |
| **Debt Service as Percentage of Non-Capital Expenditures** | **16.9%** | **9.8%** | **13.9%** | **11.3%** | **10.9%** | **11.3%** | **14.3%** | **4.7%** | **4.3%** | **4.0%** |




Source: City of Menlo Park

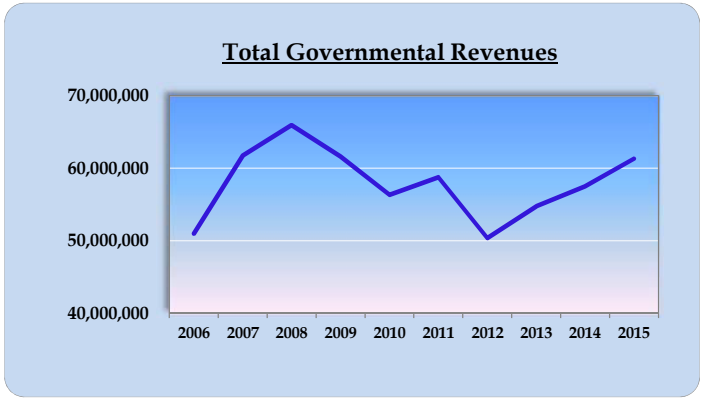
(6) In fiscal year 2011-12, the extraordinary gain was due to dissolution of the Community Development Agency

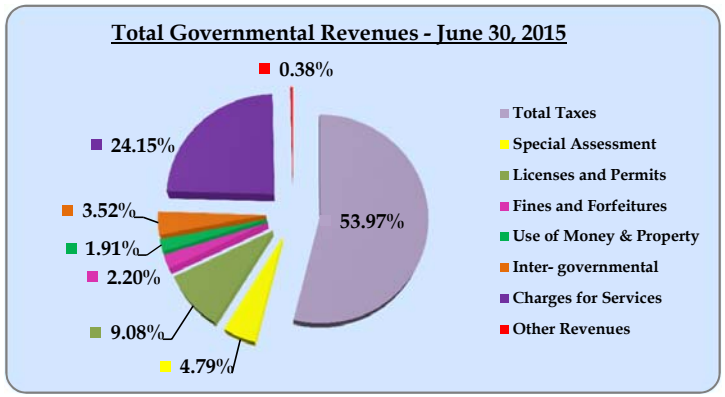
(7) In fiscal year 2013-14, the extraordinary gain was due to sale of the Hamilton Ave. property

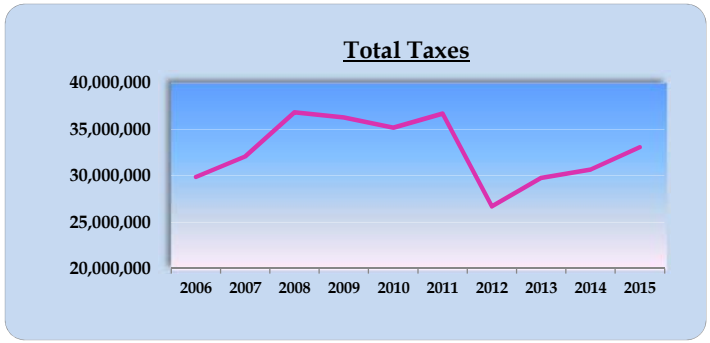
## Governmental Funds Reveues by Source [1]
Last Ten Fiscal Years

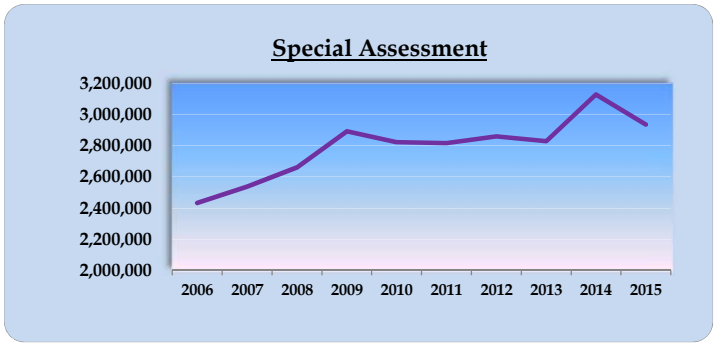
| Fiscal Year Ending June 30 | Total Taxes | | Special Assessment | Licenses and Permits | Fines and Forfeitures | Use of Money & Property | Inter-governmental | Charges for Services | Other Revenues | Total Governmental Revenues |
|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | 29,886,847 | (2) | 2,433,635 | 3,432,745 | 792,005 | 3,482,982 | 2,691,439 | 8,047,145 | 212,817 | 50,979,615 |
| 2007 | 32,098,083 | | 2,537,408 | 3,657,542 | 897,568 | 5,542,009 | 2,750,760 | 13,884,432 | 372,534 | 61,740,336 |
| 2008 | 36,848,433 | | 2,661,078 | 4,376,750 | 951,145 | 6,162,279 | 3,533,679 | 10,713,906 | 702,342 | 65,949,612 |
| 2009 | 36,292,466 | | 2,894,276 | 3,208,028 | 1,105,836 | 4,528,617 | 3,180,550 | 10,221,426 | 186,473 | 61,617,672 |
| 2010 | 35,193,321 | | 2,824,098 | 3,069,990 | 1,028,825 | 1,918,576 | 3,219,749 | 8,738,183 | 334,959 | 56,327,701 |
| 2011 | 36,699,413 | | 2,818,829 | 3,586,374 | 953,194 | 1,406,100 | 2,547,164 | 10,486,567 | 234,550 | 58,732,191 |
| 2012 | 26,708,411 | | 2,862,076 | 4,093,978 | 1,067,328 | 1,102,320 | 2,325,236 | 11,943,461 | 270,567 | 50,373,377 |
| 2013 | 29,783,719 | | 2,831,235 | 4,845,041 | 998,259 | 594,476 | 2,276,829 | 13,225,264 | 202,137 | 54,756,960 |
| 2014 | 30,685,668 | | 3,131,099 | 6,222,575 | 1,253,261 | 955,817 | 1,757,274 | 13,312,487 | 141,434 | 57,459,615 |
| 2015 | 33,083,899 | | 2,938,371 | 5,562,806 | 1,346,449 | 1,170,488 | 2,158,680 | 14,801,784 | 234,380 | 61,296,857 |

Source: City of Menlo Park
[1] General governmental revenues by source consist of the following City funds: General, Special Revenue, Debt Service, Capital Projects and Expendable Trusts.
[2] In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.

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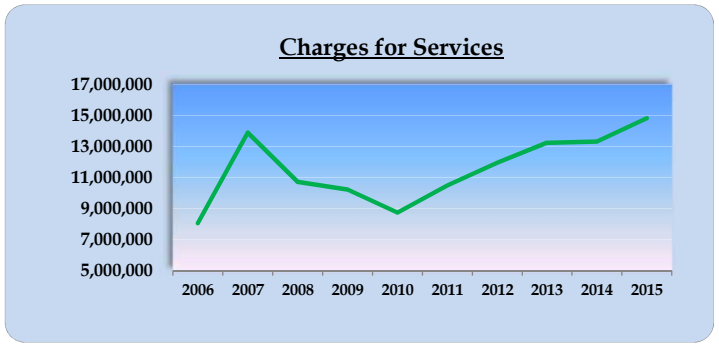
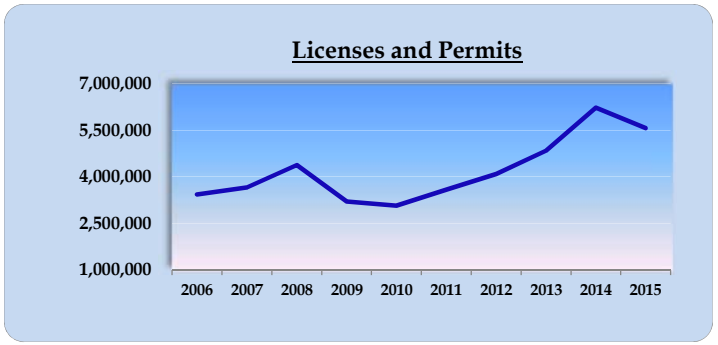
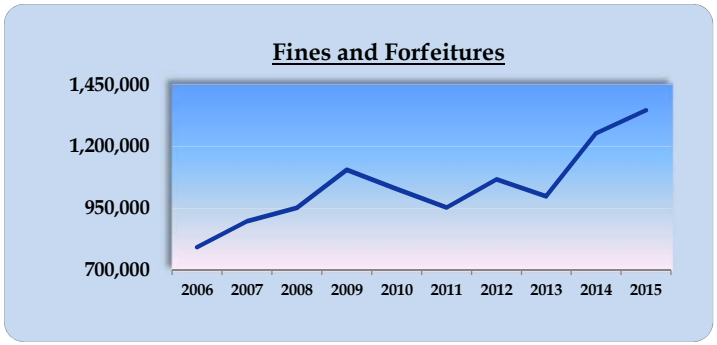
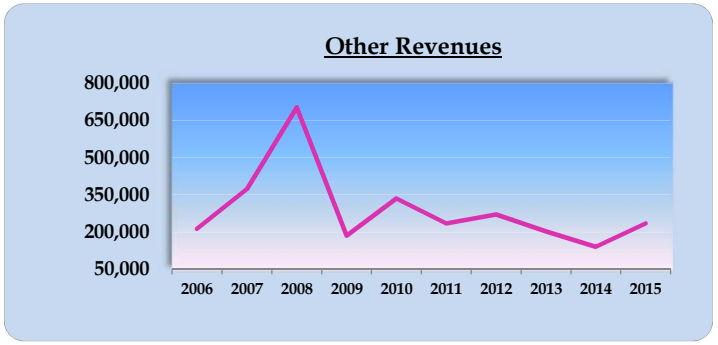
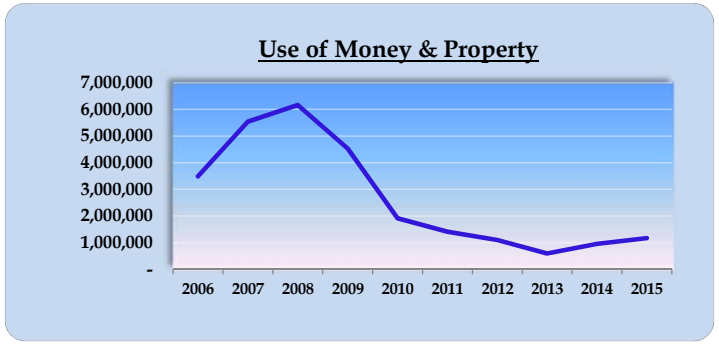
Governmental Funds Reveues by Source [1]
Last Ten Fiscal Years

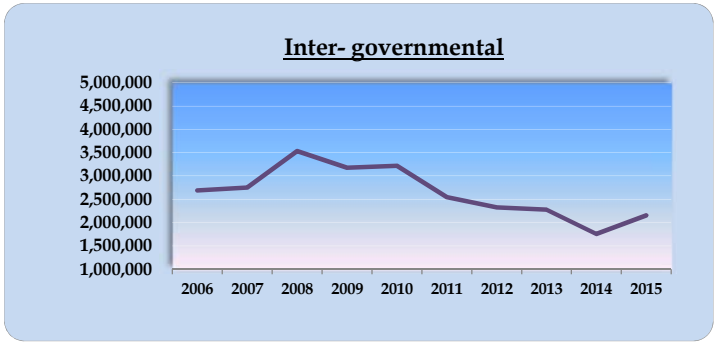


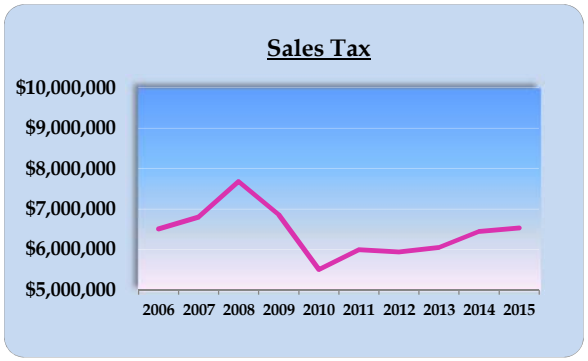



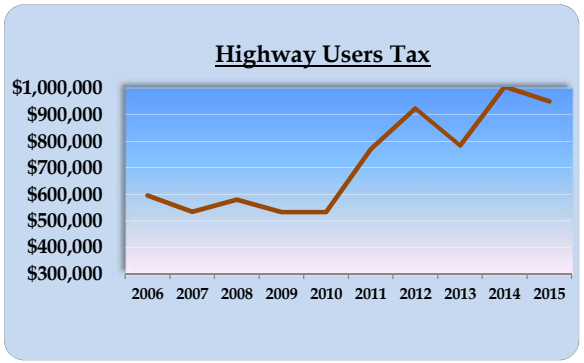

Source: City of Menlo Park

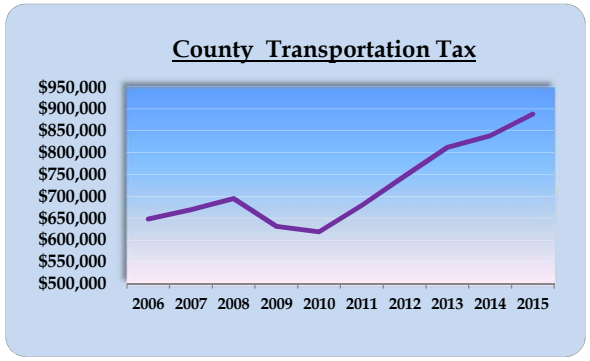
# Governmental Funds by Type
Last Ten Fiscal Years

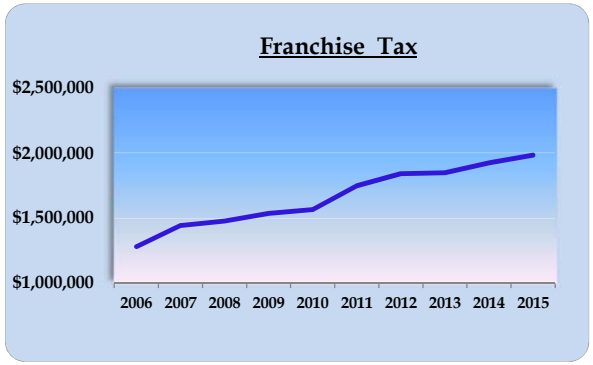
| Fiscal Year Ending June 30 | Sales Tax | Highway Users Tax | County Transportation Tax | Franchise Tax | Hotel Occupancy Tax | Utility Users Tax (1) | Property Tax Secured | Property Tax Unsecured | Property Tax Transfer Tax | Property Tax Other | Total Property Tax | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | 6,503,635 | 595,607 | 647,938 | 1,280,707 | 1,237,697 | - | 17,573,221 | 1,330,885 | 579,473 | 137,684 | 19,621,263 | 29,886,847 |
| 2007 | 6,799,561 | 534,699 | 669,280 | 1,442,686 | 1,375,914 | 641,668 | 18,597,314 | 1,337,681 | 588,158 | 111,122 | 20,634,275 | 32,098,083 |
| 2008 | 7,676,943 | 580,220 | 695,066 | 1,477,768 | 1,474,119 | 1,651,479 | 21,081,671 | 1,752,345 | 386,206 | 72,616 | 23,292,838 | 36,848,433 |
| 2009 | 6,865,152 | 533,784 | 630,996 | 1,535,223 | 1,351,578 | 1,162,595 | 22,050,255 | 1,817,213 | 278,290 | 67,380 | 24,213,138 | 36,292,466 |
| 2010 | 5,499,244 | 533,444 | 618,996 | 1,565,106 | 2,074,486 | 1,148,454 | 21,912,423 | 1,422,317 | 329,368 | 89,483 | 23,753,591 | 35,193,321 |
| 2011 | 5,988,055 | 770,967 | 679,286 | 1,747,605 | 2,453,981 | 1,122,940 | 21,810,655 | 1,577,479 | 457,701 | 90,743 | 23,936,578 | 36,699,412 |
| 2012 | 5,938,310 | 923,796 | 746,187 | 1,840,351 | 2,939,475 | 1,080,436 | 12,258,233 | 404,916 | 501,161 | 75,546 | 13,239,856 | 26,708,411 |
| 2013 | 6,043,870 | 783,719 | 812,249 | 1,848,480 | 3,468,256 | 1,095,256 | 14,854,925 | 351,099 | 460,683 | 65,182 | 15,731,889 | 29,783,719 |
| 2014 | 6,444,292 | 1,006,294 | 838,318 | 1,924,237 | 4,158,809 | 1,157,653 | 14,081,491 | 384,686 | 627,644 | 62,244 | 15,156,065 | 30,685,668 |
| 2015 | 6,527,498 | 950,205 | 888,189 | 1,983,422 | 4,720,226 | 1,187,020 | 15,400,581 | 414,466 | 947,710 | 64,582 | 16,827,339 | 33,083,899 |

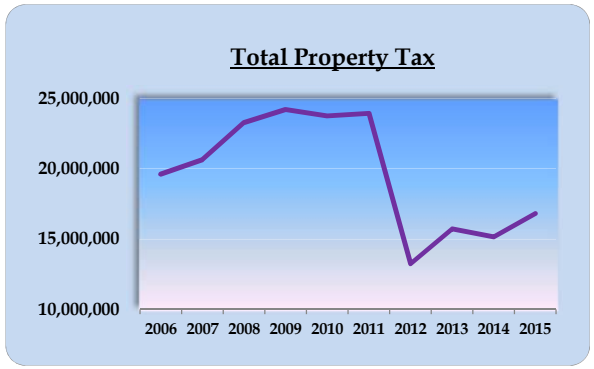
Source: City of Menlo Park and County of San Mateo
(1) City implemented Utility Users Tax in April 2007



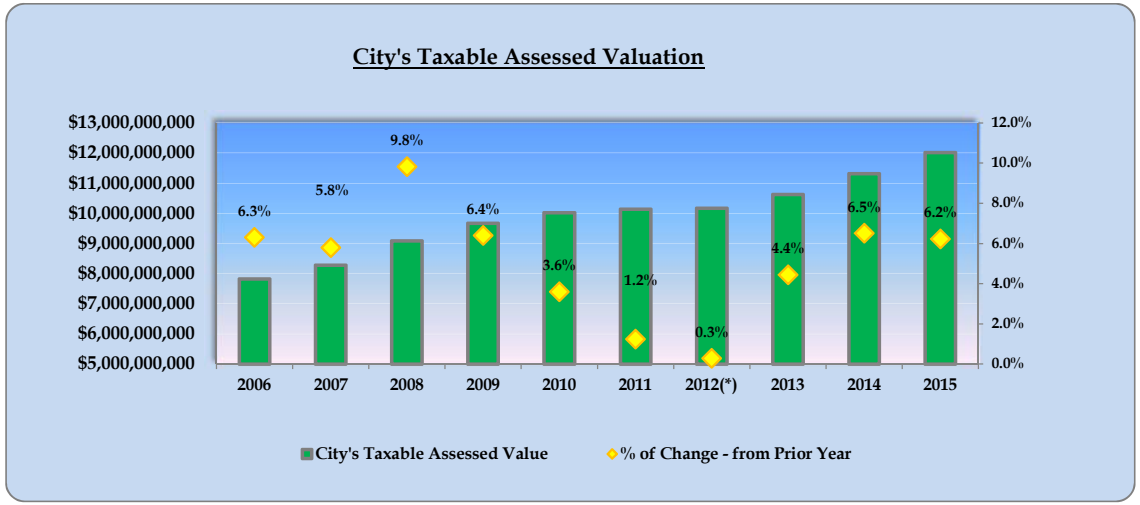





## Assessed Valuation, Tax Rates, and Tax Levies
Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Secured | Unsecured | Less Exemptions | City's Taxable Assessed Value | % of Change - from Prior Year | Total Direct Tax Rate |
|---|---|---|---|---|---|---|
| 2006 | 7,377,433,642 | 628,446,311 | (185,070,530) | 7,820,809,423 | 6.3% | 1.0% |
| 2007 | 7,919,201,296 | 544,875,879 | (189,778,409) | 8,274,298,766 | 5.8% | 1.0% |
| 2008 | 8,613,253,093 | 684,419,419 | (210,102,184) | 9,087,570,328 | 9.8% | 1.0% |
| 2009 | 9,144,410,123 | 745,589,266 | (220,706,897) | 9,669,292,492 | 6.4% | 1.0% |
| 2010 | 9,525,325,520 | 733,413,542 | (242,215,879) | 10,016,523,183 | 3.6% | 1.0% |
| 2011 | 9,632,437,282 | 741,119,897 | (234,843,253) | 10,140,348,118 | 1.2% | 1.0% |
| 2012(*) | 9,701,542,385 | 712,158,100 | (244,456,426) | 10,169,244,059 | 0.3% | 1.0% |
| 2013 | 10,059,424,137 | 819,698,175 | (258,752,495) | 10,620,369,817 | 4.4% | 1.0% |
| 2014 | 10,793,653,677 | 809,314,081 | (291,016,106) | 11,311,951,652 | 6.5% | 1.0% |
| 2015 | 11,505,930,742 | 814,834,786 | (305,046,407) | 12,015,719,121 | 6.2% | 1.0% |




*Source: County of San Mateo*

*Notes:*

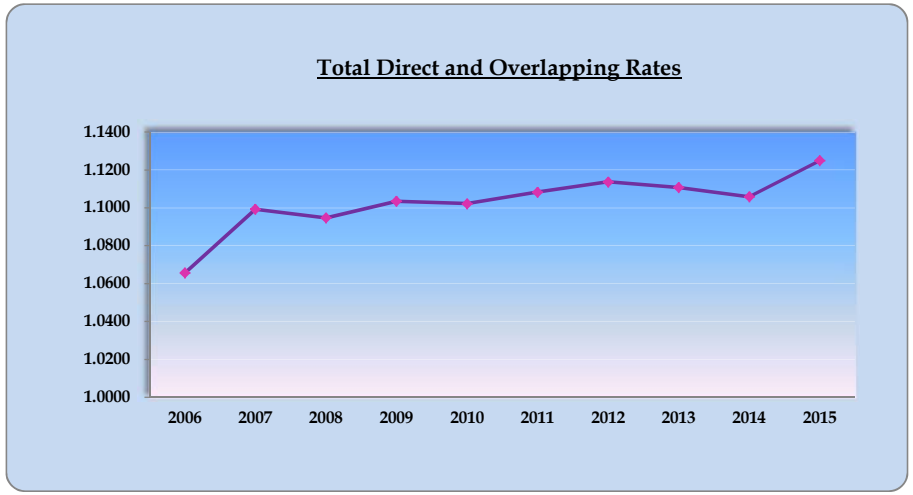
In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase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

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

# Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

**(Per $1,000 Assessed Valuation)**

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| City Direct Rates (1) | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 |
| Overlapping Rates (2) | | | | | | | | | | |
| San Mateo County | 0.9976 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Menlo Park Elementary | 0.0209 | 0.0416 | 0.0384 | 0.0399 | 0.0390 | 0.0410 | 0.0413 | 0.0402 | 0.0381 | 0.0486 |
| San Mateo Junior College | 0.0065 | 0.0184 | 0.0171 | 0.0165 | 0.0182 | 0.0193 | 0.0199 | 0.0194 | 0.0194 | 0.0190 |
| Menlo Park Debt Service | 0.0052 | 0.0052 | 0.0047 | 0.0048 | 0.0046 | 0.0042 | 0.0041 | 0.0038 | 0.0026 | 0.0025 |
| Menlo Park Parks & Rec Bond | 0.0132 | 0.0132 | 0.0140 | 0.0141 | 0.0127 | 0.0127 | 0.0126 | 0.0118 | 0.0144 | 0.0115 |
| Sequoia Union High School District | 0.0223 | 0.0208 | 0.0205 | 0.0282 | 0.0277 | 0.0311 | 0.0358 | 0.0356 | 0.0313 | 0.0433 |
| Total Overlapping Rates | 1.0657 | 1.0992 | 1.0947 | 1.1035 | 1.1022 | 1.1083 | 1.1137 | 1.1108 | 1.1058 | 1.1249 |
| **Total Direct and Overlapping Rates** | **1.0681** | **1.1016** | **1.0971** | **1.1059** | **1.1046** | **1.1107** | **1.1161** | **1.1132** | **1.1082** | **1.1273** |
| % of Change - from Prior Year | 3.0% | 3.1% | -0.4% | 0.8% | -0.1% | 0.6% | 0.5% | -0.3% | -0.4% | 1.7% |




Source:
(1) County of San Mateo, Property Taxes
(2) County of San Mateo, Tax Rate Book, Code 08-004

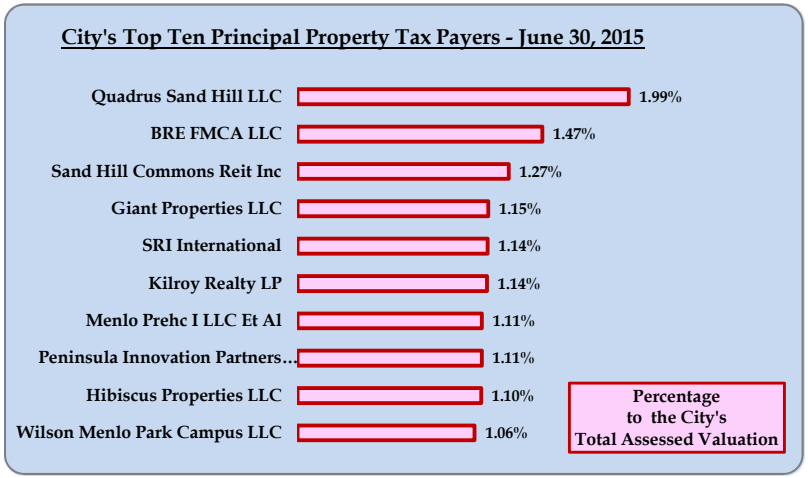
# Principal Property Tax Payers
Current Fiscal Year and Ten Years Prior

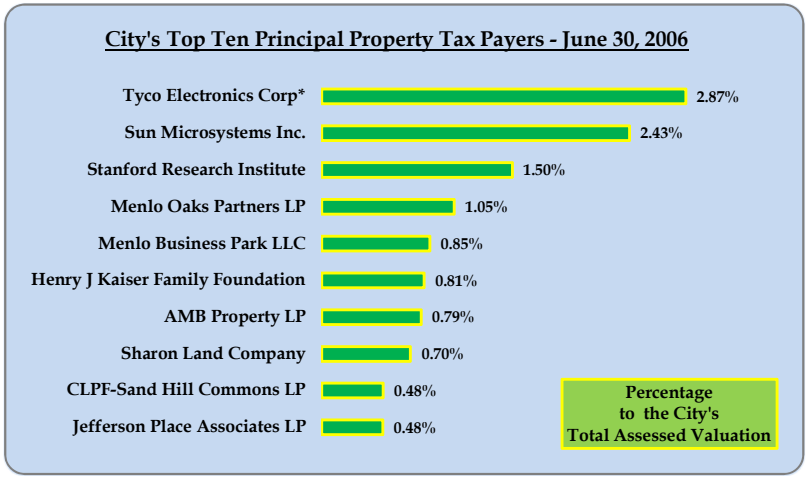
**FY 2014-2015**

| Property Owner | Rank | Taxable Assessed Value | Ratio to Total City's Assessed Valuation |
|---|---|---|---|
| Quadrus Sand Hill LLC | 1 | $ 239,232,536 | 1.99% |
| BRE FMCA LLC | 2 | 176,864,530 | 1.47% |
| Sand Hill Commons Reit Inc | 3 | 152,515,197 | 1.27% |
| Giant Properties LLC | 4 | 137,742,975 | 1.15% |
| SRI International | 5 | 137,336,517 | 1.14% |
| Kilroy Realty LP | 6 | 136,943,513 | 1.14% |
| Menlo Prehc I LLC Et Al | 7 | 133,110,509 | 1.11% |
| Peninsula Innovation Partners LLC | 9 | 133,051,869 | 1.11% |
| Hibiscus Properties LLC | 10 | 132,600,000 | 1.10% |
| Wilson Menlo Park Campus LLC | 7 | 127,889,344 | 1.06% |
| Total Top 10 Taxpayers' Totals | | $ 1,507,286,990 | **12.54%** |
| City's Total Assessed Valuation | | $ 12,015,719,121 | **100%** |

**FY 2005-2006**

| Property Owner | Rank | Taxable Assessed Value | Ratio to Total City's Assessed Valuation |
|---|---|---|---|
| Tyco Electronics Corp* | 1 | $ 224,734,080 | 2.87% |
| Sun Microsystems Inc. | 2 | 190,000,000 | 2.43% |
| Stanford Research Institute | 3 | 117,641,874 | 1.50% |
| Menlo Oaks Partners LP | 4 | 81,850,747 | 1.05% |
| Menlo Business Park LLC | 5 | 66,672,224 | 0.85% |
| Henry J Kaiser Family Foundati | 6 | 63,292,031 | 0.81% |
| AMB Property LP | 7 | 61,411,902 | 0.79% |
| Sharon Land Company | 8 | 54,793,120 | 0.70% |
| CLPF-Sand Hill Commons LP | 9 | 37,851,573 | 0.48% |
| Jefferson Place Associates LP | 10 | 37,800,000 | 0.48% |
| Total Top 10 Taxpayers' Totals | | $ 936,047,551 | **11.97%** |
| City's Total Assessed Valuation | | $ 7,821,834,324 | **100%** |

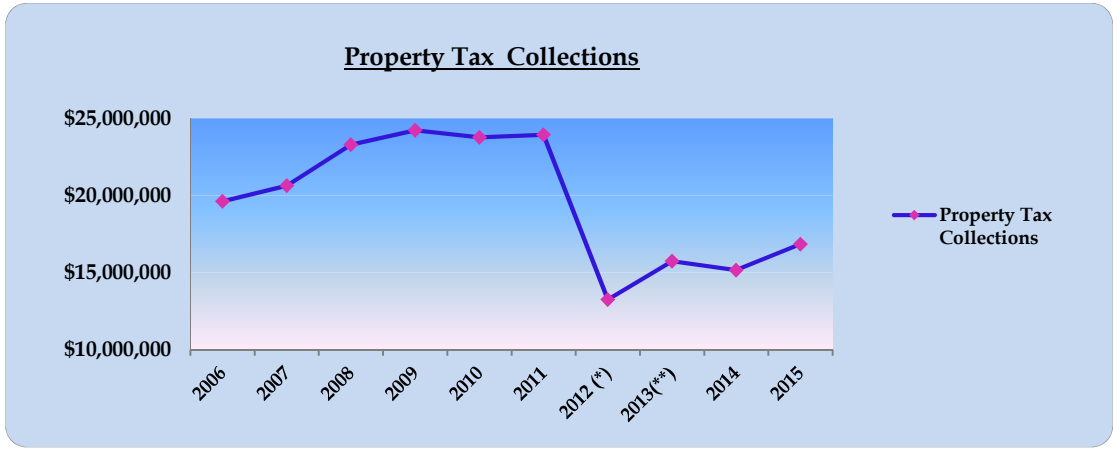



Source:
San Mateo County Tax Roll
California Municipal Statistics Inc

# Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ending June 30 | Property Tax Levies | Property Tax Collections | Percentage of Collections | Subsequent Year Collections | Total Collections | Percentage of Collections |
|---|---|---|---|---|---|---|
| 2006 | 19,621,263 | 19,621,263 | 100.00% | - | 19,621,263 | 100% |
| 2007 | 20,634,275 | 20,634,275 | 100.00% | - | 20,634,275 | 100% |
| 2008 | 23,292,838 | 23,292,838 | 100.00% | - | 23,292,838 | 100% |
| 2009 | 24,213,138 | 24,213,138 | 100.00% | - | 24,213,138 | 100% |
| 2010 | 23,753,591 | 23,753,591 | 100.00% | - | 23,753,591 | 100% |
| 2011 | 23,936,578 | 23,936,578 | 100.00% | - | 23,936,578 | 100% |
| 2012 (*) | 13,239,856 | 13,239,856 | 100.00% | - | 13,239,856 | 100% |
| 2013(**) | 15,731,889 | 15,731,889 | 100.00% | - | 15,731,889 | 100% |
| 2014 | 15,156,065 | 15,156,065 | 100.00% | - | 15,156,065 | 100% |
| 2015 | 16,824,725 | 16,824,725 | 100.00% | - | 16,824,725 | 100% |




Source:

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

City of Menlo Park

Notes:

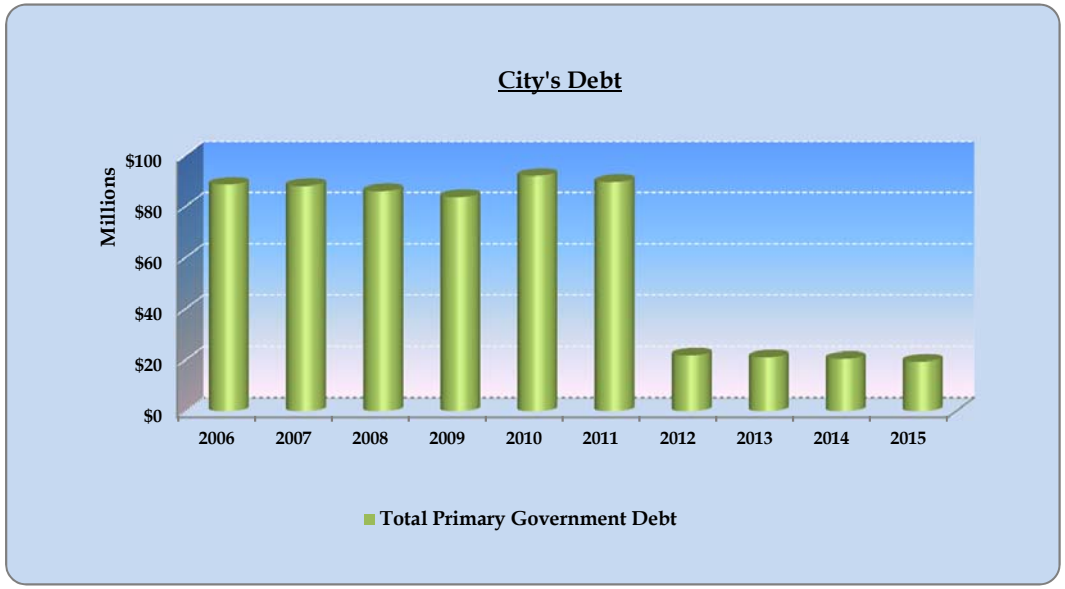
(*) In prior years, property tax levies included property tax increment from ther former Community Development Agencies.

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

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

## Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ending June 30 | General Obligation Bonds(1) | Tax Allocation Bonds | Total Primary Government Debt | Percentage of Personal Income | Outstanding Debt Per Capita | Outstanding Debt to Taxable Assessed Value |
|---|---|---|---|---|---|---|
| 2006 | $ 16,050,000 | $ 72,430,000 (5) | $ 88,480,000 | 3.94% | $ 2,877 | 1.13% |
| 2007 | 15,575,000 | 72,430,000 | 88,005,000 | 4.02% | 2,826 | 1.06% |
| 2008 | 15,070,000 | 70,820,000 | 85,890,000 | 4.17% | 2,728 | 0.95% |
| 2009 | 14,535,000 | 69,140,000 | 83,675,000 | 3.94% | 2,626 | 0.87% |
| 2010 | 24,487,472 (2) | 67,395,000 | 91,882,472 | 4.10% | 2,853 | 0.92% |
| 2011 | 23,874,973 | 65,585,000 | 89,459,973 | not available | 2,760 | 0.88% |
| 2012 | 21,775,595 (3) | - (6) | 21,775,595 | not available | 672 | 0.21% |
| 2013 | 21,016,779 | - | 21,016,779 | not available | 639 | 0.20% |
| 2014 | 20,397,966 | - | 20,397,966 | not available | 617 | 0.18% |
| 2015 | 19,399,153 | - | 19,399,153 | not available | 582 | 0.16% |




Source: City of Menlo Park

Notes:

(1) General Obligation Bonds consists of 1996, 2002, 2009 General Obligation Bonds

(2) The City issued $10,440,000 in 2009 General Obligation Bonds

(3) General Obligation Bonds consists of 1996, 2009, & 2012 General Obligation Bonds

(4) Tax Allocation Bonds consists of 2006 Las Pulgas Project Tax Allocation Bonds

(5) The 1996 & 2000 Tax Allocation Bonds were refinanced with 2006 Refunding Bonds

(6) In fiscal year 2011-12 former Community Redevelopment Agency was dissolved and all debts transferred

(7) County of San Mateo's personal income per capita

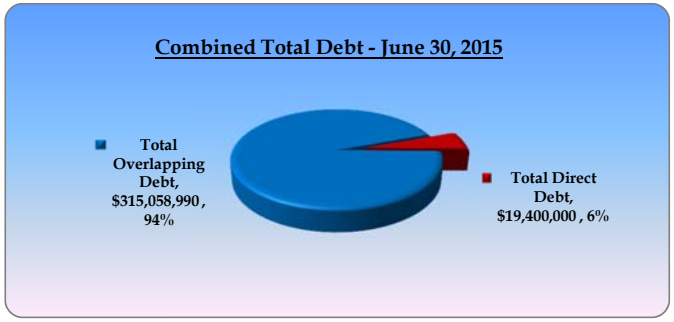
(8) U.S. Census Bureau, Quickfacts.Census.gov, Population

# Direct and Overlapping Debt
June 30, 2015

**Fiscal year 2014-15**

**City Assessed Valuation [1] $ 12,056,141,411**

| | Outstanding Debt 6/30/2015 | Percentage Applicable [1] | Estimated Share of Overlapping Debt | Ratio to City's Assessed Valuation |
|---|---|---|---|---|
| Direct and Overlapping Tax and Assessment Debt | | | | |
| San Mateo Community College District | $ 664,859,994 | 7.231% | $ 48,355,267 | 0.40% |
| Sequoia Union High School District | 433,505,000 | 17.523% | 75,963,081 | 0.63% |
| Las Lomitas School District | 42,129,458 | 36.299% | 15,292,572 | 0.13% |
| Menlo Park City School District | 109,555,023 | 60.837% | 66,649,989 | 0.55% |
| Ravenswood School District | 8,441,230 | 40.762% | 3,440,814 | 0.03% |
| Redwood City School District | 36,136,458 | 2.298% | 830,416 | 0.01% |
| **City of Menlo Park** | **19,400,000** | **100%** | **19,400,000** | **0.16%** |
| Total Direct and Overlapping tax and Assessment Debt | | | $ 229,932,139 | 1.91% |
| Overlapping General Fund Debt | | | | |
| San Mateo County General Fund Obligations | $ 460,064,816 | 7.273% | $ 33,460,514 | 0.28% |
| San Mateo County Board of Education Certificates of Participation | 10,430,000 | 7.273% | $ 758,574 | 0.01% |
| Midpeninsula Regional Park District Certificates of Participation | 127,086,851 | 5.872% | 7,462,540 | 0.06% |
| Menlo Park Fire Protection District Certification of Participation | 11,270,000 | 46.364% | 5,225,223 | 0.04% |
| Total Overlapping General Fund Debt | | | $ 46,906,851 | 0.39% |
| Overlapping Tax Increment Debt - Successor Agency | 57,620,000 | 100% | $ 57,620,000 | 0.48% |
| **Total Direct Debt** | | | **$ 19,400,000** | **0.16%** |
| **Total Overlapping Debt** | | | **$ 315,058,990** | **2.61%** |
| **Combined Total Debt (2)** | | | **$ 334,458,990** | **2.77%** |



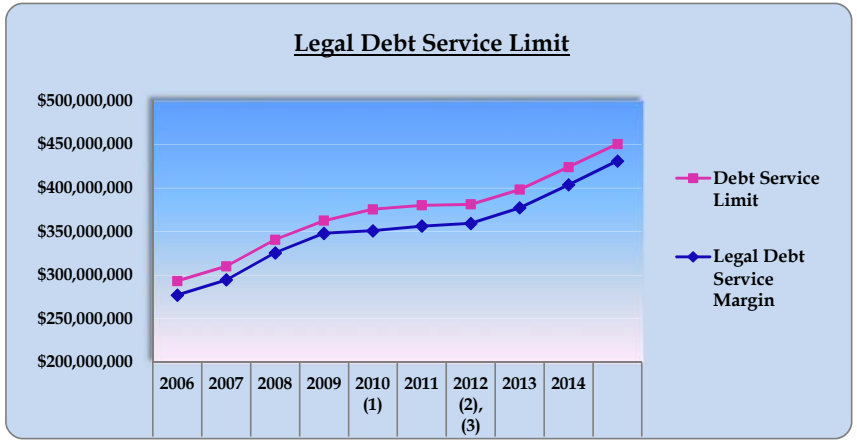

Source: California Municipal Statistics, Inc.

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

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

## Legal Debt Service Margin Information
Last Ten Fiscal Years

| | 2006 | 2007 | 2008 | 2009 | 2010 (1) | 2011 | 2012 (2), (3) | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| City's Taxable Assessed Valuation | $ 7,820,809,423 | $ 8,274,298,766 | $ 9,087,570,328 | $ 9,669,292,492 | $ 10,016,523,183 | $ 10,140,348,118 | $ 10,169,244,059 | $ 10,620,369,817 | $ 11,311,951,652 | $ 12,015,719,121 |
| Conversion Percentage | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% | 25% |
| Adjusted Assessed Valuation | 1,955,202,356 | 2,068,574,692 | 2,271,892,582 | 2,417,323,123 | 2,504,130,796 | 2,535,087,030 | 2,542,311,015 | 2,655,092,454 | 2,827,987,913 | 3,003,929,780 |
| Debt Service Limit Percentage | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% |
| Debt Service Limit | **293,280,353** | **310,286,204** | **340,783,887** | **362,598,468** | **375,619,619** | **380,263,054** | **381,346,652** | **398,263,868** | **424,198,187** | **450,589,467** |
| Less: | | | | | | | | | | |
| General Obligation Bonds | 16,050,000 | 15,575,000 | 15,070,000 | 14,535,000 | 24,487,472 | 23,874,973 | 21,775,595 | 21,016,779 | 20,397,966 | 19,399,153 |
| Legal Debt Service Margin | **$ 277,230,353** | **$ 294,711,204** | **$ 325,713,887** | **$ 348,063,468** | **$ 351,132,147** | **$ 356,388,081** | **$ 359,571,057** | **$ 377,247,089** | **$ 403,800,221** | **$ 431,190,314** |
| Legal Debt Service Margin as a Percentage of Debt Service Limit | 94.5% | 95.0% | 95.6% | 96.0% | 93.5% | 93.7% | 94.3% | 94.7% | 95.2% | 95.7% |




Source: County of San Mateo, Assessed Valuation Reports

Notes:

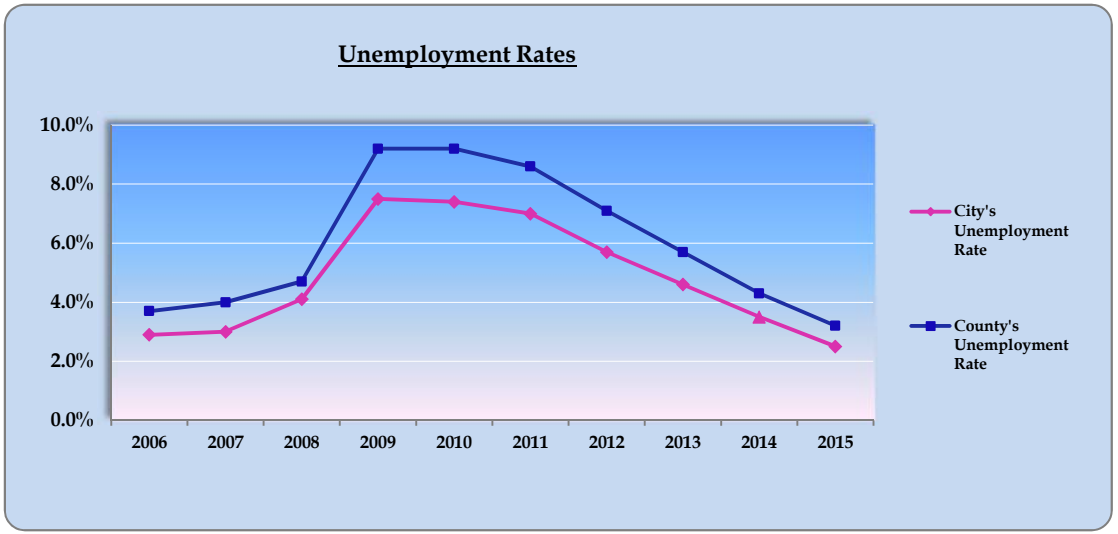
(1) The City issued 2009 General Obligation Bonds

(2) The City refinanced 2002 Bonds with issuance of 2012 General Obligation Bonds

(3) Community Development Agency was transferred to Successor Agency

# Demographic and Economic Statistics
Last Ten Fiscal Years

| Calendar Year | Population | City's Unemployment Rate | County's Unemployment Rate | Personal Income Per Capita | K-12 Public School Enrollments |
|---|---|---|---|---|---|
| **2006** | 30,750 | 2.9% | 3.7% | 69,107 | 4,124 |
| **2007** | 31,146 | 3.0% | 4.0% | 72,941 | 4,177 |
| **2008** | 31,490 | 4.1% | 4.7% | 70,211 | 4,297 |
| **2009** | 31,865 | 7.5% | 9.2% | 65,414 | 4,498 |
| **2010** | 32,206 | 7.4% | 9.2% | 66,629 | 4,477 |
| **2011** | 32,412 | 7.0% | 8.6% | 69,577 | 4,678 |
| **2012** | 32,412 | 5.7% | 7.1% | not available | 4,719 |
| **2013** | 32,881 | 4.6% | 5.7% | not available | 4,835 |
| **2014** | 33,071 | 3.5% | 4.3% | 67,072 | 4,976 |
| **2015** | 33,309 | 2.5% | 3.2% | 69,802 | 5,062 |




Source:

U.S. Census Bureau, Quickfacts.Census.gov, Population 2014 Estimate

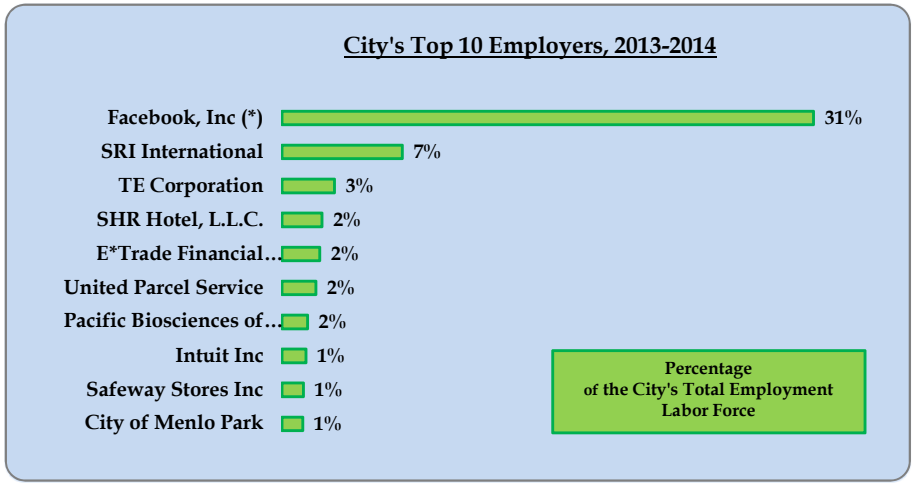
U.S. Department of Commerce, bea.gov, CA1-3 Personal Income Summary, County of San Mateo Per capita personal income 2008-2014

California Department of Education, Data Quest/Enrollment over time, school year 2014-15 Menlo Park Elementary Schools K-12 and Menlo Atherton High School

California Labor Market Information, EDD, labormarketinfo.edd.ca.gov, October 2015

## Principal Employers
Current Fiscal Year and Ten Years Prior

| City's Principal Employers | Rank | 2014-2015 Total Employees | 2014-2015 Percentage of Total City's Labor Force | 2005-2006 Total Employees | 2005-2006 Percentage of Total City's Labor Force |
|---|---|---|---|---|---|
| Facebook, Inc (*) | 1 | 6,068 | 31% | n/a | n/a |
| SRI International | 2 | 1,373 | 7% | 1,185 | 8% |
| TE Corporation | 3 | 598 | 3% | 1,040 | 7% |
| SHR Hotel, L.L.C. | 4 | 457 | 2% | n/a | n/a |
| E*Trade Financial Corporation | 5 | 432 | 2% | n/a | n/a |
| United Parcel Service | 6 | 388 | 2% | 270 | n/a |
| Pacific Biosciences of California | 7 | 293 | 2% | n/a | n/a |
| Intuit Inc | 8 | 275 | 1% | n/a | n/a |
| Safeway Stores Inc | 9 | 245 | 1% | 232 | 2% |
| City of Menlo Park | 10 | 237 | 1% | n/a | n/a |
| Top 10 Employers | | 10,366 | 54% | 2,727 | 17% |
| Total Employment of the City's Labor Force | | 19,300 | 100% | 15,429 | 100% |




Source:

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

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

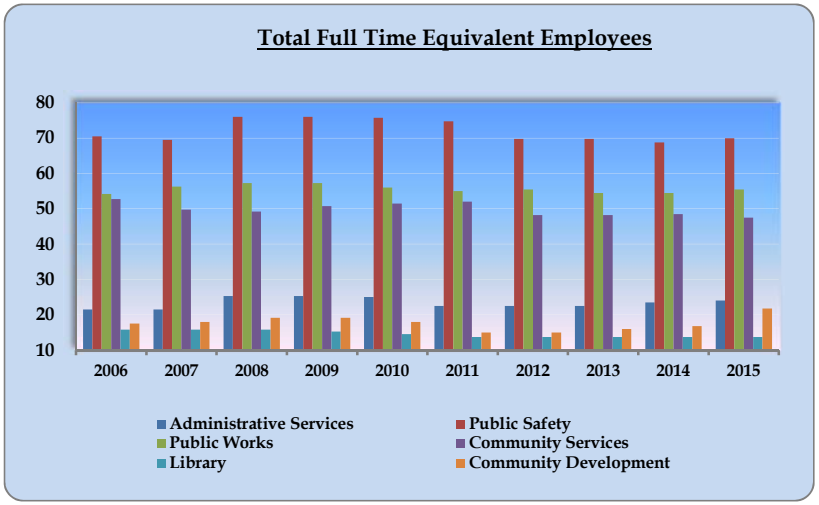
Notes:

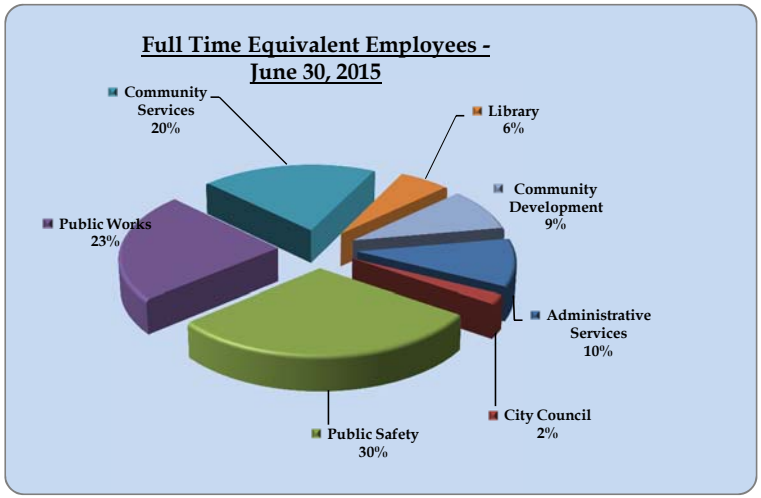
(*) Moved to Menlo Park in 2012

n/a Not Available

# Full Time Equivalent City Employees by Function
Last Ten Fiscal Years

| FTE by Department | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Administrative Services | 21.50 | 21.50 | 25.35 | 25.35 | 25.00 | 22.50 | 22.50 | 22.50 | 23.50 | 24.00 |
| City Council | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Public Safety | 70.50 | 69.50 | 76.00 | 76.00 | 75.75 | 74.75 | 69.75[1] | 69.75 | 68.75 | 70.00 |
| Public Works | 54.25 | 56.25 | 57.25 | 57.25 | 56.00 | 55.00 | 55.50 | 54.50 | 54.50 | 55.50 |
| Community Services | 52.75 | 49.75 | 49.25 | 50.75 | 51.50 | 52.00 | 48.25[2] | 48.25 | 48.50 | 47.50 |
| Library | 15.75 | 15.75 | 15.75 | 15.25 | 14.50 | 13.75 | 13.75 | 13.75 | 13.75 | 13.75 |
| Community Development | 17.50 | 18.00 | 19.15 | 19.15 | 18.00 | 15.00 | 15.00 | 16.00 | 16.75 | 21.75 |
| Total Full Time Equivalent Employees | 237.25 | 235.75 | 247.75 | 248.75 | 245.75 | 238.00 | 229.75 | 229.75 | 230.75 | 237.50 |




*Source: City of Menlo Park, Human Resources*

*Remarks:*

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

[2] Reduction of 3.0 FTE Housing Division during fiscal year 2011-12

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## Operating Indicators by Demand Level of Service, by Function/Program

Last Ten Fiscal Years

| | FUNCTION/PROGRAM | Fiscal Year Ending June 30, _____ 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Public Safety | Incidents | 30,597 | 36,206 | 37,997 | 41,200 | 39,217 | 40,675 | 44,405 | 41,206 | 40,964 | 39,605 |
| | Calls for Service | 19,806 | 18,721 | 19,736 | 20,015 | 19,840 | 19,752 | 20,469 | 22,383 | 21,021 | 21,293 |
| | Officer Initiated Incidents | 10,791 | 17,485 | 18,261 | 21,185 | 19,377 | 20,923 | 23,936 | 18,823 | 19,943 | 18,312 |
| Public Works | **Transportation:** | | | | | | | | | | |
| | Shuttle Passengers(1) | 53,978 | 70,712 | 68,201 | 81,837 | 86,503 | 83,246 | 86,004 | 80,774 | 82,420 | 82,663 |
| | **Engineering:** | | | | | | | | | | |
| | Encroachment Permits Issued | 275 | 274 | 319 | 310 | 289 | 290 | 272 | 300 | 365 | 372 |
| Culture and Recreation | **Parks and recreation:** | | | | | | | | | | |
| | Number of Activity Hours Provided (2) | 9,571 | 21,902 | 119,674 | 37,869 | 48,270 | 37,964 | 1,662,457 | 2,403,979 | 3,095,612 | 3,312,426 (5) |
| | Number of Recreational Activities Participants (3) | 39,987 | 42,424 | 237,968 | 61,514 | 64,762 | 88,032 | 706,830 | 931,490 | 1,119,365 | 1,196,406 (6) |
| | **Library:** | | | | | | | | | | |
| | Books Volumes held | 143,351 | 142,735 | 149,927 | 151,650 | 146,429 | 146,356 | 150,017 | 157,155 | 165,118 | 167,970 |
| | Video/DVD held | 12,569 | 11,092 | 15,148 | 14,989 | 13,688 | 14,262 | 14,728 | 13,348 | 16,704 | 17,344 |
| | Books Volumes added | 4,992 | 9,587 | 7,613 | 15,162 | 9,826 | 9,587 | 9,239 | 11,183 | 10,966 | 10,202 |
| | Total Circulations | 545,764 | 590,261 | 707,073 | 756,808 | 742,555 | 726,189 | 624,699 | 672,967 | 682,381 | 609,387 |
| Community Development | **Building Permits Issued:** | | | | | | | | | | |
| | Residential Buildings - Count | 824 | 745 | 787 | 652 | 667 | 733 | 655 | 728 | 717 | 734 |
| | Residential -Value ($1000s) | 55,404 | 70,643 | 84,006 | 51,761 | 42,033 | 49,618 | 44,545 | 64,932 | 65,386 | 118,952 |
| | Commercial Buildings - Count | 155 | 185 | 170 | 187 | 160 | 202 | 231 | 229 | 180 | 187 |
| | Commercial -Value ($1000s) | 44,428 | 112,118 | 73,820 | 42,435 | 32,419 | 46,756 | 78,055 | 61,201 | 238,585 | 282,621 |
| | Accessory Buildings - Count | 107 | 99 | 99 | 74 | 87 | 85 | 73 | 100 | 91 | 90 |
| | Accessory -Value ($1000s) | 1,062 | 1,290 | 2,337 | 1,039 | 1,188 | 1,812 | 1,925 | 1,876 | 3,752 | 3,999 |
| | Building Inspection Conducted | 10,522 | 10,036 | 11,197 | 10,532 | 8,797 | 9,928 | 9,733 | 10,171 | 10,004 | 10,639 |
| | **Housing and Redevelopment:** | | | | | | | | | | |
| | Below Market Rate - Units sold | 0 | 8 | 16 | 5 | 2 | 2 | 2 | 1 | 4 | 0 |
| | Below Market Rate - Units resold | 1 | 2 | 0 | 0 | 1 | 3 | 3 | 0 | 2 | 1 |
| | Housing Rehabilitation - New loans | 5 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Housing Rehab Loans - Cumulative $ | 2,205,021 | 1,744,741 | 1,459,047 | 1,440,877 | 1,340,433 | 1,312,380 | 1,210,372 | 960,179 | 917,315 | 799,640 |
| | Housing Rehab Homes - Cumulative Count | 58 | 47 | 41 | 41 | 36 | 33 | 32 | 28 | 26 | 22 |
| | RDA - Housing Rehabilitation - New loans (4) | - | - | - | - | 4 | 3 | 0 | 0 | 0 | 0 |
| | RDA - Housing Rehab Loans - Cumulative $ | - | - | - | - | 193,000 | 347,785 | 337,285 | 328,676 | 299,139 | 258,558 |
| | Count | - | - | - | - | 4 | 7 | 7 | 7 | 7 | 5 |
| Administrative Services | **Finance:** | | | | | | | | | | |
| | New Business License Applications | 469 | 649 | 708 | 564 | 308 | 458 | 829 | 811 | 661 | 691 |

Source: City of Menlo Park

Note:

(1) Public demand of the free shuttles was increased in 2006-07 as a result of frequent promotions of the free service by the City of Menlo Park Transportation Department and the participating companies who promote commute alternatives in peak hours.

(2) Increased programming in rooms previously used for child care at Burgess and new programs at the Onetta Harris Community Center. The method of calculation may vary from previously submitted information.

(3) Park and Recreation: Differences in department programming from year to year result in substantial variances in some totals.

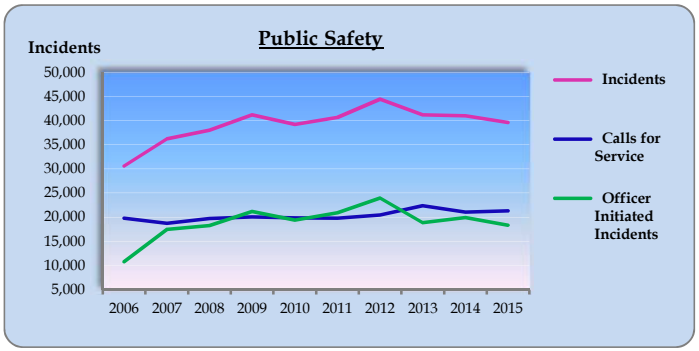
(4) Redevelopment Agency-Housing Rehabilitation Program started in fiscal year 2009-2010 and ended in January 2012

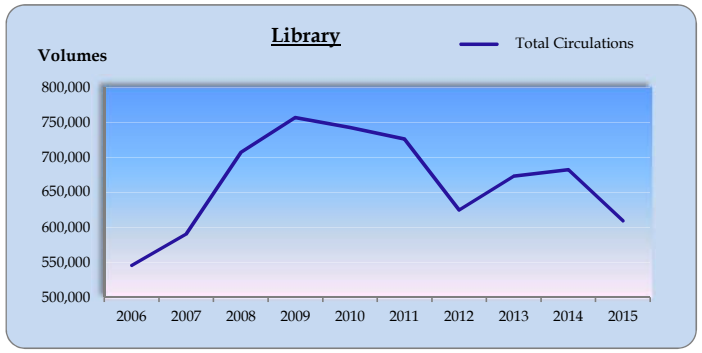
(5) During fiscal year 2011-12, Activity Hour was changed to count every hour each participant in a program or using City service

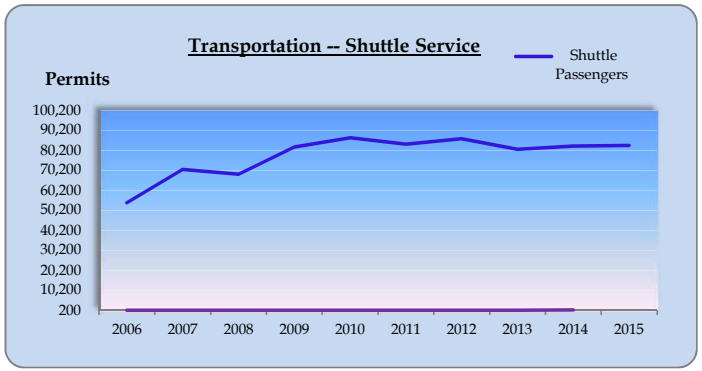
(6) During fiscal year 2011-12, Activity Participant was changed to count each visit

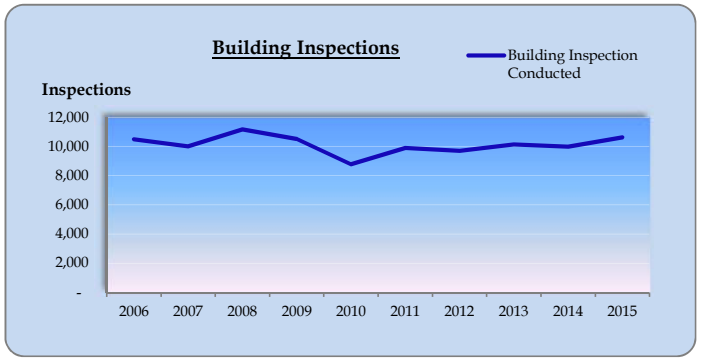
(Continued)

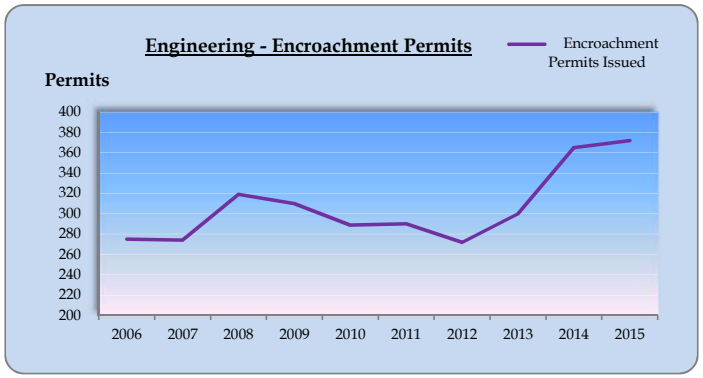
Operating Indicators by Demand Level of Service, by Function/Program
Last Ten Fiscal Years

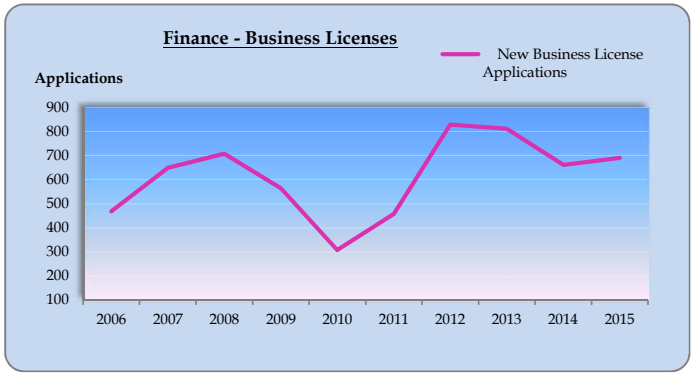



Source: City of Menlo Park

## Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function | Facility | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Government | Civic Center-Administration | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | Police Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Works | Streets (miles) | 101 | 101 | 101 | 101 | 101 | 101 | 100 | 100 | 100 |
| | Streetlights | 1718 | 1718 | 1718 | 1718 | 1719 | 2233 | 2233 | 2233 | 2233 |
| | Traffic Signals | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| | Water: | | | | | | | | | |
| | - Daily average introduced into system (1,000 gallons) | 3346 | 3431 | 3693 | 3230 | 3042 | 3038 | 3221 | 3238 | 3531 |
| | - Water storage (millions of gallons) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| | - Water lines (miles) | 55 | 55 | 55 | 59 | 59 | 59 | 59 | 59 | 59 |
| Parks and Recreation | Child Care Centers | 5 | 5 | 5 | 6 | 6 | 6 | 3 | 3 | 3 |
| | Recreation Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Library | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Parks | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 |
| | Community Centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Senior Center | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| | Gymnasium | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Gymnastics Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Pools (locations) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | Medical Clinic | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Gate House | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Dog Park Areas | n/a | n/a | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: City of Menlo Park

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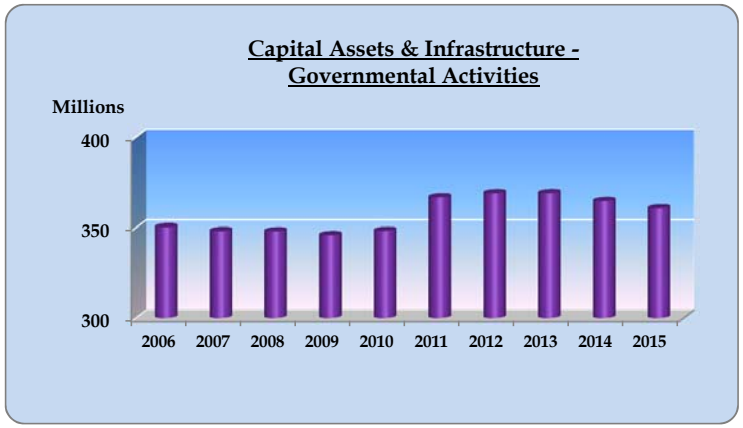
## Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

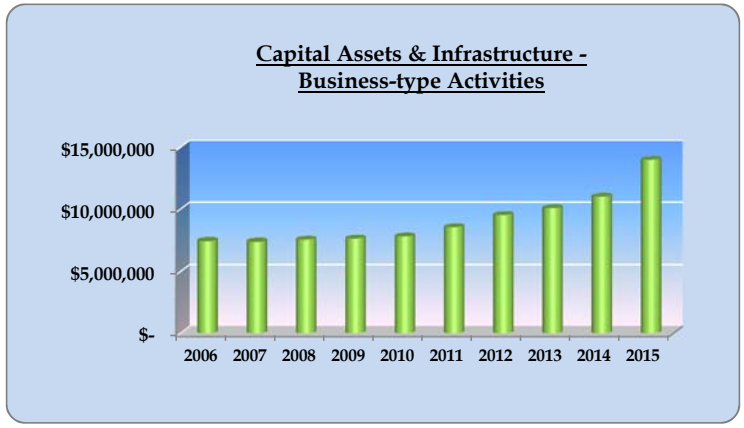
| | Non-Depreciable | | | | | Depreciable | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending | Land | Land Improvement | Real Estate Held for Sale | Construction in Progress | Total Non-Depreciable | Buildings | Share Use Facilities | Equipment | Other Improvements | Infrastructure | Less: Accumulated Depreciation | Total Depreciable | Combined Total |
| 2006 | 205,232,510 | 32,900,109 | - | 968,145 | 239,100,764 | 46,658,887 | - | 6,201,377 | 12,081,605 | 103,885,147 | (57,765,455) | 111,061,561 | 350,162,325 |
| 2007 | 204,949,233 | 32,900,109 | - | 600,561 | 238,449,903 | 46,933,785 | - | 5,912,705 | 12,717,853 | 105,533,229 | (61,481,901) | 109,615,671 | 348,065,574 |
| 2008 | 204,949,233 | 32,900,109 | - | 2,971,197 | 240,820,539 | 46,933,785 | - | 6,162,913 | 12,782,089 | 106,952,666 | (65,743,622) | 107,087,831 | 347,908,370 |
| 2009 | 204,949,233 | 32,900,109 | - | 3,318,133 | 241,167,475 | 46,933,785 | - | 6,383,215 | 12,792,366 | 107,911,764 | (69,349,289) | 104,671,841 | 345,839,316 |
| 2010 | 204,949,233 | 32,900,109 | 446,725 | 5,889,419 | 244,185,486 | 47,218,382 | 2,600,000 | 6,384,363 | 12,792,366 | 108,730,291 | (73,724,714) | 104,000,688 | 348,186,174 |
| 2011 | 204,949,233 | 32,900,109 | 648,285 | 6,979,308 | 245,476,935 | 65,959,147 | 2,600,000 | 6,464,074 | 12,878,068 | 109,994,804 | (76,800,272) | 121,095,821 | 366,572,756 |
| 2012 | 199,254,256 | 32,900,109 | 1,643,404 | 2,112,344 | 235,910,113 | 76,591,580 | 2,600,000 | 6,929,594 | 16,259,990 | 110,974,228 | (80,489,073) | 132,866,319 | 368,776,432 |
| 2013 | 199,256,305 | 32,900,109 | 733,597 | 2,537,004 | 235,427,015 | 76,762,760 | 2,600,000 | 7,064,784 | 16,370,783 | 113,871,991 | (83,296,591) | 133,373,727 | 368,800,742 |
| 2014 | 199,256,305 | 32,900,109 | - | 1,953,563 | 234,109,977 | 77,022,447 | 2,600,000 | 7,329,067 | 173,248,051 | 114,657,739 | (88,526,395) | 130,407,663 | 364,517,640 |
| 2015 | 199,256,305 | 32,921,636 | - | 2,362,145 | 234,540,086 | 77,198,498 | 2,600,000 | 6,818,988 | 17,615,799 | 115,318,426 | (93,534,204) | 126,017,507 | 360,557,593 |
| 2006 | 1,066,454 | - | - | 183,225 | 1,249,679 | 4,141,695 | - | 589,093 | - | 6,812,639 | (5,352,175) | 6,191,252 | 7,440,931 |
| 2007 | 1,066,454 | - | - | 277,361 | 1,343,815 | 4,165,957 | - | 589,093 | - | 6,812,639 | (5,520,161) | 6,047,528 | 7,391,343 |
| 2008 | 1,066,454 | - | - | 561,544 | 1,627,998 | 4,159,460 | - | 621,809 | - | 6,812,639 | (5,689,537) | 5,904,371 | 7,532,369 |
| 2009 | 1,066,454 | - | - | 793,183 | 1,859,637 | 4,159,460 | - | 566,303 | - | 6,812,639 | (5,777,412) | 5,760,990 | 7,620,627 |
| 2010 | 1,066,454 | - | - | 1,133,544 | 2,199,998 | 4,159,460 | - | 569,755 | - | 6,812,639 | (5,951,168) | 5,590,686 | 7,790,684 |
| 2011 | 1,066,454 | - | - | 2,041,278 | 3,107,732 | 4,159,460 | - | 503,003 | - | 6,812,639 | (6,046,123) | 5,428,979 | 8,536,711 |
| 2012 | 1,066,454 | - | - | 1,555,026 | 2,621,480 | 4,159,460 | - | 542,565 | - | 8,371,534 | (6,170,823) | 6,902,736 | 9,524,216 |
| 2013 | 1,066,454 | - | - | 2,310,988 | 3,377,442 | 4,159,460 | - | 542,565 | - | 8,371,534 | (6,371,319) | 6,702,240 | 10,079,682 |
| 2014 | 1,066,454 | - | - | 3,436,621 | 4,503,075 | 4,159,460 | - | 540,323 | - | 8,371,534 | (6,568,646) | 6,502,671 | 11,005,746 |
| 2015 | 1,066,454 | - | - | 6,607,112 | 7,673,566 | 4,159,460 | - | 494,276 | - | 8,371,534 | (6,708,763) | 6,316,507 | 13,990,073 |

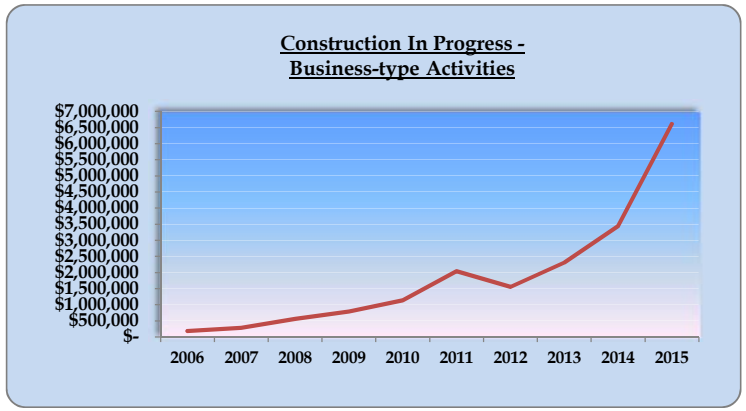
Source: City of Menlo Park

(Continued)

# Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years



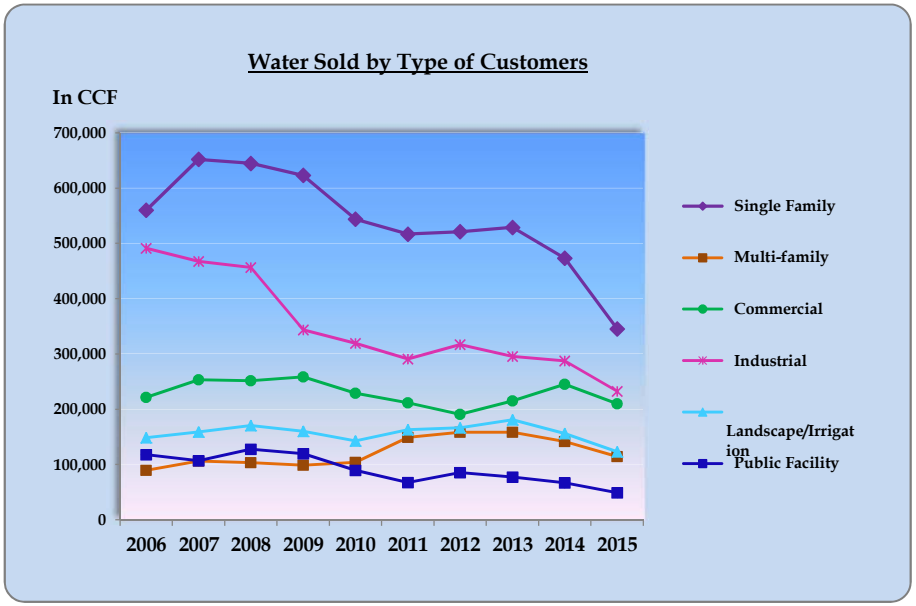



Source: City of Menlo Park

# Water Sold by Type of Customer
Last Ten Fiscal Years

**(in CCF)**

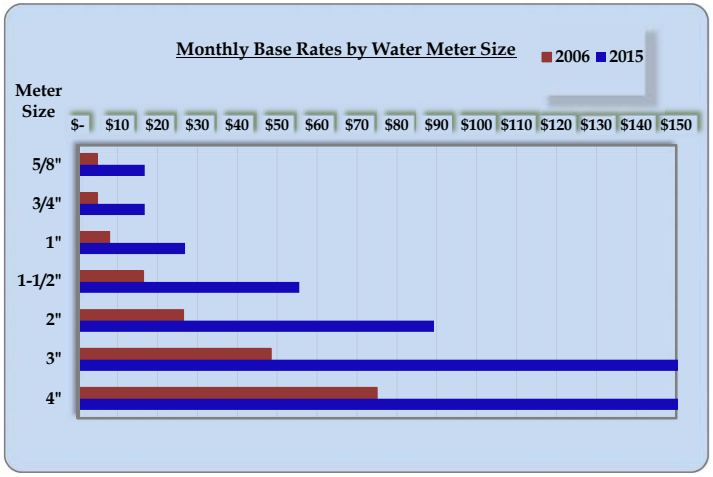
| | Fiscal year ending June 30, ____ | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Type of Customer** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Single Family | 560,166 | 652,204 | 644,785 | 623,012 | 543,758 | 516,958 | 521,341 | 529,161 | 473,312 | 345,442 |
| Multi-family | 89,682 | 106,339 | 103,263 | 98,672 | 104,032 | 149,228 | 158,342 | 158,386 | 141,634 | 114,611 |
| Commercial | 221,551 | 253,596 | 251,400 | 258,675 | 229,159 | 211,796 | 190,988 | 215,162 | 245,206 | 209,802 |
| Industrial | 491,050 | 467,379 | 456,315 | 343,516 | 319,117 | 291,137 | 316,857 | 295,864 | 287,567 | 232,488 |
| Landscape/Irrigation | 148,601 | 159,097 | 170,846 | 160,021 | 142,781 | 163,080 | 166,262 | 181,100 | 155,937 | 123,005 |
| Public Facility | 117,785 | 107,003 | 127,811 | 119,814 | 89,655 | 67,389 | 85,474 | 77,494 | 66,833 | 48,770 |
| Total Water Sold - CCF | 1,628,835 | 1,745,618 | 1,754,420 | 1,603,710 | 1,428,502 | 1,399,588 | 1,439,264 | 1,457,167 | 1,370,489 | 1,074,118 |
| **Direct Rate(*)** | **$ 6.15** | **$ 6.85** | **$ 7.61** | **$ 8.48** | **$ 9.44** | **$ 11.01** | **$ 12.78** | **$ 14.86** | **$ 17.24** | **$ 20.03** |

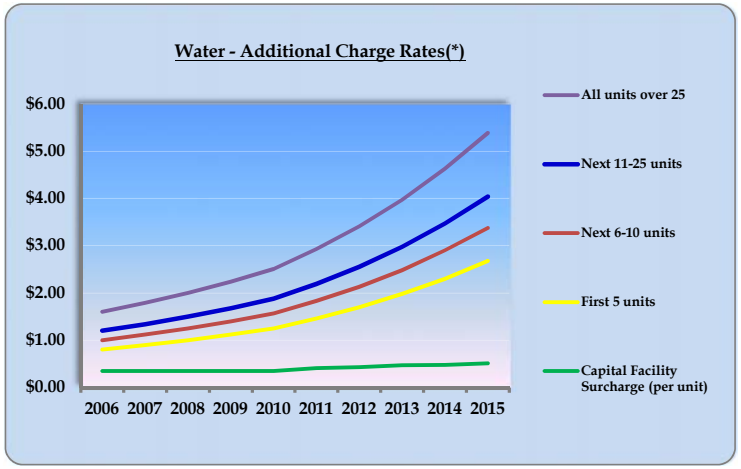


Source: California Water Service Company, City of Menlo Park
Notes: 1 unit is 748 gallons
*Rate based on a minimum monthly service charge based on size of meter plus a charge for water consumed plus a surcharge per unit

# Water Service Rates
Last Ten Fiscal Years

| Monthly Base Rate by Meter Size | Fiscal Year Ending June 30, ____ | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 5/8" | 5.00 | 5.60 | 6.26 | 7.01 | 7.84 | 9.14 | 10.65 | 12.41 | 14.46 | 16.84 |
| 3/4" | 5.00 | 5.60 | 6.26 | 7.01 | 7.84 | 9.14 | 10.65 | 12.41 | 14.46 | 16.84 |
| 1" | 8.00 | 8.95 | 10.02 | 11.21 | 12.54 | 14.61 | 17.03 | 19.85 | 23.12 | 26.94 |
| 1-1/2" | 16.50 | 18.46 | 20.66 | 23.12 | 25.87 | 30.15 | 35.14 | 40.95 | 47.70 | 55.57 |
| 2" | 26.50 | 29.65 | 33.18 | 37.13 | 41.55 | 48.42 | 56.43 | 65.77 | 76.62 | 89.26 |
| 3" | 48.50 | 54.27 | 60.73 | 67.96 | 76.04 | 88.62 | 103.27 | 120.36 | 140.21 | 163.35 |
| 4" | 75.00 | 83.93 | 93.91 | 105.09 | 117.59 | 137.04 | 159.71 | 186.12 | 216.83 | 252.61 |
| 6" | 166.50 | 186.31 | 208.48 | 233.29 | 261.06 | 304.24 | 354.56 | 413.20 | 481.38 | 560.81 |
| 8" | 369.50 | 413.47 | 462.67 | 517.73 | 579.34 | 675.16 | 786.83 | 916.98 | 1,068.28 | 1,244.54 |
| 10" | 820.00 | 917.58 | 1,026.77 | 1,148.96 | 1,285.68 | 1,498.33 | 1,746.16 | 2,034.97 | 2,370.74 | 2,761.91 |
| *Additional charges (*)* | | | | | | | | | | |
| First 5 units | 0.80 | 0.90 | 1.00 | 1.12 | 1.25 | 1.46 | 1.70 | 1.98 | 2.30 | 2.68 |
| Next 6-10 units | 1.00 | 1.12 | 1.25 | 1.40 | 1.57 | 1.83 | 2.13 | 2.48 | 2.90 | 3.38 |
| Next 11-25 units | 1.20 | 1.34 | 1.50 | 1.68 | 1.88 | 2.19 | 2.55 | 2.98 | 3.47 | 4.04 |
| All units over 25 | 1.60 | 1.79 | 2.00 | 2.24 | 2.51 | 2.93 | 3.41 | 3.97 | 4.63 | 5.39 |
| Capital Facility Surcharge (per unit) | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.41 | 0.43 | 0.47 | 0.48 | 0.51 |




Source: City of Menlo Park, Master Fee Schedules

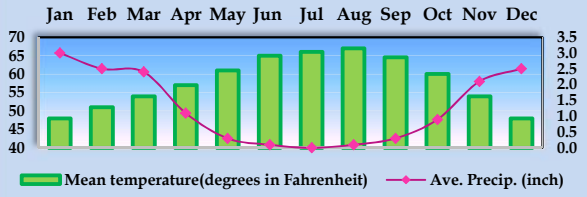
Notes: (*) Additional charge is based on monthly meter readings, one unit is 748 gallons.

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

# Miscellaneous Statistics
June 30, 2015

| | |
|---|---|
| **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, Longitute** | 37.45 N, 122.18 W |
| Elevation | 60 feet |
| Land Area in square miles, 2010 | 10.1 |
| Sunny Days a year | 265 |
| Average Annual Rainfall | 15.71" |

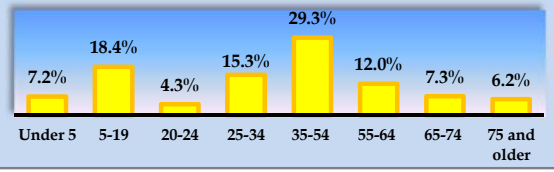
Average Monthly Temperatures & Precipitations



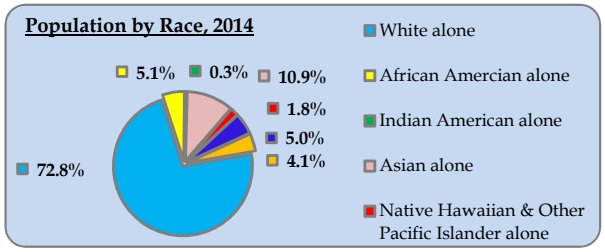

**Demographic Profile**

| | |
|---|---|
| Population, 2013 Estimate | 33,071 |
| People per square miles, 2013 | 3,266 |
| Male Persons, 2012 | 47.6% |
| Female Persons, 2012 | 52.4% |
| Median age (years), 2012 | 38.1 |

Population by Age Group, 2012




Population by Race, 2014




**Social Characteristics**

| | |
|---|---|
| *Percentage Speak English only* | |
| Age 5 - 17 | 18.6% |
| Age 18-64 | 65.6% |
| Age 65+ | 15.8% |
| *Percentage Speak a language other than English:* | |
| Age 5 - 17 | 18.5% |
| Age 18-64 | 70.0% |
| Age 65+ | 11.6% |
| *Education Attainment -Population 25 years and over* | |
| Less than high school graduate | 6.5% |
| High school graduate or equivalent | 8.2% |
| Some college or associate's degree | 14.4% |
| Bachelor's degree | 30.7% |
| Graduate or professional degree | 40.2% |
| *Marital Status* | |
| Never married | 30.6% |
| Now married - except separated | 54.1% |
| Divorced or separated | 10.9% |
| Widowed | 4.4% |
| *Citizenship Status* | |
| Native, 5 years and over | 74.8% |
| Foreign-born, 5 years and over | 25.2% |
| Naturalized U.S. citizen | 10.8% |
| Not a U.S. citizen | 14.4% |
| *Poverty Status in the past 12 months, 2012* | |
| Below poverty level | 6.5% |
| At or above poverty level | 93.5% |

**Housing Characteristics**

| | |
|---|---|
| Total housing units | 13,046 |
| Occupied housing units | 12,397 |
| Homeownership rate | 55.9% |
| Housing units in multi-unit structures | 38.1% |
| Median value of owner-occupied homes | $ 1,000,001 |
| Foreign born persons | 23.4% |

**Schools**

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

**Utilities and other services:**

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

**Local attractions, culture & recreation**

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

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