



SPECIAL MEETING AGENDA

Date: 1/19/2016
Time: 2:00 pm
City Hall/Administration Building
Administration Conference Room, 2nd Floor
701 Laurel St., Menlo Park, CA 94025

Call To Order

Roll Call – Carlton, Cline, Craib, Denend, Tronson

A. Public Comment

Under “Public Comment,” the public may address the Committee on any subject not listed on the agenda. Each speaker may address the Committee 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 Committee cannot act on items not listed on the agenda and, therefore, the Committee cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

B. Regular Business

- B1. Review and discuss City’s financial statements with external auditors ([Attachment](#))
- B2. Review and accept Finance & Audit Committee minutes for the Special Meeting of December 10, 2015 ([Attachment](#))
- B3. Review and discuss department’s findings for budget savings through alternative delivery models. ([Attachment Police](#)) ([Attachment Library](#)) ([Attachment Community Services](#))

C. Adjournment

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at www.menlopark.org and can receive e-mail notification of agenda and staff report postings by subscribing to the “Notify Me” service at menlopark.org/notifyme. Agendas and staff reports may also be obtained by contacting Stephen Green at 650-330-6646. (Posted: 1/15/2016)

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

At every Special Meeting of the Committee, members of the public have the right to directly address the Committee 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 Committee 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 City Clerk's Office, 701 Laurel St., 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.



CITY OF MENLO PARK, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015

CITY OF MENLO PARK, CALIFORNIA

PREPARED BY

The Administrative Services Department - Finance Division

This report is printed on recycled paper.

City of Menlo Park
For the year ended June 30, 2015

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INTRODUCTORY SECTION



January 15, 2016

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

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

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

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

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

Background

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

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

Reporting Entity

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

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

Economic Condition and Outlook

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

Local economy

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

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

Outlook

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

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

Also an area of continued monitoring is the financial health of the State of California.

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

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

Major Initiatives

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

In 2014-15, the **Community Development Department** completed substantial work on the General Plan update, including a visioning effort that involved an educational speaker series, stakeholder interviews and community workshops. The department also completed revisions to the El Camino Real/ Downtown Specific Plan, including the environmental review. Construction of an undercrossing at Bayfront Expressway which provides bicycle and pedestrian connectivity to the Bay Conservation and Development Commission (BCDC) Bay Trail and Bedwell Bayfront Park was also completed in 2014-15. With regard to private development, several major development projects were completed including the Facebook MPK20 building (also known as the West Campus), 389 El Camino Real residential project, 1460 El Camino Real mixed-use project, Marriot Residence Inn and Beechwood School. For future residential development, the department managed the review and/or

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

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

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

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

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

FOR THE FUTURE:

Financial Planning and Fiscal Policies

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

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

Respectfully submitted,

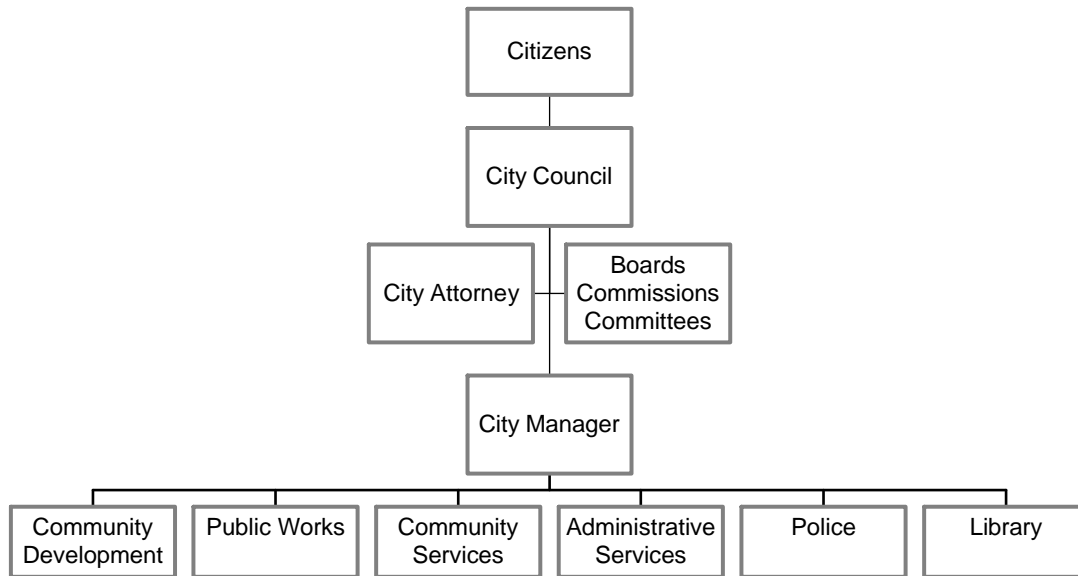
Alex D. McIntyre
City Manager

Nick Pegueros
Administrative Services Director

CITY OF MENLO PARK, CALIFORNIA

ORGANIZATIONAL CHART

JUNE 30, 2015



CITY OF MENLO PARK, CALIFORNIA

LIST OF CITY OFFICIALS

JUNE 30, 2015

CITY COUNCIL

Catherine Carlton, Mayor
Richard Cline, Mayor Pro Tem
Kirsten Keith, Councilmember
Ray Mueller, Councilmember
Peter Ohtaki, Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Menlo Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

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
January 15, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2015

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

FINANCIAL HIGHLIGHTS

City-Wide:

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

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

Long-Term Debt:

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

Fund Highlights:

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

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

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

City Highlights:

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

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

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

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

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

Governmental Activities

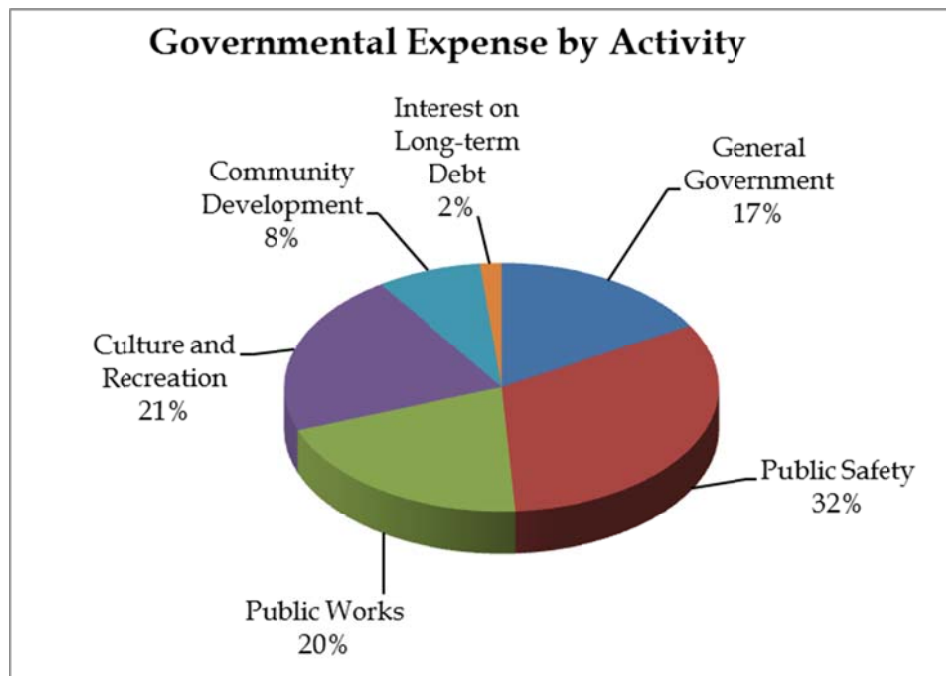
	City of Menlo Park's Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenues:						
Program Revenues:						
Charges for Services	\$22,657,055	\$20,482,484	\$8,165,645	\$8,046,619	\$30,822,700	\$28,529,103
Operating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

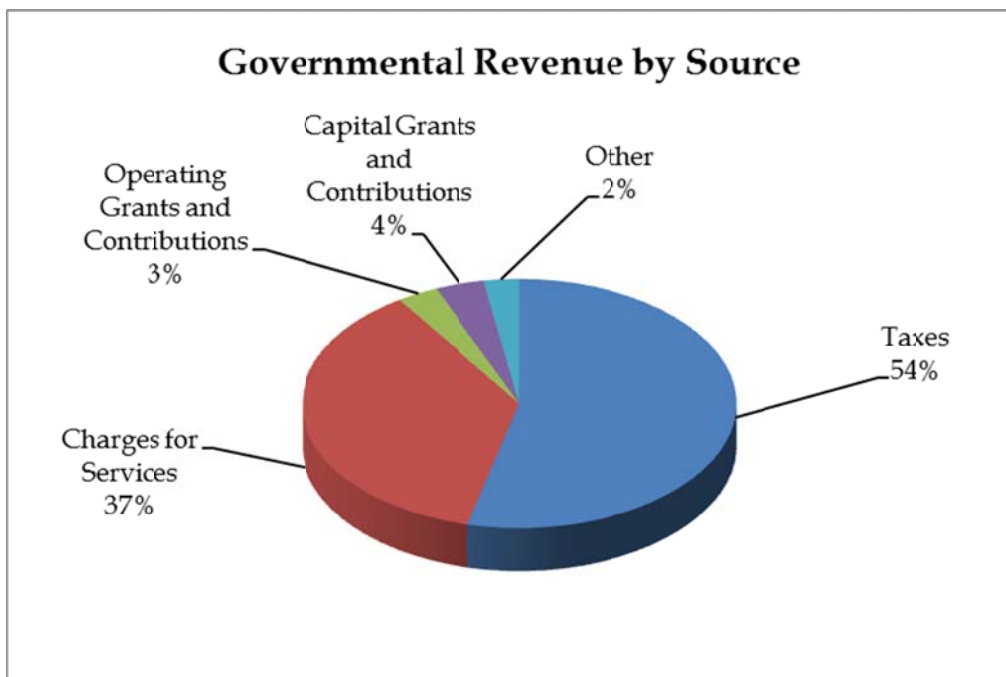
- See note 23 regarding Prior Period Adjustment

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

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

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





Business Type Activities

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

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Major Fund Balances – Governmental Funds

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

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

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

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

General Fund Balance

As noted, the General Fund is always one of the major governmental funds and is the primary operating fund of the City. Most City services are accounted for in the General Fund, including most public safety, public works, parks and community services, library, planning and community development, and general government.

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

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

Below Market Rate Housing Fund Balance

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

Housing Fund

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

General Capital Improvement Project Fund Balance

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

Other Governmental Funds Balances

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

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

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

Propriety Funds

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

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

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

Internal Service Funds

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

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

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

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

Fiduciary Operations

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

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

DEBT ADMINISTRATION

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

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

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

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

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

CAPITAL ASSETS

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

General Fund Revenues

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

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

General Fund Expenditures

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

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

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

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

See accompanying Notes to Basic Financial Statements.

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

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

General Revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Total taxes

Investment earnings

Gain on the sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated

Net position - end of year

See accompanying Notes to Basic Financial Statements.

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

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

See accompanying Notes to Basic Financial Statements.

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

Total Fund Balances - Total Governmental Funds	\$ 95,870,800
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Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable (net of real estate held for resale in special revenue funds)	234,540,086
Depreciable (net of internal service fund capital assets of \$3,335,423)	216,161,180
Accumulated depreciation/amortization (net of internal service fund of \$2,818,719)	(90,907,590)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(435,728)
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Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds	19,931
--	--------

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.	4,149,866
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In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.	(10,225,804)
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Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financials Statements.	(4,845,465)
--	-------------

Unavailable revenues recorded in Governmental Fund Financial Statements in the amount of \$1,014,983, resulting from activities in which revenues were earned but funds were not available, are reclassified as revenues in the Government-Wide Financial Statements.	1,014,983
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The compensated absences is net of the internal service funds in the amount of \$4,052 short-term, and \$5,879 long-term.

Long-term liabilities - due within one year:	
Compensated absences payable	(1,405,895)
Long-term debt	(1,055,000)
Long-term liabilities - due in more than one year:	
Compensated absences payable	(1,212,245)
Net pension liability	(33,770,648)
Long-term debt	(18,344,153)

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

1,004,730

Net Position of Governmental Activities	\$ 390,559,048
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City of Menlo Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2015

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

See accompanying Notes to Basic Financial Statements.

City of Menlo Park

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the year ended June 30, 2015

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

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

	<u>Total Successor Agency Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Current assets:		
Cash and investments:		
Held with City	\$ 2,854,983	\$ 274,587
Held with trustees	10,866,407	-
Prepays	-	310,508
Accounts receivable	-	3,098
Total assets	<u>13,724,822</u>	<u>\$ 588,193</u>
DEFERRED OUTFLOWS OF RESOURCES		
Interest rate swap	10,227,690	
Deferred loss of refunding	<u>2,048,109</u>	
	<u>12,275,799</u>	
LIABILITIES		
Liabilities:		
Accounts payable	6,546	\$ 84,381
Interest payable	467,283	-
Deposits	108,891	503,812
Long-term debt:		
Derivative instrument liability (Note 6C)	10,227,690	-
Due within one year	2,190,000	-
Due in more than one year	<u>55,214,448</u>	<u>-</u>
Total liabilities	<u>68,214,858</u>	<u>\$ 588,193</u>
NET POSITION		
Held in trust for private purpose	<u>(42,214,237)</u>	
Total net position	<u>\$ (42,214,237)</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, 2015

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

See accompanying Notes to Basic Financial Statements.

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City of Menlo Park
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

Government-Wide Financial Statements

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

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

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

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

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

Fiduciary Fund Financial Statements

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

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

C. Use of Restricted and Unrestricted Net Position

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash and Investments

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

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

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

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

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

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

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

F. Real Estate Held for Resale

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-Term Obligations

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

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

H. Net Position and Fund Equity

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

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

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

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

Fund Financial Statements

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Net Position and Fund Equity, Continued

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

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

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

I. Use of Estimates

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

J. Compensated Absences

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. *Compensated Absences, Continued*

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

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

K. *Property Taxes*

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

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

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

L. *Pension*

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Interfund Balances/Internal Balances

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

N. Deferred Outflows/Inflows of Resources

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. New Pronouncements

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

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City restated beginning net position as part of implementation of this standard.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*) - The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. There was no effect on net position by the City implementing this new accounting standard.
- GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measure Date* - This objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Report for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City restated beginning net position as part of implementation of this standard.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS

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

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

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

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

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

A. Authorized Investments

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

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City's investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and the effects of these adjustments are included in income for that fiscal year. Changes in fair value in the fiscal year ended June 30, 2015 from the fiscal year ended June 30, 2014, amounted to a decrease of \$143,630.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

B. Deposits

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

All pooled certificates of deposit and bank balances are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure an agency's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure local agency deposits by pledging first trust deed mortgage notes having a value of 150% of a local agency's deposits. The City may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

C. Risks Disclosures

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent at June 30, 2015.

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

Restricted cash and investments held by fiscal agent in the City's debt service funds are restricted for the payment of principal and interest on general obligation and tax refunding bonds.

As of June 30, 2015, the City had the following cash and investments and maturities:

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

C. Risks Disclosures

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2015, the City's pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	47%
One to two years	26%
Two to three years	26%
Three to four years	1%

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

C. Risks Disclosures, Continued

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

D. External Investment Pool

The City's investments with LAIF at June 30, 2015, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-back securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2015, the City had \$ 38,713,065 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where fair value is not readily available. The City valued its investments in LAIF as of June 30, 2015, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2015, the City's investment in LAIF at fair value amounted to \$38,713,065 using a LAIF fair value factor of 1.000375979.

E. Successor Agency Pooled Cash and Investments

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. RECEIVABLES

A. Accounts Receivable

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

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

B. Notes Receivable

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

City Manager Housing

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

Community Development Block Grant

The City administers home improvement loans to seniors and very low income residents using Community Development Block Grant (CDBG) funds. The program provides for no or very low interest loans, which are secured by deeds of trust. Although payments for some loans are amortized over an established schedule, some loans allow for deferred payment of accrued interest and principal until the property changes ownership. Repayments received from outstanding loans are used to make additional housing rehabilitation loans. Outstanding loans at June 30, 2015, were \$684,474. Since the funds have not been legally vested with the City as of June 30, 2015, these funds are reported as unearned revenue.

Housing Fund

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

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

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

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

Below Market Rate Housing

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

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

Emergency Repair Loan (ERL)

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. UNEARNED REVENUE

A. Government-Wide Financial Statements

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

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

B. Fund Financial Statements

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

Governmental Funds:

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

6. LONG-TERM DEBT

A. Long-Term Obligations

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within one year	Due in more than one year
<u>Governmental Activities</u>						
1996 General Obligation Refunding Bonds	\$ 835,000	\$ -	\$ (400,000)	\$ 435,000	\$ 435,000	\$ -
2009A General Obligation Bonds	895,000	-	(65,000)	830,000	65,000	765,000
2009B General Obligation Bonds	9,360,000	-	-	9,360,000	-	9,360,000
Premium on 2009 General Obligation Bonds	62,476	-	(2,499)	59,977	-	59,977
2012 General Obligation Refunding Bonds	9,310,000	-	(535,000)	8,775,000	555,000	8,220,000
Discount on 2012 General Obligation Bonds	(64,510)	-	3,686	(60,824)	-	(60,824)
Total governmental activities	<u>\$ 20,397,966</u>	<u>\$ -</u>	<u>\$ (998,813)</u>	<u>\$ 19,399,153</u>	<u>\$ 1,055,000</u>	<u>\$ 18,344,153</u>
	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within one year	Due in more than one year
<u>Fiduciary Activities</u>						
2006 Las Pulgas Project Tax Allocation Bonds	\$ 59,725,000	\$ -	\$ (2,105,000)	\$ 57,620,000	\$ 2,190,000	\$ 55,430,000
Discount on 2006 Las Pulgas Project Tax Allocation Bonds	(229,024)	-	13,472	(215,552)	-	(215,552)
Total fiduciary activities	<u>\$ 59,495,976</u>	<u>\$ -</u>	<u>\$ (2,091,528)</u>	<u>\$ 57,404,448</u>	<u>\$ 2,190,000</u>	<u>\$ 55,214,448</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

1996 General Obligation Refunding Bonds

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 435,000	\$ 10,750	\$ 445,750
Total	\$ 435,000	\$ 10,750	\$ 445,750

2009 General Obligation Bonds

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

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

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

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

2012 General Obligation Bonds

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

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

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

B. Prior Years' Defeased Obligations

1996 and 2000 Tax Allocation Bonds

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

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

2002 General Obligation Bonds

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations

2006 Las Pulgas Project Tax Allocation Bonds

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

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

Terms:

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

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

Fair Value: At June 30, 2015, the swap had a negative fair value of (\$10,227,690). Because the coupons on the Agency's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. Valuations based on other models or different assumptions may yield different results.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations, Continued

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. LONG-TERM DEBT, Continued

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

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

C. Fiduciary Fund Long Term Obligations, Continued

The issuance of the 2006 Las Pulgas Tax Allocation Bonds included a discount of \$336,800. This amount was capitalized and recorded as a reduction of long-term debt. The discount will be amortized over the life of the debt. The amortization recorded in fiscal year 2015 was a total of \$13,472 was recorded in the Successor Agency trust fund for the period ending June 30, 2015.

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. COMPENSATED ABSENCES

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

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

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

8. RISK MANAGEMENT

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. RISK MANAGEMENT, Continued

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

Changes in the balances of the City's claims liabilities during the years ended June 30, 2015, 2014, and 2013 were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2012-2013	\$ 2,538,120	\$ 1,064,707	\$ (548,115)	\$ 3,054,712
2013-2014	3,054,712	1,031,210	(948,776)	3,137,146
2014-2015	3,137,146	895,507	(613,629)	3,419,024

9. INTERFUND TRANSACTIONS

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

Due To / From Other Funds

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. INTERFUND TRANSACTIONS, Continued

Interfund Transfers

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

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

The most significant transaction was a transfer of \$4,033,600 from the General Fund to the General Capital Improvement Project fund for infrastructure improvements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

10. FUND BALANCE

In the fund financial statements, governmental funds report restriction of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. The various committed and assigned balances are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. The following are the classifications that were implemented according to GASB 54 at June 30, 2015:

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

10. FUND BALANCE, CONTINUED

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

11. NET POSITION

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

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

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

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

12. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations:

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS

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

I. General Information about the Pension Plan

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

I. General Information about the Pension Plan, Continued

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

Inactive employees or beneficiaries currently receiving benefits	149
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>233</u>
Total	<u>382</u>

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

II. Net Pension Liability

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

II. Net Pension Liability, Continued

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

II. Net Pension Liability, Continued

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

II. Net Pension Liability, Continued

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

III. Changes in the Net Pension Liability

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

Miscellaneous Plan:

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

III. Changes in the Net Pension Liability, Continued

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

Measurement Period	
Ending June 30:	
2015	\$ (1,472,479)
2016	(1,472,479)
2017	(1,472,479)
2018	(1,472,477)
Total	<u>\$ (5,889,914)</u>

V. Payable to Pension Plan

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

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

I. Plan Description

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

II. Benefits Provided

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

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

	<u>3% @ 50 Safety - Tier 1 Classic</u>
Hire Date	Prior to January 1, 2013
Benefit vesting schedule	5 years service
Benefit payment	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	3.00%
Required employee contribution rates	9.00%
Required employer contribution rates	27.849%
	<u>3% @ 55 Safety - Tier 2 Classic</u>
Hire Date	On or after January 1, 2013
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	55
Monthly benefits, as a % of annual salary	3.00%
Required employee contribution rates	9.00%
Required employer contribution rates	21.367%
	<u>2.7% @ 57 Safety - New/PEPRA</u>
Hire Date	On or after January 1, 2013
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	57
Monthly benefits, as a % of annual salary	2.70%
Required employee contribution rates	11.50%
Required employer contribution rates	11.50%

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

II. Benefits Provided, Continued

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

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

Measurement Period	
Ending June 30:	
2015	\$ (1,147,634)
2016	(1,147,634)
2017	(1,134,643)
2018	(1,082,676)
Total	<u>\$ (4,512,587)</u>

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

Payable to the Pension Plan

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

C. Summary of Pension Plan Balances

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

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

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

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

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

Funding Policy

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

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

Annual Other Postemployment Benefit Cost and Net Obligation

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

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

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

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

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

Funded Status

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

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

Actuarial Methods and Assumptions

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

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

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

15. LANDFILL POST-CLOSURE CARE

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

15. LANDFILL POST-CLOSURE CARE, Continued

The City's outstanding future post-closure care costs were estimated at \$4,845,465 at June 30, 2015. This estimate is based upon the present value of future cash flows associated with the landfill site's post-closure costs, discounted using the City's projected return on investment. The amount of fund balance within the Landfill Special Revenue Fund is not sufficient to cover such a liability, though the revenue stream provided by the solid waste collection surcharge and all post-closure costs will be accounted for in this fund. The City has recorded the post-closure cost liability as part of governmental activities in the government-wide financial statements.

The City will fund on-going post-closure costs with a combination of revenues from the surcharge and interest earnings. However, if these revenues are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by additional garbage surcharges or from future tax revenue. The following is the activity for landfill post closure care for fiscal year 2015:

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

16. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

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

17. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

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

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

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

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

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

18. CONTINGENCIES

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

19. LITIGATION

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. ENCUMBRANCES/COMMITMENTS

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

Major:	
General Fund	\$ 1,099,202
General Capital Improvement Fund	503,519
 Non-Major Funds	 <u>1,203,378</u>
 Total	 <u><u>\$ 2,806,099</u></u>

21. JOINT VENTURES

General

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

San Francisquito Creek

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

21. JOINT VENTURES, Continued

South Bayside Waste Management Authority

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

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

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

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

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

22. NEGATIVE FUND BALANCE

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

23. PRIOR PERIOD ADJUSTMENT

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

Government-wide Statements

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

Fund Statements

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

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, 2014, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.
8. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Encumbrances

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

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

Budgetary Comparison Schedule, General Fund

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

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

Budgetary Comparison Schedule, Below Market Rate Housing Special Revenue Fund

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

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

Budgetary Comparison Schedule, Housing Special Revenue Fund

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

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

2. DEFINED PENSION PLAN – AGENT MULTIPLE EMPLOYER PLAN

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

Miscellaneous Plan

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

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

(2) – Net of administrative expenses.

Notes to Schedules

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

Changes of Assumptions: There were no changes in assumptions.

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

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

B. Schedule of Miscellaneous Plan Contributions

<u>Miscellaneous Plan</u>	<u>Fiscal Year 2014-15 ⁽¹⁾</u>
Actuarially determined contribution	\$ 2,604,813
Contribution in relation to the actuarially determined contributions	(2,604,813)
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 13,909,694
Contributions as a percentage of covered-employee payroll	18.73%

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

Note to Schedule

Methods and assumptions used to determine contribution rates:

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

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

3. DEFINED BENEFIT PENSION PLANS - COST SHARING PLANS

A. Safety (Tier 1 Classic) Plan

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

As of June 30, 2015

Last of 10 Years*

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

Notes to Schedule:

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

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

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

A. Safety (Tier 1 Classic) Plan, Continued

SCHEDULE OF CONTRIBUTIONS

As of June 30, 2015

Last 10 Years*

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 1,531,935
Contribution in relation to the actuarially determined contributions	(1,531,935)
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 5,499,647

Contributions as a percentage of covered-employee payroll 27.86%

Note to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

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

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

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

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

B. Safety (Tier 2 Classic) Plan

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

As of June 30, 2015
Last of 10 Years*

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

Notes to Schedule:

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

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

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

B. Safety (Tier 2 Classic) Plan, Continued

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

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

Note to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

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

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

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

C. Safety (New/PEPRA) Plan

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

As of June 30, 2015
Last of 10 Years*

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

Notes to Schedule:

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

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

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

C. Safety (New/PEPRA) Plan, Continued

SCHEDULE OF CONTRIBUTIONS

As of June 30, 2015

Last 10 Years*

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 20,334
Contribution in relation to the actuarially determined contributions	<u>(20,334)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 176,897

Contributions as a percentage of covered-employee payroll 11.49%

Note to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

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

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

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

4. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

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City of Menlo Park

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

General Capital Improvement Capital Projects Fund

For the year ended June 30, 2015

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

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds, Continued:

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund:

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

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds:

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

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

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

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

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

(Continued)

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

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

(Continued)

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

(Continued)

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

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

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City of Menlo Park

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2015

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

(Continued)

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

(Continued)

City of Menlo Park

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the year ended June 30, 2015

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

(Continued)

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

(Continued)

City of Menlo Park

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the year ended June 30, 2015

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

(Concluded)

City of Menlo Park

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

Highway Users Tax Special Revenue Fund

For the year ended June 30, 2015

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

City of Menlo Park

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

Federal Revenue Sharing Special Revenue Fund

For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landscape Tree Assessment Special Revenue Fund For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Sidewalk Assessment Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	196,230	196,230	303,067	106,837
Total revenues	196,230	196,230	303,067	106,837
EXPENDITURES:				
Current:				
Public works	16,602	16,602	20,533	(3,931)
Capital outlay	164,787	238,068	1,888	236,180
Total expenditures	181,389	254,670	22,421	232,249
REVENUES OVER (UNDER) EXPENDITURES	14,841	(58,440)	280,646	(125,412)
OTHER FINANCING SOURCES (USES):				
Transfers out	(19,790)	(19,790)	(19,790)	-
Total other financing sources (uses)	(19,790)	(19,790)	(19,790)	-
Net change in fund balance	<u>\$ (4,949)</u>	<u>\$ (78,230)</u>	260,856	<u>\$ 339,086</u>
FUND BALANCE:				
Beginning of year			168,421	
End of year			<u>\$ 429,277</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, 2015

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

City of Menlo Park

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

County Transportation Tax Special Revenue Fund

For the year ended June 30, 2015

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

City of Menlo Park

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

Public Library Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Culture and recreation	20,765	33,765	957	32,808
Total expenditures	20,765	33,765	957	32,808
Net change in fund balance	<u>\$ (20,765)</u>	<u>\$ (33,765)</u>	(957)	<u>\$ (32,808)</u>
FUND BALANCE:				
Beginning of year			99,550	
End of year			<u>\$ 98,593</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 21,000	\$ 21,000	\$ 33,503	\$ 12,503
Other	112,000	112,000	101,577	(10,423)
Total revenues	133,000	133,000	135,080	2,080
EXPENDITURES:				
Current:				
Culture and recreation	200,531	200,531	245,527	(44,996)
Total expenditures	200,531	200,531	245,527	(44,996)
REVENUES OVER (UNDER) EXPENDITURES	(67,531)	(67,531)	(110,447)	(42,916)
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	55,000	-
Total other financing sources (uses)	55,000	55,000	55,000	-
Net change in fund balance	\$ (12,531)	\$ (12,531)	(55,447)	\$ (42,916)
FUND BALANCE:				
Beginning of year			(8,376)	
End of year			\$ (63,823)	

City of Menlo Park

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

Narcotic Seizure Special Revenue Fund

For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Impact Fees Special Revenue Fund For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Downtown Parking Permits Special Revenue Fund For the year ended June 30, 2015

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

City of Menlo Park

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

Storm Drainage Fees Special Revenue Fund

For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Solid Waste Service Special Revenue Fund For the year ended June 30, 2015

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

City of Menlo Park

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

Bay Area Air Quality Management Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 15	\$ 15
Total revenues	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	15	<u>\$ 15</u>
FUND BALANCE:				
Beginning of year			2,593	
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, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Peninsula Partnership Special Revenue Fund For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement Services Special Revenue Fund For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Construction Impact Fees Special Revenue Fund For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Bedwell Bayfront Park Maintenance Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 3,000	\$ 3,000	\$ 6,105	\$ 3,105
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>6,105</u>	<u>3,105</u>
EXPENDITURES:				
Current:				
Public works	94,167	106,667	74,504	32,163
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>1,170</u>	<u>3,830</u>
Total expenditures	<u>99,167</u>	<u>111,667</u>	<u>75,674</u>	<u>35,993</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(96,167)</u>	<u>(108,667)</u>	<u>(69,569)</u>	<u>(32,888)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(13,205)</u>	<u>(13,205)</u>	<u>(13,205)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,205)</u>	<u>(13,205)</u>	<u>(13,205)</u>	<u>-</u>
Net change in fund balance	<u>\$ (109,372)</u>	<u>\$ (121,872)</u>	<u>(82,774)</u>	<u>\$ 39,098</u>
FUND BALANCE:				
Beginning of year			<u>612,259</u>	
End of year			<u>\$ 529,485</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, 2015

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

City of Menlo Park

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

Sharon Hills Park Special Revenue Fund

For the year ended June 30, 2015

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

City of Menlo Park

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

Vintage Oaks Landscape Special Revenue Fund

For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the year ended June 30, 2015

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$ 9,000	\$ 9,000	\$ 43,381	\$ 34,381
Intergovernmental	-	-	(157,206)	\$ (157,206)
Charges for services	-	-	196	196
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>(113,629)</u>	<u>(122,629)</u>
EXPENDITURES:				
Current:				
Urban development and housing	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>(113,629)</u>	<u>\$ (122,629)</u>
FUND BALANCE:				
Beginning of year			1,498,615	
End of year			<u>\$ 1,384,986</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, 2015

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

City of Menlo Park

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

Library Bond Debt Service Fund

For the year ended June 30, 2015

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

City of Menlo Park

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

Recreation GO Bond 2002 Debt Service Fund

For the year ended June 30, 2015

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

City of Menlo Park

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

Library Addition Capital Projects Fund

For the year ended June 30, 2015

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

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure T 2002 GO Bond Capital Projects Fund For the year ended June 30, 2015

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

ENTERPRISE FUNDS

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

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

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

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

City of Menlo Park

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

Enterprise Funds

For the year ended June 30, 2015

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

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

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

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (524,757)	\$ (166)	\$ 282,647	\$ 196,959	\$ (45,317)
Depreciation	-	-	-	145,480	145,480
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Accounts receivable	(15,745)	(86,657)	(545,818)	(34,524)	(682,744)
Prepaid expenses	-	-	(244)	-	(244)
Accounts payable	(13,416)	(1,780)	16,836	1,154	2,794
Payroll liabilities	(134)	455	-	-	321
Insurance claim payable	395,189	(113,311)	-	-	281,878
Compensated absence payable	533	1,832	-	-	2,365
Total adjustments	366,427	(199,461)	(529,226)	112,110	(250,150)
Net cash provided (used) by operating activities	<u>\$ (158,330)</u>	<u>\$ (199,627)</u>	<u>\$ (246,579)</u>	<u>\$ 309,069</u>	<u>\$ (295,467)</u>

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

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

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

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

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

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

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

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

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Statistical Section

Fiscal Year 2014-2015

- Unaudited -

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

Financial Trend

Schedule #

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

Net Position by Component	1
Changes in Net Position	2
Fund Balances-Governmental Funds	3
Changes in Fund Balances-Governmental Funds	4

Revenue Capacity

These schedules contain information to help the readers assess the City of Menlo Park's most significant local revenue resource, property taxes.

Governmental Funds by Source	5
Governmental Funds Taxes by Type	6
Assessed Valuation, Tax Rates, and Tax Levies	7

Debt Capacity

These schedules present information to help the readers assess the affordability of the City of Menlo Park's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Direct and Overlapping Property Tax Rates	8
Principal Property Tax Payers	9
Property Tax Levies and Collections	10
Ratios of Outstanding Debt by Type	11
Direct and Overlapping Debt	12
Legal Debt Service Margin Informations	13

Demographic and Economic Information

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

Demographic and Economic Statistics	14
Principal Employers	15
Full Time Equivalent City Employees by Function	16

Operating Information

These schedules contain service and infrastructure data to help the readers understand how the information in the City's financial reports relate to the services the City provides and the activities it performs.

Operating Indicators by Demand and Level of Service by Function/Program	17
Capital Asset Statistics by Function	18
Capital Asset and Infrastructure Statistics by Activities	19
Water Sold by Type of Customer	20
Water Service Rates	21
Miscellaneous Statistics	22

Net Position by Component

Financial Trend:
Schedule 1

June 30, 2015

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

Source: City of Menlo Park

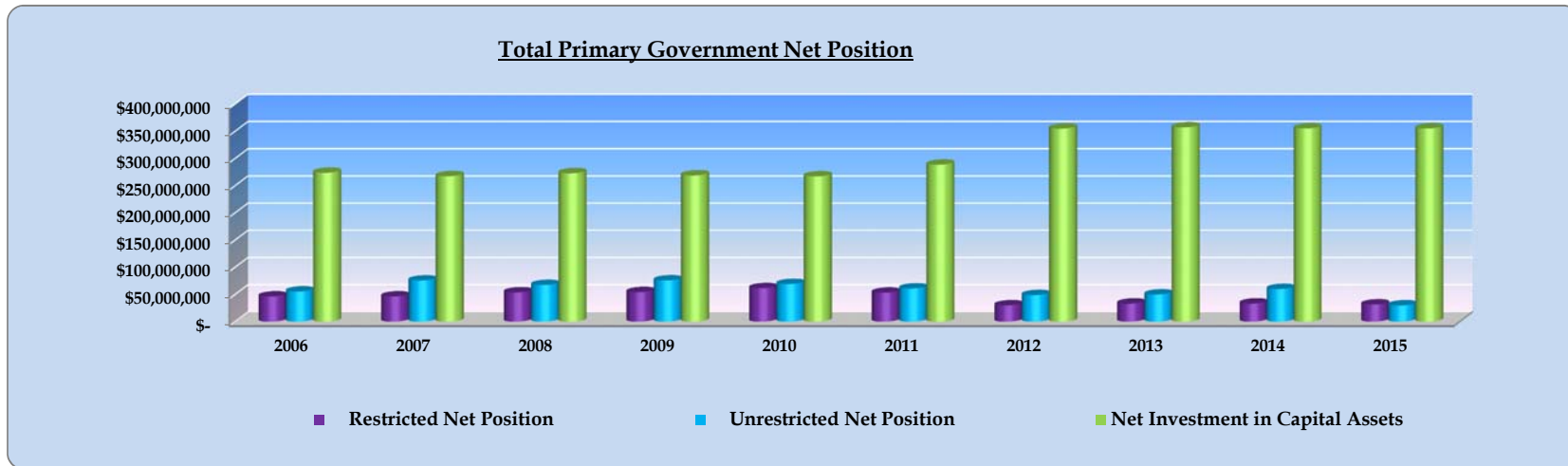
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Net Position by Component

Financial Trend:
Schedule 1

June 30, 2015

	<u>2006</u>	<u>2007</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>Primary Government</u>										
Net Investment in Capital Assets	\$ 273,691,721	\$ 267,451,917	\$ 272,804,752	\$ 268,774,222	\$ 267,065,441	\$ 288,479,071	\$ 354,881,649	\$ 357,130,048	\$ 355,125,420	\$ 355,148,513
Unrestricted Net Position	55,360,065	75,483,856	67,337,366	75,708,692	69,176,322	60,912,810	48,792,966	49,850,937	59,991,386	29,909,232
Investment in Capital Assets & Unrestricted Net Position	329,051,786	342,935,773	340,142,118	344,482,914	336,241,763	349,391,881	403,674,615	406,980,985	415,116,806	385,057,745
Restricted Net Position	46,152,937	46,211,870	53,716,410	54,254,529	61,415,369	53,191,811	29,882,975	33,113,154	33,186,182	31,505,757
Total Primary Government Net Position	<u>\$ 375,204,723</u>	<u>\$ 389,147,643</u>	<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>
% of Change - from Prior Year	-9.9%	3.7%	1.2%	1.2%	-0.3%	1.2%	7.7%	1.5%	1.9%	5.9%



Source: City of Menlo Park

Changes in Net Position
June 30, 2015

Financial Trend:
Schedule 2

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

Source: City of Menlo Park

Notes:

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

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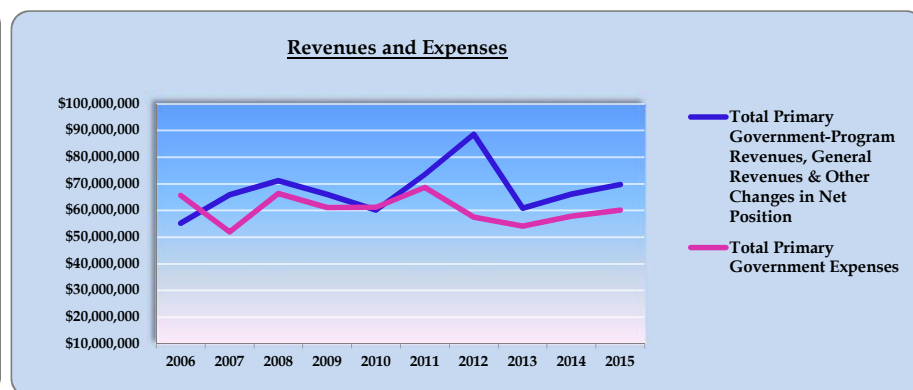
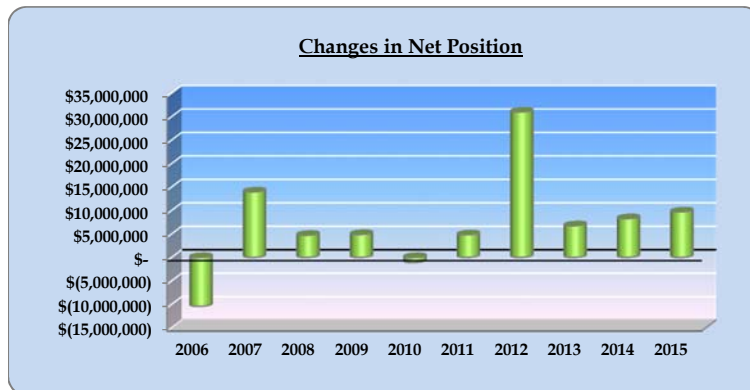
Changes in Net Position
June 30, 2015

Financial Trend:
Schedule 2

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

Notes:

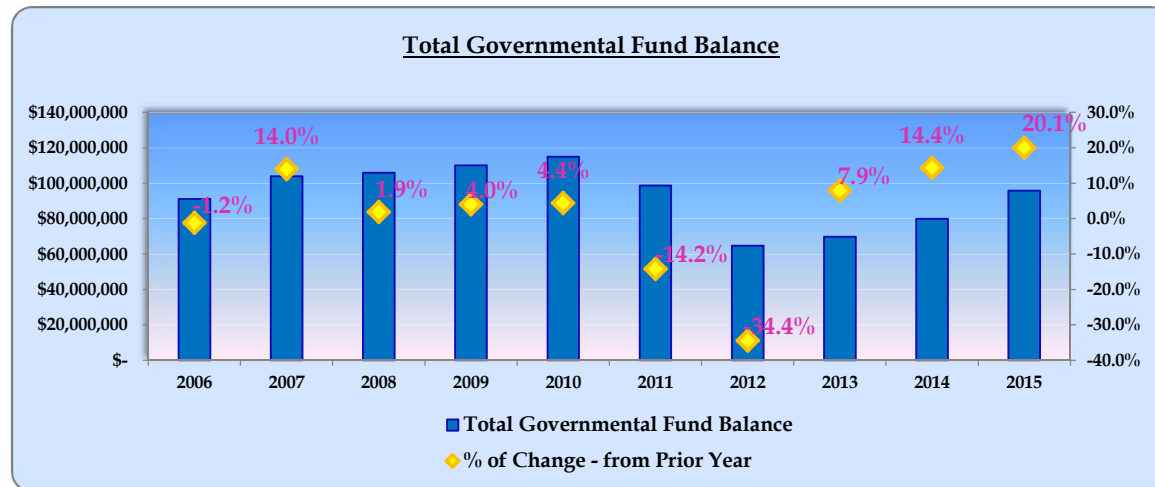
- (4) In fiscal year 2010-11, City paid off a \$ 7.1 million pension liability for safety employees.
(5) Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development Agency of the City to the developers.



Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 3

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



Source: City of Menlo Park

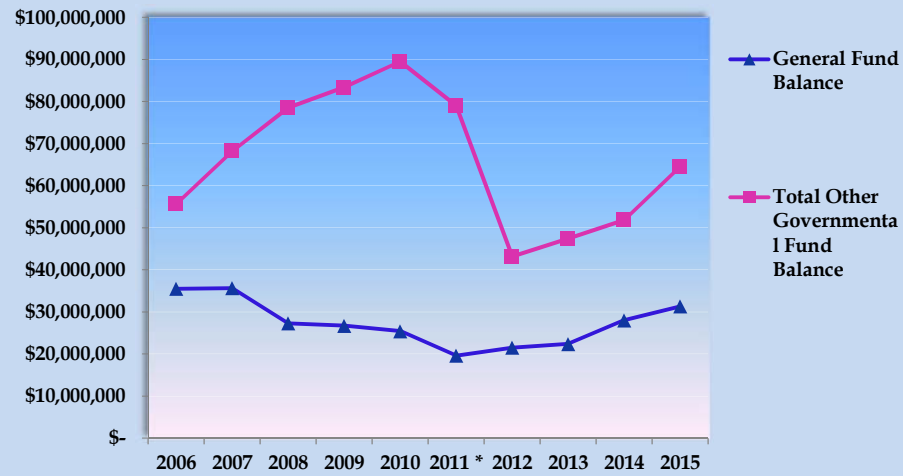
* GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" implemented in 2010-11.

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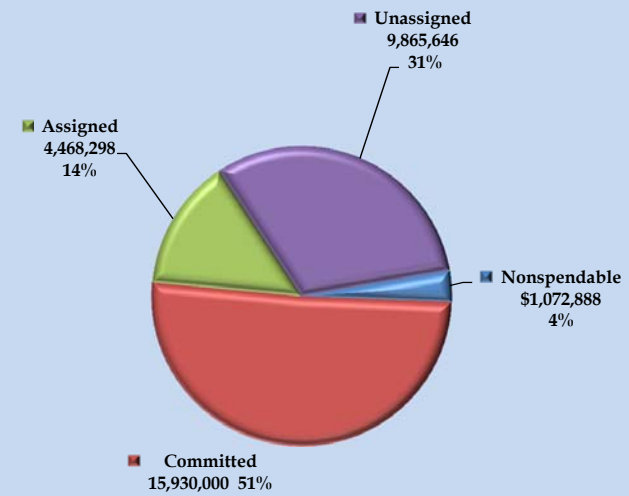
Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 3

General Fund and Other Governmental Fund Balances



General Fund Balance - June 30, 2015



Source: City of Menlo Park

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

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

Source: City of Menlo Park

Notes:

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

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

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

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

(Continued)

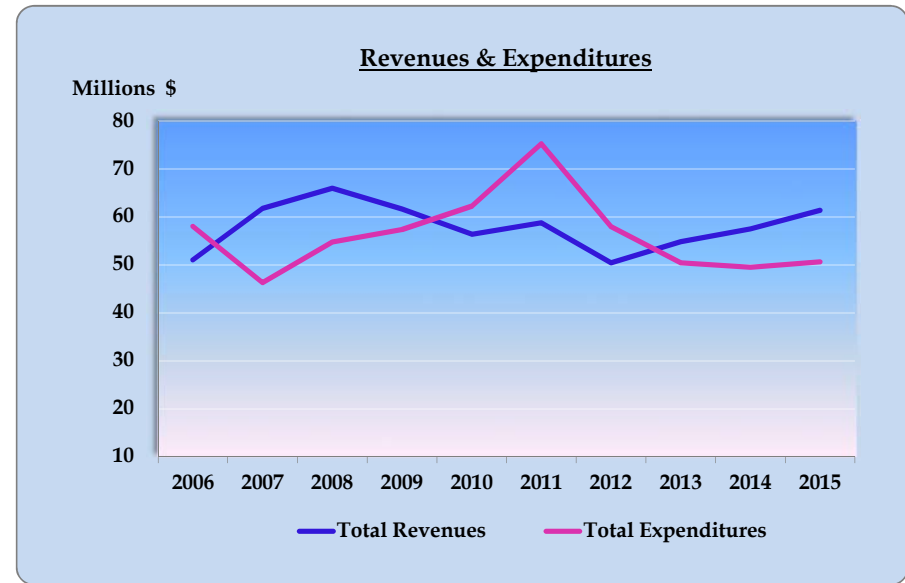
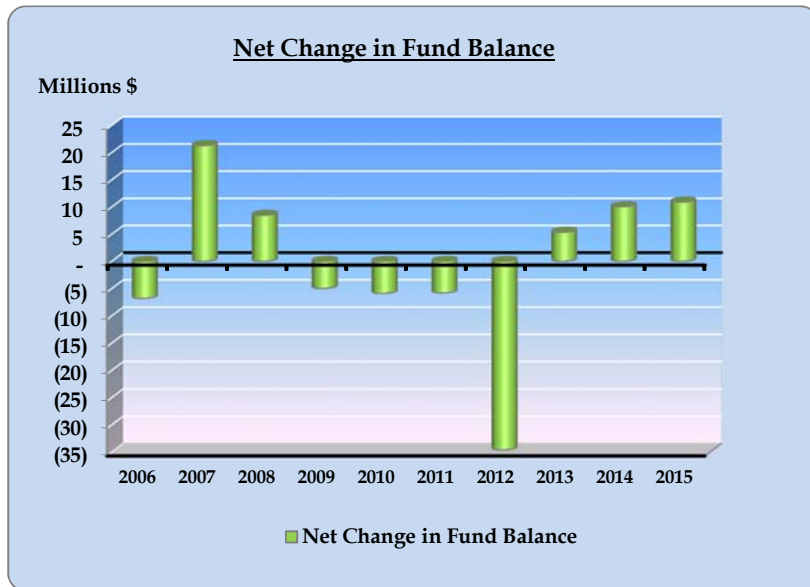
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

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

**Debt Service as Percentage
of Non-Capital Expenditures**

16.9% 9.8% 13.9% 11.3% 10.9% 11.3% 14.3% 4.7% 4.3% 4.0%



Source: City of Menlo Park

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

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

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

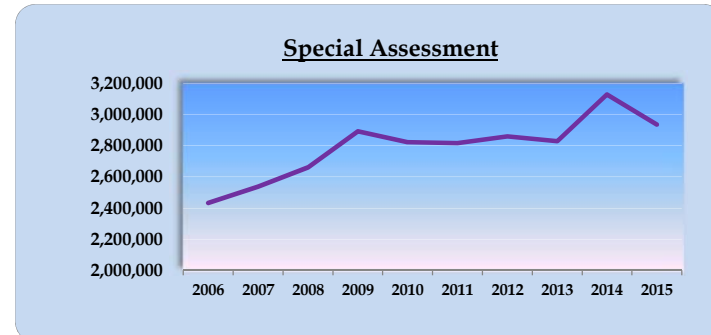
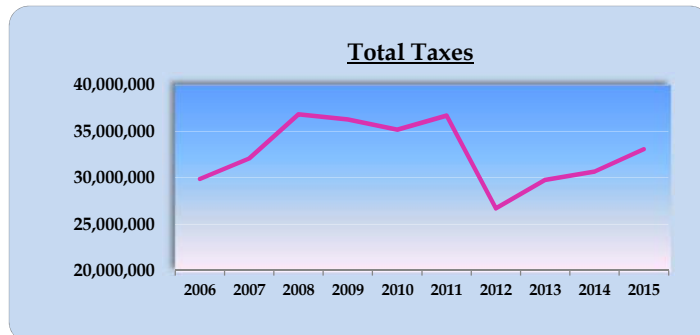
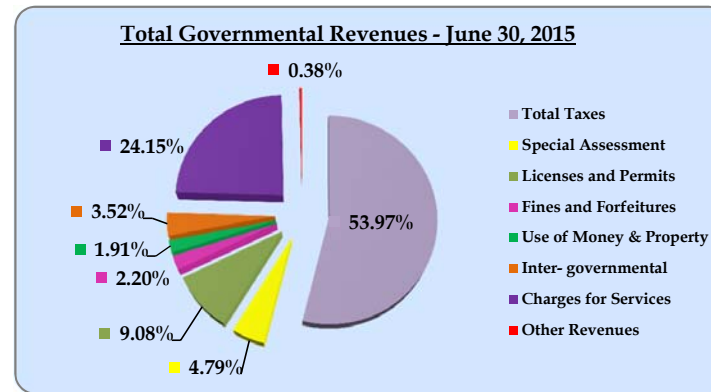
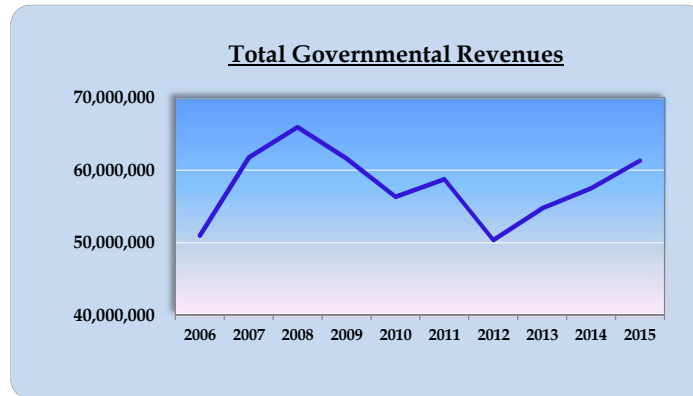
Revenue Capacity:
Schedule 5

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

Source: City of Menlo Park

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

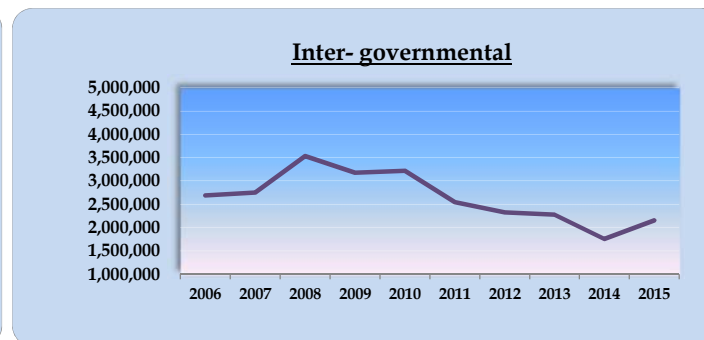
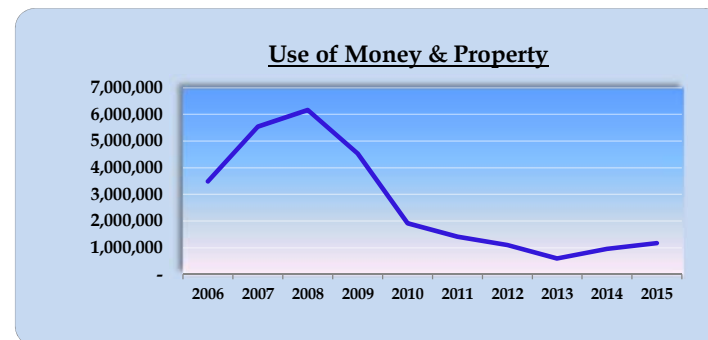
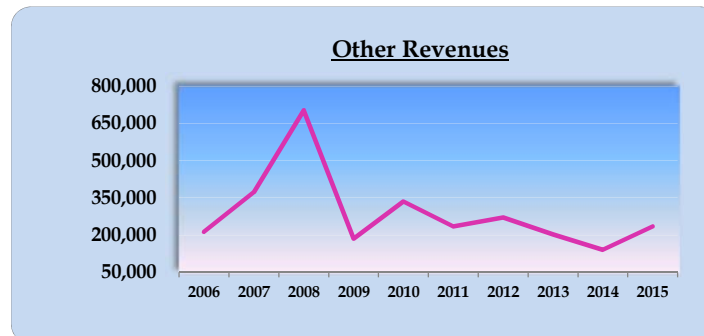
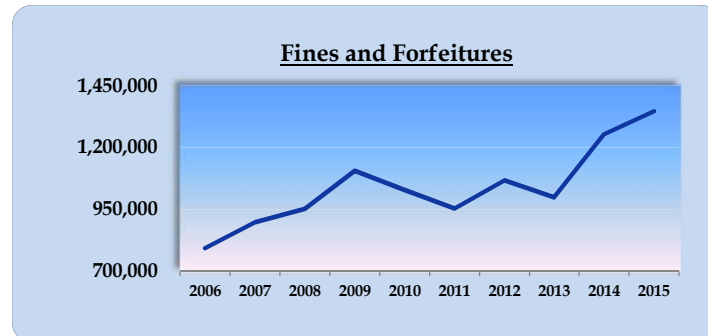
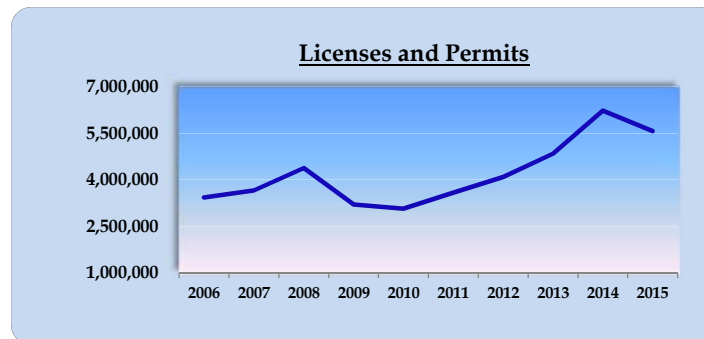
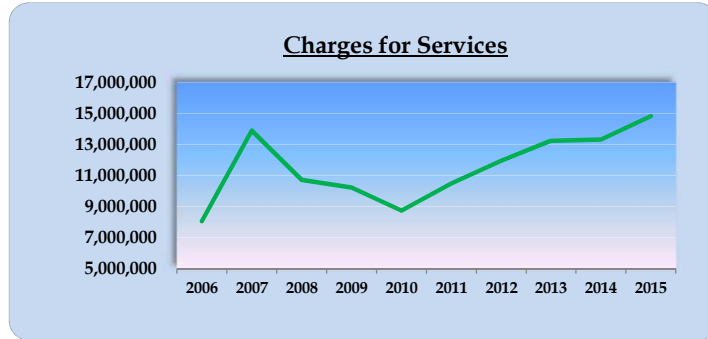
⁽²⁾ In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.



(Continued)

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

Revenue Capacity:
Schedule 5



Source: City of Menlo Park

Governmental Funds by Type
Last Ten Fiscal Years

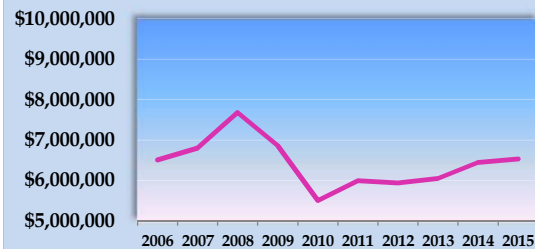
Revenue Capacity:
Schedule 6

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

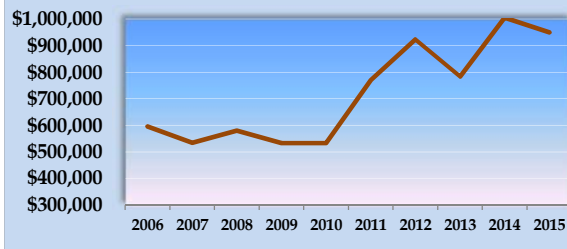
Source: City of Menlo Park and County of San Mateo

(1) City implemented Utility Users Tax in April 2007

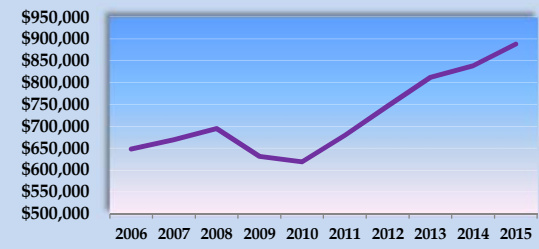
Sales Tax



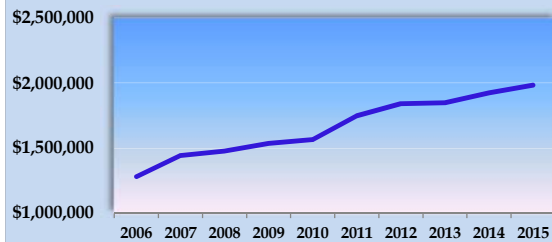
Highway Users Tax



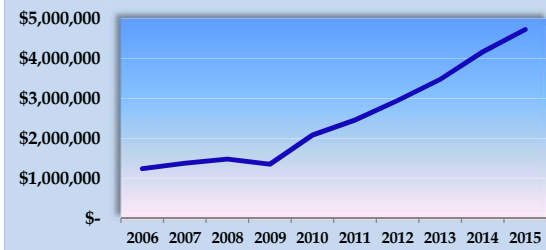
County Transportation Tax



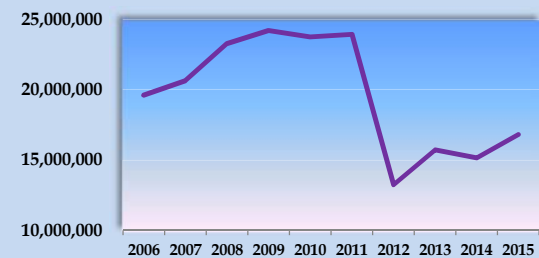
Franchise Tax



Hotel Occupancy Tax



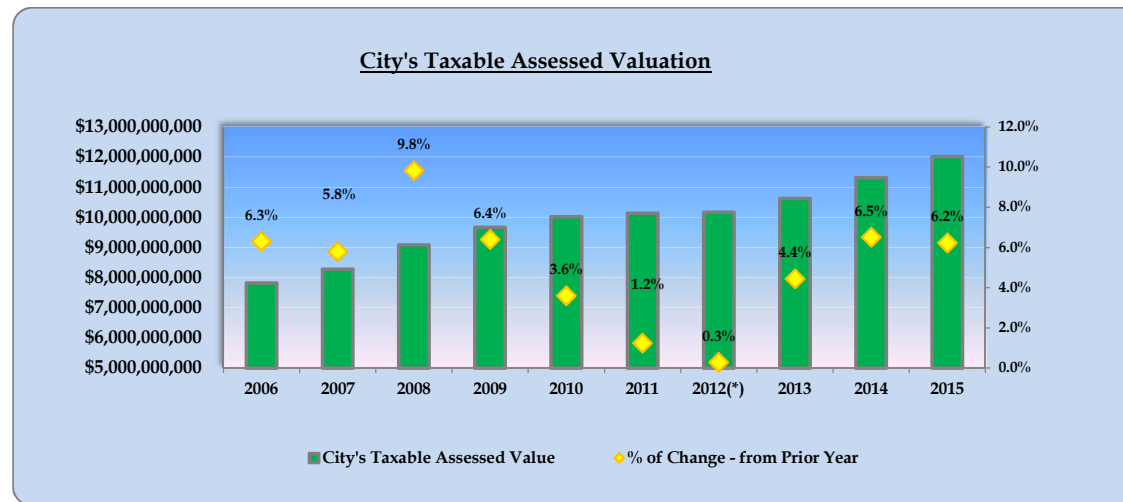
Total Property Tax



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



Source: County of San Mateo

Notes:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only 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.

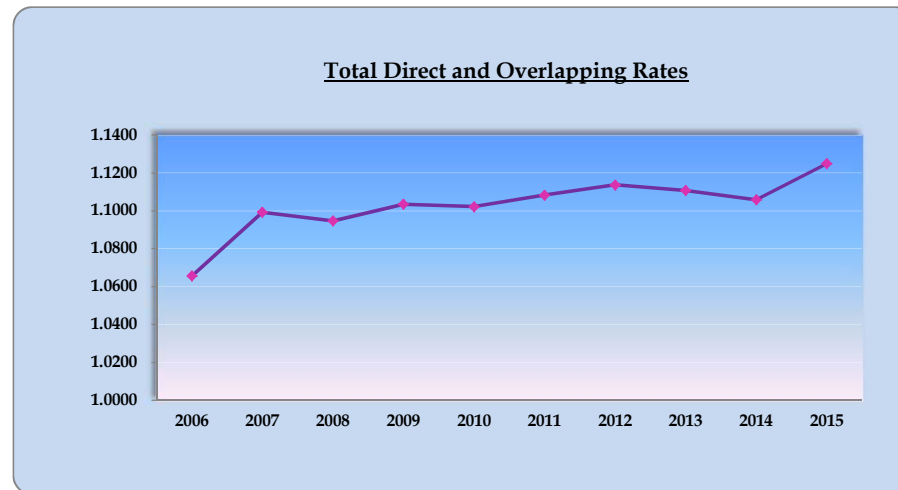
(*) Redevelopment Agency was transferred to Successor Agency due to dissolution

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Debt Capacity:
Schedule 8

(Per \$1,000 Assessed Valuation)

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



Source:

(1) County of San Mateo, Property Taxes

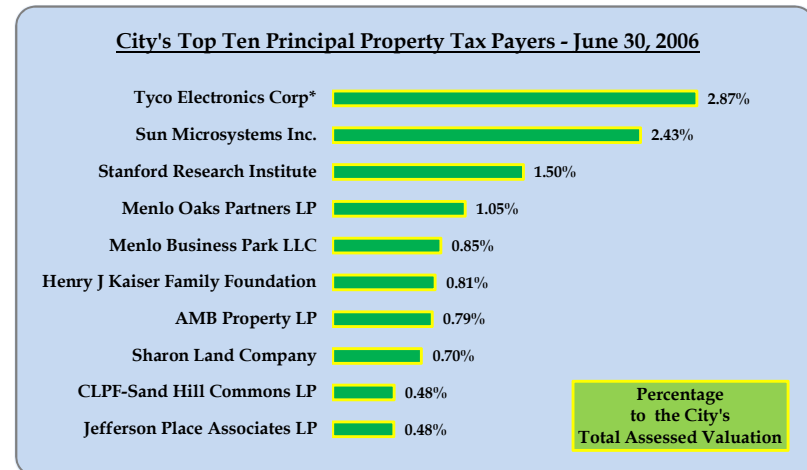
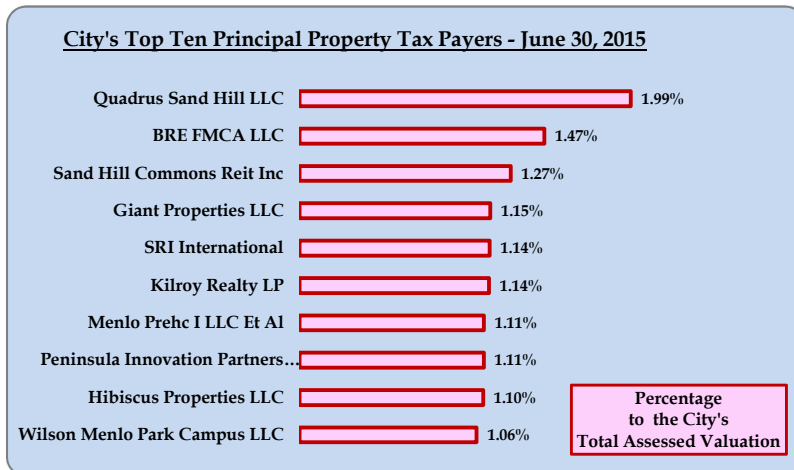
(2) County of San Mateo, Tax Rate Book, Code 08-004

Principal Property Tax Payers
Current Fiscal Year and Ten Years Prior

Debt Capacity:
Schedule 9

FY 2014-2015				
<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>	
Quadrus Sand Hill LLC	1	\$ 239,232,536	1.99%	
BRE FMCA LLC	2	176,864,530	1.47%	
Sand Hill Commons Reit Inc	3	152,515,197	1.27%	
Giant Properties LLC	4	137,742,975	1.15%	
SRI International	5	137,336,517	1.14%	
Kilroy Realty LP	6	136,943,513	1.14%	
Menlo Prehc I LLC Et Al	7	133,110,509	1.11%	
Peninsula Innovation Partners LLC	9	133,051,869	1.11%	
Hibiscus Properties LLC	10	132,600,000	1.10%	
Wilson Menlo Park Campus LLC	7	127,889,344	1.06%	
Total Top 10 Taxpayers' Totals		\$ 1,507,286,990	12.54%	
City's Total Assessed Valuation		\$ 12,015,719,121	100%	

FY 2005-2006				
<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>	
Tyco Electronics Corp*	1	\$ 224,734,080	2.87%	
Sun Microsystems Inc.	2	190,000,000	2.43%	
Stanford Research Institute	3	117,641,874	1.50%	
Menlo Oaks Partners LP	4	81,850,747	1.05%	
Menlo Business Park LLC	5	66,672,224	0.85%	
Henry J Kaiser Family Foundati	6	63,292,031	0.81%	
AMB Property LP	7	61,411,902	0.79%	
Sharon Land Company	8	54,793,120	0.70%	
CLPF-Sand Hill Commons LP	9	37,851,573	0.48%	
Jefferson Place Associates LP	10	37,800,000	0.48%	
Total Top 10 Taxpayers' Totals		\$ 936,047,551	11.97%	
City's Total Assessed Valuation		\$ 7,821,834,324	100%	

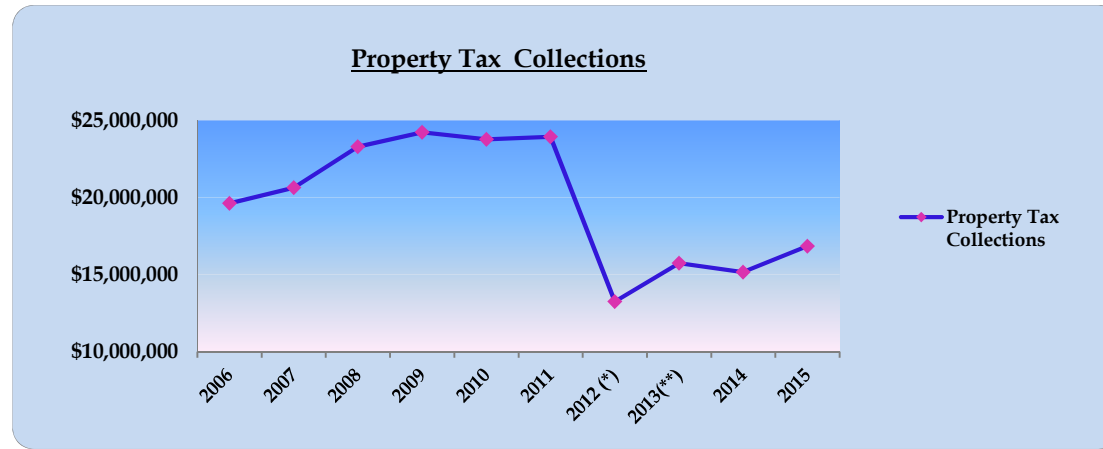


Source:
San Mateo County Tax Roll
California Municipal Statistics Inc

Property Tax Levies and Collections
Last Ten Fiscal Years

Debt Capacity:
Schedule 10

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



Source:

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

City of Menlo Park

Notes:

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

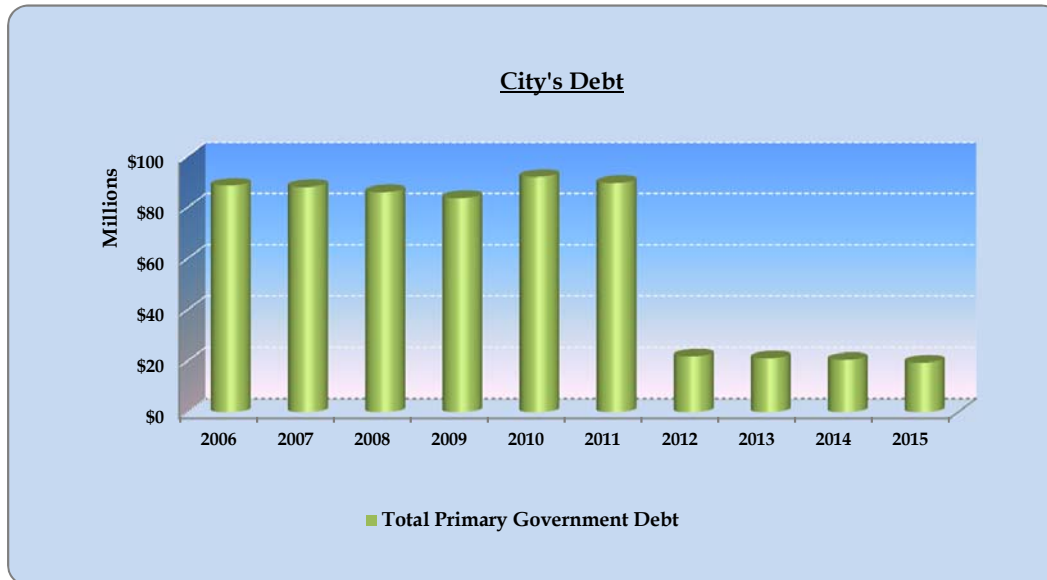
The last year of such tax increment received was in 2010-11.

(**) 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 Ending June 30</u>	<u>General Obligation Bonds(1)</u>	⁽¹⁾	<u>Tax Allocation Bonds</u>	⁽⁴⁾	<u>Total Primary Government Debt</u>	<u>Percentage of Personal Income</u>	⁽⁷⁾	<u>Outstanding Debt Per Capita</u>	⁽⁸⁾	<u>Outstanding Debt to Taxable Assessed Value</u>
2006	\$ 16,050,000		\$ 72,430,000	⁽⁵⁾	\$ 88,480,000	3.94%		\$ 2,877		1.13%
2007	15,575,000		72,430,000		88,005,000	4.02%		2,826		1.06%
2008	15,070,000		70,820,000		85,890,000	4.17%		2,728		0.95%
2009	14,535,000		69,140,000		83,675,000	3.94%		2,626		0.87%
2010	24,487,472 ⁽²⁾		67,395,000		91,882,472	4.10%		2,853		0.92%
2011	23,874,973		65,585,000		89,459,973	not available		2,760		0.88%
2012	21,775,595 ⁽³⁾		- ⁽⁶⁾		21,775,595	not available		672		0.21%
2013	21,016,779		-		21,016,779	not available		639		0.20%
2014	20,397,966		-		20,397,966	not available		617		0.18%
2015	19,399,153		-		19,399,153	not available		582		0.16%



Source: City of Menlo Park

Notes:

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

Direct and Overlapping Debt
June 30, 2015

Debt Capacity:
Schedule 12

Fiscal year 2014-15

City Assessed Valuation ⁽¹⁾ \$ 12,056,141,411

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



Source: California Municipal Statistics, Inc.

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

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

Legal Debt Service Margin Information
Last Ten Fiscal Years

Debt Capacity
Schedule 13

	<u>2006</u>	<u>2007</u>	<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>
City's Taxable Assessed Valuation	\$ 7,820,809,423	\$ 8,274,298,766	\$ 9,087,570,328	\$ 9,669,292,492	\$ 10,016,523,183	\$ 10,140,348,118	\$ 10,169,244,059	\$ 10,620,369,817	\$ 11,311,951,652	\$ 12,015,719,121
Conversion Percentage	<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	1,955,202,356	2,068,574,692	2,271,892,582	2,417,323,123	2,504,130,796	2,535,087,030	2,542,311,015	2,655,092,454	2,827,987,913	3,003,929,780
Debt Service Limit Percentage	<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	293,280,353	310,286,204	340,783,887	362,598,468	375,619,619	380,263,054	381,346,652	398,263,868	424,198,187	450,589,467
Less:										
General Obligation Bonds	<u>16,050,000</u>	<u>15,575,000</u>	<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>
Legal Debt Service Margin	\$ 277,230,353	\$ 294,711,204	\$ 325,713,887	\$ 348,063,468	\$ 351,132,147	\$ 356,388,081	\$ 359,571,057	\$ 377,247,089	\$ 403,800,221	\$ 431,190,314
Legal Debt Service Margin as a Percentage of Debt Service Limit	<u>94.5%</u>	<u>95.0%</u>	<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>



Source: County of San Mateo, Assessed Valuation Reports

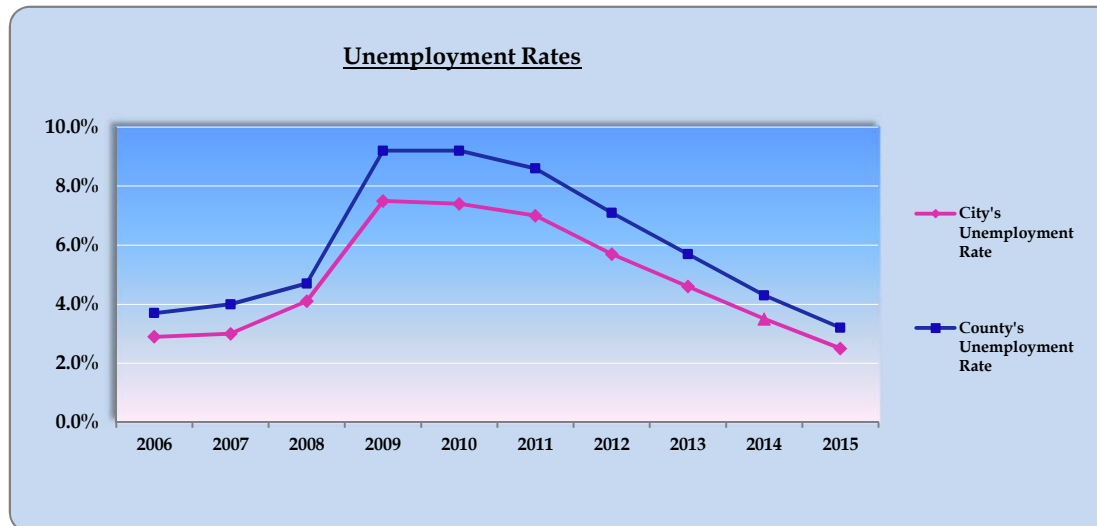
Notes:

- (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 14

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



Source:

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

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

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

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

Principal Employers
Current Fiscal Year and Ten Years Prior

Demographic
Economic
Information:
Schedule 15

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



Source:

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

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

Notes:

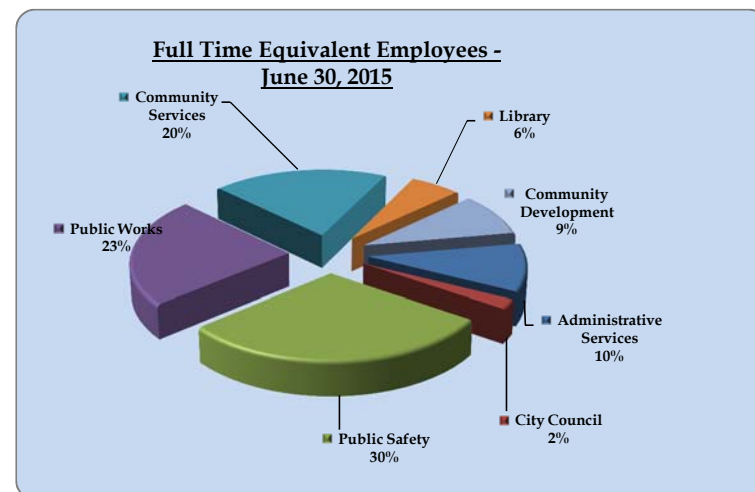
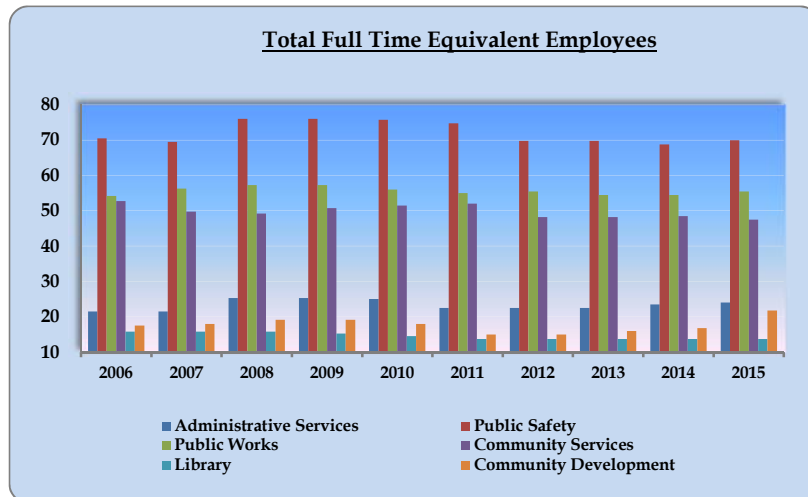
(*) Moved to Menlo Park in 2012

n/a Not Available

Full Time Equivalent City Employees by Function
Last Ten Fiscal Years

Demographic and
Economic
Information:
Schedule 16

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



Source: City of Menlo Park, Human Resources

Remarks:

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

⁽²⁾ Reduction of 3.0 FTE Housing Division during fiscal year 2011-12

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

Operating Information:
Schedule 17

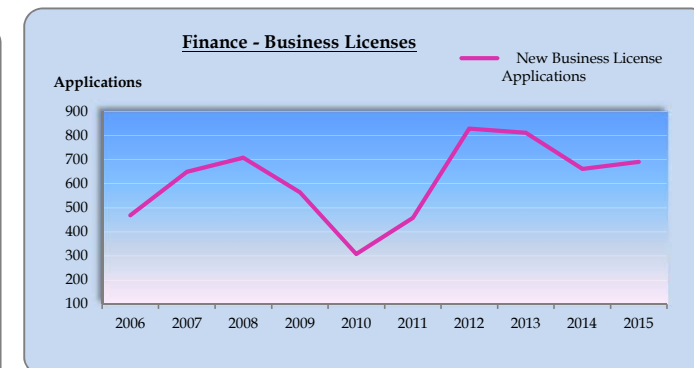
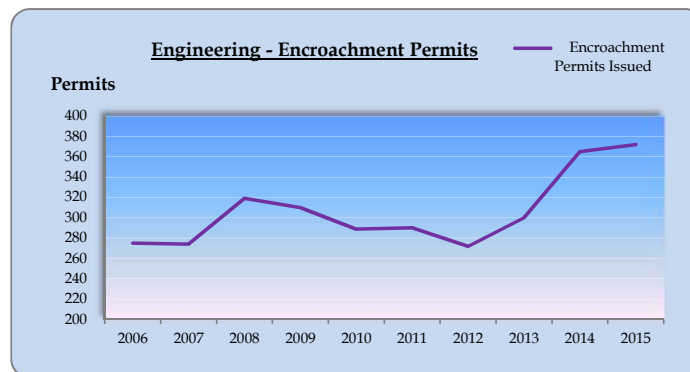
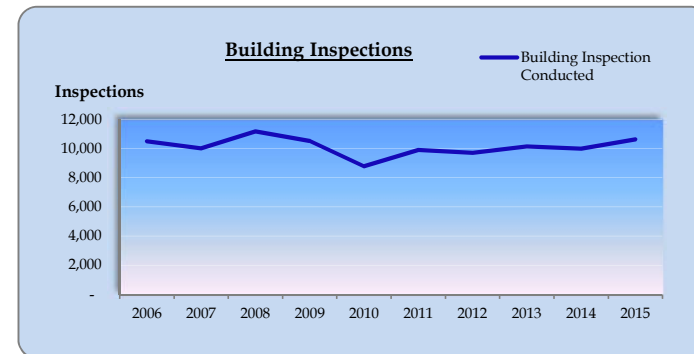
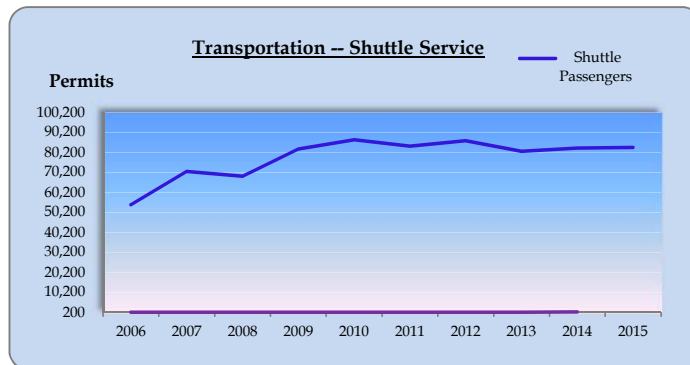
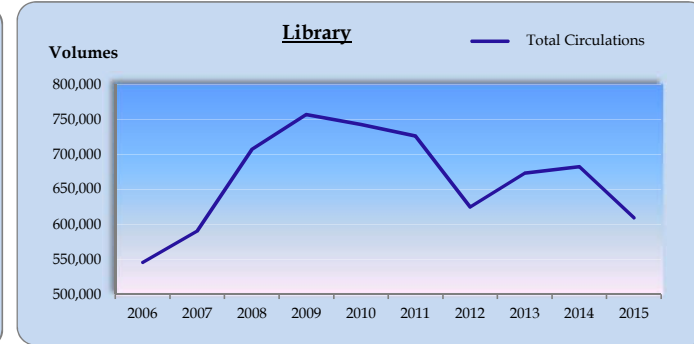
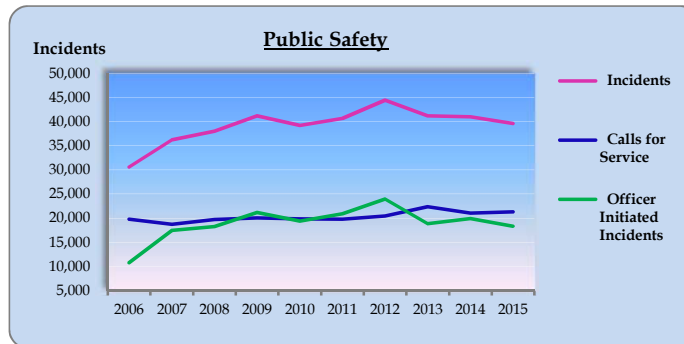
		Fiscal Year Ending June 30, ____									
FUNCTION/PROGRAM		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety	Incidents	30,597	36,206	37,997	41,200	39,217	40,675	44,405	41,206	40,964	39,605
	Calls for Service	19,806	18,721	19,736	20,015	19,840	19,752	20,469	22,383	21,021	21,293
	Officer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

Source: City of Menlo Park

Note:

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

(Continued)



Source: City of Menlo Park

Capital Asset Statistics by Function
Last Ten Fiscal Years

Operating Information:
Schedule 18

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

Source: City of Menlo Park

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Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19

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

Source: City of Menlo Park

(Continued)

Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19

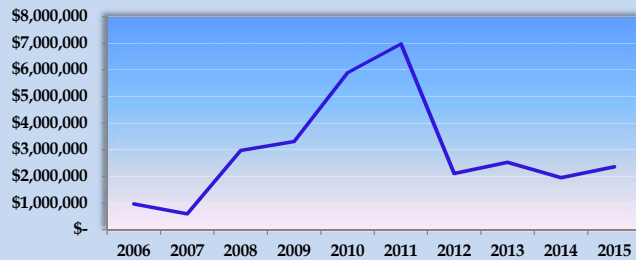
**Capital Assets & Infrastructure -
Governmental Activities**



**Capital Assets & Infrastructure -
Business-type Activities**



**Construction In Progress -
Governmental Activities**



**Construction In Progress -
Business-type Activities**



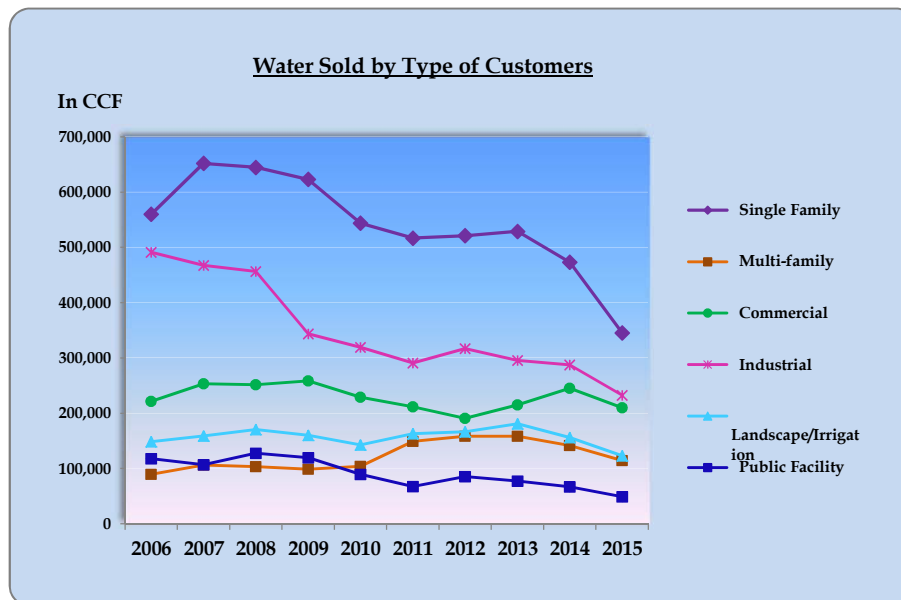
Source: City of Menlo Park

Water Sold by Type of Customer
Last Ten Fiscal Years

Operating Information:
Schedule 20

(in CCF)

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



Source: California Water Service Company, City of Menlo Park

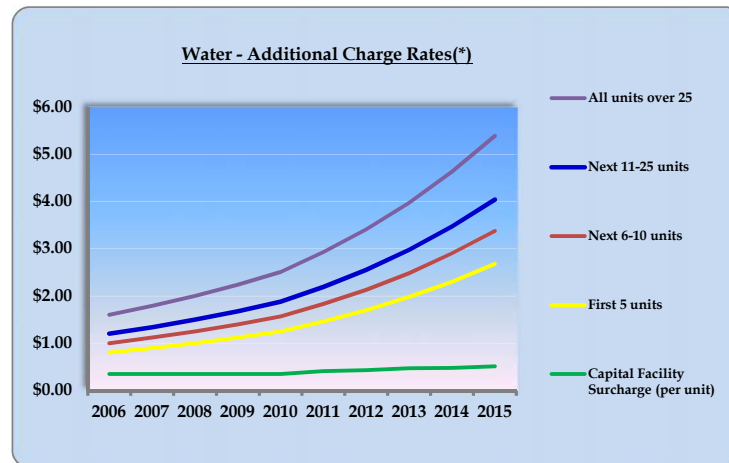
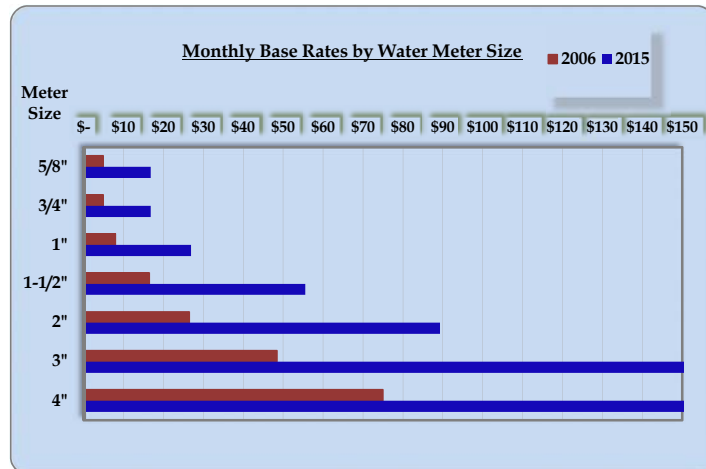
Notes: 1 unit is 748 gallons

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

Water Service Rates
Last Ten Fiscal Years

Operating Information:
Schedule 21

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



Source: City of Menlo Park, Master Fee Schedules

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

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

Miscellaneous Statistics

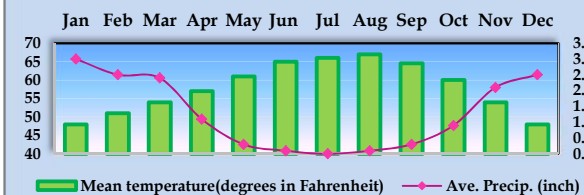
June 30, 2015

Operating Information:

Schedule 22

Date of Incorporation	November 23, 1927
Form of Government	Council / Manager
City Council Members	5
City Commissions	10
Arts, Bicycle, Environmental Quality, Finance & Audit, Housing, Las Pulgas, Library, Parks & Recreation, Planning, & Transportation	
Latitude, Longitude	37.45 N, 122.18 W
Elevation	60 feet
Land Area in square miles, 2010	10.1
Sunny Days a year	265
Average Annual Rainfall	15.71"

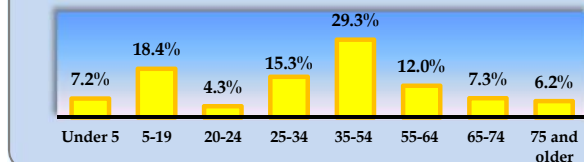
Average Monthly Temperatures & Precipitations



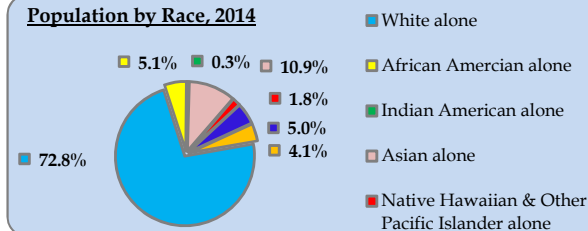
Demographic Profile

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

Population by Age Group, 2012



Population by Race, 2014



Social Characteristics

Percentage Speak English only

Age 5 - 17	18.6%
Age 18-64	65.6%
Age 65+	15.8%

Percentage Speak a language other than English:

Age 5 - 17	18.5%
Age 18-64	70.0%
Age 65+	11.6%

Education Attainment -Population 25 years and over

Less than high school graduate	6.5%
High school graduate or equivalent	8.2%
Some college or associate's degree	14.4%
Bachelor's degree	30.7%
Graduate or professional degree	40.2%

Marital Status

Never married	30.6%
Now married - except separated	54.1%
Divorced or separated	10.9%
Widowed	4.4%

Citizenship Status

Native, 5 years and over	74.8%
Foreign-born, 5 years and over	25.2%
Naturalized U.S. citizen	10.8%
Not a U.S. citizen	14.4%

Poverty Status in the past 12 months, 2012

Below poverty level	6.5%
At or above poverty level	93.5%

Housing Characteristics

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

Schools

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

Utilities and other services:

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

Local attractions, culture & recreation

Allied Arts Guild	
Menlo Atherton Performance Arts Center	
Stanford Linear Accelerator Center (SLAC)	
Sunset Publishing Corporation	
United States Geological Survey (USGS)	
Movie theater, the Guild	1
Clubs/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

Finance & Audit Committee



SPECIAL MEETING MINUTES - DRAFT

Date: 12/10/2015

Time: 3:00 p.m.

Administration Building

2nd Floor Administration Conference Room

701 Laurel St., Menlo Park, CA 94025

Chair Craib called the meeting to order at 3:20 p.m.

Roll Call

Present: Carlton, Craib, Denend, Tronson

A. Public Comment

Jim Lewis, a Menlo Park business owner expressed commendation to the committee giving attention to budget saving models.

B. Regular Business

B1. Review and discuss strategy for potential budget savings through alternative delivery models

B2. Review and accept Finance & Audit Committee minutes for the Special Meeting of July 30, 2015

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

C. ADJOURNMENT – 4:11

Prepared by: Stephen Green, Financial Analyst

Recommendations from CSD Operational Review

Recommendation	Status as of Dec 1, 2015	Completion Date
Parks and Rec Commission <ul style="list-style-type: none"> Update work plan to increase communication Annual retreat Increase Director particip. Improve Council/PRC relations 	Retreat held Sept. 12 with existing work plan update Director attending meetings. Regular email communication to PRC Joint session with Council in July. Pre-meetings with Chair each month	Ongoing
Position descriptions <ul style="list-style-type: none"> Update duties and assignments Update salaries New org structure 	Staff reviewed all CSD position descriptions and updated them including matrix of status to include with class and comp study. Implemented new org structure	Participating fully in class and comp study – date for implementation of that study - unknown
Strategic plan update <ul style="list-style-type: none"> identify core services identify revenue opportunities in alignment w Council policy Business plan outline 	Mission, values and cores services completed. Each program now has a draft Strategic Plan and staff are gathering stakeholder input / review. Each plan includes revenue opportunities	Complete stakeholder input in December; Jan. 1, include strat. plans in staff eval and start implementation of initial strategies by spring; include new revenue in 16-17 budget
Explain to residents and users why cost recovery targets exist	Presentation done at Council, digest items, Director's column in activity guide, presentations to PRC	Ongoing
Complete policy updates <ul style="list-style-type: none"> remove inconsistencies streamline align with HR and Fin Matrix of policies indicating last review date Joint use agreements 	Rental procedure audit and review completed HR and FIN participating in monthly team training meetings Reviewing Joint Use agreements with Commission Matrix of policies completed All policies now in new format	Ongoing
Provide staff training on updated evaluation system	Following strategic plan and core services updates	Spring when Strategic plans are complete
Participate in PRORAGIS / attend CPRS and NRPA	Attended PRORAGIS training session at CPRS and NRPA conference in September, Derek meeting with Pam Sloan	Spring goal is to have measurements in at least 4 areas to submit to PRORAGIS
Refresh Customer Service focus <ul style="list-style-type: none"> Insist on "welcome" at all facilities Review staff appearance and demeanor update policies and expectations 	Implemented new uniform policy Reviewed policy and expectations at both Annual Training Days Including in performance reviews Convened front desk staff for jump team to develop standards	Commissioners acting as ongoing secret customers to test adherence to standards
Coordinate with other City services <ul style="list-style-type: none"> complement offerings reduce duplication reach broader audiences 	Partnered with Library to offer summer reading camp, improved communications with PW through more regular meetings; starting monthly meetings with Library in January	Ongoing
Develop strategies to shift culture / raise morale	City employee survey did not reveal morale issues in department	Ongoing

Department Service Recommendations

RECOMMENDATION		START DATE	FINISH DATE
Launch and complete Strategic Planning Process	In Process	1-Sep-2015	1-Jun-2016
Improve internal staff communications	In Process-New Bulletin Boards in s	1-Nov-2015	Continuing process
Work with other city depts esp. community svcs	New schedule of monthly meetings	1-Dec-2015	Continuing process
Increase vendor supplied cataloging	New contracts in process	1-Oct-2015	1-Jun-2016
Initiate new "non-place based" services at Belle H	In Process	1-Oct-2015	Continuing process
Implement joint use agreement between City and	Agreement Signed	1-Jun-2015	1-Dec-2015
New staffing model for library	In preparation	1-Sep-2015	1-Feb-2016
Complete facility space needs study	In preparation	1-May-2016	1-Aug-2016
Develop and analyze library metrics monthly	Collection HQ purchased and data	1-Jul-2015	Continuing process
TOTAL			

Police
Department Service Recommendations

RECOMMENDATION		START DATE	FINISH DATE
Implement a 10-12 Week academy	Working with City Management		
Adult Academy	Completed		February 2014
Youth Academy	Completed		April 2015
Enhance training in Command Central	Completed		July 2013
Send corporals and CSO's to POST CSI course	Completed		2014
Body Camera program	Completed		2014
Outfit patrol and detectives with Tasers	Completed		2014
Cameras and perimeter fencing`	Completed		2014
Substation	Completed		April 2014
Restructuring of position to Corporal	Completed		2014
Evaluate various programs for recommendation	Recommendation not implemented, do not justify expandature		
Work with POA on eliminating monthly stipend	Working on Completion		2016
Research changing/expanding storage area	Implementation target date		2016
Expand reserves to include level II	Completed		2014
Revamp volunteer program	Completion target date		2016
TOTAL			