



# CITY OF MENLO PARK, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017





# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2017**

**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, 2017**

**Table of Contents**

---

---

	<u>Page</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal .....	i
Organization Chart .....	x
Principal Officials of the City of Menlo Park, California .....	xi
Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association .....	xii
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditor's Report .....</b>	<b>1</b>
<b>Management Discussion and Analysis.....</b>	<b>5</b>
<b>Basic Financial Statements:</b>	
<b>Government - Wide Financial Statements:</b>	
Statement of Net Position.....	25
Statement of Activities and Changes in Net Position .....	26
<b>Fund Financial Statements:</b>	
<b><i>Governmental Fund Financial Statements:</i></b>	
Balance Sheet - Governmental Funds .....	32
Reconciliation of the Governmental Funds Balance Sheet to the Government -Wide Statement of Net Position.....	35
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
<b><i>Proprietary Fund Financial Statements:</i></b>	
Statement of Net Position.....	40
Statement of Revenues, Expenses and Changes in Net Position .....	41
Statement of Cash Flows .....	42
<b><i>Fiduciary Fund Financial Statements:</i></b>	
Statement of Fiduciary Net Position.....	44
Statement of Changes in Fiduciary Net Position.....	45

**City of Menlo Park**  
**For the year ended June 30, 2017**

**Table of Contents, Continued**

---

	<u>Page</u>
<b><u>FINANCIAL SECTION, CONTINUED:</u></b>	
<b>Notes to Basic Financial Statements</b> .....	47
<b>Required Supplementary Information:</b>	
Budgetary Principles.....	97
Budgetary Comparison Schedule:	
General Fund .....	98
Below Market Rate Housing Special Revenue Fund .....	99
Housing Special Revenue Fund .....	100
Transportation Impact Special Revenue Fund .....	101
Transportation Special Revenue Fund.....	102
Defined Pension Plan – Agent Multiple Employer Plan .....	103
Defined Pension Plan – Cost Sharing Plan.....	105
Other Post Employment Benefits.....	107
<b>Supplementary Information:</b>	
Major Governmental Funds Budgetary Comparison Schedule	
General Capital Improvement Projects Fund.....	113
<b><i>Non-Major Governmental Funds</i></b>	
Combining Balance Sheet.....	118
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances .....	122
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Budget and Actual:	
Highway Users Tax Special Revenue Fund .....	127
Federal Revenue Sharing Special Revenue Fund .....	128
Landscape Tree Assessment Special Revenue Fund.....	129
Sidewalk Assessment Special Revenue Fund .....	130
Landfill Post-Closure Special Revenue Fund.....	131
County Transportation Tax Special Revenue Fund .....	132
Public Library Special Revenue Fund .....	133
Literacy Grant Special Revenue Fund.....	134
Narcotic Seizure Special Revenue Fund .....	135
Downtown Parking Permits Special Revenue Fund.....	136
Storm Drainage Fees Special Revenue Fund.....	137
Solid Waste Service Special Revenue Fund.....	138
Bay Area Air Quality Management Special Revenue Fund .....	139

**City of Menlo Park**  
**For the year ended June 30, 2017**

**Table of Contents, Continued**

---

	<u>Page</u>
<b><u>FINANCIAL SECTION, CONTINUED:</u></b>	
Storm Water Management (NPDES) Special Revenue Fund.....	140
Supplemental Law Enforcement Special Revenue Fund .....	141
Construction Impact Fees Special Revenue Fund .....	142
Bedwell Bayfront Park Maintenance Special Revenue Fund.....	143
Recreation In-Lieu Special Revenue Fund.....	144
Sharon Hills Park Special Revenue Fund .....	145
Vintage Oaks Landscape Special Revenue Fund .....	146
Community Development Block Grant Special Revenue Fund.....	147
Miscellaneous Trust Special Revenue Fund.....	148
Shuttle Program Special Revenue Fund .....	149
Measure M Special Revenue Fund .....	150
Library Bond Debt Service Fund .....	151
Recreation GO Bond 2002 Debt Service Fund.....	152
Library Addition Capital Projects Fund .....	153
Measure T 2002 GO Bond Capital Projects Fund .....	154
 <i>Enterprise Funds:</i>	
Combining Statement of Net Position.....	156
Combining Statement of Revenues, Expenses and Changes in Net Position.....	157
Combining Statement of Cash Flows .....	158
 <i>Internal Service Funds:</i>	
Combining Statement of Net Position.....	160
Combining Statement of Revenues, Expenses and Changes in Net Position.....	161
Combining Statement of Cash Flows .....	162
 <i>Agency Funds:</i>	
Combining Statement of Net Position.....	164
Combining Statement of Changes in Assets and Liabilities .....	165
 <i>Private-Purpose Trust Fund – Successor Agency</i>	
Combining Statement of Net Position.....	166
Combining Statement of Changes in Assets and Liabilities .....	167

**City of Menlo Park**  
**For the year ended June 30, 2017**

**Table of Contents, Continued**

---

---

	<u>Page</u>
<b><u>STATISTICAL SECTION (UNAUDITED)</u></b>	
Net position by Component .....	170
Changes in Net Position - Last Ten Fiscal Years .....	172
Fund Balances - Governmental Funds - Last Ten Fiscal Years .....	174
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years .....	176
General Government Revenues by Source - Last Ten Fiscal Years .....	178
General Government Taxes Detail - Last Ten Fiscal Years .....	180
Assessed Valuation, Tax Rate and Tax Levies - Last Ten Fiscal Years .....	181
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years .....	182
Principal Property Taxpayers .....	183
Property Tax Levies and Collections .....	184
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years .....	185
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years .....	186
Direct and Overlapping Debt .....	187
Legal Debt Margin Information - Last Ten Fiscal Years .....	188
Demographic and Economic Statistics .....	189
Principal Employers .....	190
Full Time Equivalent City Employees by Function .....	191
Operating Indicators by Demand and Level of Service by Function/Program .....	193
Capital Asset Statistics by Function .....	195
Capital Asset and Infrastructure Statistics by Activities .....	197
Water Sold by Type of Customer - Last Ten Fiscal Years .....	199
Water Service Rates .....	200
Miscellaneous Statistics .....	201
<b><u>OTHER INFORMATION (UNAUDITED)</u></b>	
Other Schedules .....	204



---

# INTRODUCTORY SECTION

---

*This page intentionally left blank.*



December 21, 2017

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, 2017. 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, 2017, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to basic financial statements, required supplementary information and supplementary information on nonmajor funds. The statistical section, which is unaudited, includes selected financial and demographic information.

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

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

## **Background**

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

The City maintains a healthy balance of residential, commercial and industrial uses. Residential home prices are still among the highest in the area, reflecting the desirability of living in the community. 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 3.1% in 2016 to 2.9% in 2017. The Menlo Park unemployment rate is lower than that of the County at 2.3%. This compares with an unemployment rate of 4.7% for California and 4.4% for the nation during the same period. As of June 2017, there were an estimated 447,900 jobs in San Mateo County, an increase of 700 jobs from a year earlier.

The City's largest revenue sources continue to show strength. Property tax growth remains strong with the total taxable assessed valuation of real property increasing 12.48% or \$1.67 billion from 2016 to 2017. This increase in assessed valuation resulted in secured property tax revenues increasing \$1.43 million, year-over-year. The City's second largest single revenue source, hotel occupancy tax, also experienced moderate growth year-over-year. For the fiscal year ended June 30, 2017, hotel occupancy tax increased \$395,000 or 6.29% due to higher occupancy and room rates as well as new facilities opening. The increases in revenue have allowed the General Fund to maintain service levels and continue to appropriately fund infrastructure maintenance.

### **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 38.54 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 2017-18 budget and the accompanying 10-year forecast reflects receiving 50 percent of this revenue before it drops off entirely in 2019-20. This is a highly speculative assumption that simply serves to keep the uncertainty of this significant revenue squarely in our sights as we move forward.



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 is likely to result in greater unfunded pension liabilities and increased annual costs to the City. Efforts are currently underway to incorporate the estimated increased costs in the City's 10-year financial forecast. Additionally, the City will continue to explore options to establish a fund that would soften the impact of increasing CalPERS pension costs on the City's annual operating budget.

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

### **Major Initiatives**

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

In 2016-17, the **Community Development Department** adopted the 2016 General Plan Update, including the associated environmental review and the creation of three new zoning districts. The department completed work on Phase 1 of the modification

to the El Camino Real/Downtown Specific Plan as directed by the City Council. Adopted modifications to secondary dwelling unit regulations and updates to building and fire codes that enhance the safety of Menlo Park residents, business and property owners. In addition, the department authorized occupancy of residential housing projects such as Anton Menlo, Greenheart/Hamilton, Graystar/Haven and MidPen/Willow. The department continues to manage ongoing construction of major projects including: Menlo Gateway, Facebook Building 21, 1400 El Camino Real Hotel, 1010 Alma Street office building, 1285 El Camino Real mixed use project and Fire Station #6.

In 2016-17 the **Community Services Department** implemented five-year strategic plan update which was approved in the 2015-16 fiscal year. The department maintained a cost recovery level that keeps it among the highest recovery programs in the Bay Area. In addition to high cost recovery, the department approved the Community Services Department Sponsorship Policy and increased program and event sponsorship by 50%. Finally, the department has begun community engagement efforts for the Bedwell Bayfront Park Master Plan Update and has completed community engagement efforts for new projects at Jack Lyle, Nealon and Willow Oaks Parks.

The **Library Department** continued to expand their community events and activities in 2016-17, in part due to the library's hosting of the first ComicCon which appealed to a wide range of ages. The department continued the popular "Science Night at the Library" and is now hosted twice a year. Additionally, department library expanded the popular "quick pick" book and DVD collection at the Main and Belle Haven libraries. Finally, the department completed and presented to the City Council the Library Strategic Plan and Main Library Space Needs Analysis.

Over the course of 2016-17, the **Police Department** continued its tradition of innovation in service delivery and received several acknowledgments of their past and ongoing work. The department received the 2016 International Association of Chiefs of Police – Cisco Community Policing Award for departments representing populations between 20,000-50,000 worldwide. The department graduated 15 community members from the Community Police Academy, graduated four Police Officers from the College of San Mateo Police Academy, and trained staff in Resilience Immersion Training, also known as Mindfulness Training. The department hosted several community meetings regarding crime prevention, addressing crime statistics and trends, and continued community outreach efforts such as three Friday Night Lights community engagement events. The department's community engagement efforts have seen a decrease of 6% in violent crimes.

The **Public Works Department** completed several projects in 2016-17 including: site improvement inspection for the MidPen senior housing project, expansion of

community shuttle services to the Belle Haven and Sharon Heights areas, installation of new bicycle lanes on Haven Avenue and Constitution Drive , and completed the first phase of the corporation yard emergency water well. In addition, the department adopted the Urban Water Management Plan and started the Water System Master Plan process, developed the Green Infrastructure for Stormwater Work Plan, and initiated Transportation Master Plan and Impact Fee Program updates. Additionally, the department received the Tree City USA Growth Award from the Arbor Day Foundation.

## FOR THE FUTURE:

### **Financial Planning and Fiscal Policies**

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

Rating agencies recognize the City's financial strength and policies when assigning excellent ratings to Menlo Park general obligation bond issuances. The City continues to focus strategically on appropriate funding strategies for not only current operations and top-ranked priority capital improvement projects, but also to cover long-term ongoing expenses. To that end, the operating budget includes annual funding for large infrastructure projects and ongoing retiree medical benefit obligations. In addition, 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, 2017 the General Fund held a combined unrestricted fund balance of \$31.82 million or 56 percent of the 2017-18 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, 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**

*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, 2016. 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 I Jovi Oliveras, Accounting Assistant Melody Chau, Accounting Assistant Miranda Shum, 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,



Alex D. McIntyre  
City Manager



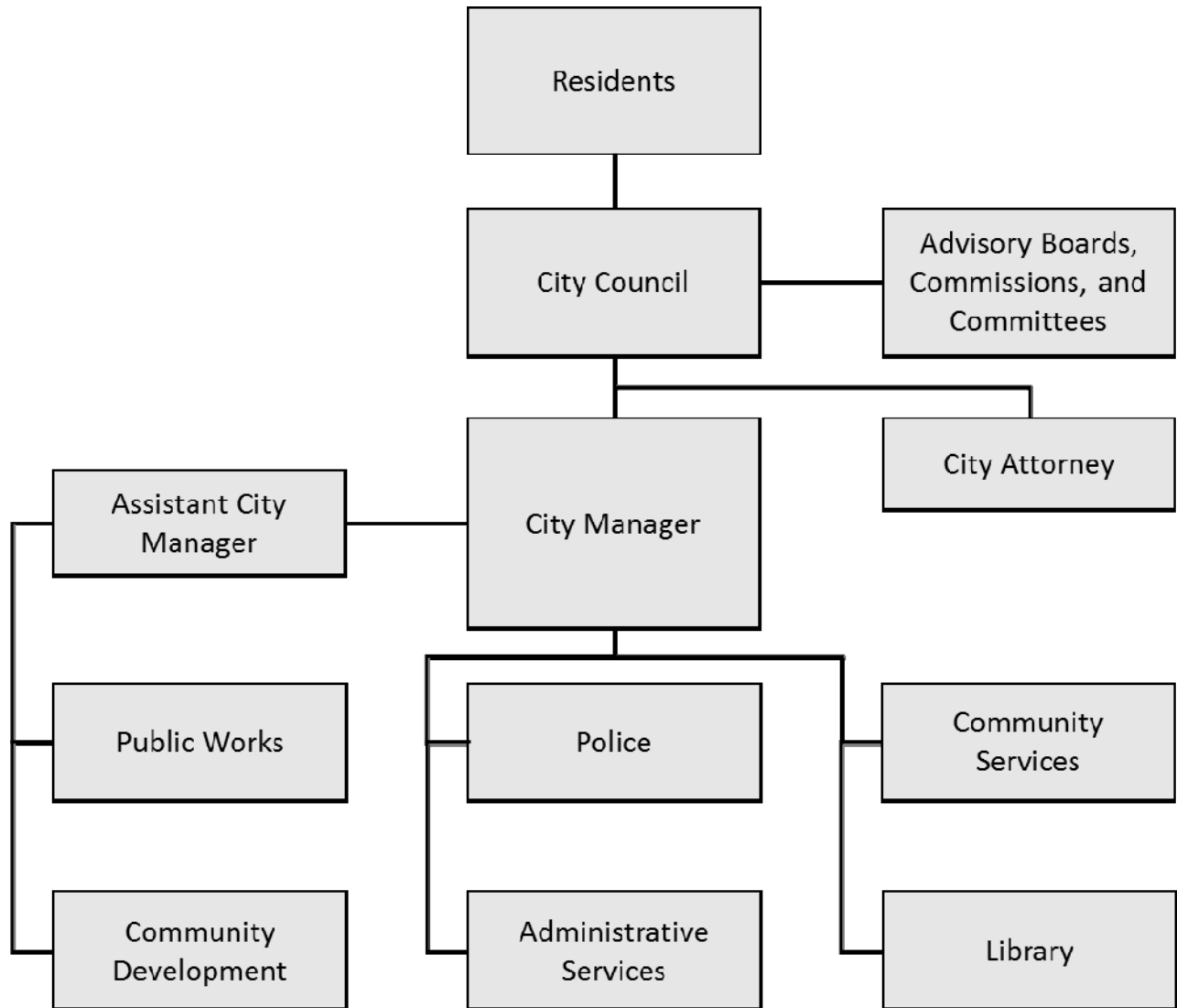
Nick Pegueros  
Administrative Services Director



CITY OF MENLO PARK, CALIFORNIA

ORGANIZATIONAL CHART

JUNE 30, 2017



**CITY OF MENLO PARK, CALIFORNIA**

**LIST OF CITY OFFICIALS**

**JUNE 30, 2017**

**CITY COUNCIL**

Kirsten Keith, **Mayor**

Peter Ohtaki, **Mayor Pro Tem**

Catherine Carlton, Councilmember

Richard Cline, Councilmember

Ray Mueller, Councilmember

**City Council Appointed**

City Manager..... Alex D. McIntyre

City Attorney..... William McClure

**Executive Management**

*Appointed by the City Manager*

Assistant City Manager ..... Charles Taylor

Assistant to the City Manager .....Clay Curtin

Administrative Services Director ..... Nick Pegueros

Community Development Director ..... Arlinda Heineck

Community Services Director ..... Cherise Brandell

Housing & Economic Development Manager ..... Jim Cogan

Library Director..... Susan Holmer

Police Chief ..... Robert Jonsen

Public Works Director ..... Justin Murphy

Acting City Clerk.....Clay Curtin



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, 2016**

*Christopher P. Morill*

Executive Director/CEO

*This page intentionally left blank.*

---

# FINANCIAL SECTION

---



*This page intentionally left blank.*



## 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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and schedules of funding progress for other post employment benefits on pages 5 to 20 and 97 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.

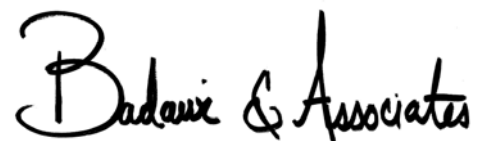
The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 113 to 167 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Badawi and Associates  
Certified Public Accountants  
Oakland, California  
December 21, 2017

*This page intentionally left blank*





## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2017

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, 2017. 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, 2017, by \$442.27 million, up 2.8% from prior year. Of this amount, \$21.86 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 \$12.08 million in fiscal year 2016-17. Net position of governmental activities increased by \$10.77 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 \$1.31 million, reflecting the year's net gain for the Menlo Park Municipal Water District.

*Long-term Debt* - The City's total bonded debt obligations, Note 6, decreased by \$0.42 million during fiscal year 2016-17 due to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment of \$0.35 million was made on the 2012 General Obligation Refunding Bonds, leaving a remaining balance for this obligation of \$7.86 million as of June 30, 2017.

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, 2017, the Successor Agency Trust Fund's outstanding debt was \$56.25 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 2016-17, the City's governmental funds reported a combined ending fund balance of \$107.55 million. This is a \$5.92 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, 2017, \$107.55 million, is classified

into five categories of fund balance (nonspendable, 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 "nonspendable", \$41.4 million is "restricted", \$39.76 million is "committed", \$23.13 is "assigned" and the remaining \$1.87 million is "unrestricted".

The City's largest and most active government fund is the General Fund which increased in fiscal year 2016-17 by \$1.50 million compared to prior year. General Fund revenues, transfers-in, and extraordinary gains totaled \$53.46 million and expenditures/transfers out totaled \$51.96 million. Of particular note is the City's continued investment in capital infrastructure in fiscal year 2016-17 a transfer of \$4.64 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 2016-17, the City's Water Fund reported an ending net position of \$27.53 million. This is a \$1.31 million increase from the prior year and is primarily the result of an 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 2016-17, the City's internal service funds reported a combined ending net position of \$1.75 million. This is a \$0.26 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 2016-17, as presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances, were up \$1.75 million over fiscal year 2015-16. This gain was driven by the General Fund, which had revenues, excluding transfers and extraordinary gains, that were up \$1.95 million. General Fund taxes reflect the largest year-over-year gain in General Fund revenues, up \$3.11 million. A year-over-year decrease was experienced in other General Fund revenue categories most notably charges for services, down \$0.48 million, due in large part to lower grant funding for childcare services and lower vehicle impound fees. In addition, intergovernmental revenue, down was \$0.26 million as the result of one-time revenue in fiscal year 2015-16 for reimbursements of State mandates and motor vehicle in-lieu fees.

Governmental fund expenditures, excluding transfers, increased approximately \$3.66 million in fiscal year 2016-17, compared to prior year. The increase was driven by higher personnel costs compared to the prior year due to increased staffing authorized as part of the fiscal year 2015-16 budget which was implemented in fiscal year 2016-17. Non-major governmental funds expenditures decreased \$3.07 million with the largest decline in the capital outlay category. It is important to note that the “Transportation Fund” was created in fiscal year 2016-17 and is shown as a major fund. Prior to fiscal year 2016-17, this funds was shown as “Non-Major Governmental Funds”.

## **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 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 the Financial Statements**

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

## Required Supplementary Information

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

City of Menlo Park's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Current Assets	\$ 107,192,772	\$ 100,087,581	\$ 13,098,336	\$ 13,012,515	\$120,291,108	\$ 113,100,096
Noncurrent Assets	16,578,155	15,532,289	-	-	16,578,155	15,532,289
Capital Assets	367,968,418	363,926,885	16,212,425	14,878,505	384,180,843	378,805,390
Total Assets	491,739,345	479,546,755	29,310,761	27,891,020	521,050,106	507,437,775
Deferred Outflows of Resources	13,939,468	4,957,779	265,560	89,363	14,205,028	5,047,142
Current Liabilities	12,617,216	11,670,754	1,111,515	950,366	13,728,731	12,621,120
Noncurrent Liabilities	76,255,378	64,319,818	910,840	737,906	77,166,218	65,057,724
Total Liabilities	88,872,594	75,990,572	2,022,355	1,688,272	90,894,949	77,678,844
Deferred Inflows of Resources	2,068,660	4,541,576	24,013	73,056	2,092,673	4,614,632
Net Investments in Capital Assets	350,046,891	345,581,545	16,212,425	14,878,505	366,259,316	360,460,050
Restricted	41,402,540	19,509,624	12,741,320	11,441,134	54,143,860	30,950,758
Unrestricted	23,288,128	38,881,217	(1,423,792)	(100,584)	21,864,336	38,780,633
Total Net Position	\$ 414,737,559	\$ 403,972,386	\$ 27,529,953	\$ 26,219,055	\$442,267,512	\$ 430,191,441

Source: Audited Fin. St. pg - 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 \$442.27 million. The largest portion of the City's net position (approximately 83 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 (12 percent) represents resources that are subject to external restrictions on how they may be utilized. The remaining balance of unrestricted net assets (5 percent) may be used to meet the government's ongoing obligation to citizens and creditors, a decrease of \$16.92 million compared to prior year due to reclassification of fund balance from unrestricted to restricted.

Total net position of the City increased \$12.08 million in the fiscal year ended June 30, 2017. This was primarily related to an increase in in the City's cash position, particularly in the governmental activities.



City of Menlo Park's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 20,963,034	\$ 26,128,239	\$ 9,487,140	\$ 7,647,125	\$ 30,450,174	\$ 33,775,364
Operating Grants and Contributions	3,918,581	1,976,101	-	-	3,918,581	1,976,101
Capital Grants and Contributions	-	2,123,799	-	-	-	2,123,799
<b>General Revenue:</b>						
Property Taxes	20,676,911	18,227,209	-	-	20,676,911	18,227,209
Sales Taxes	5,635,240	5,425,089	-	-	5,635,240	5,425,089
Transient Occupancy Taxes	6,662,631	6,268,171	-	-	6,662,631	6,268,171
Other Taxes	9,272,058	4,882,372	-	-	9,272,058	4,882,372
Investment Earnings	2,361,140	1,169,712	61,846	111,026	2,422,986	1,280,738
Gain on Sale of Assets	-	47,567	-	-	-	47,567
Miscellaneous	555,225	1,144,891	-	-	555,225	1,144,891
<b>Total Revenues</b>	<b>70,044,820</b>	<b>67,393,150</b>	<b>9,548,986</b>	<b>7,758,151</b>	<b>79,593,806</b>	<b>75,151,301</b>
<b>Expenses:</b>						
General Government	6,831,261	7,567,067	-	-	6,831,261	7,567,067
Public Safety	16,597,178	14,930,689	-	-	16,597,178	14,930,689
Public Works	16,964,601	14,469,169	-	-	16,964,601	14,469,169
Culture and Recreation	12,870,799	11,836,304	-	-	12,870,799	11,836,304
Community Development	5,440,687	4,483,136	-	-	5,440,687	4,483,136
Interest on Long-term Debt	776,182	913,633	-	-	776,182	913,633
Water Operations	-	-	8,037,027	7,323,365	8,037,027	7,323,365
<b>Total Expenses</b>	<b>59,480,708</b>	<b>54,199,997</b>	<b>8,037,027</b>	<b>7,323,365</b>	<b>67,517,735</b>	<b>61,523,363</b>
<b>Inc/Dec in Net Position before Transfers</b>	<b>10,564,112</b>	<b>13,193,153</b>	<b>1,511,959</b>	<b>434,786</b>	<b>12,076,071</b>	<b>13,627,938</b>
Extraordinary gain (loss)	-	-	-	-	-	-
Transfers	201,061	220,185	(201,061)	(220,185)	-	-
<b>Changes in Net Position</b>	<b>10,765,173</b>	<b>13,413,338</b>	<b>1,310,898</b>	<b>214,601</b>	<b>12,076,071</b>	<b>13,627,938</b>
Net Position - Beginning of the Year, as restated	403,972,386	390,559,048	26,219,055	26,004,454	430,191,441	416,563,502
Prior Period Adjustment	-	-	-	-	-	-
<b>Net Position - End of the Year</b>	<b>\$ 414,737,559</b>	<b>\$ 403,972,386</b>	<b>\$ 27,529,953</b>	<b>\$ 26,219,055</b>	<b>\$442,267,512</b>	<b>\$ 430,191,440</b>

Source: Audited Fin. St. pg – 26 & 27

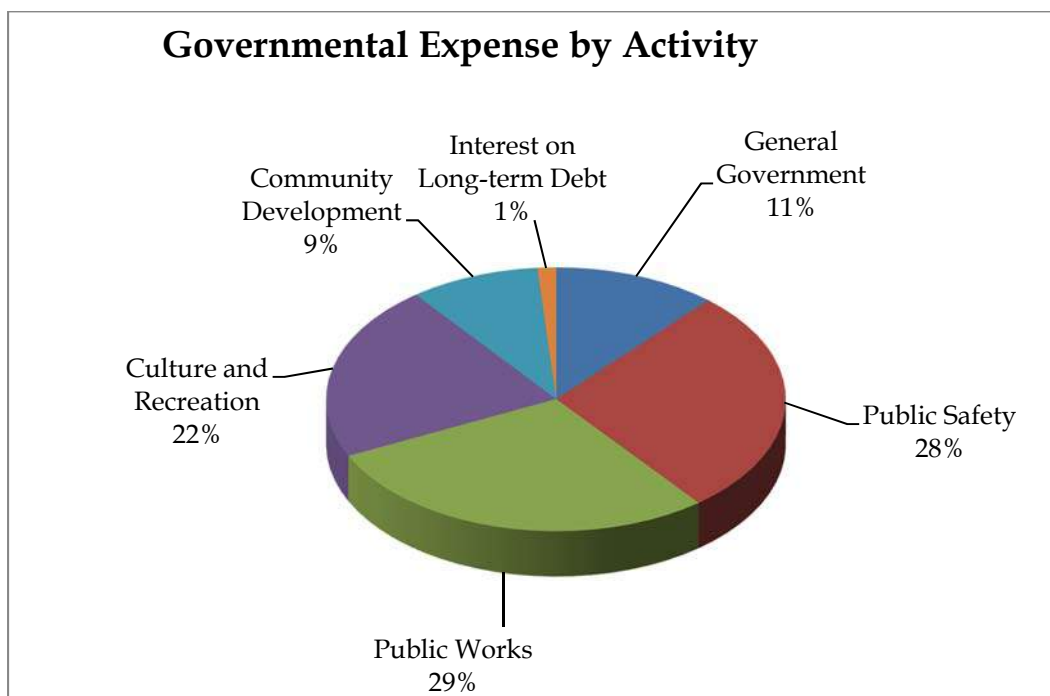
## Governmental Activities

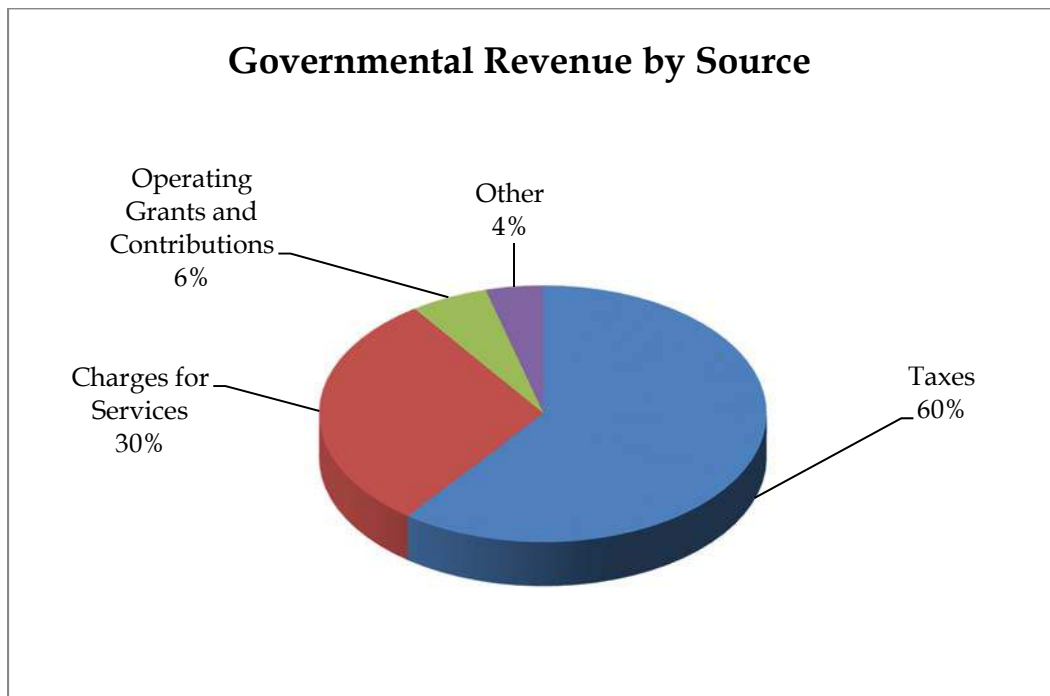
Total governmental activities increased the City of Menlo Park's net position by \$10.76 million, as revenues closed the year well above expenditures which is similar to the prior two fiscal years. Governmental Activities revenues and expenses were up in fiscal year 2016-17 over fiscal year 2015-16, with revenues increasing by \$2.65 million and expenditures increasing by \$5.28 million.

Revenues increased in fiscal year 2016-17 by \$2.65 million largely due to increases in property taxes. 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. Charges for services are \$1.70 million lower and other taxes are \$1.70 million higher as a result of the reclassification of business license revenue. Charges for services were also lower due to reclassifying long-term rentals into use of money and property.

Expenditures increased in fiscal year 2016-17 by \$5.28 million largely due to entries required to convert the fund financial statements, which are reported on a modified accrual basis, to the government-wide financial statements which are reported on a full accrual basis. In fiscal year 2016-17, depreciation expense increased by \$2.01 million compared to prior year as a result of capital asset additions. The \$2.01 million is allocated to governmental activities based on a detailed listing of all depreciable capital assets. Another factor that contributes to the significant year-over-year increase in expenditures is pension expense arising out of the unfunded pension liabilities which increased \$3.39 million in fiscal year 2016-17 when compared to prior 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 (\$59.48 million in fiscal year 2016-17). The second pie chart reflects the sources of funding available to cover the expenses of the governmental activities (\$70.05 million in fiscal year 2016-17). 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 42 percent of governmental activity expenses in fiscal year 2016-17, which is down when compared to 56 percent for fiscal year 2015-16 but partially reflects previously mentioned reclassifications.





#### *Business Type Activities*

The final net position for business-type activities in fiscal year 2016-17 was \$27.53 million. Total program revenues for business-type activities (operation of the Menlo Park Municipal Water District) were \$8.03 million, which consisted solely of charges for services related to water usage and capital surcharge fees. Total expenses for the business-type activities were \$9.49 million during fiscal year 2016-17, nearly all of which were related to water operations. Overall net position increased by \$1.31 million in 2016-17.

## **FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**

### **Major Fund Balances – Governmental Funds**

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

- Ten percent criterion. An individual fund reports at least 10 percent of any of the following:

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

There are six major funds in the Governmental Funds category, one more than prior year with the addition of the Transportation Fund. Below is a table with a comparison of the fund balance for each of these six funds, as well as the non-major funds in aggregate, at June 30, 2017 and June 30, 2016.

<b><u>Governmental Fund Balances</u></b>	<b><u>June 30, 2017</u></b>	<b><u>June 30, 2016</u></b>	<b><u>Positive (Negative) Change</u></b>
General Fund	\$ 33,218,415	\$ 31,716,256	\$ 1,502,159
Below Market Rate Housing Fund	18,652,660	16,884,108	1,768,552
Housing Fund	5,956,515	4,822,471	1,134,044
Transportation Impact Fees Fund	3,671,623	3,680,652	(9,029)
Transportation Fund (new in 2016-17)	(225,985)	-	(225,985)
General Capital Improvement Project Fund	17,751,533	19,249,500	(1,497,967)
Other Governmental Funds	28,524,387	25,275,749	3,248,638
<b>TOTAL</b>	<b><u>\$ 107,549,148</u></b>	<b><u>\$ 101,628,736</u></b>	<b><u>\$ 5,920,412</u></b>

*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 2016-17 reporting period, the fund balance of the City's General Fund was \$33.22 million, an increase of \$1.50 million from the prior year. Of the \$33.22 million General Fund fund balance as of June 30, 2017, \$1.4 million of the fund balance was categorized as "nonspendable". In addition to the nonspendable category, the City's General Fund Reserve Policy sets aside ("committed" fund balance) \$9.30 million for emergency contingencies, \$12 million to mitigate the effects of major economic uncertainties, and \$3.30 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. 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, 2017, the City's General Fund unrestricted fund balance equaled 56 percent of the fund's budgeted fiscal year 2017-18 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 2015-16 fiscal year, the fund had revenue that included \$1.82 million of BMR in-lieu fees, \$0.12 million in interest on outstanding loans and interest earnings from resources held in cash and investments. The fund had expenditures of \$0.18 million for the overall administration of the BMR program and for maintenance and rehabilitation work on various properties.

At June 30, 2017, the BMR Housing Fund balance was \$18.65 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 \$8.82 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 \$9.86 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 2017-18, 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. The City has elected to report the Housing Fund as a major fund for financial statement purposes.

As of June 30, 2017, the Housing Fund's fund balance was \$4.87 million. Similar to the BMR Housing fund as discussed above, included in the Housing Fund's fund balance are assets totaling \$4.33 million held as notes receivable reflecting loans made to individuals and non-profit affordable housing developers for the provision of affordable housing. In fiscal year 2017-18, approximately \$0.53 million is available for new projects.

#### *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 2016-17, fund expenditures were

\$7.46 million and included work on major projects such as new sidewalks, downtown streetscape improvements, and improvements to City buildings. Total fund balance decreased \$1.50 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 \$7.1 million, the fund received a larger than planned transfer from the General Fund to significantly offset the deficit between revenue and expenditures. With the \$5.60 million of transfers in from other funds, the ending fund balance as of June 30, 2017 was \$17.75 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 2015-16 fiscal year, the total fund balance of the City's 28 non-major governmental funds was \$28.53 million. This represents an increase of \$3.25 million when compared to prior fiscal year and which is discussed in more detail below.

The fund balances consist of 24 special revenue funds, 2 debt service funds, and 2 capital projects funds. Within the special revenue funds, eleven fund balances increased over the course of the fiscal year, while thirteen experienced a decrease. The largest fund balance increases were the Construction Impact Fee Fund \$2.78 million and, the Landfill Post-Closure Fund \$0.60 million. Both funds are 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 Highway Users' Tax Fund with a \$0.73 million decline, attributed to the street capital projects.

#### **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, 2017 was \$27.53 million, an increase of \$1.31 million from the prior fiscal year. Revenue from water sales increased \$1.84 million in fiscal year 2016-17 compared to prior fiscal year however expenditures also increased by \$0.76.

#### *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 \$0.59 million in fiscal year 2016-17 for the cost of anticipated vehicle replacements. As of June 30, 2017, the Fund's net position is \$1.74 million. The Workers' Compensation Insurance Fund collected charges for services in the amount of \$1.32 million. Despite the \$1.32 million inflow, expenditures exceeded revenue, investment earnings, and transfers in by \$0.14 million. The General Liability Fund' collected charges for services in the amount of \$0.79 million and expenditures in the amount of \$0.81 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 2016-17 these costs were \$0.94 million, while charges for services amounted to \$0.86 million. Overall the Fund had a net loss of \$0.72 million.

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 \$1.73 million offset by expenditures of \$1.57 million in fiscal year 2016-17. As of June 30, 2017, the fund's net position is \$0.13 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 \$1.10 million to \$1.28 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, 2017, the fund's net position

was a negative \$35.90 million, a positive improvement over the June 30, 2015 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, 2017, 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 \$17.92 million as of June 30, 2017. Of this amount, \$7.81 million is outstanding on the 2012 General Obligation Bond refunding and \$10.11 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 Bayfront Park. Although the City has established a revenue stream to fund landfill post-closure care, governmental accounting standards require the calculation and recording of the liability associated with this activity. The liability is included in the reporting of the City's long-term debt, at an estimated \$4.35 at June 30, 2017.

## **CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$366.26 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 \$10.99 million for fiscal year 2016-17. This amount is reduced by accumulated depreciation charges of \$6.44 million and net retirements of assets totaling \$0.52 million. Detailed information on the City's capital assets can be found in Note 5 of this report.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2016-17 fiscal year amended budget for the General Fund reflected an operating deficit, of \$2.54 million with revenue inclusive of transfers totaling \$50.39 million and expenditures inclusive of transfers totaling \$52.92 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 \$1.8 million from the General Fund to the General Capital Improvement Fund for additional capital improvement projects. At the end of fiscal year 2016-17, however, the revenues inclusive of transfers exceeded expenditures inclusive of transfers resulting in an operating surplus of \$1.50 million.

#### *General Fund Revenues*

The General Fund experienced year-over-year revenue growth for the fourth consecutive year. Overall, revenues, including transfers and asset sales, totaled \$53.46 million, which was a \$1.95 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 the past several fiscal years. Transient occupancy tax revenues continued to show growth as well reflecting a strong economic climate that resulted in high room rates and occupancy rates at hotels in the region. Licenses and permits were flat year-over-year.

#### *General Fund Expenditures*

Total General Fund expenditures, excluding transfers out, totaled \$47.31 million and were 17 percent higher than fiscal year 2015-16. This increase was experienced primarily in personnel costs where the augmented staffing plan for development related services and capital improvement approved as part of the 2015-16 budget was more fully implemented with new staff. Despite the ability of the City to recruit staff in 2016-17, the City has seen an uptick in vacancies and difficulty finding qualified staff to fill vacancies in 2017-2018.

## **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 39 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 fiscal year 2017-18 budget and the accompanying 10-year forecast reflects receiving 50 percent of this revenue in fiscal year 2017-2018 through fiscal year 2019-20 before it is eliminated entirely in 2020-21. This is a highly speculative assumption that simply serves to keep this uncertainty squarely in management's sights as the City move forward.

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

## **REQUESTS FOR INFORMATION**

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

---

# **BASIC FINANCIAL STATEMENTS**

---

*This page intentionally left blank.*

---

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

---

*This page intentionally left blank.*

**City of Menlo Park**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 100,696,063	\$ 12,147,841	\$ 112,843,904
Receivables:			
Accounts	2,821,815	916,068	3,737,883
Interest	509,242	33,073	542,315
Due from other governments	2,914,266	1,354	2,915,620
Deposits and prepaid items	251,386	-	251,386
Total current assets	107,192,772	13,098,336	120,291,108
Noncurrent assets:			
Notes receivable	16,082,947	-	16,082,947
Net OPEB asset	495,208	-	495,208
Capital assets			
Non-depreciable	242,257,768	4,967,856	247,225,624
Depreciable, net	125,710,650	11,244,569	136,955,219
Total capital asset	367,968,418	16,212,425	384,180,843
Total noncurrent assets	384,546,573	16,212,425	400,758,998
<b>Total assets</b>	491,739,345	29,310,761	521,050,106
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Employer pension contribution	5,458,393	106,671	5,565,064
Pension related amounts	8,481,075	158,889	8,639,964
<b>Total deferred outflow of resources</b>	13,939,468	265,560	14,205,028
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,787,641	984,315	4,771,956
Accrued payroll	550,857	15,348	566,205
Interest payable	409,596	-	409,596
Deposits	3,804,883	73,046	3,877,929
Unearned revenue	619,758	-	619,758
Claims payable due within one year	1,019,209	-	1,019,209
Compensated absences due within one year	1,722,988	38,806	1,761,794
Landfill postclosure care due within one year	262,284	-	262,284
Long-term debt due within one year	440,000	-	440,000
Total current liabilities	12,617,216	1,111,515	13,728,731
Noncurrent liabilities:			
Claims payable due in more than one year	3,129,326	-	3,129,326
Compensated absences due in more than one year	1,440,264	32,421	1,472,685
Net pension liability	50,114,253	878,419	50,992,672
Landfill postclosure care due in more than one year	4,090,008	-	4,090,008
Long-term debt due in more than one year	17,481,527	-	17,481,527
Total noncurrent liabilities	76,255,378	910,840	77,166,218
<b>Total liabilities</b>	88,872,594	2,022,355	90,894,949
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	2,068,660	24,013	2,092,673
<b>Total deferred inflows of resources</b>	2,068,660	24,013	2,092,673
<b>NET POSITION</b>			
Net investment in capital assets	350,046,891	16,212,425	366,259,316
Restricted for:			
Capital projects	6,886,511	12,741,320	19,627,831
Debt service	2,136,803	-	2,136,803
Community development	26,018,398	-	26,018,398
Special projects	6,360,828	-	6,360,828
Unrestricted	23,288,128	(1,423,792)	21,864,336
<b>Total net position</b>	\$ 414,737,559	\$ 27,529,953	\$ 442,267,512

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, 2017**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 6,831,261	\$ 60,298	\$ -	\$ -	\$ 60,298
Public safety	16,597,178	1,813,050	137,211	-	1,950,261
Public works	16,964,601	6,414,741	2,747,349	-	9,162,090
Culture and recreation	12,870,799	4,383,149	1,034,021	-	5,417,170
Community development	5,440,687	8,291,796	-	-	8,291,796
Interest on long-term debt	776,182	-	-	-	-
<b>Total governmental activities</b>	<b>59,480,708</b>	<b>20,963,034</b>	<b>3,918,581</b>	<b>-</b>	<b>24,881,615</b>
Business-type activities:					
Water	8,037,027	9,487,140	-	-	9,487,140
<b>Total business-type activities</b>	<b>8,037,027</b>	<b>9,487,140</b>	<b>-</b>	<b>-</b>	<b>9,487,140</b>
<b>Total primary government</b>	<b>\$ 67,517,735</b>	<b>\$ 30,450,174</b>	<b>\$ 3,918,581</b>	<b>\$ -</b>	<b>\$ 34,368,755</b>

**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**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.



Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (6,770,963)	\$ -	\$ (6,770,963)
(14,646,917)	-	(14,646,917)
(7,802,511)	-	(7,802,511)
(7,453,629)	-	(7,453,629)
2,851,109	-	2,851,109
(776,182)	-	(776,182)
<u>(34,599,093)</u>	<u>-</u>	<u>(34,599,093)</u>
<u>-</u>	<u>1,450,113</u>	<u>1,450,113</u>
<u>-</u>	<u>1,450,113</u>	<u>1,450,113</u>
<u>(34,599,093)</u>	<u>1,450,113</u>	<u>(33,148,980)</u>
20,676,911	-	20,676,911
5,635,240	-	5,635,240
6,662,631	-	6,662,631
2,001,107	-	2,001,107
7,270,951	-	7,270,951
42,246,840	-	42,246,840
2,361,140	61,846	2,422,986
-	-	-
555,225	-	555,225
201,061	(201,061)	-
<u>45,364,266</u>	<u>(139,215)</u>	<u>45,225,051</u>
10,765,173	1,310,898	12,076,071
403,972,386	26,219,055	430,191,441
<u>\$ 414,737,559</u>	<u>\$ 27,529,953</u>	<u>\$ 442,267,512</u>

*This page intentionally left blank.*

---

# FUND FINANCIAL STATEMENTS

---

*This page intentionally left blank.*

---

# GOVERNMENTAL FUND FINANCIAL STATEMENTS

---

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

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

*Housing Special Revenue Fund* - 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 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.

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

*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, 2017**

	Major Funds			
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	Transportation Impact Fees Fund
<b>ASSETS</b>				
Cash and investments	\$ 32,035,285	\$ 9,859,277	\$ 530,473	\$ 5,407,810
Receivables:				
Accounts	2,707,322	-	-	-
Interest	172,993	26,995	206,802	19,365
Notes	1,339,847	8,796,991	5,426,100	-
Due from other governments	937,173	-	-	83,418
Deposits and prepaid items	55,832	-	-	-
Due from other funds	1,069,543	-	-	-
<b>Total assets</b>	<b>\$ 38,317,995</b>	<b>\$ 18,683,263</b>	<b>\$ 6,163,375</b>	<b>\$ 5,510,593</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,185,061	\$ 29,344	\$ 58	\$ 244,116
Accrued payroll and related liabilities	496,584	1,259	-	1,633
Due to other funds	-	-	-	-
Deposits	2,250,080	-	-	1,509,803
Unearned revenue	619,758	-	-	-
<b>Total liabilities</b>	<b>4,551,483</b>	<b>30,603</b>	<b>58</b>	<b>1,755,552</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	548,097	-	206,802	83,418
<b>Total deferred inflows of resources</b>	<b>548,097</b>	<b>-</b>	<b>206,802</b>	<b>83,418</b>
<b>Fund Balances:</b>				
Nonspendable	1,395,679	-	-	-
Restricted	-	18,652,660	5,956,515	3,671,623
Committed	24,600,000	-	-	-
Assigned	4,940,127	-	-	-
Unassigned	2,282,609	-	-	-
<b>Total fund balances</b>	<b>33,218,415</b>	<b>18,652,660</b>	<b>5,956,515</b>	<b>3,671,623</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 38,317,995</b>	<b>\$ 18,683,263</b>	<b>\$ 6,163,375</b>	<b>\$ 5,510,593</b>

See accompanying Notes to Basic Financial Statements.

Major Funds			
Transportation Fund	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 184,022	\$ 19,281,635	\$ 28,149,013	\$ 95,447,515
-	10,148	95,204	2,812,674
-	-	68,587	494,742
-	-	520,009	16,082,947
1,195,239	-	698,436	2,914,266
-	-	3,077	58,909
-	-	98,642	1,168,185
<u>\$ 1,379,261</u>	<u>\$ 19,291,783</u>	<u>\$ 29,632,968</u>	<u>\$ 118,979,238</u>
\$ -	\$ 1,521,122	\$ 533,471	\$ 3,513,172
-	19,128	16,681	535,285
410,007	-	421,309	831,316
-	-	45,000	3,804,883
-	-	-	619,758
<u>410,007</u>	<u>1,540,250</u>	<u>1,016,461</u>	<u>9,304,414</u>
<u>1,195,239</u>	<u>-</u>	<u>92,120</u>	<u>2,125,676</u>
<u>1,195,239</u>	<u>-</u>	<u>92,120</u>	<u>2,125,676</u>
-	-	-	1,395,679
-	-	13,121,742	41,402,540
-	-	15,157,048	39,757,048
-	17,751,533	434,489	23,126,149
(225,985)	-	(188,892)	1,867,732
<u>(225,985)</u>	<u>17,751,533</u>	<u>28,524,387</u>	<u>107,549,148</u>
<u>\$ 1,379,261</u>	<u>\$ 19,291,783</u>	<u>\$ 29,632,968</u>	<u>\$ 118,979,238</u>



*This page intentionally left blank.*

**City of Menlo Park**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2017**

---



---

<b>Total Fund Balances - Total Governmental Funds</b>	\$	107,549,148
---	----	-------------

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		242,257,768
Depreciable (net of internal service fund capital assets of \$3,804,425)		226,751,007
Accumulated depreciation/amortization (net of internal service fund of \$2,633,911)		(102,210,871)

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.		(409,596)
--	--	-----------

Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds		495,208
--	--	---------

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.		5,458,393
---	--	-----------

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension are deferred and amortized over a period of time, however in the governmental funds these transactions are not recorded.		6,412,415
--	--	-----------

Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financials Statements.		(4,352,292)
--	--	-------------

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.		2,125,676
---	--	-----------

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		(1,664,688)
Long-term debt		(440,000)
Long-term liabilities - due in more than one year:		
Compensated absences payable		(1,391,531)
Net pension liability		(50,114,253)
Long-term debt		(17,481,527)

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

		1,752,702
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>414,737,559</b>

---



---

See accompanying Notes to Basic Financial Statements.

**City of Menlo Park**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2017**

	Major Funds			
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	Transportation Impact Fees Fund
<b>REVENUES:</b>				
Taxes:				
Secured property taxes	\$ 19,676,899	\$ -	\$ -	\$ -
Unsecured property taxes	301,908	-	-	-
Other property taxes	698,101	-	-	-
Sales taxes	5,635,240	-	-	-
Other taxes	9,917,410	-	-	-
Special assessments	-	-	-	-
Licenses and permits	5,844,909	-	-	-
Fines and forfeitures	1,110,891	-	-	-
Use of money and property	914,089	125,374	70,603	25,884
Intergovernmental	946,785	-	-	1,803
Charges for services	7,871,435	1,824,526	-	1,565,803
Other	71,799	-	-	-
<b>Total revenues</b>	<b>52,989,466</b>	<b>1,949,900</b>	<b>70,603</b>	<b>1,593,490</b>
<b>EXPENDITURES:</b>				
Current:				
General government	6,692,639	84,348	-	-
Public safety	16,791,931	-	-	-
Public works	8,669,764	-	-	-
Culture and recreation	10,479,885	-	-	-
Community development	4,571,315	10,807	-	-
Urban development and housing	2,732	86,193	16,771	-
Capital outlay	105,692	-	11,215	385,171
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>47,313,958</b>	<b>181,348</b>	<b>27,986</b>	<b>385,171</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,675,508</b>	<b>1,768,552</b>	<b>42,617</b>	<b>1,208,319</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	468,169	-	-	-
Transfers out	(4,643,052)	-	-	(1,217,348)
Proceeds from sale of assets	1,534	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,173,349)</b>	<b>-</b>	<b>-</b>	<b>(1,217,348)</b>
<b>Net change in fund balances</b>	<b>1,502,159</b>	<b>1,768,552</b>	<b>42,617</b>	<b>(9,029)</b>
<b>FUND BALANCES:</b>				
Beginning of year, as restated	31,716,256	16,884,108	5,913,898	3,680,652
End of year	\$ 33,218,415	\$ 18,652,660	\$ 5,956,515	\$ 3,671,623

See accompanying Notes to Basic Financial Statements.

Major Funds			
Transportation Fund	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 19,676,899
-	-	-	301,908
-	-	-	698,101
-	-	-	5,635,240
-	86,660	1,568,017	11,572,087
-	-	2,676,947	2,676,947
-	-	415,119	6,260,028
-	-	-	1,110,891
-	-	134,007	1,269,957
696,679	90,000	814,370	2,549,637
1,036	186,185	4,674,248	16,123,233
-	-	491,120	562,919
<u>697,715</u>	<u>362,845</u>	<u>10,773,828</u>	<u>68,437,847</u>
-	-	205,303	6,982,290
-	-	34,335	16,826,266
2,141,048	-	3,267,754	14,078,566
-	-	215,971	10,695,856
-	-	609,421	5,191,543
-	-	-	105,696
-	7,462,248	759,741	8,724,067
-	-	425,000	425,000
-	-	782,173	782,173
<u>2,141,048</u>	<u>7,462,248</u>	<u>6,299,698</u>	<u>63,811,457</u>
<u>(1,443,333)</u>	<u>(7,099,403)</u>	<u>4,474,130</u>	<u>4,626,390</u>
1,217,348	5,601,436	372,579	7,659,532
-	-	(1,598,071)	(7,458,471)
-	-	-	1,534
<u>1,217,348</u>	<u>5,601,436</u>	<u>(1,225,492)</u>	<u>202,595</u>
(225,985)	(1,497,967)	3,248,638	4,828,985
	19,249,500	25,275,749	102,720,163
<u>\$ (225,985)</u>	<u>\$ 17,751,533</u>	<u>\$ 28,524,387</u>	<u>\$ 107,549,148</u>

# City of Menlo Park

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the year ended June 30, 2017

---

Net Change in Fund Balances - Total Governmental Funds	\$	4,828,985
--	----	-----------

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 \$(399,869) .		10,599,886
--	--	------------

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 \$273,334 recorded in the internal service funds.		(6,167,925)
--	--	-------------

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.		(516,963)
--	--	-----------

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.		1,573,640
---	--	-----------

Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.		5,458,393
---	--	-----------

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.		(5,900,447)
--	--	-------------

Expenses to accrue for long-term compensated absences and OPEB liability (asset) is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, these expenses are not reported in the Governmental Funds.		
--	--	--

Change in compensated absences		(414,518)
Net change in OPEB asset		408,220

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		425,000
---------------------------	--	---------

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.		203,450
--	--	---------

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.		7,178
--	--	-------

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.		261,461
--	--	---------

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>10,765,173</b>
--	-----------	-------------------

---

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, 2017**

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 12,147,841	\$ 5,248,548
Receivables:		
Accounts	916,068	9,141
Interest	33,073	14,500
Due from other governments	1,354	-
Deposits and prepaid expenses	-	192,477
Total current assets	<u>13,098,336</u>	<u>5,464,666</u>
Capital assets:		
Non-depreciable	4,967,856	-
Depreciable, net	11,244,569	1,170,514
Total capital assets	<u>16,212,425</u>	<u>1,170,514</u>
<b>Total assets</b>	<u>29,310,761</u>	<u>6,635,180</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Employer pension contribution	106,671	-
Pension related amounts	158,889	-
<b>Total deferred outflow of resources</b>	<u>265,560</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	984,315	274,469
Accrued payroll	15,348	15,572
Deposits	73,046	-
Due to other funds	-	336,869
Claims payable, due within one year	-	1,019,209
Compensated absences, due within one year	38,806	58,300
Total current liabilities	<u>1,111,515</u>	<u>1,704,419</u>
Noncurrent liabilities:		
Claims payable, due in more than one year	-	3,129,326
Net pension liability	878,419	-
Compensated absences, due in more than one year	32,421	48,733
Total noncurrent liabilities	<u>910,840</u>	<u>3,178,059</u>
<b>Total liabilities</b>	<u>2,022,355</u>	<u>4,882,478</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Pension related amounts	24,013	-
Total deferred outflow of resources	<u>24,013</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,212,425	1,170,514
Restricted for:		
Capital projects	12,741,320	-
Unrestricted	(1,423,792)	582,188
<b>Total net position</b>	<u>\$ 27,529,953</u>	<u>\$ 1,752,702</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, 2017**

	Major Enterprise Fund	Governmental Activities
	Water Fund	Internal Service Funds
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 9,487,140	\$ 5,298,116
<b>Total operating revenues</b>	<b>9,487,140</b>	<b>5,298,116</b>
<b>OPERATING EXPENSES:</b>		
Cost of sales and services	7,125,659	-
Personnel services	-	1,518,250
General and administrative	587,742	1,195,497
Insurance	-	2,081,373
Depreciation	323,626	273,334
<b>Total operating expenses</b>	<b>8,037,027</b>	<b>5,068,454</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,450,113</b>	<b>229,662</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	61,846	22,658
Gain/(loss) on sale of equipment	-	9,141
<b>Total nonoperating revenues</b>	<b>61,846</b>	<b>31,799</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>1,511,959</b>	<b>261,461</b>
<b>TRANSFERS:</b>		
Transfers out	(201,061)	-
<b>Total transfers</b>	<b>(201,061)</b>	<b>-</b>
<b>Net income (loss)</b>	<b>1,310,898</b>	<b>261,461</b>
<b>NET POSITION:</b>		
Beginning of year	26,219,055	1,491,241
End of year	\$ 27,529,953	\$ 1,752,702

See accompanying Notes to Basic Financial Statements.



**City of Menlo Park**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2017**

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers/ other funds	\$ 9,488,562	\$ 5,297,389
Cash payment to suppliers	(6,939,997)	(2,921,878)
Cash payments for general and administrative	(707,107)	-
Cash paid to employees	-	(1,473,838)
<b>Net cash provided (used) by operating activities</b>	<b>1,841,458</b>	<b>901,673</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers to other funds	(201,061)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(201,061)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(1,657,546)	(399,869)
Proceeds from disposal of capital assets	-	9,141
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,657,546)</b>	<b>(390,728)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	55,887	18,746
<b>Net cash provided (used) by investing activities</b>	<b>55,887</b>	<b>18,746</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>38,738</b>	<b>529,691</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	12,109,103	4,718,857
End of year	<u>\$ 12,147,841</u>	<u>\$ 5,248,548</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 1,450,113	\$ 229,662
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	323,626	273,334
Changes in current assets and liabilities:		
Accounts receivable	(41,124)	(727)
Deferred outflow of resources	(176,197)	-
Prepaid expenses	-	10,622
Accounts payable	185,662	(140,882)
Accrued payroll	(16,689)	(17,133)
Insurance claim payable	-	485,252
Compensated absences	(92,492)	61,545
Deferred inflow of resources	(49,043)	-
Net pension liability	215,056	-
Deposits	42,546	-
Total adjustments	391,345	672,011
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,841,458</b>	<b>\$ 901,673</b>

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, 2017**

	<u>Total Successor Agency Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments:		
Held with City	\$ 9,080,285	\$ 922,842
Prepays	-	340,619
Accounts receivable	-	15,589
<b>Total assets</b>	<u>9,080,285</u>	<u>\$ 1,279,050</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss of refunding	<u>11,954,769</u>	
	<u>11,954,769</u>	
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable	3,850	\$ 205,873
Due to the City	-	151,335
Interest payable	573,238	-
Deposits	108,891	921,842
Long-term debt:		
Due within one year	3,140,000	-
Due in more than one year	<u>53,113,300</u>	<u>-</u>
<b>Total liabilities</b>	<u>56,939,279</u>	<u>\$ 1,279,050</u>
<b>NET POSITION</b>		
Held in trust for private purpose	<u>(35,904,225)</u>	
<b>Total net position</b>	<u>\$ (35,904,225)</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, 2017**

	Total Successor Agency Funds
<b>Additions:</b>	
Property taxes	\$ 5,464,800
<b>Total additions</b>	<b>5,464,800</b>
<b>Deductions:</b>	
Interest and fiscal agency expenses of former redevelopment agency	2,663,452
<b>Total deductions</b>	<b>2,663,452</b>
<b>Change in net position</b>	<b>2,801,348</b>
Net position - beginning of the year	(38,705,573)
Net position - end of the year	<b>\$ (35,904,225)</b>

See accompanying Notes to Basic Financial Statements.

*This page intentionally left blank.*

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**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, 2017, 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, 2017**

---

**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, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

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

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

***Housing Special Revenue Fund*** - 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 activities are current revenues and expenditures resulting from servicing of these loans.

***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.

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

***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.



**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

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.

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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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

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

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Capital Assets, continued***

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

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

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

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

***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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*F. Net Position and Fund Equity, continued*

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:

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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*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.

*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, 2017.

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 1
Collection	December 10 and April 10

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***I. Property Taxes, continued***

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.

***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. 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.”

***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. New Pronouncements***

For the fiscal year ending June 30, 2017, the City has implemented the following Governmental Accounts Standards Board (GASB) Statement:

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*M. New Pronouncements, continued*

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*– The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement were not applicable to the City.
- GASB Statement No. 77, *Tax Abatement Disclosure*– This Statement addresses the financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*– The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement were not applicable to the City.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* - The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this statement were not applicable to the City.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**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.

**A. Summary of Cash and Investments**

The following is a summary of pooled cash and investments at June 30, 2017:

	Government-Wide Statement of Net Position			Fund Financials	Total
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statement of Net Position*	
Cash and Investments	\$ 100,696,063	\$ 12,147,841	\$ 112,843,904	\$ 9,851,793	\$ 122,695,697

\*Cash and investments amount of \$9,851,793 under fiduciary funds is net of negative balance of \$151,335 under payroll revolving agency fund.

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 17,441
Deposits with financial institution	1,869,811
<b>Total cash on hand and deposits</b>	<b>1,887,252</b>
Local Agency Investment funds	59,733,555
Securities of U.S. Government	42,819,290
Corporate Bonds	18,255,600
<b>Total investments</b>	<b>120,808,445</b>
<b>Total cash and investments</b>	<b>\$ 122,695,697</b>

As of June 30, 2017, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Securities of U.S. Government						
Government bonds	\$ 11,465,641	\$ 5,990,036	\$ 1,493,145	\$ 3,982,460	\$ -	\$ -
Government Agencies	31,353,649	14,477,495	8,451,491	8,424,663	-	-
Local Agency Investments Funds	59,733,555	59,733,555	-	-	-	-
Corporate bonds	18,255,600	7,719,595	2,478,013	6,480,143	1,577,849	-
<b>Total</b>	<b>\$ 120,808,445</b>	<b>\$ 87,920,681</b>	<b>\$ 12,422,649</b>	<b>\$ 18,887,266</b>	<b>\$ 1,577,849</b>	<b>\$ -</b>



**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**2. CASH AND INVESTMENTS, continued**

**B. Deposits**

At June 30, 2017, the carrying amount of the City's deposits was \$1,869,811 and the bank balances were \$1,924,152. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

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, 2017 from the fiscal year ended June 30, 2016, amounted to a decrease of \$229,613.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**2. CASH AND INVESTMENTS, Continued**

*C. Authorized Investments, continued*

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.

*External Investment Pool*

The City's investments with LAIF at June 30, 2017, 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, 2017, the City had \$59,796,900 invested in LAIF, which had invested 2.89% 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, 2017, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2016, the City's investment in LAIF at fair value amounted to \$59,733,555 using a LAIF fair value factor of 0.998940671.

*Successor Agency Pooled Cash and Investments*

Cash and investments consisted of \$9,080,285 at June 30, 2017. 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, 2017, the City's pooled cash and investments had the following maturities:

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**2. CASH AND INVESTMENTS, Continued**

*D. Risks Disclosures, Continued*

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	73%
One to two years	10%
Two to three years	16%
Three to four years	1%

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

<u>Issuer</u>	<u>Type</u>	Rating	
		Standard & Poor's	Moody's
FNMA	U.S Instrumentality	AA+	Aaa
FHLMC	U.S Instrumentality	AA+	Aaa
U.S. Treasury	T-Note	AA+	Aaa
Berkshire Hathaway	Corporate Bond	AA	Aa2
FHLB	U.S Instrumentality	AA+	Aaa
Pfizer Inc	Corporate Bond	AA	A1
Wells Fargo	Corporate Bond	A	A2
Apple Inc.	Corporate Bond	AA+	Aa1
FFCB	U.S Instrumentality	AA+	Aaa
Toyota Motor Credit	Corporate Bond	AA-	Aa3
Microsoft	Corporate Bond	AAA	Aaa
PepsiCo Inc	Corporate Bond	A+	A1
Chevron Corp	Corporate Bond	AA-	Aa2
Wal-Mart Stores Inc	Corporate Bond	AA	Aa2
Cisco System Inc	Corporate Bond	AA-	A1
JPMorgan Chase & Co	Corporate Bond	A-	A3
Coca-Cola Co/The	Corporate Bond	AA-	Aa3
PNC Bank NA	Corporate Bond	A	A2

*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, 2017**

**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, 2017 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
Investment subject to levels				
Government bonds	\$ 11,465,641	\$ 11,465,641	\$ -	\$ -
Government agencies	31,353,649	-	31,353,649	-
Corporate bonds	18,255,600	-	18,255,600	-
Total investment subject to levels	<u>61,074,890</u>	<u>11,465,641</u>	<u>49,609,249</u>	<u>-</u>
Investment not subject to levels				
Local agency investment fund	59,733,555	-	-	-
Total investments	<u>\$ 120,808,445</u>	<u>\$ 11,465,641</u>	<u>\$ 49,609,249</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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**3. RECEIVABLES**

*A. Accounts Receivable*

As of June 30, 2017, summary of accounts receivable is as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable	\$ 2,821,815	\$ 916,068
Due from other governments	2,914,266	1,354
<b>Total receivables</b>	<b>\$ 5,736,081</b>	<b>\$ 917,422</b>

As of June 30, 2017, accounts receivable consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes:			
Occupancy taxes	\$ 1,875,381	\$ -	\$ 1,875,381
Utility taxes	158,264	-	158,264
<b>Total taxes</b>	<b>2,033,645</b>	<b>-</b>	<b>2,033,645</b>
Franchise Fees	7,560	-	7,560
Rental Income	6,955	-	6,955
General Government	33,745	-	33,745
Police	10,675	-	10,675
Public Works	289,661	-	289,661
Water service fees	-	916,069	916,069
Community Development	429,639	-	429,639
Recreation Programs	9,935	-	9,935
<b>Total accounts receivable</b>	<b>\$ 2,821,815</b>	<b>\$ 916,069</b>	<b>\$ 3,737,884</b>

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**3. RECEIVABLES, Continued**

*B. Notes Receivable*

As of June 30, 2017, notes receivable consisted of the following:

	<u>Notes Receivable</u>
Major Funds:	
General Fund	\$ 1,339,847
Below Market Rate Housing	8,796,991
Housing Fund	<u>5,426,100</u>
Total Major Funds	15,562,938
Other Governmental Funds	
Community Development Block Grant	481,482
Federal Revenue Sharing Fund	<u>38,527</u>
Total Non-Major funds	<u>520,009</u>
<b>Total notes receivable</b>	<u><u>\$ 16,082,947</u></u>

City Manager Housing

As part of the employment agreement with the City Manager, effective March 2012, the City Council has authorized a loan evidenced by a note totaling \$990,000 in order to assist in the purchase of residential real estate property. The note is secured by a deed of trust on the property. The note bears an interest rate of 3.5% per annum, or, at the option of the City Manager, he may pay 2% per annum interest only, and 1.5% per annum would be deferred until the ultimate sale of the property or payment of the loan. The note is due and payable within 24 months of termination of employment or within 12 months if he no longer resides in the property. Effective January 1, 2014, City Council reduced the interest rate payable to 3% per annum and authorized an additional loan of up to \$360,000 for remodeling/renovation of his home with an interest rate of 2.5%. The outstanding balance of the notes at June 30, 2017, was \$1,339,847.

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, 2017, were \$481,482.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**3. RECEIVABLES, Continued**

*B. Notes Receivable, Continued*

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, 2017, was \$6,500.

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, 2017, was \$306,016.

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, 2017, the total outstanding loan was \$5,113,584 with accrued interest thereon for \$206,802.

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, 2017, were \$8,796,991.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**3. RECEIVABLES, Continued**

*B. Notes Receivable*

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, 2017, were \$38,527.

**4. CAPITAL ASSETS**

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

	Balance June 30, 2016 (Restated)	Additions	Retirements	Reclassifications	Balance June 30, 2017
<b>Governmental Activities:</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 199,998,884	\$ -	\$ -	\$ -	\$ 199,998,884
Land improvements	32,921,636	-	-	-	32,921,636
Construction in progress	4,007,088	6,648,769	(516,963)	(801,646)	9,337,248
Total capital assets, not being depreciated	<u>236,927,608</u>	<u>6,648,769</u>	<u>(516,963)</u>	<u>(801,646)</u>	<u>242,257,768</u>
Capital assets, being depreciated/amortized:					
Buildings	78,908,590	-	-	-	78,908,590
Shared use facilities	2,600,000	-	-	-	2,600,000
Equipment	6,978,110	861,548	(125,452)	157,783	7,871,989
Other improvements	17,865,240	179,061	-	-	18,044,301
Infrastructure	119,176,312	3,310,377	-	643,863	123,130,552
Total capital assets, being depreciated/amortized	<u>225,528,252</u>	<u>4,350,986</u>	<u>(125,452)</u>	<u>801,646</u>	<u>230,555,432</u>
<i>Less accumulated depreciation/amortization for:</i>					
Buildings	(21,487,708)	(1,681,916)	-	-	(23,169,624)
Shared use facilities	(676,000)	(104,000)	-	-	(780,000)
Equipment	(5,124,901)	(476,140)	125,452	-	(5,475,589)
Other improvements	(7,843,258)	(865,053)	-	-	(8,708,311)
Infrastructure	(63,397,108)	(3,314,150)	-	-	(66,711,258)
Total accumulated depreciation	<u>(98,528,975)</u>	<u>(6,441,259)</u>	<u>125,452</u>	<u>-</u>	<u>(104,844,782)</u>
Total capital assets, being depreciated/amortized, net	<u>126,999,277</u>	<u>(2,090,273)</u>	<u>-</u>	<u>801,646</u>	<u>125,710,650</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 363,926,885</u>	<u>\$ 4,558,496</u>	<u>\$ (516,963)</u>	<u>\$ -</u>	<u>\$ 367,968,418</u>



**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**4. CAPITAL ASSETS, Continued**

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

General government	\$ 688,077
Public safety	43,174
Public works	3,633,772
Culture and recreation	2,076,236
<b>Total depreciation expense - governmental departments</b>	<b>\$ 6,441,259</b>

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

	Balance June 30, 2016	Additions	Retirements	Reclassification	Balance June 30, 2017
<b>Business Activities:</b>					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,066,454	\$ -	\$ -	\$ -	\$ 1,066,454
Construction in progress	2,256,956	1,644,446	-	-	3,901,402
Total capital assets, not being depreciated	3,323,410	1,644,446	-	-	4,967,856
Capital assets, being depreciated/amortized:					
Buildings	7,823,985	7,651	-	-	7,831,636
Equipment	525,118	5,450	(21,225)	-	509,343
Infrastructure	10,111,881	-	-	-	10,111,881
Total capital assets, being depreciated/amortized	18,460,984	13,101	(21,225)	-	18,452,860
<i>Less accumulated depreciation/amortization for:</i>					
Buildings	(1,879,478)	(171,447)	-	-	(2,050,925)
Equipment	(453,392)	(12,876)	21,225	-	(445,043)
Infrastructure	(4,573,020)	(139,303)	-	-	(4,712,323)
Total accumulated depreciation	(6,905,890)	(323,626)	21,225	-	(7,208,291)
Total capital assets, being depreciated/amortized, net	11,555,094	(310,525)	-	-	11,244,569
<b>Business activities capital assets, net</b>	<b>\$ 14,878,504</b>	<b>\$ 1,333,921</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,212,425</b>

Depreciation expense for all proprietary funds was \$323,626 for the year ended June 30, 2017, which was recorded in the City's water business-type activity.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**5. UNEARNED REVENUE**

Unearned revenues represent amounts for which revenues have not been earned. At June 30, 2017, unearned revenues were as follows:

	Governmental Activities
Recreation Summer Programs	\$ 497,690
Percent of Art Deferrand	8,647
Friends of the Library Deposit	113,421
Total	<u>\$ 619,758</u>

**6. LONG-TERM DEBT**

**A. Long-Term Obligations**

Summary of changes in long-term debt transactions for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
<b>Governmental Activities</b>						
2009A General Obligation Bonds	\$ 765,000	\$ -	\$ (70,000)	\$ 695,000	75,000	\$ 620,000
2009B General Obligation Bonds	9,360,000	-	-	9,360,000	-	9,360,000
Premium on 2009 General Obligation Bonds	57,478	-	(2,499)	54,979	-	54,979
2012 General Obligation Refunding Bonds	8,220,000	-	(355,000)	7,865,000	365,000	7,500,000
Discount on 2012 General Obligation Bonds	(57,138)	-	3,686	(53,452)	-	(53,452)
Total governmental activities	<u>\$ 18,345,340</u>	<u>\$ -</u>	<u>\$ (423,813)</u>	<u>\$ 17,921,527</u>	<u>\$ 440,000</u>	<u>\$ 17,481,527</u>
	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
<b>Fiduciary Activities</b>						
2015 Las Pulgas Project Tax Allocation Bonds	51,505,000	-	(3,115,000)	48,390,000	3,140,000	45,250,000
Premium on 2015 Las Pulgas Project Tax Allocation Bonds	8,492,364	-	(629,064)	7,863,300	-	7,863,300
Total fiduciary activities	<u>\$ 59,997,364</u>	<u>-</u>	<u>\$ (3,744,064)</u>	<u>\$ 56,253,300</u>	<u>\$ 3,140,000</u>	<u>\$ 53,113,300</u>

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**6. LONG-TERM DEBT, Continued**

*A. Long-Term Obligations, Continued*

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.

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, 2017, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	75,000	688,435	763,435
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
2023-2027	510,000	1,329,367	1,839,367
2028-2032	650,000	3,108,085	3,758,085
2033-2037	4,595,000	2,483,490	7,078,490
2038-2040	3,895,000	554,931	4,449,931
<b>Total</b>	<b>\$ 10,055,000</b>	<b>\$ 10,879,546</b>	<b>\$ 20,934,546</b>

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**6. LONG-TERM DEBT, Continued**

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

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.

The annual debt service requirements to maturity for the 2012 General Obligation Bonds outstanding at June 30, 2017, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	365,000	294,937	\$ 659,937
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
2023-2027	2,390,000	931,500	3,321,500
2028-2032	2,860,000	449,813	3,309,813
2033	640,000	24,000	664,000
<b>Total</b>	<b>\$ 7,865,000</b>	<b>\$ 2,737,500</b>	<b>\$ 10,602,500</b>

**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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**6. LONG-TERM DEBT, Continued**

*B. Prior Years' Defeased Obligations, Continued*

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.

*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
2018	\$ 3,140,000	\$ 2,324,800	\$ 5,464,800
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
2023-2027	19,030,000	6,119,500	25,149,500
2028-2032	12,835,000	1,296,250	14,131,250
Subtotal	48,390,000	<u>\$ 17,780,400</u>	<u>\$ 66,170,400</u>
Bond Premium	7,863,300		
<b>Total</b>	<u>\$ 56,253,300</u>		

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**6. LONG-TERM DEBT, Continued**

*C. Fiduciary Fund Long Term Obligations, Continued*

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.

**7. COMPENSATED ABSENCES**

Compensated absences at June 30, 2017, were as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Estimated Due Within One Year	Estimated Due in More than One Year
Governmental Activities	\$ 2,687,189	\$ 1,940,398	\$ (1,464,335)	\$ 3,163,252	\$ 1,722,988	\$ 1,440,264
Business-Type Activities	163,718	111,328	(203,819)	71,227	38,806	32,421
Total compensated absences	<u>\$ 2,850,907</u>	<u>\$ 2,051,726</u>	<u>\$ (1,668,154)</u>	<u>\$ 3,234,479</u>	<u>\$ 1,761,794</u>	<u>\$ 1,472,685</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

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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, 2017, is estimated to total \$1,019,209.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2017, 2016, and 2015 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
2014-2015	3,137,146	895,507	(613,629)	3,419,024
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

**9. INTERFUND TRANSACTIONS**

Interfund receivables and payables at June 30, 2017, 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, 2017, is as follows:

Due to other funds	Due from other funds		
	General Fund	Non-Major Governmental Fund	Total
<b>Governmental Activities</b>			
Transportation Fund	410,007	-	410,007
Internal Service Fund	336,869	-	336,869
Non-Major Governmental Fund	322,667	98,642	421,309
<b>TOTAL</b>	<b>\$ 1,069,543</b>	<b>\$ 98,642</b>	<b>\$ 1,168,185</b>

All Due To/From Other Funds were established as of June 30, 2017, to cover short-term negative cash balances.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**9. INTERFUND TRANSACTIONS, Continued**

*Interfund Transfers*

Interfund transfers for the year ended June 30, 2017, were as follows:

		<b>Transfers In</b>				
		<b>Governmental Activities</b>				
		Capital				
		General Fund	Transportation Fund	Improvement - General Fund	Non-Major Funds	Total
<b>Transfers Out</b>	<b>Governmental Activities</b>					
	General Fund	\$ -	\$ -	\$ 4,401,436	\$ 241,616	\$ 4,643,052
	Transportation Impact Fees Fund	-	1,217,348	-	-	1,217,348
	Non-Major Funds	267,108	-	1,200,000	130,963	1,598,071
	<b>Business-Type Activities</b>					
	Water Fund - Operating	201,061	-	-	-	201,061
<b>TOTAL</b>		<b>\$ 468,169</b>	<b>\$ 1,217,348</b>	<b>\$ 5,601,436</b>	<b>\$ 372,579</b>	<b>\$ 7,659,532</b>

The most significant transactions were transfers of \$4,401,436 from the General Fund to Capital Improvement Fund and \$1,217,348 from Transportation Impact Fund to Transportation Fund to provide funds for capital improvement projects and transportation infrastructures.



**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**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, 2017:

	General Fund	Below Market Rate Housing Special Revenue	Housing Fund Special Revenue	Transportation Impact Fees	Transportation Fund	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>								
Deposits and prepaid items	\$ 55,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,832
Notes receivable	1,339,847	-	-	-	-	-	-	1,339,847
<b>Total nonspendable</b>	<b>1,395,679</b>							<b>1,395,679</b>
<b>Restricted to:</b>								
Community development	-	18,652,660	5,956,515	-	-	-	1,409,223	26,018,398
Transportation	-	-	-	-	-	-	2,608	2,608
Streets and sidewalks	-	-	-	3,671,623	-	-	3,212,280	6,883,903
Debt service	-	-	-	-	-	-	2,136,803	2,136,803
Public safety	-	-	-	-	-	-	148,403	148,403
Solid waste	-	-	-	-	-	-	5,307,176	5,307,176
Stormwater	-	-	-	-	-	-	571,100	571,100
Other purposed	-	-	-	-	-	-	334,149	334,149
<b>Total restricted</b>	<b>-</b>	<b>18,652,660</b>	<b>5,956,515</b>	<b>3,671,623</b>	<b>-</b>	<b>-</b>	<b>13,121,742</b>	<b>41,402,540</b>
<b>Committed to:</b>								
Streets, sidewalks and parking	-	-	-	-	-	-	11,159,623	11,159,623
Stormdrains	-	-	-	-	-	-	175,662	175,662
Solid waste	-	-	-	-	-	-	1,270,487	1,270,487
Leisure and cultural activities	-	-	-	-	-	-	2,135,794	2,135,794
Landscape maintenance	-	-	-	-	-	-	415,482	415,482
Strategic pension funding	3,300,000	-	-	-	-	-	-	3,300,000
Emergency contingency	9,300,000	-	-	-	-	-	-	9,300,000
Economic stablization	12,000,000	-	-	-	-	-	-	12,000,000
<b>Total committed</b>	<b>24,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,157,048</b>	<b>39,757,048</b>
<b>Assigned to:</b>								
Infrastructure maintenance	2,696,000	-	-	-	-	-	-	2,696,000
Community development	1,850,000	-	-	-	-	-	-	1,850,000
Capital projects	-	-	-	-	-	17,751,533	434,489	18,186,022
Other purposes	394,127	-	-	-	-	-	-	394,127
<b>Total assigned</b>	<b>4,940,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,751,533</b>	<b>434,489</b>	<b>23,126,149</b>
Unassigned	2,282,609	-	-	-	(225,985)	-	(188,892)	1,867,732
<b>Total Fund Balance</b>	<b>\$ 33,218,415</b>	<b>\$ 18,652,660</b>	<b>\$ 5,956,515</b>	<b>\$ 3,671,623</b>	<b>\$ (225,985)</b>	<b>\$ 17,751,533</b>	<b>\$ 28,524,387</b>	<b>\$ 107,549,148</b>

*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, 2017**

---

**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, 2017 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, 2017 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.

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, 2017**

---

**11. NEGATIVE FUND BALANCE**

As of June 30, 2017 the Transportation Fund, Literacy Grants Fund and Shuttle Program Fund had a negative fund balance of \$225,985, \$95,545 and \$93,347 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 \$1,354,957 fund balance at 6/30/2017. This was mainly due to increased insurance claims and estimated claims liability at 6/30/2017. The City has increased the amount paid by departments by 30% in FY 2016-17 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:

<b>Major:</b>	
Housing Special Revenue Fund	\$ 27,986
Transportation Fund	2,141,048
<b>Non-Major:</b>	
<b>Special Revenue Funds:</b>	
Narcotic Seizure Fund	\$ 12,382
Miscellaneous Trust Funds	7,783
Measure M Fund	131,096
<b>Capital Projects Funds:</b>	
Measure T Fund	\$ 12,199

**13. ENCUMBRANCES/COMMITMENTS**

The City had various commitments totaling \$10,652,664 as of June 30, 2017. 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:

<b>Major:</b>	
General Fund	\$ 394,127
Transportation Impact Fund	257,885
General Capital Improvement Fund	4,559,796
<b>Non-Major Funds</b>	<u>5,440,856</u>
<b>Total</b>	<u><u>\$ 10,652,664</u></u>

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**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, 2017 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows - Pension	Net Pension Liability	Deferred Inflows - Pension
CALPERS Miscellaneous Agent Multiple Employer Plan	\$ 3,599,540	\$ 5,296,295	\$ 29,280,721	\$ 800,452
CALPERS Safety Cost Sharing Plan	1,965,524	3,343,669	21,711,951	1,292,221
<b>Total</b>	<u>\$ 5,565,064</u>	<u>\$ 8,639,964</u>	<u>\$ 50,992,672</u>	<u>\$ 2,092,673</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.

**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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**14. DEFINED BENEFIT PENSION PLAN, Continued**

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

***General Information about the Pension Plan, Continued***

The Plan’s provisions and benefits in effect at June 30, 2017, 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	10.296%	10.296%	10.296%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$1,570,685 for the safety plan in fiscal year 2017.

***Employees Covered*** – At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	212
Inactive employees entitled to but not yet receiving benefits	225
Active employees	206
<b>Total</b>	<b>643</b>

***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.

***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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

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

***B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, continued***

***Net Pension Liability, Continued***

***Actuarial Assumptions*** - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (2)	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) 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.

(2) The discount rate was changed to 7.65% from earlier rate of 7.50% net of administrative expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 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 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

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

*B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, continued*

*Net Pension Liability, Continued*

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	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.0%		

(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, 2017**

**14. DEFINED BENEFIT PENSION PLANS, 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)
<b>Balance at June 30, 2015</b>	\$ 109,034,897	\$ 86,922,749	\$ 22,112,148
<b>Changes in the year:</b>			
Service cost	2,532,940	-	2,532,940
Interest on the total pension liability	8,311,199	-	8,311,199
Differences between actual and expected experience	850,983	-	850,983
Contribution - employer	-	2,978,937	(2,978,937)
Contribution - employee	-	1,150,378	(1,150,378)
Investment income	-	450,209	(450,209)
Administrative expenses	-	(52,975)	52,975
Benefit payments , including refunds of employee contributions	(5,018,466)	(5,018,466)	-
<b>Net changes</b>	<b>6,676,656</b>	<b>(491,917)</b>	<b>7,168,573</b>
<b>Balance at June 30, 2016</b>	<b>\$ 115,711,553</b>	<b>\$ 86,430,832</b>	<b>\$ 29,280,721</b>

*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	6.65%
Net Pension Liability	\$ 44,530,781
Current Discount Rate	7.65%
Net Pension Liability	\$ 29,280,721
1% Increase	8.65%
Net Pension Liability	\$ 16,668,075

*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, 2017**

---

**14. DEFINED BENEFIT PENSION PLANS, 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, 2017, the City recognized pension expense of \$3,216,454 under the plan. At June 30, 2017, 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	\$ 3,599,540	\$ -
Differences between actual and expected experience	567,322	(214,433)
Changes in assumptions	-	(586,019)
Net differences between projected and actual earnings on plan investments	4,728,973	-
Total	<u>\$ 8,895,835</u>	<u>\$ (800,452)</u>

\$3,599,540 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, 2017. 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
2017	\$ 158,716
2018	959,710
2019	2,147,988
2020	1,229,969

*Payable to Pension Plan*

As of June 30, 2017, the City reported a payable of \$185,617 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017. This was fully paid in July 2017.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**14. DEFINED BENEFIT PENSION PLANS, 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, 2016, are summarized as follows:

	<u>Safety Classic</u>	<u>Safety Second Tier Classic</u>	<u>Safety PEPRA</u>
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	19.536%	16.656%	12.082%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$855,951 for the safety plan in fiscal year 2017.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

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

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

**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.

*Net Pension Liability*

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (2)	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.50%
Mortality (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contact COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) 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.

(2) The discount rate was changed to 7.65% from earlier rate of 7.50% net of administrative expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 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 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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, 2017**

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

*C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, 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	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.0%		

(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, 2017, the City reported a net pension liability of \$21,711,951 for its proportionate share of the net pension liability of the safety plan.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

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

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

*Changes in the Net Pension Liability, Continued*

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, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2015 rolled forward to June 30, 2016 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.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 were as follows:

Proportion - June 30, 2015	0.406970%
Proportion - June 30, 2016	<u>0.419210%</u>
Change - Increase (Decrease)	<u>0.012240%</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		6.65%
Net Pension Liability	\$	32,983,456
Current Discount Rate		7.65%
Net Pension Liability	\$	21,711,951
1% Increase		8.65%
Net Pension Liability	\$	12,459,205

*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, 2017**

**14. DEFINED BENEFIT PENSION PLANS, 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, 2017, the City recognized pension expense of \$2,780,641. At June 30, 2017, 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	\$ -	\$ 139,360
Changes in assumptions	-	607,620
Differences between Projected and Actual Investment Earnings	2,985,206	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	533,728
Changes in Employer's Proportion	358,463	11,513
Pension Contributions Made Subsequent to Measurement Date	1,965,524	-
Total	<u>\$ 5,309,193</u>	<u>\$ 1,292,221</u>

\$1,965,524 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, 2017. 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	\$ (102,215)
2019	36,815
2020	1,339,710
2021	777,136

*Payable to Pension Plan*

As of June 30, 2017, the City reported a payable of \$64,221 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017. This was fully paid in July 2017.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**15. OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

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

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

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

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

*Implied Subsidy:* An implied subsidy generally exists when retiree premiums are based on blended active and retiree experience. In May 2014, the American Academy of Actuaries released a new version of Actuarial Standard of Practice No. 6 (ASOP No. 6). The revised ASOP No. 6 requires the implied subsidy to be valued for community plans such as PEMHCA. This is mandatory for all valuations with measurement dates on or after March 31, 2016. Since PEMHCA is a community rated plan for the City, no implied subsidy is valued for the PEMHCA plan.

Funding Policy

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For fiscal year 2016-17, the City contributed \$1,079,220. The City's ARC was \$670,000 for fiscal year 2016-17.

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

Annual Other Postemployment Benefit Cost and Net Obligation

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

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

**15. OTHER POST-EMPLOYMENT BENEFITS, Continued**

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

Annual required contribution	\$ 670,000
Interest on net OPEB obligation	(1,000)
Adjustment to annual required contribution	2,000
Annual OPEB cost (expense)	<u>671,000</u>
Benefit payments	(636,497)
Implied subsidy	(165,000)
Trust Pre-Funding	(277,723)
Total contribution	<u>(1,079,220)</u>
Increase (decrease) in net OPEB obligation	(408,220)
Net OPEB obligation (asset) - beginning of year	(86,988)
Net OPEB obligation (asset) - end of year	<u><u>(495,208)</u></u>

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

Fiscal Year Ended June 30,	OPEB Cost	Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
2015	540,000	102%	(19,931)
2016	678,000	110%	(86,988)
2017	671,000	161%	(495,208)

Funded Status

The funded status of the plan as of June 30, 2015, was as follows:

	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 16,056,000
Actuarial Value of Plan Assets	16,512,000
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	<u>(456,000)</u>
Funded Ratio (Actuarial value of plan assets/AAL)	102.8%
Covered Payroll (active plan members)	\$ 19,824,000
UAAL as a Percentage of Covered Payroll	-2.30%

A valuation of the City's OPEB obligation must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2015. Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.



**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**15. OTHER POST-EMPLOYMENT BENEFITS, Continued**

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

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

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

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

**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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**16. LANDFILL POST-CLOSURE CARE, Continued**

The City’s outstanding future post-closure care costs were estimated at \$4,352,292 at June 30, 2017. 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 2017:

	Balance July 1, 2016	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
<b>Governmental Activities</b>	\$ 4,555,742	\$ (203,450)	\$ 4,352,292	\$ 262,284	\$ 4,090,008

**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.

**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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

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

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

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

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

During 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, 2016, 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.

**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.

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**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, 2017, 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.

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

**City of Menlo Park**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2017**

---

**21. JOINT VENTURES, Continued**

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 correct note receivable amount under Housing Fund due to conversion of accrued interest amount into principal amount in prior year.

Fund Statements

	Fund Balance, as Previously Reported	Prior Period Adjustment <u>                    </u> Note Receivable	Fund Balance, as Restated
Housing Special Revenue Fund	\$ 4,822,471	\$ 1,091,427	\$ 5,913,898

---

# REQUIRED SUPPLEMENTARY INFORMATION

---

*This page intentionally left blank.*

# City of Menlo Park

## Required Supplementary Information

### For the year ended June 30, 2017

---

#### 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, 2015, 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, 2017**

**Budgetary Comparison Schedule, General Fund**

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Taxes:				
Secured property taxes	\$ 16,328,400	\$ 16,328,400	\$ 19,676,899	\$ 3,348,499
Unsecured property taxes	440,000	440,000	301,908	(138,092)
Other property taxes	725,000	725,000	698,101	(26,899)
Sales taxes	5,502,000	5,502,000	5,635,240	133,240
Other taxes	9,623,000	9,623,000	9,917,410	294,410
Licenses and permits	6,141,860	6,141,860	5,844,909	(296,951)
Fines and forfeitures	1,067,643	1,067,643	1,110,891	43,248
Use of money and property	1,101,199	1,101,199	914,089	(187,110)
Intergovernmental	990,052	990,052	946,785	(43,267)
Charges for services	7,990,315	7,989,315	7,871,435	(117,880)
Other	52,750	52,750	71,799	19,049
<b>Total revenues</b>	<b>49,962,219</b>	<b>49,961,219</b>	<b>52,989,466</b>	<b>3,028,247</b>
<b>EXPENDITURES:</b>				
Current:				
General government	6,324,889	6,637,884	6,692,639	(54,755)
Public safety	16,576,363	17,232,188	16,791,931	440,257
Public works	9,004,265	9,307,513	8,669,764	637,749
Culture and recreation	10,377,402	10,494,145	10,479,885	14,260
Community development	5,847,585	5,891,828	4,571,315	1,320,513
Urban development and housing	314	361	2,732	(2,371)
Capital outlay	221,661	228,498	105,692	122,806
<b>Total expenditures</b>	<b>48,352,479</b>	<b>49,792,417</b>	<b>47,313,958</b>	<b>2,478,459</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,609,740</b>	<b>168,802</b>	<b>5,675,508</b>	<b>5,506,706</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	430,169	430,169	468,169	38,000
Transfers out	(2,842,125)	(3,136,436)	(4,643,052)	(1,506,616)
Proceeds from sale of assets	-	-	1,534	1,534
<b>Total other financing sources (uses)</b>	<b>(2,411,956)</b>	<b>(2,706,267)</b>	<b>(4,173,349)</b>	<b>(1,467,082)</b>
<b>Net change in fund balance</b>	<b>\$ (802,216)</b>	<b>\$ (2,537,465)</b>	<b>1,502,159</b>	<b>\$ 4,039,624</b>
<b>FUND BALANCE:</b>				
Beginning of year			31,716,256	
End of year			\$ 33,218,415	

**City of Menlo Park**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 75,000	\$ 75,000	\$ 125,374	\$ 50,374
Charges for services	3,000,500	3,000,500	1,824,526	(1,175,974)
<b>Total revenues</b>	<b>3,075,500</b>	<b>3,075,500</b>	<b>1,949,900</b>	<b>(1,125,600)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	85,164	85,164	84,348	816
Community development	95,800	95,300	10,807	84,493
Urban development and housing	11,981	11,981	86,193	(74,212)
<b>Total expenditures</b>	<b>192,945</b>	<b>192,445</b>	<b>181,348</b>	<b>11,097</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,882,555</b>	<b>2,883,055</b>	<b>1,768,552</b>	<b>(1,114,503)</b>
<b>Net change in fund balance</b>	<b>\$ 2,882,555</b>	<b>\$ 2,883,055</b>	<b>1,768,552</b>	<b>\$ (1,114,503)</b>
<b>FUND BALANCE:</b>				
Beginning of year			16,884,108	
End of year			<u>\$ 18,652,660</u>	

**City of Menlo Park**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 5,000	\$ 5,000	\$ 70,603	\$ 65,603
Charges for services	20,000	20,000	-	(20,000)
<b>Total revenues</b>	<b>25,000</b>	<b>25,000</b>	<b>70,603</b>	<b>45,603</b>
<b>EXPENDITURES:</b>				
Current:				
Housing and Redevelopment	-	-	16,771	(16,771)
Capital outlay	-	-	11,215	(11,215)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>27,986</b>	<b>(27,986)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>25,000</b>	<b>25,000</b>	<b>42,617</b>	<b>17,617</b>
<b>Net change in fund balance</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>42,617</b>	<b>\$ 17,617</b>
<b>FUND BALANCE:</b>				
Beginning of year, as restated			5,913,898	
End of year			<u>\$ 5,956,515</u>	

**City of Menlo Park**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**Budgetary Comparison Schedule, Transportation Impact Fees**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 35,000	\$ 35,000	\$ 25,884	\$ (9,116)
Intergovernmental	2,161,643	2,161,643	1,803	(2,159,840)
Charges for services	1,500,000	1,500,000	1,565,803	65,803
<b>Total revenues</b>	<b>3,696,643</b>	<b>3,696,643</b>	<b>1,593,490</b>	<b>(2,103,153)</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	512,318	6,070,557	385,171	5,685,386
<b>Total expenditures</b>	<b>512,318</b>	<b>6,070,557</b>	<b>385,171</b>	<b>5,685,386</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,184,325</b>	<b>(2,373,914)</b>	<b>1,208,319</b>	<b>3,582,233</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(1,217,348)	(1,217,348)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,217,348)</b>	<b>(1,217,348)</b>
<b>Net change in fund balance</b>	<b>\$ 3,184,325</b>	<b>\$ (2,373,914)</b>	<b>(9,029)</b>	<b>\$ 2,364,885</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,680,652	
End of year			<u>\$ 3,671,623</u>	

**City of Menlo Park**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**Budgetary Comparison Schedule, Transportation Fund**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 696,679	\$ 696,679
Charges for services	-	-	1,036	1,036
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>697,715</b>	<b>697,715</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	2,141,048	(2,141,048)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2,141,048</b>	<b>(2,141,048)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(1,443,333)</b>	<b>(1,443,333)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	1,217,348	1,217,348
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,217,348</b>	<b>1,217,348</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(225,985)</b>	<b>\$ (225,985)</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ (225,985)	

**City of Menlo Park**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2017**

**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>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement date	6/30/2016	6/30/2015	6/30/2014
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	\$ 2,532,940	\$ 2,360,735	\$ 2,430,975
Interest	8,311,199	7,827,343	7,464,650
Difference Between Expected and Actual Experience	850,983	(690,951)	-
Changes of Assumptions	-	(1,888,285)	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(5,018,466)</u>	<u>(4,582,081)</u>	<u>(4,401,346)</u>
<b>Net Change in Total Pension Liability</b>	<b>6,676,656</b>	<b>3,026,761</b>	<b>5,494,279</b>
<b>Total Pension Liability - Beginning</b>	<b>109,034,897</b>	<b>106,008,136</b>	<b>100,513,857</b>
<b>Total Pension Liability - Ending (a)</b>	<b><u>115,711,553</u></b>	<b><u>109,034,897</u></b>	<b><u>\$ 106,008,136</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - Employer	2,978,937	2,607,401	\$ 2,231,189
Contributions - Employee	1,150,378	1,080,371	1,006,903
Net Investment Income	450,209	1,934,950	12,874,205
Benefit Payments, Including Refunds of Employee Contributions	(5,018,466)	(4,582,081)	(4,401,346)
Other Changes in Fiduciary Net Position	<u>(52,975)</u>	<u>(97,826)</u>	<u>-</u>
<b>Net Change in Fiduciary Net Position</b>	<b>(491,917)</b>	<b>942,815</b>	<b>11,710,951</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>86,922,749</b>	<b>85,979,934</b>	<b>74,268,983</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>86,430,832</u></b>	<b><u>86,922,749</u></b>	<b><u>\$ 85,979,934</u></b>
<b>Plan Net Position Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 29,280,721</b>	<b>\$ 22,112,148</b>	<b>\$ 20,028,202</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>74.70%</b>	<b>79.72%</b>	<b>81.11%</b>
<b>Covered Payroll</b>	<b>\$ 13,539,431</b>	<b>\$ 13,909,694</b>	<b>\$ 13,277,488</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>196.68%</b>	<b>158.97%</b>	<b>150.84%</b>

(\*) - 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, 2017**

---

**2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN**

*B. SCHEDULE OF PLAN CONTRIBUTIONS - Last 10 Years\**

**Miscellaneous Plan**

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

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

---

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

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

Safety Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 1,965,524	\$ 1,767,802	\$ 1,623,197
Contribution in relation to the actuarially determined contributions	<u>(1,965,524)</u>	<u>(1,767,802)</u>	<u>(1,623,197)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,151,486	\$ 6,328,709	\$ 6,059,802
Contributions as a percentage of covered payroll	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, 2017**

**4. OTHER POST EMPLOYMENT BENEFITS**

A schedule of funding progress for the past three actuarial valuations is presented below.

Actuarial Valuation Date *	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
6/30/2011	\$ 11,891,000	\$ 11,873,000	\$ (18,000)	100.2%	\$ 18,752,000	-0.10%
6/30/2013	\$ 13,861,000	\$ 13,155,000	\$ (706,000)	105.4%	\$ 16,970,000	-4.16%
6/30/2015	\$ 16,512,000	\$ 16,056,000	\$ (456,000)	102.8%	\$ 19,824,000	-2.30%

*This page intentionally left blank.*

---

# SUPPLEMENTARY INFORMATION

---

*This page intentionally left blank.*

---

# MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

---

*This page intentionally left blank.*

# 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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Other taxes	-	-	\$ 86,660	\$ 86,660
Intergovernmental	515,000	515,000	90,000	(425,000)
Charges for services	-	-	186,185	186,185
<b>Total revenues</b>	<b>515,000</b>	<b>515,000</b>	<b>362,845</b>	<b>(152,155)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	51,000	51,000	-	51,000
Capital outlay	1,724,800	25,252,879	7,462,248	17,790,631
<b>Total expenditures</b>	<b>1,775,800</b>	<b>25,303,879</b>	<b>7,462,248</b>	<b>17,841,631</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,260,800)</b>	<b>(24,788,879)</b>	<b>(7,099,403)</b>	<b>17,689,476</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,607,125	201,436	5,601,436	5,400,000
<b>Total other financing sources (uses)</b>	<b>2,607,125</b>	<b>201,436</b>	<b>5,601,436</b>	<b>5,400,000</b>
<b>Net change in fund balance</b>	<b>\$ 1,346,325</b>	<b>\$ (24,587,443)</b>	<b>(1,497,967)</b>	<b>\$ 23,089,476</b>
<b>FUND BALANCE:</b>				
Beginning of year			19,249,500	
End of year			<u>\$ 17,751,533</u>	



*This page intentionally left blank.*

---

# 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.

*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.

*This page intentionally left blank.*

---

# NON-MAJOR GOVERNMENTAL FUNDS

---

## Special Revenue Funds, Continued:

*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

## 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, 2017

	Special Revenue					
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure	County Transportation Tax
<b>ASSETS</b>						
Cash and investments	\$ 2,135,217	\$ 90,485	\$ 384,523	\$ 69,748	\$ 5,235,235	\$ 1,127,719
Receivables:						
Accounts	-	-	-	-	68,042	448
Interest	5,846	265	-	-	14,333	3,351
Notes	-	38,527	-	-	-	-
Due from other governments	-	-	-	-	-	89,781
Deposits and prepaid items	-	-	-	-	3,077	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,141,063</b>	<b>\$ 129,277</b>	<b>\$ 384,523</b>	<b>\$ 69,748</b>	<b>\$ 5,320,687</b>	<b>\$ 1,221,299</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 8,400	\$ -	\$ 47,057	\$ -	\$ 13,352	\$ 94,224
Accrued payroll and related liabilities	317	-	3,317	717	159	2,141
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	45,000
<b>Total liabilities</b>	<b>8,717</b>	<b>-</b>	<b>50,374</b>	<b>717</b>	<b>13,511</b>	<b>141,365</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted	2,132,346	129,277	334,149		5,307,176	1,079,934
Committed				69,031		
Assigned						
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>2,132,346</b>	<b>129,277</b>	<b>334,149</b>	<b>69,031</b>	<b>5,307,176</b>	<b>1,079,934</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,141,063</b>	<b>\$ 129,277</b>	<b>\$ 384,523</b>	<b>\$ 69,748</b>	<b>\$ 5,320,687</b>	<b>\$ 1,221,299</b>

(Continued)

Special Revenue

Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service	Bay Area Air Quality Management
\$ -	\$ 6,958	\$ 42,408	\$ 4,214,257	\$ 175,182	\$ 1,249,224	\$ 2,608
-	-	-	-	-	25,000	-
-	-	-	11,567	480	2,620	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
98,642	-	-	-	-	-	-
<u>\$ 98,642</u>	<u>\$ 6,958</u>	<u>\$ 42,408</u>	<u>\$ 4,225,824</u>	<u>\$ 175,662</u>	<u>\$ 1,276,844</u>	<u>\$ 2,608</u>

\$ -	\$ 4	\$ 242	\$ 18,514	\$ -	\$ 5,064	\$ -
-	1,312	-	130	-	1,293	-
15,228	101,187	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,228</u>	<u>102,503</u>	<u>242</u>	<u>18,644</u>	<u>-</u>	<u>6,357</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-

		42,166				2,608
83,414			4,207,180	175,662	1,270,487	
-	(95,545)	-	-	-	-	-
<u>83,414</u>	<u>(95,545)</u>	<u>42,166</u>	<u>4,207,180</u>	<u>175,662</u>	<u>1,270,487</u>	<u>2,608</u>
<u>\$ 98,642</u>	<u>\$ 6,958</u>	<u>\$ 42,408</u>	<u>\$ 4,225,824</u>	<u>\$ 175,662</u>	<u>\$ 1,276,844</u>	<u>\$ 2,608</u>

(Continued)

**City of Menlo Park**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2017**

	Special Revenue					
	Storm Water Management	Law Enforcement Service	Construction Impact Fees	Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park
<b>ASSETS</b>						
Cash and investments	\$ 573,697	\$ 102,237	\$ 6,870,545	\$ 348,818	\$ 1,185,051	\$ 46,423
Receivables:						
Accounts	-	-	-	-	-	-
Interest	-	280	18,811	955	3,244	127
Notes	-	-	-	-	-	-
Due from other governments	-	4,214	-	-	-	-
Deposits and prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 573,697</b>	<b>\$ 106,731</b>	<b>\$ 6,889,356</b>	<b>\$ 349,773</b>	<b>\$ 1,188,295</b>	<b>\$ 46,550</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 405	\$ 494	\$ 2,492	\$ 20,009	\$ 20,210	\$ 12,645
Accrued payroll and related liabilities	2,192	-	3,452	136	353	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,597</b>	<b>494</b>	<b>5,944</b>	<b>20,145</b>	<b>20,563</b>	<b>12,645</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted	571,100	106,237				
Committed			6,883,412	329,628	1,167,732	33,905
Assigned						
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>571,100</b>	<b>106,237</b>	<b>6,883,412</b>	<b>329,628</b>	<b>1,167,732</b>	<b>33,905</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 573,697</b>	<b>\$ 106,731</b>	<b>\$ 6,889,356</b>	<b>\$ 349,773</b>	<b>\$ 1,188,295</b>	<b>\$ 46,550</b>

(Continued)

Special Revenue					Debt Service		Capital Projects		
Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Shuttle Program	Measure M	Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ 53,231	\$ 798,464	\$ 979,582	\$ (1)	\$ -	\$ 329,831	\$ 1,694,082	\$ 116,088	\$ 317,401	\$ 28,149,013
-	-	1,714	-	-	-	-	-	-	95,204
146	-	417	-	-	903	4,055	318	869	68,587
-	481,482	-	-	-	-	-	-	-	520,009
-	-	-	427,721	67,913	55	108,752	-	-	698,436
-	-	-	-	-	-	-	-	-	3,077
-	-	-	-	-	-	-	-	-	98,642
<u>\$ 53,377</u>	<u>\$ 1,279,946</u>	<u>\$ 981,713</u>	<u>\$ 427,720</u>	<u>\$ 67,913</u>	<u>\$ 330,789</u>	<u>\$ 1,806,889</u>	<u>\$ 116,406</u>	<u>\$ 318,270</u>	<u>\$ 29,632,968</u>
\$ 1,428	\$ -	\$ 96,907	\$ 188,630	\$ 3,394	\$ -	\$ -	\$ -	\$ -	\$ 533,471
-	-	158	817	-	-	-	-	187	16,681
-	-	-	239,500	64,519	875	-	-	-	421,309
-	-	-	-	-	-	-	-	-	45,000
<u>1,428</u>	<u>-</u>	<u>97,065</u>	<u>428,947</u>	<u>67,913</u>	<u>875</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>1,016,461</u>
-	-	-	92,120	-	-	-	-	-	92,120
-	-	-	92,120	-	-	-	-	-	92,120
51,949	1,279,946	884,648			329,914	1,806,889			13,121,742
-	-	-	(93,347)	-	-	-	116,406	318,083	15,157,048
-	-	-							434,489
<u>51,949</u>	<u>1,279,946</u>	<u>884,648</u>	<u>(93,347)</u>	<u>-</u>	<u>329,914</u>	<u>1,806,889</u>	<u>116,406</u>	<u>318,083</u>	<u>(188,892)</u>
<u>\$ 53,377</u>	<u>\$ 1,279,946</u>	<u>\$ 981,713</u>	<u>\$ 427,720</u>	<u>\$ 67,913</u>	<u>\$ 330,789</u>	<u>\$ 1,806,889</u>	<u>\$ 116,406</u>	<u>\$ 318,270</u>	<u>\$ 29,632,968</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, 2017**

	Special Revenue					
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure	County Transportation Tax
<b>REVENUES:</b>						
Other taxes	\$ 663,555	\$ -	\$ -	\$ -	\$ -	\$ 904,462
Special assessments	-	-	569,178	199,981	-	-
Licenses and permits	-	-	-	-	-	-
Use of money and property	17,680	2,877	-	-	24,155	3,814
Intergovernmental	-	-	67,913	-	-	119,373
Charges for services	-	-	-	-	779,940	(860)
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>681,235</b>	<b>2,877</b>	<b>637,091</b>	<b>199,981</b>	<b>804,095</b>	<b>1,026,789</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	110,865	-	666,061	61,748	192,828	597,621
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	11,179	1,713	249,370	1,875	48,518
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>110,865</b>	<b>11,179</b>	<b>667,774</b>	<b>311,118</b>	<b>194,703</b>	<b>646,139</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>570,370</b>	<b>(8,302)</b>	<b>(30,683)</b>	<b>(111,137)</b>	<b>609,392</b>	<b>380,650</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	180,000	-	-	-
Transfers out	(1,300,000)	-	(70,067)	(21,048)	(8,749)	(30,963)
<b>Total other financing sources (uses)</b>	<b>(1,300,000)</b>	<b>-</b>	<b>109,933</b>	<b>(21,048)</b>	<b>(8,749)</b>	<b>(30,963)</b>
<b>Net change in fund balances</b>	<b>(729,630)</b>	<b>(8,302)</b>	<b>79,250</b>	<b>(132,185)</b>	<b>600,643</b>	<b>349,687</b>
<b>FUND BALANCES:</b>						
Beginning of year	2,861,976	137,579	254,899	201,216	4,706,533	730,247
End of year	\$ 2,132,346	\$ 129,277	\$ 334,149	\$ 69,031	\$ 5,307,176	\$ 1,079,934

(Continued)

Special Revenue

Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service	Bay Area Air Quality Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	415,119	-	-	-
-	-	-	19,940	857	5,001	(4)
-	-	-	-	-	-	-
-	-	10,070	-	2,252	343,482	-
-	162,866	-	-	-	292,212	-
-	162,866	10,070	435,059	3,109	640,695	(4)
-	-	-	-	-	195,331	-
-	-	15,132	8,794	-	-	-
-	-	-	129,818	-	280,877	-
1,252	191,955	-	-	-	-	-
-	-	-	-	-	-	-
13,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,252	191,955	15,132	138,612	-	476,208	-
(14,252)	(29,089)	(5,062)	296,447	3,109	164,487	(4)
-	55,000	-	-	-	-	-
-	-	-	(28,013)	-	(85,216)	-
-	55,000	-	(28,013)	-	(85,216)	-
(14,252)	25,911	(5,062)	268,434	3,109	79,271	(4)
97,666	(121,456)	47,228	3,938,746	172,553	1,191,216	2,612
\$ 83,414	\$ (95,545)	\$ 42,166	\$ 4,207,180	\$ 175,662	\$ 1,270,487	\$ 2,608

(Continued)

**City of Menlo Park**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds, Continued**  
**For the year ended June 30, 2017**

	Special Revenue					
	Storm Water Management (NPDES)	Supplemental Law Enforcement Services	Construction Impact Fee	Bedwell Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park
<b>REVENUES:</b>						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	339,687	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Use of money and property	-	649	30,273	1,862	6,433	218
Intergovernmental	(5,200)	130,086	-	-	-	-
Charges for services	2,500	-	3,095,422	-	64,000	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>336,987</b>	<b>130,735</b>	<b>3,125,695</b>	<b>1,862</b>	<b>70,433</b>	<b>218</b>
<b>EXPENDITURES:</b>						
Current:						
General government	9,972	-	-	-	-	-
Public safety	-	10,409	-	-	-	-
Public works	213,970	-	4,296	82,507	199,611	12,645
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	80,013	341,874	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>223,942</b>	<b>90,422</b>	<b>346,170</b>	<b>82,507</b>	<b>199,611</b>	<b>12,645</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>113,045</b>	<b>40,313</b>	<b>2,779,525</b>	<b>(80,645)</b>	<b>(129,178)</b>	<b>(12,427)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(39,971)	-	-	(14,044)	-	-
<b>Total other financing sources (uses)</b>	<b>(39,971)</b>	<b>-</b>	<b>-</b>	<b>(14,044)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>73,074</b>	<b>40,313</b>	<b>2,779,525</b>	<b>(94,689)</b>	<b>(129,178)</b>	<b>(12,427)</b>
<b>FUND BALANCES:</b>						
Beginning of year, as restated	498,026	65,924	4,103,887	424,317	1,296,910	46,332
End of year	\$ 571,100	\$ 106,237	\$ 6,883,412	\$ 329,628	\$ 1,167,732	\$ 33,905

(Continued)

Special Revenue					Debt Service		Capital Projects		Total
Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Shuttle Program	Measure M	Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,568,017
-	-	-	-	-	2,956	1,565,145	-	-	2,676,947
-	-	-	-	-	-	-	-	-	415,119
273	11,430	788	-	-	1,617	3,946	575	1,623	134,007
-	-	-	371,102	131,096	-	-	-	-	814,370
-	-	338,157	39,285	-	-	-	-	-	4,674,248
-	-	3,363	32,679	-	-	-	-	-	491,120
273	11,430	342,308	443,066	131,096	4,573	1,569,091	575	1,623	10,773,828
-	-	-	-	-	-	-	-	-	205,303
-	-	-	-	-	-	-	-	-	34,335
7,986	-	-	567,376	131,096	-	-	7,595	854	3,267,754
-	-	22,764	-	-	-	-	-	-	215,971
-	112,806	496,615	-	-	-	-	-	-	609,421
-	-	-	-	-	-	-	-	12,199	759,741
-	-	-	-	-	-	425,000	-	-	425,000
-	-	-	-	-	-	782,173	-	-	782,173
7,986	112,806	519,379	567,376	131,096	-	1,207,173	7,595	13,053	6,299,698
(7,713)	(101,376)	(177,071)	(124,310)	-	4,573	361,918	(7,020)	(11,430)	4,474,130
-	-	-	30,963	-	-	106,616	-	-	372,579
-	-	-	-	-	-	-	-	-	(1,598,071)
-	-	-	30,963	-	-	106,616	-	-	(1,225,492)
(7,713)	(101,376)	(177,071)	(93,347)	-	4,573	468,534	(7,020)	(11,430)	3,248,638
59,662	1,381,322	1,061,719	-	-	325,341	1,338,355	123,426	329,513	25,275,749
\$ 51,949	\$ 1,279,946	\$ 884,648	\$ (93,347)	\$ -	\$ 329,914	\$ 1,806,889	\$ 116,406	\$ 318,083	\$ 28,524,387

(Concluded)

*This page intentionally left blank.*

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 700,000	\$ 700,000	\$ 663,555	\$ (36,445)
Use of money and property	15,000	15,000	17,680	2,680
<b>Total revenues</b>	<b>715,000</b>	<b>715,000</b>	<b>681,235</b>	<b>(33,765)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	124,726	124,726	110,865	13,861
Capital outlay	890,208	1,126,161	-	1,126,161
<b>Total expenditures</b>	<b>1,014,934</b>	<b>1,250,887</b>	<b>110,865</b>	<b>1,140,022</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(299,934)</b>	<b>(535,887)</b>	<b>570,370</b>	<b>1,106,257</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(1,300,000)	(1,300,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,300,000)</b>	<b>(1,300,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (299,934)</b>	<b>\$ (1,835,887)</b>	<b>(729,630)</b>	<b>\$ 1,106,257</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,861,976	
End of year			<b>\$ 2,132,346</b>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,000	\$ 2,000	\$ 2,877	\$ 877
Charges for services	1,100	1,100	-	(1,100)
<b>Total revenues</b>	<b>3,100</b>	<b>3,100</b>	<b>2,877</b>	<b>(223)</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	11,179	(11,179)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>11,179</b>	<b>(11,179)</b>
<b>Net change in fund balance</b>	<b>\$ 3,100</b>	<b>\$ 3,100</b>	<b>(8,302)</b>	<b>\$ (11,402)</b>
<b>FUND BALANCE:</b>				
Beginning of year			137,579	
End of year			\$ 129,277	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 586,905	\$ 586,905	\$ 569,178	\$ (17,727)
Intergovernmental	90,160	90,160	67,913	(22,247)
Charges for services	3,300	3,300	-	(3,300)
<b>Total revenues</b>	<b>680,365</b>	<b>680,365</b>	<b>637,091</b>	<b>(43,274)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	873,842	880,024	666,061	213,963
Capital outlay	4,500	4,500	1,713	2,787
<b>Total expenditures</b>	<b>878,342</b>	<b>884,524</b>	<b>667,774</b>	<b>216,750</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(197,977)</b>	<b>(204,159)</b>	<b>(30,683)</b>	<b>173,476</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	180,000	180,000	180,000	-
Transfers out	(70,067)	(70,067)	(70,067)	-
<b>Total other financing sources (uses)</b>	<b>109,933</b>	<b>109,933</b>	<b>109,933</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (88,044)</b>	<b>\$ (94,226)</b>	<b>79,250</b>	<b>\$ 173,476</b>
<b>FUND BALANCE:</b>				
Beginning of year			254,899	
End of year			<b>\$ 334,149</b>	



# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 200,000	\$ 200,000	\$ 199,981	\$ (19)
<b>Total revenues</b>	<u>200,000</u>	<u>200,000</u>	<u>199,981</u>	<u>(19)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	72,679	73,206	61,748	11,458
Capital outlay	109,323	240,553	249,370	(8,817)
<b>Total expenditures</b>	<u>182,002</u>	<u>313,759</u>	<u>311,118</u>	<u>2,641</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>17,998</u>	<u>(113,759)</u>	<u>(111,137)</u>	<u>2,622</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(21,048)	(21,048)	(21,048)	-
<b>Total other financing sources (uses)</b>	<u>(21,048)</u>	<u>(21,048)</u>	<u>(21,048)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (3,050)</u>	<u>\$ (134,807)</u>	<u>(132,185)</u>	<u>\$ 2,622</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>201,216</u>	
End of year			<u>\$ 69,031</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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 35,000	\$ 35,000	\$ 24,155	\$ (10,845)
Charges for services	725,000	725,000	779,940	54,940
<b>Total revenues</b>	<b>760,000</b>	<b>760,000</b>	<b>804,095</b>	<b>44,095</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	343,550	520,151	192,828	327,323
Capital outlay	25,000	25,000	1,875	23,125
<b>Total expenditures</b>	<b>368,550</b>	<b>545,151</b>	<b>194,703</b>	<b>350,448</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>391,450</b>	<b>214,849</b>	<b>609,392</b>	<b>394,543</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(8,749)	(8,749)	(8,749)	-
<b>Total other financing sources (uses)</b>	<b>(8,749)</b>	<b>(8,749)</b>	<b>(8,749)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 382,701</b>	<b>\$ 206,100</b>	<b>600,643</b>	<b>394,543</b>
<b>FUND BALANCE:</b>				
Beginning of year			4,706,533	
End of year			<u>\$ 5,307,176</u>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 870,000	\$ 865,000	\$ 904,462	\$ 39,462
Use of money and property	1,000	1,000	3,814	2,814
Intergovernmental	773,487	-	119,373	119,373
Charges for services	65,300	-	(860)	(860)
<b>Total revenues</b>	<b>1,709,787</b>	<b>866,000</b>	<b>1,026,789</b>	<b>160,789</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,742,043	963,145	597,621	365,524
Capital outlay	62,200	56,652	48,518	8,134
<b>Total expenditures</b>	<b>1,804,243</b>	<b>1,019,797</b>	<b>646,139</b>	<b>373,658</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(94,456)</b>	<b>(153,797)</b>	<b>380,650</b>	<b>534,447</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(30,963)	(30,963)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(30,963)</b>	<b>(30,963)</b>
<b>Net change in fund balance</b>	<b>\$ (94,456)</b>	<b>\$ (153,797)</b>	<b>349,687</b>	<b>\$ 503,484</b>
<b>FUND BALANCE:</b>				
Beginning of year			730,247	
End of year			<b>\$ 1,079,934</b>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	10,077	10,077	1,252	8,825
Capital Outlay	-	13,000	13,000	-
<b>Total expenditures</b>	<u>10,077</u>	<u>23,077</u>	<u>14,252</u>	<u>8,825</u>
<b>Net change in fund balance</b>	<u>\$ (10,077)</u>	<u>\$ (23,077)</u>	(14,252)	<u>\$ 8,825</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>97,666</u>	
End of year			<u>\$ 83,414</u>	

# City of Menlo Park

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

### Literacy Grant Special Revenue Fund

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Other	230,000	230,000	162,866	(67,134)
<b>Total revenues</b>	<b>265,000</b>	<b>265,000</b>	<b>162,866</b>	<b>(102,134)</b>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	246,895	246,895	191,955	54,940
<b>Total expenditures</b>	<b>246,895</b>	<b>246,895</b>	<b>191,955</b>	<b>54,940</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>18,105</b>	<b>18,105</b>	<b>(29,089)</b>	<b>(47,194)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	55,000	55,000	55,000	-
<b>Total other financing sources (uses)</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 73,105</b>	<b>\$ 73,105</b>	<b>25,911</b>	<b>\$ (47,194)</b>
<b>FUND BALANCE:</b>				
Beginning of year			(121,456)	
End of year			<b>\$ (95,545)</b>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	-	-	\$ 10,070	\$ 10,070
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>10,070</b>	<b>10,070</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	2,750	15,132	(12,382)
<b>Total expenditures</b>	<b>-</b>	<b>2,750</b>	<b>15,132</b>	<b>(12,382)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (2,750)</b>	<b>(5,062)</b>	<b>\$ (2,312)</b>
<b>FUND BALANCE:</b>				
Beginning of year			47,228	
End of year			<b>\$ 42,166</b>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 380,000	\$ 380,000	\$ 415,119	\$ 35,119
Use of money and property	23,000	23,000	19,940	(3,060)
<b>Total revenues</b>	<b>403,000</b>	<b>403,000</b>	<b>435,059</b>	<b>32,059</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	21,400	21,400	8,794	12,606
Public works	102,042	128,020	129,818	(1,798)
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>123,442</b>	<b>149,420</b>	<b>138,612</b>	<b>10,808</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>279,558</b>	<b>253,580</b>	<b>296,447</b>	<b>42,867</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(28,013)	(28,013)	(28,013)	-
<b>Total other financing sources (uses)</b>	<b>(28,013)</b>	<b>(28,013)</b>	<b>(28,013)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 251,545</b>	<b>\$ 225,567</b>	<b>268,434</b>	<b>\$ 42,867</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,938,746	
End of year			\$ 4,207,180	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 857	\$ (143)
Charges for services	5,000	5,000	2,252	(2,748)
<b>Total revenues</b>	<b>6,000</b>	<b>6,000</b>	<b>3,109</b>	<b>(2,891)</b>
<b>Net change in fund balance</b>	<b>\$ 6,000</b>	<b>\$ 6,000</b>	<b>3,109</b>	<b>\$ (2,891)</b>
<b>FUND BALANCE:</b>				
Beginning of year			172,553	
End of year			\$ 175,662	



# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 8,000	\$ 8,000	\$ 5,001	\$ (2,999)
Charges for services	340,000	340,000	343,482	3,482
Other	-	-	292,212	292,212
<b>Total revenues</b>	<b>348,000</b>	<b>348,000</b>	<b>640,695</b>	<b>292,695</b>
<b>EXPENDITURES:</b>				
Current:				
General government	376,790	376,790	195,331	181,459
Public works	234,141	470,599	280,877	189,722
<b>Total expenditures</b>	<b>610,931</b>	<b>847,389</b>	<b>476,208</b>	<b>371,181</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(262,931)</b>	<b>(499,389)</b>	<b>164,487</b>	<b>663,876</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(47,216)	(47,216)	(85,216)	(38,000)
<b>Total other financing sources (uses)</b>	<b>(47,216)</b>	<b>(47,216)</b>	<b>(85,216)</b>	<b>(38,000)</b>
<b>Net change in fund balance</b>	<b>\$ (310,147)</b>	<b>\$ (546,605)</b>	<b>79,271</b>	<b>\$ 625,876</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,191,216	
End of year			\$ 1,270,487	

**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, 2017**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ (4)	\$ (4)
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(4)</u>	<u>\$ (4)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,612</u>	
End of year			<u>\$ 2,608</u>	

# City of Menlo Park

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Water Management (NPDES) Special Revenue Fund For the year ended June 30, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 336,500	\$ 336,500	\$ 339,687	\$ 3,187
Intergovernmental	-	-	(5,200)	(5,200)
Charges for services	5,000	5,000	2,500	(2,500)
<b>Total revenues</b>	<b>341,500</b>	<b>341,500</b>	<b>336,987</b>	<b>(4,513)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	9,500	9,500	9,972	(472)
Public works	333,705	337,170	213,970	123,200
<b>Total expenditures</b>	<b>343,205</b>	<b>346,670</b>	<b>223,942</b>	<b>122,728</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,705)</b>	<b>(5,170)</b>	<b>113,045</b>	<b>118,215</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(39,971)	(39,971)	(39,971)	-
<b>Total other financing sources (uses)</b>	<b>(39,971)</b>	<b>(39,971)</b>	<b>(39,971)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (41,676)</b>	<b>\$ (45,141)</b>	<b>73,074</b>	<b>\$ 118,215</b>
<b>FUND BALANCE:</b>				
Beginning of year			498,026	
End of year			\$ 571,100	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 400	\$ 400	\$ 649	\$ 249
Intergovernmental	100,000	100,000	130,086	30,086
<b>Total revenues</b>	<u>100,400</u>	<u>100,400</u>	<u>130,735</u>	<u>30,335</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	37,000	37,000	10,409	26,591
Capital outlay	67,000	67,000	80,013	(13,013)
<b>Total expenditures</b>	<u>104,000</u>	<u>104,000</u>	<u>90,422</u>	<u>13,578</u>
<b>Net change in fund balance</b>	<u>\$ (3,600)</u>	<u>\$ (3,600)</u>	40,313	<u>\$ 43,913</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>65,924</u>	
End of year			<u>\$ 106,237</u>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 25,000	\$ 25,000	\$ 30,273	\$ 5,273
Charges for services	1,500,000	1,500,000	3,095,422	1,595,422
<b>Total revenues</b>	<b>1,525,000</b>	<b>1,525,000</b>	<b>3,125,695</b>	<b>1,600,695</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	4,566,861	5,228,690	341,874	4,886,816
<b>Total expenditures</b>	<b>4,566,861</b>	<b>5,228,690</b>	<b>346,170</b>	<b>4,882,520</b>
<b>Net change in fund balance</b>	<b>\$ (3,041,861)</b>	<b>\$ (3,703,690)</b>	<b>2,779,525</b>	<b>\$ 6,483,215</b>
<b>FUND BALANCE:</b>				
Beginning of year			4,103,887	
End of year			<b>\$ 6,883,412</b>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 4,000	\$ 4,000	\$ 1,862	\$ (2,138)
<b>Total revenues</b>	<u>4,000</u>	<u>4,000</u>	<u>1,862</u>	<u>(2,138)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	91,200	91,200	82,507	8,693
Capital outlay	5,000	5,000	-	5,000
<b>Total expenditures</b>	<u>96,200</u>	<u>96,200</u>	<u>82,507</u>	<u>13,693</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(92,200)</u>	<u>(92,200)</u>	<u>(80,645)</u>	<u>11,555</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(14,044)	(14,044)	(14,044)	-
<b>Total other financing sources (uses)</b>	<u>(14,044)</u>	<u>(14,044)</u>	<u>(14,044)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (106,244)</u>	<u>\$ (106,244)</u>	<u>(94,689)</u>	<u>\$ 11,555</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>424,317</u>	
End of year			<u>\$ 329,628</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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 12,000	\$ 12,000	\$ 6,433	\$ (5,567)
Charges for services	400,000	400,000	64,000	(336,000)
<b>Total revenues</b>	<b>412,000</b>	<b>412,000</b>	<b>70,433</b>	<b>(341,567)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	476,687	1,111,683	199,611	912,072
Capital outlay	-	1,422	-	1,422
<b>Total expenditures</b>	<b>476,687</b>	<b>1,113,105</b>	<b>199,611</b>	<b>913,494</b>
<b>Net change in fund balance</b>	<b>\$ (64,687)</b>	<b>\$ (701,105)</b>	<b>(129,178)</b>	<b>\$ 571,927</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,296,910	
End of year			\$ 1,167,732	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 600	\$ 600	\$ 218	\$ (382)
<b>Total revenues</b>	<b>600</b>	<b>600</b>	<b>218</b>	<b>(382)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	13,000	13,000	12,645	355
<b>Total expenditures</b>	<b>13,000</b>	<b>13,000</b>	<b>12,645</b>	<b>355</b>
<b>Net change in fund balance</b>	<b>\$ (12,400)</b>	<b>\$ (12,400)</b>	<b>(12,427)</b>	<b>\$ (27)</b>
<b>FUND BALANCE:</b>				
Beginning of year			46,332	
End of year			<b>\$ 33,905</b>	



# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 273	\$ 273
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>273</b>	<b>273</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	9,504	9,504	7,986	1,518
<b>Total expenditures</b>	<b>9,504</b>	<b>9,504</b>	<b>7,986</b>	<b>1,518</b>
<b>Net change in fund balance</b>	<b>\$ (9,504)</b>	<b>\$ (9,504)</b>	<b>(7,713)</b>	<b>\$ 1,791</b>
<b>FUND BALANCE:</b>				
Beginning of year			59,662	
End of year			<b>\$ 51,949</b>	

# 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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 9,000	\$ 9,000	\$ 11,430	\$ 2,430
Intergovernmental	(32,000)	(32,000)	-	\$ 32,000
Charges for services	23,000	23,000	-	(23,000)
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>11,430</u>	<u>11,430</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	112,806	(112,806)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>112,806</u>	<u>(112,806)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(101,376)</u>	<u>\$ (101,376)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,381,322</u>	
End of year			<u>\$ 1,279,946</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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,125	\$ 1,125	\$ 788	\$ (337)
Charges for services	-	-	338,157	338,157
Other	26,000	26,000	3,363	(22,637)
<b>Total revenues</b>	<b>27,125</b>	<b>27,125</b>	<b>342,308</b>	<b>315,183</b>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	86,490	86,490	22,764	63,726
Community development	-	425,106	496,615	(71,509)
<b>Total expenditures</b>	<b>86,490</b>	<b>511,596</b>	<b>519,379</b>	<b>(7,783)</b>
<b>Net change in fund balance</b>	<b>\$ (59,365)</b>	<b>\$ (484,471)</b>	<b>(177,071)</b>	<b>\$ 307,400</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,061,719	
End of year			<b>\$ 884,648</b>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 773,487	\$ 371,102	\$ (402,385)
Charges for services	-	65,300	39,285	(26,015)
Other	-	-	32,679	32,679
<b>Total revenues</b>	<b>-</b>	<b>838,787</b>	<b>443,066</b>	<b>(395,721)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	876,450	567,376	309,074
<b>Total expenditures</b>	<b>-</b>	<b>876,450</b>	<b>567,376</b>	<b>309,074</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(37,663)</b>	<b>(124,310)</b>	<b>(86,647)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	30,963	30,963
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>30,963</b>	<b>30,963</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (37,663)</b>	<b>(93,347)</b>	<b>\$ (55,684)</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			<u><u>\$ (93,347)</u></u>	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 131,096	\$ 131,096
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>131,096</b>	<b>131,096</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	131,096	(131,096)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>131,096</b>	<b>(131,096)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE:</b>				
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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ -	\$ -	\$ 2,956	\$ 2,956
Use of money and property	1,500	1,500	1,617	117
<b>Total revenues</b>	<b>1,500</b>	<b>1,500</b>	<b>4,573</b>	<b>3,073</b>
<b>Net change in fund balance</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>4,573</b>	<b>\$ 3,073</b>
<b>FUND BALANCE:</b>				
Beginning of year			325,341	
End of year			<u>\$ 329,914</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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 1,400,000	\$ 1,400,000	\$ 1,565,145	\$ 165,145
Use of money and property	1,000	1,000	3,946	2,946
<b>Total revenues</b>	<b>1,401,000</b>	<b>1,401,000</b>	<b>1,569,091</b>	<b>168,091</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	700,000	700,000	425,000	275,000
Interest	1,005,085	1,005,085	782,173	222,912
<b>Total expenditures</b>	<b>1,705,085</b>	<b>1,705,085</b>	<b>1,207,173</b>	<b>497,912</b>
<b>Net change in fund balance</b>	<b>\$ (304,085)</b>	<b>\$ (304,085)</b>	<b>468,534</b>	<b>\$ 772,619</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,338,355	
End of year			\$ 1,806,889	

# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 575	\$ (425)
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>575</b>	<b>(425)</b>
<b>EXPENDITURES:</b>				
Current				
Public works	-	-	7,595	-
Culture and recreation	15,000	15,000		7,405
Capital outlay	25,000	25,000	-	25,000
<b>Total expenditures</b>	<b>40,000</b>	<b>40,000</b>	<b>7,595</b>	<b>32,405</b>
<b>Net change in fund balance</b>	<b>\$ (39,000)</b>	<b>\$ (39,000)</b>	<b>(7,020)</b>	<b>\$ 31,980</b>
<b>FUND BALANCE:</b>				
Beginning of year			123,426	
End of year			\$ 116,406	



# 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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,500	\$ 2,500	\$ 1,623	\$ (877)
<b>Total revenues</b>	<b>2,500</b>	<b>2,500</b>	<b>1,623</b>	<b>(877)</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	12,199	(12,199)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>12,199</b>	<b>(12,199)</b>
<b>Net change in fund balance</b>	<b>\$ 2,500</b>	<b>\$ 2,500</b>	<b>(11,430)</b>	<b>\$ (13,930)</b>
<b>FUND BALANCE:</b>				
Beginning of year			329,513	
End of year			\$ 318,083	

---

# 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, 2017**

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 38,836	\$ 12,109,005	\$ 12,147,841
Receivables:			
Accounts	834,784	81,284	916,068
Interest	4,939	28,134	33,073
Due from other governments	1,354	-	1,354
Deposits and prepaid expenses	-	-	-
Due from other funds	-	858,326	858,326
Total current assets	<u>879,913</u>	<u>13,076,749</u>	<u>13,956,662</u>
Capital assets:			
Non-depreciable	4,967,856	-	4,967,856
Depreciable, net	<u>11,244,569</u>	<u>-</u>	<u>11,244,569</u>
Total capital assets	<u>16,212,425</u>	<u>-</u>	<u>16,212,425</u>
<b>Total assets</b>	<u>17,092,338</u>	<u>13,076,749</u>	<u>30,169,087</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Employer pension contribution	70,662	36,009	106,671
Pension related amounts	<u>105,926</u>	<u>52,963</u>	<u>158,889</u>
<b>Total deferred outflow of resources</b>	<u>176,588</u>	<u>88,972</u>	<u>265,560</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	890,818	93,497	984,315
Accrued payroll	10,455	4,893	15,348
Deposits	73,046	-	73,046
Compensated absences	25,079	13,727	38,806
Due to other funds	<u>858,326</u>	<u>-</u>	<u>858,326</u>
Total current liabilities	<u>1,857,724</u>	<u>112,117</u>	<u>1,969,841</u>
Noncurrent liabilities:			
Net pension liability	585,613	292,806	878,419
Compensated absences	<u>20,947</u>	<u>11,474</u>	<u>32,421</u>
Total noncurrent liabilities	<u>606,560</u>	<u>304,280</u>	<u>910,840</u>
<b>Total liabilities</b>	<u>2,464,284</u>	<u>416,397</u>	<u>2,880,681</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pension related amounts	<u>16,009</u>	<u>8,004</u>	<u>24,013</u>
Total deferred inflow of resources	<u>16,009</u>	<u>8,004</u>	<u>24,013</u>
<b>NET POSITION</b>			
Net investment in capital assets	16,212,425	-	16,212,425
Restricted for:			
Capital projects	-	12,741,320	12,741,320
Unrestricted	<u>(1,423,792)</u>	<u>-</u>	<u>(1,423,792)</u>
<b>Total net position</b>	<u>\$ 14,788,633</u>	<u>\$ 12,741,320</u>	<u>\$ 27,529,953</u>

**City of Menlo Park**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the year ended June 30, 2017**

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
<b>OPERATING REVENUES:</b>			
Water sales	\$ 8,218,116	\$ 1,269,024	\$ 9,487,140
<b>Total operating revenues</b>	<b>8,218,116</b>	<b>1,269,024</b>	<b>9,487,140</b>
<b>OPERATING EXPENSES:</b>			
Cost of sales and services	7,104,337	21,322	7,125,659
General and administrative	587,742	-	587,742
Depreciation	323,626	-	323,626
<b>Total operating expenses</b>	<b>8,015,705</b>	<b>21,322</b>	<b>8,037,027</b>
<b>OPERATING INCOME (LOSS)</b>	<b>202,411</b>	<b>1,247,702</b>	<b>1,450,113</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	9,362	52,484	61,846
Gain (Loss) on sale of equipment	-	-	-
<b>Total nonoperating revenues</b>	<b>9,362</b>	<b>52,484</b>	<b>61,846</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>211,773</b>	<b>1,300,186</b>	<b>1,511,959</b>
<b>TRANSFERS:</b>			
Transfers in	-	-	-
Transfers out	(201,061)	-	(201,061)
<b>Total transfers</b>	<b>(201,061)</b>	<b>-</b>	<b>(201,061)</b>
<b>Net income (loss)</b>	<b>10,712</b>	<b>1,300,186</b>	<b>1,310,898</b>
<b>NET POSITION:</b>			
Beginning of year	14,777,921	11,441,134	26,219,055
End of year	<u>\$ 14,788,633</u>	<u>\$ 12,741,320</u>	<u>\$ 27,529,953</u>

**City of Menlo Park**  
**Combining Schedule of Cash Flows**  
**Enterprise Funds**  
**For the year ended June 30, 2017**

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers/other funds	\$ 8,241,819	\$ 1,246,743	\$ 9,488,562
Cash payment to suppliers	(6,812,651)	(127,346)	(6,939,997)
Cash payments for general and administrative	(588,130)	(118,977)	(707,107)
<b>Net cash provided (used) by operating activities</b>	<b>841,038</b>	<b>1,000,420</b>	<b>1,841,458</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers out	(201,061)	-	(201,061)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(201,061)</b>	<b>-</b>	<b>(201,061)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(1,657,546)	-	(1,657,546)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,657,546)</b>	<b>-</b>	<b>(1,657,546)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	6,843	49,044	55,887
<b>Net cash provided (used) by investing activities</b>	<b>6,843</b>	<b>49,044</b>	<b>55,887</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,010,726)</b>	<b>1,049,464</b>	<b>38,738</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,049,562	11,059,541	12,109,103
End of year	<b>\$ 38,836</b>	<b>\$ 12,109,005</b>	<b>\$ 12,147,841</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 202,411	\$ 1,247,702	\$ 1,450,113
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	323,626	-	323,626
Changes in current assets and liabilities:			
Accounts receivable	(18,843)	(22,281)	(41,124)
Deferred outflow of resources	(117,013)	(59,184)	(176,197)
Accounts payable	291,686	(106,024)	185,662
Accrued payroll	(12,887)	(3,802)	(16,689)
Compensated absences	18,837	(111,329)	(92,492)
Deferred inflow of resources	(32,696)	(16,347)	(49,043)
Net pension liability	143,371	71,685	215,056
Deposits	42,546	-	42,546
Total adjustments	638,627	(247,282)	391,345
<b>Net cash provided (used) by operating activities</b>	<b>\$ 841,038</b>	<b>\$ 1,000,420</b>	<b>\$ 1,841,458</b>

---

# 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, 2017**

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
<b>ASSETS</b>						
Current assets:						
Cash, cash equivalents and investments	\$ 2,418,887	\$ 1,243,915	\$ 781,049	\$ 248,066	\$ 556,631	\$ 5,248,548
Receivables:						
Accounts	-	-	-	-	9,141	9,141
Interest	6,623	3,406	2,138	809	1,524	14,500
Deposits and prepaid items	95,000	50,000	12,664	34,813	-	192,477
<b>Total current assets</b>	<b>2,520,510</b>	<b>1,297,321</b>	<b>795,851</b>	<b>283,688</b>	<b>567,296</b>	<b>5,464,666</b>
Capital assets:						
Depreciable, net	-	-	-	-	1,170,514	1,170,514
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,170,514</b>	<b>1,170,514</b>
<b>Total assets</b>	<b>2,520,510</b>	<b>1,297,321</b>	<b>795,851</b>	<b>283,688</b>	<b>1,737,810</b>	<b>6,635,180</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	194,372	7,287	-	72,257	553	274,469
Accrued payroll	573	469	7,158	7,372	-	15,572
Due to other funds	-	-	336,869	-	-	336,869
Claims payable, due within one year	884,113	135,096	-	-	-	1,019,209
Compensated absences payable, due within one year	5,777	12,837	-	39,686	-	58,300
<b>Total current liabilities</b>	<b>1,084,835</b>	<b>155,689</b>	<b>344,027</b>	<b>119,315</b>	<b>553</b>	<b>1,704,419</b>
Claims payable, due in more than one year	2,785,804	343,522	-	-	-	3,129,326
Compensated absences payable, due in more than one year	4,828	10,731	-	33,174	-	48,733
<b>Total liabilities</b>	<b>3,875,467</b>	<b>509,942</b>	<b>344,027</b>	<b>152,489</b>	<b>553</b>	<b>4,882,478</b>
<b>Net Position:</b>						
Net investment in capital assets	-	-	-	-	1,170,514	1,170,514
Unrestricted	(1,354,957)	787,379	451,824	131,199	566,743	582,188
<b>Total net position</b>	<b>\$ (1,354,957)</b>	<b>\$ 787,379</b>	<b>\$ 451,824</b>	<b>\$ 131,199</b>	<b>\$ 1,737,257</b>	<b>\$ 1,752,702</b>

**City of Menlo Park**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2017**

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 1,320,907	\$ 794,062	\$ 858,815	\$ 1,729,332	\$ 595,000	\$ 5,298,116
<b>Total operating revenues</b>	<b>1,320,907</b>	<b>794,062</b>	<b>858,815</b>	<b>1,729,332</b>	<b>595,000</b>	<b>5,298,116</b>
<b>OPERATING EXPENSES:</b>						
Personnel services	88,567	56,042	655,897	717,744	-	1,518,250
General and administrative	6,177	44,624	280,384	849,022	15,290	1,195,497
Insurance	1,368,818	712,555	-	-	-	2,081,373
Depreciation	-	-	-	-	273,334	273,334
<b>Total operating expenses</b>	<b>1,463,562</b>	<b>813,221</b>	<b>936,281</b>	<b>1,566,766</b>	<b>288,624</b>	<b>5,068,454</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(142,655)</b>	<b>(19,159)</b>	<b>(77,466)</b>	<b>162,566</b>	<b>306,376</b>	<b>229,662</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest and investment earnings	9,566	4,021	5,300	669	3,102	22,658
Gain (loss) on sale of equipment	-	-	-	-	9,141	9,141
<b>Total nonoperating revenues (expenses)</b>	<b>9,566</b>	<b>4,021</b>	<b>5,300</b>	<b>669</b>	<b>12,243</b>	<b>31,799</b>
<b>NET INCOME (LOSS)</b>	<b>(133,089)</b>	<b>(15,138)</b>	<b>(72,166)</b>	<b>163,235</b>	<b>318,619</b>	<b>261,461</b>
<b>NET POSITION:</b>						
Beginning of the year	(1,221,868)	802,517	523,990	(32,036)	1,418,638	1,491,241
End of the year	\$ (1,354,957)	\$ 787,379	\$ 451,824	\$ 131,199	\$ 1,737,257	\$ 1,752,702



**City of Menlo Park**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2017**

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from other funds including cash deposits	\$ 1,320,907	\$ 800,726	\$ 858,815	\$ 1,729,332	\$ 587,609	\$ 5,297,389
Cash paid to suppliers	(1,089,565)	(578,848)	(280,922)	(947,393)	(25,150)	(2,921,878)
Cash paid to employees	(78,216)	(34,738)	(663,093)	(697,791)	-	(1,473,838)
<b>Net cash provided (used) by operating activities</b>	<b>153,126</b>	<b>187,140</b>	<b>(85,200)</b>	<b>84,148</b>	<b>562,459</b>	<b>901,673</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from disposal of equipment	-	-	-	-	9,141	9,141
Acquisition and construction of capital assets	-	-	-	-	(399,869)	(399,869)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(390,728)</b>	<b>(390,728)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment earnings received (paid)	7,983	2,968	5,109	255	2,431	18,746
<b>Net cash provided (used) by investing activities</b>	<b>7,983</b>	<b>2,968</b>	<b>5,109</b>	<b>255</b>	<b>2,431</b>	<b>18,746</b>
<b>Net increase (decrease) in cash cash and cash equivalents</b>	<b>161,109</b>	<b>190,108</b>	<b>(80,091)</b>	<b>84,403</b>	<b>174,162</b>	<b>529,691</b>
Cash, cash equivalents, and investments at beginning of year	2,257,778	1,053,807	861,140	163,663	382,469	4,718,857
Cash, cash equivalents, and investments at end of year	<u>\$ 2,418,887</u>	<u>\$ 1,243,915</u>	<u>\$ 781,049</u>	<u>\$ 248,066</u>	<u>\$ 556,631</u>	<u>\$ 5,248,548</u>

**City of Menlo Park**  
**Combining Statement of Cash Flows, Continued**  
**Internal Service Funds**  
**For the year ended June 30, 2016**

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Other Post Employment Benefits	Vehicle Replacement	Total
<b>RECONCILIATION OF OPERATING</b>						
<b>INCOME (LOSS) TO NET CASH PROVIDED</b>						
<b>(USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (142,655)	\$ (19,159)	\$ (77,466)	\$ 162,566	\$ 306,376	\$ 229,662
Depreciation	-	-	-	-	273,334	273,334
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Accounts receivable	-	6,664	-	-	(7,391)	(727)
Prepaid expenses	-	-	(538)	11,160	-	10,622
Accounts payable	(20,702)	(789)	-	(109,531)	(9,860)	(140,882)
Payroll liabilities	(182)	(185)	(7,196)	(9,570)	-	(17,133)
Insurance claim payable	306,132	179,120	-	-	-	485,252
Compensated absence payable	10,533	21,489	-	29,523	-	61,545
Total adjustments	295,781	206,299	(7,734)	(78,418)	256,083	672,011
<b>Net cash provided (used) by operating activities</b>	<b>\$ 153,126</b>	<b>\$ 187,140</b>	<b>\$ (85,200)</b>	<b>\$ 84,148</b>	<b>\$ 562,459</b>	<b>\$ 901,673</b>

**City of Menlo Park**  
**Combining Statement of Net Position**  
**Agency Funds**  
**June 30, 2017**

	Refundable Deposits	Cash Bonds Payable	Payroll Revolving	Total Agency Funds
<b>ASSETS</b>				
Cash and investments	\$ 921,942	\$ 900	\$ -	\$ 922,842
Accounts receivable	-	-	15,589	15,589
Prepays	-	-	340,619	340,619
<b>Total assets</b>	<b>\$ 921,942</b>	<b>\$ 900</b>	<b>\$ 356,208</b>	<b>\$ 1,279,050</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,000	\$ -	\$ 204,873	\$ 205,873
Due to the City			151,335	151,335
Deposits	920,942	900	-	921,842
<b>Total liabilities</b>	<b>\$ 921,942</b>	<b>\$ 900</b>	<b>\$ 356,208</b>	<b>\$ 1,279,050</b>

**City of Menlo Park**  
**Combining Statement of Changes in Net Position**  
**Agency Funds**  
**For the year ended June 30, 2017**

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b><u>Refundable Deposits</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 724,210	\$ 274,232	\$ (76,500)	\$ 921,942
<b>Liabilities:</b>				
Accounts payable	\$ 16,000	\$ 61,500	\$ (76,500)	1,000
Deposits	708,210	274,232	(61,500)	920,942
	<u>\$ 724,210</u>	<u>\$ 335,732</u>	<u>\$ (138,000)</u>	<u>\$ 921,942</u>
<b><u>Cash Bonds Payable</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 2,900		\$ (2,000)	\$ 900
<b>Liabilities:</b>				
Deposits	\$ 2,900		\$ (2,000)	\$ 900
<b><u>Payroll Revolving</u></b>				
<b>Assets:</b>				
Cash and investments	\$ (464,216)	\$ 6,072,569	\$ (5,759,688)	(151,335)
Accounts receivable	47,927	3,842	(36,180)	15,589
Prepays	324,696	1,166,191	(1,150,268)	340,619
<b>Total assets</b>	<u>\$ (91,593)</u>	<u>\$ 7,242,602</u>	<u>\$ (6,946,136)</u>	<u>\$ 204,873</u>
<b>Liabilities:</b>				
Accounts payable	\$ (91,593)	\$ 12,371,327	\$ (12,074,861)	204,873
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 727,110	\$ 274,232	\$ (78,500)	\$ 922,842
Accounts receivable	47,927	3,842	(36,180)	15,589
Prepays	324,696	1,166,191	(1,150,268)	340,619
<b>Total assets</b>	<u>\$ 1,099,733</u>	<u>\$ 1,444,265</u>	<u>\$ (1,264,948)</u>	<u>\$ 1,279,050</u>
<b>Liabilities:</b>				
Accounts payable	\$ (75,593)	\$ 12,432,827	\$ (12,151,361)	\$ 205,873
Due to the City	\$ 464,216	\$ (6,072,569)	\$ 5,759,688	\$ 151,335
Deposits	711,110	274,232	(63,500)	921,842
<b>Total liabilities</b>	<u>\$ 1,099,733</u>	<u>\$ 6,634,490</u>	<u>\$ (6,455,173)</u>	<u>\$ 1,279,050</u>

**City of Menlo Park**  
**Combining Schedule of Net Position**  
**Private-Purpose Trust Fund - Successor Agency**  
**June 30, 2017**

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments:			
Held with City	\$ 9,080,275	\$ 10	\$ 9,080,285
<b>Total assets</b>	<b>9,080,275</b>	<b>10</b>	<b>9,080,285</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss of refunding	11,954,769	-	11,954,769
<b>Total deferred outflows of resources</b>	<b>11,954,769</b>	<b>-</b>	<b>11,954,769</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	3,850	-	3,850
Interest payable	573,238	-	573,238
Deposits	108,891	-	108,891
Long-term debt:			
Due within one year	3,140,000	-	3,140,000
Due in more than one year	53,113,300	-	53,113,300
<b>Total liabilities</b>	<b>56,939,279</b>	<b>-</b>	<b>56,939,279</b>
<b>NET POSITION</b>			
Held in trust for other governments	(35,904,235)	10	(35,904,225)
<b>Total net position</b>	<b>\$ (35,904,235)</b>	<b>\$ 10</b>	<b>\$ (35,904,225)</b>

**City of Menlo Park**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Fund - Successor Agency**  
**For the year ended June 30, 2017**

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency
<b>Additions:</b>			
Property taxes	\$ 5,464,800	\$ -	\$ 5,464,800
<b>Total additions</b>	<u>5,464,800</u>	<u>-</u>	<u>5,464,800</u>
<b>Deductions:</b>			
Interest and fiscal agency expenses of former redevelopment agency	2,663,452	-	2,663,452
<b>Total deductions</b>	<u>2,663,452</u>	<u>-</u>	<u>2,663,452</u>
<b>Change in net position</b>	<u>2,801,348</u>	<u>-</u>	<u>2,801,348</u>
Net position - beginning of the year	(38,705,583)	10	(38,705,573)
Net position - end of the year	<u>\$ (35,904,235)</u>	<u>\$ 10</u>	<u>\$ (35,904,225)</u>

*This page intentionally left blank.*

## **Statistical Section**

**Fiscal Year 2016-2017**

*- Unaudited -*

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

### **Financial Trend**

**Schedule #**

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

<b>Net Position by Component</b>	1
<b>Changes in Net Position</b>	2
<b>Fund Balances-Governmental Funds</b>	3
<b>Changes in Fund Balances-Governmental Funds</b>	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.*

<b>Governmental Funds by Source</b>	5
<b>Governmental Funds Taxes by Type</b>	6
<b>Assessed Valuation, Tax Rates, and Tax Levies</b>	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.*

<b>Direct and Overlapping Property Tax Rates</b>	8
<b>Principal Property Tax Payers</b>	9
<b>Property Tax Levies and Collections</b>	10
<b>Ratios of Outstanding Debt by Type</b>	11
<b>Ratio of General Bonded Debt Outstanding</b>	12
<b>Direct and Overlapping Debt</b>	13
<b>Legal Debt Service Margin Informations</b>	14

### **Demographic and Economic Information**

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

<b>Demographic and Economic Statistics</b>	15
<b>Principal Employers</b>	16
<b>Full Time Equivalent City Employees by Function</b>	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.*

<b>Operating Indicators by Demand and Level of Service by Function/Program</b>	18
<b>Capital Asset Statistics by Function</b>	19
<b>Capital Asset and Infrastructure Statistics by Activities</b>	20
<b>Water Sold by Type of Customer</b>	21
<b>Water Service Rates</b>	22
<b>Miscellaneous Statistics</b>	23



## Net Position by Component

Financial Trend:  
Schedule 1

June 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Government Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 265,272,383	\$ 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
Restricted for:										
Capital Projects	20,378,994	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
Debt Service	10,759,071	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
Community Development	6,160,144	6,140,612	6,265,677	-	-	-	-	-	22,783,937	26,018,398
Special Projects	1,034,326	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
Total Restricted - Government Activities	38,332,535	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
Total Unrestricted - Government Activities	66,120,512	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
Total Government Activities	\$ 369,725,430	\$ 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
<u>Business-Type Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 7,532,369	\$ 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
Restricted for:										
Capital Projects	15,383,875	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
Special Projects	-	-	-	-	-	-	-	-	-	-
Total Restricted - Business-Type Activities	15,383,875	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
Total Unrestricted - Business-Type Activities	1,216,854	776,214	144,088	(397,806)	(431,529)	(735,629)	(538,996)	(431,151)	(100,584)	(1,423,792)
Total Business-Type Activities	\$ 24,133,098	\$ 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

Source: City of Menlo Park

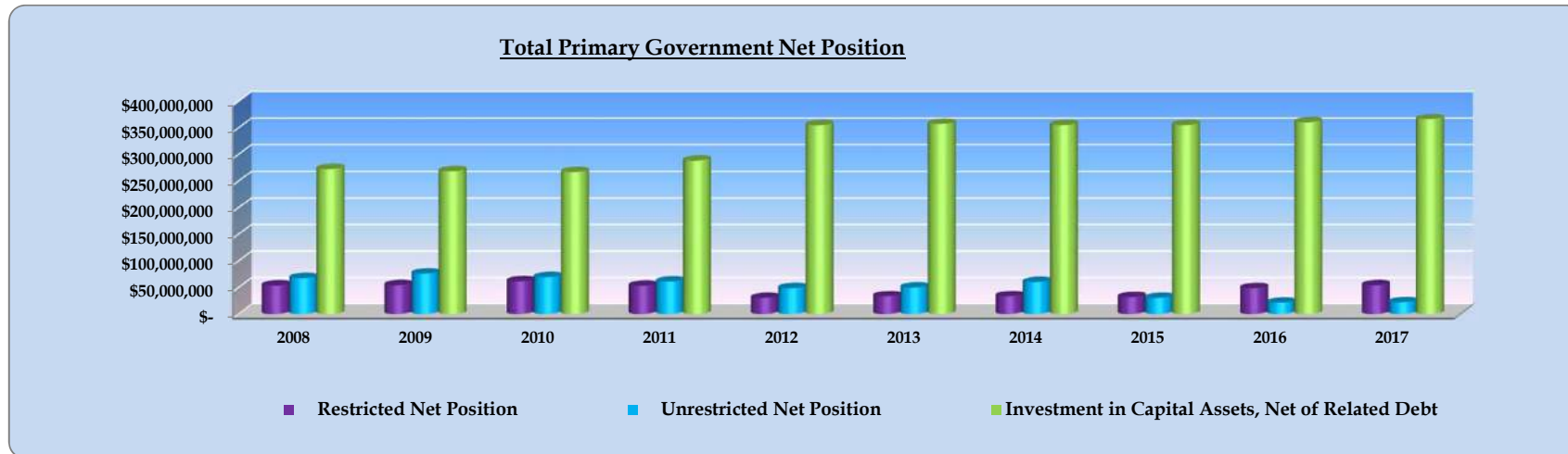
(Continued)

## Net Position by Component

Financial Trend:  
Schedule 1

June 30, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Primary Government</u>										
Investment in Capital Assets, Net of Related Debt	\$ 272,804,752	\$ 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
Unrestricted Net Position	67,337,366	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
Investment in Capital Assets & Unrestricted Net Position	340,142,118	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
Restricted Net Position	53,716,410	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
Total Primary Government Net Position	<u>\$ 393,858,528</u>	<u>\$ 398,737,443</u>	<u>\$ 397,657,132</u>	<u>\$ 402,583,692</u>	<u>\$ 433,557,590</u>	<u>\$ 440,094,139</u>	<u>\$ 448,302,988</u>	<u>\$ 416,563,502</u>	<u>\$ 430,191,441</u>	<u>\$ 442,267,512</u>
% of Change - from Prior Year	1.2%	1.2%	-0.3%	1.2%	7.7%	1.5%	1.9%	-7.1%	3.3%	2.8%



Source: City of Menlo Park

Changes in Net Position  
June 30, 2017

Financial Trends:  
Schedule 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Primary Government-Program Revenues</u>										
Governmental Activities										
Charges for Services										
General Government	\$ 3,539,934	\$ 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
Public Safety	5,154,247	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
Public Works	3,837,839	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
Culture and Recreation	3,345,055	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
Community Development	3,952,454	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
Operating Grants and Contributions	2,369,502	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
Capital Grants and Contributions (1)	1,030,839	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	23,229,870	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
Business-Type Activities										
Charges for Services										
Capital Grants and Contributions	4,483,145	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
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	4,483,145	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
Total Primary Government-Program Revenues	27,713,015	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
<u>General Revenues &amp; Other Changes in Net Position</u>										
Governmental Activities										
Taxes										
Property Taxes (2)	23,292,838	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
Sales Taxes	7,676,943	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
Transient Occupancy Tax	1,474,119	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
Other Taxes	3,262,586	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
Total Taxes	35,706,486	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
Investment Earnings	6,076,112	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
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	547,749	264	45,544	47,567	-
Miscellaneous	706,444	193,370	30,125	235,145	255,185	107,652	1,222,100	234,380	1,144,891	555,225
Transfers	184,711	198,814	160,814	165,639	170,605	181,525	185,881	189,041	220,185	201,061
Extraordinary gain (3),(4)	-	-	-	-	28,170,332	-	771,822	-	-	-
Total Governmental Activities - General Revenues	42,673,753	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
Business-type Activities										
Investment Earnings	957,071	667,230	242,433	135,619	103,480	(8,799)	117,849	146,647	111,026	61,846
Miscellaneous	344	10,000	935	-	(5,953)	-	-	(1,752)	-	-
Transfers	(184,711)	(198,814)	(160,814)	(165,639)	(170,605)	(181,525)	(185,881)	(189,041)	(220,185)	(201,061)
Total Business-Type Activities - General Revenues	772,704	478,416	82,554	(30,020)	(73,078)	(190,324)	(68,032)	(44,146)	(109,159)	(139,215)
<b>Total Primary Government-Program Revenues, General Revenues &amp; Other Changes in Net Position</b>	<b>71,159,472</b>	<b>65,986,108</b>	<b>60,143,785</b>	<b>73,441,461</b>	<b>88,548,833</b>	<b>60,923,156</b>	<b>66,109,521</b>	<b>69,689,098</b>	<b>75,151,301</b>	<b>79,593,806</b>

Source: City of Menlo Park

Notes:

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

(Continued)

Changes in Net Position  
June 30, 2017

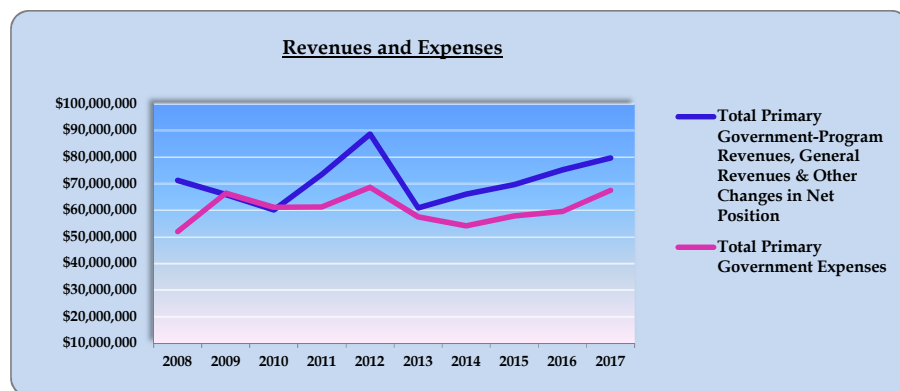
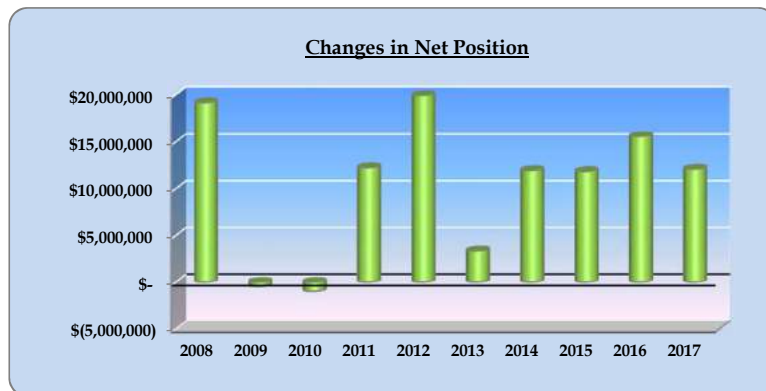
Financial Trends:  
Schedule 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities										
General Government	6,857,574	8,145,031	6,507,831	6,353,156	8,845,324	7,386,399	6,332,057	8,057,304	8,896,023	6,831,261
Public Safety (4)	11,191,323	15,763,116	13,755,857	13,605,071	20,707,475	14,248,362	14,080,936	14,237,536	17,090,541	16,597,178
Public Works	9,723,201	12,332,849	10,717,616	10,635,694	10,789,784	10,809,670	10,920,198	11,638,045	10,784,753	16,964,601
Culture and Recreation	8,647,013	11,276,226	9,723,210	9,616,046	9,461,866	9,860,317	11,077,343	11,400,791	11,250,082	12,870,799
Community Development (5)	6,916,391	9,817,989	12,644,222	12,615,612	9,470,060	6,186,002	4,240,784	4,384,310	4,060,817	5,440,687
Interest on Long-Term Debt	5,070,401	5,037,500	3,710,590	4,020,241	4,481,135	2,971,231	1,229,193	1,219,698	850,924	776,182
Total Governmental Activities Expenses	48,405,903	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
Business-Type Activities										
Water	3,601,919	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
Total Business-Type Activities Expenses	3,601,919	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
<b>Total Primary Government Expenses</b>	<b>52,007,822</b>	<b>66,448,587</b>	<b>61,107,193</b>	<b>61,224,096</b>	<b>68,630,355</b>	<b>57,574,935</b>	<b>54,180,125</b>	<b>57,854,599</b>	<b>59,590,901</b>	<b>67,517,735</b>
<b>Net Revenue (Expenses)</b>										
Governmental Activities	(25,176,033)	(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)
Business-type Activities	881,226	276,271	211,049	557,372	875,948	520,193	1,747,005	1,248,730	989,364	1,450,113
<b>Total Net Revenue (Expenses)</b>	<b>(24,294,807)</b>	<b>(42,361,774)</b>	<b>(38,610,745)</b>	<b>(26,454,445)</b>	<b>(36,463,397)</b>	<b>(27,746,730)</b>	<b>(21,870,580)</b>	<b>(22,484,703)</b>	<b>(21,715,637)</b>	<b>(33,148,980)</b>
<b>Changes in Net Position</b>										
Governmental Activities	17,497,720	(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
Business-type Activities	1,653,930	754,687	293,603	527,352	802,870	329,869	1,678,973	1,204,584	880,205	1,310,898
<b>Changes in Net Position</b>	<b>\$ 19,151,650</b>	<b>\$ (462,479)</b>	<b>\$ (963,408)</b>	<b>\$ 12,217,365</b>	<b>\$ 19,918,478</b>	<b>\$ 3,348,221</b>	<b>\$ 11,929,396</b>	<b>\$ 11,834,499</b>	<b>\$ 15,560,400</b>	<b>\$ 12,076,071</b>

Notes:

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

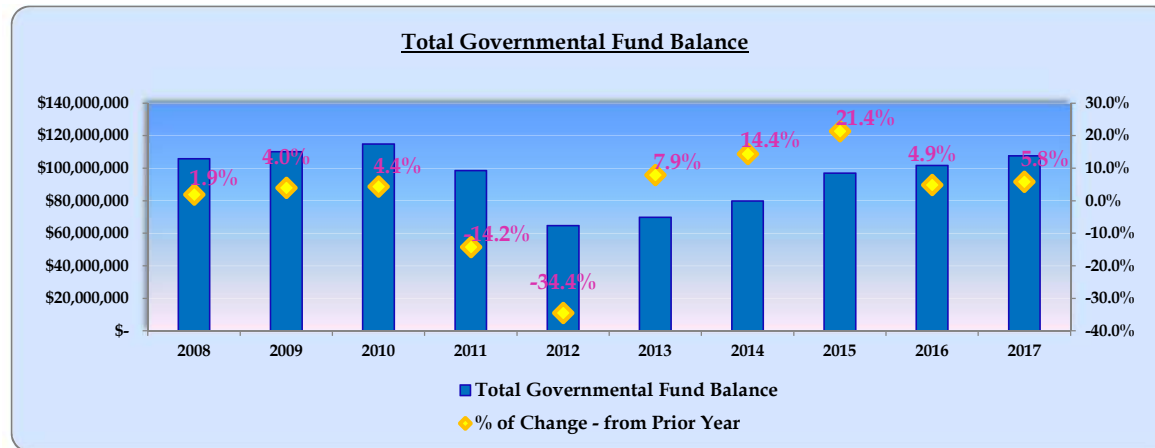
(5) Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development Agency of the City to the developers.



Fund Balances - Governmental Funds  
Last Ten Fiscal Years

Financial Trend:  
Schedule 3

	2008	2009	2010	2011 *	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
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
Committed	3,000,000	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
Assigned	3,278,658	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
Unassigned	21,003,074	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
General Fund Balance	27,281,732	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
<b>Other Governmental Funds</b>										
Nonspendable	6,160,144	6,140,612	2,554,413	2,475,807	4,233,517	4,907,442	565	2,041	-	-
Restricted	10,759,071	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
Committed	-	-	-	-	-	-	14,350,759	17,888,242	12,594,224	15,157,048
Assigned	61,727,238	65,056,016	74,302,453	-	-	-	15,834,509	17,148,769	20,143,982	18,186,022
Unassigned	(94,386)	-	-	(105,083)	-	-	(54,106)	(63,823)	(121,456)	(414,877)
Total Other Governmental Fund Balance	78,552,067	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
Total Governmental Fund Balance	\$ 105,833,799	\$ 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
% of Change - from Prior Year	1.9%	4.0%	4.4%	-14.2%	-34.4%	7.9%	14.4%	21.4%	4.9%	5.8%



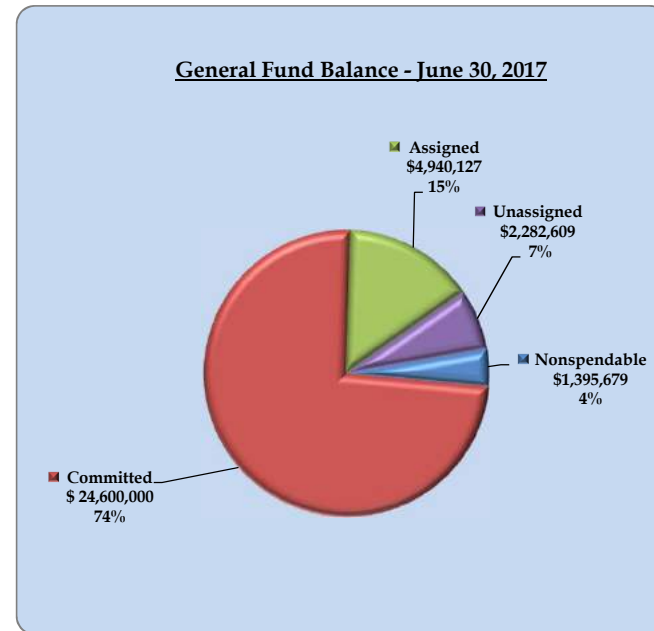
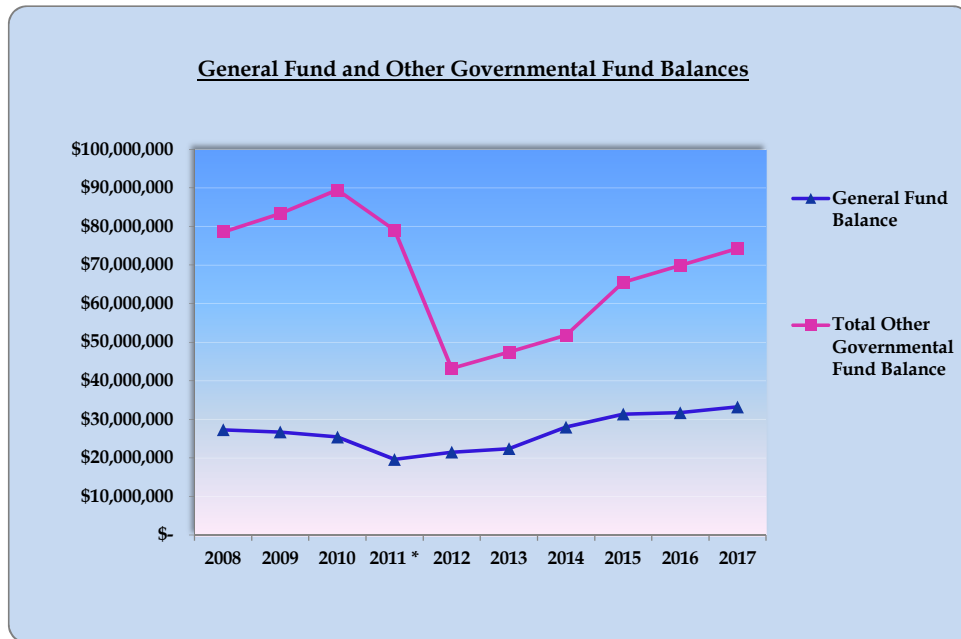
Source: City of Menlo Park

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

(Continued)

Fund Balances - Governmental Funds  
Last Ten Fiscal Years

Financial Trend:  
Schedule 3



Source: City of Menlo Park

Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years

Financial Trends:  
Schedule 4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Taxes										
Secured property taxes	\$ 21,081,671	\$ 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
Unsecured property taxes	1,752,345	1,817,213	1,422,317	1,577,479	404,916	351,099	384,686	414,466	466,089	301,908
Other property taxes	458,822	345,670	418,851	548,444	576,707	525,865	689,888	1,012,292	940,188	698,101
Sales taxes	7,676,943	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
Other Taxes(1)	5,878,652	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
Special assessments	2,661,078	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
Licenses and permits	4,376,750	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
Fines and forfeitures	951,145	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
Use of money and property	6,162,279	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
Intergovernmental	3,533,679	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
Charges for services	10,713,906	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
Other Revenues	702,342	186,473	334,959	234,550	270,567	202,137	141,434	234,380	331,756	562,919
<b>Total Revenues</b>	<b>65,949,612</b>	<b>61,617,672</b>	<b>56,327,701</b>	<b>58,732,191</b>	<b>50,373,377</b>	<b>54,756,960</b>	<b>57,459,615</b>	<b>61,296,857</b>	<b>66,686,693</b>	<b>68,437,847</b>
<b>Expenditures</b>										
Current										
General Government	6,168,001	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
Public Safety(2)	12,476,614	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
Public Works	7,774,129	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
Culture and Recreation	8,359,386	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
Rehabilitation Loans	-	-	-	-	-	-	-	-	-	-
Community Development	4,325,628	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
Urban Development and Housing	4,101,470	4,236,426	7,312,083	5,399,919	614,951	286,699	133,523	78,606	153,767	105,696
Capital Outlay	4,545,565	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
Capital Expenditures	-	-	-	-	-	-	-	2,483,647	8,589,250	-
Debt Service										
Principal(3)	2,115,000	2,215,000	2,305,000	2,420,000	2,570,000	760,000	620,000	1,000,000	1,055,000	425,000
Interest and Fiscal Charges(4)	4,868,947	3,540,575	3,581,456	4,295,839	4,254,712	1,255,585	1,230,855	862,315	931,400	782,173
<b>Total Expenditures</b>	<b>54,734,740</b>	<b>57,334,876</b>	<b>62,181,476</b>	<b>75,202,158</b>	<b>57,912,323</b>	<b>50,369,978</b>	<b>49,457,120</b>	<b>50,486,687</b>	<b>59,856,923</b>	<b>63,811,457</b>
<b>Revenues over (under) Expenditures</b>	<b>11,214,872</b>	<b>4,282,796</b>	<b>(5,853,775)</b>	<b>(16,469,967)</b>	<b>(7,538,946)</b>	<b>4,386,982</b>	<b>8,002,495</b>	<b>10,810,170</b>	<b>6,829,770</b>	<b>4,626,390</b>

Source: City of Menlo Park

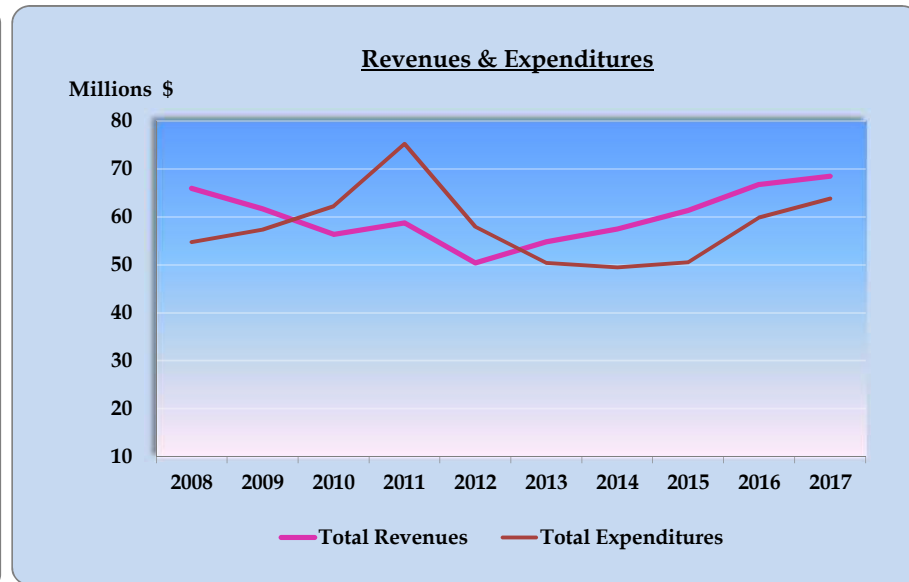
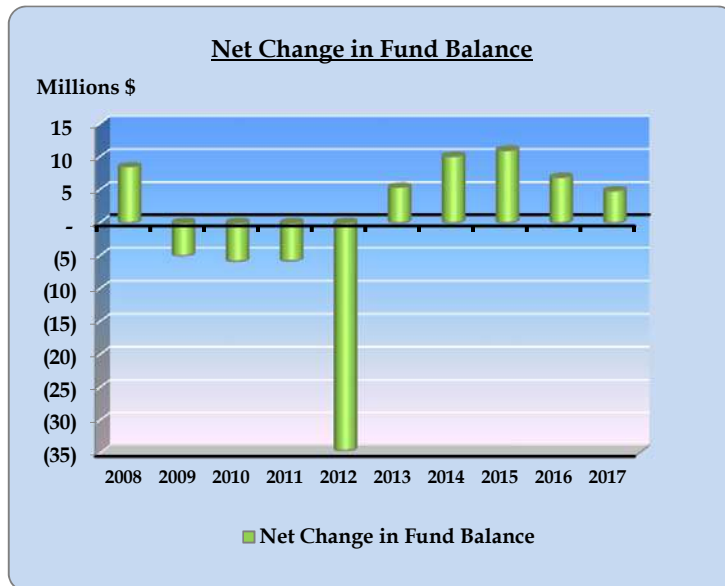
Notes:

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

(Continued)

Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Other Financing Sources (Uses)</b>										
Transfer In	7,551,944	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
Transfer Out	(10,586,019)	(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)
Proceeds from Sale of Fixed/Capital Assets	282,503	-	1,381	3,204	-	766,855	1,080,667	-	-	1,534
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)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,751,572)</b>	<b>(9,259,814)</b>	<b>(27,805)</b>	<b>10,678,989</b>	<b>(1,239,587)</b>	<b>948,380</b>	<b>1,266,548</b>	<b>175,541</b>	<b>20,185</b>	<b>202,595</b>
Extraordinary gain(loss)(6),(7)	-	-	-	-	(25,814,163)	-	771,822	-	-	-
<b>Net Change in Fund Balance</b>	<b>\$ 8,463,300</b>	<b>\$ (4,977,018)</b>	<b>\$ (5,881,580)</b>	<b>\$ (5,790,978)</b>	<b>\$ (34,592,696)</b>	<b>\$ 5,335,362</b>	<b>\$ 10,040,865</b>	<b>\$ 10,985,711</b>	<b>\$ 6,849,955</b>	<b>\$ 4,828,985</b>
<b>% of Change</b>	<b>-60.2%</b>	<b>-158.8%</b>	<b>18.2%</b>	<b>-1.5%</b>	<b>497.4%</b>	<b>-115.4%</b>	<b>88.2%</b>	<b>9.4%</b>	<b>-37.6%</b>	<b>-29.5%</b>
<b>Capital Expenditures</b>										
<b>Debt Service as Percentage of Non-Capital Expenditures</b>	<b>13.9%</b>	<b>11.3%</b>	<b>10.9%</b>	<b>11.3%</b>	<b>14.3%</b>	<b>4.7%</b>	<b>4.3%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>1.9%</b>



Source: City of Menlo Park

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

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



Governmental Funds Revenues by Source <sup>(1)</sup>  
Last Ten Fiscal Years

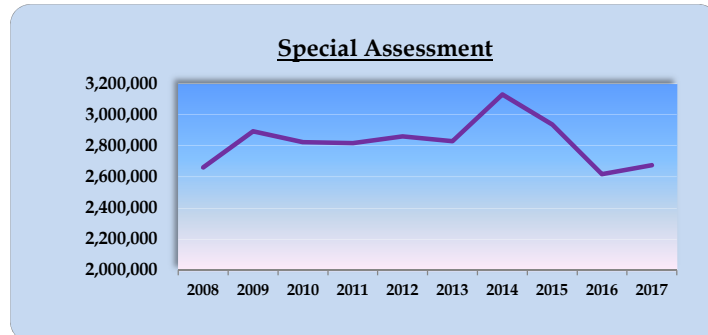
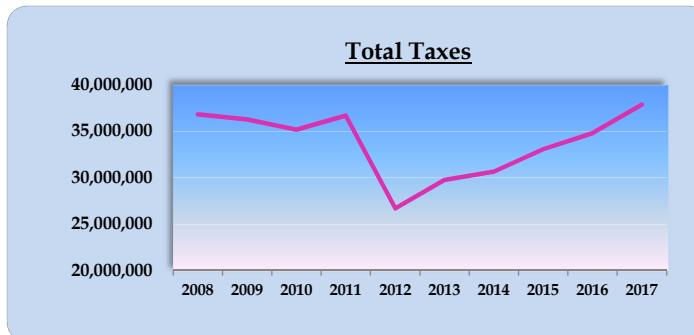
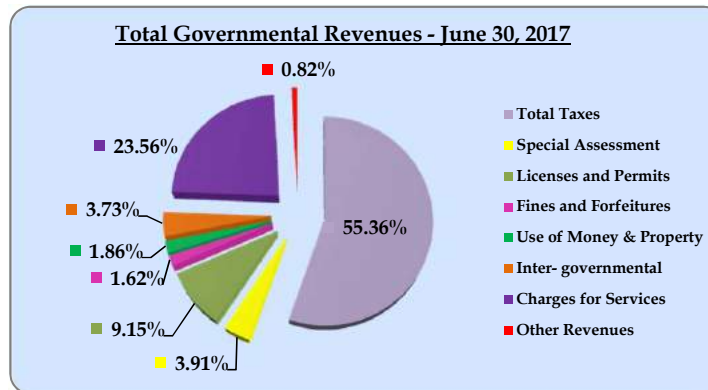
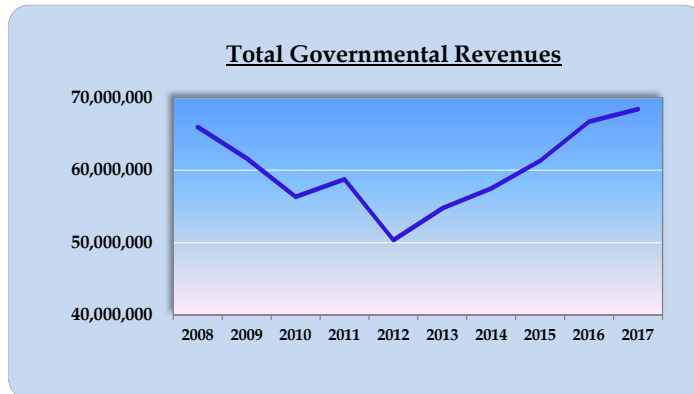
Revenue Capacity:  
Schedule 5

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

Source: City of Menlo Park

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

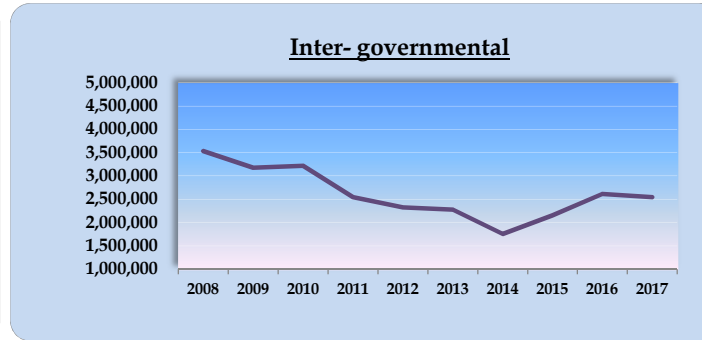
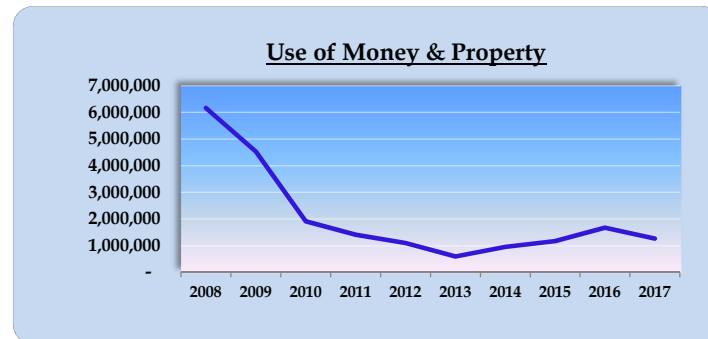
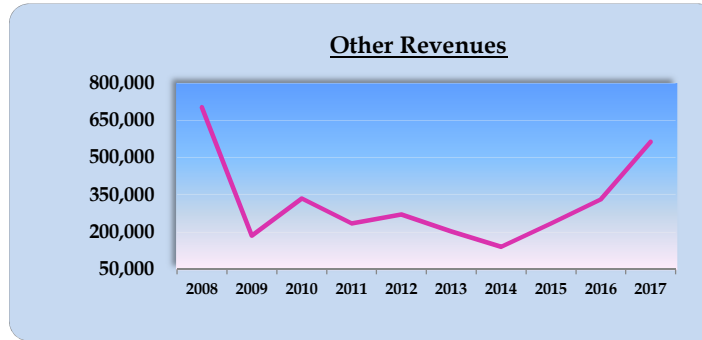
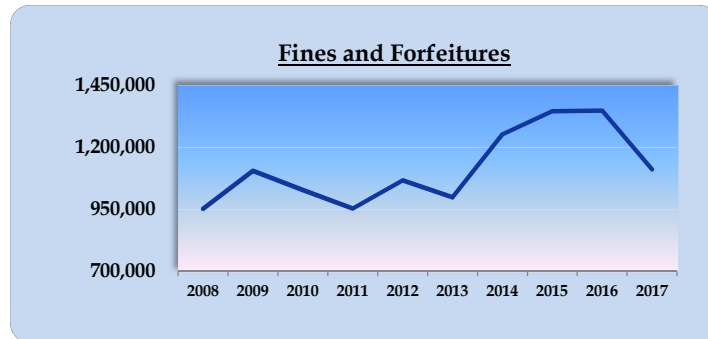
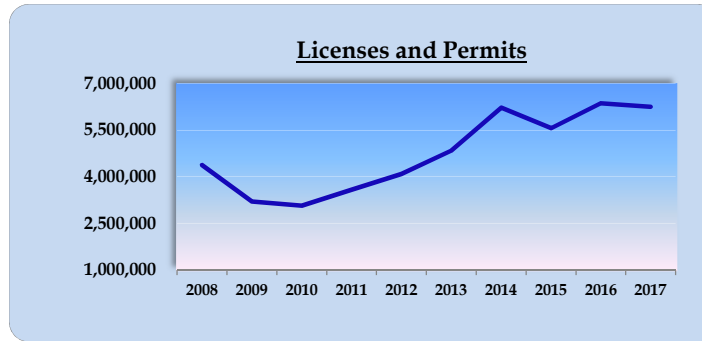
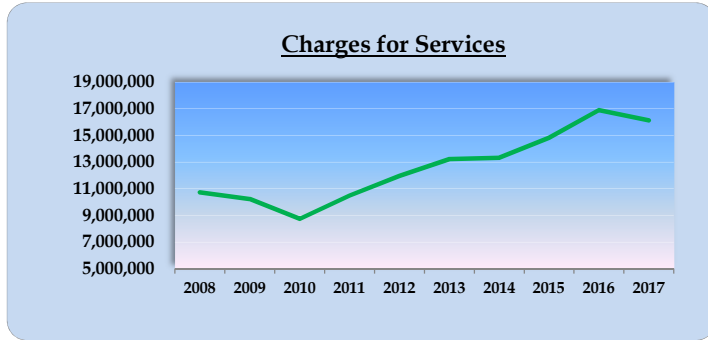
<sup>(2)</sup> In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.



(Continued)

Governmental Funds Revenues by Source <sup>(1)</sup>  
Last Ten Fiscal Years

Revenue Capacity:  
Schedule 5



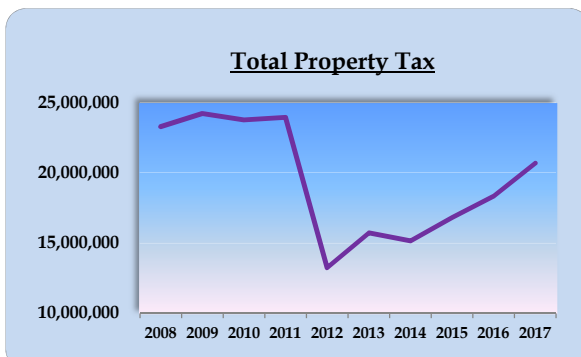
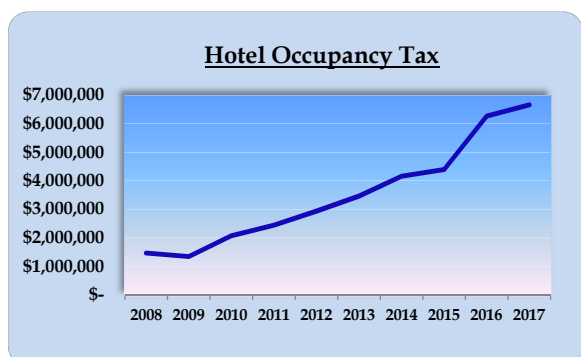
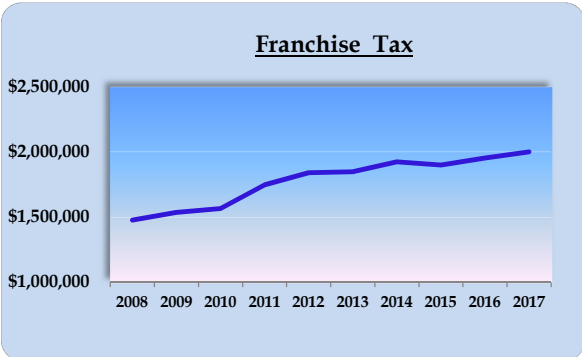
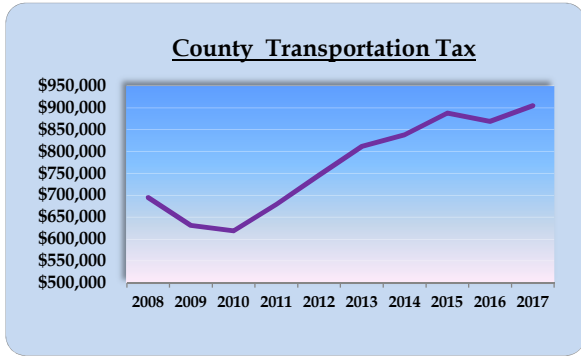
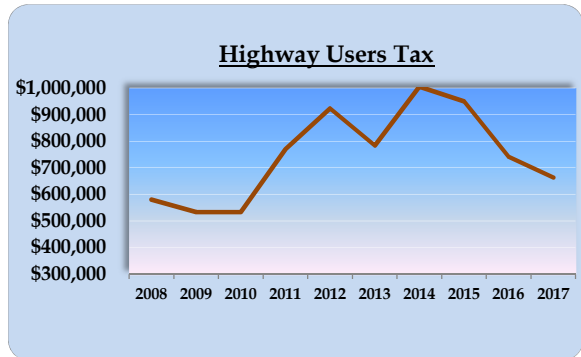
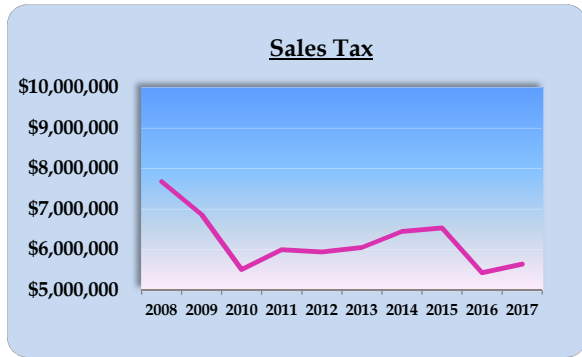
Source: City of Menlo Park

Governmental Funds Tax Revenue by Type  
Last Ten Fiscal Years

Revenue Capacity:  
Schedule 6

Fiscal Year Ending June 30	Highway	County	Franchise	Hotel Occupancy	Utility	Property Tax				Total	Total Governmental	
	Sales Tax	Transportation Tax				Secured	Unsecured	Transfer Tax	Other			Property Tax
2008	7,676,943	580,220	695,066	1,477,768	1,474,119	1,651,479	21,081,671	1,752,345	386,206	72,616	23,292,838	36,848,433
2009	6,865,152	533,784	630,996	1,535,223	1,351,578	1,162,595	22,050,255	1,817,213	278,290	67,380	24,213,138	36,292,466
2010	5,499,244	533,444	618,996	1,565,106	2,074,486	1,148,454	21,912,423	1,422,317	329,368	89,483	23,753,591	35,193,321
2011	5,988,055	770,967	679,286	1,747,605	2,453,981	1,122,940	21,810,655	1,577,479	457,701	90,743	23,936,578	36,699,412
2012	5,938,310	923,796	746,187	1,840,351	2,939,475	1,080,436	12,258,233	404,916	501,161	75,546	13,239,856	26,708,411
2013	6,043,870	783,719	812,249	1,848,480	3,468,256	1,095,256	14,854,925	351,099	460,683	65,182	15,731,889	29,783,719
2014	6,444,292	1,006,294	838,318	1,924,237	4,158,809	1,157,653	14,081,491	384,686	627,644	62,244	15,156,065	30,685,668
2015	6,527,498	950,205	888,189	1,900,746	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

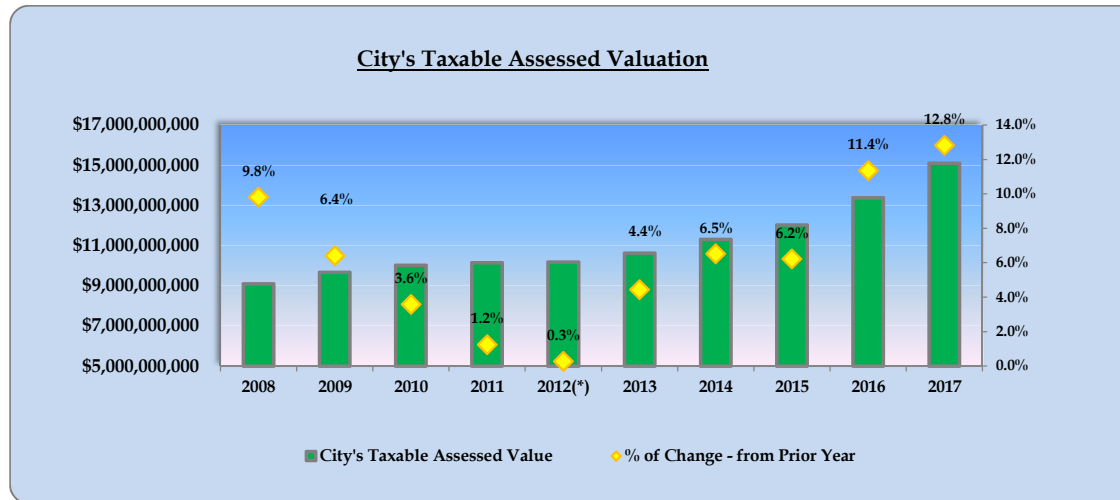
Source: City of Menlo Park and County of San Mateo  
(1) City implemented Utility Users Tax in April 2007



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

Revenue Capacity:  
Schedule 7

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less</u> <u>Exemptions</u>	<u>City's Taxable</u> <u>Assessed Value</u>	<u>% of Change -</u> <u>from Prior Year</u>	<u>Total Direct</u> <u>Tax Rate</u>
2008	8,613,253,093	684,419,419	(210,102,184)	9,087,570,328	9.8%	0.0024
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(*)	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



Source: County of San Mateo

Notes:

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

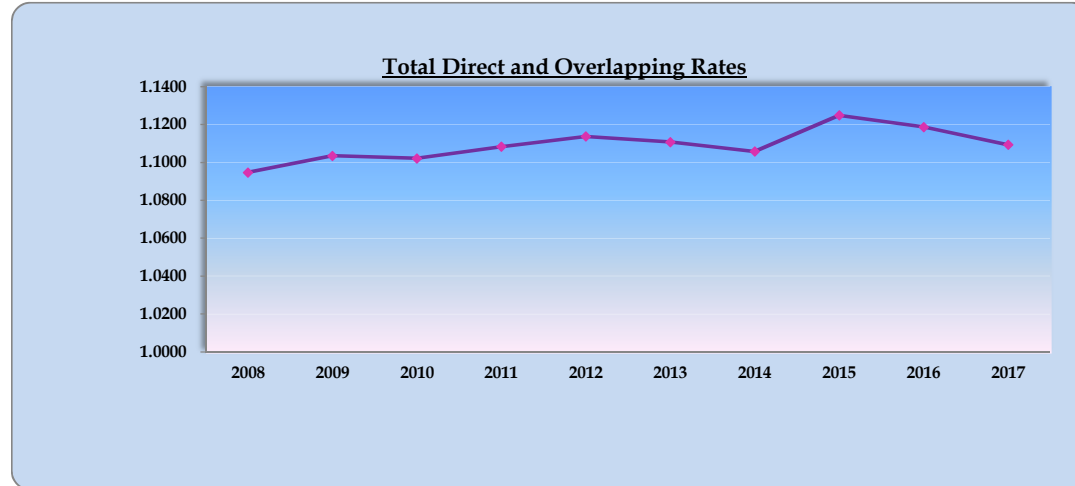
(\*) Redevelopment Agency was transferred to Successor Agency due to dissolution

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

Debt Capacity:  
Schedule 8

(Per \$1,000 Assessed Valuation)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City Direct Rates (1)	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0011	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	0.0384	0.0399	0.0390	0.0410	0.0413	0.0402	0.0381	0.0486	0.0393	0.0357
San Mateo Junior College	0.0171	0.0165	0.0182	0.0193	0.0199	0.0194	0.0194	0.0190	0.0250	0.0247
Menlo Park Debt Service	0.0047	0.0048	0.0046	0.0042	0.0041	0.0038	0.0026	0.0025	-	-
Menlo Park Parks & Rec Bond	0.0140	0.0141	0.0127	0.0127	0.0126	0.0118	0.0144	0.0115	0.0102	0.0092
Sequoia Union High School District	0.0205	0.0282	0.0277	0.0311	0.0358	0.0356	0.0313	0.0433	0.0434	0.0391
Midpeninsula Reg Open	-	-	-	-	-	-	-	-	0.0008	0.0006
Total Overlapping Rates	<u>1.0947</u>	<u>1.1035</u>	<u>1.1022</u>	<u>1.1083</u>	<u>1.1137</u>	<u>1.1108</u>	<u>1.1058</u>	<u>1.1249</u>	<u>1.1187</u>	<u>1.1093</u>
<b>Total Direct and Overlapping Rates</b>	<b><u>1.0971</u></b>	<b><u>1.1059</u></b>	<b><u>1.1046</u></b>	<b><u>1.1107</u></b>	<b><u>1.1161</u></b>	<b><u>1.1132</u></b>	<b><u>1.1082</u></b>	<b><u>1.1273</u></b>	<b><u>1.1198</u></b>	<b><u>1.1103</u></b>
% of Change - from Prior Year	-0.4%	0.8%	-0.1%	0.6%	0.5%	-0.3%	-0.4%	1.7%	-0.7%	-0.8%



Source:

(1) County of San Mateo, Property Taxes

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

Principal Property Tax Payers  
Current Fiscal Year and Ten Years Prior

Debt Capacity:  
Schedule 9

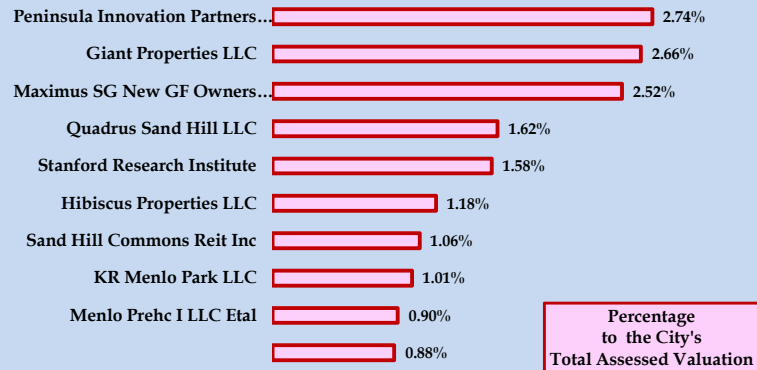
**FY 2016-2017**

<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>
Facebook Inc.	1	\$ 413,467,155	2.74%
Peninsula Innovation Partners LLC	2	401,023,741	2.66%
Giant Properties LLC	3	380,640,644	2.52%
Maximus SG New GF Owners LLC	4	245,135,347	1.62%
Quadrus Sand Hill LLC	5	238,646,078	1.58%
Stanford Research Institute	6	178,042,759	1.18%
Hibiscus Properties LLC	7	160,232,500	1.06%
Sand Hill Commons Reit Inc	8	151,804,954	1.01%
KR Menlo Park LLC	9	136,305,786	0.90%
Menlo Prehc I LLC Etal	10	132,490,630	0.88%
<b>Total Top 10 Taxpayers' Totals</b>		<b>\$ 2,437,789,594</b>	<b>16.15%</b>
<b>City's Total Assessed Valuation</b>		<b>\$ 15,095,867,037</b>	<b>100%</b>

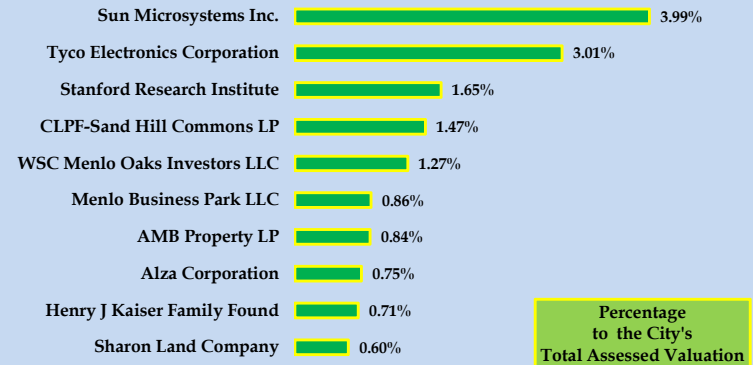
**FY 2007-2008**

<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>
Sun Microsystems Inc.	1	\$ 364,693,051	3.99%
Tyco Electronics Corporation	2	274,730,898	3.01%
Stanford Research Institute	3	150,400,679	1.65%
CLPF-Sand Hill Commons LP	4	134,179,503	1.47%
WSC Menlo Oaks Investors LLC	5	116,000,000	1.27%
Menlo Business Park LLC	6	78,186,819	0.86%
AMB Property LP	7	77,133,692	0.84%
Alza Corporation	8	68,314,159	0.75%
Henry J Kaiser Family Found	9	65,113,222	0.71%
Sharon Land Company	10	54,908,974	0.60%
<b>Total Top 10 Taxpayers' Totals</b>		<b>\$ 1,383,660,997</b>	<b>15.15%</b>
<b>City's Total Assessed Valuation</b>		<b>\$ 9,130,460,888</b>	<b>100%</b>

**City's Top Ten Principal Property Tax Payers - June 30, 2017**



**City's Top Ten Principal Property Tax Payers - June 30, 2008**



Source:

San Mateo County Tax Roll

California Municipal Statistics Inc

Property Tax Levies and Collections  
Last Ten Fiscal Years

Debt Capacity:  
Schedule 10

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Property Tax</u> <u>Levies</u>	<u>Property Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>	<u>Subsequent</u> <u>Year Collections</u>	<u>Total</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2008	23,292,838	23,292,838	100.00%	-	23,292,838	100%
2009	24,213,138	24,213,138	100.00%	-	24,213,138	100%
2010	23,753,591	23,753,591	100.00%	-	23,753,591	100%
2011	23,936,578	23,936,578	100.00%	-	23,936,578	100%
2012 (*)	13,239,856	13,239,856	100.00%	-	13,239,856	100%
2013(**)	15,731,889	15,731,889	100.00%	-	15,731,889	100%
2014	15,156,065	15,156,065	100.00%	-	15,156,065	100%
2015	16,824,725	16,824,725	100.00%	-	16,824,725	100%
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%



Source:

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

City of Menlo Park

Notes:

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

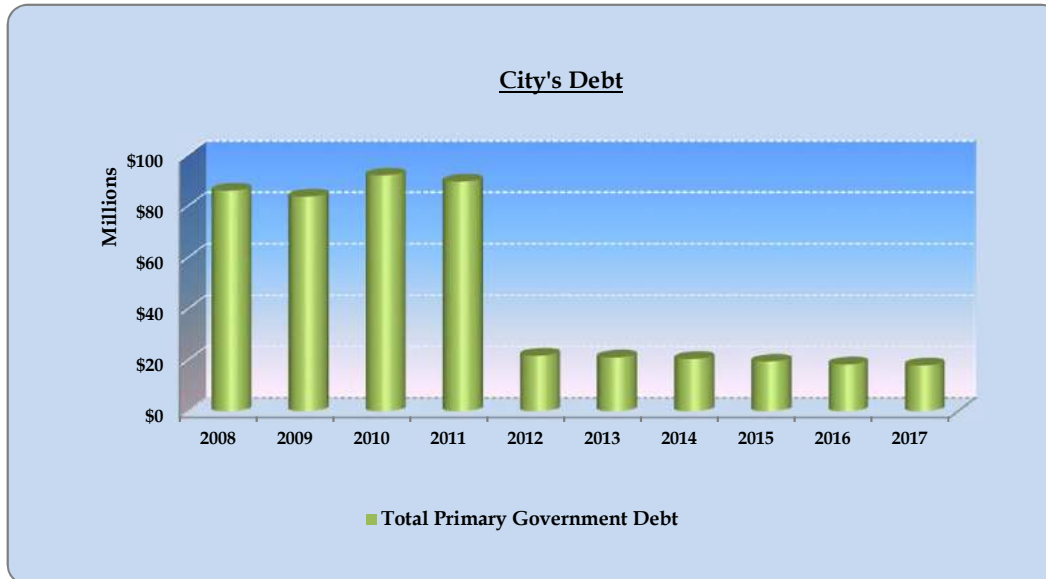
The last year of such tax increment received was in 2010-11.

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

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Debt Capacity:  
Schedule 11

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>General Obligation</u> <u>Bonds(1)</u> <sup>(1)</sup>	<u>Tax Allocation</u> <u>Bonds</u> <sup>(4)</sup>	<u>Total Primary</u> <u>Government Debt</u>	<u>Percentage of</u> <u>Personal Income</u> <sup>(7)</sup>	<u>Outstanding Debt</u> <u>Per Capita</u> <sup>(8)</sup>
2008	15,070,000	70,820,000	85,890,000	3.88%	2,728
2009	14,535,000	69,140,000	83,675,000	4.01%	2,626
2010	24,487,472 <sup>(2)</sup>	67,395,000	91,882,472	4.28%	2,853
2011	23,874,973	65,585,000	89,459,973	3.97%	2,760
2012	21,775,595 <sup>(3)</sup>	- <sup>(6)</sup>	21,775,595	not available	672
2013	21,016,779	-	21,016,779	not available	639
2014	20,397,966	-	20,397,966	0.92%	617
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



Source: City of Menlo Park

Notes:

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



Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total City Taxable Assessed Valuation</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Per Capita</u>
2008	15,070,000	9,087,570,328	0.17%	478.56
2009	14,535,000	9,669,292,492	0.15%	456.14
2010	24,487,472	10,016,523,183	0.24%	760.34
2011	23,874,973	10,140,348,118	0.24%	736.61
2012	21,775,595	10,169,244,059	0.21%	671.84
2013	21,016,779	10,620,369,817	0.20%	639.18
2014	20,397,966	11,311,951,652	0.18%	616.79
2015	19,399,153	12,015,719,121	0.16%	582.40
2016	18,345,340	13,380,461,679	0.14%	548.46
2017	17,921,527	15,095,867,037	0.12%	528.85

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

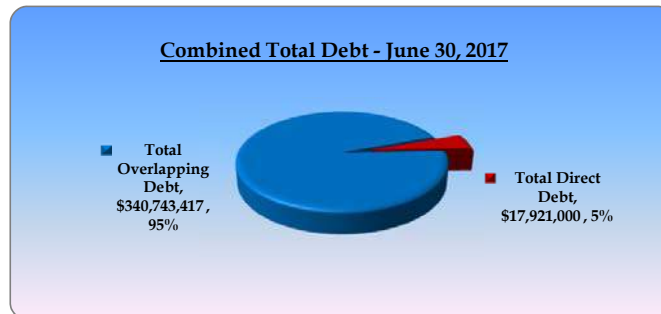
Direct and Overlapping Debt  
June 30, 2017

Debt Capacity:  
Schedule 13

**Fiscal year 2016-17**

**City Assessed Valuation <sup>(1)</sup> \$ 13,420,964,589**

	Outstanding Debt 6/30/2017	Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt	Ratio to City's Assessed Valuation
<b>Direct and Overlapping Tax and Assessment Debt</b>				
San Mateo Community College District	\$ 611,812,998	7.868%	\$ 48,137,447	0.36%
Sequoia Union High School District	523,920,000	18.543%	97,150,486	0.72%
Las Lomas School District	37,545,000	36.904%	13,855,607	0.10%
Menlo Park City School District	118,948,824	60.916%	72,458,866	0.54%
Ravenswood School District	22,605,000	51.392%	11,617,162	0.09%
Redwood City School District	85,711,277	2.526%	2,165,067	0.02%
Midpeninsula Regional Park District	44,225,000	6.167%	2,727,356	0.02%
<b>City of Menlo Park</b>	<b>17,921,000</b>	<b>100%</b>	<b>17,921,000</b>	<b>0.13%</b>
Total Direct and Overlapping tax and Assessment Debt			\$ 266,032,991	1.98%
<b>Overlapping General Fund Debt</b>				
San Mateo County General Fund Obligations	\$ 399,389,816	7.868%	\$ 31,423,991	0.23%
San Mateo County Board of Education Certificates of Participation	9,330,000	7.868%	734,084	0.01%
Midpeninsula Regional Park District Certificates of Participation	112,143,611	6.167%	6,915,896	0.05%
Menlo Park Fire Protection District Certification of Participation	10,755,000	48.047%	5,167,455	0.04%
Total Overlapping General Fund Debt			\$ 44,241,426	0.33%
Overlapping Tax Increment Debt - Successor Agency	48,390,000	100%	\$ 48,390,000	0.36%
<b>Total Direct Debt</b>			<b>\$ 17,921,000</b>	<b>0.13%</b>
<b>Total Overlapping Debt</b>			<b>\$ 340,743,417</b>	<b>2.54%</b>
<b>Combined Total Debt (2)</b>			<b>\$ 358,664,417</b>	<b>2.67%</b>



Source: California Municipal Statistics, Inc.

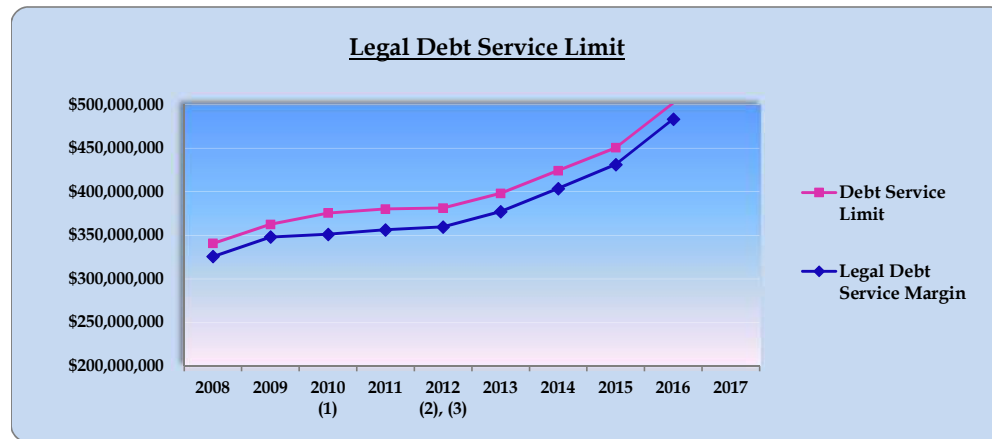
(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value.

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

Legal Debt Service Margin Information  
Last Ten Fiscal Years

Debt Capacity  
Schedule 14

	<u>2008</u>	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012 (2), (3)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's Taxable Assessed Valuation	\$ 9,087,570,328	\$ 9,669,292,492	\$ 10,016,523,183	\$ 10,140,348,118	\$ 10,169,244,059	\$ 10,620,369,817	\$ 11,311,951,652	\$ 12,015,719,121	\$ 13,380,461,679	\$ 15,095,867,037
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	2,271,892,582	2,417,323,123	2,504,130,796	2,535,087,030	2,542,311,015	2,655,092,454	2,827,987,913	3,003,929,780	3,345,115,420	3,773,966,759
Debt Service Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Service Limit	<b>340,783,887</b>	<b>362,598,468</b>	<b>375,619,619</b>	<b>380,263,054</b>	<b>381,346,652</b>	<b>398,263,868</b>	<b>424,198,187</b>	<b>450,589,467</b>	<b>501,767,313</b>	<b>566,095,014</b>
Less:										
General Obligation Bonds	<u>15,070,000</u>	<u>14,535,000</u>	<u>24,487,472</u>	<u>23,874,973</u>	<u>21,775,595</u>	<u>21,016,779</u>	<u>20,397,966</u>	<u>19,399,153</u>	<u>18,345,340</u>	<u>17,921,527</u>
Legal Debt Service Margin	\$ <b>325,713,887</b>	\$ <b>348,063,468</b>	\$ <b>351,132,147</b>	\$ <b>356,388,081</b>	\$ <b>359,571,057</b>	\$ <b>377,247,089</b>	\$ <b>403,800,221</b>	\$ <b>431,190,314</b>	\$ <b>483,421,973</b>	\$ <b>548,173,487</b>
Legal Debt Service Margin as a Percentage of Debt Service Limit	<u>95.6%</u>	<u>96.0%</u>	<u>93.5%</u>	<u>93.7%</u>	<u>94.3%</u>	<u>94.7%</u>	<u>95.2%</u>	<u>95.7%</u>	<u>96.3%</u>	<u>96.8%</u>



Source: County of San Mateo, Assessed Valuation Reports

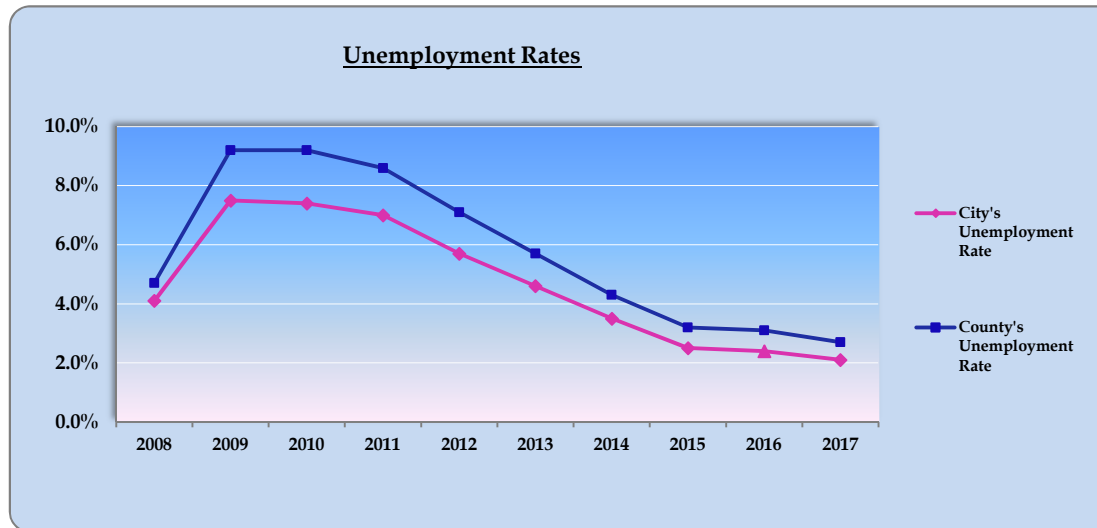
Notes:

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

Demographic and Economic Statistics  
Last Ten Fiscal Years

Demographic and  
Economic  
Information:  
Schedule 15

<u>Calendar Year</u>	<u>City's Population</u>	<u>City's Unemployment Rate</u>	<u>County's Unemployment Rate</u>	<u>Personal Income Per Capita</u>	<u>K-12 Public School Enrollments</u>
2008	31,490	4.1%	4.7%	70,211	4,297
2009	31,865	7.5%	9.2%	65,414	4,498
2010	32,206	7.4%	9.2%	66,629	4,477
2011	32,412	7.0%	8.6%	69,577	4,678
2012	32,412	5.7%	7.1%	not available	4,719
2013	32,881	4.6%	5.7%	not available	4,835
2014	33,071	3.5%	4.3%	67,072	4,976
2015	33,309	2.5%	3.2%	69,802	5,062
2016	33,449	2.4%	3.1%	69,802	5,218
2017	33,888	2.1%	2.7%	71,981	5,400



Source:

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

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

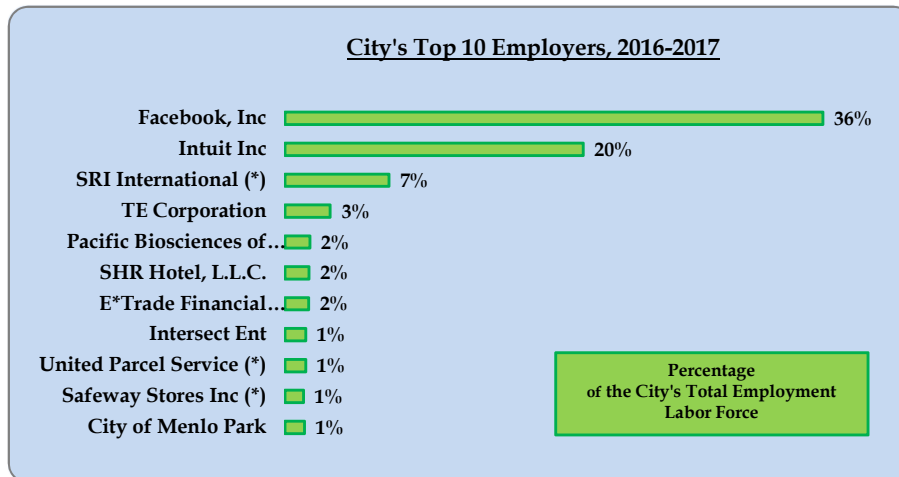
California Department of Education, Data Quest/Enrollment over time, school year 2014-15 Menlo Park Elementary Schools K-12 and Menlo Atherton High School

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

Principal Employers  
Current Fiscal Year and Ten Years Prior

Demographic  
Economic  
Information:  
Schedule 16

<u>City's Principal Employers</u>	<u>2016-2017</u>			<u>2007-2008</u>	
	<u>Rank</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>
Facebook, Inc	1	7,091	36%	n/a	n/a
Intuit Inc	2	3,931	20%	n/a	n/a
SRI International (*)	3	1,373	7%	1,200	8%
TE Corporation	4	597	3%	1,040	7%
Pacific Biosciences of California	5	330	2%	n/a	n/a
SHR Hotel, L.L.C.	6	315	2%	n/a	n/a
E*Trade Financial Corporation	7	313	2%	239	2%
Intersect Ent	8	275	1%	n/a	n/a
United Parcel Service (*)	9	274	1%	244	n/a
Safeway Stores Inc (*)	9	245	1%	n/a	n/a
City of Menlo Park	10	259	1%	234	n/a
<b>Top 10 Employers</b>		<b>15,003</b>	<b>77%</b>	<b>2,957</b>	<b>17%</b>
<b>Total Employment of the City's Labor Force</b>		<b>19,500</b>	<b>100%</b>	<b>15,400</b>	<b>100%</b>



Source:

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

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

Notes:

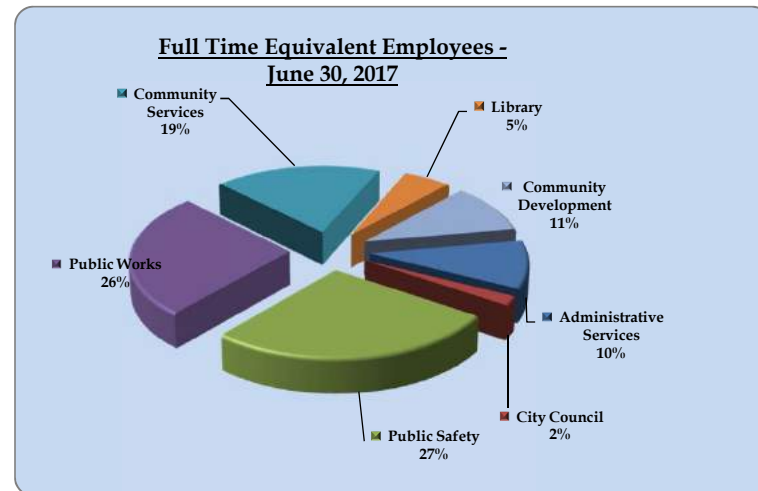
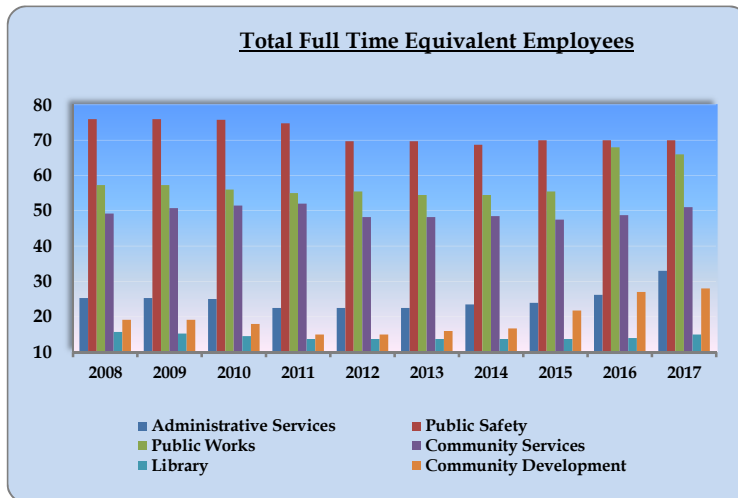
(\*) Reflect 2014-15 data, updates not available

n/a Not Available

Full Time Equivalent City Employees by Function  
Last Ten Fiscal Years

Demographic and  
Economic  
Information:  
Schedule 17

<u>FTE by Department</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administrative Services	25.35	25.35	25.00	22.50	22.50	22.50	23.50	24.00	26.25	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	76.00	75.75	74.75	69.75 <sup>(1)</sup>	69.75 <sup>(1)</sup>	68.75	70.00	70.00	70.00
Public Works	57.25	57.25	56.00	55.00	55.50	54.50	54.50	55.50	68.00	66.00
Community Services	49.25	50.75	51.50	52.00	48.25 <sup>(2)</sup>	48.25 <sup>(2)</sup>	48.50	47.50	48.75	51.00
Library	15.75	15.25	14.50	13.75	13.75	13.75	13.75	13.75	14.00	15.00
Community Development	19.15	19.15	18.00	15.00	15.00	16.00	16.75	21.75	27.00	28.00
<b>Total Full Time Equivalent Employees</b>	<b>247.75</b>	<b>248.75</b>	<b>245.75</b>	<b>238.00</b>	<b>229.75</b>	<b>229.75</b>	<b>230.75</b>	<b>237.50</b>	<b>259.00</b>	<b>268.00</b>



Source: City of Menlo Park, Human Resources

Remarks:

<sup>(1)</sup> 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

<sup>(2)</sup> Reduction of 3.0 FTE Housing Division during fiscal year 2011-12

*This page was intentionally left blank.*

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

Operating Information:  
Schedule 18

		<u>Fiscal Year Ending June 30, 2017</u>									
<u>FUNCTION/PROGRAM</u>		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Public</b>	Incidents	37,997	41,200	39,217	40,675	44,405	41,206	40,964	39,605	39,456	39,122
<b>Safety</b>	Calls for Service	19,736	20,015	19,840	19,752	20,469	22,383	21,021	21,293	21,384	21,487
	Officer Initiated Incidents	18,261	21,185	19,377	20,923	23,936	18,823	19,943	18,312	18,072	17,635
<b>Public Works</b>	<u>Transportation:</u>										
	Shuttle Passengers(1)	68,201	81,837	86,503	83,246	86,004	80,774	82,420	82,663	71,597	57,737
	<u>Engineering:</u>										
	Encroachment Permits Issued	319	310	289	290	272	300	365	372	447	406
<b>Culture and Recreation</b>	<u>Parks and recreation:</u>										
	Number of Activity Hours Provided (2)	119,674	37,869	48,270	37,964	1,662,457	2,403,979	3,095,612	3,312,426	3,354,773	3,339,783 (5)
	Number of Recreational Activities Participants (3)	237,968	61,514	64,762	88,032	706,830	931,490	1,119,365	1,196,406	981,761	1,009,084 (6)
	<u>Library:</u>										
	Books Volumes held	149,927	151,650	146,429	146,356	150,017	157,155	165,118	167,970	149,524	135,200
	Video/DVD held	15,148	14,989	13,688	14,262	14,728	13,348	16,704	17,344	17,556	16,643
	Books Volumes added	7,613	15,162	9,826	9,587	9,239	11,183	10,966	10,202	8,760	8,884
	Total Circulations	707,073	756,808	742,555	726,189	624,699	672,967	682,381	609,387	587,909	621,261
<b>Community Development</b>	<u>Building Permits Issued:</u>										
	Residential Buildings - Count	787	652	667	733	655	728	717	734	900	734
	Residential -Value (\$1000s)	84,006	51,761	42,033	49,618	44,545	64,932	65,386	118,952	215,219	81,949
	Commercial Buildings - Count	170	187	160	202	231	229	180	187	174	184
	Commercial -Value (\$1000s)	73,820	42,435	32,419	46,756	78,055	61,201	238,585	282,621	151,139	605,311
	Accessory Buildings - Count	99	74	87	85	73	100	91	90	138	110
	Accessory -Value (\$1000s)	2,337	1,039	1,188	1,812	1,925	1,876	3,752	3,999	3,985	18,331
	Building Inspection Conducted	11,197	10,532	8,797	9,928	9,733	10,171	10,004	10,639	12,103	13,704
	<u>Housing and Redevelopment:</u>										
	Below Market Rate - Units sold	16	5	2	2	2	1	4	0	0	0
	Below Market Rate - Units resold	0	0	1	3	3	0	2	1	1	0
	Housing Rehabilitation - New loans	0	5	0	0	0	0	0	0	0	0
	Housing Rehab Loans - Cumulative \$	1,459,047	1,440,877	1,340,433	1,312,380	1,210,372	960,179	917,315	799,640	698,128	622,798
	Housing Rehab Homes - Cumulative Count	41	41	36	33	32	28	26	22	17	15
	RDA - Housing Rehabilitation - New loans (4)	-	-	4	3	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
	Count	-	-	4	7	7	7	7	5	5	5
<b>Administrative Services</b>	<u>Finance:</u>										
	New Business License Applications	708	564	308	458	829	811	661	691	718	575

Source: City of Menlo Park

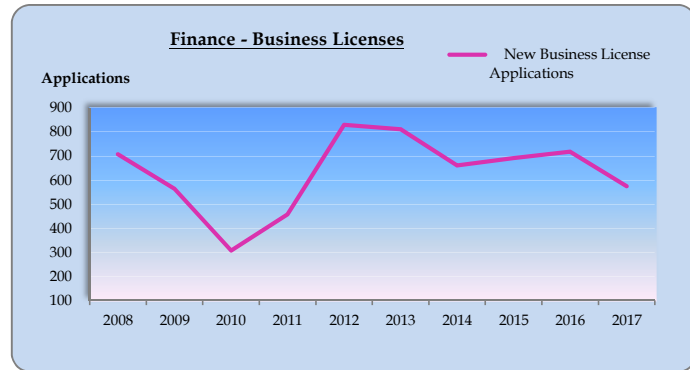
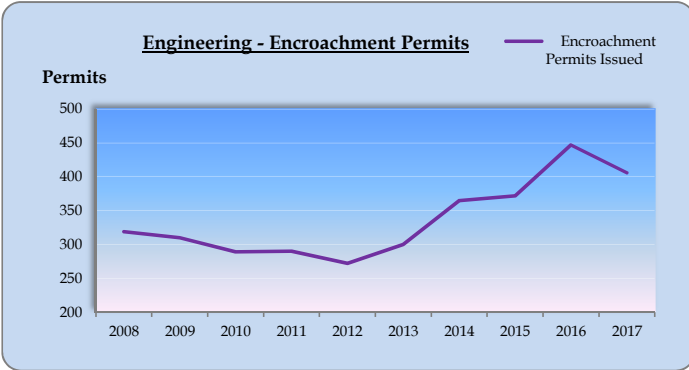
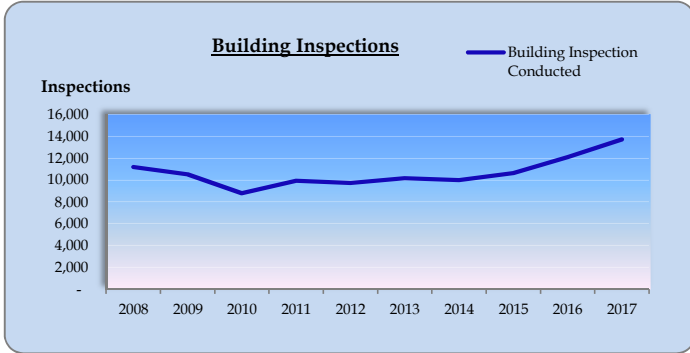
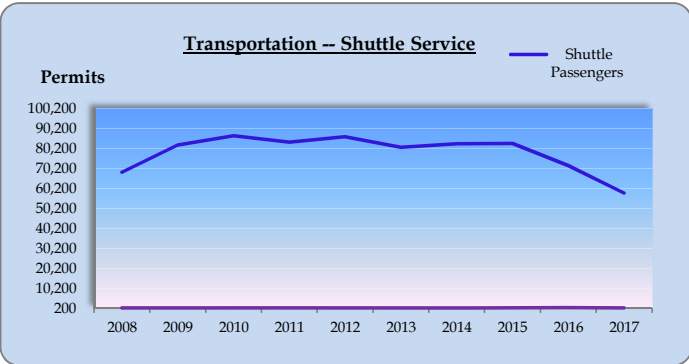
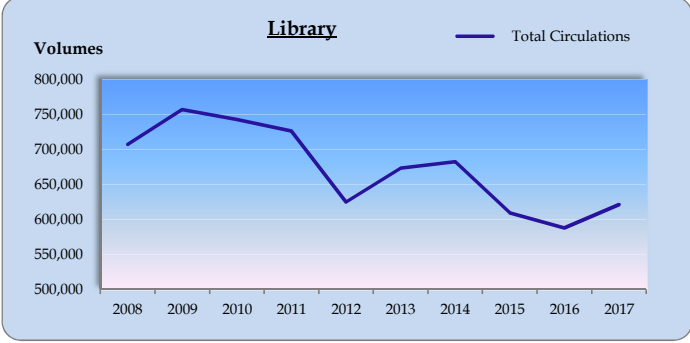
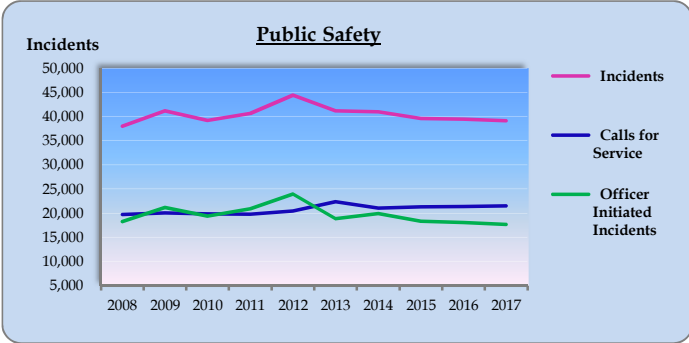
Note:

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

(Continued)



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



Source: City of Menlo Park

Capital Asset Inventory by Function  
Last Ten Fiscal Years

Operating Information:  
Schedule 19

<u>Function</u>	<u>Facility</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Government</b>	Civic Center-Administration	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>	Police Stations	2	2	2	2	2	2	2	2	2	2
	Streets (miles)	101	101	101	101	100	100	100	100	100	100
	Streetlights	1718	1718	1719	2233	2233	2233	2233	2233	2233	2238
	Traffic Signals	22	22	22	22	22	22	22	22	22	22
<b>Public Works</b>	Water:										
	- Daily average introduced into system (1,000 gallons)	3693	3230	3042	3038	3221	3238	3531	2633	2202	2202
	- Water storage (millions of gallons)	6	6	6	6	6	6	6	6	6	6
	- Water lines (miles)	55	59	59	59	59	59	59	63	59	59
	Child Care Centers	5	6	6	6	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	13	14	14	14	14	14	14	14	14	14
	Community Centers	2	2	2	2	2	2	2	1	1	1
<b>Parks and Recreation</b>	Senior Center	2	2	2	2	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	1	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

*This page was intentionally left blank.*

Capital Asset and Infrastructure Statistics by Activities  
Last Ten Fiscal Years

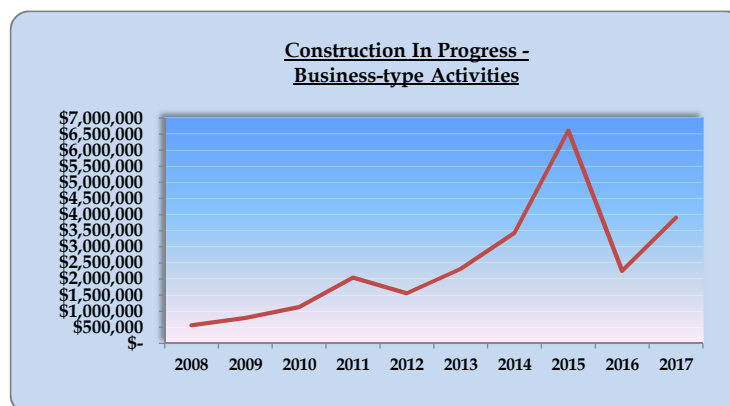
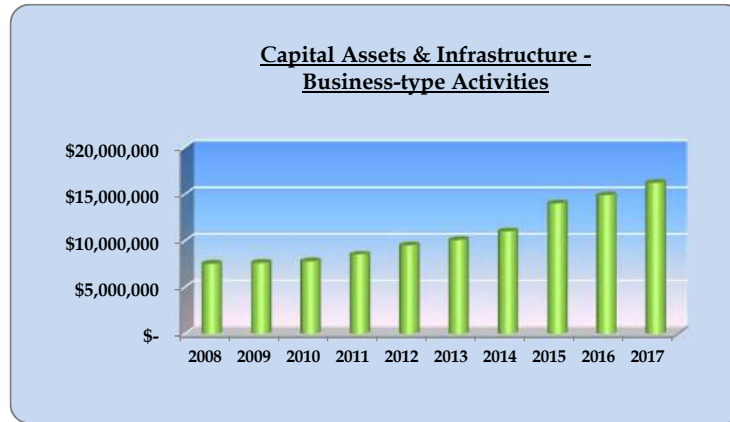
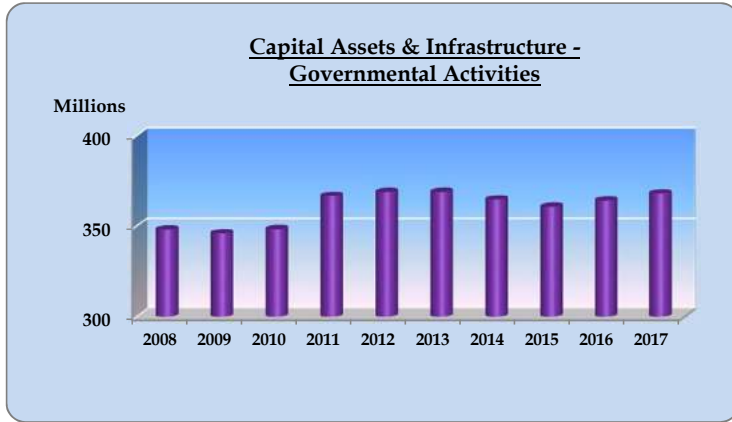
Operating Information:  
Schedule 20

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

Source: City of Menlo Park

(Continued)

Capital Asset and Infrastructure Statistics by Activities  
Last Ten Fiscal Years



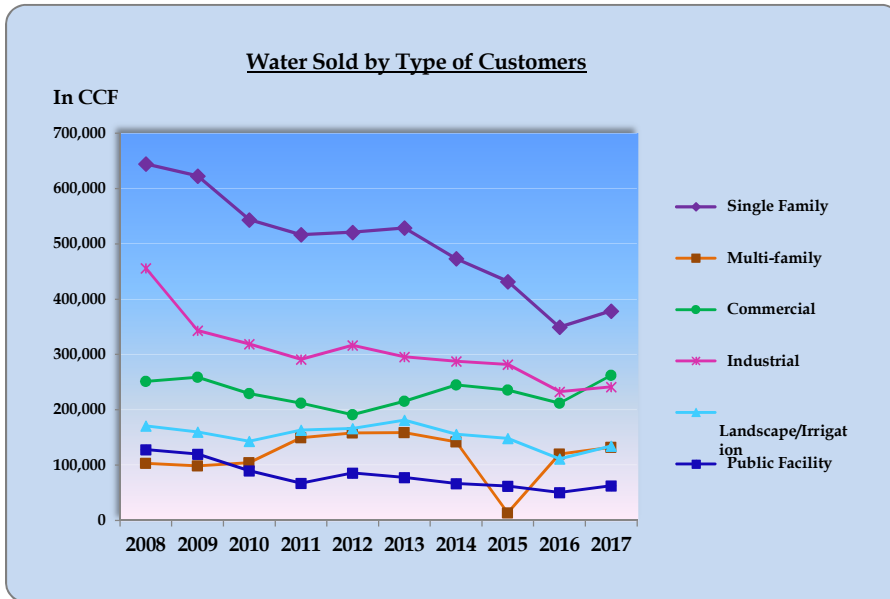
Source: City of Menlo Park

Water Sold by Type of Customer  
Last Ten Fiscal Years

Operating Information:  
Schedule 21

(in CCF)

<u>Type of Customer</u>	<u>Fiscal year ending June 30, 2017</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Single Family	644,785	623,012	543,758	516,958	521,341	529,161	473,312	432,062	349,573	378,848
Multi-family	103,263	98,672	104,032	149,228	158,342	158,386	141,634	13,487	119,843	132,285
Commercial	251,400	258,675	229,159	211,796	190,988	215,162	245,206	235,530	212,187	262,133
Industrial	456,315	343,516	319,117	291,137	316,857	295,864	287,567	282,021	232,846	241,563
Landscape/Irrigation	170,846	160,021	142,781	163,080	166,262	181,100	155,937	148,509	110,982	134,569
Public Facility	<u>127,811</u>	<u>119,814</u>	<u>89,655</u>	<u>67,389</u>	<u>85,474</u>	<u>77,494</u>	<u>66,833</u>	<u>61,828</u>	<u>50,526</u>	<u>62,292</u>
Total Water Sold - CCF	1,754,420	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
<b>Direct Rate(*)</b>	<b>\$ 7.61</b>	<b>\$ 8.48</b>	<b>\$ 9.44</b>	<b>\$ 11.01</b>	<b>\$ 12.78</b>	<b>\$ 14.86</b>	<b>\$ 17.24</b>	<b>\$ 20.03</b>	<b>\$ 20.86</b>	<b>\$ 23.46</b>



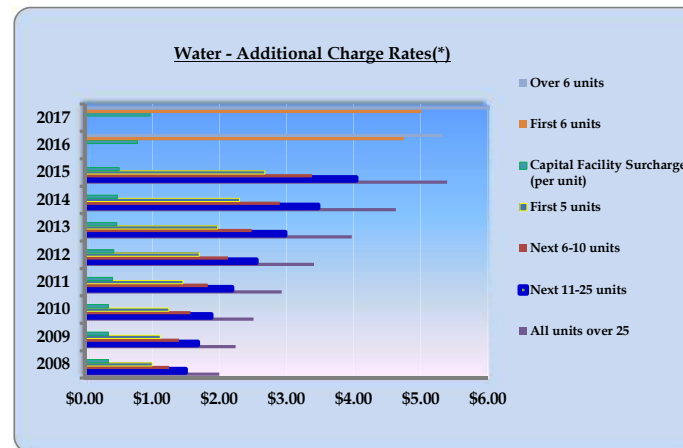
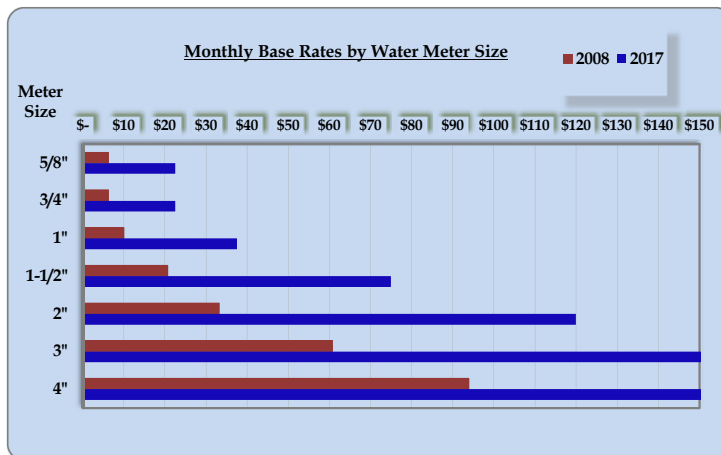
Source: California Water Service Company, City of Menlo Park

Notes: 1 unit is 748 gallons

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

Water Service Rates  
Last Ten Fiscal Years

Monthly Base Rate by Meter Size	Fiscal Year Ending June 30th									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
5/8"	6.26	7.01	7.84	9.14	10.65	12.41	14.46	16.84	20.08	22.49
3/4"	6.26	7.01	7.84	9.14	10.65	12.41	14.46	16.84	20.08	22.49
1"	10.02	11.21	12.54	14.61	17.03	19.85	23.12	26.94	33.47	37.49
1-1/2"	20.66	23.12	25.87	30.15	35.14	40.95	47.70	55.57	66.94	74.97
2"	33.18	37.13	41.55	48.42	56.43	65.77	76.62	89.26	107.10	119.95
3"	60.73	67.96	76.04	88.62	103.27	120.36	140.21	163.35	200.82	224.92
4"	93.91	105.09	117.59	137.04	159.71	186.12	216.83	252.61	335.36	375.60
6"	208.48	233.29	261.06	304.24	354.56	413.20	481.38	560.81	669.39	749.72
8"	462.67	517.73	579.34	675.16	786.83	916.98	1,068.28	1,244.54	1,071.02	1,199.54
10"	1,026.77	1,148.96	1,285.68	1,498.33	1,746.16	2,034.97	2,370.74	2,761.91	1,539.59	1,724.34
<b>Additional charges (*)</b>										
First 5 units	1.00	1.12	1.25	1.46	1.70	1.98	2.30	2.68	-	-
Next 6-10 units	1.25	1.40	1.57	1.83	2.13	2.48	2.90	3.38	-	-
Next 11-25 units	1.50	1.68	1.88	2.19	2.55	2.98	3.47	4.04	-	-
All units over 25	2.00	2.24	2.51	2.93	3.41	3.97	4.63	5.39	-	-
First 6 units	-	-	-	-	-	-	-	-	4.75	5.01
Over 6 units	-	-	-	-	-	-	-	-	5.32	6.09
<b>Capital Facility Surcharge (per unit)</b>	0.35	0.35	0.35	0.41	0.43	0.47	0.48	0.51	0.78	0.97



Source: City of Menlo Park, Master Fee Schedules

Notes: (\*) 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.

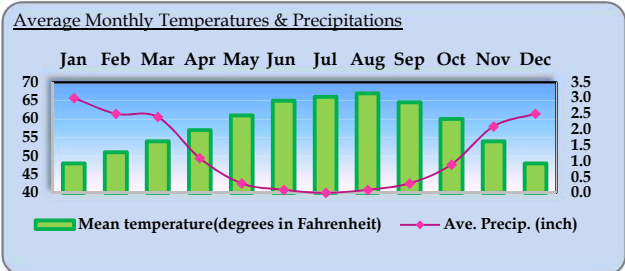
Miscellaneous Statistics

June 30, 2017

Operating Information:

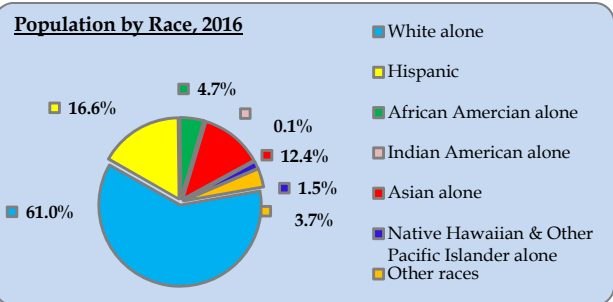
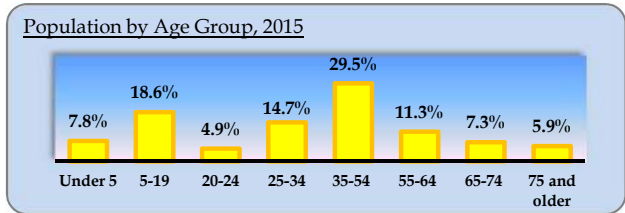
Schedule 23

<b>Date of Incorporation</b>	November 23, 1927
Form of Government	Council / Manager
City Council Members	5
<b>City Commissions</b>	10
Arts, Bicycle, Environmental Quality, Finance & Audit, Housing, Las Pulgas, Library, Parks & Recreation, Planning, & Transportation	
<b>Latitude, Longitude</b>	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, 2014 Estimate	33,309
People per square miles, 2014	3,289
Male Persons, 2014	48.4%
Female Persons, 2014	51.6%
Median age (years), 2014	38.1



*Percentage Speak English only*

Age 5 - 17	19.0%
Age 18-64	65.2%
Age 65+	15.8%

*Percentage Speak a language other than English:*

Age 5 - 17	18.6%
Age 18-64	70.4%
Age 65+	11.0%

*Education Attainment -Population 25 years and over*

Less than high school graduate	7.7%
High school graduate or equivalent	8.0%
Some college or associate's degree	14.5%
Bachelor's degree	29.4%
Graduate or professional degree	40.4%

*Marital Status*

Never married	31.1%
Now married - except separated	54.8%
Divorced or separated	10.0%
Widowed	4.1%

*Citizenship Status*

Native, 5 years and over	73.6%
Foreign-born, 5 years and over	26.3%
Naturalized U.S. citizen	11.9%
Not a U.S. citizen	14.5%

*Poverty Status in the past 12 months, 2012*

Below poverty level	7.9%
At or above poverty level	92.1%

**Housing Characteristics**

Total housing units	13,085
Occupied housing units	12,347
Homeownership rate	56.1%
Housing units in multi-unit structures	37.4%
Median value of owner-occupied homes	\$ 1,374,600
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)	
Movie theater, the Guild	1
Clubs/Organizations	13
Places of worship	22

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



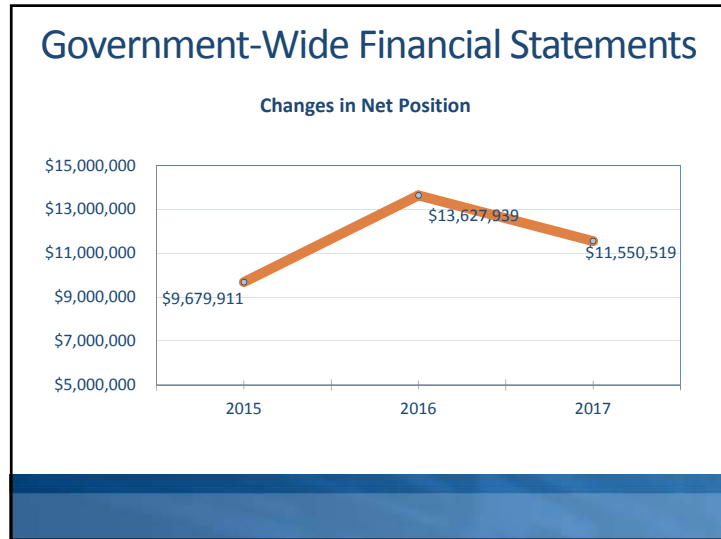
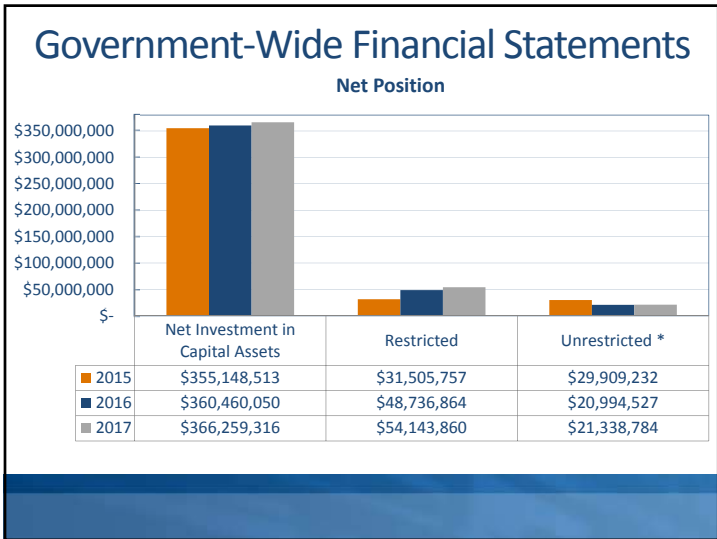
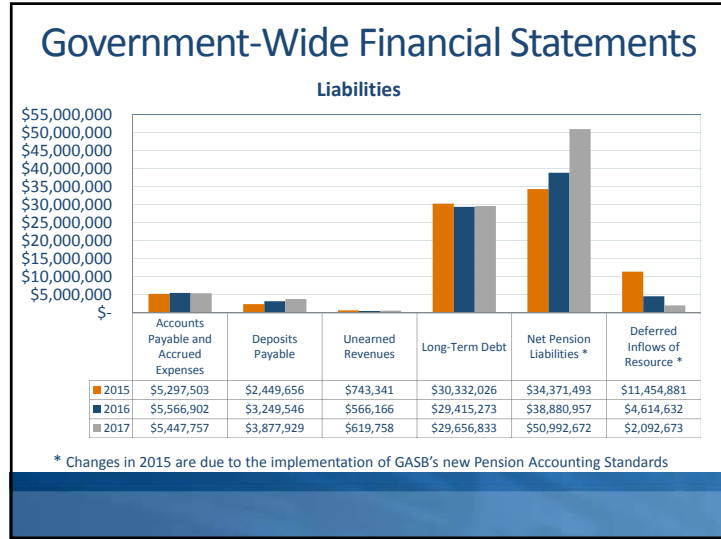
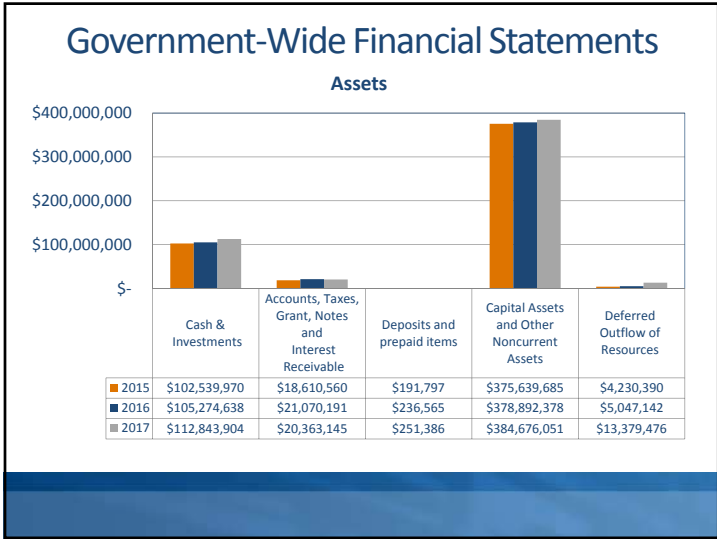
*This page intentionally left blank.*

---

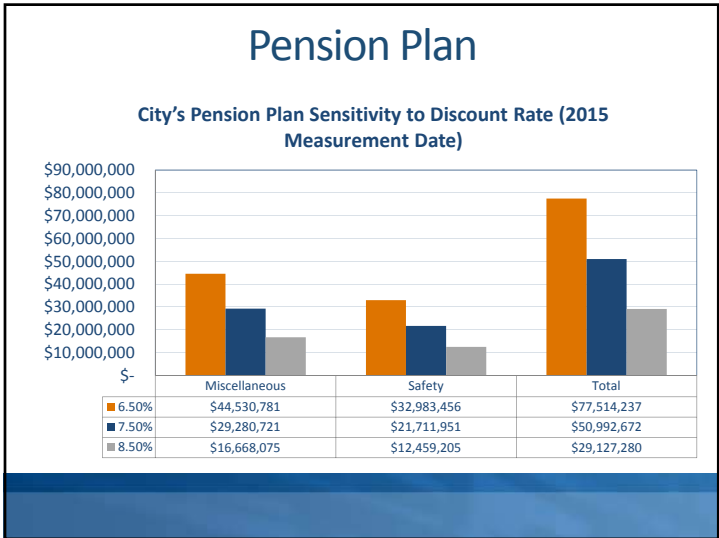
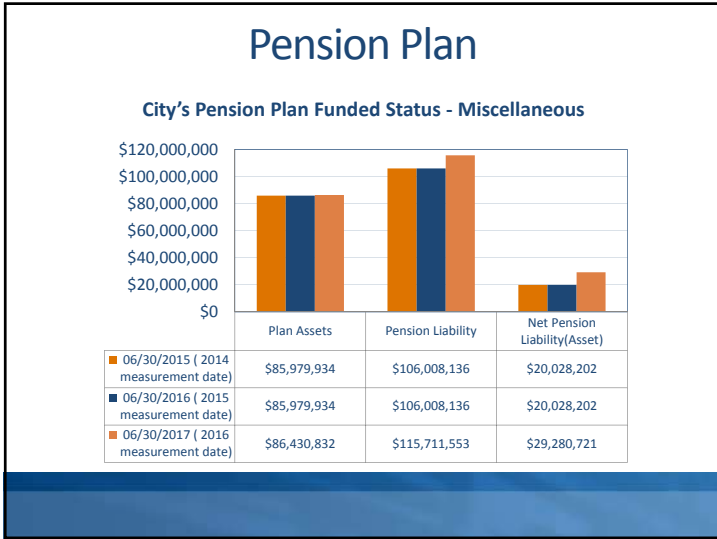
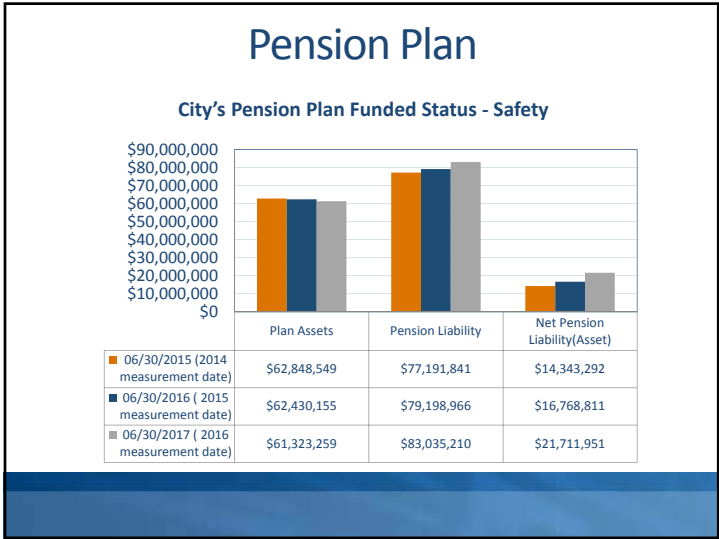
# **OTHER INFORMATION (UNAUDITED)**

---

# OTHER SCHEDULES



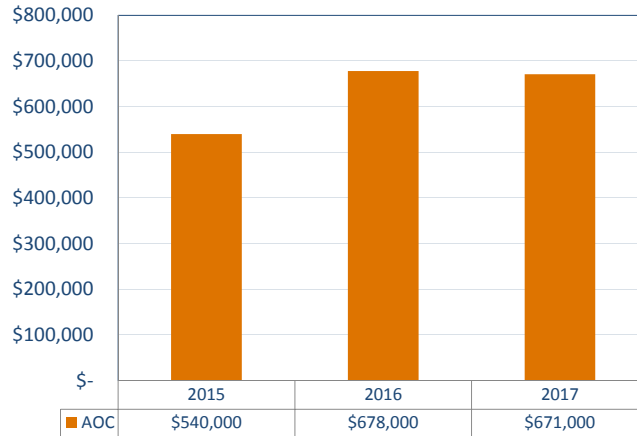
# OTHER SCHEDULES



# OTHER SCHEDULES

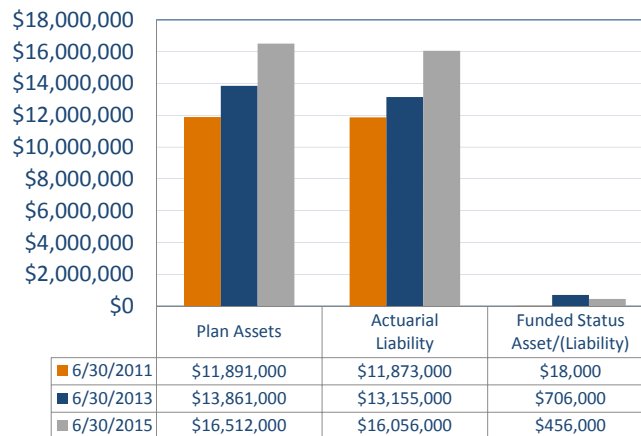
## Other Financial Information

**City's Annual OPEB Cost**



## Other Financial Information

**City's OPEB Plan Funded Status**





©2018 The City of Menlo Park