

The image shows a spiral-bound notebook with a light-colored, textured cover. The spiral binding is on the left side. The text is centered on the cover.

City of Menlo Park
Comprehensive Annual Financial
Report (CAFR)

Fiscal year ended June 30, 2008



Introductory Section

- Letter of Transmittal
 - Overview of the City
 - Departmental Accomplishments
 - Items of Significance
- Org Chart, Principal Officials
- Certificate for Achievement for Excellence in Financial Reporting

Financial Section

- Independent Auditor's Report
 - External auditors, Caporicci & Larson
 - Audit Opinion, recommendations
- Management Discussion and Analysis (MD&A)
 - Discussion of financial reporting format
 - Analysis of fiscal performance and position
- Basic Financial Statements
 - GASB 34 Presentation
- Supplemental Information



Basic Financial Statements

- Government-Wide Financial Statements
(as prescribed by GASB 34)
 - Fund Financial Statements
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- Notes to Basic Financial Statements
 - Required Supplementary Information

Basic Financial Statements (cont.)

- Includes All Funds of the City
 - Governmental
 - General Fund
 - Redevelopment Agency
 - Special Revenue
 - Debt Service
 - Capital Project
 - Internal Service Funds
 - Business-type
 - Water Fund

Major Funds

The diagram consists of two green rectangular boxes stacked vertically. The top box is labeled 'Major Funds' and the bottom box is labeled 'Non-Major Funds'. To the left of the top box is a right-facing curly bracket that groups the first three items of the Governmental list (General Fund, Redevelopment Agency, Special Revenue). To the left of the bottom box is a right-facing curly bracket that groups the remaining three items of the Governmental list (Debt Service, Capital Project, Internal Service Funds).

Non-Major Funds

The Statistical Section

- Purpose –
 - Capture changes in government's financial trends
 - Make information more comprehensive and useful
 - Present new information since GASB 34 implemented
 - Not audited
- Begins on page 147.

General Fund Status

(See Page 79 of the CAFR)

- Per CAFR, **\$8.3 million deficit**
 - Revenues exceed Expenditures by \$5.3 million
 - Expenditures \$1.7 million under budget (4.95%)
 - Additional General Fund Transfers Out for
 - Prefund OPEB obligation = \$9.2 million
 - Contribution to M-A Performing Arts Center = \$2.6 million
- Results w/o extraordinary transfers out =
\$3.4 million surplus
(including \$483,000 unrealized gain on investments)

GENERAL FUND STATUS, 2007-08

	2006-07 Actual	2007-08 Final Budget	2007-08 Actual	2007-08 Variance	2007-08 % Variance
REVENUES:					
<i>Taxes:</i>					
<i>Property Taxes</i>	10,727,003	11,075,000	11,339,649	264,649	2.39%
<i>Sales Tax</i>	6,799,561	7,200,000	7,676,943	476,943	6.62%
<i>Transient Occupancy Tax</i>	1,375,914	1,500,000	1,474,119	-25,881	-1.73%
<i>Utility Users Tax</i>	641,668	1,575,000	1,651,479	76,479	4.86%
<i>Franchise Fees</i>	1,397,335	1,390,000	1,428,708	38,708	2.78%
<i>Licenses & Permits</i>	3,279,751	4,118,500	4,005,693	-112,807	-2.74%
<i>Intergovernmental</i>	1,754,834	1,874,745	2,009,244	134,499	7.17%
<i>Fines</i>	897,568	957,520	951,145	-6,375	-0.67%
<i>Interest and Rent Income</i>	2,700,614	1,700,000	2,745,485	1,045,485	61.50%
<i>Charges for Services</i>	4,948,444	4,712,874	4,564,918	-147,956	-3.14%
<i>Transfers & Other</i>	542,613	661,757	672,193	10,436	1.58%
TOTAL REVENUES	35,065,305	36,765,396	38,519,576	1,754,180	4.77%
EXPENDITURES:					
<i>Personnel</i>	22,798,667	25,238,619	25,471,178	232,559	0.92%
<i>Operating</i>	4,490,278	5,494,141	4,688,423	-805,718	-14.67%
<i>Contract Services</i>	2,124,512	3,559,911	2,433,891	-1,126,020	-31.63%
<i>Transfers Out</i>	5,494,353	14,302,525	14,302,525	0	0.00%
TOTAL EXPENDITURES	34,907,810	48,595,196	46,896,017	-1,699,179	-3.50%
Net surplus (draw) on General Fund Reserves per CAFR	157,495	-11,829,800	-8,376,441		
Plus: One-time Transfers Out	2,230,774		11,800,000		
Minus: Unrealized Gains			483,483		
Net operating surplus	2,388,269		2,940,076		

True Operating Surplus 2007-08

Significant General Fund Variances

- Revenues
 - Use of Money & Property - \$1,045,485 (61.5%)
 - Taxes
 - Sales Taxes - \$477,000 (6.6%)
 - Property Taxes - \$262,000 (2.4%)
- Expenditures
 - Contract Services: \$ 1.1 million (31.6%)
 - Operating Costs : \$ 800,000 (14.7%)

GENERAL FUND STATUS, 2007-08

	2006-07 Actual	2007-08 Actual	% Revenues or Expenditures	Growth		
				Amount of Growth	% Growth	% of Total
REVENUES:						
<i>Taxes:</i>						
<i>Property Taxes</i>	10,727,003	11,339,649	29.44%	612,646	5.71%	15.73%
<i>Sales Tax</i>	6,799,561	7,676,943	19.93%	877,382	12.90%	22.52%
<i>Transient Occupancy Tax</i>	1,375,914	1,474,119	3.83%	98,205	7.14%	2.52%
<i>Utility Users Tax</i>	641,668	1,651,479	4.29%	1,009,811	157.37%	25.92%
<i>Franchise Fees</i>	1,397,335	1,428,708	3.71%	31,373	2.25%	0.81%
<i>Licenses & Permits</i>	3,279,751	4,005,693	10.40%	725,942	22.13%	18.63%
<i>Intergovernmental</i>	1,754,834	2,009,244	5.22%	254,410	14.50%	6.53%
<i>Fines</i>	897,568	951,145	2.47%	53,577	5.97%	1.38%
<i>Interest and Rent Income</i>	2,700,614	2,745,485	7.13%	44,871	1.66%	1.15%
<i>Charges for Services</i>	4,948,444	4,564,918	11.85%	-383,526	-7.75%	-9.84%
<i>Transfers & Other</i>	542,613	672,193	1.75%	129,580	23.88%	3.33%
TOTAL REVENUES	35,065,305	38,519,576	100.00%	3,895,973	12.50%	100.00%
				Growth w/o UUT=	8.38%	
EXPENDITURES:						
<i>Personnel</i>	22,798,667	25,471,178	54.31%	2,672,511	11.72%	22.29%
<i>Operating</i>	4,490,278	4,688,423	10.00%	198,145	4.41%	1.65%
<i>Services</i>	2,124,512	2,433,891	5.19%	309,379	14.56%	2.58%
<i>Transfers Out</i>	5,494,353	14,302,525	30.50%	8,808,172	160.31%	73.47%
TOTAL EXPENDITURES	34,907,810	46,896,017	100.00%	11,988,207	34.34%	100.00%
				Growth w/o one-time transfers =	7.40%	
Net surplus (draw) on General Fund Reserves per CAFR	157,495	-8,376,441				
One-time Transfers out	2,230,774	11,800,000				
Net operating surplus 2006-07	2,388,269	3,423,559				

General Fund Reserves

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Reserved:		
Encumbrances and reappropriations	\$334,623	\$678,658
Deposits and prepaid items	202,244	
Notes Receivable		
Total reserved	<u>536,867</u>	<u>678,658</u>
Unreserved, designated:		
Insurance		
Equipment replacement		
Operational reserve	500,000	500,000
Vacation and sick leave	100,000	100,000
Infrastructure replacement	2,000,000	2,000,000
Fiscal uncertainties	1,000,000	1,000,000
PERS safety investment	2,000,000	2,000,000
Unreserved, designated	<u>5,600,000</u>	<u>5,600,000</u>
Total unreserved, undesignated	<u>29,521,304</u>	<u>21,003,074</u>
Total General Fund Balance	<u><u>\$35,658,171</u></u>	<u><u>\$27,281,732</u></u>

Impact of 2007-08 Results on Future General Fund Budgets

- Many variances already considered in 2007-08 Budget
- Mid Year Report – will include analysis of line-item revenues and transfers in, line item expenditures and transfers out
 - Identify one-time items as opposed to ongoing trends and adjust as necessary
 - 2008-09 Adopted Budget calls for \$1.008 million deficit
- 10-Year Forecast
 - Identify revenue trends, program opportunities
 - Will revenue growth exceed expenditure growth?