

Finance and Audit Commission

SPECIAL MEETING MINUTES



Date: 1/30/2025
Time: 5:30 p.m.
Location: Teleconference and
City Hall Downtown Conference Room, 1st Floor
701 Laurel St., Menlo Park, CA 94025

A. Call To Order

Chair Normington called the meeting to order at 5:35 p.m.

B. Roll Call

Present: Albright, Bramlett, Garton, Normington, Wong (Remote – AB 2449 Just Cause)
Absent: Dey, Leroux
Staff: Administrative Services Director Brittany Mello, Assistant Administrative Services Director Jared Hansen, Interim Finance and Budget Manager Rani Singh, Senior Accountant Ying Chen, Management Analyst II Adrian Patino

C. Consent Calendar

- C1. Approve the July 18, Sept. 5 and Nov. 7, 2024, Finance and Audit Commission meeting minutes (Attachment)

ACTION: Motion and second (Albright/ Garton), to approve the consent calendar, passed 5-0-2 (Dey, Leroux absent).

D. Regular Business

- D1. Review the investment portfolio reports for Dec. 31, 2024, and recommend receipt by City Council (Staff Report #25-001-FAC)

Management Analyst II Adrian Patino introduced the item.

The Commission received clarification on the timeframe of recap of investment portfolio holdings presented in the staff report.

ACTION: Motion and second (Bramlett/ Garton), to recommend receipt of the Dec. 31, 2024, investment portfolio reports by the City Council, passed 5-0-2 (Dey, Leroux absent).

- D2. Review the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, and recommend receipt by City Council (Staff Report #25-002-FAC)

Assistant Administrative Services Director Jared Hansen made the presentation (Attachment).

The Pun Group LLP Assurance Services Manager Mark Hu spoke on the audit process and the result of the audit.

The Commission received clarification on Schedule 1 of the statistical section of the Annual

Comprehensive Financial Report (ACFR), the timeline and process of finalizing the ACFR, financial statements related to the below market rate (BMR) Housing Special Revenue Fund, the City's BMR program, financial analysis and impact of development projects, capital assets in the financial statements and the City's leases and property taxes.

ACTION: Motion and second (Garton/ Albright), to recommend receipt of the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, by the City Council, passed 5-0-2 (Dey, Leroux absent).

E. Committee/Subcommittee Reports

None.

F. Informational Items

F1. Quarterly update on City grant funding (Attachment)

The Commission discussed the addition of the date of grant awards and the funding period.

G. Adjournment

Chair Normington adjourned the meeting at 7 p.m.

Management Analyst II Adrian Patino

Minutes approved at the April 17, 2025 Finance and Audit Commission meeting



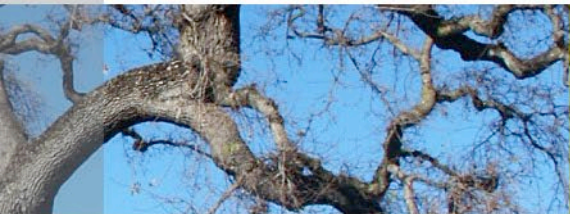
ANNUAL COMPREHENSIVE FINANCIAL REPORT AND AUDIT – FINANCE AND AUDIT COMMISSION

Jared Hansen, Asst. Administrative Services Director



AGENDA

- Menlo Park at a glance
- Services provided
- Basics of fund accounting
- Types of funds
- Revenues and expenses
- City-wide financial overview
- General Fund revenues and expenses
- ACFR walkthrough



MENLO PARK AT A GLANCE



- Date of Incorporation: November 23, 1927
- Land Area: 10.1 square miles
- Population: 33,780
- Education
 - High school graduate or higher: 98.5%
 - Bachelor's degree or higher: 72.7%
- Housing: 13,857 housing units
- Median Home Price: \$2,000,000
- Median Household Income: \$206,588
- Unemployment Rate: 2.9%



THE CITY PROVIDES A FULL RANGE OF SERVICES



- **Public Safety**
 - Police
- **Public Works**
 - Street & road maintenance
 - Storm drain maintenance
 - Infrastructure
 - Engineering
 - Vehicle and building maintenance
- **Community Development**
 - Building safety
 - Planning
 - Housing programs
- **Library and Community Services**
 - Parks and pools
 - Library
- **Utilities**
 - Water
 - Solid waste
- **General Administration**
 - City management
 - Human resources
 - Finance
 - Information technology

BASICS OF FUND ACCOUNTING

- Governments employ fund accounting.
- Funds are separate “pots of money” set up to track resources for specific purposes.
- The source of money determines how it can be spent. All funds combined comprise the City’s total budget.
- Each fund is equivalent to an individual business with a separate checking account.
- The City currently has over 60 separate funds.



General Fund



Enterprise Funds



Special Revenue
Funds



Capital Project
Funds



Internal Service
Funds

FUND DESCRIPTIONS

■ General Fund

- Primary fund for the City
- Records the activity for everything that is not required to be accounted for in a separate fund
- Revenues generally derived from unrestricted resources
- Still may be designated for a specific purpose
- Property tax, transient occupancy tax, sales tax, business license, franchise fees, permits, etc.
- Most of the operating activity for the City is recorded in the General Fund

■ Special Revenue Funds

- Revenues are legally restricted to a specific purpose
- City has over 46 special revenue funds
 - Below Market Rate Housing
 - Transportation Impact Fees
 - In-Lieu Payment for Community Amenities
 - Bayfront Mitigation
 - Heritage Tree
 - Community Electrification Efforts
 - Environmental Justice Implementation

FUND DESCRIPTIONS

■ Capital Project Funds

- Revenues are collected for the acquisition and construction of capital facilities
- City has 3 capital project funds
 - General Capital Improvement Projects
 - Belle Haven Community Campus
 - Library Addition

■ Debt Service Funds

- Revenues are collected to pay for interest and principal payments on debt
- City has 2 debt service funds
 - Measure T
 - Library GO Bond 1990

■ Enterprise Funds

- Accounts for City operations financed and operated in manner similar to private business
- Revenue is from charges to users for services provided
- City has 2 enterprise funds
 - Water
 - Solid Waste

FUND DESCRIPTIONS

■ Internal Service Funds

- Used to track goods or services provided to other departments on a cost reimbursement basis
- Also used to allocate the cost of certain shared activities such as insurance and other overhead costs
- City has 5 internal service funds
 - Workers' Compensation Insurance
 - Liability Fire Insurance
 - Other Post-Employment Benefits
 - Information technology
 - Vehicle Replacement

■ Fiduciary Funds

- Used account for assets held in trust for privately-held organizations, individuals, or other governmental units
- As funds are not the City's resources, they cannot be used to fund the City's expenses
- City has 1 fiduciary fund (classified as a private purpose trust fund)
 - Successor Agency to the Menlo Park Community Development Agency
 - Note: this fund receives property tax revenues to pay for the remaining bond obligation which mature in fiscal year 2029-30

REVENUES

- Taxes
 - Increase or new general tax requires majority voter approval
 - Special tax requires 2/3
 - Property tax limited by Prop 13
- User Fees/Rates
 - Cannot exceed the cost of providing service
 - Supported by a nexus
 - Subject to Prop 218

EXPENDITURES

- Current
 - Personnel
 - Operating
- Capital outlay
 - Purchase of equipment
 - Construction costs
 - Depreciation and amortization
- Debt service
 - Principal retirement
 - Interest and fiscal charges
- Transfer to other funds

EXPENDITURES – PERSONNEL

- Salaries and Wages
 - Base salary
 - Overtime
 - Vacation, sick, and holiday leave
 - Special assignment pay
- Retirement
 - Normal CalPERS contribution
 - Unfunded accrued liability
- Fringe Benefits
 - Health, vision, dental insurance
 - Life insurance
 - Worker's compensation
 - Long-term disability
 - Uniform and vehicle allowance
 - Employee assistance programs

EXPENDITURES – OPERATING

- Materials and supplies
- Professional services
 - Legal
 - Audit
 - Contract
- Utilities
 - Power
 - Phone
 - Internet
- Trainings, meetings, and dues
- Contributions to internal service funds

EXPENDITURES – CAPITAL OUTLAY

- Purchase of equipment (generally one-time costs)
 - Equipment, vehicles, etc.
- Construction costs (on-going large projects)
 - Facility improvements
 - Infrastructure
 - Roads
 - Parks
 - Water system
- Threshold for capitalization on the financial statements is \$5,000 per item

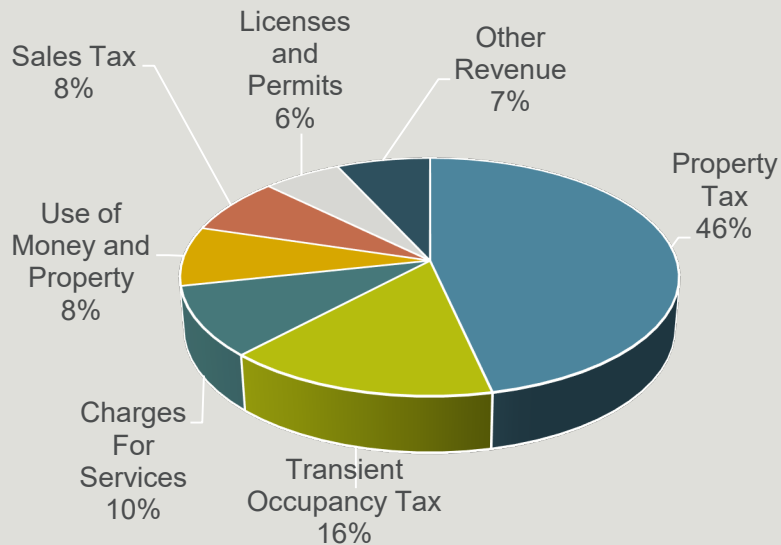
EXPENDITURES – DEBT SERVICE

- Principal and interest payments
 - General obligation bonds
 - General obligation refunding bonds
 - Leases of equipment
 - Subscription-based information technology arrangements (SBITA's)
- Fiscal charges
 - Trustee fees
 - Premium and discount amortization

CITY-WIDE FINANCIAL OVERVIEW

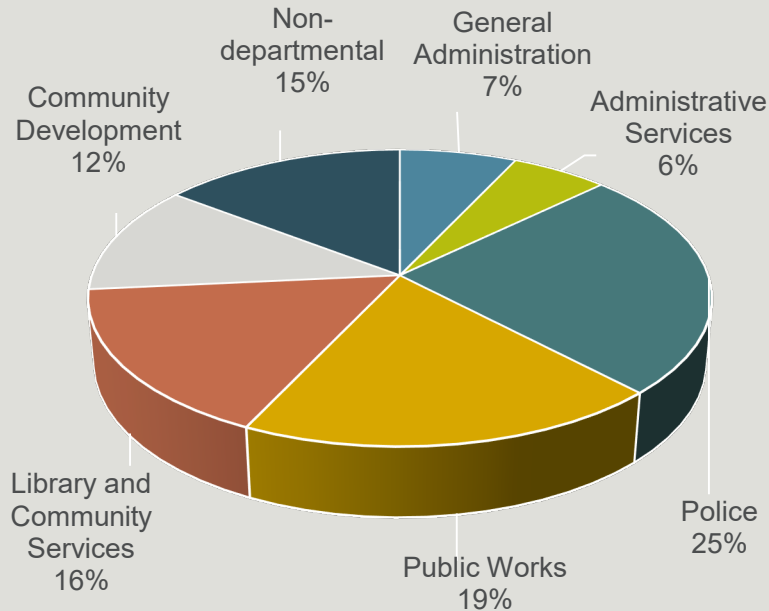
- General Fund
 - \$ 76,477,566 in revenues
 - \$ 73,762,731 in expenditures
 - \$ 2,714,835 change in fund balance
- Total City
 - \$ 151,895,395 in revenues
 - \$ 117,635,337 in expenses
 - \$ 34,260,058 change in net position

GENERAL FUND – REVENUES



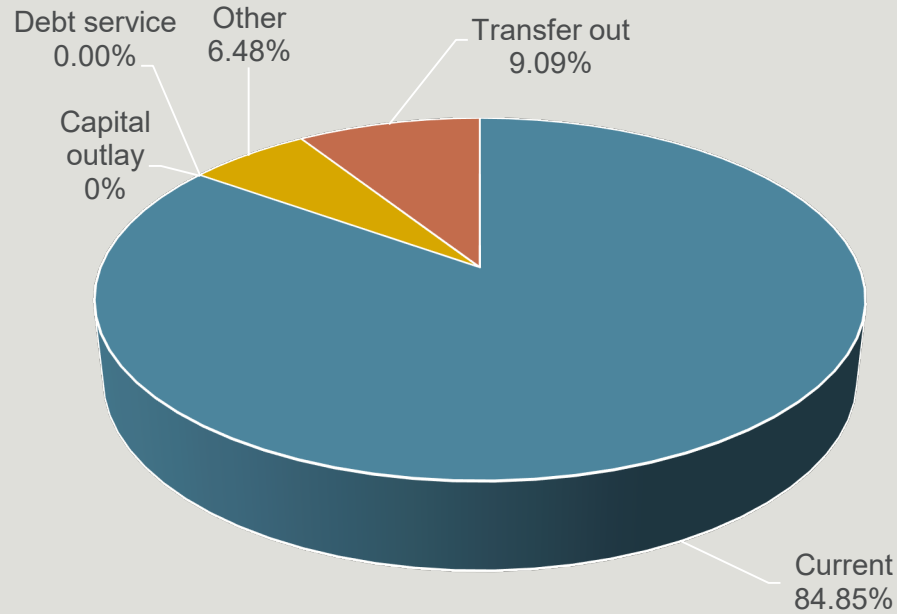
Revenue source	Amount
Property tax	\$35,449,403
Transient occupancy tax (TOT)	11,827,367
Charges for services	7,311,380
Use of money and property	6,142,016
Sales tax	5,826,798
Licenses and permits	4,414,745
Other revenue	5,256,152
Total	\$76,227,861

GENERAL FUND – EXPENDITURES BY DEPARTMENT



Department	Amount
General Administration	\$5,179,834
Administrative Services	4,300,122
Police	18,434,061
Public Works	14,175,166
Library and Community Services	12,114,347
Community Development	8,775,512
Non-departmental	10,783,689
Total	\$73,62,731

GENERAL FUND – EXPENDITURES BY CATEGORY



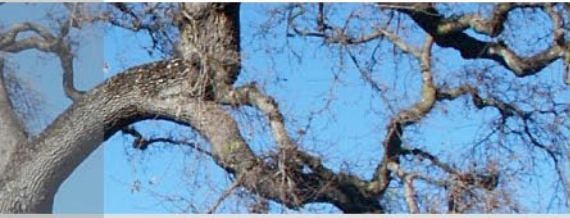
Category	Amount
Current	\$62,040,283
Capital outlay	-
Debt service	64,583
Other (extraordinary)	4,779,520
Transfers out	6,878,344
Total	\$73,762,731



ACFR OVERVIEW



- Introductory Section (unaudited)
 - Transmittal Letter
- Financial Section
 - Independent Auditor's Report
 - Management's Discussion and Analysis (unaudited)
 - Basic Financial Statements
 - Notes to the Basic Financial Statements
- Required Supplementary Information (unaudited)
- Supplementary Information
- Statistical Section (unaudited)



BASIC FINANCIAL STATEMENTS



- Government-wide Financial Statements
 - Statement of Net Position
 - Statement of Activities
- Fund Financial Statements
 - Governmental Funds
 - Balance Sheet
 - Statement of Revenues, Expenditures, and Changes in Fund Balances
 - Proprietary Funds
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Fiduciary Funds
 - Statement of Fiduciary Net Position
 - Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements



THANK YOU