



CITY OF MENLO PARK, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

CITY OF MENLO PARK, CALIFORNIA

PREPARED BY
Administrative Services

This report is printed on recycled paper.

City of Menlo Park
For the year ended June 30, 2018

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	i
Organization Chart.....	ix
Principal Officials of the City of Menlo Park, California	x
Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association.....	xi
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1
Management Discussion and Analysis	5
 Basic Financial Statements:	
 Government – Wide Financial Statements:	
Statement of Net Position	24
Statement of Activities and Changes in Net Position	26
 Fund Financial Statements:	
 <i>Governmental Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	32
Reconciliation of the Governmental Funds Balance Sheet to the Government –Wide Statement of Net Position	34
Statement of Revenues, Expenditures, and Changes in Fund Balance	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government- Wide Statement of Activities - Governmental Activities	38
 <i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	40
Statement of Revenues, Expenses and Changes in Net Position	41
Statement of Cash Flows	42
 <i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position.....	44
Statement of Changes in Fiduciary Net Position.....	45
 Notes to Basic Financial Statements	47

City of Menlo Park
For the year ended June 30, 2018

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, CONTINUED:</u>	
Required Supplementary Information:	
Budgetary Principles	98
Budgetary Comparison Schedule:	
General Fund	99
Below Market Rate Housing Special Revenue Fund	100
Transportation Impact Special Revenue Fund.....	101
Defined Pension Plan – Agent Multiple Employer Plan	
Schedule of Changes in Net Pension Liability and	
Related Ratios during the Measurement Period	102
Schedule of Plan Contributions	103
Defined Pension Plan – Cost Sharing Plan	
Schedule of the City's Proportionate Share of the Net Pension Liability	104
Schedule of Contributions	105
Other Post Employment Benefits	
Schedule of Changes in Net OPEB Liability and Related Ratios	106
Schedule of Contributions	107
Supplementary Information:	
Major Governmental Funds Budgetary Comparison Schedule	
General Capital Improvement Projects Fund.....	113
<i>Non-Major Governmental Funds</i>	
Combining Balance Sheet.....	118
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances	124
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Budget and Actual:	
Highway Users Tax Special Revenue Fund	130
Federal Revenue Sharing Special Revenue Fund	131
Landscape Tree Assessment Special Revenue Fund.....	132
Sidewalk Assessment Special Revenue Fund	133
Landfill Post-Closure Special Revenue Fund.....	134
County Transportation Tax Special Revenue Fund	135
Public Library Special Revenue Fund	136
Literacy Grant Special Revenue Fund.....	137
Narcotic Seizure Special Revenue Fund	138
Downtown Parking Permits Special Revenue Fund.....	139
Storm Drainage Fees Special Revenue Fund.....	140
Solid Waste Service Special Revenue Fund.....	141
Bay Area Air Quality Management Special Revenue Fund.....	142
Housing Special Revenue Fund	143
Transportation Fund	144

City of Menlo Park
For the year ended June 30, 2018

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, CONTINUED:</u>	
Storm Water Management (NPDES) Special Revenue Fund.....	145
Supplemental Law Enforcement Special Revenue Fund	146
Construction Impact Fees Special Revenue Fund	147
Bedwell Bayfront Park Maintenance Special Revenue Fund.....	148
Recreation In-Lieu Special Revenue Fund.....	149
Sharon Hills Park Special Revenue Fund	150
Vintage Oaks Landscape Special Revenue Fund.....	151
Community Development Block Grant Special Revenue Fund	152
Miscellaneous Trust Special Revenue Fund.....	153
Shuttle Program Special Revenue Fund	154
Measure M Special Revenue Fund	155
Library System Improvement Special Revenue Fund	156
Downtown Public Amenity Special Revenue Fund	157
HUT Repair & Maintenance Special Revenue Fund	158
Library Bond Debt Service Fund	159
Recreation GO Bond 2002 Debt Service Fund.....	160
Library Addition Capital Projects Fund	161
Measure T 2002 GO Bond Capital Projects Fund	162
Supplemental Program Schedules	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - The Big Lift Program.....	163
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - The Senior Transportation Program	164
<i>Enterprise Funds:</i>	
Combining Statement of Net Position.....	166
Combining Statement of Revenues, Expenses and Changes in Net Position.....	167
Combining Statement of Cash Flows	168
<i>Internal Service Funds:</i>	
Combining Statement of Net Position.....	170
Combining Statement of Revenues, Expenses and Changes in Net Position.....	171
Combining Statement of Cash Flows	172
<i>Agency Funds:</i>	
Combining Statement of Net Position.....	174
Combining Statement of Changes in Assets and Liabilities	175

City of Menlo Park
For the year ended June 30, 2018

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, CONTINUED:</u>	
<i>Private-Purpose Trust Fund - Successor Agency</i>	
Combining Statement of Net Position	176
Combining Statement of Changes in Assets and Liabilities.....	177
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net position by Component	180
Changes in Net Position - Last Ten Fiscal Years.....	182
Fund Balances - Governmental Funds - Last Ten Fiscal Years.....	186
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	188
General Government Revenues by Source - Last Ten Fiscal Years.....	190
General Government Taxes Detail - Last Ten Fiscal Years	193
Assessed Valuation, Tax Rate and Tax Levies - Last Ten Fiscal Years.....	195
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years.....	196
Principal Property Taxpayers	197
Property Tax Levies and Collections	198
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	199
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	200
Direct and Overlapping Debt.....	201
Legal Debt Margin Information - Last Ten Fiscal Years	202
Demographic and Economic Statistics.....	203
Principal Employers	204
Full Time Equivalent City Employees by Function	205
Operating Indicators by Demand and Level of Service by Function/Program	207
Capital Asset Statistics by Function	210
Capital Asset and Infrastructure Statistics by Activities	212
Water Sold by Type of Customer - Last Ten Fiscal Years.....	214
Water Service Rates	215
Miscellaneous Statistics.....	216

INTRODUCTORY SECTION

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December 21, 2018

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, 2018. 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, 2018, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to basic financial statements, required supplementary information and supplementary information on non-major funds. The statistical section, which is unaudited, includes selected financial and demographic information.

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

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

Background

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

The City maintains a healthy balance of residential, commercial and industrial uses. Residential home prices are still among the highest in the area, reflecting the desirability of living in the community. Home to the headquarters of social networking giant Facebook, other major companies that have facilities in Menlo Park include the Rosewood Hotel, Pacific Biosciences, and SRI International. 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, information technology, housing and economic development, environmental sustainability, 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 2.9% in 2017 to 2.3% in

2018. The Menlo Park unemployment rate is lower than that of the County at 2.0%. This compares with an unemployment rate of 4.2% for California and 4.0% for the nation during the same period. As of June 2018, there were an estimated 449,400 jobs in San Mateo County, an increase of 1,500 jobs from a year earlier.

The City's largest revenue sources continue to exhibit rapid growth. Property tax increases remain strong with the total taxable assessed valuation of real property increasing 12.49% or \$1.89 billion from 2017 to 2018. This increase in assessed valuation resulted in secured property tax revenues increasing \$2.63 million, year-over-year. The City's second largest single revenue source, hotel occupancy tax, also experienced substantial growth year-over-year. For the fiscal year ended June 30, 2018, hotel occupancy tax increased \$1,108,338 or 16.64% due to marginal increases in occupancy and room rates and driven largely by the opening of new facilities. The increases in revenue have allowed the General Fund to maintain and add to service levels and continue to appropriately fund infrastructure maintenance and investment.

Outlook

The City's financial outlook remains sound. Property values continue their upward trend, and with a number of large-scale development projects in process, the outlook for future property tax revenue growth is strong. Being the General Fund's largest revenue source, at 37.93 percent of the total, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the uncertainty of what is called "excess ERAF" (Educational Revenue Augmentation Fund). San Mateo County is one of several 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. As a consequence, those funds collected in excess of the requirement have traditionally been 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 adopted 2018-19 budget and the accompanying 10-year forecast reflects receiving 50 percent of this revenue over the length of the forecast. This assumption reflects the likelihood that this source is likely to disappear entirely at some point in addition to the uncertainty of the timing of that disappearance. This is a highly speculative assumption that simply serves to keep the uncertainty of this significant revenue plainly visible.

On the expenditure side, the City is closely monitoring increases in employee benefit costs. One area of particular note is the City's cost for pension benefits provided by the California Public Employees' Retirement System (CalPERS). In December 2016, the CalPERS board voted to reduce its assumed rate of return on investment income, commonly referred to as the "discount rate", net of expenses, from 7.5 percent to 7.0 percent over three years beginning on July 1, 2018. The reduction in discount rate has resulted in greater unfunded pension liabilities as of the most recent valuation, in

addition to growing costs to the City in future years. The City has commissioned analysis from an independent actuary to determine potential future costs and is in the process of selecting a course of action to provide the greatest benefit to the City in terms of mitigated impact on operations.

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.

While the City's financial situation is currently quite strong, the City must remain vigilant when identifying and funding priority projects, infrastructure needs, and making land use decisions. The City must also remain adaptable in its approach to funding, not precluding opportunities or discounting risks by locking itself into a rigid spending plan that is unable to incorporate new and relevant information.

Major initiatives for the year

The ongoing economic strength has continued to drive interest in development projects and a robust business atmosphere, leading to a commensurate growth in demand for City services. As a result of local revenue drivers and the City's cost recovery policy for services, the City maintains budgetary resources to provide these increased services, but staffing authorized positions remains a challenge. The exceptionally low unemployment rate has driven an increasingly competitive market for personnel, particularly in technical professions related to development and customer service positions throughout the organization. In order to address this challenge, the City has undertaken initiatives aimed at attracting and retaining talent and has identified a number of top community priorities to ensure that progress continues even with vacancies. The City continues to balance both challenges and opportunities and provide the services and programs that the community values most.

In 2017–18, the **Community Development Department** completed the land use entitlement review of the Stanford 500 El Camino Real/Middle Plaza project which includes a number of mixed uses. The department completed a Specific Plan Amendment and land use entitlements to redevelop the Guild Theatre into a live performance venue, accomplishing one of the City Council's priority projects as adopted in early 2018. The department also continued implementation of the ConnectMenlo General Plan including development of new community amenity appraisal and green building programs. The department began the implementation of electronic plan review and continues to manage ongoing construction of major projects including: 1400 El Camino Real hotel, 1010 Alma Street office building, 1285 El Camino Real mixed-use project, 133 Encinal residential development, and Fire Station #6 on Oak Grove Avenue.

In 2017–18 the **Community Services Department** completed the Belle Haven Child Development Center remodel, the Belle Haven Pool Audit and Master Plan, and the Bedwell Bayfront Park Master Plan projects in addition to issuing an RFQ for Nealon Park, Burgess Park, and Willow Oaks Park Playground improvement projects. Nealon Park Sports Field renovation was finished as was the renaming of Marketplace Park to Karl E. Clark Park. The department expanded its social media and non-traditional marketing efforts to increase participation in all programs. A professional services agreement was negotiated with a private contractor to provide aquatics programs at both pool locations, and the department maintained an overall cost recovery level that is among the highest in the Bay Area.

The **Library Department** began a needs assessment for the Belle Haven Neighborhood Library and formed the Belle Haven Neighborhood Library Advisory Committee to assist with that project. The department added 13 open hours to the branch location for a weekly total of 34 including Saturday and Sunday. A refurbishment project in the Belle Haven Branch was completed and the collection for adults was expanded.

Over the course of 2017–18, the **Police Department** continued its tradition of engagement with the community and graduated 21 members from the Youth Community Police Academy as well as hosted a Friday Night Lights community event. Eight new police officers were sponsored and graduated from the College of San Mateo and Coyote Valley Police Academies. Department staff continued the Resilience Immersion Training also known as Mindfulness Training and staff completed courses in Compassion Cultivation Training sponsored by Stanford University. Finally, the department added a Bayfront “Beat 4” team and filled a number of vacancies, including many sworn officer positions.

The **Public Works Department** exemplified the spirit of Menlo Park by receiving the Tree City USA Growth Award from the Arbor Day Foundation and completed several projects in 2017–18 including: the Nealon Park Booster Pump, Water Main Replacement, Nealon Park Field Improvement, installed a bus shelter in Belle Haven, 2017 Street Resurfacing, police antenna replacement, and the Water System Master Plan. The department also expanded the herbicide free park program to additional parks and set guidelines for establishing water use budgets for new developments in the office, life sciences and residential mixed-use zoning districts. Finally, the department initiated a Citywide Safe Routes to School program.

Financial planning and fiscal policies for the future

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 identify plans to eliminate 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, the fiscal sustainability of all funds is regularly evaluated 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 contingencies, economic stabilization, and strategic pension contingencies. The policy also outlines assigned fund balances to ensure subsequent year funding of capital improvements, encumbrances, and community development services.

In accordance with the policy guidelines discussed above, as of June 30, 2018 the General Fund held a combined unrestricted fund balance of \$35.71 million or 53 percent of the 2018-19 General Fund operating budget. The total goal range for the City's unrestricted fund balances is 43 to 55 percent of General Fund expenditures.

Although reserves are available to provide temporary financing for extraordinary events such as an economic recession or localized disaster, the City must continue to distinguish between structural operating deficits and deficits resulting from temporary downturns in the economy or significant capital expenditures. This will be essential in the upcoming budgeting cycle as City Council considers new demands on future resources that are expected to result from CalPERS' decision to lower the discount rate assumption. As such, baseline expenditures may need to be recalibrated if revenue growth does not close that anticipated gap resulting from higher pension costs. In addition, infrastructure maintenance, comprehensive planning activities, technology upgrades, stormwater programs, and standard City service delivery are all part of a comprehensive and sustainable fiscal plan for the City that 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

Purpose and management responsibility

The report consists of management's representations concerning the finances of the City of Menlo Park. Management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management of the City of Menlo Park has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Menlo Park's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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 Government Finance Officers' Association (GFOA) of the United States has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2017. 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.

Preparation of the Comprehensive Annual Financial Statements is not possible without the hard work of the entire Administrative Services Department. Of particular note, we would like to recognize Finance and Budget Manager Dan Jacobson, Revenue and Claims Manager John McGirr, Senior Accountant Patricia Barboza, Accountant II Ying Chen, Accountant I Ruru Tang, Accounting Assistant Melody Chau, and Management Analyst Brandon Cortez for their extraordinary commitment to completing this document. We would also like to thank the City Council and the Finance and Audit Committee for their continued focus on fiscal sustainability which has positioned the City well to weather financial uncertainties.

Respectfully submitted,

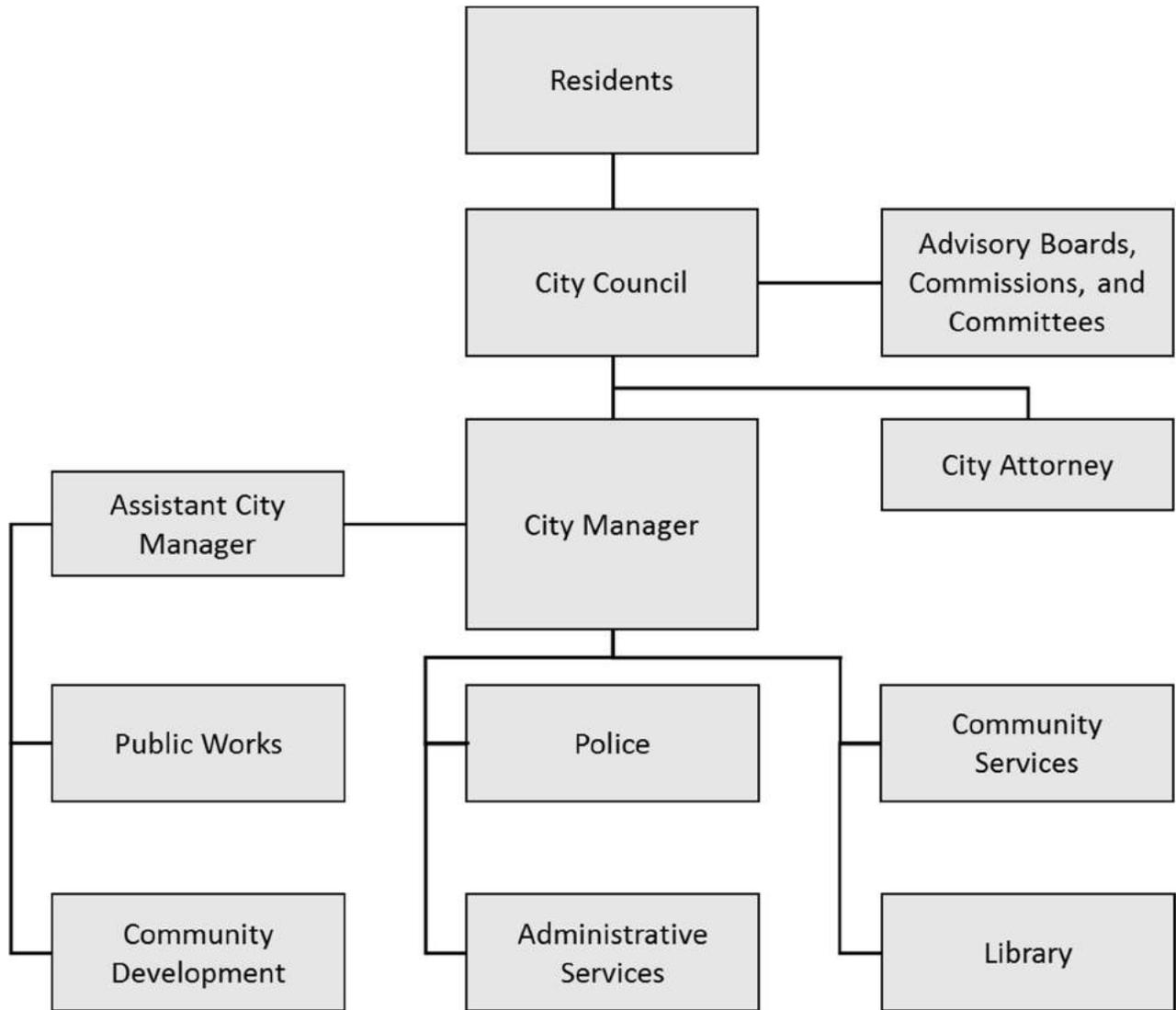


Starla Jerome-Robinson
Interim City Manager



Lenka Diaz
Administrative Services Director

CITY OF MENLO PARK, CALIFORNIA
ORGANIZATIONAL CHART
JUNE 30, 2018



CITY OF MENLO PARK, CALIFORNIA

LIST OF CITY OFFICIALS

JUNE 30, 2018

CITY COUNCIL

Peter Ohtaki, **Mayor**

Ray Mueller, **Mayor Pro Tem**

Catherine Carlton, Councilmember

Richard Cline, Councilmember

Kirsten Keith, Councilmember

City Council Appointed

City Manager Alex D. McIntyre

City Attorney..... William McClure

Executive Management

Appointed by the City Manager

Assistant City Manager Vacant

Assistant to the City ManagerClay Curtin

Administrative Services Director Nick Pegueros

Community Development Director Mark Muenzer

Community Services Director..... Derek Schweigart

Interim Housing & Economic Development Manager.....Clay Curtin

Library Director.....Susan Holmer

Acting Police Chief..... David Bertini

Public Works Director..... Justin Murphy

City Clerk Judi Herren



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, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California
Page 2

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, 2018, 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 schedules required by GASB Statement No. 68, and OPEB schedules required by GASB Statement No. 75 on pages 5 to 19 and 98 to 107 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, statistical section and other information, 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 113 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.

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

The introductory and statistical sections and other information 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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
December 21, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter and accompanying Basic Financial statements

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statement Highlights

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, 2018, by \$467.01 million, up 5.6% from prior year. Of this amount, \$19.59 million 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 \$23.50 million in fiscal year 2017-18. Net position of governmental activities increased by \$21.24 million, which is due in large part to an increase in cash and investments and deferred outflow or resources. Net position of the business-type activities increased by \$2.26 million, reflecting the year's net increase in Water Operations by \$2.47 million, and the Water Capital Improvement fund's decrease by \$0.21 million respectively.

Long-term Debt — The City's total bonded debt obligations, Note 6, decreased by \$0.44 million during fiscal year 2017-18 due to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment of \$0.37 million was made on the 2012 General Obligation Refunding Bonds, leaving a remaining balance for this obligation of \$7.50 million as of June 30, 2018.

All long-term debt shown on the Government-wide Financial Statements are general obligations funded by dedicated property tax revenue for the term of the debt service. In addition to the General obligations, the City serves as fiduciary for debt issued by the Successor Agency of the Las Pulgas Redevelopment Project area. As of June 30, 2018, the Successor Agency Trust Fund's outstanding debt was \$52.48 million. The County of San Mateo provides the Successor Agency Trust Fund with sufficient revenue on an annual basis to meet current year debt service requirements.

Fund Financial Statement Highlights

Governmental Funds — As of the close of fiscal year 2017-18, the City's governmental funds reported a combined ending fund balance of \$125.35 million. This is a \$17.81 million increase from the prior year, which is primarily the result of an increase in cash and investments.

The total combined balance for governmental funds as of June 30, 2018, \$125.35 million, is classified into five categories of fund balance (non-spendable, restricted, committed, assigned, and unassigned) to provide the reader of these financial statements with a better understanding of the City's available resources as well as its plans to ensure fiscal stability in the near term. A detailed explanation of these categories can be found in Note 10 to the financial statements. Of the total, \$1.40 million is categorized as "non-spendable", \$60.8 million is "restricted", \$33.8 million is "committed", \$25.8 is "assigned" and the remaining \$3.57 million is "unassigned".

The City's largest and most active government fund is the General Fund which increased in fiscal year 2017-18 by \$3.90 million compared to prior year. General Fund revenues, transfers-in, and extraordinary gains totaled \$61.47 million and expenditures/transfers out totaled \$57.58 million. Of particular note is the City's continued investment in capital infrastructure in fiscal year 2017-18. During the Fiscal Year, the General Fund made a transfer of \$5.09 million to support infrastructure efforts primarily in the General Capital Improvement Project Fund but also in non-major funds. General Fund revenues and expenditures for the reporting period will be discussed in more detail later in the MD&A.

Proprietary Funds — The City maintains proprietary funds, enterprise and internal service funds, to account for activities that are financed and operated in a manner similar to private business enterprises.

Enterprise Fund — Enterprise funds are established to account for the financing of goods and services provided to external users. The water distribution operations of the Menlo Park Municipal Water District are the only enterprise activities of the City. As of the close of fiscal year 2017-18, the City's Water Fund reported an ending net position of \$29.79 million. This is a \$2.26 million increase from the prior year and is driven by a \$1.53 million increase in capital assets.

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. As of the close of fiscal year 2017-18, the City's internal service funds reported a combined ending net position of \$3.23 million. This is a \$1.48 million increase from the prior year and is primarily the result of an increase in cash and investments.

City Highlights

Total governmental fund revenues for 2017-18, as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances, were up \$ 17.92 million over fiscal year 2016-17. This gain was driven by the General Fund, which had revenues, excluding transfers and extraordinary gains, that were up \$8.01 million. General Fund taxes reflect the largest year-over-year gain in General Fund revenues, up \$5.03 million, driven by increases in assessed property valuation and transient occupancy tax collections. A year-over-year decrease was experienced in the General Fund revenue category of fines, down \$0.96 million, due in large part to unavailable staffing in traffic enforcement and remittance of fines to San Mateo County.

Governmental fund expenditures, excluding transfers, increased approximately \$5.18 million in fiscal year 2017-18, compared to prior year. The increase was driven by higher personnel costs compared to the

prior year due to increased staffing authorized over each of the last several budget cycles as well as negotiated cost of living increases included in labor contracts. Non-major governmental funds expenditures increased \$4.69 million with the largest increase in the capital outlay category.

DISCUSSION 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 Basic 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.

Proprietary or 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 Basic 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	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Current Assets	\$ 127,355,602	\$ 107,192,772	\$ 13,794,760	\$ 13,098,336	\$141,150,362	\$ 120,291,108
Noncurrent Assets	17,767,767	16,578,155	-	-	17,767,767	16,578,155
Capital Assets	371,971,708	367,968,418	17,742,204	16,212,425	389,713,912	384,180,843
Total Assets	517,095,077	491,739,345	31,536,964	29,310,761	548,632,041	521,050,106
Deferred Outflows of Resources	17,970,732	13,939,468	294,907	265,560	18,265,639	14,205,028
Current Liabilities	13,898,918	12,617,216	1,013,692	1,111,515	14,912,610	13,728,731
Noncurrent Liabilities	81,572,712	76,255,378	1,003,191	910,840	82,575,903	77,166,218
Total Liabilities	95,471,630	88,872,594	2,016,883	2,022,355	97,488,513	90,894,949
Deferred Inflows of Resources	2,376,505	2,068,660	23,456	24,013	2,399,961	2,092,673
Net Investments in Capital Assets	354,488,994	350,046,891	17,742,204	16,212,425	372,231,198	366,259,316
Restricted	60,813,424	41,402,540	12,532,189	12,741,320	73,345,613	54,143,860
Unrestricted	21,915,256	23,288,128	(482,861)	(1,423,792)	21,432,395	21,864,336
Total Net Position	\$ 437,217,674	\$ 414,737,559	\$ 29,791,532	\$ 27,529,953	\$467,009,206	\$ 442,267,512

Source: Audited Fin. St. pg – 24 & 25

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 \$467.01 million. The largest portion of the City's net position (79.7 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 (15.7 percent) represents resources that are subject to external restrictions on how they may be utilized. The remaining balance of unrestricted net assets (4.6 percent) may be used to meet the government's ongoing obligation to citizens and creditors, a decrease of \$1.37 million compared to prior year.

Total net position of the City increased \$23.50 million in the fiscal year ended June 30, 2018. This was

primarily related to an increase in in the City's cash position, particularly in the governmental activities. Of note when comparing the City's net position between years, as a result of implementation of Government Accounting Standards Board (GASB) Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the City restated its net position as \$1.24 million higher at the beginning of the fiscal year than the end of the prior year. This one-time change is explained in greater detail in the Notes to Basic Financial Statements in Notes 1 and 22.

City of Menlo Park's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenues:						
Program Revenues:						
Charges for Services	\$ 32,378,609	\$ 20,963,034	\$ 11,335,453	\$ 9,487,140	\$ 43,714,062	\$ 30,450,174
Operating Grants and Contributions	2,559,182	3,918,581	-	-	2,559,182	3,918,581
Capital Grants and Contributions	-	-	-	-	-	-
General Revenue:						
Property Taxes	23,135,956	20,676,911	-	-	23,135,956	20,676,911
Sales Taxes	7,215,357	5,635,240	-	-	7,215,357	5,635,240
Transient Occupancy Taxes	7,770,969	6,662,631	-	-	7,770,969	6,662,631
Other Taxes	9,921,476	9,272,058	-	-	9,921,476	9,272,058
Investment Earnings	3,055,706	2,361,140	81,291	61,846	3,136,997	2,422,986
Gain on Sale of Assets	-	-	-	-	-	-
Miscellaneous	532,554	555,225	-	-	532,554	555,225
Total Revenues	86,569,809	70,044,820	11,416,744	9,548,986	97,986,553	79,593,806
Expenses:						
General Government	8,277,794	6,831,261	-	-	8,277,794	6,831,261
Public Safety	17,979,557	16,597,178	-	-	17,979,557	16,597,178
Public Works	18,144,697	16,964,601	-	-	18,144,697	16,964,601
Culture and Recreation	13,656,875	12,870,799	-	-	13,656,875	12,870,799
Community Development	6,513,854	5,440,687	-	-	6,513,854	5,440,687
Interest on Long-term Debt	967,824	776,182	-	-	967,824	776,182
Water Operations	-	-	8,947,269	8,037,027	8,947,269	8,037,027
Total Expenses	65,540,601	59,480,708	8,947,269	8,037,027	74,487,870	67,517,735
Inc/Dec in Net Position before Transfers	21,029,208	10,564,112	2,469,475	1,511,959	23,498,683	12,076,071
Extraordinary gain (loss)	-	-	-	-	-	-
Transfers	207,896	201,061	(207,896)	(201,061)	-	-
Changes in Net Position	21,237,104	10,765,173	2,261,579	1,310,898	23,498,683	12,076,071
Net Position - Beginning of the Year, as restated	415,980,570	403,972,386	27,529,953	26,219,055	443,510,523	430,191,441
Prior Period Adjustment					-	-
Net Position - End of the Year	\$ 437,217,674	\$ 414,737,559	\$ 29,791,532	\$ 27,529,953	\$467,009,206	\$ 442,267,512

Source: Audited Fin. St. pg – 26 & 27

Governmental Activities

Total governmental activities increased the City of Menlo Park's net position by \$21.24 million, as revenues closed the year well above expenditures which is similar to the prior three fiscal years. Governmental Activities revenues and expenses were up in fiscal year 2017-18 over fiscal year 2016-17, with revenues increasing by \$16.52 million and expenditures increasing by \$6.06 million.

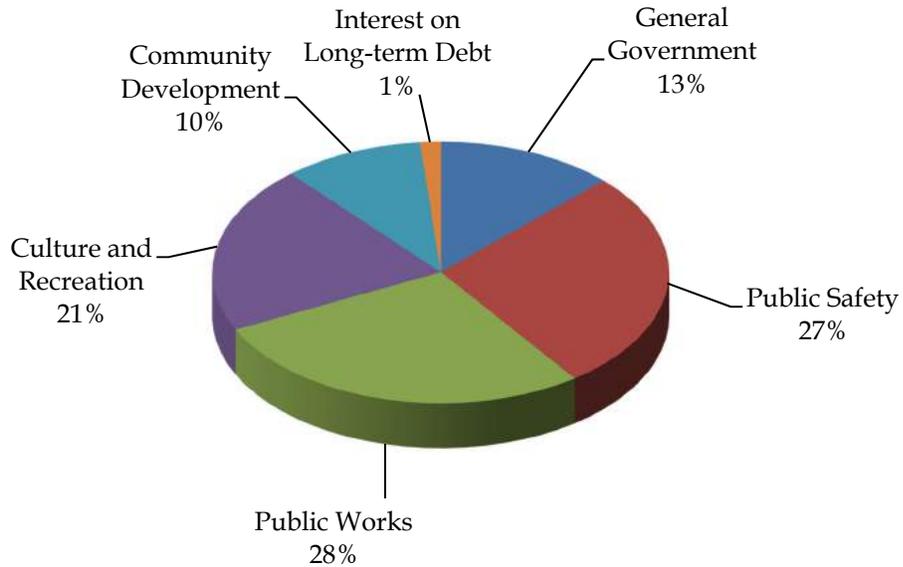
Revenues increased in fiscal year 2017-18 by \$16.52 million largely due to increases in property, sales,

and transient occupancy taxes as well as increases in charges for services. Property taxes continued to experience a positive year with significant growth in assessed valuations and continuation of the excess ERAF revenue as discussed below under fiscal outlook. Transient occupancy taxes increased as a result of higher occupancy and average room rates for most short-term rentals as well as the opening of new facilities. Charges for services are \$11.42 million higher driven largely by the collection of impact fees from developers.

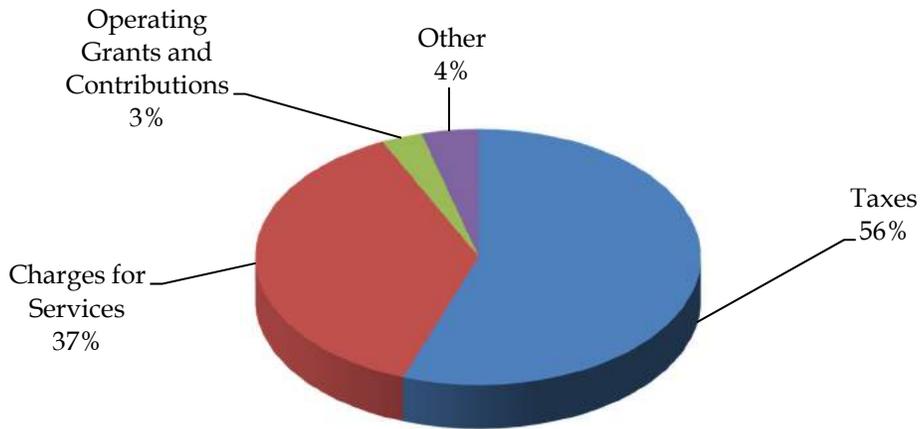
Expenditures increased in fiscal year 2017-18 by \$6.06 million largely due to an increase in pension expense and staffing costs. Staffing costs increased due to the previously mentioned increase in authorized positions during each of the last two budget cycles as well as cost of living adjustments due to negotiated agreements with three of the City's bargaining units which were completed mid-way through Fiscal Year 2017-18. Pension expense increased due to a significant unfunded pension liability and accounts for a \$1.19 million increase year-over-year. This expense is allocated to governmental activities as a percentage of payroll.

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 (\$65.54 million in fiscal year 2017-18). The second pie chart reflects the sources of funding available to cover the expenses of the governmental activities (\$86.57 million in fiscal year 2017-18). 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 37 percent of governmental activity expenses in fiscal year 2017-18, which is down when compared to 42 percent for fiscal year 2016-17 but partially reflects reclassifications from prior years such as business license revenue being reclassified to the tax category from charges for services.

Governmental Expense by Activity



Governmental Revenue by Source



Business Type Activities

The final net position for business-type activities in fiscal year 2017-18 was \$29.79 million. Total program revenues for business-type activities (operation of the Menlo Park Municipal Water District) were \$11.34 million, which consisted solely of charges for services related to water usage and capital surcharge fees.

Total expenses for the business-type activities were \$8.95 million during fiscal year 2017-18, nearly all of which were related to water operations. Overall net position increased by \$2.26 million in 2017-18.

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 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, which reflects the reclassification of the Housing Fund and Transportation Fund to Non-Major Governmental Funds as of June 30, 2018, though prior year balances are included in the table below for a total of six displayed funds. The following table shows a comparison of the fund balance for each of these six funds, as well as the non-major funds in aggregate, at June 30, 2018 and June 30, 2017.

<u>Governmental Fund Balances</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Positive (Negative) Change</u>
General Fund	\$ 37,116,088	\$ 33,218,415	\$ 3,897,673
Below Market Rate Housing Fund	24,669,686	18,652,660	6,017,026
Housing Fund	-	5,956,515	(5,956,515)
Transportation Impact Fees Fund	4,827,759	3,671,623	1,156,136
Transportation Fund (new in 2016-17)	-	(225,985)	225,985
General Capital Improvement Project Fund	18,293,760	17,751,533	542,227
Other Governmental Funds	40,447,492	28,524,387	11,923,105
TOTAL	<u>\$ 125,354,785</u>	<u>\$ 107,549,148</u>	<u>\$ 17,805,637</u>

Source: Audited Fin. St. pg - 74

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 fiscal year 2017-18 reporting period, the fund balance of the City's General Fund was \$37.12 million, an increase of \$3.90 million from the prior year. Of the \$37.12 million General Fund fund balance as of June 30, 2018, \$1.40 million of the fund balance was categorized as "non-spendable". In addition to the non-spendable category, the City's General Fund Reserve Policy sets aside ("committed" fund balance) \$9.30 million for emergency contingencies, \$12.00 million to mitigate the effects of major economic uncertainties, and \$4.30 million for strategic pension funding opportunities. The pension-related reserve is slated to grow when the General Fund achieves a net operating surplus in a given year and reflects an increase of \$1.0 million from the prior 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, 2018, the City's General Fund unrestricted fund balance equaled 46 percent of the fund's budgeted fiscal year 2018-19 expenditures, including transfers.

Below Market Rate Housing Fund Balance

The Below Market Rate Housing (BMR) 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 2017-18 fiscal year, the fund had revenue that included \$6.11 million of BMR in-lieu fees, \$0.13 million in interest on outstanding loans and interest earnings from resources held in cash and investments. The fund had expenditures of \$0.22 million for the overall administration of the BMR program and for maintenance and rehabilitation work on various properties.

At June 30, 2018, the BMR Housing Fund balance was \$24.67 million. While this amount is significant, it is not all available for use on new BMR housing projects. Included in the fund balance are assets totaling \$8.86 million held as receivables or loans provided to non-profit affordable housing developers. When deducted from the fund balance, the available balance for projects in future fiscal years is approximately \$15.81 million. It is anticipated that approximately \$6 million of the available balance will be used for a new project sponsored by Mid Pen Housing in fiscal 2018-19, however the City Council has yet to take action to formally commit the funds as of the preparation of this document.

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. As of June 30, 2018 the City has elected to reclassify the Housing Fund as a Non-Major Governmental Fund.

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 fiscal year 2017-18, fund expenditures were \$4.66 million and included work on major projects such as new sidewalks, downtown streetscape improvements, and improvements to City buildings. Total fund balance increased \$0.54 million from prior fiscal year due to a year of activity consistent with a fund intended to finance capital improvements. While the revenues over expenditures for this fund were a negative \$3.23 million, the fund received a larger than planned transfer from the General Fund to significantly offset the deficit between revenue and expenditures. With the \$3.78 million of transfers in from other funds, the ending fund balance as of June 30, 2018 was \$18.29 million. The deficit in spending for this fiscal year is not cause for concern as the fund balance reflects an accumulation of various City Council approved projects that are intended to be fully expended over time.

Other Governmental Funds Balances

At the end of the 2017-18 fiscal year, the total fund balance of the City's other 41 non-major governmental funds was \$40.45 million. This represents an increase of \$5.74 million when compared to prior fiscal year, with reclassification of balances for the Housing and Transportation Funds in the non-major category, discussed in more detail below.

The fund balances consist of 37 special revenue funds, 2 debt service funds, and 2 capital projects funds. Within the special revenue funds, 15 fund balances increased over the course of the fiscal year, while 16 experienced a decrease and 9 had no change. The largest fund balance increase was in the Recreation In-Lieu Fee Fund at \$2.55 million. This fund is utilized to fund capital 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 largest decrease in fund balance was experienced in the Building Construction Road Impact Fee Fund with a \$1.59 million decline, attributed mostly to street resurfacing projects. Similar to the Recreation In-Lieu Fee Fund, this fund is utilized to fund capital infrastructure projects and this decrease is not uncommon.

Proprietary Funds

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

The Water Fund accounts for water supplied to the approximately 4,000 customers of the MPMWD. The net position of the fund at June 30, 2018 was \$29.79 million, an increase of \$2.26 million from the prior fiscal year. Revenue from water sales increased \$1.85 million in fiscal year 2017-18 compared to prior fiscal year; however, expenditures also increased by \$0.91 million.

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, Information Technology, 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 \$0.86 million in fiscal year 2017-18 for the cost of anticipated vehicle replacements. As of June 30, 2018, the Fund's net position is \$2.32 million. The Workers' Compensation Insurance Fund collected charges for services in the amount of \$1.65 million and recorded expenditures of \$1.19 million. The General Liability Fund collected charges for services in the amount of \$0.68 million but had expenditures in the amount of \$0.94 million resulting in a net loss of \$0.26 million.

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 2017-18 these costs were \$1.01 million, while charges for services were also \$1.01 million. Overall the Fund had minimal positive net income.

The information technology internal service fund is the most active of all internal services with staff to support the vast majority of technological needs of the organization. Charges for services in this fund totaled \$2.72 million offset by expenditures of \$2.06 million in fiscal year 2017-18. As of June 30, 2018, the fund's net position is \$0.80 million.

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 \$1.28 million to \$1.74 million, which was due largely to the increase in refundable deposits held for current development projects.

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 negative net position of \$26.84 million. Continued disposition of assets of the former community development agency in led to extraordinary losses in the amount of \$17.15 million in 2012-13 and \$7.37 million in 2013-14. As of June 30, 2018, the fund’s net position was a negative \$33.07 million, a positive improvement over the June 30, 2017 net position by \$2.80 million. For additional information on this trust fund, please see Notes 6 and 17 to the financial statements. 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, 2018, the City’s debt obligations were comprised of General Obligation Bonds. The City’s two voter approved “Measure T” general obligation bonds had a balance of \$17.48 million as of June 30, 2018. Of this amount, \$7.50 million is outstanding on the 2012 General Obligation Bond refunding and \$9.98 million is outstanding on the 2009 A and 2009 B General Obligation Bonds.

In October 2015, the City’s Community Development Agency issued Tax Allocation Refunding Bonds in a par amount of \$60.3 million for the purpose of refunding at lower interest rates outstanding 2006 Las Pulgas Project Tax Allocation Bonds. The original 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 Bedwell 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 \$3.80 at June 30, 2018.

CAPITAL ASSETS

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$372.23 million, net of accumulated depreciation. 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 totaled \$10.59 million for fiscal year 2017-18. This amount is reduced by accumulated depreciation charges of \$6.77 million and net retirements of assets totaling \$0.11 million. Detailed information on the City's capital assets can be found in Note 4 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2017-18 fiscal year amended budget for the General Fund reflected an operating deficit, of \$0.64 million with revenue inclusive of transfers totaling \$57.47 million and expenditures inclusive of transfers totaling \$58.12 million. 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. Most notably, the City Council transferred an additional \$1.04 million from the General Fund to the General Capital Improvement Fund for additional capital improvement projects and \$1.0 million to the Library Systems Improvement Fund. At the end of fiscal year 2017-18, however, the revenues inclusive of transfers exceeded expenditures inclusive of transfers resulting in an operating surplus of \$3.90 million.

General Fund Revenues

The General Fund experienced year-over-year revenue growth for the fifth consecutive year. Overall, revenues, including transfers and asset sales, totaled \$61.47 million, which was an \$8.01 million increase over the prior fiscal year. Property taxes, sales tax, and transient occupancy tax led the way, accounting for the vast majority of the revenue growth. Sales tax revenues increased year-over-year, reversing a downward trend over several recent fiscal years. Transient occupancy tax revenues continued to show growth as well reflecting a strong economic climate that resulted in high room and occupancy rates at hotels in the region plus the addition of new facilities. Charges for services also grew, largely reflective of the strong development in the City.

General Fund Expenditures

Total General Fund expenditures, excluding transfers out, totaled \$52.49 million and were 10.94 percent higher than fiscal year 2016-17. This increase was experienced primarily in personnel costs where the augmented staffing plans approved as part of previous budgets was more fully implemented with new staff as well as the result of negotiated agreements with City bargaining units completed midway through the fiscal year. Despite the ability of the City to recruit staff in 2017-18, the City experienced a large number of vacancies similar to the prior year.

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. Being the General Fund's largest revenue source, at 38 percent of total revenue, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the uncertainty of what is called “excess ERAF” (educational revenue augmentation fund). San Mateo County is one of several 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. As a consequence, those funds collected in excess of the requirement have traditionally been 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 adopted 2018-19 budget and the accompanying 10-year forecast reflects receiving 50 percent of this revenue over the length of the forecast. This assumption reflects the likelihood that this source is likely to disappear entirely at some point in addition to the uncertainty of the timing of that disappearance. This is a highly speculative assumption that simply serves to keep the uncertainty of this significant revenue plainly visible.

On the expenditure side, the City is closely monitoring increases in employee benefit costs. One area of particular note is the City’s cost for pension benefits provided by the California Public Employees’ Retirement System (CalPERS). In December 2016, the CalPERS board voted to reduce its assumed rate of investment income, commonly referred to as the “discount rate”, from 7.5 percent to 7.0 percent over three years beginning on July 1, 2018. As part of the City’s 10-year financial forecast, costs are anticipated to increase through 2027-28 nearly doubling from current contributions.

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.

While the City’s financial situation is currently quite strong, the City must remain vigilant when identifying and funding priority projects, infrastructure needs, and making land use decisions. The City must also remain adaptable in its approach to funding, not precluding opportunities or discounting risks by locking itself into a rigid spending plan that is unable to incorporate new and relevant information.

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 Administrative Services Department, 701 Laurel Street, Menlo Park, California 94025.

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**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Menlo Park
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 118,977,922	\$ 12,825,799	\$ 131,803,721
Receivables:			
Accounts	3,303,997	901,069	4,205,066
Interest	523,303	67,892	591,195
Due from other governments	4,194,015	-	4,194,015
Deposits and prepaid items	356,365	-	356,365
Total current assets	<u>127,355,602</u>	<u>13,794,760</u>	<u>141,150,362</u>
Noncurrent assets:			
Restricted cash and investments	-	-	-
Real estate held for resale	-	-	-
Notes receivable	15,994,767	-	15,994,767
Net OPEB asset	1,773,000	-	1,773,000
Capital assets			
Non-depreciable	247,730,744	6,813,698	254,544,442
Depreciable, net	124,240,964	10,928,506	135,169,470
Total capital asset	<u>371,971,708</u>	<u>17,742,204</u>	<u>389,713,912</u>
Total noncurrent assets	<u>389,739,475</u>	<u>17,742,204</u>	<u>407,481,679</u>
Total assets	<u>517,095,077</u>	<u>31,536,964</u>	<u>548,632,041</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred employer pension contributions	5,449,071	105,547	5,554,618
Deferred outflows - pension related amounts	11,323,661	189,360	11,513,021
Deferred employer OPEB contributions	1,198,000	-	1,198,000
Total deferred outflow of resources	<u>17,970,732</u>	<u>294,907</u>	<u>18,265,639</u>

(Continued)

City of Menlo Park
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	3,905,861	896,052	4,801,913
Accrued payroll	750,948	21,584	772,532
Interest payable	399,900	-	399,900
Deposits	4,874,155	60,877	4,935,032
Unearned revenue	558,090	-	558,090
Claims payable due within one year	971,501	-	971,501
Compensated absences due within one year	1,636,007	35,179	1,671,186
Landfill postclosure care due within one year	347,456	-	347,456
Long-term debt due within one year	455,000	-	455,000
Total current liabilities	13,898,918	1,013,692	14,912,610
Noncurrent liabilities:			
Claims payable due in more than one year	3,148,865	-	3,148,865
Compensated absences due in more than one year	1,552,310	33,379	1,585,689
Net pension liability	56,388,182	969,812	57,357,994
Landfill postclosure care due in more than one year	3,455,641	-	3,455,641
Long-term debt due in more than one year	17,027,714	-	17,027,714
Total noncurrent liabilities	81,572,712	1,003,191	82,575,903
Total liabilities	95,471,630	2,016,883	97,488,513
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension related amounts	1,862,505	23,456	1,885,961
Deferred inflows - OPEB related amounts	514,000	-	514,000
Total deferred inflows of resources	2,376,505	23,456	2,399,961
NET POSITION			
Net investment in capital assets	354,488,994	17,742,204	372,231,198
Restricted for:			
Capital projects	14,563,359	12,532,189	27,095,548
Debt service	2,443,730	-	2,443,730
Community development	33,378,323	-	33,378,323
Special projects	10,428,012	-	10,428,012
Unrestricted	21,915,256	(482,861)	21,432,395
Total net position	\$ 437,217,674	\$ 29,791,532	\$ 467,009,206
			(Concluded)

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, 2018

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 8,277,794	\$ 66,108	\$ 17,902	\$ -	\$ 84,010
Public safety	17,979,557	579,481	211,086	-	790,567
Public works	18,144,697	12,645,169	1,008,896	-	13,654,065
Culture and recreation	13,656,875	4,166,726	1,321,298	-	5,488,024
Community development	6,513,854	14,921,125	-	-	14,921,125
Interest on long-term debt	967,824	-	-	-	-
Total governmental activities	65,540,601	32,378,609	2,559,182	-	34,937,791
Business-type activities:					
Water	8,947,269	11,335,453	-	-	11,335,453
Total business-type activities	8,947,269	11,335,453	-	-	11,335,453
Total primary government	\$ 74,487,870	\$ 43,714,062	\$ 2,559,182	\$ -	\$ 46,273,244

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

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (8,193,784)	\$ -	\$ (8,193,784)
(17,188,990)	-	(17,188,990)
(4,490,632)	-	(4,490,632)
(8,168,851)	-	(8,168,851)
8,407,271	-	8,407,271
(967,824)	-	(967,824)
(30,602,810)	-	(30,602,810)
-	2,388,184	2,388,184
-	2,388,184	2,388,184
(30,602,810)	2,388,184	(28,214,626)
23,135,956	-	23,135,956
7,215,357	-	7,215,357
7,770,969	-	7,770,969
2,121,387	-	2,121,387
7,800,089	-	7,800,089
48,043,758	-	48,043,758
3,055,706	81,291	3,136,997
-	-	-
532,554	-	532,554
207,896	(207,896)	-
51,839,914	(126,605)	51,713,309
21,237,104	2,261,579	23,498,683
415,980,570	27,529,953	443,510,523
\$ 437,217,674	\$ 29,791,532	\$ 467,009,206

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FUND
FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Transportation Impact Fees Fund - Established to account for fees paid by developers of certain residential, commercial, and industrial properties and projects funded by those fees to mitigate traffic problems resulting either directly or indirectly from the development.

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

City of Menlo Park
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			
	General Fund	Below Market Rate Housing Special Revenue Fund	Transportation Impact Fees Fund	General Capital Improvement Project Fund
ASSETS				
Cash and investments	\$ 37,150,640	\$ 15,840,494	\$ 6,349,767	\$ 18,649,469
Receivables:				
Accounts	2,936,269	20,142	-	8,231
Interest	210,166	84,550	33,911	-
Notes	1,339,846	8,756,897	-	-
Due from other governments	1,922,859	-	294,739	-
Deposits and prepaid items	64,919	-	-	-
Due from other funds	693,119	-	-	-
Total assets	\$ 44,317,818	\$ 24,702,083	\$ 6,678,417	\$ 18,657,700
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,241,596	\$ 5,740	\$ 46,116	\$ 352,556
Accrued payroll and related liabilities	675,690	2,249	-	11,384
Due to other funds	-	-	-	-
Deposits	3,364,352	-	1,509,803	-
Unearned revenue	558,090	-	-	-
Total liabilities	6,839,728	7,989	1,555,919	363,940
Deferred Inflows of Resources				
Unavailable revenue	362,002	24,408	294,739	-
Total deferred inflows of resources	362,002	24,408	294,739	-
Fund Balances:				
Nonspendable	1,404,765		-	-
Restricted	-	24,669,686	4,827,759	-
Committed	25,600,000	-	-	-
Assigned	6,214,219	-	-	18,293,760
Unassigned	3,897,104	-	-	-
Total fund balances	37,116,088	24,669,686	4,827,759	18,293,760
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,317,818	\$ 24,702,083	\$ 6,678,417	\$ 18,657,700

See accompanying Notes to Basic Financial Statements.



<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 35,014,361	\$ 113,004,731
223,001	3,187,643
159,772	488,399
5,898,024	15,994,767
1,976,417	4,194,015
2,148	67,067
75,482	768,601
<u>\$ 43,349,205</u>	<u>\$ 137,705,223</u>

\$ 562,835	\$ 3,208,843
33,174	722,497
768,601	768,601
-	4,874,155
-	558,090
<u>1,364,610</u>	<u>10,132,186</u>

<u>1,537,103</u>	<u>2,218,252</u>
<u>1,537,103</u>	<u>2,218,252</u>

-	1,404,765
31,315,979	60,813,424
8,161,693	33,761,693
1,300,272	25,808,251
(330,452)	3,566,652
<u>40,447,492</u>	<u>125,354,785</u>

<u>\$ 43,349,205</u>	<u>\$ 137,705,223</u>
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City of Menlo Park

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2018

Total Fund Balances - Total Governmental Funds \$ 125,354,785

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	247,730,744
Depreciable (net of internal service fund capital assets of \$4,464,159)	230,902,539
Accumulated depreciation/amortization (net of internal service fund of \$2,668,438)	(108,457,296)

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. (399,900)

Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds 1,773,000

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pensions are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded. In addition, employer contributions for pensions and OPEB were recorded as expenditures in the governmental funds, however, in the Government-Wide Financial Statement these contributions are deferred.

Deferred outflows of resources - pension	16,772,732
Deferred outflows of resources - OPEB	1,198,000
Deferred inflows of resources - pension	(1,862,505)
Deferred inflows of resources - OPEB	(514,000)

Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financial Statements. (3,803,097)

Unavailable revenues recorded in Governmental Fund Financial Statements resulting from activities in which revenues were earned but funds were not available, are reclassified as revenues in the Government-Wide Financial Statements. 2,218,252

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 \$107,033 short-term.

Long-term liabilities - due within one year:	
Compensated absences payable	(1,568,288)
Long-term debt	(455,000)
Long-term liabilities - due in more than one year:	
Compensated absences payable	(1,488,054)
Net pension liability	(56,388,182)
Long-term debt	(17,027,714)

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. 3,231,658

Net Position of Governmental Activities

See accompanying Notes to Basic Financial Statements.

\$ 437,217,674

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City of Menlo Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	Major Funds			Major Funds
	General	Below Market Rate Housing Special Revenue Fund	Transportation Impact Fees Fund	General Capital Improvement Project Fund
REVENUES:				
Taxes:				
Secured property taxes	\$ 22,311,958	\$ -	\$ -	\$ -
Unsecured property taxes	24,746	-	-	-
Other property taxes	799,252	-	-	-
Sales taxes	6,910,437	-	-	-
Other taxes	11,214,525	-	-	95,050
Special assessments	-	-	-	-
Licenses and permits	6,740,335	-	-	-
Fines and forfeitures	150,112	-	-	-
Use of money and property	1,413,688	125,117	36,361	-
Intergovernmental	1,392,765	-	-	-
Charges for services	9,940,815	6,109,892	1,525,690	1,334,990
Other	91,792	-	-	-
Total revenues	60,990,425	6,235,009	1,562,051	1,430,040
EXPENDITURES:				
Current:				
General government	7,223,321	11,494	-	-
Public safety	17,818,423	-	-	-
Public works	10,123,814	-	43,391	-
Culture and recreation	11,214,276	-	-	-
Community development	5,858,732	239	-	-
Urban development and housing	8,244	206,250	-	-
Capital outlay	244,446	-	362,524	4,663,581
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	52,491,256	217,983	405,915	4,663,581
REVENUES OVER (UNDER) EXPENDITURES	8,499,169	6,017,026	1,156,136	(3,233,541)
OTHER FINANCING SOURCES (USES):				
Transfers in	482,795	-	-	3,775,768
Transfers out	(5,089,894)	-	-	-
Proceeds from sale of assets	5,603	-	-	-
Total other financing sources (uses)	(4,601,496)	-	-	3,775,768
Net change in fund balances	3,897,673	6,017,026	1,156,136	542,227
FUND BALANCES:				
Beginning of year	33,218,415	18,652,660	3,671,623	17,751,533
End of year	\$ 37,116,088	\$ 24,669,686	\$ 4,827,759	\$ 18,293,760

See accompanying Notes to Basic Financial Statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 22,311,958
-	24,746
-	799,252
-	6,910,437
1,960,279	13,269,854
2,667,087	2,667,087
380,425	7,120,760
-	150,112
666,286	2,241,452
860,493	2,253,258
9,225,869	28,137,256
383,977	475,769
16,144,416	86,361,941
262,174	7,496,989
57,075	17,875,498
3,754,570	13,921,775
131,324	11,345,600
286,392	6,145,363
12,302	226,796
5,070,898	10,341,449
440,000	440,000
976,333	976,333
10,991,068	68,769,803
5,153,348	17,592,138
1,342,662	5,601,225
(303,435)	(5,393,329)
-	5,603
1,039,227	213,499
6,192,575	17,805,637
34,254,917	107,549,148
\$ 40,447,492	\$ 125,354,785

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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 17,805,637
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 \$(659,734).	9,930,069
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 \$331,229 recorded in the internal service funds.	(6,439,126)
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.	(112,860)
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.	92,577
Current year employer pension and OPEB 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.	6,647,071
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(8,683,581)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(479,220)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(123)
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	440,000
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.	549,195
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.	9,696
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.	1,478,956
Change in Net Position of Governmental Activities	\$ 21,237,104

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, 2018

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 12,825,799	\$ 5,973,191
Receivables:		
Accounts	901,069	116,354
Interest	67,892	34,904
Deposits and prepaid expenses	-	289,298
Total current assets	<u>13,794,760</u>	<u>6,413,747</u>
Capital assets:		
Non-depreciable	6,813,698	-
Depreciable, net	10,928,506	1,795,721
Total capital assets	<u>17,742,204</u>	<u>1,795,721</u>
Total assets	<u>31,536,964</u>	<u>8,209,468</u>
DEFERRED OUTFLOW OF RESOURCES		
Employer pension contribution	105,547	-
Pension related amounts	189,360	-
Total deferred outflow of resources	<u>294,907</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	896,052	697,018
Accrued payroll	21,584	28,451
Deposits	60,877	-
Claims payable, due within one year	-	971,501
Compensated absences, due within one year	35,179	67,719
Total current liabilities	<u>1,013,692</u>	<u>1,764,689</u>
Noncurrent liabilities:		
Claims payable, due in more than one year	-	3,148,865
Net pension liability	969,812	-
Compensated absences, due in more than one year	33,379	64,256
Total noncurrent liabilities	<u>1,003,191</u>	<u>3,213,121</u>
Total liabilities	<u>2,016,883</u>	<u>4,977,810</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension related amounts	23,456	-
Total deferred outflow of resources	<u>23,456</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	17,742,204	1,795,721
Restricted for:		
Capital projects	12,532,189	-
Unrestricted	(482,861)	1,435,937
Total net position	<u>\$ 29,791,532</u>	<u>\$ 3,231,658</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2018

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 11,335,453	\$ 6,921,318
Total operating revenues	11,335,453	6,921,318
OPERATING EXPENSES:		
Cost of sales and services	8,383,959	-
Personnel services	-	1,918,750
General and administrative	238,594	1,416,636
Insurance	-	1,885,435
Depreciation	324,716	331,229
Total operating expenses	8,947,269	5,552,050
OPERATING INCOME (LOSS)	2,388,184	1,369,268
NONOPERATING REVENUES (EXPENSES):		
Interest income	81,291	36,378
Gain/(loss) on sale of equipment	-	73,310
Total nonoperating revenues	81,291	109,688
INCOME (LOSS) BEFORE OPERATING TRANSFERS	2,469,475	1,478,956
TRANSFERS:		
Transfers out	(207,896)	-
Total transfers	(207,896)	-
Net income (loss)	2,261,579	1,478,956
NET POSITION:		
Beginning of year	27,529,953	1,752,702
End of year	\$ 29,791,532	\$ 3,231,658

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/other funds	\$ 11,339,637	\$ 6,814,105
Cash payment to suppliers	(8,472,222)	(3,004,512)
Cash payments for general and administrative	(173,538)	-
Cash paid to employees	-	(1,880,929)
Net cash provided (used) by operating activities	2,693,877	1,928,664
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(207,896)	(336,869)
Net cash provided (used) by noncapital financing activities	(207,896)	(336,869)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,854,495)	(956,436)
Proceeds from disposal of capital assets	-	73,310
Net cash provided (used) by capital and related financing activities	(1,854,495)	(883,126)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	135,270	61,626
Change in fair value of investment	(88,798)	(45,652)
Net cash provided (used) by investing activities	46,472	15,974
Net increase (decrease) in cash and cash equivalents	677,958	724,643
CASH AND CASH EQUIVALENTS:		
Beginning of year	12,147,841	5,248,548
End of year	\$ 12,825,799	\$ 5,973,191
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 2,388,184	\$ 1,369,268
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	324,716	331,229
Changes in current assets and liabilities:		
Accounts receivable	16,353	(107,213)
Deferred outflow of resources	(29,347)	-
Prepaid expenses	-	(96,821)
Accounts payable	(88,263)	422,549
Accrued payroll	6,236	12,879
Insurance claim payable	-	(28,169)
Compensated absences	(2,669)	24,942
Deferred inflow of resources	(557)	-
Net pension liability	91,393	-
Deposits	(12,169)	-
Total adjustments	305,693	559,396
Net cash provided (used) by operating activities	\$ 2,693,877	\$ 1,928,664

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, 2018

	<u>Total Successor Agency Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Current assets:		
Cash and investments:		
Held with City	\$ 9,079,778	\$ 1,392,122
Prepays	-	336,990
Accounts receivable	-	9,120
Total assets	<u>9,079,778</u>	<u>\$ 1,738,232</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss of refunding	<u>10,998,387</u>	
	<u>10,998,387</u>	
LIABILITIES		
Liabilities:		
Accounts payable	3,115	\$ 351,110
Interest payable	550,011	-
Deposits	108,891	1,387,122
Long-term debt:		
Due within one year	3,190,000	-
Due in more than one year	49,294,236	-
Total liabilities	<u>53,146,253</u>	<u>\$ 1,738,232</u>
NET POSITION		
Held in trust for private purpose	<u>(33,068,088)</u>	
Total net position	<u>\$ (33,068,088)</u>	

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, 2018

	<u>Total Successor Agency Funds</u>
Additions:	
Property taxes	\$ 5,420,600
Total additions	<u>5,420,600</u>
Deductions:	
Program expenses of former redevelopment agency	866
Interest and fiscal agency expenses of former redevelopment agency	<u>2,583,597</u>
Total deductions	<u>2,584,463</u>
Change in net position	<u>2,836,137</u>
Net position - beginning of the year	<u>(35,904,225)</u>
Net position - end of the year	<u>\$ (33,068,088)</u>

See accompanying Notes to Basic Financial Statements.

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City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018, the City did not include component units, because as of February 1, 2012, the Community Development Agency was dissolved through State Assembly Bill 1X 26, which dissolved redevelopment agencies throughout the State of California. The activity of the former Community Development Agency was reported in the City's financial statements for the shortened period of July 1, 2012 through January 31, 2012. Subsequent to that, all remaining assets were transferred to the Successor Agency of the former Community Development Agency. The Successor Agency is reported in the City's financial statements as a fiduciary private-purpose trust fund.

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

Government-Wide Financial Statements

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

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

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

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

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

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

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

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

B. Basis of Accounting and Measurement Focus

Governmental Fund Financial Statements

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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.

Transportation Impact Fees Fund - Accounts for fees paid by developers of certain residential, commercial, and industrial properties and projects funded by those fees to mitigate traffic problems resulting either directly or indirectly from the development.

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 the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

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

Proprietary Fund Financial Statements

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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, Information Technology, and Vehicle Replacement programs are accounted for in five 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. 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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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.

D. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at acquisition 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

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Capital Assets, Continued

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.

E. 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.

F. 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.”

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.

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:

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Net Position and Fund Equity, Continued

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 resolutions 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 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 October 2014, 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.

G. 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. 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, 2018.

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

<u>Bargaining Unit</u>	<u>Vacation</u>	<u>Sick Leave</u>
SEIU	336 hours	1,440 hours
AFSCME	336 hours	1,440 hours
POA	440 hours	1,500 hours
PSA	1,400 hours combined	
Unrepresented Management	1,200 hours combined	

I. 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.

<u>Lien Date</u>	<u>March 1</u>
Levy Date	July 1
Due Date	November 1 and February
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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. 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.

K. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

L. 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.

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.

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."

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. New Pronouncements

In 2018, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this statement is to address reporting by governments that provide other postemployment benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. The City restated its beginning net position as part of implementation of this statement.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 85, *Omnibus 2018* - The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* - The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the City for the current fiscal year.

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

A. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2018:

	<u>Government-Wide Statement of Net Position</u>			<u>Fund Financials</u>	<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Fiduciary Funds Statement of Net Position</u>	
Cash and Investments	<u>\$ 118,977,922</u>	<u>\$ 12,825,799</u>	<u>\$ 131,803,721</u>	<u>\$ 10,471,900</u>	<u>\$ 142,275,621</u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 24,797
Deposits with financial institution	7,189,401
Total cash on hand and deposits	<u>7,214,198</u>
Local Agency Investment funds	64,833,227
Investments held by custodian	70,228,196
Total investments	<u>135,061,423</u>
Total cash and investments	<u>\$ 142,275,621</u>

As of June 30, 2018, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>
Securities of U.S. Government				
Treasury Notes	\$ 11,347,750	\$ 3,480,685	\$ 6,888,785	\$ 978,280
Government Agencies	39,091,472	16,880,232	20,253,660	1,957,580
Corporate Bonds	19,788,974	3,249,973	13,330,915	3,208,086
Local Agency Investment Funds	64,833,227	64,833,227	-	-
Total	<u>\$ 135,061,423</u>	<u>\$ 88,444,117</u>	<u>\$ 40,473,360</u>	<u>\$ 6,143,946</u>

B. Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$7,189,401 and the bank balance was \$6,856,484. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

B. Deposits, Continued

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

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

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, 2018 amounted to a decrease of \$773,233.

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

C. Authorized Investments, Continued

External Investment Pool

The City's investments with LAIF at June 30, 2018, 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, 2018, the City had \$64,833,227 invested in LAIF, which had invested 2.67% 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, 2018, 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, the City used the LAIF fair value factor of 0.998126869 to calculate the fair value of the investments in LAIF as of June 30, 2018.

Successor Agency Pooled Cash and Investments

Cash and investments consisted of \$9,080,285 at June 30, 2018. 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.

D. 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, 2018, the City's pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	65%
One to two years	30%
Two to three years	5%

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

D. Risks Disclosures, Continued

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.

Issuer	Type	Rating	
		Standard & Poor's	Moody's
FFCB	U.S Instrumentality	AA+	Aaa
FHLB	U.S Instrumentality	AA+	Aaa
FHLMC	U.S Instrumentality	AA+	Aaa
FNMA	U.S Instrumentality	AA+	Aaa
U.S. Treasury	T-Note	AA+	Aaa
American Express Credit	Corporate Bond	A-	A2
Apple Inc.	Corporate Bond	AA+	Aa1
Berkshire Hathaway	Corporate Bond	AA	Aa2
Cisco Systems Inc	Corporate Bond	AA-	A1
Coca-Cola Co	Corporate Bond	A+	Aa3
John Deere Capital	Corporate Bond	AA-	A1
JPMorgan Chase & Co	Corporate Bond	A-	A3
Microsoft Corp	Corporate Bond	AAA	Aaa
PepsiCo Inc	Corporate Bond	A+	A1
Pfizer Inc	Corporate Bond	AA	A1
PNC Bank NA	Corporate Bond	A	A2
Toyota Motor Credit	Corporate Bond	AA-	Aa3
US Bank	Corporate Bond	AA-	A1
Walmart Inc	Corporate Bond	AA	Aa2

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2018 are described below.

Investments included in LAIF and restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments subject to levels				
Government bonds	\$ 11,347,750	\$ 11,347,750	\$ -	\$ -
Government agencies	39,091,472	-	39,091,472	-
Corporate bonds	19,788,974	-	19,788,974	-
Total investments subject to levels	<u>70,228,196</u>	<u>11,347,750</u>	<u>58,880,446</u>	<u>-</u>
Investments not subject levels				
Local Agency Investment Fund	<u>64,833,227</u>			
Total investments	<u>\$135,061,423</u>	<u>\$ 11,347,750</u>	<u>\$ 58,880,446</u>	<u>\$ -</u>

Government bonds categorized as Level 1 are valued based on prices quoted in active markets for those securities. Government agencies and corporate bonds categorized as Level 2 are valued based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.

3. RECEIVABLES

A. Accounts Receivable

As of June 30, 2018, summary of accounts receivable is as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable	\$ 3,303,997	\$ 901,069
Due from other governments	4,194,015	-
Total receivables	<u>\$ 7,498,012</u>	<u>\$ 901,069</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

3. RECEIVABLES, Continued

A. Accounts Receivable, Continued

As of June 30, 2018, accounts receivable consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes:			
Occupancy taxes	\$ 2,587,077	\$ -	\$ 2,587,077
Utility taxes	97,029	-	97,029
Total taxes	<u>2,684,106</u>	<u>-</u>	<u>2,684,106</u>
Fines and Forfeitures	-	-	-
Franchise Fees	51,441	-	51,441
Rental Income	-	-	-
General Government	257,478	-	257,478
Police	41,917	-	41,917
Public Works	96,123	-	96,123
Water service fees	-	901,069	901,069
Community Development	134,552	-	134,552
Recreation Programs	38,380	-	38,380
Total accounts receivable	<u>\$ 3,303,997</u>	<u>\$ 901,069</u>	<u>\$ 4,205,066</u>

B. Notes Receivable

As of June 30, 2018, notes receivable consisted of the following:

	Notes Receivable
Major Funds:	
General Fund	\$ 1,339,846
Below Market Rate Housing	8,756,897
Total Major Funds	<u>10,096,743</u>
Other Governmental Funds	
Housing Fund	5,509,912
Community Development Block Grant	356,736
Federal Revenue Sharing Fund	31,376
Total Non-Major funds	<u>5,898,024</u>
Total notes receivable	<u>\$ 15,994,767</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018, was \$1,339,846. Subsequent to June 30, 2018, the City Manager ended employment with the City and repaid the loan fully on November 13, 2018.

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, 2018, were \$356,736.

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, 2018, was \$3,250.

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, 2018, was \$249,978

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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 had a compounded interest rate of 3% per annum. The payment was secured by the Deed of Trust with the final payment due on February 15, 2043. During the year ended June 30, 2016, Menlo Gateway Inc. sold a portion of the property. Therefore, on December 31, 2015, the outstanding loan was split between Menlo Gateway and Sequoia Belle Haven for an amount of \$3,221,558 and \$1,892,026 respectively and new promissory notes were signed with the same terms as were on the original loan agreement. As of June 30, 2018, the total outstanding loan was \$5,113,584 with accrued interest thereon for \$143,101.

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, 2018, were \$8,756,897

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, 2018, were \$31,376.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

4. CAPITAL ASSETS

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

	Balance June 30, 2017	Additions	Retirements	Reclassifications	Balance June 30, 2018
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 199,998,884	\$ -	\$ -	\$ -	\$ 199,998,884
Land improvements	32,921,636	-	-	-	32,921,636
Construction in progress	9,337,248	8,699,656	(94,723)	(3,131,957)	14,810,224
Total capital assets, not being depreciated	<u>242,257,768</u>	<u>8,699,656</u>	<u>(94,723)</u>	<u>(3,131,957)</u>	<u>247,730,744</u>
Capital assets, being depreciated/amortized:					
Buildings	78,908,590	399,444	-	2,108,980	81,417,014
Shared use facilities	2,600,000	-	-	-	2,600,000
Equipment	7,871,989	1,178,527	(429,141)	-	8,621,375
Other improvements	18,044,301	181,160	-	99,148	18,324,609
Infrastructure	123,130,552	427,718	(78,400)	923,829	124,403,699
Total capital assets, being depreciated/amortized	<u>230,555,432</u>	<u>2,186,849</u>	<u>(507,541)</u>	<u>3,131,957</u>	<u>235,366,697</u>
<i>Less accumulated depreciation/amortization for:</i>					
Buildings	(23,169,624)	(1,681,915)	-	-	(24,851,539)
Shared use facilities	(780,000)	(104,000)	-	-	(884,000)
Equipment	(5,475,589)	(646,807)	429,141	-	(5,693,255)
Other improvements	(8,708,311)	(877,985)	-	-	(9,586,296)
Infrastructure	(66,711,258)	(3,459,647)	60,262	-	(70,110,643)
Total accumulated depreciation	<u>(104,844,782)</u>	<u>(6,770,354)</u>	<u>489,403</u>	<u>-</u>	<u>(111,125,733)</u>
Total capital assets, being depreciated/amortized, net	<u>125,710,650</u>	<u>(4,583,505)</u>	<u>(18,138)</u>	<u>3,131,957</u>	<u>124,240,964</u>
Governmental activities capital assets, net	<u>\$ 367,968,418</u>	<u>\$ 4,116,151</u>	<u>\$ (112,861)</u>	<u>\$ -</u>	<u>\$ 371,971,708</u>

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

General government	\$ 805,735
Public safety	208,413
Public works	3,644,007
Culture and recreation	2,112,199
Total depreciation expense - governmental departments	<u>\$ 6,770,354</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

4. CAPITAL ASSETS, Continued

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

	Balance June 30, 2017	Additions	Retirements	Reclassifications	Balance June 30, 2018
Business Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,066,454	\$ -	\$ -	\$ -	\$ 1,066,454
Construction in progress	3,901,402	1,845,842	-	-	5,747,244
Total capital assets, not being depreciated	4,967,856	1,845,842	-	-	6,813,698
Capital assets, being depreciated/amortized:					
Buildings	7,831,636	-	-	-	7,831,636
Equipment	509,343	8,653	-	-	517,996
Infrastructure	10,111,881	-	-	-	10,111,881
Total capital assets, being depreciated/amortized	18,452,860	8,653	-	-	18,461,513
<i>Less accumulated depreciation/amortization for:</i>					
Buildings	(2,050,925)	(171,447)	-	-	(2,222,372)
Equipment	(445,043)	(13,966)	-	-	(459,009)
Infrastructure	(4,712,323)	(139,303)	-	-	(4,851,626)
Total accumulated depreciation	(7,208,291)	(324,716)	-	-	(7,533,007)
Total capital assets, being depreciated/amortized, net	11,244,569	(316,063)	-	-	10,928,506
Business activities capital assets, net	\$ 16,212,425	\$ 1,529,779	\$ -	\$ -	\$ 17,742,204

Depreciation expense for all proprietary funds was \$324,716 for the year ended June 30, 2018, which was recorded in the City's water business-type activity.

5. UNEARNED REVENUE

Unearned revenues represent amounts for which revenues have not been earned. At June 30, 2018, unearned revenues were as follows:

	Governmental Activities
Recreation Summer Programs	\$ 430,615
Percent of Art Deferrand	8,647
Friends of the Library Deposit	118,828
Total	<u>\$ 558,090</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. LONG-TERM DEBT

A. Long-Term Obligations

Summary of changes in long-term debt transactions for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within one year	Due in more than one year
<u>Governmental Activities</u>						
2009A General Obligation Bonds	\$ 695,000	\$ -	\$ (75,000)	\$ 620,000	\$ 75,000	\$ 545,000
2009B General Obligation Bonds	9,360,000	-	-	9,360,000	-	9,360,000
Premium on 2009 General Obligation Bonds	54,979	-	(2,499)	52,480	-	52,480
2012 General Obligation Refunding Bonds	7,865,000	-	(365,000)	7,500,000	380,000	7,120,000
Discount on 2012 General Obligation Bonds	(53,452)	-	3,686	(49,766)	-	(49,766)
Total governmental activities	<u>\$ 17,921,527</u>	<u>\$ -</u>	<u>\$ (438,813)</u>	<u>\$ 17,482,714</u>	<u>\$ 455,000</u>	<u>\$ 17,027,714</u>
	Balance 42,917	Additions	Deletions	Balance 43,281	Due within one year	Due in more than one year
<u>Fiduciary Activities</u>						
2015 Las Pulgas Project Tax Allocation Bonds	\$ 48,390,000	\$ -	\$ (3,140,000)	\$ 45,250,000	\$ 3,190,000	\$ 42,060,000
Premium on 2015 Las Pulgas Project Tax Allocation Bonds	7,863,300	-	(629,064)	7,234,236	-	7,234,236
Total fiduciary activities	<u>\$ 56,253,300</u>	<u>\$ -</u>	<u>\$ (3,769,064)</u>	<u>\$ 52,484,236</u>	<u>\$ 3,190,000</u>	<u>\$ 49,294,236</u>

2009 General Obligation Bonds

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	75,000	684,685	759,685
2020	80,000	680,935	760,935
2021	85,000	676,935	761,935
2022	90,000	672,685	762,685
2023	90,000	668,185	758,185
2024-2028	540,000	3,260,917	3,800,917
2029-2033	680,000	3,063,618	3,743,618
2034-2038	5,685,000	2,162,706	7,847,706
2039-2040	2,655,000	281,502	2,936,502
Total	<u>\$9,980,000</u>	<u>\$12,152,165</u>	<u>\$22,132,165</u>

2012 General Obligation Bonds

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	380,000	281,250	661,250
2020	395,000	267,000	662,000
2021	410,000	252,188	662,188
2022	425,000	236,812	661,812
2023	445,000	220,875	665,875
2024-2028	2,475,000	841,875	3,316,875
2029-2033	2,970,000	342,563	3,312,563
Total	<u>\$7,500,000</u>	<u>\$2,442,563</u>	<u>\$9,942,563</u>

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations

2015 Tax Allocation Refunding Bonds

On October 14, 2015, the Successor Agency issued 2015 Tax Allocation Refunding Bonds for \$51,505,000. The bonds were issued to refund the 2006 Tax Allocation Bonds and pay \$11,172,000 for the swap termination relating to the 2006 Bonds. The economic gain on refunding of these bonds was \$3,590,680.

The 2015 Refunding Bonds mature annually starting April 1, 2016 through 2029, with installments ranging from \$3,115,000 to \$4,405,000. The interest on the Bonds is payable semi-annually on each April 1 and October 1, starting on April 1, 2016 with coupon rates ranging from 2.00% to 5.00%. The 2015 Refunding Bonds are subject to early redemption.

The annual debt service requirements of the Series 2015A bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 3,190,000	\$ 2,230,600	\$ 5,420,600
2020	3,300,000	2,103,000	5,403,000
2021	3,395,000	1,938,000	5,333,000
2022	3,500,000	1,768,250	5,268,250
2023	3,585,000	1,593,250	5,178,250
2024-2028	19,595,000	5,168,000	24,763,000
2029-2030	8,685,000	654,500	9,339,500
Subtotal	45,250,000	<u>\$ 15,455,600</u>	<u>\$ 60,705,600</u>
Bond Premium	7,234,236		
Total	<u>\$52,484,236</u>		

Pledged Revenues

The 2015 Tax Allocation Refunding Bonds of the Successor Agency are payable solely from and secured by tax revenues to be derived from the Project Area and deposited into Redevelopment Property Tax Trust Fund.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

7. COMPENSATED ABSENCES

Compensated absences at June 30, 2018, were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More than One Year
Governmental Activities	\$ 3,163,252	\$ 1,997,686	\$ (1,972,621)	\$ 3,188,317	\$ 1,636,007	\$ 1,552,310
Business-Type Activities	71,227	42,957	(45,626)	68,558	35,179	33,379
Total compensated absences	<u>\$ 3,234,479</u>	<u>\$ 2,040,643</u>	<u>\$ (2,018,247)</u>	<u>\$ 3,256,875</u>	<u>\$ 1,671,186</u>	<u>\$ 1,585,689</u>

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.

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, 2018, is estimated to total \$971,501.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

8. RISK MANAGEMENT, Continued

Changes in the balances of the City's claims liabilities during the years ended June 30, 2018, 2017, and 2016 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
2015-2016	3,419,024	1,018,847	(774,588)	3,663,283
2016-2017	3,663,283	1,260,680	(775,428)	4,148,535
2017-2018	4,148,535	1,013,716	(1,041,885)	4,120,366

9. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2018, 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, 2018, is as follows:

<u>Due to other funds</u>	<u>Due from other funds</u>		
	<u>General Fund</u>	<u>Non-major Governmental Fund</u>	<u>Total</u>
Governmental Activities			
Non-Major Governmental Fund	\$ 693,119	\$ 75,482	\$ 768,601
TOTAL	\$ 693,119	\$ 75,482	\$ 768,601

All Due To/From Other Funds were established as of June 30, 2018, to cover short-term negative cash balances.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

9. INTERFUND TRANSACTIONS, Continued

Interfund Transfers

Interfund transfers for the year ended June 30, 2018, were as follows:

		Transfers In			Total
		Governmental Activities			
		Capital			
		General Fund	Improvement - General Fund		Non-Major Funds
Transfers Out	Governmental Activities				
	General Fund	-	3,775,768	1,314,126	5,089,894
	Non-Major Funds	274,899	-	28,536	303,435
	Business-Type Activities				
	Water Fund - Operating	207,896	-	-	207,896
	TOTAL	482,795	3,775,768	1,342,662	5,601,225

The most significant transactions were transfers of \$3,775,768 from the General Fund to Capital Improvement Fund and \$1,000,000 from General Fund to Library Fund to provide funds for capital improvement projects and make improvements to Menlo Park City School District.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018:

	General Fund	Below Market Rate Housing Special Revenue	Transportation Impact Fees	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Deposits and prepaid items	\$ 64,919	\$ -	\$ -	\$ -	\$ -	\$ 64,919
Notes receivable	1,339,846	-	-	-	-	1,339,846
Total nonspendable	1,404,765	-	-	-	-	1,404,765
Restricted to:						
Community development	-	24,669,686	-	-	7,657,466	32,327,152
Transportation	-	-	-	-	2,608	2,608
Streets and sidewalks	-	-	4,827,759	-	9,566,244	14,394,003
Debt service	-	-	-	-	2,443,730	2,443,730
Public safety	-	-	-	-	180,709	180,709
Leisure and cultural activities	-	-	-	-	3,721,909	3,721,909
Solid waste	-	-	-	-	5,650,175	5,650,175
Stormwater	-	-	-	-	783,573	783,573
Public Facilities	-	-	-	-	1,051,171	1,051,171
Other purposes	-	-	-	-	258,394	258,394
Total restricted	-	24,669,686	4,827,759	-	31,315,979	60,813,424
Committed to:						
Streets, sidewalks and parking	-	-	-	-	4,439,300	4,439,300
Solid waste	-	-	-	-	1,572,006	1,572,006
Leisure and cultural activities	-	-	-	-	847,904	847,904
Landscape maintenance	-	-	-	-	1,302,483	1,302,483
Strategic pension funding	4,300,000	-	-	-	-	4,300,000
Emergency contingency	9,300,000	-	-	-	-	9,300,000
Economic stabilization	12,000,000	-	-	-	-	12,000,000
Total committed	25,600,000	-	-	-	8,161,693	33,761,693
Assigned to:						
Infrastructure maintenance	2,830,000	-	-	-	-	2,830,000
Community development	1,229,000	-	-	-	-	1,229,000
Capital projects	-	-	-	18,293,760	999,181	19,292,941
Debt service	-	-	-	-	301,091	301,091
Other purposes	2,155,219	-	-	-	-	2,155,219
Total assigned	6,214,219	-	-	18,293,760	1,300,272	25,808,251
Unassigned	3,897,104	-	-	-	(330,452)	3,566,652
Total Fund Balance	\$ 37,116,088	\$ 24,669,686	\$ 4,827,759	\$ 18,293,760	\$ 40,447,492	\$ 125,354,785

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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 and updated on December 7, 2014 as part of the creation of a formal policy on fund balance in the General Fund. The emergency contingency balance as of June 30, 2018 was \$9,300,000; 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, 2018 was \$12,000,000. 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.

This category also includes strategic pension funding reserve which was established by the City Council to mitigate the operational impact of employer contribution rate volatility due to actions outside of the City's control, as well as to set aside funding for strategic opportunities to reduce the City's pension liability. The strategic pension funding reserve balance as of June 30, 2018 was \$4,300,000. The Council approval is required before expending any portion of this reserve balance.

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. NEGATIVE FUND BALANCE

As of June 30, 2018 the Literacy Grants Fund and Shuttle Program Fund had a negative fund balance of \$70,468 and \$259,984 respectively. The City is working to address reductions in grant funding from the state through adjustments to expenditures and replacement funding sources such as from non-profit partners.

The Workers Compensation Internal Service Fund had a negative \$880,849 fund balance at 6/30/2018. This was mainly due to increased insurance claims and estimated claims liability at 6/30/2018. The City has increased the amount paid by departments by 30% in FY 2017-18 to address ongoing annual net losses as well as to offset 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.

12. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations:

Major:	
Below Market Rate Housing Special Revenue Fund	\$ 26,517
Non-Major:	
Special Revenue Funds:	
Federal Revenue Sharing Fund	3,785
Narcotic Seizure Fund	1,531
Housing Fund	12,302
Transportation Fund	96,609
Supplemental Law Enforcement Services Fund	2,384
Miscellaneous Trust Funds	43,815
HUT Repair and Maintenance Fund	209,091
Capital Projects Funds:	
Measure T Fund	2,378

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

13. ENCUMBRANCES/COMMITMENTS

The City had various commitments totaling \$6,529,404 as of June 30, 2018. 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	\$ 1,155,219
Transportation Impact Fund	574,749
General Capital Improvement Fund	1,187,815
Non-Major Funds	<u>3,611,621</u>
Total	<u>\$ 6,529,404</u>

14. DEFINED BENEFIT PENSION PLAN

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2018 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					
Agent Multiple Employer Plan	\$ 3,518,244	\$ 6,311,988	\$ 32,327,096	\$ 781,841	\$ 5,611,213
CALPERS Safety					
Cost Sharing Plan	<u>2,036,374</u>	<u>5,201,033</u>	<u>25,030,898</u>	<u>1,104,120</u>	<u>3,239,003</u>
Total	<u>\$ 5,554,618</u>	<u>\$ 11,513,021</u>	<u>\$ 57,357,994</u>	<u>\$ 1,885,961</u>	<u>\$ 8,850,216</u>

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan

General Information about the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, an 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, Continued

General Information about the Pension Plan, Continued

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, 2018, are summarized as follows:

	Miscellaneous Classic	Miscellaneous Second Tier Classic	Miscellaneous PEPRA
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of annual salary	2.70% at age 55	2.00% at age 60	2.00% at age 62
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	9.966%	9.966%	9.966%
Required UAL payment	1,853,764		

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	251
Inactive employees entitled to but not yet receiving benefits	306
Active employees	210
Total	<u>767</u>

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, Continued

Net Pension Liability

The City’s net pension liability for each 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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Investment Rate of Return ⁽¹⁾	7.50%
Mortality ⁽²⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

⁽¹⁾ Net of pension plan administrative expenses.

⁽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, 2016 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 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, Continued

Net Pension Liability, Continued

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.

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%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, Continued

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	\$ 115,711,553	\$ 86,430,832	\$ 29,280,721
Changes in the year:			
Service cost	2,948,588	-	2,948,588
Interest on the total pension liability	8,613,664	-	8,613,664
Differences between actual and expected experience	(1,154,146)	-	(1,154,146)
Changes in assumptions	7,103,534	-	7,103,534
Contribution - employer	-	3,599,142	(3,599,142)
Contribution - employee	-	1,299,175	(1,299,175)
Net Investment income	-	9,694,557	(9,694,557)
Administrative expenses	-	(127,609)	127,609
Benefit payments , including refunds of employee contributions	(5,328,833)	(5,328,833)	-
Net changes	<u>12,182,807</u>	<u>9,136,432</u>	<u>3,046,375</u>
Balance at June 30, 2017	<u>\$ 127,894,360</u>	<u>\$ 95,567,264</u>	<u>\$ 32,327,096</u>

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	6.15%
Net Pension Liability	\$ 49,632,954
Current Discount Rate	7.15%
Net Pension Liability	\$ 32,327,096
1% Increase	8.15%
Net Pension Liability	\$ 18,064,880

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, Continued

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of \$5,611,213 under the plan. At June 30, 2018, 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	\$ 3,518,244	\$ -
Differences between actual and expected experience	283,661	(781,841)
Changes in assumptions	4,812,071	-
Net differences between projected and actual earnings on pension plan investments	1,216,256	-
Total	<u>\$ 9,830,232</u>	<u>\$ (781,841)</u>

\$3,518,244 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, 2019. 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:	Deferred Outflow/ (Inflows) of Resources
2018	\$ 2,169,026
2019	3,357,844
2020	712,581
2021	(709,304)

Payable to Pension Plan

As of June 30, 2018, the City reported a payable of \$95,752 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018. This was fully paid in July 2018.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

General Information about the Pension Plan

Plan Description - All safety qualified permanent and probationary employees are eligible to participate in the City's Safety Plan, a cost-sharing 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, 2018, are summarized as follows:

	Safety Classic	Safety Second Tier Classic	Safety PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	57
Monthly benefits, as a % of annual salary	3.00%	3.00%	2.70%
Required employee contribution rates	9.00%	9.000%	11.500%
Required employer contribution rates	19.723%	16.842%	11.99%
Required UAL payment	\$1,059,741	-	\$1,488

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

Net Pension Liability

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
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
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an 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 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

Net Pension Liability, Continued

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.

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%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

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

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

Changes in the Net Pension Liability

As of June 30, 2018, the City reported a net pension liability of \$25,030,898 for its proportionate share of the net pension liability of the safety plan.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 rolled forward to June 30, 2017 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

Changes in the Net Pension Liability, Continued

The City's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 were as follows:

Proportion - June 30, 2016	0.419210%
Proportion - June 30, 2017	0.418913%
Change - Increase (Decrease)	<u>-0.000297%</u>

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	6.15%
Net Pension Liability	\$ 37,893,945
Current Discount Rate	7.15%
Net Pension Liability	\$ 25,030,898
1% Increase	8.15%
Net Pension Liability	\$ 14,515,999

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. DEFINED BENEFIT PENSION PLAN, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, Continued

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of \$3,239,003. At June 30, 2018, 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
Differences between Expected and Actual Experience	\$ 268,482	\$ 70,000
Changes in assumptions	3,893,662	298,732
Net Differences between Projected and Actual Investment Earnings on plan Investments	848,971	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	519,624
Changes in Employer's Proportion	189,918	215,764
Pension Contributions Made Subsequent to Measurement Date	2,036,374	-
Total	\$ 7,237,407	\$ 1,104,120

\$2,036,374 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, 2019. 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:	Deferred Outflow/ (Inflows) of Resources
2019	\$ 868,693
2020	2,306,810
2021	1,418,173
2022	(496,764)

Payable to Pension Plan

As of June 30, 2018, the City reported a payable of \$52,373 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018. This was fully paid in July 2018.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

15. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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, 2016. Since PEMHCA is a community rated plan for the City, no implied subsidy is valued for the PEMHCA plan.

Employees Covered

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	56
Active employees	247
Total	<u>400</u>

Contributions

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For the measurement period 2016-17, the City contributed \$1,079,220, including \$636,497 in benefit payments, \$165,000 in implicit rate subsidy, and a \$277,723 deposit to CERBT.

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

15. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	3.00%
Investment Rate of Return	6.75%
Mortality	CalPERS 1997-2015 Experience Study
Post Retirement Benefit Increase	Post-retirement mortality projected fully generational with Scale MP-2017
Healthcare Trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

15. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Net OPEB Liability, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

Asset Class	Target Allocation*	Expected Real Rate of Return
Public Equity	57.00%	4.82%
Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITS	8.00%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Assumed Long-Term Investment Expenses		n/a
Expected Long-Term Net Rate of Return, Rounded		6.75%
Discount Rate**		6.75%

*Provided by CalPERS' Strategic Asset Allocation Analysis Overview in August 2014 - Strategy 1.

**The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

15. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Changes in the net OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2016	\$ 16,263,000	\$ 16,922,000	\$ (659,000)
Changes in the year:			
Service cost	628,000	-	628,000
Interest	1,113,000	-	1,113,000
Changes in assumptions	-	-	-
Contribution - employer	-	1,082,000	(1,082,000)
Contribution - employee	-	-	-
Net investment income	-	1,785,000	(1,785,000)
Administrative expenses	-	(12,000)	12,000
Benefit payments , including refunds of employee contributions	(801,000)	(801,000)	-
Net changes	940,000	2,054,000	(1,114,000)
Balance at June 30, 2017	\$ 17,203,000	\$ 18,976,000	\$ (1,773,000)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 74,000	\$ (1,773,000)	\$ (3,355,000)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (6.5% - 3.0%)	Current Healthcare Trend Rate (7.5% - 4.0%)	1% Increase (8.5% to 5%)
Net OPEB Liability	\$ (3,570,000)	\$ (1,773,000)	\$ 382,000

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

15. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
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OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$1,686,000. For the fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 1,198,000	\$ -
Net differences between projected and actual earnings on plan investments	-	514,000
Total	<u>\$ 1,198,000</u>	<u>\$ 514,000</u>

The \$1,913,001 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ending June 30:</u>	
2019	\$(129,000)
2020	(129,000)
2021	(129,000)
2022	(127,000)

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

16. 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.

The City's outstanding future post-closure care costs were estimated at \$3,803,097 at June 30, 2018. 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 2018:

	Balance July 1, 2017	Deletions	Balance June 30, 2018	Due within one year	Due in more than one year
Governmental Activities	\$ 4,352,291	\$ (549,194)	\$ 3,803,097	\$ 347,456	\$ 3,455,641

17. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

18. 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.

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 the year ended June 30, 2016, 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 2015 Tax Allocation Refunding Bonds. More information on these bonds can be found in Section C of Note 6.

19. 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, 2018, 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.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

20. 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.

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, 2018, each member entity contributed \$152,000 to cover Authority administrative costs for the year.

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

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

South Bayside Waste Management Authority

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

21. JOINT VENTURES, Continued

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. PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustment to eliminate the previously reported net OPEB asset, and to recognize deferred outflows of resources and net OPEB asset as of June 30, 2017.

	Net Position, as Previously Reported at June 30, 2017	Prior Period Adjustments		Net Position, as Restated at June 30, 2017
		Deferred Employer OPEB Contributions	Net OPEB Asset	
Government-Wide Statements				
Governmental Activities	\$ 414,737,559	\$ 1,079,220	\$ 163,791	\$ 415,980,570

REQUIRED SUPPLEMENTARY INFORMATION

City of Menlo Park
Required Supplementary Information
For the year ended June 30, 2018

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 XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2018, 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.

B. 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, 2018

Budgetary Comparison Schedule, General Fund

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Secured property taxes	\$ 19,000,000	\$ 20,152,249	\$ 22,311,958	\$ 2,159,709
Unsecured property taxes	290,000	290,000	24,746	(265,254)
Other property taxes	520,000	520,000	799,252	279,252
Sales taxes	5,160,000	6,253,025	6,910,437	657,412
Other taxes	10,540,000	10,477,000	11,214,525	737,525
Licenses and permits	6,435,500	7,428,541	6,740,335	(688,206)
Fines and forfeitures	1,262,400	1,262,400	150,112	(1,112,288)
Use of money and property	898,200	898,200	1,413,688	515,488
Intergovernmental	1,038,134	1,038,134	1,392,765	354,631
Charges for services	9,439,560	9,787,894	9,940,815	152,921
Other	66,043	66,043	91,792	25,749
Total revenues	54,649,837	58,173,486	60,990,425	2,816,939
EXPENDITURES:				
Current:				
General government	6,996,426	5,549,487	7,223,321	(1,673,834)
Public safety	18,254,430	18,277,690	17,818,423	459,267
Public works	10,282,458	10,669,888	10,123,814	546,074
Culture and recreation	11,326,602	11,476,603	11,214,276	262,327
Community development	6,623,370	6,709,008	5,858,732	850,276
Urban development and housing	98,466	98,466	8,244	90,222
Capital outlay	217,400	325,384	244,446	80,938
Total expenditures	53,799,152	53,106,526	52,491,256	615,270
REVENUES OVER (UNDER) EXPENDITURES	850,685	5,066,960	8,499,169	3,432,209
OTHER FINANCING SOURCES (USES):				
Transfers in	482,795	482,795	482,795	-
Transfers out	(2,930,768)	(5,010,768)	(5,089,894)	(79,126)
Proceeds from sale of assets	-	-	5,603	5,603
Total other financing sources (uses)	(2,447,973)	(4,527,973)	(4,601,496)	(73,523)
Net change in fund balance	\$ (1,597,288)	\$ 538,987	3,897,673	\$ 3,358,686
FUND BALANCE:				
Beginning of year			33,218,415	
End of year			<u>\$ 37,116,088</u>	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

Budgetary Comparison Schedule, Below Market Rate Housing Special Revenue Fund

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 77,000	\$ 77,000	\$ 125,117	\$ 48,117
Charges for services	3,027,500	3,027,500	6,109,892	3,082,392
Total revenues	3,104,500	3,104,500	6,235,009	3,130,509
EXPENDITURES:				
Current:				
General Government	16,490	16,490	11,494	4,996
Community development	-	-	239	(239)
Urban development and housing	174,976	174,976	206,250	(31,274)
Total expenditures	191,466	191,466	217,983	(26,517)
REVENUES OVER (UNDER) EXPENDITURES	2,913,034	2,913,034	6,017,026	3,103,992
Net change in fund balance	\$ 2,913,034	\$ 2,913,034	6,017,026	\$ 3,103,992
FUND BALANCE:				
Beginning of year			18,652,660	
End of year			\$ 24,669,686	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

Budgetary Comparison Schedule, Transportation Impact Fees Special

	Budget		Actual Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 19,000	\$ 19,000	\$ 36,361	\$ 17,361
Intergovernmental	2,651,643	2,651,643	-	(2,651,643)
Charges for services	1,750,000	1,750,000	1,525,690	(224,310)
Total revenues	4,420,643	4,420,643	1,562,051	(2,858,592)
EXPENDITURES:				
Current:				
Public works	893,199	1,147,516	43,391	1,104,125
Capital outlay	2,058,802	1,978,046	362,524	1,615,522
Total expenditures	2,952,001	3,125,562	405,915	2,719,647
REVENUES OVER (UNDER) EXPENDITURES	1,468,642	1,295,081	1,156,136	(138,945)
Net change in fund balance	\$ 1,468,642	\$ 1,295,081	1,156,136	\$ (138,945)
FUND BALANCE:				
Beginning of year			3,671,623	
End of year			\$ 4,827,759	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN

*A. Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period - Last 10 years**

Miscellaneous Plan*

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 2,948,588	\$ 2,532,940	\$ 2,360,735	\$ 2,430,975
Interest	8,613,664	8,311,199	7,827,343	7,464,650
Difference Between Expected and Actual Experience	(1,154,146)	850,983	(690,951)	-
Changes of Assumptions	7,103,534	-	(1,888,285)	-
Benefit Payments, Including Refunds of Employee Contributions	(5,328,833)	(5,018,466)	(4,582,081)	(4,401,346)
Net Change in Total Pension Liability	12,182,807	6,676,656	3,026,761	5,494,279
Total Pension Liability - Beginning	115,711,553	109,034,897	106,008,136	100,513,857
Total Pension Liability - Ending (a)	127,894,360	115,711,553	109,034,897	\$ 106,008,136
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	3,599,142	2,978,937	2,607,401	\$ 2,231,189
Contributions - Employee	1,299,175	1,150,378	1,080,371	1,006,903
Net Investment Income (2)	9,694,557	450,209	1,934,950	12,874,205
Benefit Payments, Including Refunds of Employee Contributions	(5,328,833)	(5,018,466)	(4,582,081)	(4,401,346)
Other Changes in Fiduciary Net Position	(127,609)	(52,975)	(97,826)	-
Net Change in Fiduciary Net Position	9,136,432	(491,917)	942,815	11,710,951
Plan Fiduciary Net Position - Beginning	86,430,832	86,922,749	85,979,934	74,268,983
Plan Fiduciary Net Position - Ending (b)	95,567,264	86,430,832	86,922,749	\$ 85,979,934
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 32,327,096	\$ 29,280,721	\$ 22,112,148	\$ 20,028,202
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.72%	74.70%	79.72%	81.11%
Covered Payroll	\$ 16,960,555	\$ 13,539,431	\$ 13,909,694	\$ 13,277,488
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	190.60%	216.26%	158.97%	150.84%

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

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN

*B. Schedule of Plan Contributions - Last 10 Years**

Miscellaneous Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,518,244	\$ 3,599,540	\$ 2,978,780	\$ 2,604,813
Contribution in relation to the actuarially determined contributions	(3,518,244)	(3,599,540)	(2,978,780)	(2,604,813)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,374,255	\$ 16,960,555	\$ 13,539,431	\$ 13,909,694
Contributions as a percentage of covered payroll	20.25%	21.22%	22.00%	18.73%

* Historical information is required only for measurement periods for which GASB 68 is applicable.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

3. DEFINED BENEFIT PENSION PLAN - COST SHARING PLAN

*A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Year**

Safety Plan

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.41891%	0.41921%	0.40697%	0.38239%
Proportionate share of the net pension liability	\$ 25,030,898	\$ 21,711,951	\$ 16,768,810	\$ 14,343,292
Covered payroll	\$ 6,151,486	\$ 6,328,709	\$ 6,059,802	\$ 6,253,886
Proportionate share of the net pension liability as percentage of covered payroll	406.91%	343.07%	276.72%	229.35%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

*Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

3. DEFINED BENEFIT PENSION PLAN - COST SHARING PLAN, Continued

*B. Schedule of Contributions - Last 10 Years**

Safety Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
determined)	\$ 2,036,374	\$ 1,965,524	\$ 1,767,802	\$ 1,623,197
Contribution in relation to the actuarially determined contributions	<u>(2,036,374)</u>	<u>(1,965,524)</u>	<u>(1,767,802)</u>	<u>(1,623,197)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,996,613	\$ 6,151,486	\$ 6,328,709	\$ 6,059,802
payroll	33.96%	31.95%	27.93%	26.79%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

4. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Schedule of Changes in Net OPEB Liability and Related Ratios During the Measurement Period(1)

<i>Measurement Period</i>	2016-17
Total OPEB Liability	
Service Cost	\$ 628,000
Interest on the total OPEB liability	1,113,000
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(801,000)
Net change in total OPEB liability	940,000
Total OPEB liability - beginning	16,263,000
Total OPEB liability - ending (a)	\$ 17,203,000
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,082,000
Contributions - employee	-
Net investment income	1,785,000
Benefit payments, including refunds of employee contributions	(801,000)
Administrative expense	(12,000)
Net change in plan fiduciary net position	2,054,000
Plan fiduciary net position - beginning	16,922,000
Plan fiduciary net position - ending (b)	\$ 18,976,000
Net OPEB liability/(asset) - ending (a) - (b)	\$ (1,773,000)
Plan fiduciary net position as a percentage of the total OPEB liability	110.31%
Covered-employee payroll	\$ 26,004,000
Net OPEB liability as a percentage of covered-employee payroll	-6.82%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2018

4. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

B. Schedule of Plan Contributions(1)

Fiscal Year Ended June 30	2018
Actuarially Determined Contribution (ADC)	\$ 676,000
Contributions in relation to the ADC	(1,198,000)
Contribution deficiency (excess)	\$ (522,000)
Covered-employee payroll	\$ 25,858,000
Contributions as a percentage of covered-employee payroll	2.61%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

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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, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other taxes	\$ -	\$ -	\$ 95,050	\$ 95,050
Intergovernmental	555,000	555,000	-	(555,000)
Charges for services	200,000	200,000	1,334,990	1,134,990
Total revenues	755,000	755,000	1,430,040	675,040
EXPENDITURES:				
Capital outlay	18,668,098	24,008,787	4,663,581	19,345,206
Total expenditures	18,668,098	24,008,787	4,663,581	19,345,206
REVENUES OVER (UNDER) EXPENDITURES	(17,913,098)	(23,253,787)	(3,233,541)	20,020,246
OTHER FINANCING SOURCES (USES):				
Transfers in	2,695,768	3,775,768	3,775,768	-
Total other financing sources (uses)	2,695,768	3,775,768	3,775,768	-
Net change in fund balance	\$ (15,217,330)	\$ (19,478,019)	542,227	\$ 20,020,246
FUND BALANCE:				
Beginning of year			17,751,533	
End of year			\$ 18,293,760	

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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.

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.

Housing Special Revenue Fund - Accounts for loans transferred to the City when the former Community Development Agency was dissolved. Prior to the Agency's dissolution, the Agency used tax increment revenue restricted for low and moderate income housing to make the loans which were subsequently transferred to the City. This fund's only activity is current revenue and expenditures resulting from loan servicing activities.

Transportation Fund - Established to account for funding for infrastructures related to transportation such as streets/bikelanes/sidewalks/storm drains, etc.

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.

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

Shuttle Program Fund - Established to account for and segregate expenses and grant revenues related to shuttle services

Measure M Fund - Established to account for the City's portion of the annual fee of ten dollars (\$1 0) on motor vehicles registered in San Mateo County for transportation-related traffic congestion and water pollution mitigation programs. The fund is currently being used to pay for street sweeping services

Library System Improvement Fund - Established to account for the construction or renovation of system-wide library facilities.

Downtown Public Amenity Fund - Established to account for public parking in the downtown area.

HUT Repair and Maintenance Fund - Established to account for Highway User's Tax Road Maintenance, Section 2032 of the Streets & Highways Code.

NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Fund:

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

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, 2018

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
ASSETS					
Cash and investments	\$ 2,799,336	\$ 94,426	\$ 267,574	\$ 47,271	\$ 5,579,574
Receivables:					
Accounts	-	819	-	-	74,076
Interest	14,071	471	-	-	29,557
Notes	-	31,376	-	-	-
Due from other governments	-	-	2,300	-	-
Deposits and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 2,813,407	\$ 127,092	\$ 269,874	\$ 47,271	\$ 5,683,207
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 210	\$ 3,791	\$ -	\$ 32,145
Accrued payroll and related liabilities	-	-	7,692	-	886
Due to other funds	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	-	210	11,483	-	33,031
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	2,813,407	126,882	258,391	47,271	5,650,176
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,813,407	126,882	258,391	47,271	5,650,176
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,813,407	\$ 127,092	\$ 269,874	\$ 47,271	\$ 5,683,207

(Continued)

Special Revenue

County Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service
\$ 1,442,575	\$ 83,414	\$ 34,527	\$ 40,635	\$ 4,441,623	\$ 165,768	\$ 1,548,663
-	-	-	-	-	-	34,583
7,935	-	-	-	23,751	978	7,213
-	-	-	-	-	-	-
70,852	-	-	-	-	-	9,145
556	-	-	-	-	-	1,592
-	-	-	-	-	-	-
<u>\$ 1,521,918</u>	<u>\$ 83,414</u>	<u>\$ 34,527</u>	<u>\$ 40,635</u>	<u>\$ 4,465,374</u>	<u>\$ 166,746</u>	<u>\$ 1,601,196</u>
\$ 108,615	\$ -	\$ 1,423	\$ -	\$ 25,733	\$ -	\$ 26,013
7,764	-	2,385	-	341	-	3,177
-	-	101,187	-	-	-	-
-	-	-	-	-	-	-
<u>116,379</u>	<u>-</u>	<u>104,995</u>	<u>-</u>	<u>26,074</u>	<u>-</u>	<u>29,190</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,405,539	-	-	40,635	-	166,746	-
-	83,414	-	-	4,439,300	-	1,572,006
-	-	-	-	-	-	-
-	-	(70,468)	-	-	-	-
<u>1,405,539</u>	<u>83,414</u>	<u>(70,468)</u>	<u>40,635</u>	<u>4,439,300</u>	<u>166,746</u>	<u>1,572,006</u>
<u>\$ 1,521,918</u>	<u>\$ 83,414</u>	<u>\$ 34,527</u>	<u>\$ 40,635</u>	<u>\$ 4,465,374</u>	<u>\$ 166,746</u>	<u>\$ 1,601,196</u>

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue				
	Bay Area Air Quality Management	Housing Special Revenue Fund	Transportation Fund	Storm Water Management	Supplemental Law Enforcement Service
ASSETS					
Cash and investments	\$ 2,608	\$ 798,456	\$ 31,316	\$ 625,635	\$ 166,457
Receivables:					
Accounts	-	1,527	-	-	-
Interest	-	-	-	-	795
Notes	-	5,509,912	-	-	-
Due from other governments	-	-	1,167,924	-	-
Deposits and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 2,608	\$ 6,309,895	\$ 1,199,240	\$ 625,635	\$ 167,252
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 483	\$ 21,577	\$ 4,619	\$ 27,178
Accrued payroll and related liabilities	-	-	-	4,189	-
Due to other funds	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	-	483	21,577	8,808	27,178
Deferred inflows of resources					
Unavailable revenue	-	143,101	1,167,924	-	-
Total deferred inflows of resources	-	143,101	1,167,924	-	-
Fund Balances:					
Restricted	2,608	6,166,311	9,739	616,827	140,074
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,608	6,166,311	9,739	616,827	140,074
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,608	\$ 6,309,895	\$ 1,199,240	\$ 625,635	\$ 167,252

(Continued)

Special Revenue

Construction Impact Fees	Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust
\$ 5,265,627	\$ 1,253,847	\$ 3,704,438	\$ 21,293	\$ 41,691	\$ 1,003,845	\$ 764,448
-	-	-	-	-	3,692	108,304
26,938	6,758	19,774	181	228	-	789
-	-	-	-	-	356,736	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
75,482	-	-	-	-	-	-
<u>\$ 5,368,047</u>	<u>\$ 1,260,605</u>	<u>\$ 3,724,212</u>	<u>\$ 21,474</u>	<u>\$ 41,919</u>	<u>\$ 1,364,273</u>	<u>\$ 873,541</u>
\$ 72,289	\$ 19,699	\$ 2,303	\$ -	\$ 1,689	\$ -	\$ 109,050
5,468	128	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>77,757</u>	<u>19,827</u>	<u>2,303</u>	<u>-</u>	<u>1,689</u>	<u>-</u>	<u>109,050</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,290,290	-	3,721,909	-	-	1,364,273	-
-	1,240,778	-	21,474	40,230	-	764,491
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,290,290</u>	<u>1,240,778</u>	<u>3,721,909</u>	<u>21,474</u>	<u>40,230</u>	<u>1,364,273</u>	<u>764,491</u>
<u>\$ 5,368,047</u>	<u>\$ 1,260,605</u>	<u>\$ 3,724,212</u>	<u>\$ 21,474</u>	<u>\$ 41,919</u>	<u>\$ 1,364,273</u>	<u>\$ 873,541</u>

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue				
	Shuttle Program	Measure M	Library System Improvement Fund	Downtown Public Amenity Fund	HUT Repair & Maintenance Fund
ASSETS					
Cash and investments	\$ 107,662	\$ -	\$ 898,164	\$ 1,045,590	\$ -
Receivables:					
Accounts	-	-	-	-	-
Interest	-	-	-	5,581	389
Notes	-	-	-	-	-
Due from other governments	501,290	39,563	-	-	75,602
Deposits and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 608,952	\$ 39,563	\$ 898,164	\$ 1,051,171	\$ 75,991
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 84,842	\$ 5,012	\$ 16,164	\$ -	\$ -
Accrued payroll and related liabilities	1,144	-	-	-	-
Due to other funds	556,872	34,551	-	-	75,991
Deposits	-	-	-	-	-
Total liabilities	642,858	39,563	16,164	-	75,991
Deferred inflows of resources					
Unavailable revenue	226,078	-	-	-	-
Total deferred inflows of resources	226,078	-	-	-	-
Fund Balances:					
Restricted	-	-	-	1,051,171	-
Committed	-	-	-	-	-
Assigned	-	-	882,000	-	-
Unassigned	(259,984)	-	-	-	-
Total fund balances	(259,984)	-	882,000	1,051,171	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 608,952	\$ 39,563	\$ 898,164	\$ 1,051,171	\$ 75,991

(Continued)

Debt Service		Capital Projects		
Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ 331,387	\$ 1,990,460	\$ 116,559	\$ 299,492	\$ 35,014,361
-	-	-	-	223,001
1,769	10,373	622	1,599	159,772
-	-	-	-	5,898,024
22	109,719	-	-	1,976,417
-	-	-	-	2,148
-	-	-	-	75,482
<u>\$ 333,178</u>	<u>\$ 2,110,552</u>	<u>\$ 117,181</u>	<u>\$ 301,091</u>	<u>\$ 43,349,205</u>
\$ -	\$ -	\$ -	\$ -	\$ 562,835
-	-	-	-	33,174
-	-	-	-	768,601
-	-	-	-	-
-	-	-	-	1,364,610
-	-	-	-	1,537,103
-	-	-	-	1,537,103
333,178	2,110,552	-	-	31,315,979
-	-	-	-	8,161,693
-	-	117,181	301,091	1,300,272
-	-	-	-	(330,452)
<u>333,178</u>	<u>2,110,552</u>	<u>117,181</u>	<u>301,091</u>	<u>40,447,492</u>
<u>\$ 333,178</u>	<u>\$ 2,110,552</u>	<u>\$ 117,181</u>	<u>\$ 301,091</u>	<u>\$ 43,349,205</u>

(Concluded)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
REVENUES:					
Other taxes	\$ 773,732	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	609,452	203,151	-
Licenses and permits	-	-	-	-	-
Use of money and property	16,512	1,390	-	-	36,747
Intergovernmental	-	-	-	-	-
Charges for services	-	-	2,300	-	855,447
Other	-	-	-	-	-
Total revenues	790,244	1,390	611,752	203,151	892,194
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	109,183	-	795,061	3,147	450,471
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Urban development and housing	-	-	-	-	-
Capital outlay	-	3,785	-	200,000	89,676
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	109,183	3,785	795,061	203,147	540,147
REVENUES OVER (UNDER) EXPENDITURES	681,061	(2,395)	(183,309)	4	352,047
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	180,000	-	-
Transfers out	-	-	(72,449)	(21,764)	(9,047)
Total other financing sources (uses)	-	-	107,551	(21,764)	(9,047)
Net change in fund balances	681,061	(2,395)	(75,758)	(21,760)	343,000
FUND BALANCES:					
Beginning of year	2,132,346	129,277	334,149	69,031	5,307,176
End of year	\$ 2,813,407	\$ 126,882	\$ 258,391	\$ 47,271	\$ 5,650,176

(Continued)

Special Revenue

County Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service
\$ 977,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	380,425	-	-
9,108	-	-	-	28,454	1,216	8,254
-	-	44,922	-	-	-	17,902
-	-	-	-	-	7,270	357,500
-	-	32,500	-	-	-	282,790
<u>986,645</u>	<u>-</u>	<u>77,422</u>	<u>-</u>	<u>408,879</u>	<u>8,486</u>	<u>666,446</u>
-	-	-	-	-	-	239,745
-	-	-	1,531	11,202	-	-
552,264	-	-	-	136,591	-	38,361
-	-	107,345	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
80,240	-	-	-	-	17,402	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>632,504</u>	<u>-</u>	<u>107,345</u>	<u>1,531</u>	<u>147,793</u>	<u>17,402</u>	<u>278,106</u>
354,141	-	(29,923)	(1,531)	261,086	(8,916)	388,340
-	-	55,000	-	-	-	-
(28,536)	-	-	-	(28,966)	-	(86,821)
(28,536)	-	55,000	-	(28,966)	-	(86,821)
<u>325,605</u>	<u>-</u>	<u>25,077</u>	<u>(1,531)</u>	<u>232,120</u>	<u>(8,916)</u>	<u>301,519</u>
1,079,934	83,414	(95,545)	42,166	4,207,180	175,662	1,270,487
<u>\$ 1,405,539</u>	<u>\$ 83,414</u>	<u>\$ (70,468)</u>	<u>\$ 40,635</u>	<u>\$ 4,439,300</u>	<u>\$ 166,746</u>	<u>\$ 1,572,006</u>

(Continued)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

	Special Revenue				
	Bay Area Air Quality Management	Housing Special Revenue Fund	Transportation Fund	Storm Water Management (NPDES)	Supplemental Law Enforcement Services
REVENUES:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	353,986	-
Licenses and permits	-	-	-	-	-
Use of money and property	-	201,381	282	-	1,105
Intergovernmental	-	-	161,301	-	139,416
Charges for services	-	20,717	125,750	6,700	-
Other	-	-	45,000	-	-
Total revenues	-	222,098	332,333	360,686	140,521
EXPENDITURES:					
Current:					
General government	-	-	-	18,029	-
Public safety	-	-	-	-	44,342
Public works	-	-	96,609	255,600	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Urban development and housing	-	12,302	-	-	-
Capital outlay	-	-	-	-	62,342
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	12,302	96,609	273,629	106,684
REVENUES OVER (UNDER) EXPENDITURES	-	209,796	235,724	87,057	33,837
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(41,330)	-
Total other financing sources (uses)	-	-	-	(41,330)	-
Net change in fund balances	-	209,796	235,724	45,727	33,837
FUND BALANCES:					
Beginning of year	2,608	5,956,515	(225,985)	571,100	106,237
End of year	\$ 2,608	\$ 6,166,311	\$ 9,739	\$ 616,827	\$ 140,074

(Continued)

Special Revenue

Construction Impact Fee	Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
29,357	3,047	13,317	215	308	84,327	992
-	-	-	-	-	-	-
2,976,022	1,000,000	2,619,200	-	-	-	165,535
-	-	-	-	-	-	23,687
<u>3,005,379</u>	<u>1,003,047</u>	<u>2,632,517</u>	<u>215</u>	<u>308</u>	<u>84,327</u>	<u>190,214</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	77,375	78,340	12,646	12,027	-	-
-	-	-	-	-	-	23,979
-	-	-	-	-	-	286,392
-	-	-	-	-	-	-
4,598,501	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,598,501</u>	<u>77,375</u>	<u>78,340</u>	<u>12,646</u>	<u>12,027</u>	<u>-</u>	<u>310,371</u>
(1,593,122)	925,672	2,554,177	(12,431)	(11,719)	84,327	(120,157)
-	-	-	-	-	-	-
-	(14,522)	-	-	-	-	-
-	(14,522)	-	-	-	-	-
<u>(1,593,122)</u>	<u>911,150</u>	<u>2,554,177</u>	<u>(12,431)</u>	<u>(11,719)</u>	<u>84,327</u>	<u>(120,157)</u>
6,883,412	329,628	1,167,732	33,905	51,949	1,279,946	884,648
<u>\$ 5,290,290</u>	<u>\$ 1,240,778</u>	<u>\$ 3,721,909</u>	<u>\$ 21,474</u>	<u>\$ 40,230</u>	<u>\$ 1,364,273</u>	<u>\$ 764,491</u>

(Continued)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

	Special Revenue				
	Shuttle Program	Measure M	Library System Improvement Fund	Downtown Public Amenity Fund	HUT Repair & Maintenance Fund
REVENUES:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 209,010
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	-	-	-	1,171	81
Intergovernmental	365,856	131,096	-	-	-
Charges for services	38,553	-	-	1,050,000	-
Other	-	-	-	-	-
Total revenues	404,409	131,096	-	1,051,171	209,091
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	678,708	131,096	118,000	-	209,091
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Urban development and housing	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	678,708	131,096	118,000	-	209,091
REVENUES OVER (UNDER) EXPENDITURES	(274,299)	-	(118,000)	1,051,171	-
OTHER FINANCING SOURCES (USES):					
Transfers in	107,662	-	1,000,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	107,662	-	1,000,000	-	-
Net change in fund balances	(166,637)	-	882,000	1,051,171	-
FUND BALANCES:					
Beginning of year	(93,347)	-	-	-	-
End of year	\$ (259,984)	\$ -	\$ 882,000	\$ 1,051,171	\$ -

(Continued)

Debt Service		Capital Projects		Total
Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,960,279
187	1,500,311	-	-	2,667,087
-	-	-	-	380,425
2,202	224,085	775	1,960	666,286
-	-	-	-	860,493
875	-	-	-	9,225,869
-	-	-	-	383,977
<u>3,264</u>	<u>1,724,396</u>	<u>775</u>	<u>1,960</u>	<u>16,144,416</u>
-	4,400	-	-	262,174
-	-	-	-	57,075
-	-	-	-	3,754,570
-	-	-	-	131,324
-	-	-	-	286,392
-	-	-	-	12,302
-	-	-	18,952	5,070,898
-	440,000	-	-	440,000
-	976,333	-	-	976,333
-	<u>1,420,733</u>	-	<u>18,952</u>	<u>10,991,068</u>
3,264	303,663	775	(16,992)	5,153,348
-	-	-	-	1,342,662
-	-	-	-	(303,435)
-	-	-	-	1,039,227
<u>3,264</u>	<u>303,663</u>	<u>775</u>	<u>(16,992)</u>	<u>6,192,575</u>
329,914	1,806,889	116,406	318,083	34,254,917
<u>\$ 333,178</u>	<u>\$ 2,110,552</u>	<u>\$ 117,181</u>	<u>\$ 301,091</u>	<u>\$ 40,447,492</u>

(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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 950,000	\$ 950,000	\$ 773,732	\$ (176,268)
Use of money and property	13,250	13,250	16,512	3,262
Total revenues	963,250	963,250	790,244	(173,006)
EXPENDITURES:				
Current:				
Public works	73,715	761,203	109,183	652,020
Capital outlay	1,300,586	661,387	-	661,387
Total expenditures	1,374,301	1,422,590	109,183	1,313,407
REVENUES OVER (UNDER) EXPENDITURES	(411,051)	(459,340)	681,061	1,140,401
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ (411,051)	\$ (459,340)	681,061	\$ 1,140,401
FUND BALANCE:				
Beginning of year			2,132,346	
End of year			<u>\$ 2,813,407</u>	

City of Menlo Park

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

Federal Revenue Sharing Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 1,390	\$ (610)
Charges for services	580	580	-	(580)
Total revenues	2,580	2,580	1,390	(1,190)
EXPENDITURES:				
Capital outlay	-	-	3,785	(3,785)
Total expenditures	-	-	3,785	(3,785)
Net change in fund balance	\$ 2,580	\$ 2,580	(2,395)	\$ (4,975)
FUND BALANCE:				
Beginning of year			129,277	
End of year			\$ 126,882	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 618,722	\$ 618,722	\$ 609,452	\$ (9,270)
Charges for services	3,300	3,300	2,300	(1,000)
Total revenues	622,022	622,022	611,752	(10,270)
EXPENDITURES:				
Current:				
Public works	849,179	853,923	795,061	58,862
Capital outlay	6,183	6,183	-	6,183
Total expenditures	855,362	860,106	795,061	65,045
REVENUES OVER (UNDER) EXPENDITURES	(233,340)	(238,084)	(183,309)	54,775
OTHER FINANCING SOURCES (USES):				
Transfers in	180,000	180,000	180,000	-
Transfers out	(72,449)	(72,449)	(72,449)	-
Total other financing sources (uses)	107,551	107,551	107,551	-
Net change in fund balance	\$ (125,789)	\$ (130,533)	(75,758)	\$ 54,775
FUND BALANCE:				
Beginning of year			334,149	
End of year			<u>\$ 258,391</u>	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 200,000	\$ 200,000	\$ 203,151	\$ 3,151
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>203,151</u>	<u>3,151</u>
EXPENDITURES:				
Current:				
Public works	214,312	215,112	3,147	211,965
Capital outlay	-	2,367	200,000	(197,633)
Total expenditures	<u>214,312</u>	<u>217,479</u>	<u>203,147</u>	<u>14,332</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(14,312)</u>	<u>(17,479)</u>	<u>4</u>	<u>17,483</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(21,764)	(21,764)	(21,764)	-
Total other financing sources (uses)	<u>(21,764)</u>	<u>(21,764)</u>	<u>(21,764)</u>	<u>-</u>
Net change in fund balance	<u>\$ (36,076)</u>	<u>\$ (39,243)</u>	<u>(21,760)</u>	<u>\$ 17,483</u>
FUND BALANCE:				
Beginning of year			<u>69,031</u>	
End of year			<u>\$ 47,271</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landfill Post-Closure Special Revenue Fund For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 20,000	\$ 20,000	\$ 36,747	\$ 16,747
Charges for services	768,000	768,000	855,447	87,447
Total revenues	788,000	788,000	892,194	104,194
EXPENDITURES:				
Current:				
Public works	912,320	4,583,315	450,471	4,132,844
Capital outlay	367,575	246,580	89,676	156,904
Total expenditures	1,279,895	4,829,895	540,147	4,289,748
REVENUES OVER (UNDER) EXPENDITURES	(491,895)	(4,041,895)	352,047	4,393,942
OTHER FINANCING SOURCES (USES):				
Transfers out	(9,047)	(9,047)	(9,047)	-
Total other financing sources (uses)	(9,047)	(9,047)	(9,047)	-
Net change in fund balance	\$ (500,942)	\$ (4,050,942)	343,000	4,393,942
FUND BALANCE:				
Beginning of year			5,307,176	
End of year			\$ 5,650,176	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 865,000	\$ 865,000	\$ 977,537	\$ 112,537
Use of money and property	500	500	9,108	8,608
Intergovernmental	-	442,500	-	(442,500)
Total revenues	865,500	1,308,000	986,645	(321,355)
EXPENDITURES:				
Current:				
Public works	509,743	1,570,291	552,264	1,018,027
Capital outlay	126,269	83,200	80,240	2,960
Total expenditures	636,012	1,653,491	632,504	1,020,987
REVENUES OVER (UNDER) EXPENDITURES	229,488	(345,491)	354,141	699,632
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(28,536)	(28,536)
Total other financing sources (uses)	-	-	(28,536)	(28,536)
Net change in fund balance	\$ 229,488	\$ (345,491)	325,605	\$ 671,096
FUND BALANCE:				
Beginning of year			1,079,934	
End of year			<u>\$ 1,405,539</u>	

City of Menlo Park

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

Public Library Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Culture and recreation	11,942	11,942	-	11,942
Capital Outlay	3,000	3,000	-	3,000
Total expenditures	14,942	14,942	-	14,942
Net change in fund balance	\$ (14,942)	\$ (14,942)	-	\$ 14,942
FUND BALANCE:				
Beginning of year			83,414	
End of year			\$ 83,414	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 44,922	\$ 4,922
Other	130,000	130,000	32,500	(97,500)
Total revenues	170,000	170,000	77,422	(92,578)
EXPENDITURES:				
Current:				
Culture and recreation	218,510	218,510	107,345	111,165
Total expenditures	218,510	218,510	107,345	111,165
REVENUES OVER (UNDER) EXPENDITURES	(48,510)	(48,510)	(29,923)	18,587
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	\$ 6,490	\$ 6,490	25,077	\$ 18,587
FUND BALANCE:				
Beginning of year			(95,545)	
End of year			<u>\$ (70,468)</u>	

City of Menlo Park

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

Narcotic Seizure Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Public safety	-	-	1,531	(1,531)
Total expenditures	-	-	1,531	(1,531)
Net change in fund balance	\$ -	\$ -	(1,531)	\$ (1,531)
FUND BALANCE:				
Beginning of year			42,166	
End of year			<u>\$ 40,635</u>	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 325,000	\$ 325,000	\$ 380,425	\$ 55,425
Use of money and property	17,000	17,000	28,454	11,454
Total revenues	342,000	342,000	408,879	66,879
EXPENDITURES:				
Current:				
Public safety	21,400	21,400	11,202	10,198
Public works	152,874	163,397	136,591	26,806
Total expenditures	174,274	184,797	147,793	37,004
REVENUES OVER (UNDER) EXPENDITURES	167,726	157,203	261,086	103,883
OTHER FINANCING SOURCES (USES):				
Transfers out	(28,966)	(28,966)	(28,966)	-
Total other financing sources (uses)	(28,966)	(28,966)	(28,966)	-
Net change in fund balance	\$ 138,760	\$ 128,237	232,120	\$ 103,883
FUND BALANCE:				
Beginning of year			4,207,180	
End of year			<u>\$ 4,439,300</u>	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 800	\$ 800	\$ 1,216	\$ 416
Charges for services	3,000	3,000	7,270	4,270
Total revenues	3,800	3,800	8,486	4,686
EXPENDITURES:				
Capital outlay	100,000	80,000	17,402	62,598
Total expenditures	100,000	80,000	17,402	62,598
Net change in fund balance	<u>\$ (96,200)</u>	<u>\$ (76,200)</u>	(8,916)	<u>\$ 67,284</u>
FUND BALANCE:				
Beginning of year			<u>175,662</u>	
End of year			<u><u>\$ 166,746</u></u>	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,750	\$ 3,750	\$ 8,254	\$ 4,504
Intergovernmental	8,923	8,923	17,902	8,979
Charges for services	340,000	340,000	357,500	17,500
Other	-	-	282,790	282,790
Total revenues	352,673	352,673	666,446	313,773
EXPENDITURES:				
Current:				
General government	269,797	269,797	239,745	30,052
Public works	37,626	37,626	38,361	(735)
Capital outlay	59,764	43,890	-	43,890
Total expenditures	367,187	351,313	278,106	73,207
REVENUES OVER (UNDER) EXPENDITURES	(14,514)	1,360	388,340	386,980
OTHER FINANCING SOURCES (USES):				
Transfers out	(86,821)	(86,821)	(86,821)	-
Total other financing sources (uses)	(86,821)	(86,821)	(86,821)	-
Net change in fund balance	\$ (101,335)	\$ (85,461)	301,519	\$ 386,980
FUND BALANCE:				
Beginning of year			1,270,487	
End of year			<u>\$ 1,572,006</u>	

City of Menlo Park

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

Bay Area Air Quality Management Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>2,608</u>	
End of year			<u>\$ 2,608</u>	

City of Menlo Park

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

Housing Special Revenue Fund

For the year ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,000	\$ 5,000	\$ 201,381	\$ 196,381
Charges for services	22,600	22,600	20,717	(1,883)
Total revenues	27,600	27,600	222,098	194,498
EXPENDITURES:				
Current:				
Housing and Redevelopment	-	-	12,302	(12,302)
Total expenditures	-	-	12,302	(12,302)
REVENUES OVER (UNDER) EXPENDITURES	27,600	27,600	209,796	182,196
Net change in fund balance	\$ 27,600	\$ 27,600	209,796	\$ 182,196
FUND BALANCE:				
Beginning of year			5,956,515	
End of year			\$ 6,166,311	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Fund For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 282	\$ 282
Intergovernmental	-	-	161,301	161,301
Charges for services	5,000	5,000	125,750	120,750
Other	-	-	45,000	45,000
Total revenues	5,000	5,000	332,333	327,333
EXPENDITURES:				
Current:				
Public works	-	-	96,609	(96,609)
Total expenditures	-	-	96,609	(96,609)
REVENUES OVER (UNDER) EXPENDITURES	5,000	5,000	235,724	230,724
Net change in fund balance	\$ 5,000	\$ 5,000	235,724	\$ 230,724
FUND BALANCE:				
Beginning of year			(225,985)	
End of year			\$ 9,739	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 353,820	\$ 353,820	\$ 353,986	\$ 166
Charges for services	3,000	3,000	6,700	3,700
Total revenues	356,820	356,820	360,686	3,866
EXPENDITURES:				
Current:				
General government	15,093	15,093	18,029	(2,936)
Public works	355,189	363,762	255,600	108,162
Total expenditures	370,282	378,855	273,629	105,226
REVENUES OVER (UNDER) EXPENDITURES	(13,462)	(22,035)	87,057	109,092
OTHER FINANCING SOURCES (USES):				
Transfers out	(41,330)	(41,330)	(41,330)	-
Total other financing sources (uses)	(41,330)	(41,330)	(41,330)	-
Net change in fund balance	\$ (54,792)	\$ (63,365)	45,727	\$ 109,092
FUND BALANCE:				
Beginning of year			571,100	
End of year			<u>\$ 616,827</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement Services Special Revenue Fund For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 1,105	\$ 605
Intergovernmental	100,000	100,000	139,416	39,416
Total revenues	100,500	100,500	140,521	40,021
EXPENDITURES:				
Current:				
Public safety	37,300	37,300	44,342	(7,042)
Capital outlay	67,000	67,000	62,342	4,658
Total expenditures	104,300	104,300	106,684	(2,384)
Net change in fund balance	\$ (3,800)	\$ (3,800)	33,837	\$ 37,637
FUND BALANCE:				
Beginning of year			106,237	
End of year			\$ 140,074	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 25,000	\$ 25,000	\$ 29,357	\$ 4,357
Intergovernmental	647,000	647,000	-	(647,000)
Charges for services	2,000,000	2,000,000	2,976,022	976,022
Total revenues	2,672,000	2,672,000	3,005,379	333,379
EXPENDITURES:				
Capital outlay	6,493,732	6,675,530	4,598,501	2,077,029
Total expenditures	6,493,732	6,675,530	4,598,501	2,077,029
Net change in fund balance	\$ (3,821,732)	\$ (4,003,530)	(1,593,122)	\$ 2,410,408
FUND BALANCE:				
Beginning of year			6,883,412	
End of year			\$ 5,290,290	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 3,047	\$ 1,547
Charges for services	-	-	1,000,000	1,000,000
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>1,003,047</u>	<u>1,001,547</u>
EXPENDITURES:				
Current:				
Public works	98,519	98,519	77,375	21,144
Capital outlay	5,000	5,000	-	5,000
Total expenditures	<u>103,519</u>	<u>103,519</u>	<u>77,375</u>	<u>26,144</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(102,019)</u>	<u>(102,019)</u>	<u>925,672</u>	<u>1,027,691</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(14,522)	(14,522)	(14,522)	-
Total other financing sources (uses)	<u>(14,522)</u>	<u>(14,522)</u>	<u>(14,522)</u>	<u>-</u>
Net change in fund balance	<u>\$ (116,541)</u>	<u>\$ (116,541)</u>	<u>911,150</u>	<u>\$ 1,027,691</u>
FUND BALANCE:				
Beginning of year			<u>329,628</u>	
End of year			<u>\$ 1,240,778</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Recreation In-Lieu Special Revenue Fund For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,250	\$ 5,250	\$ 13,317	\$ 8,067
Charges for services	1,800,000	1,800,000	2,619,200	819,200
Total revenues	1,805,250	1,805,250	2,632,517	827,267
EXPENDITURES:				
Current:				
Public works	121,761	430,259	78,340	351,919
Capital outlay	934,573	906,011	-	906,011
Total expenditures	1,056,334	1,336,270	78,340	1,257,930
Net change in fund balance	\$ 748,916	\$ 468,980	2,554,177	\$ 2,085,197
FUND BALANCE:				
Beginning of year			1,167,732	
End of year			\$ 3,721,909	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 200	\$ 200	\$ 215	\$ 15
Total revenues	<u>200</u>	<u>200</u>	<u>215</u>	<u>15</u>
EXPENDITURES:				
Current:				
Public works	<u>13,000</u>	<u>24,845</u>	<u>12,646</u>	<u>12,199</u>
Total expenditures	<u>13,000</u>	<u>24,845</u>	<u>12,646</u>	<u>12,199</u>
Net change in fund balance	<u>\$ (12,800)</u>	<u>\$ (24,645)</u>	(12,431)	<u>\$ 12,214</u>
FUND BALANCE:				
Beginning of year			<u>33,905</u>	
End of year			<u>\$ 21,474</u>	

City of Menlo Park

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

Vintage Oaks Landscape Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ 308	\$ 8
Total revenues	<u>300</u>	<u>300</u>	<u>308</u>	<u>8</u>
EXPENDITURES:				
Current:				
Public works	<u>12,154</u>	<u>12,154</u>	<u>12,027</u>	<u>127</u>
Total expenditures	<u>12,154</u>	<u>12,154</u>	<u>12,027</u>	<u>127</u>
Net change in fund balance	<u>\$ (11,854)</u>	<u>\$ (11,854)</u>	(11,719)	<u>\$ 135</u>
FUND BALANCE:				
Beginning of year			<u>51,949</u>	
End of year			<u>\$ 40,230</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the year ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,250	\$ 4,250	\$ 84,327	\$ 80,077
Charges for services	6,500	6,500	-	(6,500)
Total revenues	<u>10,750</u>	<u>10,750</u>	<u>84,327</u>	<u>73,577</u>
EXPENDITURES:				
Current:				
Urban development and housing	10,000	10,000	-	10,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	<u>\$ 750</u>	<u>\$ 750</u>	84,327	<u>\$ 83,577</u>
FUND BALANCE:				
Beginning of year			<u>1,279,946</u>	
End of year			<u>\$ 1,364,273</u>	

City of Menlo Park

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

Miscellaneous Trust Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 700	\$ 700	\$ 992	\$ 292
Charges for services	-	-	165,535	165,535
Other	5,000	5,000	23,687	18,687
Total revenues	5,700	5,700	190,214	184,514
EXPENDITURES:				
Current:				
Culture and recreation	64,383	64,383	23,979	40,404
Community development	-	197,173	286,392	(89,219)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	69,383	266,556	310,371	(43,815)
Net change in fund balance	\$ (63,683)	\$ (260,856)	(120,157)	\$ 140,699
FUND BALANCE:				
Beginning of year			884,648	
End of year			\$ 764,491	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Shuttle Program Special Revenue Fund For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 794,271	\$ 794,271	\$ 365,856	\$ (428,415)
Charges for services	65,300	65,300	38,553	(26,747)
Total revenues	859,571	859,571	404,409	(455,162)
EXPENDITURES:				
Current:				
Public works	976,636	976,636	678,708	297,928
Total expenditures	976,636	976,636	678,708	297,928
REVENUES OVER (UNDER) EXPENDITURES	(117,065)	(117,065)	(274,299)	(157,234)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	107,662	107,662
Total other financing sources (uses)	-	-	107,662	107,662
Net change in fund balance	\$ (117,065)	\$ (117,065)	(166,637)	\$ (49,572)
FUND BALANCE:				
Beginning of year			(93,347)	
End of year			\$ (259,984)	

City of Menlo Park

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

Measure M Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 131,096	\$ (13,904)
Total revenues	<u>145,000</u>	<u>145,000</u>	<u>131,096</u>	<u>(13,904)</u>
EXPENDITURES:				
Current:				
Public works	145,000	145,000	131,096	13,904
Total expenditures	<u>145,000</u>	<u>145,000</u>	<u>131,096</u>	<u>13,904</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Menlo Park

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

Library System Improvement Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Public works	-	1,003,500	118,000	885,500
Total expenditures	-	1,003,500	118,000	885,500
REVENUES OVER (UNDER) EXPENDITURES	-	(1,003,500)	(118,000)	885,500
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,000,000	1,000,000	-
Total other financing sources (uses)	-	1,000,000	1,000,000	-
Net change in fund balance	\$ -	\$ (3,500)	882,000	\$ 885,500
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 882,000	

City of Menlo Park

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

Downtown Public Amenity Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,171	\$ 1,171
Charges for services	-	-	1,050,000	1,050,000
Total revenues	-	-	1,051,171	1,051,171
Net change in fund balance	\$ -	\$ -	1,051,171	\$ 1,051,171
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 1,051,171	

City of Menlo Park

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

HUT Repair & Maintenance Special Revenue Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ -	\$ -	\$ 209,010	\$ 209,010
Use of money and property	-	-	81	81
Total revenues	-	-	209,091	209,091
EXPENDITURES:				
Current:				
Public works	-	-	209,091	(209,091)
Total expenditures	-	-	209,091	(209,091)
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ -	\$ -	\$ 187	\$ 187
Use of money and property	1,500	1,500	2,202	702
Use of money and property	-	-	875	875
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>3,264</u>	<u>1,764</u>
Net change in fund balance	<u>\$ 1,500</u>	<u>\$ 1,500</u>	3,264	<u>\$ 1,764</u>
FUND BALANCE:				
Beginning of year			<u>329,914</u>	
End of year			<u>\$ 333,178</u>	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 1,500,000	\$ 1,500,000	\$ 1,500,311	\$ 311
Use of money and property	1,000	1,000	224,085	223,085
Total revenues	<u>1,501,000</u>	<u>1,501,000</u>	<u>1,724,396</u>	<u>223,396</u>
EXPENDITURES:				
Current:				
General government	-	-	4,400	(4,400)
Debt service:				
Principal	440,000	440,000	440,000	-
Interest	990,023	990,023	976,333	13,690
Total expenditures	<u>1,430,023</u>	<u>1,430,023</u>	<u>1,420,733</u>	<u>9,290</u>
Net change in fund balance	<u>\$ 70,977</u>	<u>\$ 70,977</u>	303,663	<u>\$ 232,686</u>
FUND BALANCE:				
Beginning of year			<u>1,806,889</u>	
End of year			<u>\$ 2,110,552</u>	

City of Menlo Park

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

Library Addition Capital Projects Fund

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 775	\$ 275
Total revenues	500	500	775	275
EXPENDITURES:				
Current				
Culture and recreation	15,000	15,000	-	15,000
Capital outlay	25,000	25,000	-	25,000
Total expenditures	40,000	40,000	-	40,000
Net change in fund balance	\$ (39,500)	\$ (39,500)	775	\$ 40,275
FUND BALANCE:				
Beginning of year			116,406	
End of year			\$ 117,181	

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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,300	\$ 1,300	\$ 1,960	\$ 660
Total revenues	<u>1,300</u>	<u>1,300</u>	<u>1,960</u>	<u>660</u>
EXPENDITURES:				
Capital outlay	24,987	16,574	18,952	(2,378)
Total expenditures	<u>24,987</u>	<u>16,574</u>	<u>18,952</u>	<u>(2,378)</u>
Net change in fund balance	<u>\$ (23,687)</u>	<u>\$ (15,274)</u>	(16,992)	<u>\$ (1,718)</u>
FUND BALANCE:				
Beginning of year			<u>318,083</u>	
End of year			<u>\$ 301,091</u>	

City of Menlo Park

The Big Lift Program

Contract# N/A

CFDA# 93.019

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2018

	<u>Federal Grant</u>	<u>Measure A</u>	<u>General Fund</u>	<u>Total</u>
Revenues:				
Federal grant	\$ 101,049			\$ 101,049
Other Intergovernmental revenue		93,328		93,328
Total Revenues	<u>101,049</u>	<u>93,328</u>	<u>-</u>	<u>194,377</u>
Expenditures:				
Salaries	34,340	32,630	5,650	72,620
Employee benefits	11,487	10,883	1,836	24,206
Travel	14	14	2	30
Miscellaneous operating expense	5,736	5,502	961	12,199
Professional services	5,541	5,280	912	11,733
Overhead cost	5,577	5,299	-	10,876
Total Expenditures	<u>62,695</u>	<u>59,608</u>	<u>9,361</u>	<u>131,664</u>
Revenues Over/(Under) Expenditures	<u>38,354</u>	<u>33,720</u>	<u>(9,361)</u>	<u>62,713</u>
Other Financing Sources (Uses):				
Contributions from General Fund			9,361	9,361
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,361</u>	<u>9,361</u>
Net change in fund balances	<u>38,354</u>	<u>33,720</u>	<u>-</u>	<u>72,074</u>
Fund Balance:				
Beginning of year	<u>(52,200)</u>	<u>(46,980)</u>	<u></u>	<u>(99,180)</u>
End of year	<u>\$ (13,846)</u>	<u>\$ (13,260)</u>	<u>\$ -</u>	<u>\$ (27,106)</u>

City of Menlo Park

Senior Transportation program - Title IIIB

Contract# 57000-18-D006

CFDA# 93.044

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2018

Revenues:

Federal grant	\$ 26,463
Other Intergovernmental revenue	2,369
Total Revenues	<u>28,832</u>

Expenditures:

Salaries	39,152
Employee benefits	11,354
Other expenses	5,293
Total Expenditures	<u>55,799</u>

Revenues Over/(Under) Expenditures	<u>(26,967)</u>
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Other Financing Sources (Uses):

Contributions from General Fund	34,031
Total other financing sources (uses)	<u>34,031</u>

Net change in fund balances	7,064
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Fund Balance:

Beginning of year	<u>(7,064)</u>
End of year	<u>\$ -</u>

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, 2018

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,055,405	\$ 11,770,394	\$ 12,825,799
Receivables:			
Accounts	793,538	107,531	901,069
Interest	5,503	62,389	67,892
Due from other funds	-	858,326	858,326
Total current assets	<u>1,854,446</u>	<u>12,798,640</u>	<u>14,653,086</u>
Capital assets:			
Non-depreciable	6,813,698	-	6,813,698
Depreciable, net	10,928,506	-	10,928,506
Total capital assets	<u>17,742,204</u>	<u>-</u>	<u>17,742,204</u>
Total assets	<u>19,596,650</u>	<u>12,798,640</u>	<u>32,395,290</u>
DEFERRED OUTFLOW OF RESOURCES			
Employer pension contribution	70,365	35,182	105,547
Pension related amounts	126,240	63,120	189,360
Total deferred outflow of resources	<u>196,605</u>	<u>98,302</u>	<u>294,907</u>
LIABILITIES			
Current liabilities:			
Accounts payable	863,511	32,541	896,052
Accrued payroll	21,258	326	21,584
Deposits	60,877	-	60,877
Compensated absences	34,770	409	35,179
Due to other funds	858,326	-	858,326
Total current liabilities	<u>1,838,742</u>	<u>33,276</u>	<u>1,872,018</u>
Noncurrent liabilities:			
Net pension liability	646,542	323,270	969,812
Compensated absences	32,991	388	33,379
Total noncurrent liabilities	<u>679,533</u>	<u>323,658</u>	<u>1,003,191</u>
Total liabilities	<u>2,518,275</u>	<u>356,934</u>	<u>2,875,209</u>
DEFERRED INFLOW OF RESOURCES			
Pension related amounts	15,637	7,819	23,456
Total deferred inflow of resources	<u>15,637</u>	<u>7,819</u>	<u>23,456</u>
NET POSITION			
Net investment in capital assets	17,742,204	-	17,742,204
Restricted for:			
Capital projects	-	12,532,189	12,532,189
Unrestricted	(482,861)	-	(482,861)
Total net position	<u>\$ 17,259,343</u>	<u>\$ 12,532,189</u>	<u>\$ 29,791,532</u>

City of Menlo Park

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position

Enterprise Funds

For the year ended June 30, 2018

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
OPERATING REVENUES:			
Water sales	\$ 9,746,937	\$ 1,588,516	\$ 11,335,453
Total operating revenues	9,746,937	1,588,516	11,335,453
OPERATING EXPENSES:			
Cost of sales and services	8,357,764	26,195	8,383,959
General and administrative	238,594	-	238,594
Depreciation	324,716	-	324,716
Total operating expenses	8,921,074	26,195	8,947,269
OPERATING INCOME (LOSS)	825,863	1,562,321	2,388,184
NONOPERATING REVENUES (EXPENSES):			
Interest income	6,901	74,390	81,291
Total nonoperating revenues	6,901	74,390	81,291
INCOME (LOSS) BEFORE TRANSFERS	832,764	1,636,711	2,469,475
TRANSFERS:			
Transfers out	(207,896)	-	(207,896)
Capital contribution	1,845,842	(1,845,842)	-
Total transfers	1,637,946	(1,845,842)	(207,896)
Net income (loss)	2,470,710	(209,131)	2,261,579
NET POSITION:			
Beginning of year	14,788,633	12,741,320	27,529,953
End of year	<u>\$ 17,259,343</u>	<u>\$ 12,532,189</u>	<u>\$ 29,791,532</u>

City of Menlo Park
Combining Schedule of Cash Flows
Enterprise Funds
For the year ended June 30, 2018

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 9,777,368	\$ 1,562,269	\$ 11,339,637
Cash payment to suppliers	(8,385,071)	(87,151)	(8,472,222)
Cash payments for general and administrative	(165,516)	(8,022)	(173,538)
Net cash provided (used) by operating activities	1,226,781	1,467,096	2,693,877
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	(207,896)	-	(207,896)
Net cash provided (used) by noncapital financing activities	(207,896)	-	(207,896)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(8,653)	(1,845,842)	(1,854,495)
Net cash provided (used) by capital and related financing activities	(8,653)	(1,845,842)	(1,854,495)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	13,535	121,735	135,270
Change in fair value of investment	(7,198)	(81,600)	(88,798)
Net cash provided (used) by investing activities	6,337	40,135	46,472
Net increase (decrease) in cash and cash equivalents	1,016,569	(338,611)	677,958
CASH AND CASH EQUIVALENTS:			
Beginning of year	38,836	12,109,005	12,147,841
End of year	<u>\$ 1,055,405</u>	<u>\$ 11,770,394</u>	<u>\$ 12,825,799</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 825,863	\$ 1,562,321	\$ 2,388,184
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	324,716	-	324,716
Changes in current assets and liabilities:			
Accounts receivable	42,600	(26,247)	16,353
Deferred outflow of resources	(20,017)	(9,330)	(29,347)
Accounts payable	(27,307)	(60,956)	(88,263)
Accrued payroll	10,803	(4,567)	6,236
Compensated absences	21,735	(24,404)	(2,669)
Deferred inflow of resources	(372)	(185)	(557)
Net pension liability	60,929	30,464	91,393
Deposits	(12,169)	-	(12,169)
Total adjustments	<u>400,918</u>	<u>(95,225)</u>	<u>305,693</u>
Net cash provided (used) by operating activities	\$ 1,226,781	\$ 1,467,096	\$ 2,693,877
NON-CASH INVESTMENT AND FINANCING ACTIVITY:			
Contribution of Capital Assets	\$ 1,845,842	\$ (1,845,842)	\$ -

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.

Information Technology - This fund accounts for administration and support of all hardware, software, and communication equipment needs of the City's other departments.

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, 2018

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
ASSETS						
Current assets:						
Cash, cash equivalents and investments	\$ 2,668,517	\$ 1,095,832	\$ 468,325	\$ 1,174,052	\$ 566,465	\$ 5,973,191
Receivables:						
Accounts	-	116,354	-	-	-	116,354
Interest	15,138	5,508	4,416	7,063	2,779	34,904
Deposits and prepaid items	200,000	30,000	-	59,298	-	289,298
Total current assets	2,883,655	1,247,694	472,741	1,240,413	569,244	6,413,747
Capital assets:						
Depreciable, net	-	-	-	-	1,795,721	1,795,721
Total capital assets	-	-	-	-	1,795,721	1,795,721
Total assets	2,883,655	1,247,694	472,741	1,240,413	2,364,965	8,209,468
LIABILITIES AND NET ASSETS						
Liabilities:						
Current liabilities:						
Accounts payable	144,973	178,354	-	325,783	47,908	697,018
Accrued payroll	525	533	10,740	16,653	-	28,451
Due to other funds	-	-	-	-	-	-
Claims payable, due within one year	835,222	136,279	-	-	-	971,501
Compensated absences payable, due within one year	4,839	10,763	-	52,117	-	67,719
Total current liabilities	985,559	325,929	10,740	394,553	47,908	1,764,689
Claims payable, due in more than one year	2,774,353	374,512	-	-	-	3,148,865
Compensated absences payable, due in more than one year	4,592	10,213	-	49,451	-	64,256
Total liabilities	3,764,504	710,654	10,740	444,004	47,908	4,977,810
Net Position:						
Net investment in capital assets	-	-	-	-	1,795,721	1,795,721
Unrestricted	(880,849)	537,040	462,001	796,409	521,336	1,435,937
Total net position	\$ (880,849)	\$ 537,040	\$ 462,001	\$ 796,409	\$ 2,317,057	\$ 3,231,658

City of Menlo Park
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2018

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
OPERATING REVENUES:						
Charges for services	\$ 1,650,001	\$ 679,925	\$ 1,012,529	\$ 2,717,863	\$ 861,000	\$ 6,921,318
Total operating revenues	1,650,001	679,925	1,012,529	2,717,863	861,000	6,921,318
OPERATING EXPENSES:						
Personnel services	40,830	9,131	1,008,615	860,174	-	1,918,750
General and administrative	82,977	109,482	-	1,198,227	25,950	1,416,636
Insurance	1,067,972	817,463	-	-	-	1,885,435
Depreciation	-	-	-	-	331,229	331,229
Total operating expenses	1,191,779	936,076	1,008,615	2,058,401	357,179	5,552,050
OPERATING INCOME (LOSS)	458,222	(256,151)	3,914	659,462	503,821	1,369,268
NONOPERATING REVENUES (EXPENSES):						
Interest and investment earnings	15,886	5,812	6,263	5,748	2,669	36,378
Gain (loss) on sale of equipment	-	-	-	-	73,310	73,310
Total nonoperating revenues (expenses)	15,886	5,812	6,263	5,748	75,979	109,688
NET INCOME (LOSS)	474,108	(250,339)	10,177	665,210	579,800	1,478,956
NET POSITION:						
Beginning of the year	(1,354,957)	787,379	451,824	131,199	1,737,257	1,752,702
End of the year	\$ (880,849)	\$ 537,040	\$ 462,001	\$ 796,409	\$ 2,317,057	\$ 3,231,658

City of Menlo Park
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2018

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds including cash deposits	\$ 1,650,001	\$ 563,571	\$ 1,012,529	\$ 2,717,863	\$ 870,141	\$ 6,814,105
Cash paid to suppliers	(1,365,690)	(703,705)	12,664	(969,186)	21,405	(3,004,512)
Cash paid to employees	(42,052)	(11,659)	(1,005,033)	(822,185)	-	(1,880,929)
Net cash provided (used) by operating activities	242,259	(151,793)	20,160	926,492	891,546	1,928,664
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfer to other funds	-	-	(336,869)	-	-	(336,869)
Net cash provided (used) by noncapital financing activities	-	-	(336,869)	-	-	(336,869)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from disposal of equipment	-	-	-	-	73,310	73,310
Acquisition and construction of capital assets	-	-	-	-	(956,436)	(956,436)
Net cash provided (used) by capital and related financing activities	-	-	-	-	(883,126)	(883,126)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment earnings received (paid)	27,170	10,914	9,761	8,732	5,049	61,626
Change in fair value of investment	(19,799)	(7,204)	(5,776)	(9,238)	(3,635)	(45,652)
Net cash provided (used) by investing activities	7,371	3,710	3,985	(506)	1,414	15,974
Net increase (decrease) in cash and cash equivalents	249,630	(148,083)	(312,724)	925,986	9,834	724,643
Cash, cash equivalents, and investments at beginning of year	2,418,887	1,243,915	781,049	248,066	556,631	5,248,548
Cash, cash equivalents, and investments at end of year	\$ 2,668,517	\$ 1,095,832	\$ 468,325	\$ 1,174,052	\$ 566,465	\$ 5,973,191

City of Menlo Park
Combining Statement of Cash Flows, Continued
Internal Service Funds
For the year ended June 30, 2018

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Other Post Employment Benefits	Vehicle Replacement	Total
RECONCILIATION OF OPERATING						
INCOME (LOSS) TO NET CASH PROVIDED						
(USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 458,222	\$ (256,151)	\$ 3,914	\$ 659,462	\$ 503,821	\$ 1,369,268
Depreciation	-	-	-	-	331,229	331,229
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Accounts receivable	-	(116,354)	-	-	9,141	(107,213)
Prepaid expenses	(105,000)	20,000	12,664	(24,485)	-	(96,821)
Accounts payable	(49,399)	171,067	-	253,526	47,355	422,549
Payroll liabilities	(48)	64	3,582	9,281	-	12,879
Insurance claim payable	(60,342)	32,173	-	-	-	(28,169)
Compensated absence payable	(1,174)	(2,592)	-	28,708	-	24,942
Total adjustments	(215,963)	104,358	16,246	267,030	387,725	559,396
Net cash provided (used) by operating activities	\$ 242,259	\$ (151,793)	\$ 20,160	\$ 926,492	\$ 891,546	\$ 1,928,664

City of Menlo Park
Combining Statement of Net Position
Agency Funds
June 30, 2018

	Refundable Deposits	Cash Bonds Payable	Payroll Revolving	Total Agency Funds
ASSETS				
Cash and investments	\$ 1,391,222	\$ 900	\$ -	\$ 1,392,122
Accounts receivable	-	-	9,120	9,120
Prepays	-	-	336,990	336,990
Total assets	\$ 1,391,222	\$ 900	\$ 346,110	\$ 1,738,232
LIABILITIES				
Accounts payable	\$ 5,000	\$ -	\$ 346,110	\$ 351,110
Deposits	1,386,222	900	-	1,387,122
Total liabilities	\$ 1,391,222	\$ 900	\$ 346,110	\$ 1,738,232

City of Menlo Park
Combining Statement of Changes in Net Position
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Refundable Deposits</u>				
Assets:				
Cash and investments	\$ 921,942	\$ 724,012	\$ (254,732)	\$ 1,391,222
Liabilities:				
Accounts payable	\$ 1,000	\$ 4,000	\$ -	\$ 5,000
Deposits	920,942	465,280	-	1,386,222
	<u>\$ 921,942</u>	<u>\$ 469,280</u>	<u>\$ -</u>	<u>\$ 1,391,222</u>
<u>Cash Bonds Payable</u>				
Assets:				
Cash and investments	\$ 900	\$ -	\$ -	\$ 900
Liabilities:				
Deposits	\$ 900	\$ -	\$ -	\$ 900
	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900</u>
<u>Payroll Revolving</u>				
Assets:				
Cash and investments	\$ (151,335)	\$ 7,936,266	\$ (7,784,931)	\$ -
Accounts receivable	15,589	88,499	(94,968)	9,120
Prepays	340,619	3,276,497	(3,280,126)	336,990
Total assets	<u>\$ 204,873</u>	<u>\$ 11,301,262</u>	<u>\$ (11,160,025)</u>	<u>\$ 346,110</u>
Liabilities:				
Accounts payable	\$ 204,873	\$ 1,009,969	\$ (868,732)	\$ 346,110
	<u>\$ 204,873</u>	<u>\$ 1,009,969</u>	<u>\$ (868,732)</u>	<u>\$ 346,110</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 922,842	\$ 724,012	\$ (254,732)	\$ 1,392,122
Accounts receivable	15,589	88,499	(94,968)	9,120
Prepays	340,619	3,276,497	(3,280,126)	336,990
Total assets	<u>\$ 1,279,050</u>	<u>\$ 4,089,008</u>	<u>\$ (3,629,826)</u>	<u>\$ 1,738,232</u>
Liabilities:				
Accounts payable	\$ 205,873	\$ 1,013,969	\$ (868,732)	\$ 351,110
Due to the City	151,335	(7,936,266)	7,784,931	-
Deposits	921,842	465,280	-	1,387,122
Total liabilities	<u>\$ 1,279,050</u>	<u>\$ (6,457,017)</u>	<u>\$ 6,916,199</u>	<u>\$ 1,738,232</u>

City of Menlo Park
Combining Schedule of Net Position
Private-Purpose Trust Fund - Successor Agency
June 30, 2018

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency Funds
ASSETS			
Current assets:			
Cash and investments:			
Held with City	\$ 9,079,778	\$ -	\$ 9,079,778
Total assets	<u>9,079,778</u>	<u>-</u>	<u>9,079,778</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss of refunding	10,998,387	-	10,998,387
Total deferred outflows of resources	<u>10,998,387</u>	<u>-</u>	<u>10,998,387</u>
LIABILITIES			
Liabilities:			
Accounts payable	3,115	-	3,115
Interest payable	550,011	-	550,011
Deposits	108,891	-	108,891
Long-term debt:			
Due within one year	3,190,000	-	3,190,000
Due in more than one year	49,294,236	-	49,294,236
Total liabilities	<u>53,146,253</u>	<u>-</u>	<u>53,146,253</u>
NET POSITION			
Held in trust for other governments	(33,068,088)	-	(33,068,088)
Total net position	<u>\$ (33,068,088)</u>	<u>\$ -</u>	<u>\$ (33,068,088)</u>

City of Menlo Park
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the year ended June 30, 2018

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency
Additions:			
Property taxes	\$ 5,420,600	\$ -	\$ 5,420,600
Total additions	<u>5,420,600</u>	<u>-</u>	<u>5,420,600</u>
Deductions:			
Program expenses of former redevelopment agency	866	-	866
Interest and fiscal agency expenses of former redevelopment agency	<u>2,583,587</u>	<u>10</u>	<u>2,583,597</u>
Total deductions	<u>2,584,453</u>	<u>10</u>	<u>2,584,463</u>
Change in net position	<u>2,836,147</u>	<u>(10)</u>	<u>2,836,137</u>
Net position - beginning of the year	<u>(35,904,235)</u>	<u>10</u>	<u>(35,904,225)</u>
Net position - end of the year	<u>\$ (33,068,088)</u>	<u>\$ -</u>	<u>\$ (33,068,088)</u>

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STATISTICAL SECTION

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

FINANCIAL TREND

Schedule #

These schedules contain trend information to help the readers understand how the City of Menlo Park's financial performance and well-being have changed over time.	
Net Position by Component	1
Changes in Net Position	2
Fund Balances-Governmental Funds	3
Changes in Fund Balances-Governmental Funds	4

REVENUE CAPACITY

These schedules contain information to help the readers assess the City of Menlo Park's most significant local revenue resource, property taxes.	
Governmental Funds by Source	5
Governmental Funds Taxes by Type	6
Assessed Valuation, Tax Rates, and Tax Levies	7

DEBT CAPACITY

These schedules present information to help the readers assess the affordability of the City of Menlo Park's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Direct and Overlapping Property Tax Rates	8
Principal Property Tax Payers	9
Property Tax Levies and Collections	10
Ratios of Outstanding Debt by Type	11
Ratio of General Bonded Debt Outstanding	12
Direct and Overlapping Debt	13
Legal Debt Service Margin Informations	14

DEMOGRAPHIC AND ECONOMIC INFORMATION

Schedule #

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	15
Principal Employers	16
Full Time Equivalent City Employees by Function	17

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	18
Capital Asset Statistics by Function	19
Capital Asset and Infrastructure Statistics by Activities	20
Water Sold by Type of Customer	21
Water Service Rates	22
Miscellaneous Statistics	23

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Statistical Section. S1-1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENT ACTIVITIES										
Investment in Capital Assets, Net of Related Debt	\$261,153,596	\$259,274,758	\$279,942,360	\$345,357,433	\$347,050,366	\$344,119,674	\$341,158,440	\$345,581,545	\$350,046,891	\$354,488,994
Restricted for:										
Capital Projects	18,207,379	19,717,874	14,582,060	9,432,413	14,394,634	13,601,651	14,926,424	7,275,487	6,886,511	14,563,359
Debt Service	12,184,002	12,630,096	12,662,667	2,225,873	1,943,354	2,133,308	2,123,752	1,663,696	2,136,803	2,443,730
Community Development	6,140,612	6,265,677	-	-	-	-	-	22,783,937	26,018,398	33,378,323
Special Projects	1,203,583	5,857,506	9,176,084	2,842,844	1,501,478	2,238,560	2,010,049	5,572,610	6,360,828	10,428,012
TOTAL RESTRICTED – GOVERNMENT ACTIVITIES	37,735,576	44,471,153	36,420,811	14,501,130	17,839,466	17,973,519	19,060,225	37,295,730	41,402,540	60,813,424
TOTAL UNRESTRICTED – GOVERNMENT ACTIVITIES	74,932,478	69,032,234	61,310,616	49,224,495	50,586,566	60,530,382	30,340,383	21,095,111	23,288,128	21,915,256
TOTAL GOVERNMENT ACTIVITIES	\$373,821,650	\$372,778,145	\$377,673,787	\$409,083,058	\$415,476,398	\$422,623,575	\$390,559,048	\$403,972,386	\$414,737,559	\$437,217,674
BUSINESS-TYPE ACTIVITIES										
Investment in Capital Assets, Net of Related Debt	\$7,620,626	\$7,790,683	\$8,536,711	\$9,524,216	\$10,079,682	\$11,005,746	\$13,990,073	\$14,878,505	\$16,212,425	\$17,742,204
Restricted for:										
Capital Projects	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663	12,445,532	11,441,134	12,741,320	12,532,189
Special Projects	-	-	-	-	-	-	-	-	-	-
TOTAL RESTRICTED – BUSINESS-TYPE ACTIVITIES	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663	12,445,532	11,441,134	12,741,320	12,532,189
TOTAL UNRESTRICTED – BUSINESS-TYPE ACTIVITIES	776,214	144,088	(397,806)	(431,529)	(735,629)	(538,996)	(431,151)	(100,584)	(1,423,792)	(482,861)
TOTAL BUSINESS-TYPE ACTIVITIES	\$24,915,793	\$24,878,987	\$24,909,905	\$24,474,532	\$24,617,741	\$25,679,413	\$26,004,454	\$26,219,055	\$27,529,953	\$29,791,532
PRIMARY GOVERNMENT										
Investment in Capital Assets, Net of Related Debt	\$268,774,222	\$267,065,441	\$288,479,071	\$354,881,649	\$357,130,048	\$355,125,420	\$355,148,513	\$360,460,050	\$366,259,316	\$372,231,198
Unrestricted Net Position	75,708,692	69,176,322	60,912,810	48,792,966	49,850,937	59,991,386	29,909,232	20,994,527	21,864,336	21,432,395
Investment in Capital Assets & Unrestricted Net Position	344,482,914	336,241,763	349,391,881	403,674,615	406,980,985	415,116,806	385,057,745	381,454,577	388,123,652	393,663,593
Restricted Net Position	54,254,529	61,415,369	53,191,811	29,882,975	33,113,154	33,186,182	31,505,757	48,736,864	54,143,860	73,345,613
TOTAL PRIMARY GOVERNMENT NET POSITION	\$398,737,443	\$397,657,132	\$402,583,692	\$433,557,590	\$440,094,139	\$448,302,988	\$416,563,502	\$430,191,441	\$442,267,512	\$467,009,206
% of Change - from Prior Year	1.2%	-0.3%	1.2%	7.7%	1.5%	1.9%	-7.1%	3.3%	2.8%	5.6%

Source: City of Menlo Park

NET POSITION BY COMPONENT

Last Ten Fiscal Years

TOTAL PRIMARY GOVERNMENT NET POSITION



CHANGES IN NET POSITION

Last Ten Fiscal Years

Statistical Section. S2-1

PRIMARY GOVERNMENT-PROGRAM REVENUES

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES										
Charges for Services										
General Government	\$3,123,825	\$3,145,514	\$2,878,920	\$2,830,591	\$3,125,908	\$3,011,181	\$3,053,753	\$3,388,132	\$60,298	\$66,108
Public Safety	1,390,649	1,505,640	1,830,534	1,609,755	1,579,674	2,031,899	1,840,342	1,979,203	1,813,050	579,481
Public Works	2,753,607	2,922,929	4,109,836	3,650,442	6,924,069	6,189,576	7,472,508	7,149,654	6,414,741	12,645,169
Culture and Recreation	3,323,877	3,434,135	3,077,788	3,679,129	3,873,165	3,782,550	5,348,966	5,410,577	4,383,149	4,166,726
Community Development	4,145,205	2,122,221	3,408,895	4,994,156	3,695,171	5,467,278	5,350,231	8,200,673	8,291,796	14,921,125
Operating Grants and Contributions	2,428,500	2,557,313	2,185,417	2,729,866	1,644,022	1,438,966	1,876,305	1,976,101	3,918,581	2,559,182
Capital Grants and Contributions ¹	2,569,003	2,549,779	12,342,612	6,922,360	2,353,049	2,341,476	2,262,146	2,123,799	-	-
TOTAL GOVERNMENTAL ACTIVITIES-PROGRAM REVENUES	19,734,666	18,237,531	29,834,002	26,416,299	23,195,058	24,262,926	27,204,251	30,228,139	24,881,615	34,937,791
BUSINESS-TYPE ACTIVITIES										
Charges for Services	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619	8,165,645	7,647,125	9,487,140	11,335,453
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619	8,165,645	7,647,125	9,487,140	11,335,453
TOTAL PRIMARY GOVERNMENT-PROGRAM REVENUES	\$24,086,813	\$22,496,448	\$34,769,651	\$32,166,958	\$29,828,205	\$32,309,545	\$35,369,896	\$37,875,264	\$34,368,755	\$46,273,244

(Continued)

Source: City of Menlo Park

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

CHANGES IN NET POSITION

Last Ten Fiscal Years

Statistical Section. S2-2

GENERAL REVENUES & OTHER CHANGES IN NET POSITION

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES										
Taxes										
Property Taxes ¹	\$24,213,136	\$23,753,592	\$23,936,578	\$13,239,856	\$15,731,889	\$15,156,065	\$16,824,728	\$18,227,209	\$20,676,911	\$23,135,956
Sales Taxes	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292	6,527,498	5,425,089	5,635,240	7,215,357
Transient Occupancy Tax	1,351,578	2,074,486	2,453,981	2,939,475	3,468,256	4,158,809	4,720,226	6,268,171	6,662,631	7,770,969
Other Taxes	3,953,097	3,960,714	4,490,992	4,607,758	4,556,371	4,946,135	4,616,187	4,882,372	9,272,058	9,921,476
TOTAL TAXES	36,382,963	35,288,036	36,869,606	26,725,399	29,800,386	30,705,301	32,688,639	34,802,841	42,246,840	48,043,758
Investment Earnings	4,645,732	2,085,808	1,431,440	1,133,432	647,963	982,640	1,205,744	1,169,712	2,361,140	3,055,706
Gain (Loss) on Sale of Capital Assets	-	-	-	-	547,749	264	45,544	47,567	-	-
Miscellaneous	193,370	30,125	235,145	255,185	107,652	1,222,100	234,380	1,144,891	555,225	532,554
Transfers	198,814	160,814	165,639	170,605	181,525	185,881	189,041	220,185	201,061	207,896
Extraordinary gain ^{2,3}	-	-	-	28,170,332	-	771,822	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES - GENERAL REVENUES	41,420,879	37,564,783	38,701,830	56,454,953	31,285,275	33,868,008	34,363,348	37,385,196	45,364,266	51,839,914
Business-type Activities										
Investment Earnings	667,230	242,433	135,619	103,480	(8,799)	117,849	146,647	111,026	61,846	81,291
Miscellaneous	10,000	935	-	(5,953)	-	-	(1,752)	-	-	-
Transfers	(198,814)	(160,814)	(165,639)	(170,605)	(181,525)	(185,881)	(189,041)	(220,185)	(201,061)	(207,896)
TOTAL BUSINESS-TYPE ACTIVITIES - GENERAL REVENUES	478,416	82,554	(30,020)	(73,078)	(190,324)	(68,032)	(44,146)	(109,159)	(139,215)	(126,605)
TOTAL PRIMARY GOVERNMENT-PROGRAM REVENUES, GENERAL REVENUES & OTHER CHANGES IN NET POSITION	\$65,986,108	\$60,143,785	\$73,441,461	\$88,548,833	\$60,923,156	\$66,109,521	\$69,689,098	\$75,151,301	\$79,593,806	\$97,986,553

(Continued)

Source: City of Menlo Park

1. In fiscal year 2005-06, Property tax in lieu of Motor Vehicle License fees was reclassified to Property Taxes.
2. In fiscal year 2011-12, extraordinary gain was due to dissolution of the Community Development Agency.
3. In fiscal year 2013-14 extraordinary gain was due to the sale of the Hamilton Ave property.

CHANGES IN NET POSITION

Last Ten Fiscal Years

Statistical Section. S2-3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental Activities										
General Government	\$8,145,031	\$6,507,831	\$6,353,156	\$8,845,324	\$7,386,399	\$6,332,057	\$8,057,304	\$8,896,023	\$6,831,261	\$8,277,794
Public Safety ¹	15,763,116	13,755,857	13,605,071	20,707,475	14,248,362	14,080,936	14,237,536	17,090,541	16,597,178	17,979,557
Public Works	12,332,849	10,717,616	10,635,694	10,789,784	10,809,670	10,920,198	11,638,045	10,784,753	16,964,601	18,144,697
Culture and Recreation	11,276,226	9,723,210	9,616,046	9,461,866	9,860,317	11,077,343	11,400,791	11,250,082	12,870,799	13,656,875
Community Development ²	9,817,989	12,644,222	12,615,612	9,470,060	6,186,002	4,240,784	4,384,310	4,060,817	5,440,687	6,513,854
Interest on Long-Term Debt	5,037,500	3,710,590	4,020,241	4,481,135	2,971,231	1,229,193	1,219,698	850,924	776,182	967,824
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	62,372,711	57,059,325	56,845,819	63,755,644	51,461,981	47,880,511	50,937,684	52,933,140	59,480,708	65,540,601
Business-Type Activities										
Water	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915	6,657,761	8,037,027	8,947,269
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915	6,657,761	8,037,027	8,947,269
TOTAL PRIMARY GOVERNMENT EXPENSES	\$66,448,587	\$61,107,193	\$61,224,096	\$68,630,355	\$57,574,935	\$54,180,125	\$57,854,599	\$59,590,901	\$67,517,735	\$74,487,870
NET REVENUE (EXPENSES)										
Governmental Activities	(\$42,638,045)	(\$38,821,794)	(\$27,011,817)	(\$37,339,345)	(\$28,266,923)	(\$23,617,585)	(\$23,733,433)	(\$22,705,001)	(\$34,599,093)	(\$30,602,810)
Business-type Activities	276,271	211,049	557,372	875,948	520,193	1,747,005	1,248,730	989,364	1,450,113	2,388,184
TOTAL NET REVENUE (EXPENSES)	(42,361,774)	(38,610,745)	(26,454,445)	(36,463,397)	(27,746,730)	(21,870,580)	(22,484,703)	(21,715,637)	(33,148,980)	(28,214,626)
CHANGES IN NET POSITION										
Governmental Activities	(1,217,166)	(1,257,011)	11,690,013	19,115,608	3,018,352	10,250,423	10,629,915	14,680,195	10,765,173	21,237,104
Business-type Activities	754,687	293,603	527,352	802,870	329,869	1,678,973	1,204,584	880,205	1,310,898	2,261,579
TOTAL CHANGES IN NET POSITION	(\$462,479)	(\$963,408)	\$12,217,365	\$19,918,478	\$3,348,221	\$11,929,396	\$11,834,499	\$15,560,400	\$12,076,071	\$23,498,683

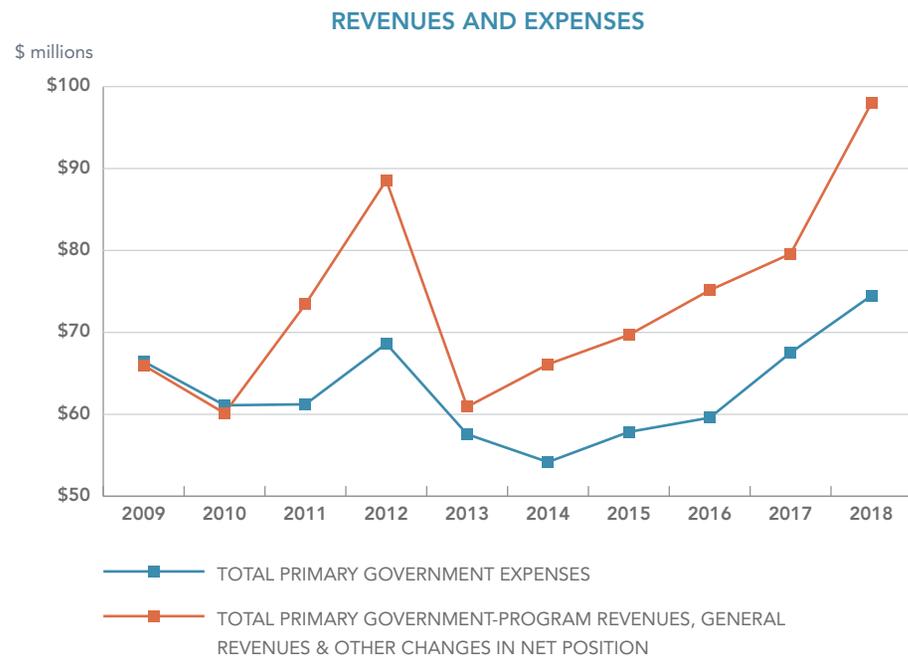
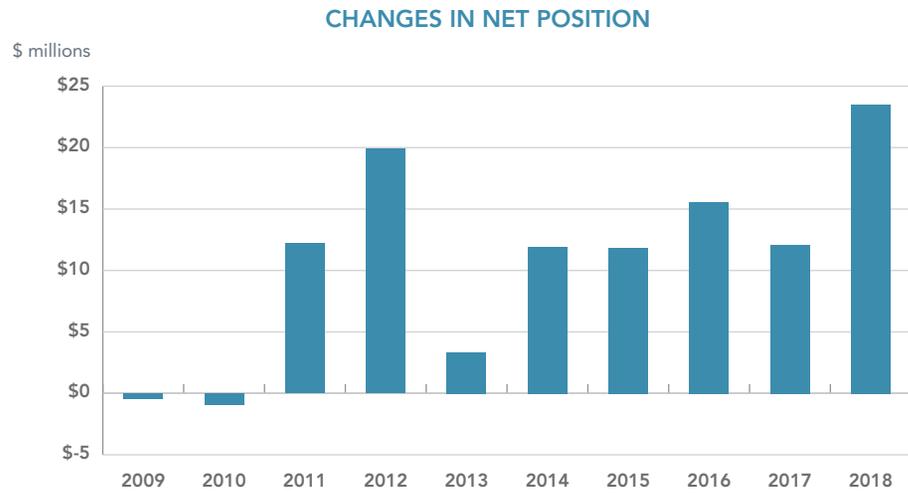
Source: City of Menlo Park

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

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

CHANGES IN NET POSITION

Last Ten Fiscal Years



Source: City of Menlo Park

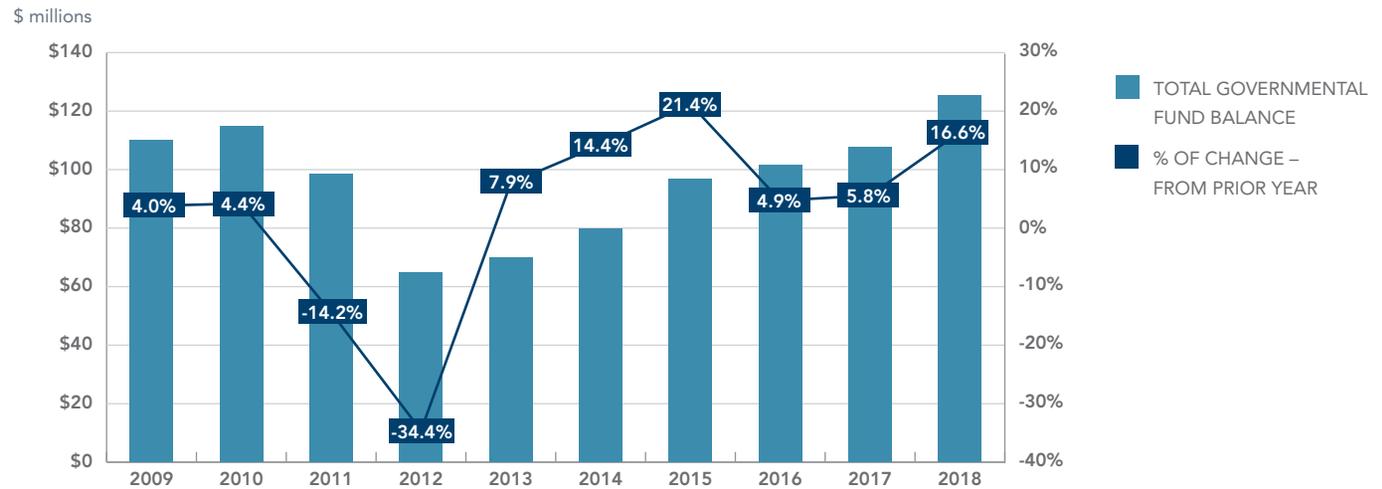
FUND BALANCES-GOVERNMENTAL FUNDS

Statistical Section. S3-1

Last Ten Fiscal Years

	2009	2010	2011 ¹	2012	2013	2014	2015	2016	2017	2018
GENERAL FUND										
Nonspendable	\$1,529,495	\$1,196,456	\$1,435,026	\$2,227,593	\$1,005,376	\$1,076,587	\$1,072,888	\$1,373,313	\$1,395,679	\$1,404,765
Committed	3,000,000	3,000,000	14,000,000	14,000,000	14,000,000	16,240,000	15,930,000	20,852,000	24,600,000	25,600,000
Assigned	3,034,172	2,999,575	2,592,173	3,494,188	2,728,033	4,307,634	4,468,298	4,483,513	4,940,127	6,214,219
Unassigned	19,144,493	18,231,011	1,578,736	1,776,214	4,644,239	6,367,022	9,865,646	5,007,430	2,282,609	3,897,104
GENERAL FUND BALANCE	26,708,160	25,427,042	19,605,935	21,497,995	22,377,648	27,991,243	31,336,832	31,716,256	33,218,415	37,116,088
OTHER GOVERNMENTAL FUNDS										
Nonspendable	6,140,612	2,554,413	2,475,807	4,233,517	4,907,442	565	2,041	-	-	-
Restricted	12,184,002	12,630,096	76,633,611	38,934,347	42,501,844	21,704,829	30,573,722	37,295,730	41,402,540	60,813,424
Committed	-	-	-	-	-	14,350,759	17,888,242	12,594,224	15,157,048	8,161,693
Assigned	65,056,016	74,302,453	-	-	-	15,834,509	17,148,769	20,143,982	18,186,022	19,594,032
Unassigned	-	-	(105,083)	-	-	(54,106)	(63,823)	(121,456)	(414,877)	(330,452)
TOTAL OTHER GOVERNMENTAL FUND BALANCE	83,380,630	89,486,962	79,004,335	43,167,864	47,409,286	51,836,556	65,548,951	69,912,480	74,330,733	88,238,697
TOTAL GOVERNMENTAL FUND BALANCE	\$110,088,790	\$114,914,004	\$98,610,270	\$64,665,859	\$69,786,934	\$79,827,799	\$96,885,783	\$101,628,736	\$107,549,148	\$125,354,785
% of Change - from Prior Year	4.0%	4.4%	-14.2%	-34.4%	7.9%	14.4%	21.4%	4.9%	5.8%	16.6%

TOTAL GOVERNMENTAL FUND BALANCE



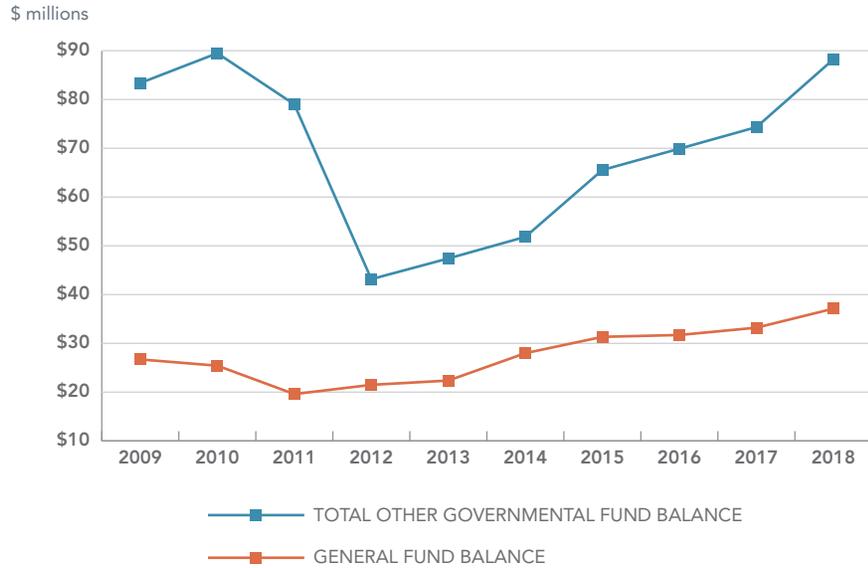
Source: City of Menlo Park

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

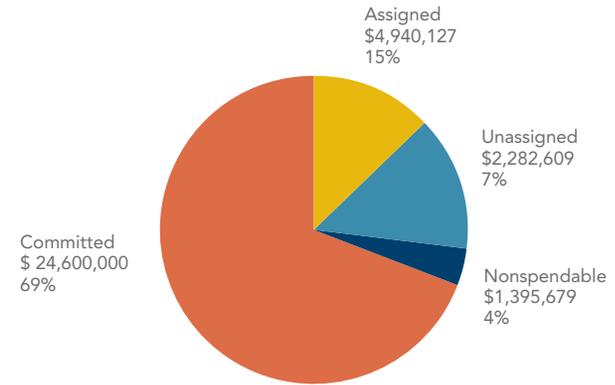
FUND BALANCES-GOVERNMENTAL FUNDS

Last Ten Fiscal Years

GENERAL FUND AND OTHER GOVERNMENTAL FUND BALANCES



GENERAL FUND BALANCE - JUNE 30, 2018



Source: City of Menlo Park

CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS

Statistical Section. S4-1

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes										
Secured property taxes	\$22,050,255	\$21,912,423	\$21,810,655	\$12,258,233	\$14,854,925	\$14,081,491	\$15,400,581	\$16,927,658	\$19,676,899	\$22,311,958
Unsecured property taxes	1,817,213	1,422,317	1,577,479	404,916	351,099	384,686	414,466	466,089	301,908	24,746
Other property taxes	345,670	418,851	548,444	576,707	525,865	689,888	1,012,292	940,188	698,101	799,252
Sales taxes	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292	6,527,498	5,425,088	5,635,240	6,910,437
Other Taxes ¹	5,214,176	5,940,486	6,774,780	7,530,245	8,007,960	9,085,311	9,729,062	11,054,349	11,572,087	13,269,854
Special assessments	2,894,276	2,824,098	2,818,829	2,862,076	2,831,235	3,131,099	2,938,371	2,618,490	2,676,947	2,667,087
Licenses and permits	3,208,028	3,069,990	3,586,374	4,093,978	4,845,041	6,222,575	5,562,806	6,372,725	6,260,028	7,120,760
Fines and forfeitures	1,105,836	1,028,825	953,194	1,067,328	998,259	1,253,261	1,346,449	1,349,853	1,110,891	150,112
Use of money and property	4,528,617	1,918,576	1,406,100	1,102,320	594,476	955,817	1,170,488	1,677,993	1,269,957	2,241,452
Intergovernmental	3,180,550	3,219,749	2,547,164	2,325,236	2,276,829	1,757,274	2,158,680	2,616,291	2,549,637	2,253,258
Charges for services	10,221,426	8,738,183	10,486,567	11,943,461	13,225,264	13,312,487	14,801,784	16,906,213	16,123,233	28,137,256
Other Revenues	186,473	334,959	234,550	270,567	202,137	141,434	234,380	331,756	562,919	475,769
TOTAL REVENUES	61,617,672	56,327,701	58,732,191	50,373,377	54,756,960	57,459,615	61,296,857	66,686,693	68,437,847	86,361,941
EXPENDITURES										
Current										
General Government	6,372,271	6,442,817	6,209,988	4,545,864	5,204,412	5,567,633	6,297,514	5,521,808	6,982,290	7,496,989
Public Safety ²	13,371,606	13,532,394	20,568,030	13,978,279	13,831,018	14,194,657	14,955,891	15,933,746	16,826,266	17,875,498
Public Works	7,991,160	7,768,455	7,929,428	7,886,059	8,174,802	8,130,751	9,795,903	11,352,894	14,078,566	13,921,775
Culture and Recreation	8,669,415	8,570,915	8,286,639	8,287,074	9,014,947	9,330,874	10,015,841	10,055,990	10,695,856	11,345,600
Community Development	4,533,291	4,354,345	4,061,407	5,560,374	3,937,710	4,248,952	3,513,848	4,533,057	5,191,543	6,145,363
Urban Development and Housing	4,236,426	7,312,083	5,399,919	614,951	286,699	133,523	78,606	153,767	105,696	226,796
Capital Outlay	6,405,132	8,314,011	16,030,908	10,215,010	7,904,805	5,999,875	1,483,122	1,730,011	8,724,067	10,341,449
Capital Expenditures	-	-	-	-	-	-	2,483,647	8,589,250	-	-
Debt Service										
Principal ³	2,215,000	2,305,000	2,420,000	2,570,000	760,000	620,000	1,000,000	1,055,000	425,000	440,000
Interest and Fiscal Charges ⁴	3,540,575	3,581,456	4,295,839	4,254,712	1,255,585	1,230,855	862,315	931,400	782,173	976,333
TOTAL EXPENDITURES	57,334,876	62,181,476	75,202,158	57,912,323	50,369,978	49,457,120	50,486,687	59,856,923	63,811,457	68,769,803
REVENUES OVER (UNDER) EXPENDITURES	\$4,282,796	(\$5,853,775)	(\$16,469,967)	(\$7,538,946)	\$4,386,982	\$8,002,495	\$10,810,170	\$6,829,770	\$4,626,390	\$17,592,138

(Continued)

Source: City of Menlo Park

1. Other Taxes include Franchise & Transient 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.

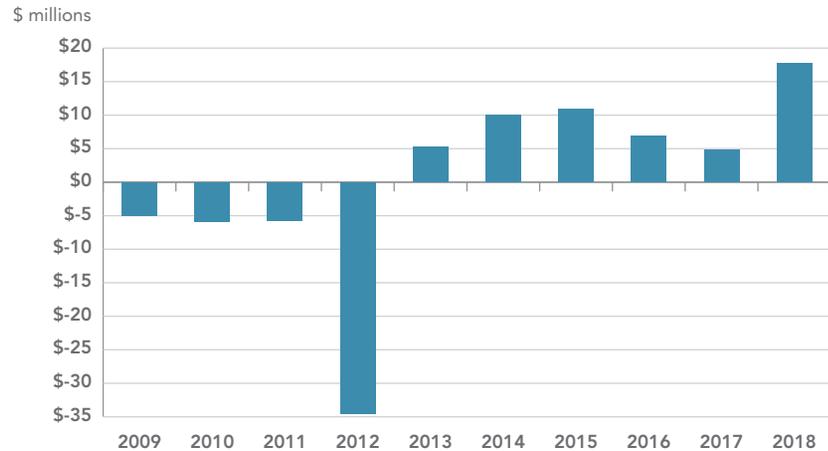
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS

Statistical Section. S4-2

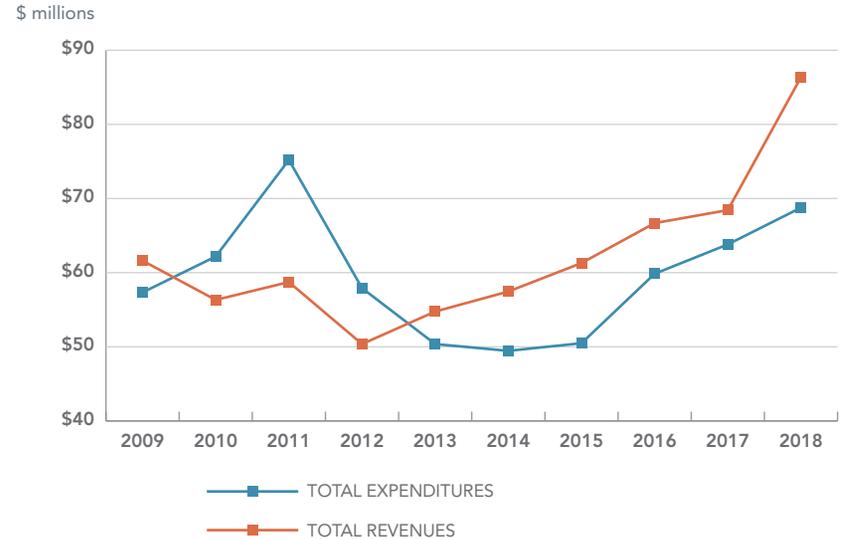
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OTHER FINANCING SOURCES (USES)										
Transfer In	\$10,799,042	\$7,159,491	\$7,297,500	\$9,722,425	\$6,091,632	\$2,994,261	\$4,699,084	\$9,873,559	\$7,659,532	\$5,612,101
Transfer Out	(20,058,856)	(7,188,677)	(7,136,686)	(9,551,820)	(5,910,107)	(2,808,380)	(4,523,543)	(9,853,374)	(7,458,471)	(5,404,205)
Proceeds from Sale of Fixed/Capital Assets	-	1,381	3,204	-	766,855	1,080,667	-	-	1,534	5,603
Proceeds from Debt Issuance	-	-	10,440,000	9,830,000	-	-	-	-	-	-
Payment to Escrow Agent	-	-	-	(11,166,467)	-	-	-	-	-	-
Discount on Issuance of Debt	-	-	74,971	(73,725)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(9,259,814)	(27,805)	10,678,989	(1,239,587)	948,380	1,266,548	175,541	20,185	202,595	213,499
Extraordinary gain(loss) ^{1,2}	-	-	-	(25,814,163)	-	771,822	-	-	-	-
NET CHANGE IN FUND BALANCE	(\$4,977,018)	(\$5,881,580)	(\$5,790,978)	(\$34,592,696)	\$5,335,362	\$10,040,865	\$10,985,711	\$6,849,955	\$4,828,985	\$17,805,637
% of Change Capital Expenditures	158.8%	18.2%	-1.5%	497.4%	-115.4%	88.2%	9.4%	-37.6%	-29.5%	268.7%
Debt Service as Percentage of Non-Capital Expenditures	11.3%	10.9%	11.3%	14.3%	4.7%	4.3%	3.9%	3.9%	1.9%	2.1%

NET CHANGE IN FUND BALANCE



REVENUES & EXPENDITURES



Source: City of Menlo Park

1. In fiscal year 2011-12, the extraordinary gain was due to dissolution of the Community Development Agency
2. In fiscal year 2013-14, the extraordinary gain was due to sale of the Hamilton Ave. property

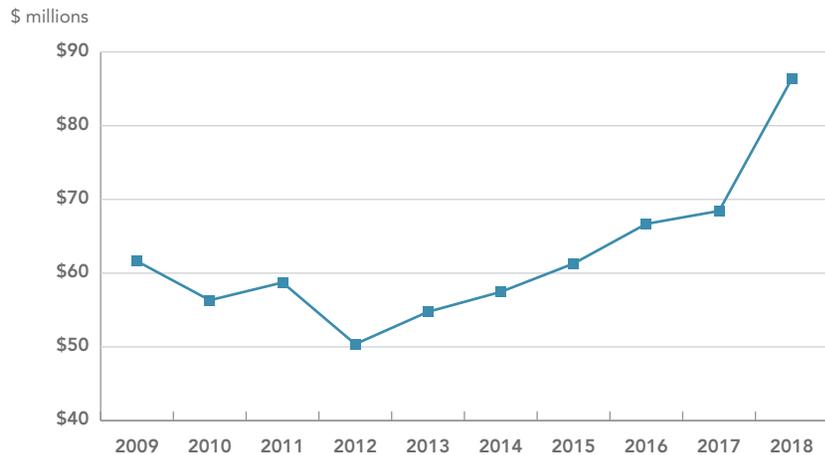
GOVERNMENTAL FUNDS BY SOURCE

Last Ten Fiscal Years

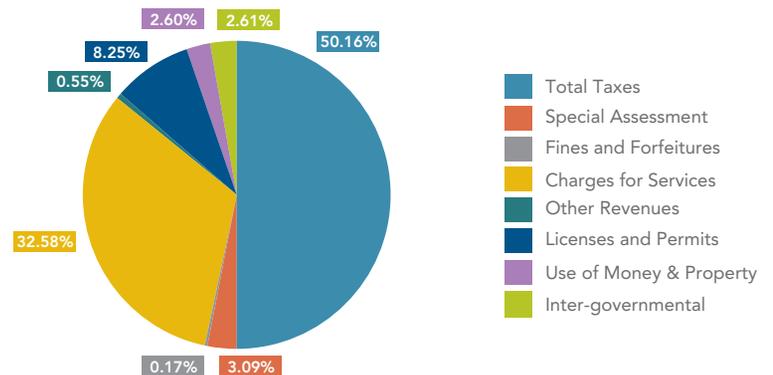
Statistical Section. S5-1

Fiscal Year Ended 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
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
2016	34,813,372	2,618,490	6,372,725	1,349,853	1,677,993	2,616,291	16,906,213	331,756	66,686,693
2017	37,884,235	2,676,947	6,260,028	1,110,891	1,269,957	2,549,637	16,123,233	562,919	68,437,847
2018	\$43,316,247	\$2,667,087	\$7,120,760	\$150,112	\$2,241,452	\$2,253,258	\$28,137,256	\$475,769	\$86,361,941

TOTAL GOVERNMENTAL REVENUES



TOTAL GOVERNMENTAL REVENUES - JUNE 30, 2018



Source: City of Menlo Park

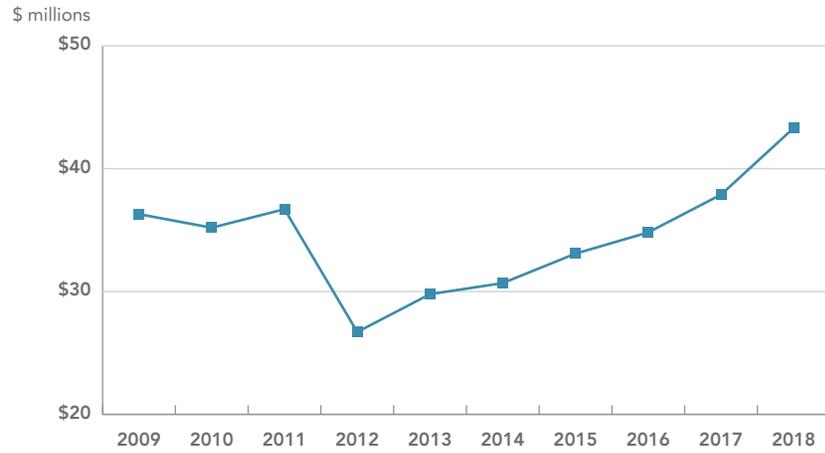
1. General governmental revenues by source consist of the following City funds: General, Special Revenue, Debt Service, Capital Projects and Expendable Trusts.
2. In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.

GOVERNMENTAL FUNDS BY SOURCE

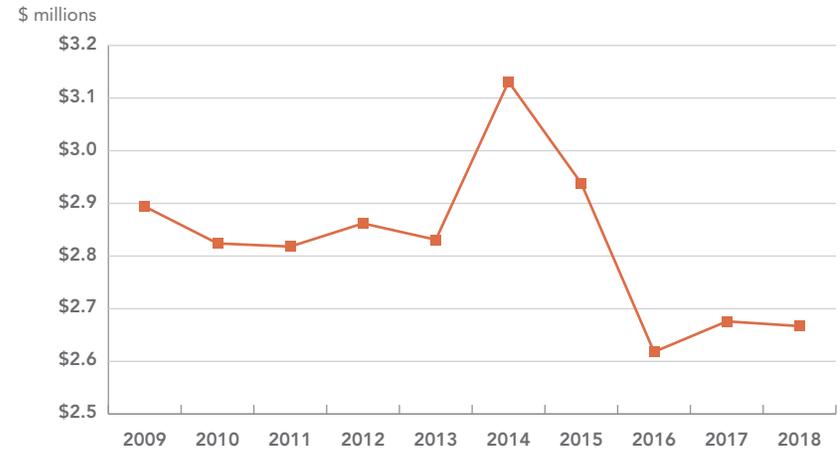
Last Ten Fiscal Years

Statistical Section. S5-2

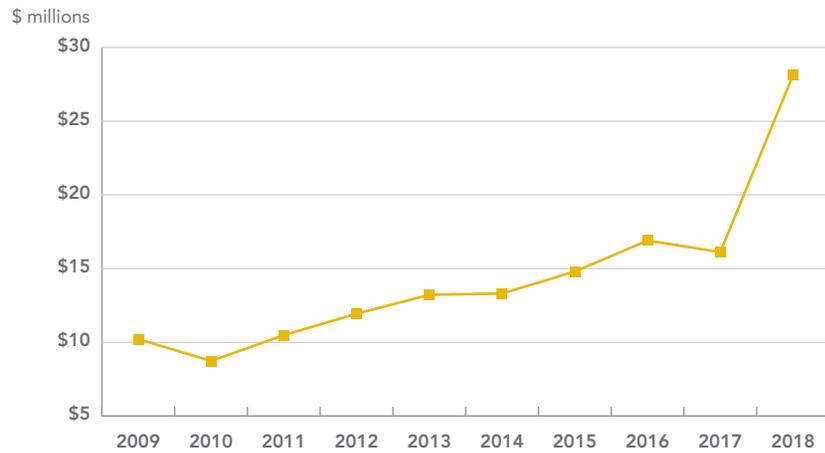
TOTAL TAXES



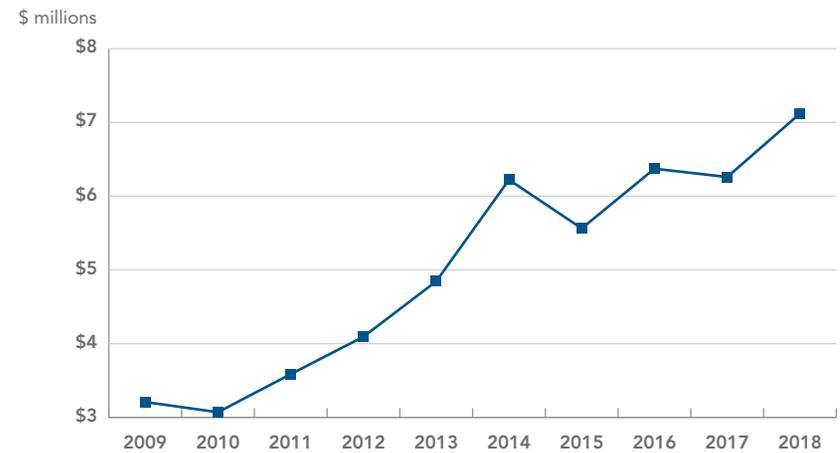
SPECIAL ASSESSMENT



CHARGES FOR SERVICES



LICENSES AND PERMITS

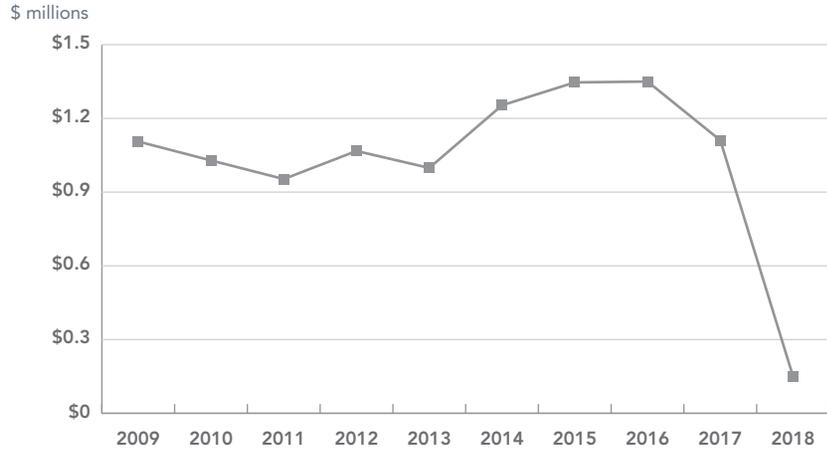


GOVERNMENTAL FUNDS BY SOURCE

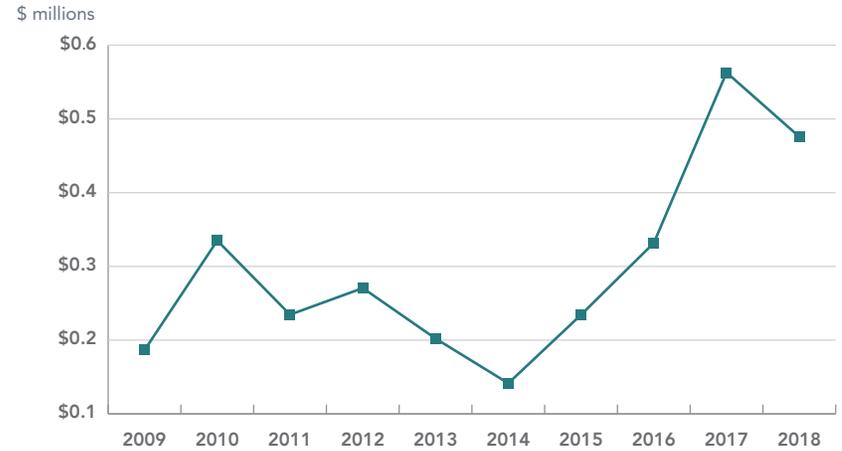
Last Ten Fiscal Years

Statistical Section. S5-3

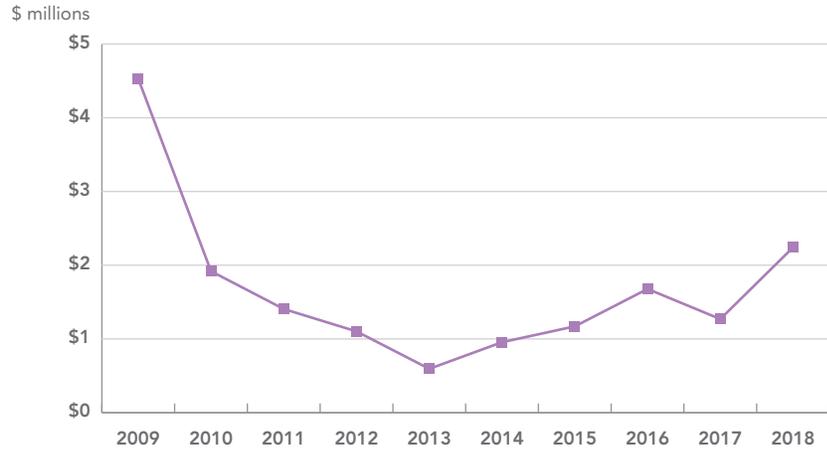
FINES AND FORFEITURES



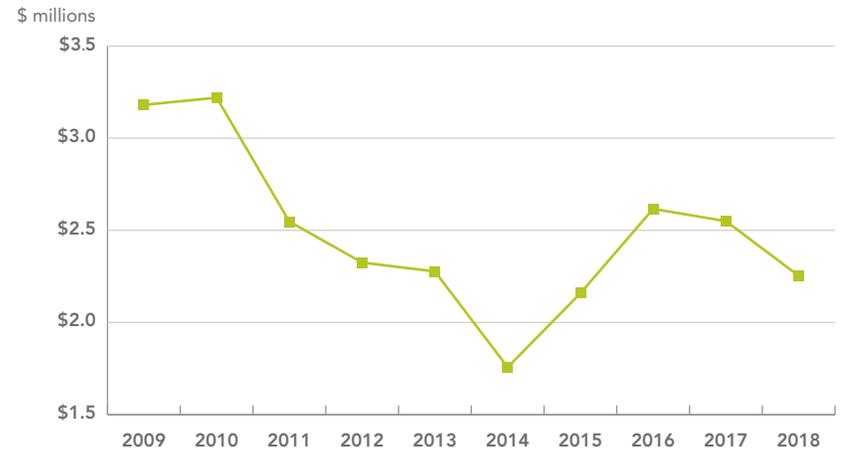
OTHER REVENUES



USE OF MONEY & PROPERTY



INTERGOVERNMENTAL



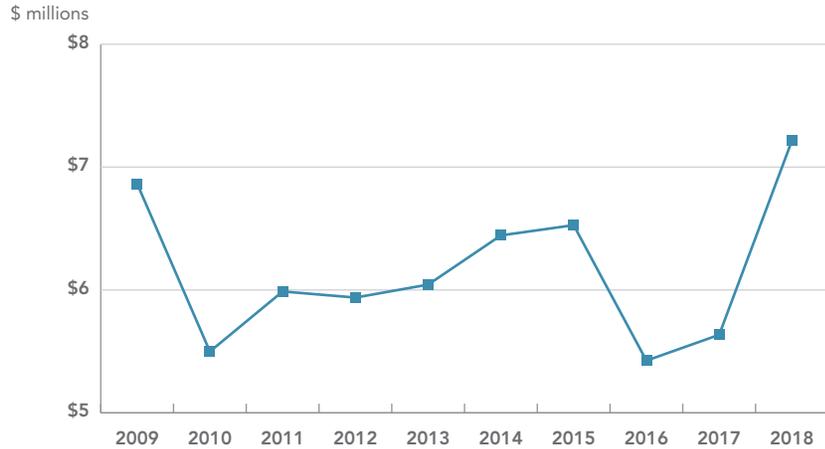
GOVERNMENTAL FUNDS TAXES BY TYPE

Last Ten Fiscal Years

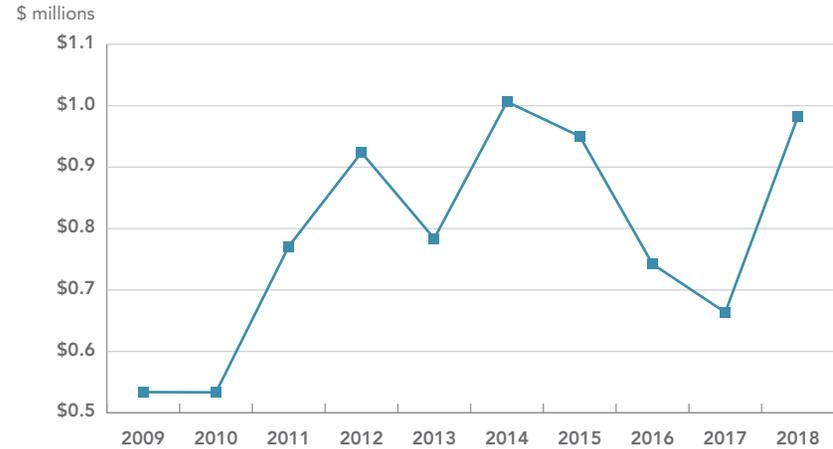
Statistical Section. S6-1

Fiscal Year Ended June 30	Sales Tax	Highway Users Tax	County Transportation Tax	Franchise Tax	Hotel Occupancy Tax	Utility Users Tax ¹	PROPERTY TAX				Total Property Tax	TOTAL GOVERNMENTAL FUNDS
							Secured	Unsecured	Transfer Tax	Other		
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	1,900,746	4,394,156	1,187,020	15,400,581	414,466	947,710	64,582	16,827,339	32,675,153
2016	5,425,088	742,292	869,128	1,954,461	6,268,171	1,220,297	16,927,658	466,089	908,782	31,406	18,333,935	34,813,372
2017	5,635,240	663,555	904,462	2,001,107	6,662,631	1,253,672	19,676,899	301,908	635,816	62,288	20,676,911	37,797,578
2018	7,215,357	982,742	977,537	2,121,387	7,770,969	1,322,169	22,311,958	24,746	732,037	67,215	23,135,956	43,526,117

SALES TAX



HIGHWAY USERS TAX



Source: City of Menlo Park and County of San Mateo

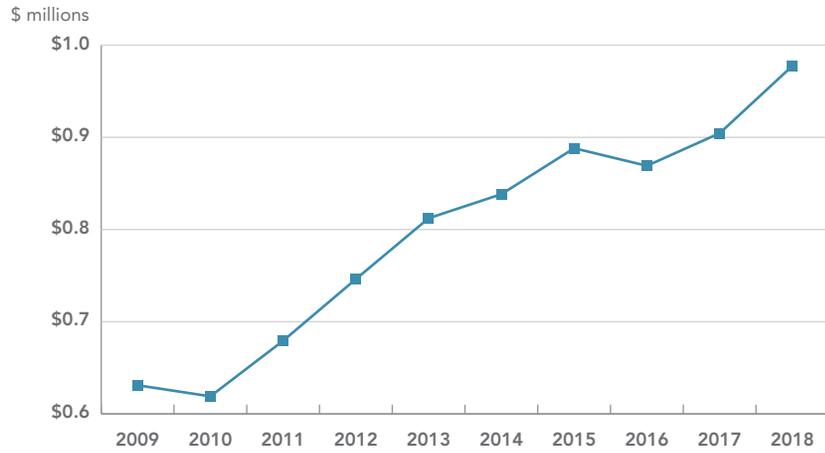
1. City implemented Utility Users Tax in April 2007

GOVERNMENTAL FUNDS TAXES BY TYPE

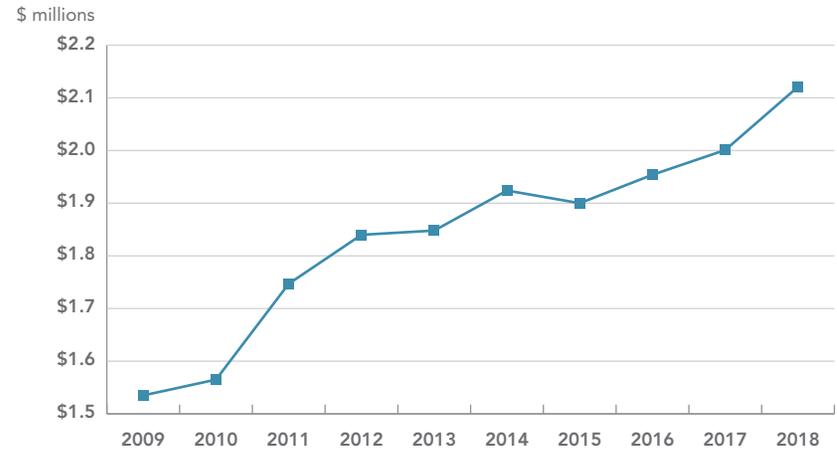
Last Ten Fiscal Years

Statistical Section. S6-2

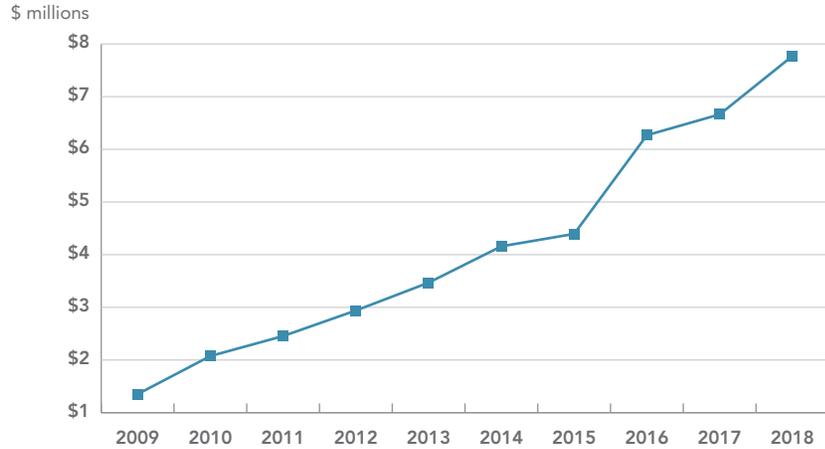
COUNTY TRANSPORTATION TAX



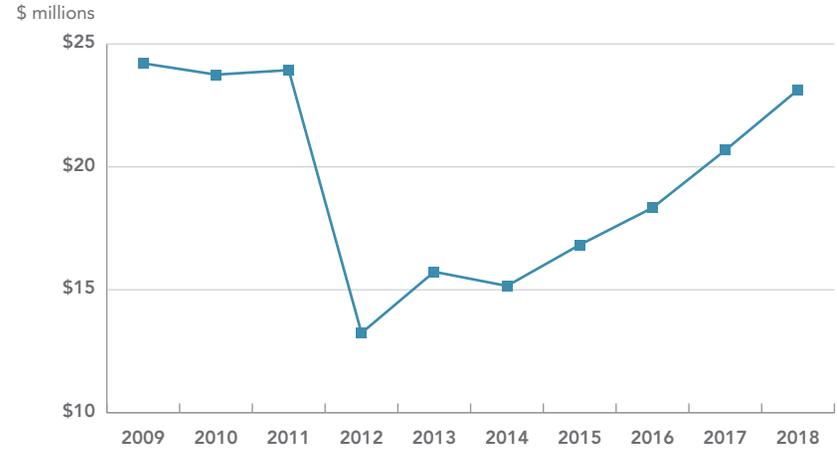
FRANCHISE TAX



HOTEL OCCUPANCY TAX



TOTAL PROPERTY TAX



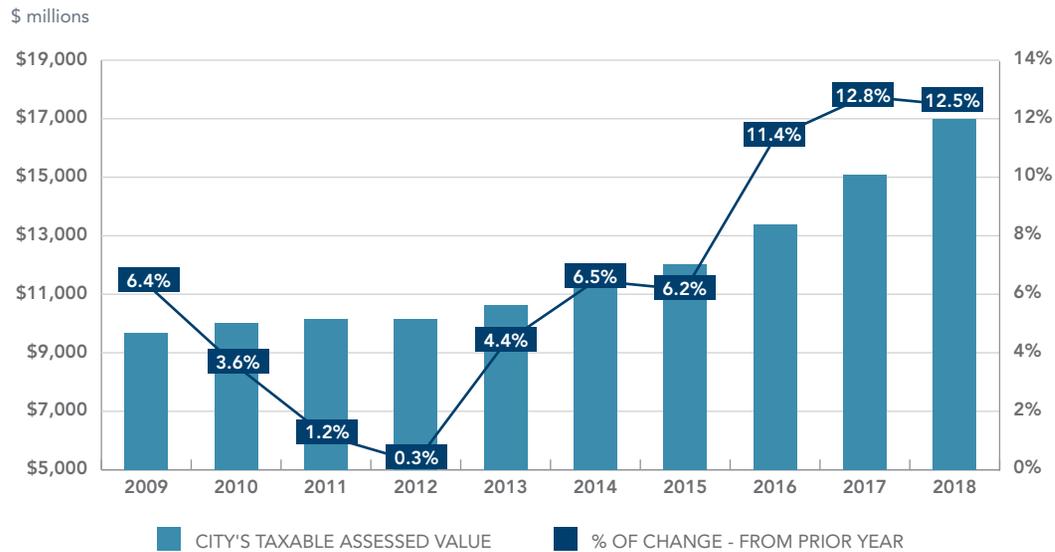
ASSESSED VALUATION, TAX RATES AND TAX LEVIES

Last Ten Fiscal Years

Statistical Section. S7

Fiscal Year Ended June 30	Secured	Unsecured	Less Exemptions	City's Taxable Assessed Value	% of Change – from Prior Year	TOTAL DIRECT TAX RATE
2009	\$9,144,410,123	\$745,589,266	(\$220,706,897)	\$9,669,292,492	6.4%	0.0024
2010	9,525,325,520	733,413,542	(242,215,879)	10,016,523,183	3.6%	0.0024
2011	9,632,437,282	741,119,897	(234,843,253)	10,140,348,118	1.2%	0.0024
2012 ¹	9,701,542,385	712,158,100	(244,456,426)	10,169,244,059	0.3%	0.0024
2013	10,059,424,137	819,698,175	(258,752,495)	10,620,369,817	4.4%	0.0024
2014	10,793,653,677	809,314,081	(291,016,106)	11,311,951,652	6.5%	0.0024
2015	11,505,930,742	814,834,786	(305,046,407)	12,015,719,121	6.2%	0.0024
2016	12,752,897,442	927,792,380	(300,228,143)	13,380,461,679	11.4%	0.0011
2017	14,218,711,817	1,148,145,263	(270,990,043)	15,095,867,037	12.8%	0.0010
2018	15,756,865,369	1,547,821,754	(323,167,196)	16,981,519,927	12.5%	0.0010

CITY'S TAXABLE ASSESSED VALUATION



NOTES:

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

Source: County of San Mateo

1. Redevelopment Agency was transferred to Successor Agency due to dissolution

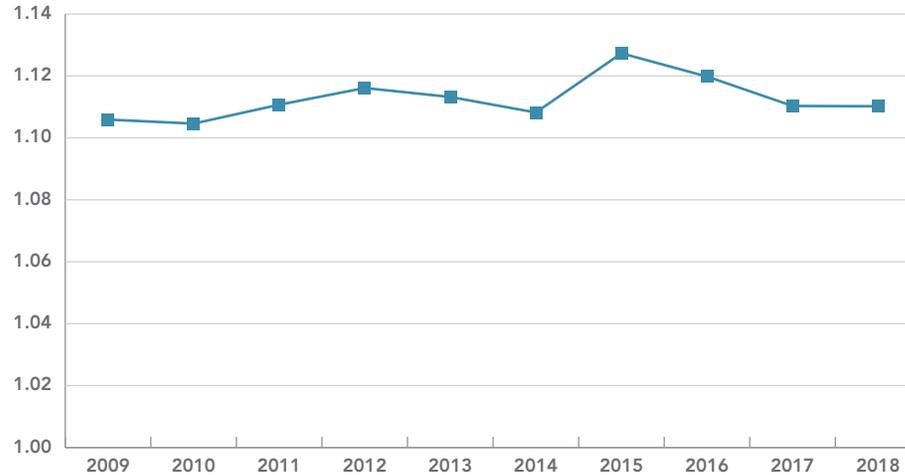
DIRECT AND OVERLAPPING, PROPERTY TAX RATES

Statistical Section. S8

Last Ten Fiscal Years

Per \$1,000 Assessed Valuation	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Direct Rates ¹	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0011	0.0010	0.0010
Overlapping Rates ²										
San Mateo County	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Menlo Park Elementary	0.0399	0.0390	0.0410	0.0413	0.0402	0.0381	0.0486	0.0393	0.0357	0.0385
San Mateo Junior College	0.0165	0.0182	0.0193	0.0199	0.0194	0.0194	0.0190	0.0250	0.0247	0.0235
Menlo Park Debt Service	0.0048	0.0046	0.0042	0.0041	0.0038	0.0026	0.0025	-	-	-
Menlo Park Parks & Rec Bond	0.0141	0.0127	0.0127	0.0126	0.0118	0.0144	0.0115	0.0102	0.0092	0.0080
Sequoia Union High School District	0.0282	0.0277	0.0311	0.0358	0.0356	0.0313	0.0433	0.0434	0.0391	0.0383
Midpeninsula Reg Open	-	-	-	-	-	-	-	0.0008	0.0006	0.0009
TOTAL OVERLAPPING RATES	1.1035	1.1022	1.1083	1.1137	1.1108	1.1058	1.1249	1.1187	1.1093	1.1092
TOTAL DIRECT AND OVERLAPPING RATES	1.1059	1.1046	1.1107	1.1161	1.1132	1.1082	1.1273	1.1198	1.1103	1.1102
% of Change - from Prior Year	0.8%	-0.1%	0.6%	0.5%	-0.3%	-0.4%	1.7%	-0.7%	-0.8%	-0.01%

TOTAL DIRECT AND OVERLAPPING RATES



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

Statistical Section. S9

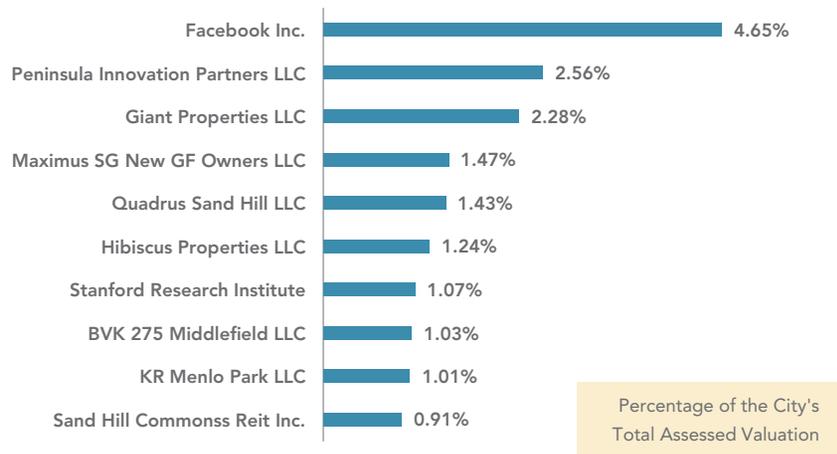
FISCAL YEAR 2017-18

Property Owner	Rank	Taxable Assessed Value	Ratio to Total City's Assessed Valuation
Facebook Inc.	1	\$789,533,817	4.65%
Peninsula Innovation Partners LLC	2	434,984,797	2.56%
Giant Properties LLC	3	386,735,241	2.28%
Maximus SG New GF Owners LLC	4	249,900,000	1.47%
Quadrus Sand Hill LLC	5	243,352,454	1.43%
Hibiscus Properties LLC	6	210,285,553	1.24%
Stanford Research Institute	7	180,983,874	1.07%
BVK 275 Middlefield LLC	8	175,250,000	1.03%
KR Menlo Park LLC	9	172,134,503	1.01%
Sand Hill Commonss Reit Inc.	10	154,841,051	0.91%
TOTAL TOP 10 TAXPAYERS' TOTALS		\$2,998,001,290	17.65%
CITY'S TOTAL ASSESSED VALUATION		\$16,981,519,927	100%

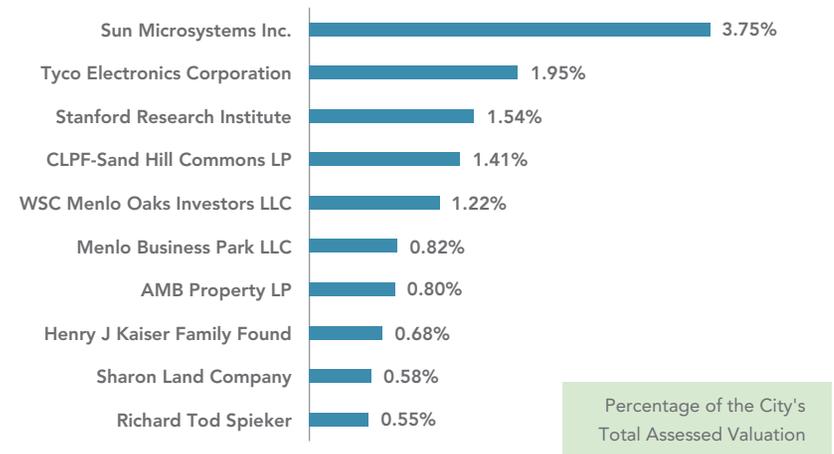
FISCAL YEAR 2008-09

Property Owner	Rank	Taxable Assessed Value	Ratio to Total City's Assessed Valuation
Sun Microsystems Inc.	1	\$364,577,486	3.75%
Tyco Electronics Corporation	2	189,031,086	1.95%
Stanford Research Institute	3	149,612,391	1.54%
CLPF-Sand Hill Commons LP	4	136,859,627	1.41%
WSC Menlo Oaks Investors LLC	5	118,320,000	1.22%
Menlo Business Park LLC	6	79,686,531	0.82%
AMB Property LP	7	77,839,286	0.80%
Henry J Kaiser Family Found	8	66,415,484	0.68%
Sharon Land Company	9	56,202,234	0.58%
Richard Tod Spieker	10	53,728,202	0.55%
TOTAL TOP 10 TAXPAYERS' TOTALS		\$1,292,272,327	13.31%
CITY'S TOTAL ASSESSED VALUATION		\$9,712,223,606	100%

CITY'S TOP TEN PRINCIPAL PROPERTY TAX PAYERS - JUNE 30, 2018



CITY'S TOP TEN PRINCIPAL PROPERTY TAX PAYERS - JUNE 30, 2009



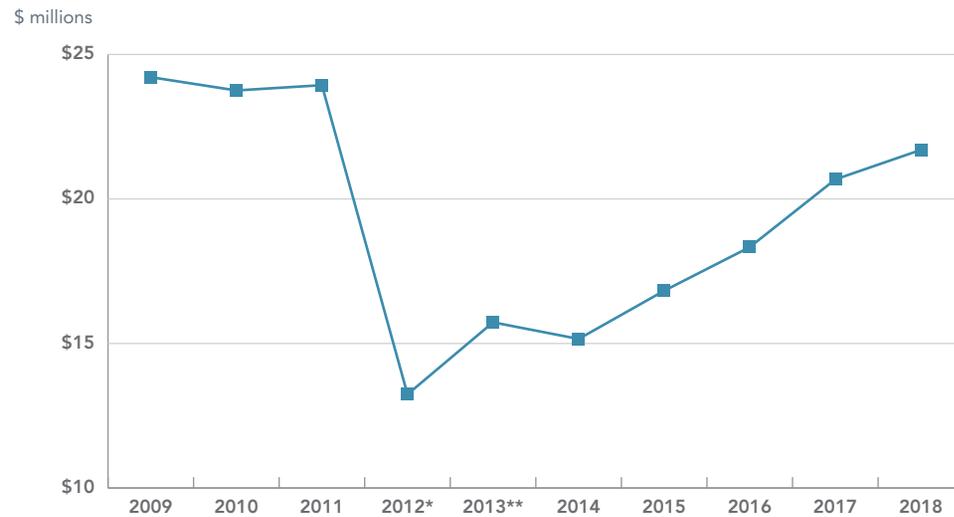
Source:
 San Mateo County Tax Roll
 California Municipal Statistics Inc
 HDL, Coren & Cone

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Tax Levies	Property Tax Collections	Percentage of Collections	Subsequent Year Collections	TOTAL COLLECTIONS	Percentage of Collections
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 ¹	13,239,856	13,239,856	100.00%	-	13,239,856	100%
2013 ²	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%
2016	18,333,935	18,333,935	100.00%	-	18,333,935	100%
2017	20,676,911	20,676,911	100.00%	-	20,676,911	100%
2018	\$21,696,456	\$21,696,456	100.00%	-	\$21,696,456	100%

PROPERTY TAX COLLECTIONS



Source:

County of San Mateo, Estimated Property Tax Revenue and Estimated Tax Increment Revenue
 City of Menlo Park

1. In prior years, property tax levies included property tax increment from their former Community Development Agencies. The last year of such tax increment received was in 2010-11.
 2. One time property tax increase due to dissolution of the Redevelopment Area.

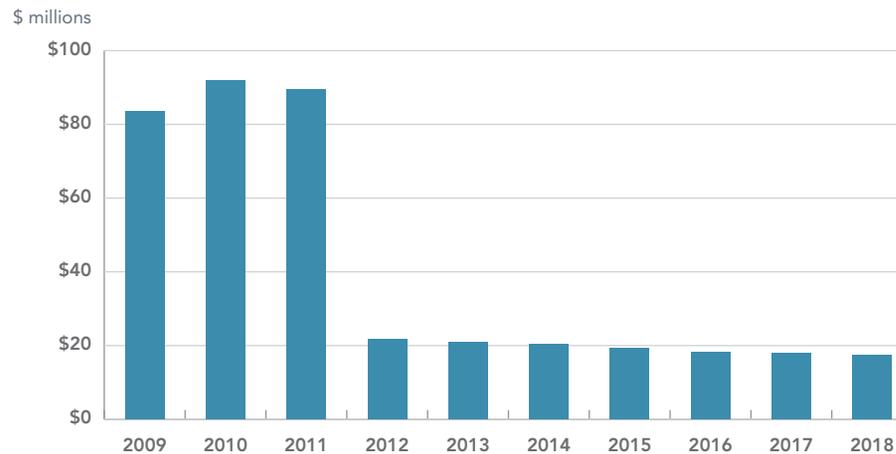
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Statistical Section. S11

Fiscal Year Ended June 30	General Obligation Bonds ¹	Tax Allocation Bonds ^{4,5}	Total Primary Government Debt	Percentage of Personal Income ⁷	Outstanding Debt Per Capita ⁸
2009	\$14,535,000	\$69,140,000	\$83,675,000	4.01%	\$2,625.92
2010	24,487,472 ²	67,395,000	91,882,472	4.28%	2,852.96
2011	23,874,973	65,585,000	89,459,973	3.97%	2,760.09
2012	21,775,595 ³	- ⁶	21,775,595	not available	671.84
2013	21,016,779	-	21,016,779	not available	639.18
2014	20,397,966	-	20,397,966	0.92%	616.79
2015	19,399,153	-	19,399,153	0.83%	582.40
2016	18,345,340	-	18,345,340	0.79%	548.46
2017	17,921,527	-	17,921,527	0.73%	528.85
2018	\$17,482,714	-	\$17,482,714	0.69%	\$508.85

CITY'S DEBT



Source: City of Menlo Park

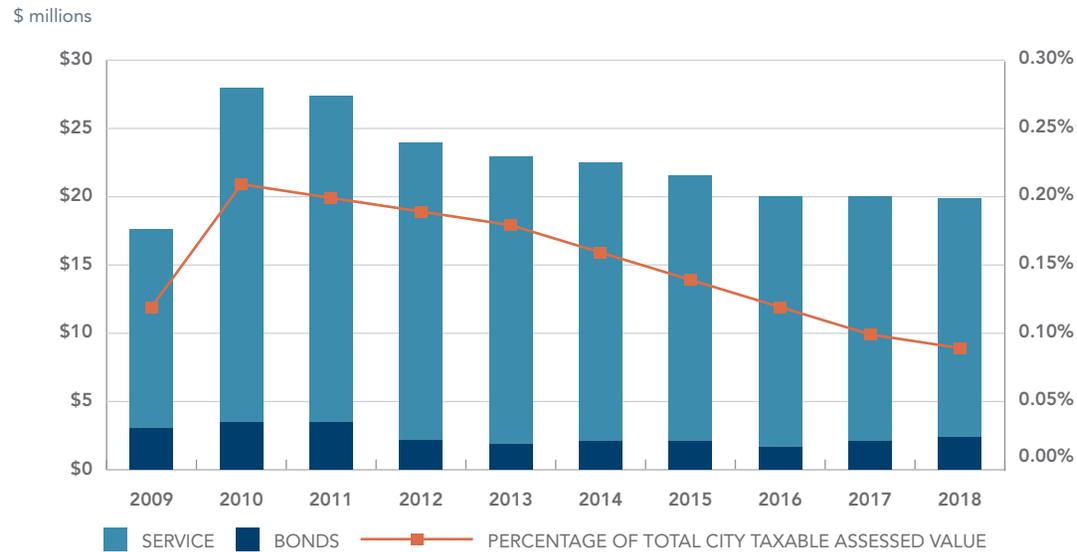
1. General Obligation Bonds consists of 1996, 2002, 2009 General Obligation Bonds
2. The City issued \$10,440,000 in 2009 General Obligation Bonds
3. General Obligation Bonds consists of 1996, 2009, & 2012 General Obligation Bonds
4. Tax Allocation Bonds consists of 2006 Las Pulgas Project Tax Allocation 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 to the Successor Agency
7. County of San Mateo's personal income per capita
8. U.S. Census Bureau, Quickfacts.Census.gov, Population

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

RATIO OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Obligation Bonds	Restricted for Debt Service	Net General Obligation Bonds	TOTAL CITY TAXABLE ASSESSED VALUATION	Percentage of Total City Taxable Assessed Value	Per Capita
2009	\$14,535,000	\$3,110,234	\$11,424,766	\$9,669,292,492	0.12%	\$456.14
2010	24,487,472	3,494,597	20,992,875	10,016,523,183	0.21%	760.34
2011	23,874,973	3,513,049	20,361,924	10,140,348,118	0.20%	736.61
2012	21,775,595	2,225,873	19,549,722	10,169,244,059	0.19%	671.84
2013	21,016,779	1,943,354	19,073,425	10,620,369,817	0.18%	639.18
2014	20,397,966	2,133,308	18,264,658	11,311,951,652	0.16%	616.79
2015	19,399,153	2,123,752	17,275,401	12,015,719,121	0.14%	582.40
2016	18,345,340	1,663,696	16,681,644	13,380,461,679	0.12%	548.46
2017	17,921,527	2,136,803	15,784,724	15,095,867,037	0.10%	528.85
2018	\$17,482,714	\$2,443,730	\$15,038,984	\$16,981,519,927	0.09%	\$437.73



Source:
 City of Menlo Park
 County of San Mateo Assessed Valuation Reports
 California Municipal Statistics, Inc.

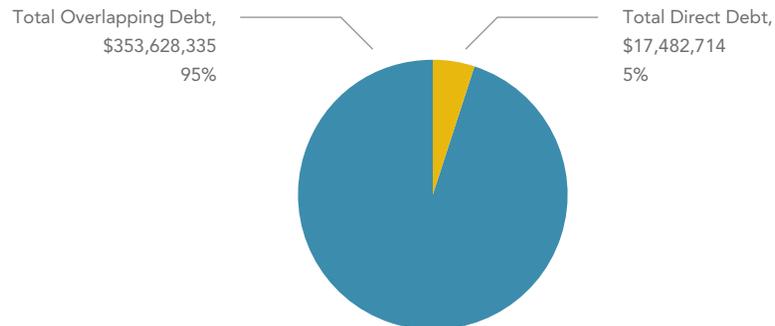
DIRECT AND OVERLAPPING DEBT

June 30, 2018

Statistical Section. S13

	Outstanding Debt 6/30/2018	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	\$576,424,069	8.207%	\$47,307,123	0.28%
Sequoia Union High School District	504,560,000	19.148%	96,613,149	0.57%
Las Lomas School District	63,485,000	35.929%	22,809,526	0.13%
Menlo Park City School District	115,934,473	61.178%	70,926,392	0.42%
Ravenswood School District	30,595,000	53.187%	16,272,563	0.10%
Redwood City School District	145,251,202	3.256%	4,729,379	0.03%
Midpeninsula Regional Park District	93,350,000	6.396%	5,970,666	0.04%
City of Menlo Park	17,482,714	100%	17,482,714	0.10%
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$282,111,512	1.66%
OVERLAPPING GENERAL FUND DEBT				
San Mateo County General Fund Obligations	\$366,157,077	8.207%	\$30,050,511	0.18%
San Mateo County Board of Education Certificates of Participation	8,745,000	8.207%	\$717,702	0.00%
Midpeninsula Regional Park District Certificates of Participation	123,040,600	6.396%	7,869,677	0.05%
Menlo Park Fire Protection District Certification of Participation	10,485,000	48.752%	5,111,647	0.03%
TOTAL OVERLAPPING GENERAL FUND DEBT			\$43,749,537	0.26%
OVERLAPPING TAX INCREMENT DEBT - SUCCESSOR AGENCY	45,250,000	100%	\$45,250,000	0.27%
TOTAL DIRECT DEBT			\$17,482,714	0.10%
TOTAL OVERLAPPING DEBT			\$353,628,335	2.08%
COMBINED TOTAL DEBT ⁽²⁾			\$371,111,049	2.19%

COMBINED TOTAL DEBT - JUNE 30, 2018



Source: California Municipal Statistics, Inc.

1. The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value for fiscal year 2017-18 of \$16,981,526,927.
2. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

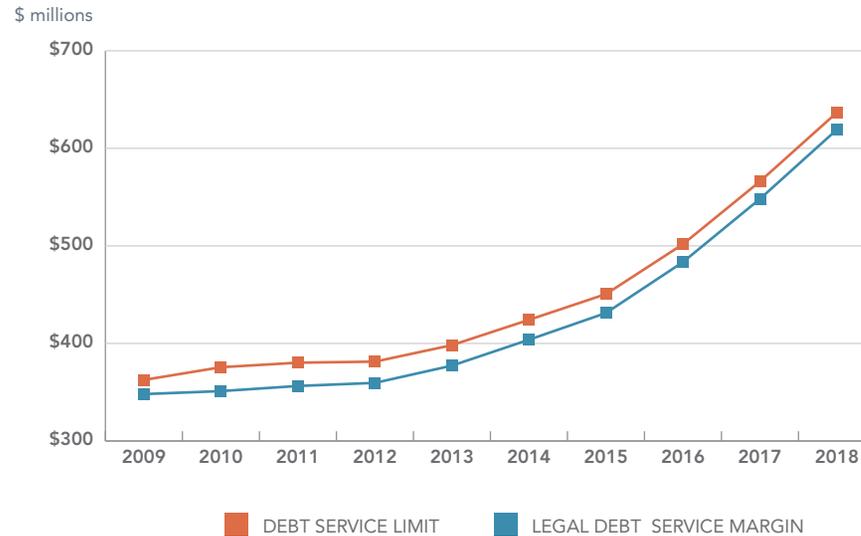
LEGAL DEBT SERVICE MARGIN INFORMATION

Statistical Section. S14

Last Ten Fiscal Years

	FOR FISCAL YEAR ENDED JUNE 30									
	2009	2010 ¹	2011	2012 ^{2,3}	2013	2014	2015	2016	2017	2018
City's Taxable Assessed Valuation	\$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	\$13,380,461,679	\$15,095,867,037	\$16,981,519,927
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	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	3,345,115,420	3,773,966,759	4,245,379,982
Debt Service Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
DEBT SERVICE LIMIT	362,598,468	375,619,619	380,263,054	381,346,652	398,263,868	424,198,187	450,589,467	501,767,313	566,095,014	636,806,997
Less:										
General Obligation Bonds	14,535,000	24,487,473	23,874,973	21,775,595	21,016,779	20,397,966	19,399,153	18,345,340	17,921,527	17,482,714
LEGAL DEBT SERVICE MARGIN	\$348,063,468	\$351,132,146	\$356,388,081	\$359,571,057	\$377,247,089	\$403,800,221	\$431,190,314	\$483,421,973	\$548,173,487	\$619,324,283
Legal Debt Service Margin as a Percentage of Debt Service Limit	96.0%	93.5%	93.7%	94.3%	94.7%	95.2%	95.7%	96.3%	96.8%	97.3%

LEGAL DEBT SERVICE LIMIT



Source: County of San Mateo, Assessed Valuation Reports

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

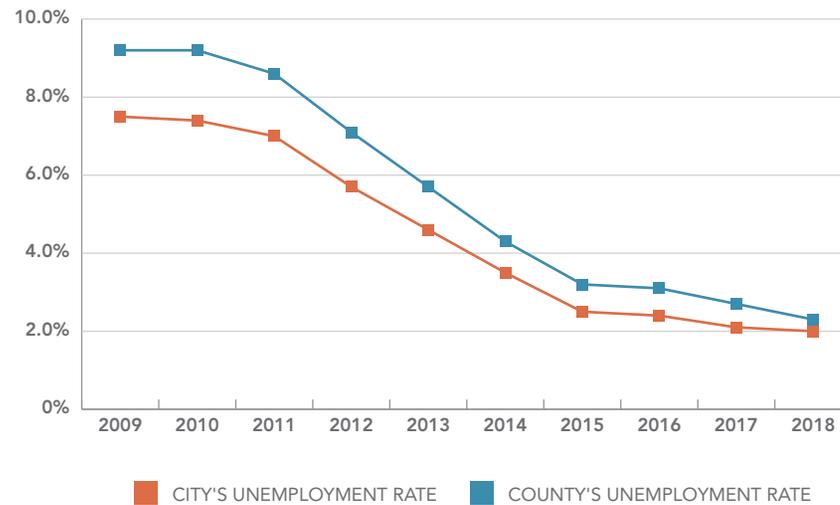
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Statistical Section. S15

Calendar Year	Population	City's Unemployment Rate	County's Unemployment Rate	Personal Income Per Capita	K-12 Public School Enrollments
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
2016	33,449	2.4%	3.1%	69,802	5,218
2017	33,888	2.1%	2.7%	71,981	5,400
2018	34,357	2.0%	2.3%	74,162	5,423

UNEMPLOYMENT RATES



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

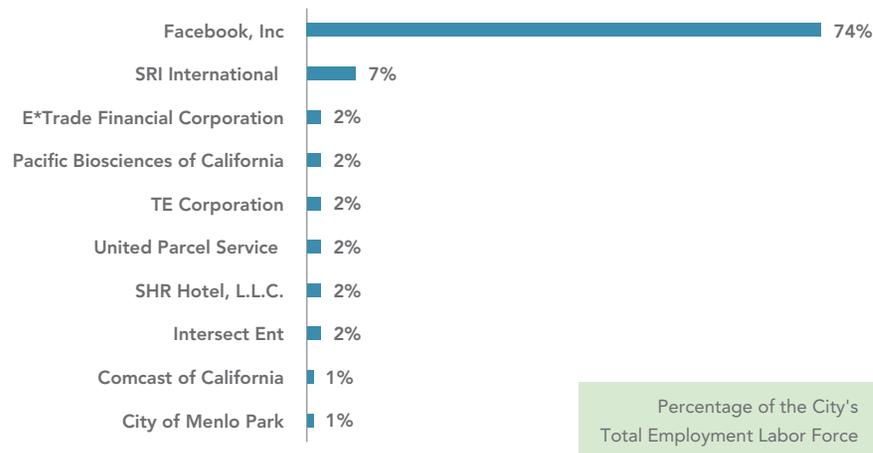
PRINCIPAL EMPLOYEES

Current Fiscal Year and Ten Years Prior

Statistical Section. S16

City's Principal Employers	Rank	Fiscal Year 2017-18		Fiscal Year 2008-09	
		Total Employees	Percentage of Total City's Labor Force	Total Employees	Percentage of Total City's Labor Force
Facebook, Inc	1	14,674	74%	not available	not available
SRI International	2	1,400	7%	1,462	9%
E*Trade Financial Corporation	3	388	2%	450	3%
Pacific Biosciences of California	4	348	2%	217	1%
TE Corporation	5	345	2%	1,084	7%
United Parcel Service	6	335	2%	245	not available
SHR Hotel, L.L.C.	7	330	2%	250	not available
Intersect Ent	8	301	2%	not available	not available
Comcast of California	9	265	1%	not available	not available
City of Menlo Park	10	268	1%	240	1%
TOP 10 EMPLOYERS		18,654	95%	3,948	24%
TOTAL EMPLOYMENT OF THE CITY'S LABOR FORCE		19,700	100%	16,500	100%

CITY'S TOP 10 EMPLOYERS, 2017-2018



Source:

City of Menlo Park, Self reported to non-profit organizations' data is not available

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

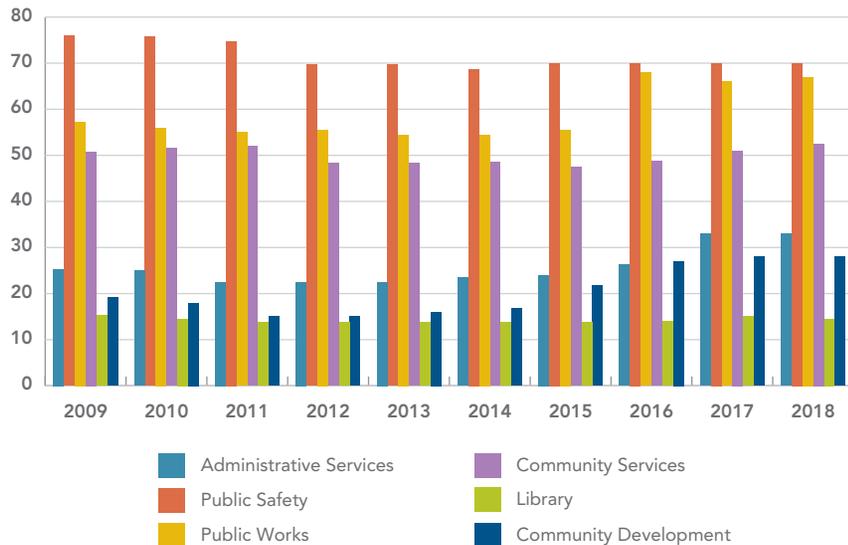
FULL TIME EQUIVALENT CITY PERSONNEL BY FUNCTION

Statistical Section. S17

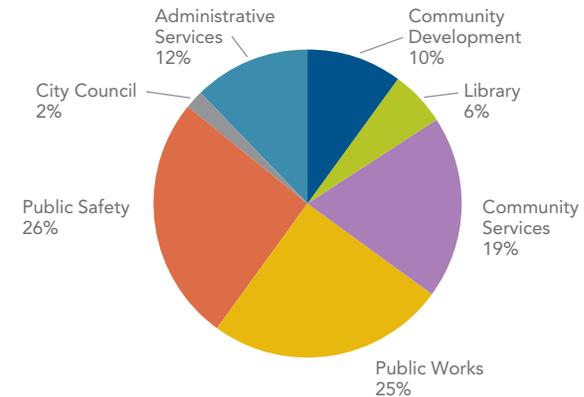
Last Ten Fiscal Years

FTE by Department	ADOPTED BUDGET AUTHORIZED PERSONNEL FOR FISCAL YEAR ENDED JUNE 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative Services	25.35	25.00	22.50	22.50	22.50	23.50	24.00	26.25	33.00	33.00
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety	76.00	75.75	74.75	69.75 ¹	69.75 ¹	68.75 ¹	70.00	70.00	70.00	70.00
Public Works	57.25	56.00	55.00	55.50	54.50	54.50	55.50	68.00	66.00	67.00
Community Services	50.75	51.50	52.00	48.25 ²	48.25 ²	48.50 ²	47.50	48.75	51.00	52.50
Library	15.25	14.50	13.75	13.75	13.75	13.75	13.75	14.00	15.00	14.50
Community Development	19.15	18.00	15.00	15.00	16.00	16.75	21.75	27.00	28.00	28.00
TOTAL FULL TIME EQUIVALENT PERSONNEL	248.75	245.75	238.00	229.75	229.75	230.75	237.50	259.00	268.00	270.00

TOTAL FULL TIME EQUIVALENT PERSONNEL



FISCAL YEAR 2017-18
ADOPTED BUDGET FULL TIME EQUIVALENT PERSONNEL



Source: City of Menlo Park, Finance division

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

Statistical Section. S18-1

Last Ten Fiscal Years

FUNCTION	PROGRAM	FISCAL YEAR ENDING JUNE 30, 2018									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety	Incidents	41,200	39,217	40,675	44,405	41,206	40,964	39,605	39,456	39,122	39,553
	Calls for Service	20,015	19,840	19,752	20,469	22,383	21,021	21,293	21,384	21,487	22,659
	Officer Initiated Incidents	21,185	19,377	20,923	23,936	18,823	19,943	18,312	18,072	17,635	16,894
Public Works	Transportation:										
	Shuttle Passengers	81,837	86,503	83,246	86,004	80,774	82,420	82,663	71,597	57,737	60,508
	Engineering:										
	Encroachment Permits Issued	310	289	290	272	300	365	372	447	406	550
Culture and Recreation	Parks and recreation:										
	Number of Activity Hours Provided ¹	37,869	48,270	37,964	1,662,457	2,403,979	3,095,612	3,312,426	3,354,773	3,339,783	3,209,611
	Number of Recreational Activities Participants	61,514	64,762	88,032	706,830	931,490	1,119,365	1,196,406	981,761	1,009,084	950,392
	Library:										
	Books Volumes held	151,650	146,429	146,356	150,017	157,155	165,118	167,970	149,524	135,200	141,352
	Video/DVD held	14,989	13,688	14,262	14,728	13,348	16,704	17,344	17,556	16,643	16,659
	Books Volumes added	15,162	9,826	9,587	9,239	11,183	10,966	10,202	8,760	8,884	12,880
Total Circulations	756,808	742,555	726,189	624,699	672,967	682,381	609,387	587,909	621,261	544,893	
Community Development	Building Permits Issued:										
	Residential Buildings - Count	652	667	733	655	728	717	734	900	734	659
	Residential -Value (\$1000s)	51,761	42,033	49,618	44,545	64,932	65,386	118,952	215,219	81,949	83,132
	Commercial Buildings - Count	187	160	202	231	229	180	187	174	184	152
	Commercial -Value (\$1000s)	42,435	32,419	46,756	78,055	61,201	238,585	282,621	151,139	605,311	460,907
	Accessory Buildings - Count	74	87	85	73	100	91	90	138	110	103
	Accessory -Value (\$1000s)	1,039	1,188	1,812	1,925	1,876	3,752	3,999	3,985	18,331	9,072
	Building Inspection Conducted	10,532	8,797	9,928	9,733	10,171	10,004	10,639	12,103	13,704	11,062
	Housing and Redevelopment:										
	Below Market Rate - Units sold	5	2	2	2	1	4	0	0	0	0
	Below Market Rate - Units resold	0	1	3	3	0	2	1	1	0	0
	Housing Rehabilitation - New loans	5	0	0	0	0	0	0	0	0	0
	Housing Rehab Loans - Cumulative \$	1,440,877	1,340,433	1,312,380	1,210,372	960,179	917,315	799,640	698,128	622,798	527,324
	Housing Rehab Homes - Cumulative Count	41	36	33	32	28	26	22	17	15	17
	RDA - Housing Rehabilitation - New loans ²	-	4	3	0	0	0	0	0	0	0
RDA - Housing Rehab Loans - Cumulative \$	-	193,000	347,785	337,285	328,676	299,139	258,558	236,375	164,701	160,817	
RDA - Housing Rehab Homes - Cumulative Count	-	4	7	7	7	7	5	5	5	3	
Administrative Services	Finance:										
	New Business License Applications	564	308	458	829	811	661	691	718	575	708

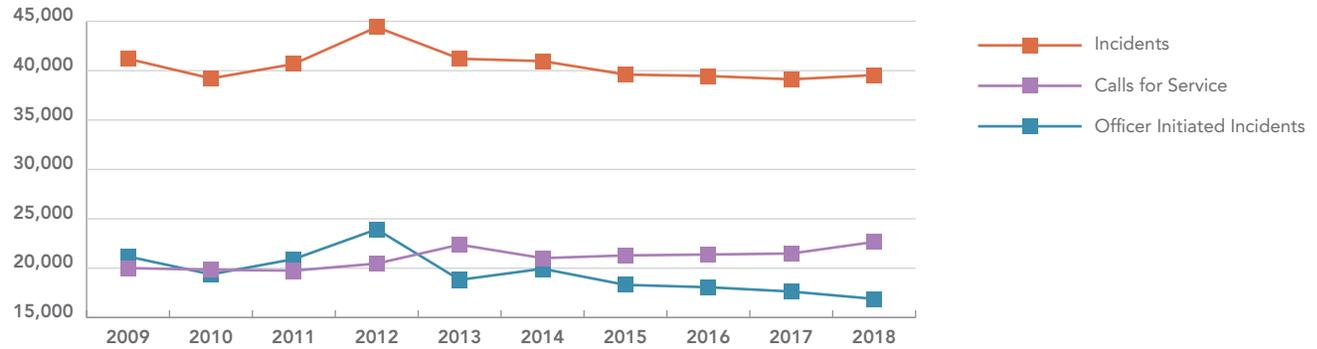
Source: City of Menlo Park

1. During fiscal year 2011–12, Activity Hour was changed to count every hour each participant in a program or using City service and Activity Participant was changed to count each visit.
 2. Redevelopment Agency-Housing Rehabilitation Program started in fiscal year 2009–2010 and ended in January 2012

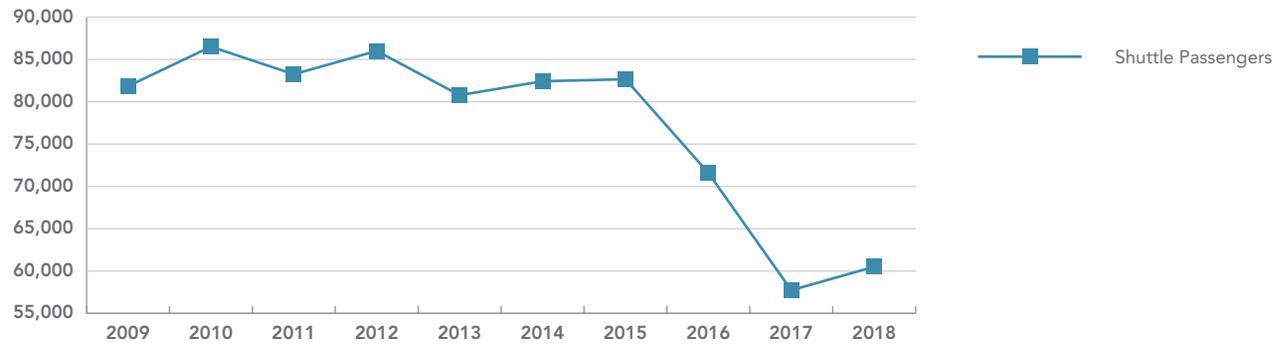
OPERATING INDICATORS BY DEMAND LEVEL OF SERVICE, BY FUNCTION/PROGRAM

Last Ten Fiscal Years

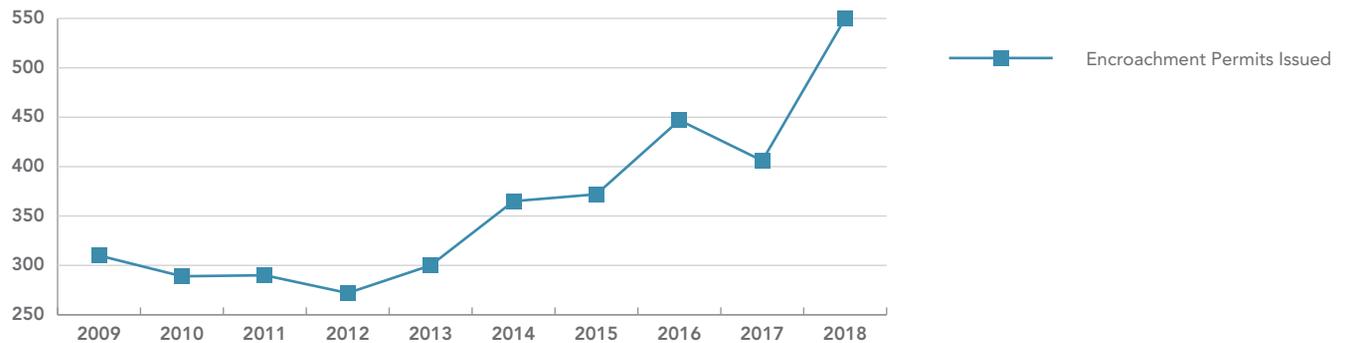
PUBLIC SAFETY



TRANSPORTATION – SHUTTLE SERVICE



ENGINEERING – ENCROACHMENT PERMITS

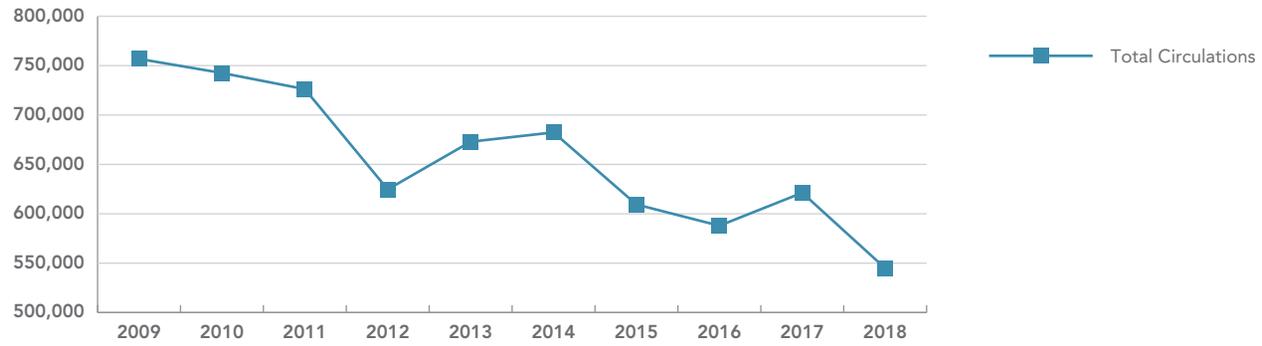


Source: City of Menlo Park

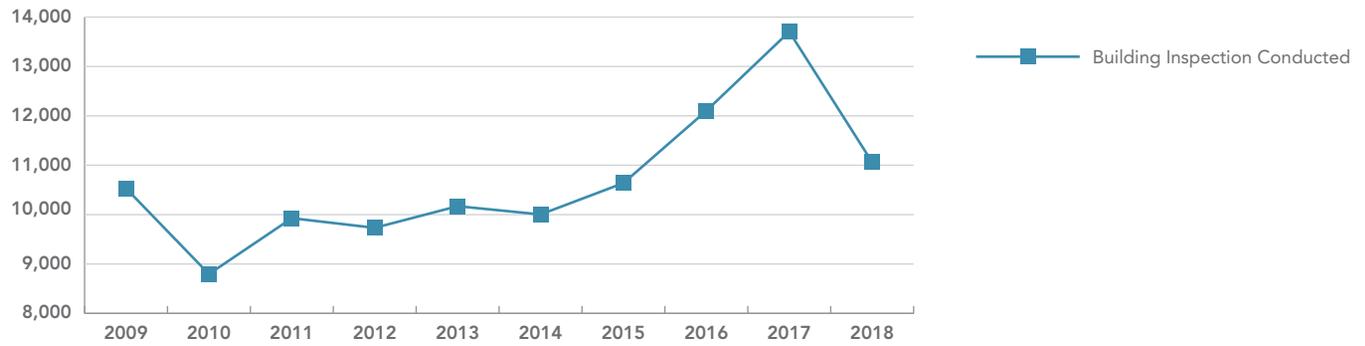
OPERATING INDICATORS BY DEMAND LEVEL OF SERVICE, BY FUNCTION/PROGRAM

Last Ten Fiscal Years

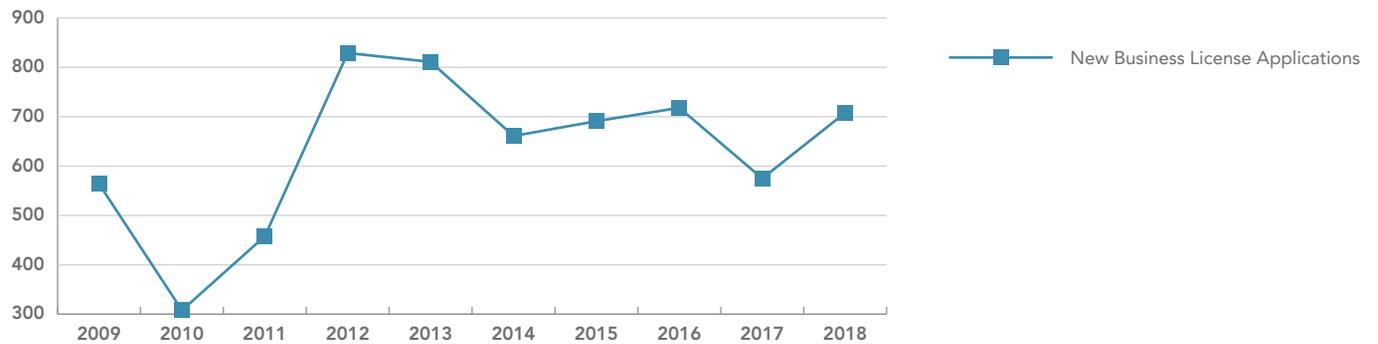
LIBRARY



BUILDING INSPECTIONS



FINANCE – NEW BUSINESS LICENSE APPLICATIONS



Source: City of Menlo Park

CAPITAL ASSET INVENTORY BY FUNCTION

Statistical Section. S19

Last Ten Fiscal Years

FUNCTION	FACILITY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	City Hall	1	1	1	1	1	1	1	1	1	1
Public Safety	Police Stations	2	2	2	2	2	2	2	2	2	2
Public Works	Streets (miles)	101	101	101	100	100	100	100	100	100	100
	Streetlights	1718	1719	2233	2233	2233	2233	2233	2233	2238	2240
	Traffic Signals	22	22	22	22	22	22	22	22	22	23
	Water:										
	Daily average introduced into system (1,000 gallons)	3230	3042	3038	3221	3238	3531	2633	2202	2202	2670
	Water storage (millions of gallons)	6	6	6	6	6	6	6	6	6	6
	Water lines (miles)	59	59	59	59	59	59	63	59	59	59
Parks and Recreation	Child Care Centers	6	6	6	3	3	3	3	3	3	3
	Recreation Center	1	1	1	1	1	1	1	1	1	1
	Library	2	2	2	2	2	2	2	2	2	2
	Parks	14	14	14	14	14	14	14	14	14	14
	Community Centers	2	2	2	2	2	2	1	1	1	1
	Senior Center	2	2	2	1	1	1	1	1	1	1
	Gymnasium	2	2	2	2	2	2	2	2	2	2
	Gymnastics Center	1	1	1	1	1	1	1	1	1	1
	Pools (locations)	2	2	2	2	2	2	2	2	2	2
	Medical Clinic	1	1	1	1	1	1	0	0	0	0
	Gate House	1	1	1	1	1	1	1	1	1	1
	Dog Park Areas	2	2	2	2	2	2	2	2	2	2

Source: City of Menlo Park

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CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY ACTIVITIES

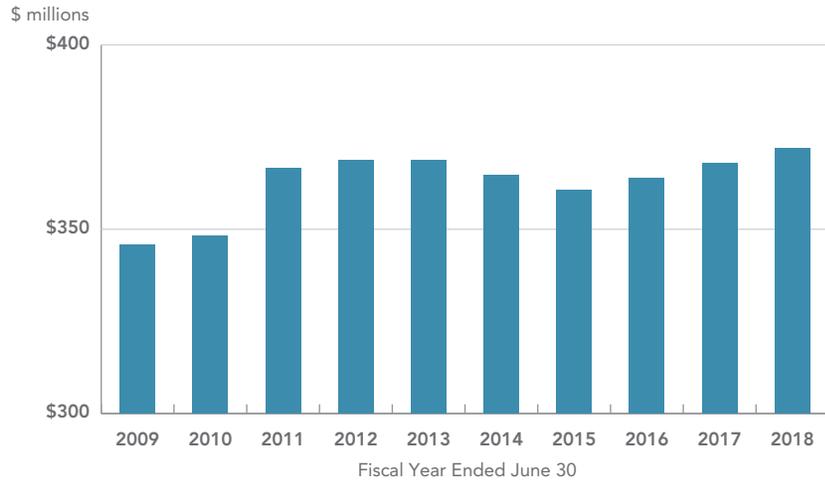
Statistical Section. S20-1

Last Ten Fiscal Years

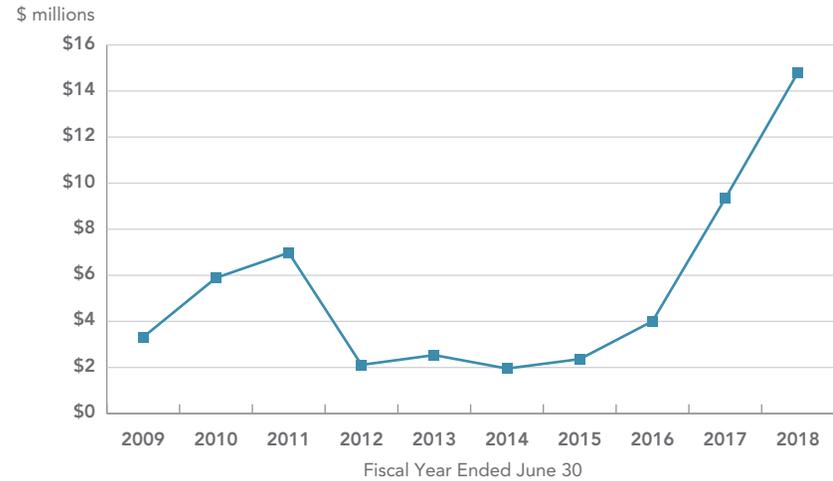
GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30	NON-DEPRECIABLE					DEPRECIABLE							COMBINED TOTAL
	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	
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
2016	199,998,884	32,921,636	-	4,007,088	236,927,608	78,908,590	2,600,000	6,978,110	17,865,240	119,176,312	(98,528,975)	126,999,277	363,926,885
2017	199,998,884	32,921,636	-	9,337,248	242,257,768	78,908,590	2,600,000	7,871,989	18,044,301	123,130,552	(104,844,782)	125,710,650	367,968,418
2018	199,998,884	32,921,636	-	14,810,224	247,730,744	81,417,014	2,600,000	8,621,375	18,324,609	124,403,700	(111,125,734)	124,240,964	371,971,708

CAPITAL ASSETS & INFRASTRUCTURE – GOVERNMENTAL ACTIVITIES



CONSTRUCTION IN PROGRESS – GOVERNMENTAL ACTIVITIES



Source: City of Menlo Park

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY ACTIVITIES

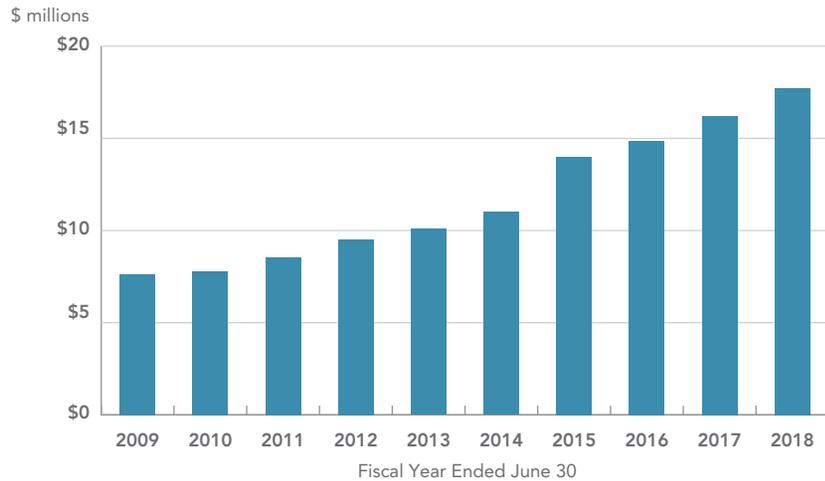
Statistical Section. S20-2

Last Ten Fiscal Years

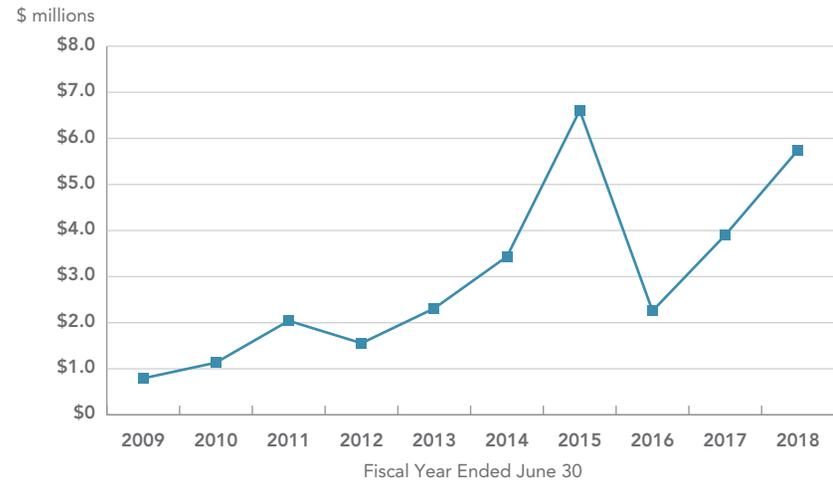
BUSINESS-TYPE ACTIVITIES

Fiscal Year Ended June 30	NON-DEPRECIABLE					DEPRECIABLE							COMBINED TOTAL
	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	
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
2016	1,066,454	-	-	2,256,956	3,323,410	7,823,985	-	525,118	-	10,111,882	(6,905,890)	11,555,095	14,878,505
2017	1,066,454	-	-	3,901,402	4,967,856	7,831,635	-	509,343	-	10,111,881	(7,208,291)	11,244,568	16,212,424
2018	1,066,454	-	-	5,747,244	6,813,698	7,831,636	-	517,996	-	10,111,881	(7,533,007)	10,928,506	17,742,204

CAPITAL ASSETS & INFRASTRUCTURE – BUSINESS-TYPE ACTIVITIES



CONSTRUCTION IN PROGRESS – BUSINESS-TYPE ACTIVITIES



Source: City of Menlo Park

WATER SOLD BY TYPE OF CUSTOMER

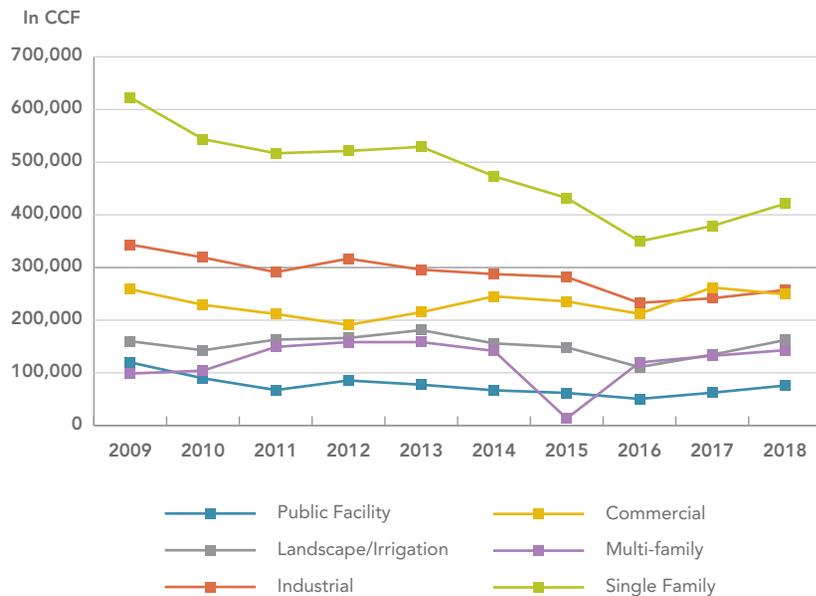
Statistical Section. S21

Last Ten Fiscal Years

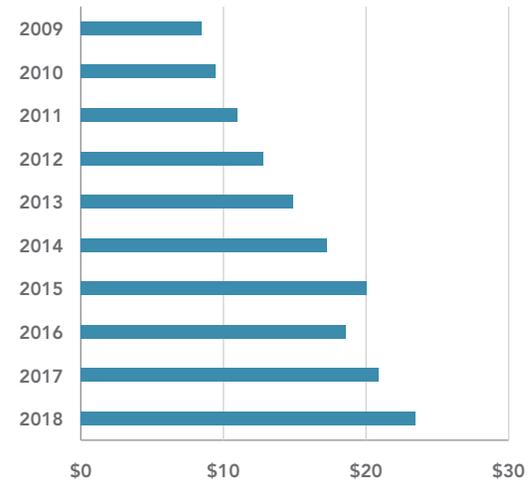
(IN CCF)

Type of Customer	FISCAL YEAR ENDED JUNE 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Single Family	623,012	543,758	516,958	521,341	529,161	473,312	432,062	349,573	378,848	421,103
Multi-family	98,672	104,032	149,228	158,342	158,386	141,634	13,487	119,843	132,285	143,084
Commercial	258,675	229,159	211,796	190,988	215,162	245,206	235,530	212,187	262,133	249,093
Industrial	343,516	319,117	291,137	316,857	295,864	287,567	282,021	232,846	241,563	257,321
Landscape/Irrigation	160,021	142,781	163,080	166,262	181,100	155,937	148,509	110,982	134,569	162,184
Public Facility	119,814	89,655	67,389	85,474	77,494	66,833	61,828	50,526	62,292	75,899
TOTAL WATER SOLD – CCF	1,603,710	1,428,502	1,399,588	1,439,264	1,457,167	1,370,489	1,173,437	1,075,957	1,211,690	1,308,684
Direct Rate ²	\$8.48	\$9.44	\$11.01	\$12.78	\$14.86	\$17.24	\$20.03	\$18.56	\$20.86	\$23.46

WATER SOLD BY TYPE OF CUSTOMERS



WATER – DIRECT RATE²



Source: California Water Service Company, City of Menlo Park

1. 1 CCF is 748 gallons

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

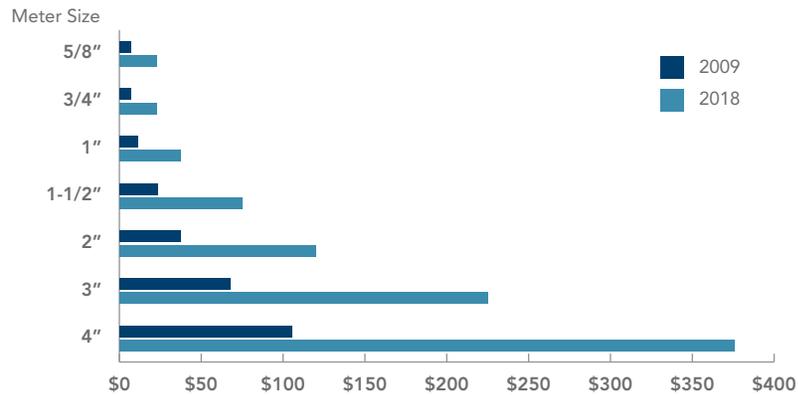
WATER SERVICE RATES

Last Ten Fiscal Years

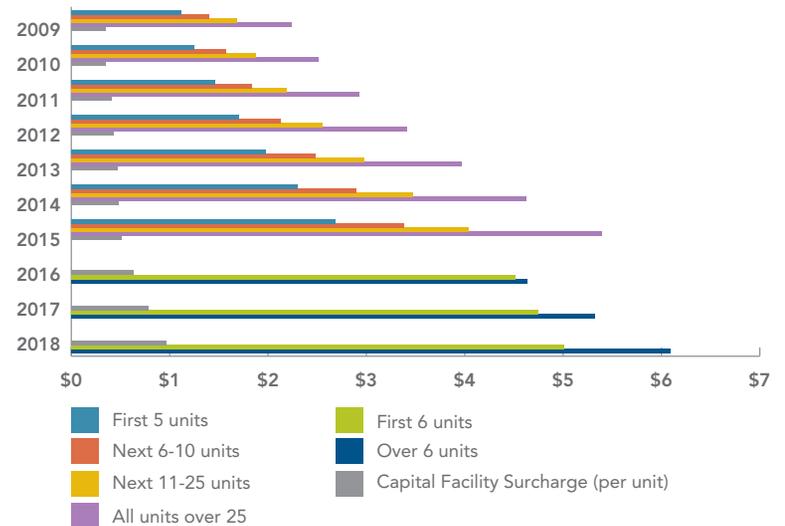
Statistical Section. S22

Monthly Base Rate by Meter Size	FISCAL YEAR ENDING JUNE 30TH									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
5/8"	7.01	7.84	9.14	10.65	12.41	14.46	16.84	17.93	20.08	22.49
3/4"	7.01	7.84	9.14	10.65	12.41	14.46	16.84	17.93	20.08	22.49
1"	11.21	12.54	14.61	17.03	19.85	23.12	26.94	29.88	33.47	37.49
1-1/2"	23.12	25.87	30.15	35.14	40.95	47.70	55.57	59.77	66.94	74.97
2"	37.13	41.55	48.42	56.43	65.77	76.62	89.26	95.63	107.10	119.95
3"	67.96	76.04	88.62	103.27	120.36	140.21	163.35	179.30	200.82	224.92
4"	105.09	117.59	137.04	159.71	186.12	216.83	252.61	299.43	335.36	375.60
6"	233.29	261.06	304.24	354.56	413.20	481.38	560.81	597.67	669.39	749.72
8"	517.73	579.34	675.16	786.83	916.98	1,068.28	1,244.54	956.27	1,071.02	1,199.54
10"	1,148.96	1,285.68	1,498.33	1,746.16	2,034.97	2,370.74	2,761.91	1,374.63	1,539.59	1,724.34
Additional charges¹										
First 5 units	1.12	1.25	1.46	1.70	1.98	2.30	2.68	-	-	-
Next 6-10 units	1.40	1.57	1.83	2.13	2.48	2.90	3.38	-	-	-
Next 11-25 units	1.68	1.88	2.19	2.55	2.98	3.47	4.04	-	-	-
All units over 25	2.24	2.51	2.93	3.41	3.97	4.63	5.39	-	-	-
First 6 units	-	-	-	-	-	-	-	4.51	4.75	5.01
Over 6 units	-	-	-	-	-	-	-	4.64	5.32	6.09
Capital Facility Surcharge (per unit)	0.35	0.35	0.41	0.43	0.47	0.48	0.51	0.63	0.78	0.97

MONTHLY BASE RATES BY WATER METER SIZE



WATER - ADDITIONAL CHARGE RATES¹



Source: City of Menlo Park, Master Fee Schedules

1. Additional charge is based on monthly meter readings, one unit is 748 gallons; Structural rate change in 2015-16. The Menlo Park Municipal Water District charges an excess-use rate above normal demand.

MISCELLANEOUS STATISTICS

June 30, 2018

Statistical Section. S23-1

Date of Incorporation	November 23, 1927
Form of Government	Council / Manager
City Council Members	5
City Commissions	10
Belle Haven Neighborhood Library, Complete Streets, Environmental Quality, Finance and Audit, Heritage Tree, Housing, Library, Parks & Recreation, Planning, Sister City and Transportation Master Plan Oversight and Outreach	
Latitude, Longitude	37.45 N, 122.18 W
Elevation	60 feet
Land Area in square miles, 2010	10.1
Sunny Days a year	265
Average Annual Rainfall	15.71"

Demographic Profile	
Population, 2010 Census Demographic Profile¹	34,357
People per square miles	3,289
Male Persons	48.2%
Female Persons	51.8%
Median age (years)	36.3
Population 5 years and over	
Percentage Speak English only	82.1%
Percentage Speak a language other than English only	17.9%
Percentage Speak a language other than English:	
Age 5 - 17	19.7%
Age 18-64	49.8%
Age 65+	30.5%
Education Attainment - Population 25 years and over	
Less than high school graduate	1.9%
High school graduate or equivalent	10.3%
Some college or associate's degree	17.5%
Bachelor's degree	34.1%
Graduate or professional degree	36.2%
Marital Status	
Never married	29.7%
Now married - except separated	63.8%
Divorced or separated	5.6%
Widowed	0.9%
Citizenship Status	
Native, 5 years and over	69.8%
Foreign-born, 5 years and over	15.1%
Naturalized U.S. citizen	10.0%
Not a U.S. citizen	5.1%
Poverty Status in the past 12 months, 2012	
Below poverty level	8.1%
At or above poverty level	91.9%

Housing Characteristics	
Total housing units	13,085
Occupied housing units	12,347
Homeownership rate	57.9%
Housing units in multi-unit structures	37.4%
Median value of owner-occupied homes	\$1,581,700
Foreign born persons	26.3%
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)	
Clubs/Organizations	13
Places of worship	22

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

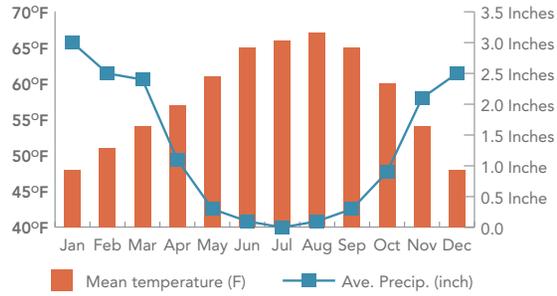
1. CA Dept of Finance estimates population at 35,268 as of January 1, 2018

MISCELLANEOUS STATISTICS

June 30, 2018

Statistical Section. S23-2

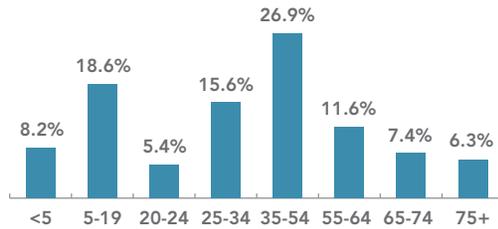
AVERAGE MONTHLY TEMPERATURES & PRECIPITATIONS



AVERAGE TEMPERATURES & PRECIPITATIONS													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Avg. High	57	61	64	68	74	76	78	78	77	72	64	57	68.8
Avg. Low	37	41	44	44	48	52	54	54	52	47	42	37	46.0
Mean temperature (degrees in Fahrenheit)	48	51	54	57	61	65	66	67	65	60	54	48	58.0
Ave. Precip. (inch)	3.0	2.5	2.4	1.1	0.3	0.1	0.0	0.1	0.3	0.9	2.1	2.5	1.3

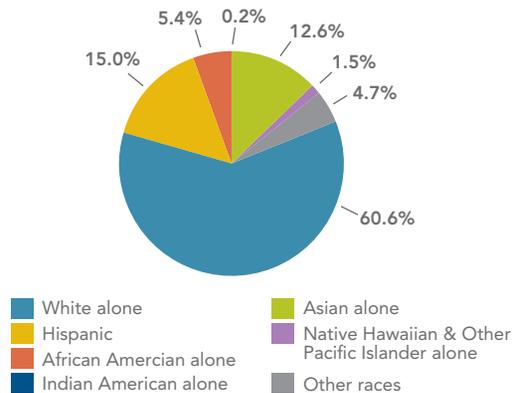
Source: Countrystudies.us/united-states/weather/california/menlo-park.htm

POPULATION BY AGE GROUP, 2017



POPULATION BY AGE GROUP, 2017									
Years old:	Under 5	5-19	20-24	25-34	35-54	55-64	65-74	75 and older	
Population by Age Group	8.2%	18.6%	5.4%	15.6%	26.9%	11.6%	7.4%	6.3%	100.0%

POPULATION BY RACE, 2017



POPULATION BY RACE, 2017								
Race	White alone	Hispanic	African American alone	Indian American alone	Asian alone	Native Hawaiian & Other Pacific Islander alone	Other races	
Percentage	60.6%	15.0%	5.4%	0.2%	12.6%	1.5%	4.7%	100.0%

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