



**FINANCE & AUDIT COMMITTEE  
AGENDA**  
Regular Meeting  
Thursday, January 08, 2015 at 2:00 PM  
2nd Floor Administration Conference Room  
701 Laurel Ave, Menlo Park, CA 94025

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**CALL TO ORDER**

**ROLL CALL** – Catherine Carlton, Richard Cline, Anne Craib, Les Denend, and Laura J Phelps

**A. PUBLIC COMMENT (Limited to 30 minutes)**

Under “Public Comment,” the public may address the advisory body on any subject not listed on the agenda within the jurisdiction of the Commission. Each speaker may address the Commission once under Public Comment for a limit of three minutes. Please clearly state your name and address or political jurisdiction in which you live. The Commission cannot act on items not listed on the agenda and, therefore, the Commission cannot respond to non-agenda issues brought up under Public Comment other than to provide general information. The public may address the Commission regarding items listed on the agenda during the consideration of each item.

**B. REGULAR BUSINESS**

- B1.** Present and discuss the 2013-14 Comprehensive Annual Financial Report (CAFR) and the 2013-14 Independent Auditor’s Report with external auditors  
[\(Attachment\)](#) [\(Attachment\)](#)
- B2.** Review current status of the City’s pension plans
- B3.** Update on the financial dashboard
- B4.** Further discussion on developing a 2-year workplan
- B5.** Review and accept Finance/Audit Committee minutes for the meeting of October 23, 2014 [\(Attachment\)](#)
- B6.** Select meetings for 2015 calendar year

**E. ADJOURNMENT**

This Agenda is posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website at <http://www.menlopark.org> and can present e-mail notification of agenda and staff report postings by subscribing to the “Notify Me” service on the City’s homepage at [www.menlopark.org/notifyme](http://www.menlopark.org/notifyme). Agendas and staff reports may also be obtained by contacting Stephen Green, at 650-330-6646. (Posted 12/19/15)

At every Regular Meeting of the Commission, in addition to the Public Comment period where the public shall have the right to address the Commission on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during the Commission’s consideration of the item.

At every Special Meeting of the Commission, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during consideration of the item.

Any writing that is distributed to a majority of the Commission by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available for inspection at the Menlo Park Library, 800 Alma Street, Menlo Park, CA 94025 during regular business hours.

Persons with disabilities, who require auxiliary aids or services in attending or participating in Commission meetings, may call the City Clerk's Office at (650) 330-6620.



## INDEPENDENT AUDITORS' 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, 2014, 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.

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### ***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, 2014, 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, schedules of funding progress for pension and other postemployment benefit plans and budgetary comparison information on pages 5 to 18 and 82 to 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

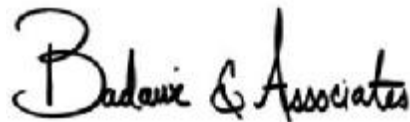
The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 91 to 151 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi and Associates  
Certified Public Accountants  
Oakland, California  
December 8, 2014



## **FINANCE & AUDIT COMMITTEE MINUTES**

**Regular Meeting**  
**Thursday, October 23, 2014 at 2:00 PM**  
**Administration Conference Room 2<sup>nd</sup> Floor**  
**701 Laurel Ave, Menlo Park, CA 94025**

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**CALL TO ORDER-** Laura J Phelps Vice-Chair called meeting to order at 2:12 p.m.

**ROLL CALL -** Catherine Carlton, Les Denend, Ray Mueller, Laura J Phelps  
Catherine Carlton left the meeting at 3:10 p.m.  
Ray Mueller left the meeting at 3:20 p.m.

**ABSENT-** Anne Craib

### **A. PUBLIC COMMENT - None**

### **B. REGULAR BUSINESS**

**B4.** Accept Finance/Audit Committee minutes for the meeting of July 17, 2014

**NOTE:** - This item was taken out of order.

**ACTION:** Motion and second (Phelps/Mueller) to approve minutes as stated passed 4-0-1  
(Craib absent)

**B1.** Present and discuss 2013-14 General Fund unaudited year end results

**ACTION:** Motion and second (Phelps/Mueller) to recommend to Council that \$3 million from the  
2013-14 General Fund operating surplus is to be deposited in the Strategic Pension  
Funding Reserve passed 4-0-1 (Craib absent)

**B2.** Update from subcommittee on the financial dashboard

**NOTE:** By consensus, committee agreed that the subcommittee continue to develop the  
financial dashboard and to meet with staff on understanding dashboard options.

**B3.** Update from subcommittee on the 2-year workplan

**NOTE:** By consensus, committee agreed that the subcommittee will independently interview  
Council members for input.

### **E. ADJOURNMENT – 3:20 p.m.**

**NOTE:** Item taken out of order due to lack of quorum.

**B5.** Select meetings for 2015 calendar year

**NOTE:** Item to be moved to the next meeting.

Prepared by: Stephen Green, Financial Analyst