



City of Mountain View, California

# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014



**Mission Statement:**

The City of Mountain View provides quality services and facilities that meet the needs of a caring and diverse community in a financially responsible manner.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**PREPARED BY THE**

**DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES**

**Patty J. Kong, Finance and Administrative Services Director**  
**Grace Zheng, Accounting Manager**

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2014**

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FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT  
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650-903-6316 • Fax 650-968-1786

October 15, 2014

Honorable Mayor, City Council, and Members of the Mountain View Community:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Mountain View, California (City) for the fiscal year ended June 30, 2014. The CAFR has been prepared in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and in compliance with City Charter Section 1106.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We believe that the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds, and in conjunction with the included notes, will provide the reader with an understanding of the City's financial status and affairs.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by Maze & Associates, a firm of independent licensed certified public accountants selected by and reporting to the City Council. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there is a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented at the beginning of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The CAFR is divided into the following sections:

The Introductory Section includes this letter of transmittal, an overview of the organizational structure of the City, and prior awards received.

The Financial Section is prepared in accordance with GASB Statement No. 34 requirements, including the MD&A, the Basic Financial Statements, and supporting notes. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present financial information for each of the City's major funds as well as nonmajor governmental, internal service, and agency funds. Also included in this section is the Independent Auditors' Report on the basic financial statements.

The Statistical Section includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that are of interest to potential investors in our bonds and to other readers. The data includes 10-year revenue and expenditure information, as well as 10 years of net asset and position information.

This CAFR includes the results of financial activities of the primary government which encompasses several enterprise activities as well as all of its component units: the Mountain View Shoreline Regional Park Community (Shoreline Community) and the City of Mountain View Capital Improvements Financing Authority (Financing Authority). Separate financial statements for the Shoreline Community are included following the statistical section. There is no legal requirement for a separate component unit report for the Financing Authority.

## **PROFILE OF THE GOVERNMENT**

With a population of approximately 76,800, the City is located in the heart of Silicon Valley. Occupying just over 12 square miles, Mountain View is situated about 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose (the County seat) between the Santa Cruz Mountains and the San Francisco Bay.

The City was incorporated on November 7, 1902. The City Charter was originally approved by voters in 1952 and requires the City to operate under a Council-Manager form of government. Seven Councilmembers are elected at large for four-year terms that are staggered so three or four seats are filled at the general municipal election in November of every even-numbered year.

Service on the Council is limited to two consecutive terms. Each year in January, the Council elects one of its members as Mayor and another as Vice Mayor.

The City provides the following full range of municipal services which are reflected in this report:

- General government (City management, legal, human resources, information technology, and financial activities);
- Public safety (Police, Fire, and paramedic services);
- Public works (engineering, design, and utility maintenance);
- Community development (community land use and development processing); and
- Culture and recreation (Library, parks, recreation, performing arts, and golf course).

The City also provides water, wastewater, and solid waste utility enterprise activities, and the financial information regarding these activities is included in this report.

The financial reporting entity includes all funds of the primary government (i.e., the City) as well as its component units. Component units are legally separate government entities for which the primary government is financially accountable. Financially accountable as defined by the GASB means the City Council exercises control through appointment of, or serving as, the governing boards and approval of the budget. However, this does not mean the City assumes the obligations or liabilities of these entities. The Shoreline Community and Financing Authority are component units of the City. Therefore, these agencies are included in the reporting entity.

Additionally, the City elected to serve as the Successor Agency to the Mountain View Revitalization Authority (Successor Agency). The Mountain View Revitalization Authority (Authority) was a redevelopment agency that was dissolved by legislation in 2012. The Successor Agency is not a blended or discretely presented component unit of the City, but is a separate legal entity overseen by the Oversight Board and the State Department of Finance. The City's role of the Successor Agency is fiduciary in nature and is reported under the private-purpose trust fund, a fiduciary fund type.

No other agencies or activities associated with the City or utilizing a name similar to the City's meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

The City Council is required by the Charter to adopt a budget by June 30 to be in effect for the ensuing fiscal year, which begins July 1. Budgets are approved at the fund and department level (legal level of control) and may not be exceeded without City Council approval. Transfers and adjustments between funds, departments, and capital projects must be submitted to the City

Council for approval. The City Charter requires approval by five votes of the seven-member City Council to amend the budget.

## **LOCAL ECONOMY**

Mountain View is centrally located in the heart of the Silicon Valley between San Jose and San Francisco and has several major highways and freeways (101, 85, and 237) connecting the City to the Bay Area region. Mountain View is also a regional transportation hub and has transit stops for the Caltrain commuter train and Valley Transportation Authority (VTA) light rail system.

During this fiscal year, Mountain View has experienced significant growth in terms of residential and commercial development that has contributed to a diverse community. The City has seen nearly 600 residential units created and over 275,000 million square feet of commercial/office space start construction in this time period.

Over the years, many global companies, including Google, Intuit, LinkedIn, Microsoft, Omnicell, Siemens Medical Solutions, Symantec, and Synopsys, have recognized that Mountain View is the right location in Silicon Valley. In addition, start-up companies find Mountain View, particularly its downtown, a desirable place to do business because of the diversity of retailers and restaurants and access to public transportation. Mountain View is committed to developing and strengthening its diverse business community.

The City is also committed to preserving present services and programs while investing in our future through prudent budgeting and infrastructure development. The steadily improving economy, along with prudent fiscal planning, enabled the City to begin to address some constraints and deferred plans necessitated by the Great Recession and to begin taking measured steps forward.

Fiscal year 2014 was the first year where strong revenue growth was able to support expenditure growth without budget reductions. As of June 2014, the unemployment rate in the City is 4.0 percent, consumer confidence has begun to rise, and housing and property values have regained prerecessionary levels in Mountain View. In addition, the City's sound fiscal practices and budget discipline have allowed the City to maintain its AAA credit rating, a status few other California cities can claim.

## **LONG-TERM FINANCIAL PLANNING**

The City annually prepares a five-year forecast and periodically a Long-Range Financial Forecast to project revenue and expenditure trends for the next 10 years. A 10-Year Financial Forecast was developed for fiscal year 2015. During challenging economic periods, times of relative stability, or even during economic growth, the practice of long-range financial forecasting is beneficial to a city's financial planning process. While it is challenging to

accurately forecast local government revenues due to the variable nature of the revenue sources and their connection to regional, State, national, and international economic conditions, it is possible to identify reasonable financial trends and provide a conceptual financial picture that will be useful to the City's decision-making. The Forecast is helping to guide the City as it continues to confront the need to balance expenditures and revenues.

In summary, the updated projections indicate continued improvement in the economic recovery with increases in all major revenue categories (e.g., Property Taxes, Sales Tax, Transient Occupancy Tax, and Utility Users Tax) until the next downturn in the economic cycle which is projected to occur within this 10-year period. General Operating Fund expenditures are projected with anticipated significant increases in health care and in retirement costs.

### **RELEVANT FINANCIAL POLICIES**

The City Council has established a financial and budgetary policy which is reviewed and updated as necessary by approval of the City Council. A comprehensive and consistent set of financial and budgetary policies provides a basis for sound financial planning, identifies appropriate directions for service-level developments, aids budgetary decision-making, and serves as an overall framework to guide financial management and operations of the City.

The City's adoption of financial policies also promotes public confidence and increases the City's credibility in the eyes of bond rating agencies and potential investors. Such policies also provide the resources to react to potential financial emergencies in a prudent manner.

### **MAJOR INITIATIVES**

The City of Mountain View provides quality services and facilities that meet the needs of a caring and diverse community in a financially responsible manner. This year, the City focused on a number of plans and projects to construct, renovate, or expand facilities for City residents. Following Council's two-year goals, many projects focused on retaining and improving green space and the tree canopy, improving bicycle and pedestrian mobility, and enhancing services to residents and businesses through technology.

The economic vitality of Mountain View depends on a strong and diversified business community. As part of the City's economic development efforts, Mountain View continues to work aggressively to attract and retain companies with growth potential and make Mountain View a desirable location for business. Some of the major initiatives for this past fiscal year are outlined as follows:

#### **Precise Plans**

With the 2012 adoption of the General Plan, the City began updating the Precise Plans for three of the five change areas identified: North Bayshore, San Antonio, and El Camino Real. The

updated Precise Plans for these areas will include new zoning regulations regarding allowed land uses, building heights, and design standards. The Council is expected to adopt a new Precise Plan and related Environmental Impact Report for each change area in late 2014.

### **Parks and Open Space Plan**

The Parks and Recreation Commission began an update to the Parks and Open Space Plan, which addresses the future open space and parks needs of residents. The Commission evaluated current facilities and created a blueprint for future renovation and development. A draft of the Plan will be presented to Council in the fall for approval.

### **Rengstorff Master Plan Approved**

The City Council approved an update to the Master Plan for Rengstorff Park this year, including recommendations for improvements to the Community Center and Aquatics Center located in the park. The plan provides a long-term vision and general development guide for the park for the next 20 to 30 years. The plan also includes other park improvements, such as lighting upgrades.

### **New Teen Center Coming**

Construction of a new teen center, located at 263 Escuela Avenue on the former Rock Church property, began this year. The new center, called The View, will offer expanded programs for Mountain View's youth and will open in November.

### **Athletic Fields at Shoreline in Progress**

The City began work on a new athletic field complex in the southwest corner of Shoreline Park at Mountain View, known as the Shoreline Athletic Fields. The project will encompass 5.3 acres of athletic fields, including one baseball and one softball diamond overlaid with soccer fields.

### **Emergency Operations Center Upgraded**

The Fire and Public Works Departments completed a reconfiguration and upgrade of electrical, audio, visual, workstation, and other equipment in the Emergency Operations Center, which will also be used as a regional command training center.

### **Library Improvements**

The Library made several improvements this fiscal year to help both users and staff, including a new WiFi system, new public printers, a new self-checkout system, an improved check-in system, and upgrades to the computer and catalog systems. In addition, two large pieces of the Berlin Wall were donated by a local family and are now accessible to the public in front of the Library.

### **Bike Share Services**

Mountain View continued its participation as one of five Bay Area cities in a regional bike share pilot program enabling users to check out a bike from an automated station. The Bike Share Program provides a convenient and affordable transportation alternative or supplement to cars and mass transit. The pilot program will run for one or two years and could transition to a permanent program.

### **Technology and Innovation**

The City completed a full-scale redesign of the City's website to make information easier to access and services easier to use.

Online access to City financial data is being provided through OpenGov, a web-based program that enables users to find and sort through information by fund, department, and expense type.

### **Voluntary Water Reduction**

Due to the drought and low local water supplies, Mountain View implemented the first stage of the City Water Shortage Contingency Plan this year, which was to ask customers to voluntarily reduce water use by at least 10 percent. From February 1 through the end of May, water consumption in Mountain View decreased a total of 17 percent, exceeding the 10 percent target.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) 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, 2013. This was the 24th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. The GFOA award is valid for a one-year period only. We believe that our current Comprehensive Annual Financial Report continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

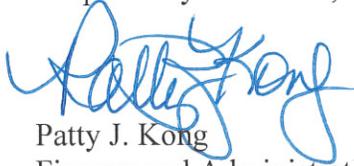
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2014. In order to qualify for this Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedication of the entire Finance and Administrative Services Department staff, in particular Grace Zheng, Accounting Manager, and Beryl Delavan, Accountant. Every member of the

Honorable Mayor, City Council, and  
Citizens of Mountain View  
September 12, 2014  
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department deserves recognition and thanks for their commitment to the City and their profession. We would also like to thank the members of the City Council for their policy guidance and oversight in managing the financial operations of the City in a responsible manner.

Respectfully submitted,



Patty J. Kong  
Finance and Administrative  
Services Director



Daniel H. Rich  
City Manager

PJK-DHR/7/FIN  
546-09-12-14L-E

# City of Mountain View California

## City Officials

### City Council

Chris Clark, Mayor

John McAlister, Vice Mayor

Margaret Abe-Koga

Ronit Bryant

John Inks

R. Michael Kasperzak, Jr.

Jac Siegel

### City Staff

Daniel H. Rich, City Manager

Jannie L. Quinn, City Attorney

Lorrie Brewer, City Clerk

Melissa Stevenson Diaz, Assistant City Manager

Roger Jensen, CIO/Information Technology Director

Patty J. Kong, Finance and Administrative Services Director

Randal Tsuda, Community Development Director

Michael A. Fuller, Public Works Director

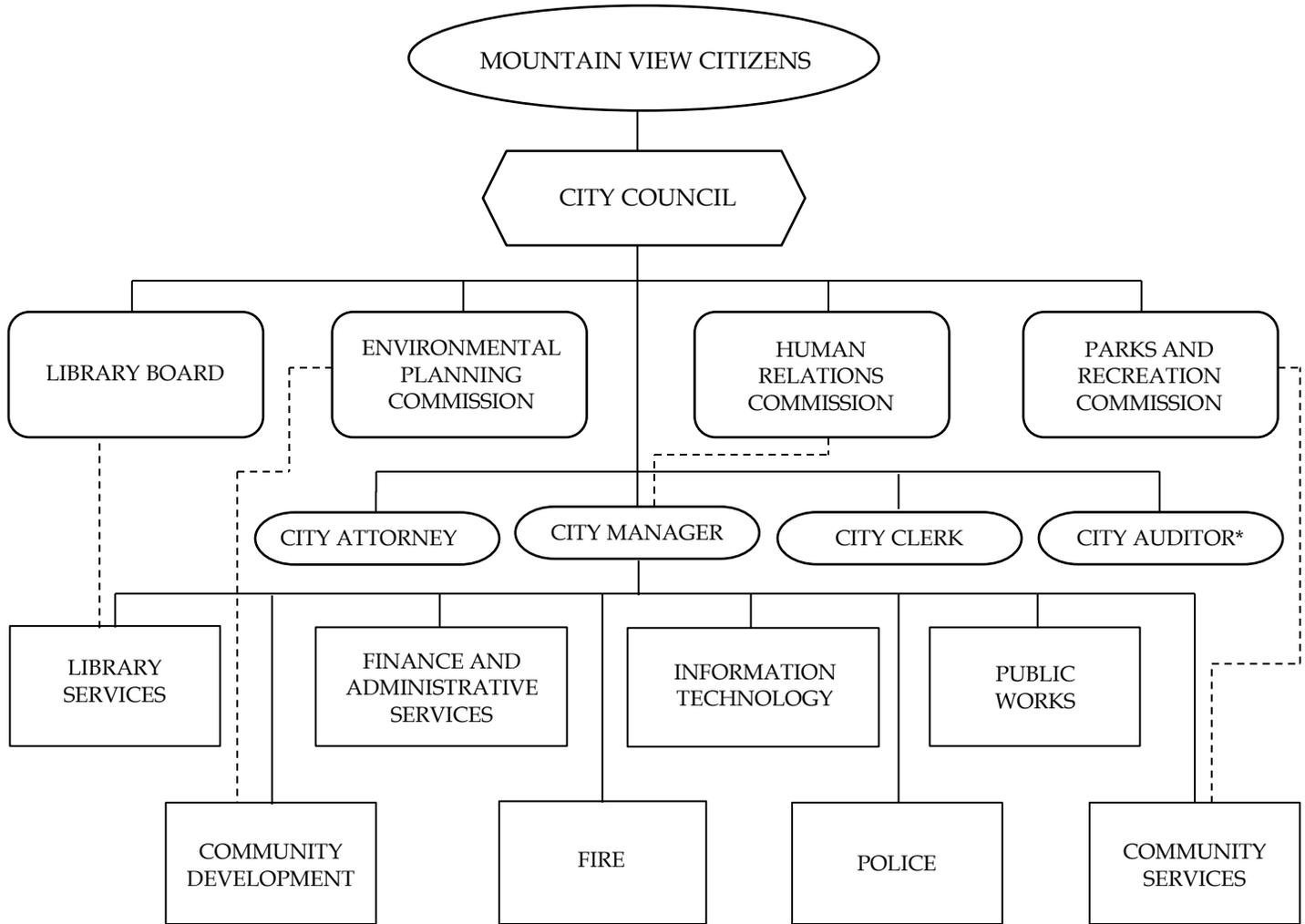
J.P. de la Montaigne, Community Services Director

Rosanne M. Macek, Library Services Director

Bradley C. Wardle, Fire Chief

Max Bosel, Police Chief

# CITY GOVERNMENT ORGANIZATION



**KEY:**   ELECTED                      ——— LINE OF COMMAND  
  APPOINTED BY COUNCIL                      - - - - - STAFF SERVICES  
  APPOINTED BY CITY MANAGER

FISCAL YEAR 2013-14 POSITION TOTALS: 7.0 Councilmembers  
 24.0 Commission and Board Members  
 561.25 Full-Time and Regular Part-Time  
 6.25 Limited-Period  
 58.13 Hourly Positions

\* Finance and Administrative Services Director serves as City Auditor.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mountain View  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

A handwritten signature in black ink, appearing to read "Jeffrey R. Emswiler". The signature is written in a cursive style.

Executive Director/CEO

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## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the City Council  
City of Mountain View, California

### ***Report on 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 Mountain View (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 City'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 City'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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

As discussed in Note 14, in 2011 and 2012, the state legislature enacted two laws, AB x1 26 and AB 1484, respectively, to dissolve redevelopment agencies in California, including the Mountain View Revitalization Authority (Authority). The City elected to serve as the Successor Agency to the former Mountain View Revitalization Authority (Successor Agency).

In order to complete the dissolution process, the Successor Agency was charged with retiring all remaining obligations of the Authority and disposing of the Authority's remaining real property assets pursuant to an approved Long-Range Property Management Plan (LRPMP). The Successor Agency and Santa Clara County developed and presented a proposed dissolution plan to the Oversight Board and the Department of Finance in an effort to complete the dissolution process (Dissolution Package). On September 20, 2013, the Oversight Board approved the actions necessary in the Dissolution Package and on October 22, 2013, the Successor Agency, City and Shoreline Community took actions to approve and authorize the Dissolution Package to wind down the affairs of the former Authority and terminate the Successor Agency. On November 14, 2013, the DOF reviewed the Oversight Board's approval of the Dissolution Package and approved the Oversight Board's actions and also issued a Finding of Completion. As part of the Dissolution Package, the Successor Agency also submitted a LRPMP. The DOF approved the LRPMP on February 7, 2014.

Part of the Dissolution Package includes a revenue-sharing agreement with all the affected taxing entities. See further discussion in Note 14.

The emphasis of these matters does not constitute modifications to our opinion.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis to 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 as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 October 15, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
October 15, 2014

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Mountain View's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in our letter of transmittal.

### **FINANCIAL HIGHLIGHTS**

The following are some of the key financial highlights for the fiscal year:

- The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2014 by \$909.1 million (net position). Of this amount, \$198.0 million (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$45.3 million before special items, and increased \$68.2 million after special items, over the prior fiscal year. This compares favorably to the \$25.1 million increase in fiscal year 2013. The increase is a result of a combination of net lower expenditures and an increase in revenues for fiscal year 2014. Property tax revenues are higher as the median sales price of single-family homes has recovered to prerecessionary levels and the reversal of prior year assessed value reductions. Transient Occupancy Tax (TOT) revenue is also higher from the improving economy. Expenditures for Public Works decreased \$13.7 million as a result of an adjustment to the landfill obligation in the prior fiscal year.

The \$22.9 million increase in net position for special items is the transfer of assets from the Successor Agency which was as a result of the dissolution of the former Revitalization Authority as of June 30, 2014.

- Total revenues for governmental funds are \$183.3 million, an increase of \$7.9 million and 4.5 percent over the prior fiscal year. Revenues continued to increase as the economy improved. Expenditures for governmental funds totaled \$149.1 million, an \$8.4 million and 5.9 percent increase from the prior fiscal year. Overall, governmental funds revenues exceeded expenditures by \$34.2 million compared to \$34.7 million in the prior fiscal year. The growth in expenditures is matched by the growth in revenues.
- As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$308.2 million. Approximately 12.0 percent of this amount, \$36.9 million, is unassigned fund balance and is available to meet the City's current and future needs.
- At the end of the fiscal year, the unassigned fund balance for the General Fund is \$36.9 million, or 34.6 percent of total General Fund expenditures. This is a comparable amount to prior years and there has been no deterioration of General Fund unassigned fund balance.

- The City's total long-term debt decreased by \$7.5 million compared with the prior fiscal year due to the retirement of debt during the normal course of business.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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 government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, and culture and recreation. The business-type activities of the City include water, wastewater, and solid waste operations.

The government-wide financial statements include not only the City itself (known as the primary government) but also two legally separate entities for which the City is financially accountable: (1) Mountain View Shoreline Regional Park Community (Shoreline Community or SRPC); and (2) City of Mountain View Capital Improvements Financing Authority (Financing Authority). Although legally separate from the City, these component units are blended with the primary government because of their relationship to the City. In addition, separate financial information for the Shoreline Community component unit is included within the City's CAFR. The Successor Agency to the former Mountain View Revitalization Authority is also a separate legal entity and is reported as a Fiduciary Fund, Private-Purpose Trust Fund.

## Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects funds). Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Shoreline Regional Park Community, Below Market Housing Fund, General Capital Projects Funds, and Park Land Dedication Capital Projects Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its major funds except the General Capital Projects Fund, which is budgeted on a project basis. Budgetary comparison statements have been provided for these funds to demonstrate compliance with budgets.

Proprietary funds are generally used to account for services for which the City charges customers—either external customers or internal customers or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and solid waste operations, all of which are considered to be major funds of the City.

*Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet maintenance and equipment replacement and various other self-insurance liability programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of employees of the City and parties outside the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for private-purpose trust fiduciary funds is much like that used for proprietary funds.

#### Notes to the Financial Statements

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

#### Combining Statements and Schedules

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and agency funds are presented immediately following the notes to the financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Since fiscal year 2002, the City has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements, and Management's Discussion and Analysis (MD&A) for State and Local Governments. Two fiscal years of financial information in the GASB Statement No. 34 format and a comparative analysis of government-wide data are included in this report. In addition, adjustments have been made to some prior fiscal year balances to conform to current fiscal year presentation formats.

#### Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of a government's overall financial position. For the City, assets exceeded liabilities by \$909.1 million at the end of the fiscal year.

The following is a condensed summary of the City's net position for governmental and business-type activities:

**Statement of Net Position**  
(Dollars in thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>						
Current and other assets	\$400,357	361,007	51,649	45,840	452,006	406,847
Capital assets	<u>497,806</u>	<u>479,014</u>	<u>93,390</u>	<u>94,155</u>	<u>591,196</u>	<u>573,169</u>
Total assets	<u>898,163</u>	<u>840,021</u>	<u>145,039</u>	<u>139,995</u>	<u>1,043,202</u>	<u>980,016</u>
<b>Deferred outflows:</b>						
Deferred charge on refunding	<u>149</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>149</u>	<u>-0-</u>
<b>Liabilities:</b>						
Current and other liabilities	17,839	15,600	2,612	2,761	20,451	18,361
Noncurrent liabilities	<u>102,087</u>	<u>108,558</u>	<u>11,710</u>	<u>12,223</u>	<u>113,797</u>	<u>120,781</u>
Total liabilities	<u>119,926</u>	<u>124,158</u>	<u>14,322</u>	<u>14,984</u>	<u>134,248</u>	<u>139,142</u>
<b>Net position:</b>						
Net investment in capital assets	456,410	433,059	82,850	83,040	539,260	516,099
Restricted	171,881	148,253	-0-	-0-	171,881	148,253
Unrestricted	<u>150,095</u>	<u>134,551</u>	<u>47,867</u>	<u>41,971</u>	<u>197,962</u>	<u>176,522</u>
Total net position	<u>\$778,386</u>	<u>715,863</u>	<u>130,717</u>	<u>125,011</u>	<u>909,103</u>	<u>840,874</u>

The largest portion of the City's net position at \$539.3 million, or 59.3 percent, reflects its investment in capital assets (e.g., land, buildings, other improvements, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and therefore, 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 the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City's net position of \$171.9 million, or 18.9 percent, represents resources that are subject to external restrictions on how they may be used.

Another significant portion of the City's net position, \$198.0 million or 21.8 percent, represents unrestricted net position, which may be used to meet the City's ongoing obligations. For governmental activities, the City reported a positive balance of \$150.1 million of unrestricted net

position, and for business-type activities, the City reported a positive balance of \$47.9 million of unrestricted net position. The unrestricted net position is City-wide and may not represent resources available for budgetary purposes.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the governmental and the business-type activities.

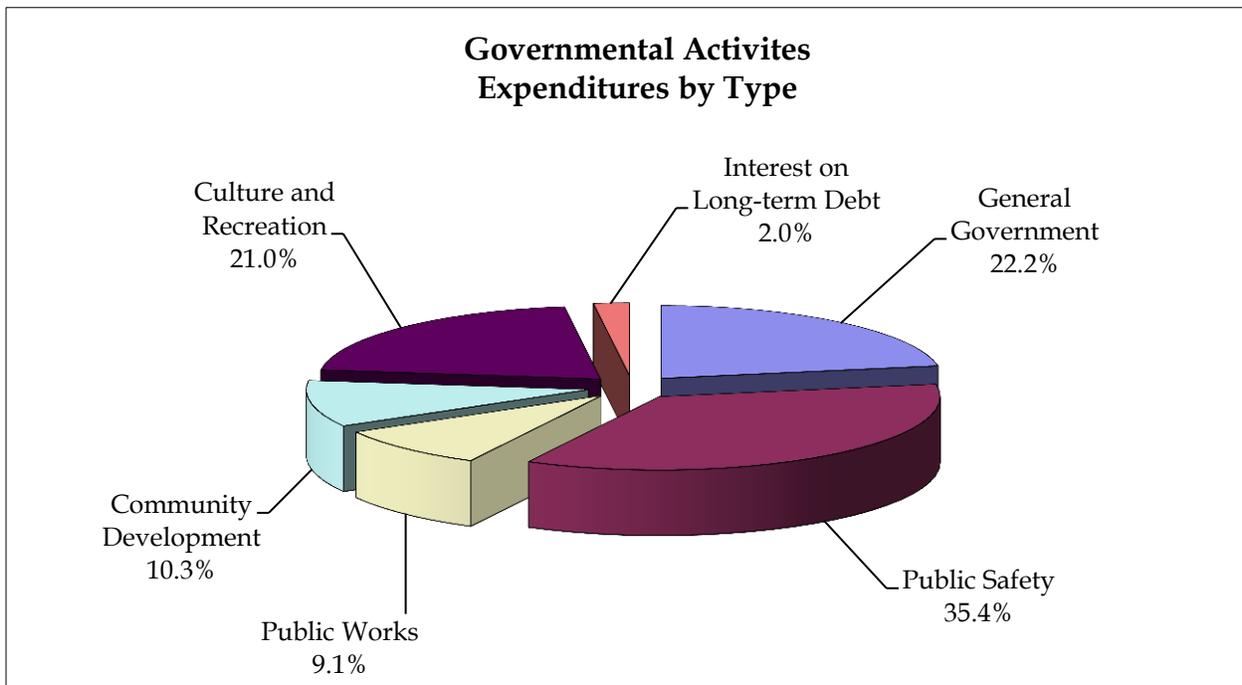
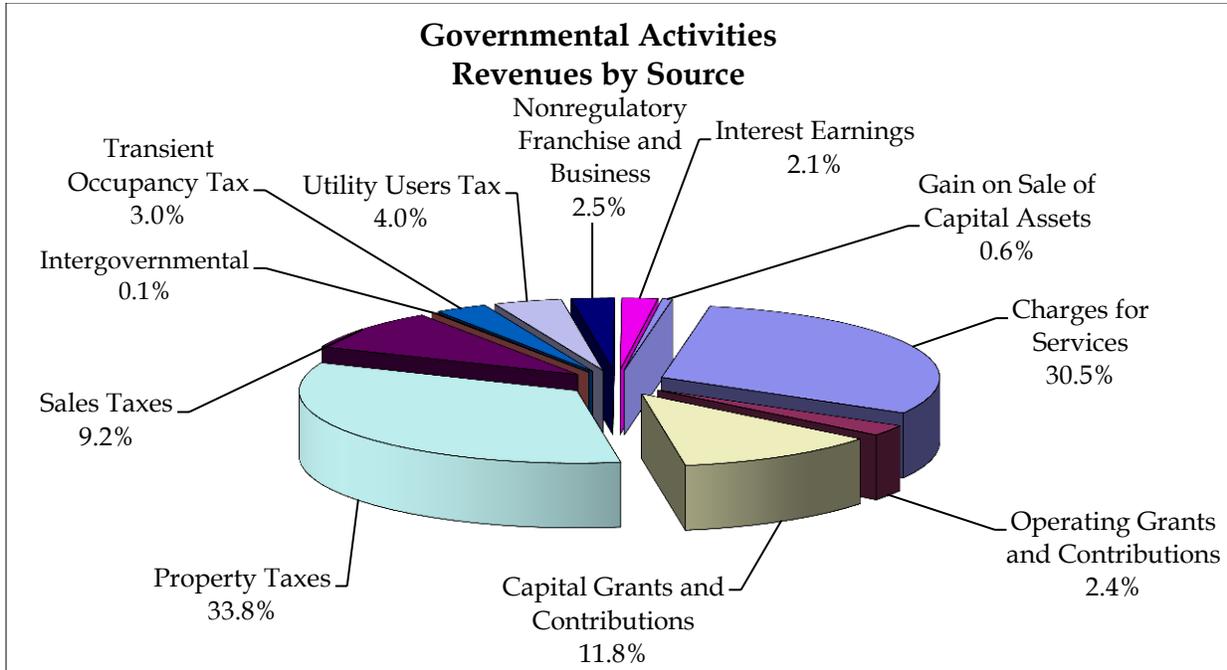
## Analysis of Statement of Activities

The following table indicates the changes in net position for governmental and business-type activities:

### **Statement of Activities** (Dollars in thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 56,354	56,419	56,118	51,826	112,472	108,245
Operating grants and contributions	4,507	4,643	-0-	-0-	4,507	4,643
Capital grants and contributions	21,859	20,293	187	776	22,046	21,069
General Revenues:						
Property taxes	62,601	58,515	-0-	-0-	62,601	58,515
Sales taxes	16,935	16,744	-0-	-0-	16,935	16,744
Motor vehicle in lieu	209	222	-0-	-0-	209	222
Transient occupancy tax	5,595	4,668	-0-	-0-	5,595	4,668
Utility users tax	7,335	7,954	-0-	-0-	7,335	7,954
Nonregulatory franchise and business	4,633	4,241	-0-	-0-	4,633	4,241
Interest earnings	3,870	966	394	22	4,264	988
Gain on sale of capital assets	<u>1,091</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,091</u>	<u>-0-</u>
Total revenues	<u>184,989</u>	<u>174,665</u>	<u>56,699</u>	<u>52,624</u>	<u>241,688</u>	<u>227,289</u>
<b>Expenses:</b>						
General government	32,517	31,825	-0-	-0-	32,517	31,825
Public safety	51,719	50,818	-0-	-0-	51,719	50,818
Public works	13,264	26,967	-0-	-0-	13,264	26,967
Community development	15,013	8,134	-0-	-0-	15,013	8,134
Culture and recreation	30,623	29,703	-0-	-0-	30,623	29,703
Interest on long-term debt	2,998	3,368	-0-	-0-	2,998	3,368
Water	-0-	-0-	24,168	26,199	24,168	26,199
Wastewater	-0-	-0-	13,962	14,167	13,962	14,167
Solid Waste	<u>-0-</u>	<u>-0-</u>	<u>12,124</u>	<u>10,989</u>	<u>12,124</u>	<u>10,989</u>
Total expenses	<u>146,134</u>	<u>150,815</u>	<u>50,254</u>	<u>51,355</u>	<u>196,388</u>	<u>202,170</u>
Change in net position before transfers	38,855	23,850	6,445	1,269	45,300	25,119
Transfers, net	<u>739</u>	<u>510</u>	<u>(739)</u>	<u>(510)</u>	<u>-0-</u>	<u>-0-</u>
Change in net position before special items	39,594	24,360	5,706	759	45,300	25,119
Special items:						
Capital assets contributed from Successor Agency	16,679	-0-	-0-	-0-	16,679	-0-
Land held contributed from Successor Agency	<u>6,250</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,250</u>	<u>-0-</u>
Change in net position	62,523	24,360	5,706	759	68,229	25,119
Beginning net position	<u>715,863</u>	<u>691,503</u>	<u>125,011</u>	<u>124,252</u>	<u>840,874</u>	<u>815,755</u>
Ending net position	<u>\$778,386</u>	<u>715,863</u>	<u>130,717</u>	<u>125,011</u>	<u>909,103</u>	<u>840,874</u>

The City's net position overall increased by \$45.3 million before special items, and \$68.2 million after special items, during the current fiscal year. This increase is primarily related to increased revenues resulting from the improved economy and increases in charges for services for the business-type activities.



Governmental activities increased the City's net position by \$39.6 million before special items and \$62.5 million after special items. Key factors of this are as follows:

- Total revenues increased to \$185.0 million, \$10.3 million higher than the prior fiscal year. Many revenue sources have increased due to the continued improvement of the economy. Capital grants and contributions contributed \$1.6 million more than the prior fiscal year as additional grants and contributions were obtained. Property taxes increased \$4.1 million over the prior fiscal year, as the real estate market has recovered and due to the reversal of prior year assessed value reductions. TOT revenue is also higher from the improved economy. Interest earnings are higher than prior year by \$2.9 million due to the change in market value and there was a gain on sale of capital assets of \$1.1 million during the current fiscal year.
- Overall expenses decreased \$4.7 million or 3.1 percent from the prior fiscal year, primarily due to the increase in public works expenditures in the prior year related to the upward revision of the landfill containment cost obligation.

Based on the above, the governmental change in net position is an increase of \$39.6 million before special items, and \$62.5 million after special items, compared to the \$24.4 million increase in the prior fiscal year.

Business-type activities increased the City's net position by \$5.7 million. Key factors for this increase are as follows:

- Water net position increased by \$4.6 million, primarily due to an increase in charges for sales and services revenues resulting from rate adjustments adopted and increased water usage for the first half of the fiscal year due to dry water conditions.
- Wastewater net position increased by \$1.5 million due to a combination of an anticipated increase in charges and sales and services and expenditures lower than projected.
- Solid waste net position decreased by \$361,000, primarily due to higher cost of sales and services.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$308.2 million, an increase of \$31.4 million in comparison to the prior fiscal year. The significant components for the increase are the \$9.7 million in Below Market Housing Fund, \$13.1 million increase in the Park Land Dedication Capital Projects Fund, and \$4.8 million in Other Governmental Funds. The increases in Other Governmental Funds are primarily related to increased development activity, generating additional revenues related to Construction Conveyance Tax (\$1.1 million) and Downtown Parking In-Lieu fees (\$2.6 million). An additional increase is from Grants received (\$1.4 million).

Approximately \$36.9 million of total fund balance constitutes unassigned fund balance and is available for spending at the City's discretion. The remainder of fund balance is nonspendable (\$3.3 million), restricted (\$218.7 million), committed (\$47.8 million), and assigned (\$1.5 million), none of which is available for new discretionary spending. The restricted fund balance increased to \$218.7 million or \$26.9 million over the prior fiscal year. This is a result of the fund balances increasing as mentioned above.

For the fiscal year ended June 30, 2014, revenues for governmental funds overall totaled \$183.3 million, which represents an increase of \$7.9 million from the prior fiscal year—again, primarily related to higher taxes and fees received related to the improved economy. Expenditures for governmental funds totaling \$149.1 million, is an increase of \$8.4 million from the prior fiscal year. This increase is primarily related to an increase in General Government. For the fiscal year ended June 30, 2014, revenues for governmental funds exceeded expenditures by \$34.2 million.

The General Fund is used to account for all revenues and expenditures necessary to carry out basic government activity of the City that is not accounted for through other funds. At the end of fiscal year 2014, the unassigned fund balance is \$36.9 million, \$1.7 million higher than the prior fiscal year, while total fund balance is \$89.4 million.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of \$36.9 million represents 41.2 percent of total fund balance, 34.6 percent of fund expenditures of \$106.7 million, while total fund balance represents 83.8 percent of that same amount. All are comparable to the prior fiscal year.

The fund balance of the City's General Fund increased by \$4.6 million during the current fiscal year. Total General Fund revenues increased to \$108.2 million, up \$7.9 million from \$100.3 million in the prior fiscal year, as revenues, primarily tax and fee revenues, are growing with the improved economy.

The Shoreline Regional Park Community Fund receives property tax increment revenues on property within the Shoreline Community. The Fund accounts for the revenues and expenditures of the Shoreline Community.

Revenues are \$32.0 million in fiscal year 2014, an increase of \$1.7 million. Property tax increment revenues, the primary revenue source for this fund, increased to \$31.0 million in fiscal

year 2014, up \$1.1 million from fiscal year 2013, primarily due to increased values from changes in ownership and the 2.0 percent California Consumer Price Index. Expenditures are \$17.0 million in fiscal year 2014, comparable to the prior fiscal year. Of this amount, \$13.4 million was expended on general government and \$2.6 million on culture and recreation.

In addition, there is \$20.6 million of transfers out, \$6.8 million was transferred to various Debt Service Funds for payments of principal and interest on outstanding debt, \$8.8 million was transferred for capital improvement projects, \$4.8 million to the General Fund for repayment of advances and forgiveness of outstanding debt, and \$107,000 was transferred to internal service funds for equipment replacement contributions. The fiscal year 2014 year-end fund balance of \$48.8 million may be used only for expenditures of the Shoreline Community.

The Below Market Housing Fund accounts for fees paid by developers to provide for increasing and improving the supply of moderate- to lower-income housing.

Revenues are \$8.8 million in fiscal year 2014, comparable to the prior fiscal year, but higher than normal due to a high level of development activity as a result of the improved economy. The fund's fiscal year 2014 year-end fund balance of \$37.4 million may be used for increasing the supply of moderate- to lower-income housing.

The General Capital Projects Fund accounts for all general capital improvements not funded from proprietary funds.

Revenues are \$3.8 million in fiscal year 2014, an increase of \$1.1 million from the prior fiscal year, primarily related to intergovernmental revenues as additional grants were received. Expenditures are \$13.7 million in fiscal year 2014, \$1.6 million less than the prior fiscal year. All of the \$13.7 million was expended on capital outlay. Net transfers from other funds are \$13.6 million in fiscal year 2014 for capital projects. The Fund's fiscal year 2014 year-end fund balance of \$35.6 million may be used for capital projects.

The Park Land Dedication Capital Projects Fund accounts for revenues derived from fees on residential subdivisions used for park and recreation projects.

Revenues are \$12.9 million in fiscal year 2014, comparable to the prior fiscal year, but higher than normal due to a high level of development activity as a result of the improved economy. The fund's fiscal year 2014 year-end fund balance of \$37.5 million may be used for park and recreation projects.

Proprietary Funds—The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

At the end of the fiscal year, the unrestricted net positions for the Water, Wastewater, and Solid Waste Funds are \$23.9 million, \$18.3 million, and \$5.7 million, respectively. The total increase in net position for the enterprise funds is \$5.7 million. The internal service funds, which are used to account for certain governmental activities, have an unrestricted net position of \$28.2 million.

Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

Fiduciary Funds—The City maintains fiduciary funds for the assets held in trust for the benefit of agencies outside of the City or employees. As of June 30, 2014, the assets of the Agency funds totaled \$30.3 million. This represents a decrease of \$1.1 million in total assets for the Agency funds since June 30, 2013, which is primarily related to the timing of payroll accruals and the amortization of the prepayment of ground lease revenues to be recognized over the 53-year life of the lease.

A Private Purpose Trust Fund for the assets of the Successor Agency has no net position as of June 30, 2014 due to the wind-down process completed in fiscal year 2014. Assets and liabilities are allocated per the approved dissolution package.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund differences between the original fiscal year 2014 budget and the final amended budget resulted in an increase of \$1.2 million in budgeted revenues (primarily related to services charges and miscellaneous revenues) and a \$11.6 million increase in expenditure appropriations. Approximately \$2.7 million of the adjustment is related to prior year encumbrances that carry forward at the beginning of the fiscal year as specified in the City's Charter. An additional \$6.3 million of appropriations related to the dissolution of the Successor Agency and \$1.5 million of appropriations was established for the payment of compensated absences. The balance of adjustments was made midyear for various operational needs not anticipated during budget adoption and grants or reimbursements received during the fiscal year.

General Fund revenues are \$6.4 million or 6.3 percent higher than the final amended budget for the fiscal year as previously discussed. This is a result of revenues increasing due to the improved economy. Expenditures for the General Fund are \$15.4 million lower than the final amended budget for the fiscal year. All departments' expenditures are lower than budget due to salary and benefit savings incurred from vacant positions and the underspending in various services and supplies accounts. The \$7.0 million favorable variance in capital outlay is primarily related to appropriations of \$6.6 million for the purchase of property that has not occurred. The effect of the underutilization of appropriations resulted in the positive net change in fund balances compared to budget of \$21.5 million for the fiscal year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2014 amount to \$591.2 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total net increase in the City's capital assets for fiscal year 2014 is \$18.0 million or 3.1 percent.

Capital assets, net of depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year:

**Capital Assets**  
(Dollars in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 96,697	90,475	220	220	96,917	90,695
Construction in progress	35,284	55,342	9,566	12,668	44,850	68,010
Buildings	164,543	133,786	8,748	8,927	173,291	142,713
Improvements other than buildings	163,457	150,312	129,730	123,958	293,187	274,270
Machinery and equipment	33,026	32,561	5,041	5,064	38,067	37,625
Traffic signals	10,570	9,387	-0-	-0-	10,570	9,387
Streetlights	7,947	7,166	-0-	-0-	7,947	7,166
Bridges and culverts	18,215	9,715	-0-	-0-	18,215	9,715
Sidewalks, curbs and gutters	111,320	105,852	-0-	-0-	111,320	105,852
Streets and roads	257,990	252,295	-0-	-0-	257,990	252,295
Less accumulated depreciation	(401,243)	(367,877)	(59,915)	(56,682)	(461,158)	(424,559)
	<u>\$497,806</u>	<u>479,014</u>	<u>93,390</u>	<u>94,155</u>	<u>591,196</u>	<u>573,169</u>

Major capital asset events during the current fiscal year included the following:

- Total capital assets increased a net total of \$18.0 million with a net \$36.6 million increase in accumulated depreciation.
- Land increased by \$6.2 million with the acquisition of the former Revitalization Authority properties transferred to the City.
- Construction in progress decreased by \$23.2 million as projects were completed and capitalized for Permanente Creek Pedestrian and Bike Overcrossing, Fire Station No. 5, Stevens Creek Trail Sleeper Avenue to Dale Avenue and Heatherstone Way, and Library Space Reallocation.
- Buildings increased by \$30.6 million primarily due to \$22.5 million of building assets transferred from the dissolution of the Successor Agency and due to the completion of Fire Station No. 5.
- Total improvements other than buildings increased by \$18.9 million. Some of the major assets capitalized from construction in progress were the Stevens Creek Trail Sleeper Avenue to Dale Avenue and Heatherstone Way, Library Space Reallocation, and miscellaneous utility line rehabilitation and replacement projects.
- Total bridges and culverts increased by \$8.5 million due to the completion of Permanente Creek Pedestrian and Bike Overcrossing.

- Total sidewalks, curbs, and gutters increased by \$5.5 million due to the completion of Shoreline sidewalk replacement project, miscellaneous installation of ADA curbs and ramps, sidewalk repairs, and \$3.9 million transferred from the dissolution of the Successor Agency.
- Total streets and roads increased by \$5.7 million due to a transfer of \$3.1 million from the dissolution of the Successor Agency and the major additions for the completion of San Luis Avenue reconstruction and general street resurfacing.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34.

Additional information about the City's capital assets can be found in Note 6 to the financial statements.

#### Debt Administration

As of June 30, 2014, the City had \$102.1 million of outstanding long-term obligations related to governmental activities and \$11.7 million related to business-type activities, for a total of \$113.8 million. Debt outstanding as of June 30, 2014 with a comparison to prior year and the net change follows:

<b>Debt Outstanding</b>			
(Dollars in thousands)			
	<u>As of</u> <u>June 30, 2014</u>	<u>As of</u> <u>June 30, 2013</u>	<u>Net Change</u>
Tax allocation bonds	\$ 36,085	52,300	(16,215)
Certificates of participation	3,655	4,738	(1,083)
Bank Loan	12,135	0	12,135
Special assessment debt	241	274	(33)
Compensated absences	8,379	8,512	(133)
Landfill containment	32,112	34,582	(2,470)
Claims liabilities	<u>9,480</u>	<u>8,691</u>	<u>789</u>
Total governmental activity debt	102,087	109,097	(7,010)
Business-type activities	<u>11,710</u>	<u>12,223</u>	<u>(513)</u>
Total	<u>\$113,797</u>	<u>121,320</u>	<u>(7,523)</u>

The most significant change in the governmental activities long-term debt was related to the retirement of principal during the normal course of business. The City Charter limits bonded indebtedness for General Obligation bonds to 15.0 percent of the total assessed valuation of all real and personal property within the City. The City has no general obligation debt outstanding as of June 30, 2014.

Standard & Poor's reconfirmed the City's underlying "AAA" credit rating in July 2014.

Additional information regarding the City's long-term obligations can be found in Note 7 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The City's revenues performed better than projected as the economy continued its recovery during the fiscal year. There was a significant increase in development activity that resulted in increased revenues. Revenues are projected to continue to improve and be higher for next fiscal year.
- Overall, property taxes for the City are expected to increase in the upcoming fiscal year based on increases in property taxes from new development, changes in ownership, and the 0.454 increase in assessed values due to the positive California Consumer Price Index.
- Sales tax revenue is expected to be higher than this fiscal year as the economy continues to improve. The "Triple Flip" legislation taking 25.0 percent of local sales tax will continue to be replaced by an equal amount of property taxes by the State.
- Other taxes comprised of TOT and Utility Users Tax (UUT) are anticipated to continue to rise for fiscal year 2015 as a result of the improved economy.
- Average increases in water, wastewater, and solid waste rates of 7.0 percent, 4.0 percent, and 2.0 percent, respectively, have been adopted for fiscal year 2015.

All of these factors were considered in preparing the City's budget for fiscal year 2015.

### **REQUEST FOR INFORMATION**

These financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance and Administrative Services Department, 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540, or [finance@mountainview.gov](mailto:finance@mountainview.gov).

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Statement of Net Position  
June 30, 2014 (Dollars in Thousands)**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments (Note 3)	\$ 314,258	31,683	345,941
Restricted cash and investments (Note 3)	12,296	0	12,296
Receivables:			
Accounts (net of allowances)	1,477	8,374	9,851
Taxes	4,212	0	4,212
Special assessments	206	0	206
Interest	1,225	152	1,377
Loans (Note 4)	40,592	0	40,592
Internal balances (Note 5)	(11,440)	11,440	0
Inventory	394	0	394
Deposits and prepaid costs	14	0	14
Net OPEB assets (Note 9)	37,123	0	37,123
Capital assets (Note 6):			
Land and construction in progress	131,981	9,786	141,767
Other capital assets, net of depreciation	365,825	83,604	449,429
Total assets	<u>898,163</u>	<u>145,039</u>	<u>1,043,202</u>
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	149	0	149
Total deferred outflows of resources	<u>149</u>	<u>0</u>	<u>149</u>
<b>Liabilities:</b>			
Accounts payable and accrued costs	9,988	2,393	12,381
Refundable deposits	3,261	219	3,480
Unearned revenue	4,590	0	4,590
Noncurrent liabilities (Notes 7 & 10):			
Due within one year	12,432	800	13,232
Due in more than one year	89,655	10,910	100,565
Total liabilities	<u>119,926</u>	<u>14,322</u>	<u>134,248</u>
<b>Net position (Note 11):</b>			
Net investment in capital assets	456,410	82,850	539,260
Restricted for:			
Capital projects	99,820	0	99,820
Debt service	255	0	255
Low and moderate income housing	13,128	0	13,128
Shoreline Regional Park Community	40,467	0	40,467
Grants and regulations	18,211	0	18,211
Unrestricted	150,095	47,867	197,962
Total net position	<u>\$ 778,386</u>	<u>130,717</u>	<u>909,103</u>

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Statement of Activities**

**For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 32,517	24,584	385	0	(7,548)		(7,548)
Public safety	51,719	1,988	261	0	(49,470)		(49,470)
Public works	13,264	10,276	2,392	9,376	8,780		8,780
Community development	15,013	14,483	1,322	0	792		792
Culture and recreation	30,623	5,023	147	12,483	(12,970)		(12,970)
Interest on long-term debt	2,998	0	0	0	(2,998)		(2,998)
Total governmental activities	146,134	56,354	4,507	21,859	(63,414)		(63,414)
<b>Business-type activities:</b>							
Water	24,168	28,887	0	58	0	4,777	4,777
Wastewater	13,962	15,367	0	129	0	1,534	1,534
Solid Waste	12,124	11,864	0	0	0	(260)	(260)
Total business-type activities	50,254	56,118	0	187	0	6,051	6,051
Total	\$ 196,388	112,472	4,507	22,046	(63,414)	6,051	(57,363)
<b>General revenues and transfers:</b>							
Taxes:							
Property taxes					62,601	0	62,601
Sales taxes					16,935	0	16,935
Intergovernmental revenue					209	0	209
Transient occupancy tax					5,595	0	5,595
Utility users tax					7,335	0	7,335
Nonregulatory franchise and business, unrestricted					4,633	0	4,633
Interest earnings					3,870	394	4,264
Gain on sale of capital assets					1,091	0	1,091
Transfers, net (Note 5)					739	(739)	0
Total general revenues and transfers					103,008	(345)	102,663
Changes in net position before special items					39,594	5,706	45,300
<b>Special Items (Note 14)</b>							
Capital assets contributed from Successor Agency					16,679	0	16,679
Land held contributed from Successor Agency					6,250	0	6,250
Change in net position					62,523	5,706	68,229
Beginning net position					715,863	125,011	840,874
Ending net position					\$ 778,386	130,717	909,103

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Governmental Funds**

**Balance Sheet**

**June 30, 2014 (Dollars in Thousands)**

	<u>General</u>	<u>Shoreline Regional Park Community</u>	<u>Below Market Housing</u>	<u>General Capital Projects</u>
<b>Assets:</b>				
Cash and investments (Note 3)	\$ 91,441	46,893	27,270	48,078
Restricted cash and investments (Note 3)	0	7,569	0	150
Receivables:				
Accounts (net of allowances)	827	13	0	632
Taxes	3,985	0	0	0
Special assessments	0	0	0	0
Interest	452	250	101	0
Loans (Note 4)	0	0	11,000	0
Inventory	327	0	0	0
Deposits and prepaid costs	11	0	0	0
Advances to other funds (Note 5)	2,938	0	0	0
Total assets	<u>\$ 99,981</u>	<u>54,725</u>	<u>38,371</u>	<u>48,860</u>
<b>Liabilities, deferred inflows of resources and fund balances:</b>				
Liabilities:				
Accounts payable and accrued costs	\$ 3,906	2,949	151	1,833
Refundable deposits	3,248	3	0	0
Unearned revenue	3,402	0	829	0
Advances from other funds (Note 5)	0	2,938	0	11,440
Total liabilities	<u>10,556</u>	<u>5,890</u>	<u>980</u>	<u>13,273</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - special assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balances (Note 11):</b>				
Nonspendable	3,276	0	0	0
Restricted	0	48,835	37,391	35,587
Committed	47,771	0	0	0
Assigned	1,498	0	0	0
Unassigned	36,880	0	0	0
Total fund balances	<u>89,425</u>	<u>48,835</u>	<u>37,391</u>	<u>35,587</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 99,981</u>	<u>54,725</u>	<u>38,371</u>	<u>48,860</u>

See accompanying notes to financial statements.

<b>Park Land Dedication Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
37,315	26,859	277,856
0	3,007	10,726
0	5	1,477
0	227	4,212
0	206	206
153	131	1,087
0	29,592	40,592
0	67	394
0	0	11
0	0	2,938
<b>37,468</b>	<b>60,094</b>	<b>339,499</b>
0	50	8,889
0	10	3,261
0	359	4,590
0	0	14,378
<b>0</b>	<b>419</b>	<b>31,118</b>
<b>0</b>	<b>208</b>	<b>208</b>
<b>0</b>	<b>208</b>	<b>208</b>
0	67	3,343
37,468	59,418	218,699
0	0	47,771
0	0	1,498
0	(18)	36,862
<b>37,468</b>	<b>59,467</b>	<b>308,173</b>
<b>37,468</b>	<b>60,094</b>	<b>339,499</b>

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Reconciliation of Governmental Fund Balances with  
Governmental Activities Net Position  
June 30, 2014 (Dollars in Thousands)**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 308,173

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 497,806

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

Internal Service Funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items:

Statement of Net Position

Cash and investments	36,402
Restricted cash and investments	1,570
Interest receivable	138
Deposits and prepaids	3
Accounts payable and accrued costs	(231)
Accrued compensated absences	(211)
Accrued self-insurance costs	(9,480)

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 208

**LONG TERM ASSETS AND LIABILITIES**

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:

Noncurrent liabilities	(92,396)
Deferred amount on refunding	149
Net OPEB asset	37,123
Interest payable	(868)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 778,386

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Governmental Funds  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b><u>General</u></b>	<b><u>Shoreline Regional Park Community</u></b>	<b><u>Below Market Housing</u></b>	<b><u>General Capital Projects</u></b>
<b>Revenues:</b>				
Taxes	\$ 61,256	30,972	0	0
Licenses, permits and fees	10,858	0	0	0
Fines and forfeitures	1,068	0	0	0
Use of money and property	12,162	782	347	742
Intergovernmental revenues	683	20	0	2,872
Charges for services	19,688	125	8,406	3
Other	2,498	60	2	168
Total revenues	<u>108,213</u>	<u>31,959</u>	<u>8,755</u>	<u>3,785</u>
<b>Expenditures:</b>				
Current:				
General government	16,694	13,352	0	0
Public safety	50,234	112	0	0
Public works	8,704	636	0	0
Community development	13,683	254	205	0
Culture and recreation	16,984	2,598	0	0
Capital outlay	389	14	0	13,664
Debt service:				
Principal repayment	0	0	0	0
Interest and fiscal charges	0	0	0	0
Total expenditures	<u>106,688</u>	<u>16,966</u>	<u>205</u>	<u>13,664</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,525</u>	<u>14,993</u>	<u>8,550</u>	<u>(9,879)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	1,238	0	231	0
Proceeds from debt issuance	0	0	0	0
Payment to refund bond escrow agent	0	0	0	0
Transfers in (Note 5)	6,454	1,046	993	16,179
Transfers (out) (Note 5)	(4,618)	(20,569)	(54)	(2,565)
Total other financing sources (uses)	<u>3,074</u>	<u>(19,523)</u>	<u>1,170</u>	<u>13,614</u>
Net change in fund balances	4,599	(4,530)	9,720	3,735
<b>Beginning fund balances</b>	<u>84,826</u>	<u>53,365</u>	<u>27,671</u>	<u>31,852</u>
<b>Ending fund balances</b>	<u>\$ 89,425</u>	<u>48,835</u>	<u>37,391</u>	<u>35,587</u>

See accompanying notes to financial statements.

<b>Park Land Dedication Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
0	6,578	98,806
12,480	339	23,677
0	0	1,068
451	394	14,878
0	4,265	7,840
0	5,588	33,810
0	484	3,212
<b>12,931</b>	<b>17,648</b>	<b>183,291</b>
0	429	30,475
0	171	50,517
0	0	9,340
0	352	14,494
0	2,322	21,904
57	24	14,148
0	5,296	5,296
0	2,895	2,895
<b>57</b>	<b>11,489</b>	<b>149,069</b>
<b>12,874</b>	<b>6,159</b>	<b>34,222</b>
0	0	1,469
0	12,135	12,135
0	(12,035)	(12,035)
273	9,083	34,028
(43)	(10,542)	(38,391)
<b>230</b>	<b>(1,359)</b>	<b>(2,794)</b>
13,104	4,800	31,428
<b>24,364</b>	<b>54,667</b>	<b>276,745</b>
<b>37,468</b>	<b>59,467</b>	<b>308,173</b>

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Reconciliation of the  
Net Change in Fund Balances -  
Total Governmental Funds with the  
Change in Net Position - Governmental Activities  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 31,428

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capitalized expenditures are added back to fund balance	16,068
Depreciation expense is deducted from the fund balance (Depreciation expense is net of Internal Service Fund depreciation of \$21 which has already been allocated to serviced funds.)	(19,993)
Capital asset retirements are deducted from fund balance	(378)
Capital assets contributed from Successor Agency	16,679
Land held contributed from Successor Agency	6,250

**LONG-TERM DEBT PROCEEDS AND PAYMENTS**

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Proceeds from long-term debt issuance	(100)
Repayment of debt principal is added back to fund balance	5,296
Amortization of discounts and premiums on refunding is deducted from fund balance	(390)

**ACCRUAL OF NON-CURRENT ITEMS**

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds (net change):

Long-term compensated absences	143
Long-term landfill containment amortization	2,470
Net OPEB asset	457
Interest payable	287
Unearned revenue	(35)
Capital grants and contributions	187

**ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY**

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds	<u>4,154</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 62,523

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**General Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 59,425	59,425	61,256	1,831
Licenses, permits and fees	8,789	8,789	10,858	2,069
Fines and forfeitures	893	893	1,068	175
Use of money and property	11,983	12,042	12,162	120
Intergovernmental revenues	559	604	683	79
Charges for services	17,431	18,160	19,688	1,528
Other	1,510	1,892	2,498	606
Total revenues	<u>100,590</u>	<u>101,805</u>	<u>108,213</u>	<u>6,408</u>
<b>Expenditures:</b>				
Current:				
General government:				
City council	310	337	195	142
City clerk	573	575	547	28
City attorney	1,585	1,757	1,547	210
City manager	3,200	4,780	4,255	525
Information technology	3,046	2,960	2,856	104
Finance and administrative services	7,583	7,903	7,294	609
Public safety:				
Fire	20,434	20,703	19,787	916
Police	30,909	31,181	30,447	734
Public works	9,033	9,534	8,704	830
Community development	8,581	16,353	13,683	2,670
Culture and recreation:				
Community services	13,163	13,304	12,280	1,024
Library services	4,936	5,270	4,704	566
Capital outlay	7,157	7,422	389	7,033
Total expenditures	<u>110,510</u>	<u>122,079</u>	<u>106,688</u>	<u>15,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,920)</u>	<u>(20,274)</u>	<u>1,525</u>	<u>21,799</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	0	0	1,238	1,238
Transfers in	7,263	13,751	6,454	(7,297)
Transfers (out)	(8,046)	(10,371)	(4,618)	5,753
Total other financing sources (uses)	<u>(783)</u>	<u>3,380</u>	<u>3,074</u>	<u>(306)</u>
Net change in fund balances	<u>\$ (10,703)</u>	<u>(16,894)</u>	<u>4,599</u>	<u>21,493</u>
<b>Beginning fund balances</b>			<u>84,826</u>	
<b>Ending fund balances</b>			<u>\$ 89,425</u>	

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Shoreline Regional Park Community Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 26,053	26,053	30,972	4,919
Use of money and property	779	779	782	3
Intergovernmental revenue	0	0	20	20
Charges for services	60	60	125	65
Other	43	48	60	12
Total revenues	<u>26,935</u>	<u>26,940</u>	<u>31,959</u>	<u>5,019</u>
<b>Expenditures:</b>				
Current:				
General government:				
City attorney	10	148	0	148
Finance and administrative services	13,005	13,361	13,352	9
Public safety:				
Fire	134	145	87	58
Police	26	26	25	1
Public works	739	760	636	124
Community development	387	387	254	133
Culture and recreation:				
Community services	2,702	2,896	2,598	298
Capital outlay	<u>28</u>	<u>37</u>	<u>14</u>	<u>23</u>
Total expenditures	<u>17,031</u>	<u>17,760</u>	<u>16,966</u>	<u>794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,904</u>	<u>9,180</u>	<u>14,993</u>	<u>5,813</u>
<b>Other financing sources (uses):</b>				
Transfers in	0	0	1,046	1,046
Transfers (out)	<u>(12,935)</u>	<u>(22,050)</u>	<u>(20,569)</u>	<u>1,481</u>
Total other financing sources (uses)	<u>(12,935)</u>	<u>(22,050)</u>	<u>(19,523)</u>	<u>2,527</u>
Net change in fund balances	<u>\$ (3,031)</u>	<u>(12,870)</u>	<u>(4,530)</u>	<u>8,340</u>
<b>Beginning fund balances</b>			<u>53,365</u>	
<b>Ending fund balances</b>			<u>\$ 48,835</u>	

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Below Market Housing Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 337	337	347	10
Charges for services	0	0	8,406	8,406
Other	0	0	2	2
Total revenues	<u>337</u>	<u>337</u>	<u>8,755</u>	<u>8,418</u>
<b>Expenditures:</b>				
Current:				
Community development	3,051	10,385	205	10,180
Capital outlay	0	16	0	16
Total expenditures	<u>3,051</u>	<u>10,401</u>	<u>205</u>	<u>10,196</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,714)</u>	<u>(10,064)</u>	<u>8,550</u>	<u>18,614</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	0	0	231	231
Transfers in	0	0	993	993
Transfers (out)	(54)	(54)	(54)	0
Total other financing sources (uses)	<u>(54)</u>	<u>(54)</u>	<u>1,170</u>	<u>1,224</u>
Net change in fund balances	<u>\$ (2,768)</u>	<u>(10,118)</u>	<u>9,720</u>	<u>19,838</u>
<b>Beginning fund balances</b>			<u>27,671</u>	
<b>Ending fund balances</b>			<u>\$ 37,391</u>	

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Park Land Dedication Capital Projects Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 254	254	451	197
Other	0	0	12,480	12,480
Total revenues	<u>254</u>	<u>254</u>	<u>12,931</u>	<u>12,677</u>
<b>Expenditures:</b>				
Capital outlay	<u>0</u>	<u>57</u>	<u>57</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>57</u>	<u>57</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>254</u>	<u>197</u>	<u>12,874</u>	<u>12,677</u>
<b>Other financing sources (uses):</b>				
Transfers in		0	273	273
Transfers (out)	<u>(43)</u>	<u>(43)</u>	<u>(43)</u>	<u>0</u>
Total other financing sources (uses)	<u>(43)</u>	<u>(43)</u>	<u>230</u>	<u>273</u>
Net change in fund balances	<u>\$ 211</u>	<u>154</u>	<u>13,104</u>	<u>12,950</u>
<b>Beginning fund balances</b>			<u>24,364</u>	
<b>Ending fund balances</b>			<u>\$ 37,468</u>	

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Proprietary Funds  
Statement of Net Position  
June 30, 2014 (Dollars in Thousands)**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total</b>	
<b>Assets:</b>					
Current assets:					
Cash and investments (Note 3)	\$ 16,230	11,157	4,296	31,683	36,402
Restricted cash and investments (Note 3)	0	0	0	0	1,570
Receivables:					
Accounts (net of allowances)	3,909	2,181	2,284	8,374	0
Interest	79	60	13	152	138
Deposits and prepaid costs	0	0	0	0	3
Total current assets	20,218	13,398	6,593	40,209	38,113
Noncurrent assets:					
Advances to other funds (Note 5)	5,720	5,291	429	11,440	0
Land and construction in progress (Note 6)	7,052	1,918	816	9,786	0
Other capital assets, net of accumulated depreciation (Note 6)	61,283	20,249	2,072	83,604	49
Total noncurrent assets	74,055	27,458	3,317	104,830	49
Total assets	94,273	40,856	9,910	145,039	38,162
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued costs	1,387	25	981	2,393	231
Due in one year:					
Accrued compensated absences (Note 7)	67	52	46	165	30
Accrued self-insurance costs (Note 10)	0	0	0	0	3,277
Revenue bonds, due within one year (Note 7)	335	0	0	335	0
Loans payable, due within one year (Note 7)	300	0	0	300	0
Refundable deposits	219	0	0	219	0
Total current liabilities	2,308	77	1,027	3,412	3,538
Noncurrent liabilities - due in more than one year:					
Accrued compensated absences (Note 7)	407	314	284	1,005	181
Accrued self-insurance costs (Note 10)	0	0	0	0	6,203
Revenue bonds (Note 7)	6,455	0	0	6,455	0
Loans payable (Note 7)	3,450	0	0	3,450	0
Total liabilities	12,620	391	1,311	14,322	9,922
<b>Net Position (Note 11):</b>					
Net investment in capital assets	57,795	22,167	2,888	82,850	49
Unrestricted	23,858	18,298	5,711	47,867	28,191
Total net position	\$ 81,653	40,465	8,599	130,717	28,240

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Proprietary Funds  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total</b>	
<b>Operating revenues:</b>					
Charges for sales and services	\$ 27,639	14,849	11,634	54,122	9,149
Other	1,248	518	230	1,996	199
Total operating revenues	<u>28,887</u>	<u>15,367</u>	<u>11,864</u>	<u>56,118</u>	<u>9,348</u>
<b>Operating expenses:</b>					
Salaries and related expenses	4,945	2,864	2,283	10,092	1,050
Self-funded insurance	0	0	0	0	2,842
Cost of sales and services	13,691	7,585	7,641	28,917	0
General and administrative	2,869	2,280	1,914	7,063	6,843
Depreciation	2,310	1,233	286	3,829	21
Total operating expenses	<u>23,815</u>	<u>13,962</u>	<u>12,124</u>	<u>49,901</u>	<u>10,756</u>
Operating income (loss)	<u>5,072</u>	<u>1,405</u>	<u>(260)</u>	<u>6,217</u>	<u>(1,408)</u>
<b>Nonoperating revenues (expenses):</b>					
Interest income	213	130	51	394	460
Interest (expense)	(353)	0	0	(353)	
Net nonoperating revenues (expenses)	<u>(140)</u>	<u>130</u>	<u>51</u>	<u>41</u>	<u>460</u>
Income (loss) before contributions and transfers	<u>4,932</u>	<u>1,535</u>	<u>(209)</u>	<u>6,258</u>	<u>(948)</u>
<b>Contributions and transfers:</b>					
Capital contributions	58	129	0	187	0
Transfers in (Note 5)	83	81	7	171	5,164
Transfers (out) (Note 5)	(462)	(289)	(159)	(910)	(62)
Contributions and net transfers	<u>(321)</u>	<u>(79)</u>	<u>(152)</u>	<u>(552)</u>	<u>5,102</u>
Change in net position	4,611	1,456	(361)	5,706	4,154
Beginning net position	<u>77,042</u>	<u>39,009</u>	<u>8,960</u>	<u>125,011</u>	<u>24,086</u>
Ending net position	<u>\$ 81,653</u>	<u>40,465</u>	<u>8,599</u>	<u>130,717</u>	<u>28,240</u>

See accompanying notes to financial statements.

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Proprietary Funds**

**Statement of Cash Flows**

**For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 28,019	15,146	11,973	55,138	9,348
Payments to suppliers	(16,859)	(9,847)	(9,453)	(36,159)	(2,883)
Payments to or on behalf of employees	(4,912)	(2,867)	(2,251)	(10,030)	(4,951)
Claims paid	0	0	0	0	(2,053)
Other receipts	1,278	518	230	2,026	0
Net cash provided (used) by operating activities	<u>7,526</u>	<u>2,950</u>	<u>499</u>	<u>10,975</u>	<u>(539)</u>
<b>Cash flows from non-capital financing activities:</b>					
Advances to other funds for construction in progress	(1,052)	(1,544)	0	(2,596)	0
Advances from other funds for construction in progress	0	0	83	83	0
Transfers in	83	81	7	171	5,164
Transfers (out)	(462)	(289)	(159)	(910)	(62)
Net cash provided (used) by noncapital financing activities	<u>(1,431)</u>	<u>(1,752)</u>	<u>(69)</u>	<u>(3,252)</u>	<u>5,102</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets, net	(1,426)	(1,096)	(355)	(2,877)	0
Principal payment on capital debt	(325)	0	0	(325)	0
Principal payment on loans, net	(250)	0	0	(250)	0
Interest paid	(353)	0	0	(353)	0
Net cash flows provided (used) by capital and related financing activities	<u>(2,354)</u>	<u>(1,096)</u>	<u>(355)</u>	<u>(3,805)</u>	<u>0</u>
<b>Cash from investing activities:</b>					
Interest received	195	128	57	380	458
Net increase (decrease) in cash and cash equivalents	3,936	230	132	4,298	5,021
Cash and cash equivalents at beginning of period	12,294	10,927	4,164	27,385	32,951
Cash and cash equivalents at end of period	<u>\$ 16,230</u>	<u>11,157</u>	<u>4,296</u>	<u>31,683</u>	<u>37,972</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 5,072	1,405	(260)	6,217	(1,408)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,310	1,233	286	3,829	21
Change in assets and liabilities:					
Receivables, net	380	297	339	1,016	0
Accounts and other payables	(299)	18	102	(179)	851
Deposits and prepaid costs					(3)
Refundable deposits	30	0	0	30	0
Compensated absences	33	(3)	32	62	0
Net cash provided (used) by operating activities	<u>\$ 7,526</u>	<u>2,950</u>	<u>499</u>	<u>10,975</u>	<u>(539)</u>
Non cash transactions:					
Retirement of capital assets, net	\$ 22	0			
Contribution of capital assets	58	129			
Total non-cash activities	<u>\$ 492</u>	<u>447</u>			

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2014 (Dollars in Thousands)**

	<b>Revitalization Successor Agency Private-purpose Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
<b>Assets:</b>		
Cash and investments (Note 3)	\$ 8	30,088
Restricted cash and investments (Note 3)	<u>0</u>	<u>238</u>
Total assets	<u>8</u>	<u>30,326</u>
<b>Liabilities:</b>		
Accounts payable	8	0
Accrued payroll	0	1,803
Collections payable	0	278
Unearned revenue	<u>0</u>	<u>28,245</u>
Total liabilities	<u>8</u>	<u>30,326</u>
<b>Net position:</b>		
Held in trust for private purpose	<u>\$ 0</u>	

See accompanying notes to financial statements.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Private-Purpose Trust Fund  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b>Revitalization Successor Agency Private-purpose Trust Fund</b>
<b>Additions:</b>	
Taxes	\$ 284
Recognized land to market value	6,250
Loans and other long term debts payable to City	<u>5,464</u>
Total additions	<u>11,998</u>
<b>Deductions:</b>	
Community development	187
Depreciation expense (Note 14)	803
Interest expense	<u>427</u>
Total deductions	<u>1,417</u>
Change in net position before special item	10,581
<b>Special item:</b>	
Capital assets contributed to the City (Note 14)	(16,679)
Land market value contributed to City	(6,250)
Write-off land held for resale book value	<u>(2,637)</u>
Change in net position	(14,985)
Beginning net position	<u>14,985</u>
Ending net position	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mountain View, California (City) was incorporated in 1902 and is a charter city, having had its first charter granted by the State of California in 1952. The City operates under the Council-Manager form of government and provides the following services: public safety (police, fire, and paramedic), public works and utilities, community development, community and leisure services and administration and support services.

**A. Reporting Entity**

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

**The Mountain View Shoreline Regional Park Community (Shoreline Community)** - is a separate government entity created for the purpose of developing approximately 1,550 acres of bayfront lands. The Shoreline Community is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Shoreline Community. Its financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements in the Shoreline Regional Community Park Special Revenue Fund and the Debt Service Funds. Separate financial statements for the Shoreline Community are also included in the City's Comprehensive Annual Financial Report.

**The City of Mountain View Capital Improvement Financing Authority (Financing Authority)** - is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital improvements within the City. The Financing Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Financing Authority. Separate financial statements for the Financing Authority are not required and therefore, not issued.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**The Successor Agency to the Mountain View Revitalization Authority (Successor Agency)** - Pursuant to ABx126 (The “Dissolution Act”), the Mountain View Revitalization Authority (Authority) was dissolved and the City Council adopted a resolution electing to serve as the Successor Agency. The Successor Agency is a separate legal entity from the City and is not a component unit of the City. The City Council does not control the Successor Agency. ABx126 establishes an oversight board to the Successor Agency to review and approve the Successor Agency actions. Upon dissolution and under the control of the oversight board, the Authority’s non-housing funds and assets were turned over to the Successor Agency and the Successor Agency is charged with the responsibility of retiring all of the remaining obligations of the former Authority and disposing of the former Authority’s remaining real property assets and winding down the affairs of the Successor Agency. The Successor Agency’s financial transactions are accounted for in a private-purpose trust fund, a fiduciary fund type.

***B. Basis of Presentation***

The City’s basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S.A.). The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These standards require that the financial statements described below be presented.

***Government-wide Statements:*** The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and (c) development fees and permits, which are capital grants under California law. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements:*** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as contributions and investment earnings, result from nonexchange transactions or ancillary activities.

**C. Major Funds**

Major funds are defined as funds that have either assets combined with deferred outflow of resources, liabilities combined with deferred inflow of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total of governmental and enterprise funds. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund, and the City may select other funds it believes should be presented as major funds.

The City reports the following major governmental funds in the accompanying financial statements:

***General Fund*** – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

***Shoreline Regional Park Community Fund (Special Revenue)*** – This fund receives tax increment revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community.

***The Below Market Housing Fund*** – This fund accounts for fees paid by developers to provide for increasing and improving the supply of low and moderate income housing.

***General Capital Projects Fund*** – This fund accounts for all general capital improvement projects not funded from proprietary funds.

***The Park Land Dedication Capital Projects Fund*** – This fund accounts for revenues derived from fees on residential subdivisions used for park and recreation projects.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City reports all its enterprise funds as major funds in the accompanying financial statements:

***Water Fund*** – This fund accounts for the revenues and expenses related to the operation, maintenance and capital outlay required to supply, distribute and meter water.

***Wastewater Fund*** – This fund accounts for the revenues and expenses related to the operation, maintenance and capital outlays required to provide wastewater services. The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant.

***Solid Waste Fund*** – This fund accounts for the revenues and expenses related to disposal services, recycling operations, other solid waste operations and certain costs related to maintenance of the closed landfill sites. Collection operations are provided by an outside private contractor. The City has an agreement with the Cities of Palo Alto and Sunnyvale for disposal transfer capacity at the Sunnyvale Materials and Recovery Transfer (SMaRT) Station.

The City also reports the following fund types:

***Internal Service funds*** – These funds account for equipment maintenance and replacement, workers' compensation, unemployment self-insurance, liability self-insurance, retirees' health and employee benefits plans, all of which are provided to other funds on a cost-reimbursement basis.

***Fiduciary funds*** – The Agency funds account for assets held by the City as an agent for employees' payroll, Center for Performing Arts activities, union activities, benefits, educational enhancement activities and unearned land lease rent activities. The Successor Agency to the Mountain View Revitalization Authority Private-purpose Trust Fund is used to account for the activities of the Mountain View Revitalization Authority Successor Agency (Successor Agency). The financial activities of these funds are excluded from the City-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

***D. Basis of Accounting***

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues except sales tax, reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Sales taxes use a seven-month availability period to include the County's final distribution of sales tax revenue to be received in the subsequent fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, landfill containment costs and compensated absences, which are recognized as expenditures to the extent they have matured or are expected to be paid in the coming fiscal year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property taxes, sales taxes, certain intergovernmental revenues, transient occupancy taxes, utility user taxes, earned grant entitlements, special assessments due within the current fiscal year and interest revenue. All other revenue items are considered to be measurable and available only when cash is received.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

***E. Inventory of Materials and Supplies***

Inventories are valued at cost (first in, first out). Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are consumed. Inventories of the Shoreline Golf Links Special Revenue Fund consist of merchandise held for resale to consumers. The cost is recorded as an expenditure at the time individual inventory items are sold. Reported General and Special Revenue Fund inventories are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

***F. Property Taxes***

Santa Clara County (County) assesses properties and it bills, collects and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on November 14. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

**G. *Compensated Absences***

Compensated absences representing unmatured vacation, sick leave pay and related costs are reported in the Statement of Net Position. All compensated absences and related costs are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured and are unpaid as a result of employee termination and retirements. The City uses the vesting method for the calculation of compensated absences. All funds except the Enterprise Funds, contribute to the Governmental activity accrued compensated absences.

**H. *Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

*A. Budgets and Budgetary Accounting*

The City adopts an annual budget on or before June 30 for the ensuing fiscal year for the General Fund and all Special Revenue Funds except the Police Asset Forfeitures Fund, the Deferred Assessments Fund and the Housing Successor Fund.

No annual budgets are adopted for the Debt Service Funds. Repayment of the debt is authorized by the adoption of the indenture provisions for the life of the debt.

The Storm Drain Construction and Park Land Dedication Capital Projects Funds are budgeted annually. All other Capital Projects Funds are budgeted on a project basis. Such budgets are based on a project time frame, rather than a fiscal year operating time frame, whereby unused appropriations continue until project completion.

Budget appropriations 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 and department level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

All Governmental Fund Type annual budgets are presented on a basis consistent with the basic financial statements prepared in accordance with generally accepted accounting principles.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the fiscal year and reappropriated amounts for encumbrances outstanding at the end of each prior fiscal year.

City Council must approve appropriation increases to departmental budgets; however, management may transfer Council-approved budgeted amounts within fund and departmental expenditure classifications. Judgments, settlements and accrual entries are not subject to budgetary control and expenditures exceeding budget due to these items do not constitute a violation of budget policy or control. Supplemental appropriations were approved during the course of the fiscal year as needed.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

***B. Encumbrance Accounting***

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year-end are automatically reappropriated for inclusion in the following fiscal year's budget.

**NOTE 3 – CASH & INVESTMENTS**

The City pools cash from all sources and all funds, except Restricted Cash and Investments with Fiscal Agents, so the pool of funds can be invested consistent with goals for safety and liquidity, while maximizing yield. Cash is pooled so individual funds can make expenditures at any time.

***A. Policies***

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150 percent of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end and it includes the effects of these adjustments as income or expense for that fiscal year.

Investment income is allocated among funds on the basis of average daily cash and investment balances in each fund, unless there are specific legal or contractual requirements to do otherwise.

Cash and investments with an original maturity of three months or less are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the fiscal year.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

***B. Classification***

Cash and investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments. Investments are carried at fair value as of June 30, 2014. Cash and investments are as follows (dollars in thousands):

Statement of Net Position:	
Cash and investments	\$ 345,941
Restricted cash and investments	12,296
Cash and investments of the City	358,237
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments	30,096
Restricted cash and investments	238
Total cash and investments	\$ 388,571

Cash and investments as of June 30, 2014 consist of the following (dollars in thousands):

Cash on hand	\$ 12
Deposits with financial institutions	4,727
Investments	383,832
Total cash and investments	\$ 388,571

***C. Investments Authorized by the California Government Code and the City's Investment Policy***

The City's Investment Policy and the California Government Code authorize the investment types in the following table, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maximum maturities are not exceeded. The table also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's Investment Policy.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

The City's Investment Policy and the California Government Code allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	(A)	No limit
U.S. Agency Securities	5 years	50%	25%
U.S. Agency Mortgage-backed securities	5 years	20%	25%
Callable Securities (Treasuries, Agencies, Corp. Notes)	5 years	10%	5%
Commercial paper	180 days	15%	5%
Banker's acceptances	180 days	20%	5%
Medium-term notes issued by			
U.S. corporations	5 years	15%	5%
Mutual funds invested in			
U.S. Government securities	N/A	10%	5%
Certificates of deposit:			
FDIC insured time deposits	2 years	10%	5%
Collateralized time deposits	2 years	10%	5%
Negotiable time deposits	2 years	10%	5%
Municipal Bonds issued by the City or any of its component units	(B)	(B)	(B)
Passbook accounts	N/A	N/A	N/A
Legal settlements	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	N/A	20%	N/A

(A) The policy requires a minimum of 25% of the total portfolio to be invested in U.S. Treasury Obligations.

(B) The policy allows only municipal bonds issued by the City of Mountain View or its component units at limits and maturities as approved by the City Council.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

***D. Investments Authorized by Debt Agreements***

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's Investment Policy. These debt agreements do not address interest rate risk, credit risk and concentration of credit risk. The table below identifies the investment types that are authorized for investments held by bond trustee:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	No limit
U.S. Agency Securities	No limit
Deposit Accounts, Federal Funds and Banker's Acceptances	360 days
FDIC Insured Certificates of Deposit	No limit
Commercial Paper	270 days
Money Market Mutual Funds	No limit
State and Local Agency Bonds	No limit
Insurer approved Investment Contracts	No limit
Insurer approved other forms of Investments including Repurchase Agreements	No limit
Local Agency Investment Fund (LAIF)	No limit

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**E. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the modified duration (modified duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investments' full price) of its portfolio. The City monitors interest rate risk inherent in investments held by the trustee by using specific identification, as shown in the table below (dollars in thousands):

Investment Type	Amount	Modified Duration (in years)	Specific Identification Maturity Date
Held by City:			
LAIF	\$ 65,932	N/A	
U.S. Treasury Obligations	139,560	2.33	
U.S. Agency Securities	135,302	2.39	
Medium-term Notes	22,425	3.64	
Municipal Bonds - Yardis Assessment District	72	2.83	
Shoreline Community 2011 Revenue Bonds	9,726	7.04	
The modified duration of the City's portfolio as of June 30, 2014, excluding Shoreline Community 2011 Bonds.		2.01	
Held by Bond Trustee:			
Cash in Bank	3		
LAIF	7,568		N/A
U.S. Agency Securities:			
Federal Home Loan Banks	3,000		June 25, 2015
Money Market Mutual Funds	244		N/A
Total investments	<u>\$ 383,832</u>		

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Through the City's Investments Policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the modified duration of its investment portfolio to within 15.0 percent of the modified duration of a benchmark portfolio. As of June 30, 2014, the allowed modified duration ranged from 1.76 to 2.38 years.

Investments in municipal bonds shown above represent the City's investment in its 2000 Yardis Court Special Assessment Debt and 2011 Shoreline Regional Parks Community Revenue Bonds. The balance as of June 30, 2014 is stated at amortized cost, which approximates fair value.

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by the State, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills and corporations. As of June 30, 2014, these investments have an average maturity of 232 days.

Mutual Money Market Funds investments are available for withdrawal on demand and as of June 30, 2014 have an average maturity from 40 days.

***F. Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's Investment Policy is to apply the prudent investor's standard in managing the overall portfolio. This standard states that investments shall not be made for speculation but shall be made with judgment and care which investors of prudence, discretion and intelligence exercise considering the safety of principal as well as the income to be earned. The actual ratings as of June 30, 2014 for all U.S. Agency Securities and Money Market Mutual Funds are Aaa as provided by Moody's Investor Service. The U.S. Treasury Obligations are exempt from credit rating disclosure. The Municipal Bonds and Local Agency Investment Fund were not rated as of June 30, 2014.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**G. Concentration of Credit Risk**

The City's Investment Policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer other than U. S. Treasury obligations, mutual funds and external investment pools. As of June 30, 2014, those investments consisted of (dollars in thousands):

Reporting Level	Issuer	Investment Type	Amount
Entity-wide:	Federal Home Loan Bank	Federal Agency Securities	\$ 33,379
	Federal National Mortgage Association	Federal Agency Securities	57,622
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	44,301

**NOTE 4 – LOANS RECEIVABLE**

As of June 30, 2014, the City's loans receivable are as follows (dollars in thousands):

CDBG Rehabilitation	\$ 95
Mid-Peninsula Support Network	55
Ginzton Terrace	517
Latham Street Apartments	2,826
Project Match	132
Central Park Apartments	4,787
Stoney Pine Charities	124
HomeSafe	100
San Antonio Place LP	5,465
Tyrella Gardens Loan	390
Bill Wilson Center	133
Maitri Transitional Home	75
SR Fountains LP	981
San Veron Park	1,087
Franklin Street Family Apartments	12,547
El Camino West Affordable Studios	3,085
Rengstorff Affordable Housing	8,189
Deferred Assessments	4
Total	<u>\$ 40,592</u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

***Housing Loans***

The City engages in programs designed to encourage construction or improvement of housing for persons with low- to moderate-income or other such projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Since the City does not expect to collect these loans in the near term, they have been offset by a restriction of fund balance in the fund financial statements.

**A. *CDBG Rehabilitation***

The City administers a housing rehabilitation loan program initially funded with Community Development Block Grants (CDBG) funds. Under this program, individuals with incomes below a stated level are eligible to receive low-interest loans for rehabilitation work on their home. These loans are secured by deeds of trust, which may be subordinated with the prior written consent of the City. The loan repayments may be amortized over the life of the loans, deferred to maturity or a combination of both. There are three such loans outstanding totaling \$95,000 as of June 30, 2014.

**B. *Mid-Peninsula Support Network***

On December 23, 1980, the City loaned \$55,000 to Mid-Peninsula Support Network for the acquisition and rehabilitation of a residential structure for the purpose of providing temporary shelter for battered parents and their children. The loan was funded by CDBG funds. The loan becomes payable upon demand by the City upon failure to comply with the terms of the loan agreement. The loan carries a 12.0 percent annual interest rate and shall accrue beginning 30 days following the date of demand. The loan is collateralized by a first deed of trust.

**C. *Ginzton Terrace***

On December 11, 1991, the City loaned \$380,000 to the Mid-Peninsula Housing Coalition (Coalition) for predevelopment and land acquisition costs related to the development of a 107-unit affordable senior housing complex located at 375 Oaktree Drive. On May 1, 1993, the City amended the loan agreement and loaned the Coalition an additional \$215,000 for the purpose of paying park and recreation fees required prior to occupancy of the land. On February 12, 1996, excess funds not used were returned to the City in the amount of \$78,000. The loan balance of \$517,000 was funded by CDBG funds. On May 21, 2013, the City approved another modification to extend the loan term to May 31, 2038, reducing the annual simple interest rate from 6.0 percent to 3.0 percent effective June 1, 2013 and restructured the repayment to be based on 50.0 percent of the residual receipts. The loan balance and accrued interest will become payable on May 31, 2038. The loan is collateralized by a first deed of trust.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

***D. Latham Street Apartments***

On August 30, 1995, the City and the former Authority loaned \$2.1 million to the Mid-Peninsula Housing Coalition (Coalition) for the acquisition and rehabilitation of a 75-unit apartment complex at 2230 Latham Street to provide affordable housing for very low-to moderate-income families. The loan was funded by \$992,000 of Authority Housing Set-Aside Funds, \$688,000 of CDBG funds and \$387,000 of Home Investment Partnership Act (HOME) grant funds. The various components of the loan are to be repaid over a 20-24 year period at 3.0 percent annual simple interest. No payment was made in fiscal year 2014 against the loans. As of June 30, 2014, the outstanding loan balance is \$1.8 million.

In fiscal year 2010, the City approved to loan up to \$832,000 from CDBG funds for window replacements. In fiscal year 2012, the City approved an additional loan up to \$212,000 from CDBG funds. The various components of the loans are to be repaid over a 20-24 year period at 3.0 percent annual simple interest. During fiscal year 2014, \$301,000 was drawn from the CDBG funds. As of June 30, 2014, \$1.0 million was drawn from the CDBG funds. As of June 30, 2014, the total outstanding balance of all loans related to the Latham Street Apartments project is \$2.8 million.

With the dissolution of the Authority effective January 31, 2012, the City became the Housing Successor Agency. The balance of the loans were transferred to the Housing Successor Special Revenue Fund of the City.

***E. Project Match***

On May 1, 1997, the City loaned \$132,000 to Project Match for the acquisition of the house located at 1675 South Wolfe Road, Sunnyvale, to provide affordable housing for low-income seniors. The loan was funded by HOME grant funds. The loan is to be repaid over a 30-year period at 3.0 percent annual simple interest. The loan is collateralized by a second deed of trust.

***F. Central Park Apartments***

On July 1, 1998, the City and the Authority loaned \$2.2 million to the Coalition for the acquisition and rehabilitation of a 149-unit apartment complex known as Central Park Apartments at 90 Sierra Vista Avenue to be used to provide housing for very low- to low-income seniors. The entire project was initially funded by three loans: \$388,000 from Authority Housing Set-Aside funds to be repaid over nine years, commencing in fiscal year 1999 and bearing 3.0 percent annual interest; \$1.2 million of CDBG funds to be repaid over 36 years commencing in fiscal year 2013 and bearing 3.0 percent annual interest; and \$612,000 from HOME grant funds to be repaid over 21 years commencing in fiscal year 2005 and bearing 3.0 percent annual interest. As of June 30, 2014, the Coalition had repaid the entire \$388,000 of the Authority's loan, and \$612,000 of the HOME funds loan.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

On August 19, 2004, the City loaned \$498,000 to the Coalition for the rehabilitation of the Central Park Apartments. The loan was funded by CDBG funds to be repaid over 16 years commencing in fiscal year 2018 and bearing 1.153 percent annual interest. On April 17, 2006, the City approved a \$748,000 loan to the Coalition for the construction of the New Central Park Apartments. The loan was funded by CDBG funds with zero percent interest and repayment is deferred until January 1, 2054 or upon the repayment of the \$1.3 million loans.

On March 27, 2007, the Authority loaned \$851,000 of Authority Housing Set-Aside funds to the Coalition for the construction of the New Central Park Apartments. The New Central Park Apartments has added 104 units to the existing 149 units used to provide housing for very low- to low-income seniors. The loan is to be repaid from available residual receipts over 55 years commencing in fiscal year 2010 and bearing zero interest. For the period ending January 31, 2012 prior to transfer, the Coalition had repaid \$92,000 of the Authority's loan. With the dissolution of the Authority effective January 31, 2012, the balance of the loan was transferred to the Housing Successor Special Revenue Fund. After the transfer, the Coalition repaid another \$101,000 of the Authority's loan. As of June 30, 2014, the amount of the loan outstanding is \$658,000.

A loan of \$1.3 million to be funded by HOME grant funds was approved on June 1, 2007. The loan bears zero percent interest and repayment is deferred until the later of January 1, 2041 or upon repayment of the Authority Housing Set-Aside loan.

On July 24, 2007, the City approved a \$405,000 loan to the Coalition for the development of the New Central Park Apartments. The loan was funded by CDBG funds with zero percent interest and repayment is deferred until July 1, 2063. As of June 30, 2014, \$367,000 of the loan had been funded.

As of June 30, 2014, the total outstanding balance of all loans related to Central Park apartments is \$4.8 million.

**G. *Stoney Pine Charities***

On August 16, 2000, the City loaned \$124,000 to the Stoney Pine Charities Housing Corporation for the construction of a 23-unit apartment complex at 212 North Mathilda Avenue and 271-283 West California Avenue, Sunnyvale, to provide affordable housing for very low-income persons with developmental disabilities. The loan was funded by \$9,000 of CDBG funds and \$115,000 of HOME grant funds. The loans bear simple interest at 3.0 percent, but repayment of interest and principal is deferred for 40 years. The loans and accumulated interest remain deferred unless during the term of the loan, or after 40 years, the apartments no longer meet the affordability test for very low-income persons with developmental disabilities, or if the property is sold or transferred. The loan is collateralized by a second deed of trust.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

***H. HomeSafe***

On February 21, 2001, the City loaned \$100,000 to the HomeSafe Santa Clara L.P. for the construction of a 25-unit apartment complex at 611 El Camino Real, Santa Clara, to provide affordable housing for women and children who are victims of domestic violence. The loan was funded by \$100,000 of HOME grant funds. The loan bears simple interest at 3.0 percent, but repayment of interest and principal is deferred for 55 years unless during the term of the loan, the apartments no longer meet the affordability test for low- and very low-income victims of domestic violence, or if the property is sold or transferred. The loan is collateralized by a first deed of trust.

***I. San Antonio Place LP (Charities Housing Development Corporation)***

On April 25, 2002, the City approved an agreement to loan up to \$5.3 million to Charities Housing Development Corporation (Corporation) for development of an efficiency studios housing project to provide affordable housing for low- and very-low income persons. On July 1, 2004, the Corporation assigned to the San Antonio Place LP all of the rights and obligations under the agreements. The loan amount was amended to loan up to \$5.5 million on December 1, 2006, which would be funded by \$2.5 million of CDBG funds, \$2.2 million of HOME grant funds and \$809,000 of Authority Housing set aside funds. The loan is provided at zero percent interest with repayment deferred for 55 years unless the San Antonio Place LP no longer meets the terms and conditions of the agreement. The loan was transferred to the Housing Successor Special Revenue Fund with the dissolution of the Authority in fiscal year 2012. As of the June 30, 2014, the amount of the loan outstanding is \$5.5 million.

***J. Tyrella Gardens Loan***

On May 20, 2003, the City approved to loan up to \$390,000 to Mid-Peninsula Tyrella Associates for the development and renovation of an affordable apartment complex to low and moderate income families to be located at 449 Tyrella Avenue. The loan was funded by CDBG funds with three percent interest and a term of 55 years. As of June 30, 2014, \$390,000 of this loan had been funded.

***K. Bill Wilson Center***

On December 5, 2008, the City loaned \$133,000 to The Bill Wilson Center, a nonprofit corporation, for the acquisition and operation of a youth and counseling services shelter. The loan was funded by CDBG funds. The loan is to be repaid over a 30-year period at 3.0 percent simple interest. As of June 30, 2014, the amount of loan outstanding is \$133,000.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

***L. Maitri Transitional Home***

On March 5, 2009, the City loaned \$75,000 to Maitri, a nonprofit corporation, for the acquisition, maintenance and operation of a four-unit, multi-family home to temporarily house victims of domestic violence. The loan was funded by CDBG funds. The loan is to be repaid over a 15-year period at 3.0 percent simple interest and is collateralized by a second deed of trust. As of June 30, 2014, the amount of loan outstanding is \$75,000.

***M. SR Fountains LP***

On December 1, 2009, the City approved to loan up to \$255,000, to SR Fountains Limited Partnership for the rehabilitation of 124 existing units at The Fountains Apartments property located at 2005 San Ramon Avenue. The loan was funded by HOME grant funds with zero percent interest and repayment is deferred until December 1, 2019. In 2010 and 2012, the City approved an additional \$466,000 and \$305,000, respectively, loan to SR Fountains Limited Partnership. As of June 30, 2014, the total outstanding loan amount is \$981,000.

***N. San Veron Park***

On Dec 1, 2009, the City amended an agreement with San Veron Corporation to loan up to \$898,000 to renovate one hundred twenty-four affordable Town home units for very low- and low-income households. The loan was funded by HOME grant funds. The construction did not occur until fiscal year 2013. On July 1, 2013, the City approved and authorized the provision of increasing the loan amount to \$1.1 million, and to be drawn from the HOME grant funds. As of June 30, 2014 \$1.1 million of the loan had been funded.

***O. Franklin Street Family Apartments***

On April 18, 2011, the City approved an agreement to loan up to \$1.3 million to ROEM Development Corporation to acquire a long-term ground lease of property known as 135 Franklin Street. The loan was funded by CDBG funds at 4.0 percent interest and a term of 55 years. As of June 30, 2014, the amount of the loan outstanding was \$1.3 million. On November 1, 2011 the full loan was assigned to Franklin Street Family Apartments. The loan was funded with below market rate funds at 4.0 percent interest and a term of 55 years.

On April 18, 2011, the City and Authority approved an agreement to loan up to \$10.6 million to ROEM Development Corporation for the development of an affordable family rental housing development to be located at the property mentioned above. On November 1, 2011 the full loan was assigned to Franklin Street Family Apartments. The loan was funded by Housing Set-Aside funds with 4.0 percent interest and a term of 55 years. As of June 30, 2014, \$10.6 million of the loan had been funded.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 4 – LOANS RECEIVABLE (Continued)**

On April 18, 2011, the City approved an agreement to loan up to \$646,000 from the Below Market Housing Funds to ROEM Development Corporation for the same project mentioned above. \$573,000 of this funding has been spent on predevelopment costs and \$73,000 was for construction related expenses. The loan was funded with four percent interest and a term of 55 years.

With the dissolution of the Authority in fiscal year 2012, the balance of the loan was transferred to the Housing Successor Special Revenue Fund in fiscal year 2012.

**P. *El Camino West Affordable Studios***

On Jan 22, 2013, the City approved an agreement to loan up to \$3.5 million to First Community Housing to acquire 0.48 acre of property located at 1581-1585 El Camino Real West. The loan was funded by HOME grant funds and Below Market Housing Funds for the amounts of \$920,000 and \$2.5 million respectively. The term of the loan is three percent interest for 55 years. The balance of loans as of June 30, 2014 is \$3.1 million.

**Q. *Rengstorff Affordable Housing***

On June 3, 2013, the City approved an agreement to loan up to \$9.0 million to ROEM Development Corporation for the development of an affordable family rental housing development to be located at 819 North Rengstorff. The loan was funded by Below Market Housing Funds with three percent interest and a term of 55 years. As of June 30, 2014, \$8.2 million of the loan had been funded.

**R. *Deferred Assessments***

Deferred assessments are loans for special assessment improvements made to property owners who qualify under the City's deferred assessment program. As of June 30, 2014, \$4,000 is owed to the City under this program.

**NOTE 5 – INTERFUND TRANSACTIONS**

**A. *Transfers Between Funds***

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. Less often, a transfer may be made to open or close a fund.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 5 – INTERFUND TRANSACTIONS (Continued)**

Transfers between funds during the fiscal year ended June 30, 2014 are as follows (dollars in thousands):

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Transferred Amount</u>
<b>General Fund</b>	Shoreline Regional Park Community	\$ 4,774 A
	General Capital Projects	64 B
	Non-Major Governmental	1,396 C
	Water	220 C
<b>Shoreline Regional Park Community</b>	General Capital Projects	1,046 B
<b>Below Market Housing</b>	Non-Major Governmental	993 D
<b>General Capital Projects</b>	General Fund	290 C
	Shoreline Regional Park Community	8,842 C
	Park Land Dedication	43 C
	Non-Major Governmental	6,951 C
	Internal Service Fund	53 C
<b>Park Land Dedication</b>	General Capital Projects	273 B
<b>Non-Major Governmental</b>	General Fund	234 A/C
	Shoreline Regional Park Community	6,826 A
	General Capital Projects	1,008 B
	Non-Major Governmental	1,015 B
<b>Water</b>	General Capital Projects	83 B
<b>Wastewater</b>	General Capital Projects	81 B
<b>Solid Waste</b>	General Capital Projects	7 B
<b>Internal Service</b>	General Fund	4,094 C
	Shoreline Regional Park Community	127 C
	General Capital Projects	3 C
	Below Market Housing In Lieu	54 C
	Non-Major Governmental	187 C
	Water	242 C
	Wastewater	289 C
	Solidwaste	159 C
	Internal Service	9 C
Total Interfund Transfers		<u>\$ 39,363</u>

The reasons for these transfers are as follows:

- A To fund debt service payments.
- B To refund remaining balances on completed capital improvement projects special assessment districts, and interest back to original funding source.
- C Recurring transfers for capital, operating costs or retirees' health plan.
- D To move fund balance to fund below market housing activities.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 5 – INTERFUND TRANSACTIONS (Continued)**

**B. Long-Term Interfund Advances**

The Funds below had made advances, which were not expected to be repaid within the next fiscal year. These long-term interfund advances were used for capital improvement project funding and are expected to be repaid out of future revenues. The balances outstanding as of June 30, 2014 are as follows (dollars in thousands):

Fund Making Advance	Fund Receiving Advance	Amount of Advance
<b>General Fund</b>	Shoreline Regional Park Community Special Revenue Fund	\$ 2,938
<b>Enterprise Funds:</b>	<b>Capital Projects Fund:</b>	
Water	General Capital Projects	5,720
Wastewater	General Capital Projects	5,291
Solid Waste	General Capital Projects	429
		\$ 14,378

**Shoreline Regional Park Community** advances of \$2.9 million from the General Fund will be repaid at 10.0 percent in two remaining annual installments. During fiscal year 2014 a payment of \$1.5 million was made.

**General Capital Projects** advances totaling \$11.4 million are part of the City’s capital projects budgeting and funding process, whereby resources from Enterprise Funds are advanced to the General Capital Projects Fund where the project will be completed and the costs incurred. These advances are eliminated as funds are expended on Enterprise Fund projects.

**C. Internal Balances**

Internal balances are presented only in the government-wide financial statements. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 6 – CAPITAL ASSETS**

All capital assets, including intangible assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years.

Depreciation is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

Buildings	25 to 50 years
Improvements other than buildings	5 to 50 years
Intangible assets	Various
Machinery and equipment	3 to 20 years
Traffic signals	20 years
Streetlights	50 years
Bridges and culverts	60 years
Sidewalks, curbs and gutters	40 years
Streets and roads	40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. For Enterprise Funds, interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**A. Capital Asset Activity**

Capital assets activity for the fiscal year ended June 30, 2014 is as follows (dollars in thousands):

	Balance at June 30, 2013	Additions	Retirements	Transfers	Land held and Capital Assets Received from Successor Agency	Balance at June 30, 2014
<b>Governmental activities</b>						
Capital assets not being depreciated:						
Land	\$ 90,475	10	(38)	0	6,250	96,697
Construction in progress	55,342	13,696	0	(33,754)	0	35,284
Total capital assets not being depreciated	145,817	13,706	(38)	(33,754)	6,250	131,981
Capital assets being depreciated:						
Buildings	133,786	179	(275)	8,389	22,464	164,543
Improvements other than buildings	150,312	74	0	12,198	873	163,457
Machinery and equipment	32,561	1,504	(1,039)	0	0	33,026
Traffic signals	9,387	736	0	447	0	10,570
Streetlights	7,166	0	0	0	781	7,947
Bridges and culverts	9,715	0	0	8,500	0	18,215
Sidewalks, curbs and gutters	105,852	48	(9)	1,548	3,881	111,320
Streets and roads	252,295	8	(128)	2,672	3,143	257,990
Total capital assets being depreciated	701,074	2,549	(1,451)	33,754	31,142	767,068
Less accumulated depreciation for:						
Buildings	(59,336)	(603)	46	0	(9,847)	(69,740)
Improvements other than buildings	(96,881)	(7,933)	0	0	(330)	(105,144)
Machinery and equipment	(23,329)	(1,610)	1,032	0	0	(23,907)
Traffic signals	(3,659)	(481)	0	0	0	(4,140)
Streetlights	(6,116)	(143)	0	0	(434)	(6,693)
Bridges and culverts	(3,800)	(233)	0	0	0	(4,033)
Sidewalks, curbs and gutters	(52,843)	(2,665)	9	0	(2,155)	(57,654)
Streets and roads	(121,913)	(6,338)	16	0	(1,697)	(129,932)
Total accumulated depreciation	(367,877)	(20,006)	1,103	0	(14,463)	(401,243)
Net capital assets being depreciated	333,197	(17,457)	(348)	33,754	16,679	365,825
Governmental activities capital assets, net	\$ 479,014	(3,751)	(386)	0	22,929	497,806

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 6 – CAPITAL ASSETS (Continued)**

	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
<b><i>Business-type activities</i></b>					
Capital assets, not being depreciated:					
Land	\$ 220	0	0	0	220
Construction in progress	12,668	2,875	0	(5,977)	9,566
Total capital assets not being depreciated	12,888	2,875	0	(5,977)	9,786
Capital assets, being depreciated:					
Buildings	8,927	0	(179)	0	8,748
Improvements other than buildings	123,958	211	(416)	5,977	129,730
Machinery and equipment	5,064	0	(23)	0	5,041
Total capital assets being depreciated	137,949	211	(618)	5,977	143,519
Less accumulated depreciation for:					
Buildings	(8,630)	(25)	172	0	(8,483)
Improvements other than buildings	(44,245)	(3,571)	379	0	(47,437)
Machinery and equipment	(3,807)	(233)	45	0	(3,995)
Total accumulated depreciation	(56,682)	(3,829)	596	0	(59,915)
Net capital assets being depreciated	81,267	(3,618)	(22)	5,977	83,604
Business-type activities capital assets, net	\$ 94,155	(743)	(22)	0	93,390

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**B. Depreciation Allocation**

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function for the fiscal year ended June 30, 2014 are as follows (dollars in thousands):

<b><i>Governmental Activities:</i></b>	
General government	\$ 2,176
Public safety	576
Public works	8,019
Community development	575
Culture and recreation	8,660
Total	\$ 20,006
 <b><i>Business-type Activities:</i></b>	
Water	\$ 2,310
Wastewater	1,233
Solid Waste	286
Total	\$ 3,829

**C. Construction Commitments**

The City has active construction projects that include buildings and building improvements; improvements other than buildings; streets, sidewalks and traffic signal improvements; bridges and culverts; water system improvements; and wastewater system improvements. Commitments with contractors for construction, as of June 30, 2014 are as follows (dollars in thousands):

	Spent to Date	Remaining Commitment
Improvements other than buildings	\$ 3,430	14,930
Streets, sidewalks, streetlights and traffic signal improvements	561	905
Total	\$ 3,991	15,835

All commitments are funded from general fund, special revenue fund and enterprise fund revenues transferred to the various projects in the capital projects fund.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 – NONCURRENT LIABILITIES**

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City’s debt issues and transactions are summarized below and discussed in detail thereafter.

**A. Composition and Changes**

Noncurrent liabilities activity for the fiscal year ended June 30, 2014 is as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
<b>Governmental Activities Debt:</b>						
<b>Tax Allocation Bonds:</b>						
<b>Shoreline Regional Park Community</b>						
<b>2001 Tax Allocation Refunding Bonds</b>						
3.5% to 5.25%, due 2016	\$ 17,520	5,830	0	(5,830)	0	0
<b>2004 Tax Allocation Refunding Bonds</b>						
2.0% to 5.0%, due 2018	19,520	8,890	0	(8,890)	0	0
<b>2011 Revenue Refunding Bonds</b>						
2.0% to 5.75%, due 2040	39,030	37,580	0	(1,495)	36,085	1,535
Total Tax Allocation Bonds	76,070	52,300	0	(16,215)	36,085	1,535
<b>Certificates of Participation:</b>						
<b>City</b>						
<b>2001 Refunding</b>						
3.5% to 4.75%, due 2015	10,720	2,825	0	(900)	1,925	940
<b>2008 Childcare Center (COP)</b>						
1%, due 2016	2,800	1,913	0	(183)	1,730	185
Total Certificates of Participation	13,520	4,738	0	(1,083)	3,655	1,125
<b>Shoreline Regional Park Community</b>						
<b>2014 Bank Loan</b>						
1.65%, due 2018	12,135	0	12,135	0	12,135	2,842
Total Bank Loans	12,135	0	12,135	0	12,135	2,842

(Continued)

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
<b>Special Assessment Debt</b>						
<b>with City Commitment:</b>						
<b>1996 Centre-Church-El Ranchito-Bay</b>						
4.10%-6.375%, due 2022	561	195	0	(25)	170	25
<b>2000 Yardis Court</b>						
7.0%, due 2020	195	79	0	(8)	71	8
<b>Total Special Assessment Debt with City Commitment</b>	<u>756</u>	<u>274</u>	<u>0</u>	<u>(33)</u>	<u>241</u>	<u>33</u>
<b>Compensated Absences</b>	<u>0</u>	<u>8,512</u>	<u>19</u>	<u>(152)</u>	<u>8,379</u>	<u>1,150</u>
<b>Landfill Containment</b>	<u>0</u>	<u>34,582</u>	<u>0</u>	<u>(2,470)</u>	<u>32,112</u>	<u>2,470</u>
<b>Claims liabilities (Note 10)</b>	<u>0</u>	<u>8,691</u>	<u>2,089</u>	<u>(1,300)</u>	<u>9,480</u>	<u>3,277</u>
<b>Total Governmental Activities Debt</b>	<u>\$ 102,481</u>	<u>109,097</u>	<u>14,243</u>	<u>(21,253)</u>	<u>102,087</u>	<u>12,432</u>
<b>Business-Type Activities:</b>						
<b>Water Revenue Bonds</b>						
<b>2004 Series A</b>						
3.0%-4.5%, due 2029	\$ 9,700	7,115	0	(325)	6,790	335
<b>City of Palo Alto Loan</b>						
2007, 0%, due 2029	6,000	4,800	0	(300)	4,500	300
Less unamortized discount	(1,000)	(800)	0	50	(750)	0
<b>Compensated Absences</b>	<u>0</u>	<u>1,108</u>	<u>186</u>	<u>(124)</u>	<u>1,170</u>	<u>165</u>
<b>Total Business-type Activities Debt</b>	<u>\$ 14,700</u>	<u>12,223</u>	<u>186</u>	<u>(699)</u>	<u>11,710</u>	<u>800</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated by contributions from various funds, but primarily the General Fund.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

***B. Descriptions of Noncurrent Liabilities***

***Tax Allocation Bonds:***

**2001 Tax Allocation Refunding Bonds Shoreline Regional Park Community** - On July 24, 2001, the Shoreline Community issued \$17.5 million of Tax Allocation Refunding Bonds, 2001 Series A, to refund and retire a portion of the Shoreline Community's 1992 Tax Allocation Bonds. Principal payments were payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. On April 22, 2014, the 2001 Tax Allocation Refunding Bonds were fully refunded in the amount of \$4.5 million by the 2014 Shoreline Regional Park Community Bank Loan.

**2004 Tax Allocation Refunding Bonds Shoreline Regional Park Community** - On December 16, 2003, the Shoreline Community issued \$19.5 million of Tax Allocation Refunding Bonds, 2004 Series A, to refund the Shoreline Community's 1993 Tax Allocation Bonds. The Bonds were issued at a premium of \$619,000, which was being amortized over the remaining life of the debt issue. The refunding resulted in a \$2.4 million savings in total debt service. The net present value of the savings resulted in an economic gain of \$1.9 million. Principal payments were payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. On April 22, 2014, the 2004 Tax Allocation Refunding Bonds were fully refunded in the amount of \$7.6 million by the 2014 Shoreline Regional Park Community Bank Loan.

**2011 Revenue Bonds Shoreline Regional Park Community** - On July 19, 2011, the Shoreline Community issued \$39.0 million of 2011 Revenue Bonds, Series A. Proceeds from the bonds was used to call the outstanding Shoreline Community's Tax Allocation Bonds, 1996 Series A and provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The economic gain generated from the transaction is in the form of interest rate savings earned over the life of the bonds, and the net present value benefit amounts to \$887,000. The 2011 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

***Certificates of Participation (COPs):***

**2001 Refunding Certificates of Participation** - On July 24, 2001, the City issued \$10.7 million of 2001 Refunding Certificates of Participation to refund and retire a portion of the City's obligations under a 1992 Lease Agreement. The 2001 Refunding COPs are collateralized by revenue received from the City by the Trustee under the City Hall/Community Theater complex lease agreement. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from general revenues of the City.

**2008 Certificates of Participation** - On January 11, 2008, the Financing Authority issued \$2.8 million of 2008 Certificates of participation for the construction of a Child-Care Center Project. The amount due under the Agreement is payable annually on January 11.

**2014 Shoreline Regional Park Community Loan Payable** - On April 21, 2014, the Shoreline Community obtained a bank loan in the amount of \$12.1 million. Proceeds from the loans were used to retire the outstanding Shoreline Community's 2001 Tax Allocation Bonds, and 2004 Tax Allocation Bonds. As a result, total debt service payments were reduced by \$707,000 arriving to an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$682,000. Principal payments are payable annually on August 1 and interest payment semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The final principal payment is August 1, 2018.

**Special Assessment Debt with City Commitment** - Special assessment districts exist in the City to provide improvements to properties located within those districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements. The total amount of the assessment is recorded as a receivable and a deferred revenue at the time the related debt is issued, and is reduced as assessments are collected.

The City is committed to be the purchaser of last resort or to advance available City funds to repay this debt in the event of default by any property owners of these districts. The City accounts for resources available to pay special assessment debt in its Special Assessment Debt Service Fund.

These Special Assessment Bonds were issued at various times to provide financing for electrical and community service facilities, street and utility improvements, water and sewer connections, storm drain improvements and other related projects. Principal payments are payable annually and interest payments semiannually.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

**2004 Water Revenue Bonds** - On September 29, 2004, the City issued \$9.7 million of 2004 Water Revenue Bonds, 2004 Series A, to fund the construction of Graham Reservoir. Water fund revenues are pledged to pay the debt service on the bonds. Principal payments are payable annually on June 1 and interest payments semi-annually on June 1 and December 1 from Water Fund Revenues.

**City of Palo Alto Loan** – The Cities of Palo Alto and Mountain View began a joint project to construct a reclaimed water pipeline project (Project) in 2004. In October 2007, the City of Palo Alto approved a \$9.0 million loan agreement with the State Water Resources Control Board (SWRCB) to finance a portion of the Project. Under the terms of the loan agreement, the Project received \$7.5 million in proceeds. The additional \$1.5 million due on the loan represents in-substance interest. Payments are due annually on the loan for twenty years following the completion of the construction. The City agreed to repay Palo Alto a \$6.0 million share of this loan to finance \$5.0 million of the costs of the Project within the City under the same terms as the original loan agreement with SWRCB. The City will pay \$300,000 annually for twenty years. The project has been completed and payments on the loan commenced on June 30, 2010.

In fiscal year 2014, the City called the 2001 Tax Refunding Bonds and the 2004 Tax Allocation Refunding Bonds for the amounts of \$4.5 million and \$7.6 million respectively. As of June 30, 2014, the City had no outstanding defeased debt.

**C. Debt Service Requirements:**

The pledge of future tax increment revenues ends upon repayment of the \$74.7 million in remaining debt service on the Shoreline Community's 2011 Revenue Bonds and 2014 Bank Loan which is scheduled to occur in fiscal year 2041. For fiscal year 2014 tax increment revenues amounted to \$31.0 million which represented coverage of 4.5 over the \$6.9 million in debt service.

The pledge of future special assessment levies ends upon repayment of the \$301,000 in remaining debt service on the Special Assessment debt with City Commitment which is scheduled to occur in fiscal year 2022. For fiscal year 2014 special assessment revenues amounted to \$52,000 which was used to fund debt service of \$50,000.

The pledge of future Water Fund Revenues ends upon repayment of the \$9.4 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2029. For fiscal year 2014, Water Fund Revenues including operating revenues, non-operating interest earnings and transfers in amounted to \$29.2 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to \$21.5 million. Net Revenues available for debt service amounted to \$7.7 million which represented coverage of 12.2 over the \$629,000 in debt service.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

Annual debt service requirements to maturity are as follows (dollars in thousands):

For the Fiscal Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 5,535	2,052	7,587	635	291	926
2016	7,187	1,934	9,121	650	277	927
2017	4,783	1,779	6,562	665	264	929
2018	3,355	1,669	5,024	680	250	930
2019	3,453	1,561	5,014	690	234	924
2020-2024	7,385	6,386	13,771	3,715	915	4,630
2025-2029	4,235	5,127	9,362	4,255	383	4,638
2030-2034	5,470	3,843	9,313	0	0	0
2035-2039	7,185	2,076	9,261	0	0	0
2040-2041	3,528	206	3,734	0	0	0
Total	\$ 52,116	26,633	78,749	11,290	2,614	13,904

Reconciliation of governmental activities long-term debt principal (dollars in thousands):

	Governmental	Business-type
Principal requirement as reported above	\$ 52,116	11,290
Less unamortized discount	0	(750)
Total long-term debt principal, net	\$ 52,116	10,540

There are a number of limitations, covenants and restrictions contained in the various bond indentures. The City is in compliance with all material limitations, covenants and restrictions.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

***D. Landfill Containment***

The City is responsible for managing and controlling methane gas and containment of leachate at three former City-operated landfill sites.

Pursuant to a Postclosure Maintenance Plan filed with the State, the City is obligated for additional postclosure care costs for two of its landfill sites in the amount of \$2.5 million (adjusted) annually for a period of thirty (30) years. The estimated costs of postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables. The remaining amount of this obligation as of June 30, 2014, is approximately \$32.1 million. Annual revenues from the Solid Waste Enterprise Fund will fund the postclosure care costs. In accordance with a State-mandated Financial Assurance Mechanism (FAM), the City has pledged future Solid Waste Enterprise Fund revenues in the adjusted amount of \$2.5 million per year for postclosure care costs on these two landfill sites. A third landfill site did not require a FAM to be established for the closure of the site, and, therefore, is excluded from the obligation.

In 2013 CalRecycle regulations required the City to create a reserve, in whole or incrementally, for potential corrective actions associated with non-water release event at the Vista Site. The City estimated this to be \$1.3 million, and on June 25, 2013, the City Council approved to restrict funds for Landfill Containment in the Landfill reserve of the Shoreline Community Fund.

***E. Debt without City Commitment***

As part of the City's program to provide affordable rental housing for low and moderate income households, the City assisted the developer of the Villa-Mariposa housing project in the issuance of multifamily housing revenue bonds. These bonds are secured by a First Deed of Trust on the project and by municipal insurance and are payable solely out of revenues from the project. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on the bonds. The outstanding balance due on these bonds as of June 30, 2014, is \$18.3 million.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 8 – EMPLOYEE RETIREMENT PLAN**

**A. Plan Description**

All regular and some temporary employees are required to participate in the Public Employees’ Retirement Fund (Fund) of the State’s Public Employees Retirement System (CalPERS). The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state government agencies within California. The Fund provides retirement, disability and death benefits based on the employee’s years of service, age and highest year of compensation. Employees vest after five years of service and normally receive retirement benefits at age 50 for public safety employees and age 55 for miscellaneous employees (nonsafety employees).

Benefit provisions and all other requirements are established by State statute and City resolution. Copies of CalPERS’ annual financial report may be obtained from their Executive Office - 400 P Street, Sacramento, California 95814.

**B. Funding Policy**

Classic participants are required to contribute 9.0 percent of covered payroll for public safety personnel and 8.0 percent for miscellaneous employees. The City is required to contribute at an actuarially determined rate. The contribution requirements of the plan members and the City are established and may be amended by CalPERS.

Assembly Bill 340 (AB340) created the Public Employees’ Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation periods, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of a new member under PEPRA.

The details of the PEPRA provisions are as follows:

	Safety	Miscellaneous
Benefit Formula	2.7% at Age 57	2.0% at Age 62
Final Compensation Period	Average of the highest 3 years	Average of the highest 3 years
Employer Contribution Rate as a Percentage of Payroll	0.0% of Reportable Compensation	0.0% of Reportable Compensation
Minimum Member Contribution Rate as a Percentage of Payroll	11.25% of Reportable Compensation	6.25% of Reportable Compensation

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 8 – EMPLOYEE RETIREMENT PLAN (Continued)**

**C. Actuarially Determined Contribution Requirements and Contributions**

For fiscal year 2014, the City’s annual pension costs for CalPERS were equal to the City’s required and actual contributions. The required contributions were determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.00 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75 percent. The actuarial value of CalPERS assets was determined using a 15 year smoothed market technique that smooth’s the effects of short-term volatility of the market value of investments. The CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period of the unfunded actuarial liability is 19 years for miscellaneous employees and 28 years for safety employees.

**D. Trend Information**

Three-year historical trend information is presented below (dollars in thousands):

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
2012	\$ 14,071	100%
2013	14,104	100%
2014	14,897	100%

**E. Funding Progress**

The following schedule of funding progress is presented for the most recent actuarial valuations as of June 30, 2012 (dollars in thousands):

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2010	\$ 490,502	\$ 386,383	\$ 104,119	78.8%	\$ 55,834	186.48%
2011	520,213	408,652	111,561	78.6%	55,482	201.10%
2012	545,937	430,795	115,142	78.9%	54,770	210.23%

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS**

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees (spouse and dependents are not included for PERS Miscellaneous employees not in Public Employees’ Medical and Hospital Care Act (PEHMCA)) under a single employer defined benefit plan. The City also offers a Defined Contribution Plan to the following employee groups: SEIU Clerical and Technical, EAGLES, Miscellaneous and Management employees. If an employee elects to participate in the Defined Contribution Plan, the City makes contributions on behalf of the employee into a Health Savings Account (HSA). Employees who have elected the Defined Contribution Plan are not included in the City’s actuarial valuation for Retirees’ Health.

A summary of eligibility and retiree contribution requirements by employee group is as follows:

	<b>Hire Date</b>	<b>Eligibility Rule (continuous years of service)</b>	<b>Retiree Contribution Requirement</b>
Fire Safety	N/A*	5 years vesting with PERS	Same contribution % as active employees
Sworn Police	N/A*	5 years vesting with PERS	Same contribution % as active employees
Non-Sworn Police	Prior to July 1, 1990	At least 5	If retirement occurred prior to July 1, 1992 - None If retirement occurs on or after July 1, 1992 - 15% of the single rate premium cost
	July 1, 1990 through June 30, 2007	At least 15	15% of the single rate premium cost
	July 1, 2007 and later	At least 15	15% of the single rate premium cost of any HMO plan offered by the City
SEIU Maintenance	Prior to September 1, 1989	At least 5	None
	September 1, 1989 through June 30, 2007	At least 15	None
	July 1, 2007 and later	At least 15	15% of the single rate premium cost of any HMO plan offered by the City
	July 1, 2010 and later Choice of: Defined Benefit Plan or Defined Contribution Plan	At least 15  0-5 6-10 More than 10	15% of the single rate premium cost of any HMO plan offered by the City  City Contribution to a Health Savings Account \$225.23 per month \$281.54 per month \$337.84 per month

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

	<b>Hire Date</b>	<b>Eligibility Rule (continuous years of service)</b>	<b>Retiree Contribution Requirement</b>
SEIU Clerical and Technical	Prior to September 1, 1989	At least 5	If retirement occurred prior to March 1, 1993 – None If retirement occurred between March 1, 1993 and June 27, 1998 – 15% of the total single rate premium cost If retirement occurs after June 27, 1998 – None if the retiree enrolls in a HMO; 15% of the single rate premium cost if the retiree enrolls in a PPO plan
	September 1, 1989 through June 30, 2007	At least 15	None if retiree enrolls in a HMO plan; 15% of the single rate premium cost if the retiree enrolls in a PPO plan
	July 1, 2007 and later	At least 15	15% of the single rate premium cost of any HMO plan offered by the City
	July 1, 2010 and later Choice of: Defined Benefit Plan or Defined Contribution Plan	At least 15  0-5 6-10 More than 10	15% of the single rate premium cost of any HMO plan offered by the City  City Contribution to a Health Savings Account \$225.23 per month \$281.54 per month \$337.84 per month

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

	<b>Hire Date</b>	<b>Eligibility Rule (continuous years of service)</b>	<b>Retiree Contribution Requirement</b>
EAGLES, Miscellaneous and Management	Prior to August 1, 1989	At least 5	If retirement occurred prior to March 1, 1993 – None If retirement occurs on or after March 1, 1993 – 15% of the total single rate premium cost
	August 1, 1989 through June 30, 2007	At least 15	If retirement occurred prior to January 1, 1997 – Retirees do not qualify for benefits
		5 but less than 10 10 but less than 15 15 or more	If retirement occurs on or after January 1, 1997 50% of the single rate premium cost 35% of the single rate premium cost 15% of the single rate premium cost
	July 1, 2007 and later Choice of:  Defined Benefit Plan or Defined Contribution Plan	At least 15	15% of the single rate premium cost of any HMO plan offered by the City  City Contribution to a Health Savings Account \$225.23 per month \$281.54 per month \$337.84 per month
PERS Safety, Management, and Professional	N/A*	5 years vesting with PERS	Same Contribution % as active employees

\* As of March 31, 2014, all PERS Public Safety employees migrated to the PEMHCA

As of June 30, 2014, approximately 344 participants were eligible to receive benefits.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)</b>
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*A. Funding Policy and Actuarial Assumptions*

The annual required contribution (ARC) was determined as part of a July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) an inflation rate of 5.00% each year, (b) 7.61 percent investment rate of return, (c) 3.25 percent projected annual salary increase, and (d) 6.4 percent health care cost trend rate increase declining to an ultimate rate of 5.0 percent. The health care cost trend rate is the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biennially as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a closed 30 year amortization period.

In accordance with the City's budget, the ARC is to be funded throughout the year as a percentage of payroll. During fiscal 2008, the City Council passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of the City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

**B. Funding Progress and Funded Status**

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. In fiscal year 2014, the City made contributions in excess of the annual required contribution (ARC) and amortized its net OPEB obligation as presented below (dollars in thousands):

Annual required contribution (ARC)	\$ 3,687
Interest on net OPEB asset	(2,790)
Adjustment to annual required contribution	<u>2,540</u>
Annual OPEB Cost (expense)	<u>3,437</u>
Contributions made:	
Contributions to OPEB Trust	855
Current year premiums paid	<u>3,039</u>
Total contributions:	<u>3,894</u>
Contributions in excess of the ARC	457
Net OPEB Asset at June 30, 2013	<u>36,666</u>
Net OPEB Asset at June 30, 2014	<u><u>\$ 37,123</u></u>

The Plan's annual required contributions and actual contributions for the three years ended June 30 are set forth below (dollar in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of ARC Contributed	Net OPEB Asset
2012	\$ 3,685	5,395	146%	36,035
2013	3,623	4,254	117%	36,666
2014	3,437	3,894	113%	37,123

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the latest available July 1, 2013 actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Overfunded (Underfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
7/1/2010	\$ 46,441	78,789	(32,348)	58.94%	55,583	(58.2%)
7/1/2011	53,984	82,688	(28,704)	65.29%	44,844	(64.0%)
7/1/2013	69,469	94,859	(25,390)	73.23%	49,890	(50.9%)

After the production of the actuarial reports used to prepare the above table, the City made additional contributions to CERBT, and as of June 30, 2014 the market value of the accumulated contributions and investment income was \$86.0 million. In addition to the above amounts, the City held \$342,000 of cash and investments in its Retirees' Health Plan Internal Service Fund at June 30, 2014.

**C. Public Employees' Medical and Hospital Care Act (PEMHCA)**

On March 1, 2014, the City's public safety employees migrated to the PEMHCA, a healthcare coverage provided by CalPERS. The City's monthly contribution for each employee or qualified annuitants shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members in a health benefits plan or plans.

For single-level coverage, the City pays the full premium for full-time regular employees and eligible retirees for any plan, up to, but not exceeding, the single-coverage premium for the maximum plan. For dependent level coverage, the City pays 92 percent of the total premium for the employee and dependents, up to, but not exceeding, 92 percent of the two-party or family premium for the maximum plan. The maximum plan for active employees and pre-Medicare retirees is the plan with the third-highest Bay Area Region Basic plan rate (Kaiser in 2014). For Medicare-eligible retirees, the maximum plan is the average of all Bay Area Region "Supplement to Medicare" or "Combination" rates, depending on the plan selected by the retiree.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 10 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, unemployment and certain health care benefits of employees. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million on general liability claims, \$750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment and certain healthcare benefits.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses.

Charges to the General Fund and other insured funds are determined from an analysis of self-insured claims costs and reserve requirements and are recorded as operating expenditures or expenses of such funds and operating revenues of the various Internal Service Funds.

Estimated liabilities are recorded for claims in cases where such amounts are reasonably determinable and where the liability is likely for claims which are incurred through the end of the fiscal year but not reported until after that date. The estimated liability is determined based upon historical claims data and independently determined estimates of the amounts needed to pay prior and current year claims.

Changes in accrued self-insurance claims for the fiscal year ended June 30 are as follows (dollars in thousands):

	2014	2013
Beginning Balance	\$ 8,691	8,340
Liability for current and change in prior fiscal year claims and claims incurred but not reported (IBNR)	2,089	1,730
Claims paid	(1,300)	(1,379)
Ending Balance	\$ 9,480	8,691
Current portion	\$ 3,277	3,560

The City has not significantly reduced its insurance coverage from the prior fiscal year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 11 - NET POSITION AND FUND BALANCES**

**A. Net Position**

Net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described below:

*Net Investment in Capital Assets*, describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements and funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of net position which is not restricted as to use.

**B. Fund Balances**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based the long-term amounts of loans and on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as inventories and prepaids, the long term amounts of loans and notes receivable and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 11 - NET POSITION AND FUND BALANCES (Continued)**

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have the most binding constraints imposed by resolution of the City Council, which may only be altered by resolution of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designees and may be changed at the discretion of the City Council or its designees. The City Council has not delegated the authority to make assignments of fund balance. This category includes encumbrances. This category also includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 11 - NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City's Fund Balances, as of June 30, 2014, is as follows (dollars in thousands):

Fund Balance Classifications	General	Shoreline Regional Park Community	Below Market Housing	General Capital Projects	Park Land Dedication	Other Governmental Funds
<b>Nonspendables:</b>						
Items not in spendable form:						
Inventory	\$ 327	0	0	0	0	67
Deposits and prepaid costs	11	0	0	0	0	0
Advances to other funds	2,938	0	0	0	0	0
<b>Total Nonspendable Fund</b>	<b>3,276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>
<b>Restricted for:</b>						
Shoreline Regional Park Community	0	48,835	0	0	0	0
General Capital Projects	0	0	0	35,587	0	0
Gas Tax	0	0	0	0	0	2,451
Vehicle Registration Fee	0	0	0	0	0	450
Construction & Conveyance Tax	0	0	0	0	0	10,325
Below Market Housing	0	0	37,391	0	0	0
Transit Oriented Development	0	0	0	0	0	2,738
Downtown Benefit Assessment	0	0	0	0	0	8,432
Grants	0	0	0	0	0	16,917
Police Asset Forfeitures	0	0	0	0	0	110
Cable Television	0	0	0	0	0	734
Deferred Assessments	0	0	0	0	0	352
Housing Successor	0	0	0	0	0	13,128
Debt Service	0	0	0	0	0	3,122
Storm Drain Construction	0	0	0	0	0	659
Park Land Dedication Fees	0	0	0	0	37,468	0
<b>Total Restricted Fund Balances</b>	<b>0</b>	<b>48,835</b>	<b>37,391</b>	<b>35,587</b>	<b>37,468</b>	<b>59,418</b>
<b>Committed to:</b>						
General Fund Building Operations	14,703	0	0	0	0	0
Budget Contingency	5,163	0	0	0	0	0
Earned Lease Revenue	478	0	0	0	0	0
Property Management	1,600	0	0	0	0	0
Graham School Field Maintenance	1,238	0	0	0	0	0
Construction Improvement Program	6,520	0	0	0	0	0
Open Space Acquisition	2,540	0	0	0	0	0
Strategic Land Acquisition	7,067	0	0	0	0	0
Childcare Commitment	1,578	0	0	0	0	0
Compensated Absences	6,884	0	0	0	0	0
<b>Total Committed Fund Balances</b>	<b>47,771</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Assigned to:</b>						
Contractual Obligations	1,498	0	0	0	0	0
<b>Total Assigned Fund Balances</b>	<b>1,498</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Unassigned:</b>						
General fund	36,880	0	0	0	0	0
Shoreline Golf Links	0	0	0	0	0	(18)
<b>Total Unassigned Fund Balances</b>	<b>36,880</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18)</b>
<b>Total Fund Balances</b>	<b>\$ 89,425</b>	<b>48,835</b>	<b>37,391</b>	<b>35,587</b>	<b>37,468</b>	<b>59,467</b>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 11 - NET POSITION AND FUND BALANCES (Continued)**

***C. Committed Fund Balances and Stabilization Arrangements***

On December 13, 1976, the City Council adopted Council Policy A-11, revised on March 27, 2007, which established the following Reserve funds.

1. The General Fund Reserve which shall be used for: (1) City Council approved expenditures not appropriated during the Annual budget process; (2) to cover unanticipated revenue shortfalls; (3) in situations of extreme physical or financial emergency (with the approval of the City Council); and (4) as a funding source for interfund loans and other loans or advances from the General Fund as approved by Council.
2. The Capital Improvement Projects Reserve shall be used for the funding of capital improvement projects authorized by the City Council. To the extent possible, General Operating Fund carryovers remaining from the end of the fiscal year, not assigned or committed for other purposes, may be applied to this Reserve.
3. The Open Space Acquisition Reserve shall be used for the purpose of acquiring open space authorized by the City Council. Proceeds from excess City-owned properties shall fund this Reserve as directed by City Council.
4. The Strategic Property Acquisition Reserve shall be used for the purpose of setting aside specific funds for the City to use for the acquisition of strategic properties.
5. The Property Management Reserve shall be used to provide a source of funds for obligations which could arise from the City's leasing of property in the North Bayshore Area, including legal, environmental testing, or other costs normally incurred by a lessor.
6. The Graham School Maintenance Reserve shall be used to fund the maintenance obligations, per the agreement with the school district, of the playing field at Graham Middle School beneath which the City has a reservoir.
7. The Child-Care Commitment Reserve shall be used to fund the future obligation payment of the City-owned building built for and leased to an operator for the purposes of child care.
8. The Compensated Absences Reserve shall fund the disbursements to separated or retired employees for accrued vacation and sick leave, as applicable.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 11 - NET POSITION AND FUND BALANCES (Continued)**

9. The Equipment Replacement Reserve shall be maintained to fund the replacement of capital equipment. The financial objectives of this fund is to permit the budgeting of level annual amounts for capital equipment replacement while utilizing this fund's reserves to absorb the cash flow variations caused by the timing of asset replacements. Appropriations for this fund will be requested in the annual budget. It is policy direction that capital assets not be replaced before the end of their useful life unless justified by operating necessity.
  
10. The Retirees' Health Insurance Program Reserve will be accounted for in accordance with Generally Accepted Accounting Principles (GAAP) which includes a periodic actuarial valuation of the City's liability and for each fund to contribute, to the extent possible, its Annual Required Contribution (ARC). In addition, to the extent possible, payments toward the Unfunded Actuarial Accrued Liability (UAAL) shall be made.

***D. Minimum Fund Balance Policies***

The City's Financial and Budgetary Policy requires the City to strive to maintain 1) 25 percent of General Operating Fund appropriations in the General Fund Reserve, 2) \$5.0 million in the Capital Improvement Projects reserve, 3) The workers compensation reserve a minimum provision to cover projected liabilities and two catastrophic losses at the City's current level of self-insured retention, 4) \$2.0 million plus expected claims settlements in the Liability Self-Insurance Reserve and 5) The enterprise fund reserves shall maintain a minimum 10 percent of operating budget for emergency, a minimum of 5 percent operating budget for contingency and a goal of 10 percent of operating budget for rate stabilization.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

***A. Encumbrances***

As of June 30, 2014, the City has outstanding encumbrances as follows:

General Fund	\$	2,735
Shoreline Regional Park Community		147
Below Market Housing		1,352
General Capital Projects		21,460
Non-Major Governmental Funds		150
		150
	\$	25,844

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

***B. Litigation***

The City is a defendant in several lawsuits and other matters arising in the normal course of operations. The City's management and legal counsel are of the opinion the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

***C. Grant Programs***

The City participates in Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2014 by the City's independent auditors in accordance with the provisions of the federal Single Audit Act amendments of 1996 and applicable State requirements.

No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

***D. City of Palo Alto Regional Water Quality Control Plant***

The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant. The agreement provides that the City will purchase capacity for 50 years. The agreement also provides for Palo Alto to set service charges annually with quarterly billings based on estimated use. A reconciliation of actual to estimated charges is completed annually. For fiscal year 2014, these costs totaled \$7.6 million.

***E. Sunnyvale Material Recovery and Transfer (SMaRT) Station***

During fiscal year 1993, the City entered into a Memorandum of Understanding (MOU) with the City of Sunnyvale to obtain solid waste and recycling services at the Sunnyvale Materials Recovery and Transfer (SMaRT) Station. The MOU provides that the City has capacity share of 23.45 percent of this facility for 30 years. Annual service charges are determined based on actual per-ton charges. For fiscal year 2014, these costs totaled \$7.6 million.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

***F. Education Enhancement Reserve Joint Powers Agreement***

On June 30, 2013, the Shoreline Community entered into an Education Enhancement JPA with the School Districts effective July 1, 2013 for a period of 10 years, superseding any prior agreements. The agreement provides for minimum annual payments commencing with fiscal year 2014 of \$1.8 million and \$2.9 million to MVLAUHS and MVWSD, respectively. Each subsequent fiscal year increases based on the growth in property tax revenues in the preceding fiscal year. In fiscal year 2014, the Shoreline Community paid \$4.7 million in contributions and recorded them in the Education Enhancement JPA Agency Fund.

***G. Tax Revenue Sharing***

Pursuant to an Agreement between the City, the Shoreline Community, and the County dated June 22, 2005, the Shoreline Community is annually obligated to pay the County from tax increment revenues, an amount equal to the County's total retirement tax override levies and pass-through an additional amount of taxes that would have been allocated to the County in the absence of the existence of the Shoreline Community. In fiscal year 2014, \$1.3 million and \$1.5 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

***H. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge***

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009 the City entered into a new 25 year agreement with the SFPUC that includes a minimum water delivery level of 5.341MGD. One of the ways the new agreement differs from the old agreement is in how facilities constructed by the SFPUC that benefit the regional customers are treated from a rate and financial perspective. Under the old agreement, facilities were built, capitalized, and added to the rate base with a rate of return (interest), and then paid for over their useful lives through wholesale rates. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

During the transition from the old to the new agreement, the issue of how to account for \$370 million in assets that were still being paid for by the wholesale customers under the old agreement was resolved. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provide a better interest rate given the favorable rate environment.

BAWSCA issued Revenue Bonds (Bonds) in the principal amount of \$335.8 million in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency, and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

The annual debt service surcharges are a fixed amount for each participant and are calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One-twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$1.5 million during fiscal year 2014, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2015 is estimated to be \$1.5 million.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 13 – LEASING ARRANGEMENTS**

**A. Shoreline Amphitheatre Partners**

In fiscal year 1986, the City and the Shoreline Community, as lessors, entered into a 35-year operating lease with the Shoreline Amphitheatre Partners (SAP), an entity not affiliated with the City or the Shoreline Community. This lease provided for the rental of City land underneath the Shoreline Amphitheatre. The lease payments included a minimum lease payment and a portion equal to a percentage of gross receipts, including concession revenues, of Shoreline Amphitheatre operations. A substantial portion of the future minimum lease payments was paid in advance by SAP in fiscal year 1997 as permitted in the lease agreement.

On May 10, 2006, the City and SFX Entertainment, wholly owned by Live Nation, entered into an Amended and Restated Amphitheatre Ground Lease Agreement (Agreement) for the period from March 15, 2006 through December 31, 2020. As required by the Agreement, the lessee pays annual base rent of \$1.8 million to the City, due in \$200,000 installments in the months of April through December. Additional rent and event rentals are due in accordance with the terms of the Agreement. Beginning March 15, 2018, the minimum lease payment shall be increased 2.0% each year, compounded.

In fiscal year 2014 lease payments of \$1.8 million were received.

The future minimum lease payments due to the City under the aforementioned lease follow (dollars in thousands):

Year Ending June 30	Amount
2015	\$ 1,800
2016	1,800
2017	1,800
2018	1,812
2019	1,848
Thereafter	<u>3,158</u>
Total	<u><u>\$ 12,218</u></u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 13 – LEASING ARRANGEMENTS (Continued)**

**B. Google Inc.**

In fiscal year 1995, the City, as lessor, entered into a 55-year lease with Silicon Graphics, Inc. (SGI), an entity not affiliated with the City. This lease provides for the rental of City land located within the Shoreline Community upon which SGI constructed a 500,000 square foot corporate campus.

In fiscal year 1997, the City, as lessor, entered into another 55-year lease with SGI. This lease provides for the rental of City land located within the Shoreline Community upon which SGI constructed a second 556,000 square foot facility.

On April 19, 2001, SGI assigned the two lease agreements described above to Goldman Sachs, Inc., an entity not affiliated with SGI or the City. Goldman Sachs assigned the agreements to WXIII/Crittenden Realty C, L.L.C on May 22, 2001, which assigned the agreements to Google Inc. (Google) on June 29, 2006.

The 1995 and 1997 lease agreements provide for rent increases of 4.0 percent per annum and the rent is to be readjusted every 10 years to the greater of 7.0 percent of the then fair market value of the property or the initial base rent.

In fiscal year 2008, the City, as lessor, entered into a 55 year lease with Google. The lease provides for the rental of land within the Shoreline Community upon which Google intends to construct a 310,000 square foot facility.

The 2008 lease agreement provides for rent increases of 3.0 percent per annum and the rent is to be readjusted every 10 years to the greater of 7.0 percent of the then fair market value of the property or the initial base rent.

The future minimum lease payments due to the City under the aforementioned three leases follow (dollars in thousands):

Year Ending June 30	Amount
2015	\$ 6,202
2016	5,867
2017	5,303
2018	4,555
2019	4,499
Thereafter	<u>171,517</u>
Total	<u><u>\$ 197,943</u></u>

In fiscal year 2011, the City, as lessor, entered into a 53 year lease with Google. The lease provides for the rental of land within the Shoreline Community upon which Google intends to construct a 285,000 square foot facility.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 13 – LEASING ARRANGEMENTS (Continued)**

Google prepaid the rent for the initial 53 year lease term in the amount of \$30.0 million, which was deposited to the Unearned Land Lease Rent Agency Fund. Revenue is recognized in the General Fund on a straight-line basis over the lease term. Any unearned rent is held by the City as agent for Google. In fiscal year 2014, \$581,000 of lease revenue had been recognized.

**C. *ROEM Development Corporation***

In fiscal year 2011, the City, as lessor, entered into a 60 year lease with ROEM Development Corporation (ROEM). The lease provides for the rental of land known as 135 Franklin Street, upon which ROEM has constructed an affordable family rental housing development.

ROEM prepaid the rent for the initial 60 year lease term in the amount of \$3.5 million. Revenue is recognized in the General Fund on a straight-line basis over the lease term. In fiscal year 2014, \$59,000 of lease revenue had been recognized.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 14 – SUCCESSOR AGENCY TO THE MOUNTAIN VIEW REVITALIZATION AUTHORITY</b>
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***Redevelopment Dissolution***

In 2011 and 2012, the state legislature enacted two laws, AB x1 26 and AB 1484, respectively, to dissolve redevelopment agencies in California, including the Authority. The City elected to serve as the Successor Agency.

In order to complete the dissolution process, the Successor Agency was charged with retiring all remaining obligations of the Authority and disposing of the Authority’s remaining real property assets pursuant to an approved Long-Range Property Management Plan (LRPMP). The Successor Agency and Santa Clara County developed and presented a proposed dissolution plan (Dissolution Package) to the Oversight Board and the Department of Finance (DOF) in an effort to complete the dissolution process. On September 20, 2013, the Oversight Board approved the actions necessary in the Dissolution Package and on October 22, 2013, the Successor Agency, City and Shoreline Community took actions to approve and authorize the Dissolution Package to wind down the affairs of the former Authority and terminate the Successor Agency. On November 14, 2013, the DOF reviewed the Oversight Board’s approval of the Dissolution Package and approved the Oversight Board’s actions and also issued a Finding of Completion. As part of the Dissolution Package, the Successor Agency also submitted a LRPMP. The DOF approved the LRPMP on February 7, 2014.

Part of the Dissolution Package includes a revenue-sharing agreement with all the affected taxing entities.

***A. Dissolution Package***

All the actions necessary to complete the wind-down process were included in the Dissolution Package. In order to dissolve, all debts must be repaid and all properties must be transferred or sold. The Dissolution Package composed of three major components necessary to wind down the affairs of the former Authority. A description of each of the key elements is as follows:

1. Certificates of Participation

Certificates of Participation (COPs) were issued in 2003 to finance a portion of the construction of Parking Structure 2 (located on California Street). The debt service payments for these COPs were scheduled to continue through February 2019. The COPs were eligible for call as of August 2013, without any premium or additional costs, and paying them off early saved over \$1.0 million in interest expense. On January 31, 2014, the City called the certificates and paid the remaining amount due.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 14 – SUCCESSOR AGENCY TO THE MOUNTAIN VIEW REVITALIZATION AUTHORITY (Continued)</b>
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2. Reinstatement of Certain Obligations

Three significant financial obligations were rendered unenforceable by the dissolution law, but could be reinstated and repaid if allowed by the Oversight Board and approved by the DOF. Two of these obligations were assets of the Shoreline Community, and include a registered note of \$2.4 million and 2003 TABs of \$2.3 million for a total of \$4.7 million. The third obligation was a loan with a balance of \$1.1 million from the City to the Authority for downtown improvements. These three obligations totaled \$5.8 million. All of these loans were remeasured to the State of California Local Agency Investment Fund (LAIF) rate as required by the dissolution legislation.

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements/ Forgiven	Balance June 30, 2014
<b>2003 Tax Allocation Bonds</b>					
6.0%, due 2018	\$ 7,000	2,287	19	(2,306)	0
<b>Pledge of Tax Increment for the Repayment of the 2003 Certificates of Participation</b>					
3.5% to 5.375%, due 2019	16,930	8,915		(8,915)	0
Plus deferred premium	682	274		(274)	0
Total	\$ 24,612	11,476	19	(11,495)	0

The Dissolution Package included the City and Shoreline Community waiving reinstatement of these obligations in exchange for a credit against the value of the Bryant Street and Franklin Street properties, as explained in further detail below.

In addition, there was \$509,000 (\$363,000 from the 2003 TABs and \$146,000 from the 2003 COPs) of bond proceeds that were used towards payment of the respective debt issues.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 14 – SUCCESSOR AGENCY TO THE MOUNTAIN VIEW REVITALIZATION AUTHORITY (Continued)</b>
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3. Long-Range Property Management Plan

The dissolution law allows properties to be retained for future development with the approval of the Oversight Board and DOF.

a. Bryant Street Parcels and the Franklin Street Parcel

The Bryant Street and the Franklin Street parcels were purchased for assemblage to adjoining City-owned land for redevelopment purposes. The Bryant Street parcels were purchased by the Former Authority in 2002 for \$1.9 million and were appraised at \$5.1 million. The Franklin Street parcel was purchased by the Former Authority in 1999 for \$725,000 and was appraised at \$1.2 million.

The combined appraised value of these two parcels is \$6.3 million. The value of the waiver of the obligations described above are offset against the value of the two properties and the difference in values will be paid by the City to be distributed to the taxing entities. As part of the calculation, the remaining 2003 TABs bond proceeds is paid back to the Shoreline Community in accordance with the bond covenants and reduces the amount of the credit. The calculation is as follows (dollars in thousands):

Appraised Value of Properties		\$ 6,250
City Loan	\$ 1,148	
Registered Note	2,392	
2003 TABs	2,306	
Bond Proceeds	<u>(363)</u>	
Total Credit		<u>5,483</u>
Balance Due from City		<u>\$ 767</u>

The credit is offset against the appraised value of the parcels and the balance due will be paid by the City to the taxing entities to make them whole for the value of the properties.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 14 – SUCCESSOR AGENCY TO THE MOUNTAIN VIEW REVITALIZATION AUTHORITY (Continued)</b>
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Note payable activity for the period ended June 30, 2014 is as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2013	Additions	Forgiven	Balance June 30, 2014
Registered Note	\$ 2,021	2,377	15	(2,392)	0
Total	\$ 2,021	2,377	15	(2,392)	0

b. Parking Structures 1 and 2

Pursuant to Health and Safety Code Section 34180(f), the City, with the approval of the Oversight Board, may retain properties or other assets of the former redevelopment agency by entering into a compensation agreement with the other taxing entities to provide payments to them for the value of the property retained in proportion to their shares of the base property tax determined pursuant to Health and Safety Code Section 34188.

In recognition of the contribution by the tax increment to build these structures, the City executed a compensation agreement with the taxing entities to share revenues generated by the two parking structures (73.4 percent and 55.4 percent for parking structure 1 and 2, respectively) for the remaining lives of the parking structures. The City has used an estimated life of 40 years for its parking structures.

The City will annually transfer the percentage share of any revenues to the County Auditor-Controller and the County Auditor-Controller will distribute the funds to each of the taxing entities. The terms of the Agreement also provides for expenses such as future tenant selection, improvements, and capital repairs to be deducted from future revenues. The approved LRPMP included the structures be transferred to the City. Currently, CVS leases a portion of parking structure 2 and pays the City \$283,000 in annual rent. The taxing entities would share 55.4 percent of the annual rent or \$157,000.

The agreement is effective on June 30, 2014, and the terms commence July 1, 2014 and continues until June 30, 2047. Routine maintenance costs will be borne by the City or the Parking District. However, in the event of catastrophic damage or destruction to the parking structures, the agreement would terminate with no obligation of the City to replace the parking structures.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 14 – SUCCESSOR AGENCY TO THE MOUNTAIN VIEW REVITALIZATION AUTHORITY (Continued)**

- c. Transfer of Governmental-Purpose Properties from the Successor Agency to the City

A variety of assets, including infrastructure assets (e.g., streets, sidewalks, etc.) excluding the parking structures, with a net book value of \$16.7 million as of June 30, 2014 were transferred from the former Authority to the City as follows (dollars in thousands):

	Balance June 30, 2013	Additions	Transfer to City	Balance June 30, 2014
Capital assets being depreciated:				
Buildings	\$ 22,464	0	(22,464)	0
Improvements other than buildings	873	0	(873)	0
Streetlights	781	0	(781)	0
Sidewalks, curbs and gutters	3,881	0	(3,881)	0
Streets and roads	3,143	0	(3,143)	0
	<u>31,142</u>	<u>0</u>	<u>(31,142)</u>	<u>0</u>
Total capital assets being depreciated	31,142	0	(31,142)	0
Less accumulated depreciation for:				
Buildings	(9,285)	(562)	9,847	0
Improvements other than buildings	(273)	(57)	330	0
Streetlights	(419)	(15)	434	0
Sidewalks, curbs and gutters	(2,006)	(149)	2,155	0
Streets and roads	(1,677)	(20)	1,697	0
	<u>(13,660)</u>	<u>(803)</u>	<u>14,463</u>	<u>0</u>
Total accumulated depreciation	(13,660)	(803)	14,463	0
Net capital assets being depreciated	<u>\$ 17,482</u>	<u>(803)</u>	<u>(16,679)</u>	<u>0</u>

**B. Tax Increment Pledge Requirements**

The pledge of future tax increment revenues ends upon repayment of the \$15.3 million in remaining debt service on the Authority's long term debt which is scheduled to occur in 2019. As of June 30, 2014, all remaining debt of the former Authority was paid off and/or forgiven.

With the dissolution of the Authority discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to pay enforceable obligations, including debt service on the obligations, with no distinction between housing and non-housing revenues. For fiscal year 2014, the Successor Agency received \$284,000 for debt service. With the dissolution of the Successor Agency, no future RPTTF funds will be distributed.

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**The Gas Tax Fund** accounts for gas tax revenues received from the State and expended for construction and maintenance of City streets.

**The Vehicle Registration Fee Fund** accounts for fees that voters approved to collect from vehicle registrations. These fees are used to fund local road improvements and repairs. These fees will expire on December 31, 2018.

**The Construction and Conveyance Tax Fund** accounts for revenues from taxes on real property transferred in the City. These revenues are used for acquisition, improvement, maintenance, expansion or implementation of the Capital Improvements Program.

**The Transit Oriented Development Fund** accounts for revenues to be used to encourage development and rejuvenation of areas served by transit facilities.

**The Housing Successor Fund** accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Revitalization Authority. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

**The Shoreline Golf Links Fund** accounts for revenues from user fees at Shoreline Golf Links and related golf course operations and improvements.

**The Downtown Benefit Assessment District Fund** accounts for revenue received for off-street parking, fees paid in-lieu of providing parking in the District and for annual ad valorem rate and direct assessments levied against the property owners within the District.

**The Grants Fund** accounts for grants received, including Community Development Block Grants, Home Investment Partnership Act Grants, the Local Law Enforcement Block Grant Program, the Supplemental Law Enforcement Services Grants and Traffic Safety grants.

**The Police Asset Forfeitures Fund** accounts for funds derived from criminal assets seized by police, primarily from illegal narcotics sales activity.

**The Cable Television Fund** accounts for Public, Education and Government (PEG) fees collected by the cable providers and restricted for PEG channel support. The City passes a portion of these funds through to a third party to provide public, governmental and educational access television services.

**The Deferred Assessments Fund** accounts for a program which allows certain property owners to defer up to 100 percent of any special assessment levied on their property. The assessment becomes due upon certain specified occurrences.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**DEBT SERVICE FUNDS**

**The 2001 Refunding Certificates of Participation Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the 2001 Refunding Certificates of Participation as they become due.

**The Special Assessments Fund** accounts for resources financed by special assessments levied against property receiving special benefits, contributions from other funds for general benefits and certain reserve requirements.

**The Shoreline Regional Park Community 2001 Tax Allocation Bonds Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2001 Tax Allocation Refunding Bonds as they become due.

**The Shoreline Regional Park Community 2004 Tax Allocation Bonds Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2004 Tax Allocation Refunding Bonds as they become due.

**The Shoreline Regional Park Community 2011 Revenue Bonds Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2011 Revenue Bonds as they become due.

**The Shoreline Regional Park Community 2014 Bank Loan Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2014 Bank Loan as they become due.

**The City Child Care Center Financing 2008 Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the 2008 Certificates of Participation as they become due.

**CAPITAL PROJECT FUND**

**The Storm Drain Construction Fund** accounts for revenues derived from off-site drainage fees used for storm drain projects in the Capital Improvements Program.

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Non-Major Governmental Funds  
Combining Balance Sheets  
June 30, 2014 (Dollars in Thousands)**

**SPECIAL REVENUE FUNDS**

	<b><u>Gas Tax</u></b>	<b><u>Vehicle Registration Fee</u></b>	<b><u>Construction &amp; Conveyance Tax</u></b>	<b><u>Transit Oriented Development</u></b>
<b>Assets:</b>				
Cash and investments	\$ 2,208	450	10,262	2,726
Restricted cash and investments	0	0	0	0
Receivables:				
Accounts (net of allowances)	0	0	0	0
Taxes	227	0	0	0
Special assessments:				
Deferred	0	0	0	0
Interest	16	0	68	12
Loans	0	0	0	0
Inventory	0	0	0	0
Total assets	<u>\$ 2,451</u>	<u>450</u>	<u>10,330</u>	<u>2,738</u>
<b>Liabilities, deferred inflows of resources and fund balances:</b>				
Liabilities:				
Accounts payable and accrued costs	\$ 0	0	5	0
Refundable deposits	0	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>
Deferred inflows or resources:				
Unavailable revenue - special assessment	0	0	0	0
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	2,451	450	10,325	2,738
Unrestricted	0	0	0	0
Total fund balances	<u>2,451</u>	<u>450</u>	<u>10,325</u>	<u>2,738</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,451</u>	<u>450</u>	<u>10,330</u>	<u>2,738</u>

**SPECIAL REVENUE FUNDS**

<b>Housing Successor</b>	<b>Shoreline Golf Links</b>	<b>Downtown Benefit Assessment District</b>	<b>Grants</b>	<b>Police Asset Forfeitures</b>	<b>Cable Television</b>	<b>Deferred Assessments</b>
353	372	8,419	100	110	734	352
0	5	0	0	0	0	0
0	0	1	4	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	1	30	0	0	0	0
12,775	0	0	16,813	0	0	4
0	67	0	0	0	0	0
<b>13,128</b>	<b>445</b>	<b>8,450</b>	<b>16,917</b>	<b>110</b>	<b>734</b>	<b>356</b>
0	35	10	0	0	0	0
0	2	8	0	0	0	0
0	359	0	0	0	0	0
0	396	18	0	0	0	0
0	0	0	0	0	0	4
0	0	0	0	0	0	4
0	67	0	0	0	0	0
13,128	0	8,432	16,917	110	734	352
0	(18)	0	0	0	0	0
<b>13,128</b>	<b>49</b>	<b>8,432</b>	<b>16,917</b>	<b>110</b>	<b>734</b>	<b>352</b>
<b>13,128</b>	<b>445</b>	<b>8,450</b>	<b>16,917</b>	<b>110</b>	<b>734</b>	<b>356</b>

(Continued)

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Non-Major Governmental Funds  
Combining Balance Sheets  
June 30, 2014 (Dollars in Thousands)**

**DEBT SERVICE FUNDS**

	<b>2001 Refunding COPs</b>	<b>Special Assessments</b>	<b>Shoreline Regional Park Community 2001 TABs</b>	<b>Shoreline Regional Park Community 2004 TABs</b>
<b>Assets:</b>				
Cash and investments	0	100	0	0
Restricted cash and investments	0	0	0	0
Receivables:				
Accounts (net of allowances)	0	0	0	0
Taxes	0	0	0	0
Special assessments:				
Deferred	0	206	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory	0	0	0	0
Total assets	<u>0</u>	<u>306</u>	<u>0</u>	<u>0</u>
<b>Liabilities, deferred inflows of resources and fund balances:</b>				
Liabilities:				
Accounts payable and accrued costs	0	0	0	0
Refundable deposits	0	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred inflows or resources:				
Unavailable revenue - special assessment	0	204	0	0
Total deferred inflows of resources	<u>0</u>	<u>204</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	102	0	0
Unrestricted	0	0	0	0
Total fund balances	<u>0</u>	<u>102</u>	<u>0</u>	<u>0</u>
Total liabilities, deferred inflows of resources an fund balances	<u>0</u>	<u>306</u>	<u>0</u>	<u>0</u>

**DEBT SERVICE FUNDS**

**CAPITAL  
PROJECTS FUND**

<b>Shoreline Regional Park Community 2011 Revenue Bonds</b>	<b>Shoreline Regional Park Community 2014 Bank Loan</b>	<b>City Child Care Center Financing 2008</b>	<b>Storm Drain Construction</b>	<b>Total Nonmajor Governmental Funds</b>
0	18	0	655	26,859
3,002	0	0	0	3,007
0	0	0	0	5
0	0	0	0	227
0	0	0	0	206
0	0	0	4	131
0	0	0	0	29,592
0	0	0	0	67
<b>3,002</b>	<b>18</b>	<b>0</b>	<b>659</b>	<b>60,094</b>
0	0	0	0	50
0	0	0	0	10
0	0	0	0	359
0	0	0	0	419
0	0	0	0	208
0	0	0	0	208
0	0	0	0	67
3,002	18	0	659	59,418
0	0	0	0	(18)
<b>3,002</b>	<b>18</b>	<b>0</b>	<b>659</b>	<b>59,467</b>
<b>3,002</b>	<b>18</b>	<b>0</b>	<b>659</b>	<b>60,094</b>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Non-Major Governmental Funds  
Combining Statements of Revenues, Expenditures and  
Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b>SPECIAL REVENUE FUNDS</b>			
	<b>Gas Tax</b>	<b>Vehicle Registration Fee</b>	<b>Construction &amp; Conveyance Tax</b>	<b>Transit Oriented Development</b>
<b>Revenues:</b>				
Taxes	\$ 0	0	6,070	0
Licenses, permits and fees	0	0	0	0
Use of money and property	18	4	93	35
Intergovernmental revenues	2,391	441	0	0
Charges for services	0	0	0	968
Other	0	0	0	0
Total revenues	<u>2,409</u>	<u>445</u>	<u>6,163</u>	<u>1,003</u>
<b>Expenditures:</b>				
Current:				
General government	47	0	186	0
Public safety	0	0	0	0
Community development	0	0	0	1
Culture and recreation	0	0	0	0
Capital outlay	0	0	0	0
Debt service:				
Principal repayment	0	0	0	0
Interest and fiscal charges	0	0	0	0
Total expenditures	<u>47</u>	<u>0</u>	<u>186</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,362</u>	<u>445</u>	<u>5,977</u>	<u>1,002</u>
<b>Other financing sources (uses):</b>				
Gain on sale of property	0	0	0	0
Proceeds from debt issue	0	0	0	0
Payment to bond escrow	0	0	0	0
Transfers in	155	5	781	7
Transfers (out)	<u>(2,194)</u>	<u>(420)</u>	<u>(5,678)</u>	<u>(1,518)</u>
Total other financing sources (uses)	<u>(2,039)</u>	<u>(415)</u>	<u>(4,897)</u>	<u>(1,511)</u>
Net change in fund balances	323	30	1,080	(509)
<b>Beginning fund balances</b>	<u>2,128</u>	<u>420</u>	<u>9,245</u>	<u>3,247</u>
<b>Ending fund balances</b>	<u>\$ 2,451</u>	<u>450</u>	<u>10,325</u>	<u>2,738</u>

**SPECIAL REVENUE FUNDS**

<b>Housing Successor</b>	<b>Shoreline Golf Links</b>	<b>Downtown Benefit Assessment District</b>	<b>Grants</b>	<b>Police Asset Forfeitures</b>	<b>Cable Television</b>	<b>Deferred Assessments</b>
0	0	508	0	0	0	0
0	0	339	0	0	0	0
2	2	146	65	0	0	0
0	0	3	1,407	23	0	0
0	2,506	2,078	0	0	0	0
0	4	0	161	0	238	0
<b>2</b>	<b>2,512</b>	<b>3,074</b>	<b>1,633</b>	<b>23</b>	<b>238</b>	<b>0</b>
0	0	0	0	0	196	0
0	0	0	111	60	0	0
0	0	351	0	0	0	0
0	2,322	0	0	0	0	0
0	24	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<b>0</b>	<b>2,346</b>	<b>351</b>	<b>111</b>	<b>60</b>	<b>196</b>	<b>0</b>
2	166	2,723	1,522	(37)	42	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	32	28	0	0	0	0
0	(233)	(108)	(138)	0	0	0
<b>0</b>	<b>(201)</b>	<b>(80)</b>	<b>(138)</b>	<b>0</b>	<b>0</b>	<b>0</b>
2	(35)	2,643	1,384	(37)	42	0
13,126	84	5,789	15,533	147	692	352
<b>13,128</b>	<b>49</b>	<b>8,432</b>	<b>16,917</b>	<b>110</b>	<b>734</b>	<b>352</b>

(Continued)

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Non-Major Governmental Funds  
Combining Statements of Revenues, Expenditures and  
Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b>DEBT SERVICE FUNDS</b>			
	<b>2001 Refunding COPs</b>	<b>Special Assessments</b>	<b>Shoreline Regional Park Community 2001 TABs</b>	<b>Shoreline Regional Park Community 2004 TABs</b>
<b>Revenues:</b>				
Taxes	0	0	0	0
Licenses, permits and fees	0	0	0	0
Use of money and property	0	16	0	0
Intergovernmental revenues	0	0	0	0
Charges for services	0	36	0	0
Other	0	0	0	0
Total revenues	<u>0</u>	<u>52</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Community development	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	0	0	0
Debt service:				
Principal repayment	900	33	1,355	1,330
Interest and fiscal charges	113	17	321	470
Total expenditures	<u>1,013</u>	<u>50</u>	<u>1,676</u>	<u>1,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,013)</u>	<u>2</u>	<u>(1,676)</u>	<u>(1,800)</u>
<b>Other financing sources (uses):</b>				
Gain on sale of property	0	0	0	0
Proceeds from debt issue	0	0	4,475	7,560
Payment to bond escrow	0	0	(4,475)	(7,560)
Transfers in	1,013	0	1,676	1,800
Transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>1,013</u>	<u>0</u>	<u>1,676</u>	<u>1,800</u>
Net change in fund balances	0	2	0	0
<b>Beginning fund balances</b>	<u>0</u>	<u>100</u>	<u>0</u>	<u>0</u>
<b>Ending fund balances</b>	<u><u>0</u></u>	<u><u>102</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

<b>DEBT SERVICE FUNDS</b>			<b>CAPITAL PROJECTS FUND</b>	
<b>Shoreline Regional Park Community 2011 Revenue Bonds</b>	<b>Shoreline Regional Park Community 2014 Bank Loan</b>	<b>City Child Care Center Financing 2008</b>	<b>Storm Drain Construction</b>	<b>Total Nonmajor Governmental Funds</b>
0	0	0	0	6,578
0	0	0	0	339
4	0	0	9	394
0	0	0	0	4,265
0	0	0	0	5,588
0	0	0	81	484
<u>4</u>	<u>0</u>	<u>0</u>	<u>90</u>	<u>17,648</u>
0	0	0	0	429
0	0	0	0	171
0	0	0	0	352
0	0	0	0	2,322
0	0	0	0	24
1,495	0	183	0	5,296
1,873	82	19	0	2,895
<u>3,368</u>	<u>82</u>	<u>202</u>	<u>0</u>	<u>11,489</u>
<u>(3,364)</u>	<u>(82)</u>	<u>(202)</u>	<u>90</u>	<u>6,159</u>
0	0	0	0	0
0	100	0	0	12,135
0	0	0	0	(12,035)
3,353	0	202	31	9,083
0	0	0	(253)	(10,542)
<u>3,353</u>	<u>100</u>	<u>202</u>	<u>(222)</u>	<u>(1,359)</u>
(11)	18	0	(132)	4,800
<u>3,013</u>	<u>0</u>	<u>0</u>	<u>791</u>	<u>54,667</u>
<u>3,002</u>	<u>18</u>	<u>0</u>	<u>659</u>	<u>59,467</u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Budgeted Non-Major Funds  
Combining Schedules of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	Gas Tax			Vehicle Registration Fee		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 0	0	0	0	0	0
Licenses, permits and fees	0	0	0	0	0	0
Use of money and property	57	18	(39)	3	4	1
Intergovernmental	1,874	2,391	517	400	441	41
Charges for services	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total revenues	<u>1,931</u>	<u>2,409</u>	<u>478</u>	<u>403</u>	<u>445</u>	<u>42</u>
<b>Expenditures:</b>						
Current:						
General government:						
City manager	0	0	0	0	0	0
Finance and administrative services	47	47	0	0	0	0
Public safety:						
Police	0	0	0	0	0	0
Community development	0	0	0	0	0	0
Culture and recreation:						
Community services	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	<u>47</u>	<u>47</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,884</u>	<u>2,362</u>	<u>478</u>	<u>403</u>	<u>445</u>	<u>42</u>
<b>Other financing sources (uses):</b>						
Sale of capital assets	0	0	0	0	0	0
Transfers in	0	155	155	0	5	5
Transfers (out)	(2,194)	(2,194)	0	(420)	(420)	0
Total other financing sources (uses)	<u>(2,194)</u>	<u>(2,039)</u>	<u>155</u>	<u>(420)</u>	<u>(415)</u>	<u>5</u>
Net change in fund balances	<u>\$ (310)</u>	<u>323</u>	<u>633</u>	<u>(17)</u>	<u>30</u>	<u>47</u>
<b>Beginning fund balances</b>		<u>2,128</u>			<u>420</u>	
<b>Ending fund balances</b>		<u>\$ 2,451</u>			<u>450</u>	

Construction & Conveyance Tax			Transit Oriented Development			Shoreline Golf Links		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
3,004	6,070	3,066	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
222	93	(129)	24	35	11	0	2	2
0	0	0	0	0	0	0	0	0
0	0	0	0	968	968	2,544	2,506	(38)
0	0	0	0	0	0	23	4	(19)
<u>3,226</u>	<u>6,163</u>	<u>2,937</u>	<u>24</u>	<u>1,003</u>	<u>979</u>	<u>2,567</u>	<u>2,512</u>	<u>(55)</u>
0	0	0	0	0	0	0	0	0
186	186	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1	1	0	0	0	0
0	0	0	0	0	0	2,329	2,322	7
0	0	0	0	0	0	24	24	0
<u>186</u>	<u>186</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>2,353</u>	<u>2,346</u>	<u>7</u>
<u>3,040</u>	<u>5,977</u>	<u>2,937</u>	<u>23</u>	<u>1,002</u>	<u>979</u>	<u>214</u>	<u>166</u>	<u>(48)</u>
0	0	0	0	0	0	0	0	0
0	781	781	0	7	7	32	32	0
(5,679)	(5,678)	1	(525)	(1,518)	(993)	(388)	(233)	155
<u>(5,679)</u>	<u>(4,897)</u>	<u>782</u>	<u>(525)</u>	<u>(1,511)</u>	<u>(986)</u>	<u>(356)</u>	<u>(201)</u>	<u>155</u>
<u>(2,639)</u>	1,080	<u>3,719</u>	<u>(502)</u>	(509)	<u>(7)</u>	<u>(142)</u>	(35)	<u>107</u>
	<u>9,245</u>			<u>3,247</u>			<u>84</u>	
	<u>10,325</u>			<u>2,738</u>			<u>49</u>	

(Continued)

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Budgeted Non-Major Funds  
Combining Schedules of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b>Downtown Benefit Assessment District</b>			<b>Grants</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>						
Taxes	208	508	300	0	0	0
Licenses, permits and fees	154	339	185	0	0	0
Use of money and property	96	146	50	3	65	62
Intergovernmental	3	3	0	820	1,407	587
Charges for services	203	2,078	1,875	0	0	0
Other	0	0	0	50	161	111
<b>Total revenues</b>	<b>664</b>	<b>3,074</b>	<b>2,410</b>	<b>873</b>	<b>1,633</b>	<b>760</b>
<b>Expenditures:</b>						
Current:						
General government:						
City manager	0	0	0	0	0	0
Finance and administrative services	0	0	0	0	0	0
Public safety:						
Police	0	0	0	111	111	0
Community development	429	351	78	2,546	0	2,546
Culture and recreation:						
Community services	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
<b>Total expenditures</b>	<b>429</b>	<b>351</b>	<b>78</b>	<b>2,657</b>	<b>111</b>	<b>2,546</b>
Excess (deficiency) of revenues over (under) expenditures	235	2,723	2,488	(1,784)	1,522	3,306
<b>Other financing sources (uses):</b>						
Sale of capital assets	0	0	0	0	0	0
Transfers in	0	28	28	0	0	0
Transfers (out)	(108)	(108)	0	(138)	(138)	0
<b>Total other financing sources (uses)</b>	<b>(108)</b>	<b>(80)</b>	<b>28</b>	<b>(138)</b>	<b>(138)</b>	<b>0</b>
<b>Net change in fund balances</b>	<b>127</b>	<b>2,643</b>	<b>2,516</b>	<b>(1,922)</b>	<b>1,384</b>	<b>3,306</b>
<b>Beginning fund balances</b>		<b>5,789</b>			<b>15,533</b>	
<b>Ending fund balances</b>		<b>8,432</b>			<b>16,917</b>	

Cable Television			Storm Drain Construction		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	12	9	(3)
0	0	0	0	0	0
0	0	0	0	0	0
232	238	6	10	81	71
232	238	6	22	90	68
270	196	74	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
270	196	74	0	0	0
(38)	42	80	22	90	68
0	0	0	0	0	0
0	0	0	0	31	31
0	0	0	(253)	(253)	0
0	0	0	(253)	(222)	31
(38)	42	80	(231)	(132)	99
	692			791	
	734			659	

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## INTERNAL SERVICE FUNDS

**The Equipment Maintenance and Replacement Fund** accounts for equipment maintenance services provided to other funds and the replacement of certain equipment.

**The Workers' Compensation Insurance Fund** accounts for the City's self-insurance program for Workers' Compensation benefits and for the administration of safety and loss prevention programs.

**The Unemployment Self-Insurance Fund** accounts for State and Federal-mandated unemployment insurance benefits for employees.

**The Liability Self-Insurance Fund** accounts for the City's general liability self-insurance and property insurance programs.

**The Retirees' Health Plan Fund** accounts for the health plan expenses incurred for retirees of the City and the funds set aside for future retirees' benefits.

**The Employee Benefits Plan Fund** accounts for the City's self-insurance vision and other benefits for City employees.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Internal Service Funds  
Combining Statements of Net Position  
June 30, 2014 (Dollars in Thousands)**

	<b>Equipment Maintenance &amp; Replacement</b>	<b>Workers' Compensation Insurance</b>	<b>Unemployment Self-Insurance</b>
<b>Asset:</b>			
Current assets:			
Cash and investments	\$ 23,786	7,665	264
Restricted cash and investments	0	30	0
Receivables:			
Interest	89	28	1
Deposits and prepaid costs	0	0	0
Total current assets	<u>23,875</u>	<u>7,723</u>	<u>265</u>
Noncurrent assets:			
Machinery and equipment	267	0	0
Accumulated depreciation	(218)	0	0
Total noncurrent assets	<u>49</u>	<u>0</u>	<u>0</u>
Total assets	<u>23,924</u>	<u>7,723</u>	<u>265</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued costs	222	0	0
Accrued compensated absences	30	0	0
Accrued self-insurance costs	0	1,902	0
Total current liabilities	<u>252</u>	<u>1,902</u>	<u>0</u>
Noncurrent liabilities: (due in more than one year):			
Accrued compensated absences	181	0	0
Accrued self-insurance costs	0	5,680	0
Total liabilities	<u>433</u>	<u>7,582</u>	<u>0</u>
<b>Net position:</b>			
Invested in capital assets	49	0	0
Unrestricted	23,442	141	265
Total net position	<u>\$ 23,491</u>	<u>141</u>	<u>265</u>

<u>Liability Self-Insurance</u>	<u>Retirees' Health Plan</u>	<u>Employee Benefits Plan</u>	<u>Total</u>
3,985	342	360	36,402
1,540	0	0	1,570
15	4	1	138
0	3	0	3
<u>5,540</u>	<u>349</u>	<u>361</u>	<u>38,113</u>
0	0	0	267
0	0	0	(218)
0	0	0	49
<u>5,540</u>	<u>349</u>	<u>361</u>	<u>38,162</u>
5	3	1	231
0	0	0	30
<u>1,375</u>	<u>0</u>	<u>0</u>	<u>3,277</u>
<u>1,380</u>	<u>3</u>	<u>1</u>	<u>3,538</u>
0	0	0	181
<u>523</u>	<u>0</u>	<u>0</u>	<u>6,203</u>
<u>1,903</u>	<u>3</u>	<u>1</u>	<u>9,922</u>
0	0	0	49
<u>3,637</u>	<u>346</u>	<u>360</u>	<u>28,191</u>
<u>3,637</u>	<u>346</u>	<u>360</u>	<u>28,240</u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Internal Service Funds  
Combining Statements of Revenues, Expenses and  
Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b><u>Equipment Maintenance &amp; Replacement</u></b>	<b><u>Workers' Compensation Insurance</u></b>	<b><u>Unemployment Self-Insurance</u></b>
<b>Operating revenues:</b>			
Charges for services	\$ 2,125	1,593	162
Other	90	66	0
Total operating revenues	<u>2,215</u>	<u>1,659</u>	<u>162</u>
<b>Operating expenses:</b>			
Salaries and related expenses	1,050	0	0
Self-funded insurance	0	2,276	71
General and administrative	2,585	145	2
Depreciation	21	0	0
Total operating expenses	<u>3,656</u>	<u>2,421</u>	<u>73</u>
Operating income (loss)	<u>(1,441)</u>	<u>(762)</u>	<u>89</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	303	91	3
Net nonoperating revenues	<u>303</u>	<u>91</u>	<u>3</u>
Income (loss) before transfers	<u>(1,138)</u>	<u>(671)</u>	<u>92</u>
<b>Transfers:</b>			
Transfers in	3,125	1,988	0
Transfers out	(62)	0	0
Net transfers	<u>3,063</u>	<u>1,988</u>	<u>0</u>
Change in net position	1,925	1,317	92
Beginning net position	<u>21,566</u>	<u>(1,176)</u>	<u>173</u>
Ending net position	<u>\$ 23,491</u>	<u>141</u>	<u>265</u>

<u>Liability Self-Insurance</u>	<u>Retirees' Health Plan</u>	<u>Employee Benefits Plan</u>	<u>Total</u>
1,386	3,831	52	9,149
28	15	0	199
<u>1,414</u>	<u>3,846</u>	<u>52</u>	<u>9,348</u>
0	0	0	1,050
495	0	0	2,842
129	3,912	70	6,843
<u>0</u>	<u>0</u>	<u>0</u>	<u>21</u>
<u>624</u>	<u>3,912</u>	<u>70</u>	<u>10,756</u>
<u>790</u>	<u>(66)</u>	<u>(18)</u>	<u>(1,408)</u>
<u>48</u>	<u>10</u>	<u>5</u>	<u>460</u>
<u>48</u>	<u>10</u>	<u>5</u>	<u>460</u>
<u>838</u>	<u>(56)</u>	<u>(13)</u>	<u>(948)</u>
0	51	0	5,164
<u>0</u>	<u>0</u>	<u>0</u>	<u>(62)</u>
<u>0</u>	<u>51</u>	<u>0</u>	<u>5,102</u>
838	(5)	(13)	4,154
<u>2,799</u>	<u>351</u>	<u>373</u>	<u>24,086</u>
<u><u>3,637</u></u>	<u><u>346</u></u>	<u><u>360</u></u>	<u><u>28,240</u></u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Internal Service Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b><u>Equipment Maintenance &amp; Replacement</u></b>	<b><u>Workers' Compensation Insurance</u></b>	<b><u>Unemployment Self-Insurance</u></b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 2,215	1,659	162
Payments to suppliers	(2,526)	(145)	(2)
Payments to or on behalf of employees	(1,040)	0	0
Claims paid	0	(1,487)	(71)
	<u>(1,351)</u>	<u>27</u>	<u>89</u>
Net cash provided (used) by operating activities			
<b>Cash flows from non-capital financing activities:</b>			
Transfers in	3,125	1,988	0
Transfers out	(62)	0	0
	<u>3,063</u>	<u>1,988</u>	<u>0</u>
Net cash provided (used) by noncapital financing activities			
<b>Cash from investing activities:</b>			
Interest received	302	85	3
	<u>302</u>	<u>85</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	2,014	2,100	92
Cash and cash equivalents at beginning of period	21,772	5,595	172
Cash and cash equivalents at end of period	<u>\$ 23,786</u>	<u>7,695</u>	<u>264</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (1,441)	(762)	89
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	21	0	0
Change in assets and liabilities:			
Accounts and other payables	69	789	0
Deposits and prepaid costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Net cash provided (used) by operating activities	<u>\$ (1,351)</u>	<u>27</u>	<u>89</u>

<u>Liability Self-Insurance</u>	<u>Retirees' Health Plan</u>	<u>Employee Benefits Plan</u>	<u>Total</u>
1,414	3,846	52	9,348
(138)	(3)	(69)	(2,883)
0	(3,911)	0	(4,951)
(495)	0	0	(2,053)
<u>781</u>	<u>(68)</u>	<u>(17)</u>	<u>(539)</u>
0	51	0	5,164
0	0	0	(62)
<u>0</u>	<u>51</u>	<u>0</u>	<u>5,102</u>
<u>47</u>	<u>16</u>	<u>5</u>	<u>458</u>
828	(1)	(12)	5,021
<u>4,697</u>	<u>343</u>	<u>372</u>	<u>32,951</u>
<u>5,525</u>	<u>342</u>	<u>360</u>	<u>37,972</u>
790	(66)	(18)	(1,408)
0	0	0	21
(9)	1	1	851
0	(3)	0	(3)
<u>781</u>	<u>(68)</u>	<u>(17)</u>	<u>(539)</u>

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## AGENCY FUNDS

**The Payroll Agency Fund** accounts for payroll-related liabilities.

**The Center for the Performing Arts Agency Fund** accounts for money received by the Center for the Performing Arts.

**The Fire Union Agency Fund** accounts for money received on behalf of the Fire Union used for union activities.

**The Police Union Agency Fund** accounts for money received on behalf of the Police Union used for union activities.

**The Flexible Benefits Plan Agency Fund** accounts for the assets and liabilities of the employer's flexible benefits plan established under Internal Revenue Code Section 125.

**The Education Enhancement JPA Agency Fund** accounts for funds to be used by the joint powers authority to enhance the educational and technology capacity of students in Mountain View schools.

**The Unearned Land Lease Rent Agency Fund** accounts for the prepaid rent received on behalf of Google Inc. per the lease agreement between Google Inc. and the City.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Agency Funds  
Combining Statements of Changes in Assets and Liabilities  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Payroll</u>				
Assets:				
Cash and investments	<u>\$ 1,998</u>	<u>98,854</u>	<u>99,049</u>	<u>1,803</u>
Liabilities:				
Accrued payroll	<u>\$ 1,998</u>	<u>114,698</u>	<u>114,893</u>	<u>1,803</u>
<u>Center For The Performing Arts</u>				
Assets:				
Restricted cash and investments	<u>\$ 126</u>	<u>1</u>	<u>0</u>	<u>127</u>
Liabilities:				
Collections payable	<u>\$ 126</u>	<u>1</u>	<u>0</u>	<u>127</u>
<u>Fire Union</u>				
Assets:				
Cash and investments	<u>\$ 0</u>	<u>37</u>	<u>12</u>	<u>25</u>
Liabilities:				
Collections payable	<u>\$ 0</u>	<u>37</u>	<u>12</u>	<u>25</u>
<u>Police Union</u>				
Assets:				
Cash and investments	<u>\$ 8</u>	<u>24</u>	<u>17</u>	<u>15</u>
Liabilities:				
Collections payable	<u>\$ 8</u>	<u>24</u>	<u>17</u>	<u>15</u>

	<b>Balance June 30, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2014</b>
<b>Flexible Benefits Plan</b>				
Assets:				
Restricted cash and investments	\$ 84	27	0	111
Liabilities:				
Collections payable	\$ 84	27	0	111
<b>Education Enhancement JPA</b>				
Assets:				
Cash and investments	\$ 344	4,715	5,059	0
Liabilities:				
Collections payable	\$ 344	5,058	5,402	0
<b>Unearned Land Lease Rent</b>				
Assets:				
Cash and investments	\$ 28,825	377	957	28,245
Liabilities:				
Unearned revenue	\$ 28,825	0	580	28,245
<b>All Agency Funds</b>				
Assets:				
Cash and investments	\$ 31,175	104,007	105,094	30,088
Restricted cash and investments	210	28	0	238
Total assets	\$ 31,385	104,035	105,094	30,326
Liabilities:				
Accrued payroll	\$ 1,998	114,698	114,893	1,803
Collections payable	562	5,147	5,431	278
Unearned revenue	28,825	0	580	28,245
Total liabilities	\$ 31,385	119,845	120,904	30,326

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## STATISTICAL SECTION

This section of the City of Mountain View’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

**Financial Trend** schedules contain information to help the reader understand how the City’s financial performance and well-being have changed over time. Schedule 1-4

**Revenue Capacity** schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax. Schedule 5-8

**Debt Capacity** schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. Schedule 9-13

**Demographic and Economic Information** schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place. Schedule 14-15

**Operating Information** schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. Schedule 16-18

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Net Assets/Position by Component**

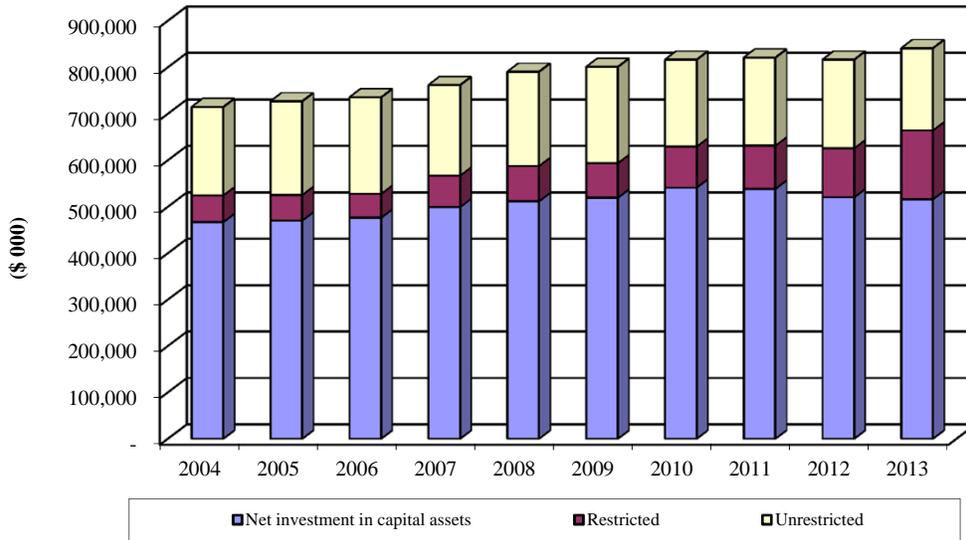
**Last Ten Fiscal Years  
(Accrual basis of accounting)  
(Dollars in Thousands)**

	<b>Fiscal Year Ended June 30,</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Governmental activities				
Net investment in capital assets	\$424,112	420,376	423,152	440,910
Restricted	57,321	54,815	51,216	67,454
Unrestricted	<u>140,475</u>	<u>157,573</u>	<u>166,437</u>	<u>159,556</u>
Total governmental activities net assets/position	<u>\$621,908</u>	<u>632,764</u>	<u>640,805</u>	<u>667,920</u>
Business-type activities				
Net investment in capital assets	\$ 42,728	49,933	53,334	58,491
Restricted	216	216	0	0
Unrestricted	<u>49,477</u>	<u>43,718</u>	<u>40,998</u>	<u>35,029</u>
Total business-type activities net assets/position	<u>\$ 92,421</u>	<u>93,867</u>	<u>94,332</u>	<u>93,520</u>
Primary government				
Net investment in capital assets	\$466,840	470,309	476,486	499,401
Restricted	57,537	55,031	51,216	67,454
Unrestricted	<u>189,952</u>	<u>201,291</u>	<u>207,435</u>	<u>194,585</u>
Total primary government net assets/position	<u>\$714,329</u>	<u>726,631</u>	<u>735,137</u>	<u>761,440</u>

\* Effective with FY2013, the City implemented GASB 63 and is reporting Net Position in its financial statements

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Net Assets/Position by Component  
Primary Government**



**Fiscal Year Ended June 30,**

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
451,123	458,072	464,498	464,111	440,921	433,059
75,918	74,391	88,252	92,781	105,365	148,253
<u>167,625</u>	<u>169,023</u>	<u>148,139</u>	<u>141,891</u>	<u>145,497</u>	<u>134,551</u>
<u><u>694,666</u></u>	<u><u>701,486</u></u>	<u><u>700,889</u></u>	<u><u>698,783</u></u>	<u><u>691,783</u></u>	<u><u>715,863</u></u>
60,569	61,307	76,592	74,436	79,412	83,040
0	0	0	0	0	0
<u>34,997</u>	<u>37,865</u>	<u>38,691</u>	<u>47,420</u>	<u>45,032</u>	<u>41,971</u>
<u><u>95,566</u></u>	<u><u>99,172</u></u>	<u><u>115,283</u></u>	<u><u>121,856</u></u>	<u><u>124,444</u></u>	<u><u>125,011</u></u>
511,692	519,379	541,090	538,547	520,333	516,099
75,918	74,391	88,252	92,781	105,365	148,253
<u>202,622</u>	<u>206,888</u>	<u>186,830</u>	<u>189,311</u>	<u>190,529</u>	<u>176,522</u>
<u><u>790,232</u></u>	<u><u>800,658</u></u>	<u><u>816,172</u></u>	<u><u>820,639</u></u>	<u><u>816,227</u></u>	<u><u>840,874</u></u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Changes in Net Assets/Position**

**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(Dollars in Thousands)**

	<b>Fiscal Year Ended June 30,</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Expenses</b>				
Governmental activities				
General government	\$ 18,383	25,228	27,247	25,753
Public safety	36,202	38,803	40,293	43,610
Public works	14,185	22,227	14,419	15,593
Community development	5,720	6,350	7,162	8,216
Culture and recreation	25,873	27,834	29,515	31,067
Interest on long term debt	4,336	4,124	3,741	3,913
Total governmental activities expenses	<u>104,699</u>	<u>124,566</u>	<u>122,377</u>	<u>128,152</u>
Business-type activities				
Water	13,753	14,369	16,298	16,727
Wastewater	10,836	11,884	12,660	12,546
Solid Waste	7,742	8,776	8,802	11,235
Total business-type activities expenses	<u>32,331</u>	<u>35,029</u>	<u>37,760</u>	<u>40,508</u>
Total primary government expenses	<u>\$ 137,030</u>	<u>159,595</u>	<u>160,137</u>	<u>168,660</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 16,860	27,413	19,833	19,340
Public safety	996	987	1,225	1,349
Public works	456	772	970	4,565
Community development	4,626	6,389	8,260	5,313
Culture and recreation	4,798	5,767	5,805	5,278
Operating grants and contributions	9,322	3,617	3,872	5,268
Capital grants and contributions	9,708	14,120	10,541	11,305
Total government activities program revenues	<u>46,766</u>	<u>59,065</u>	<u>50,506</u>	<u>52,418</u>
Business-type activities				
Charges for services:				
Water	14,046	14,153	17,895	19,102
Wastewater	10,553	11,440	12,540	14,346
Solid Waste	7,331	8,174	8,650	8,665
Operating grants and contributions	0	0	0	0
Capital grants and contributions	189	260	563	0
Total business-type activities program revenues	<u>32,119</u>	<u>34,027</u>	<u>39,648</u>	<u>42,113</u>
Total primary government program revenues	<u>\$ 78,885</u>	<u>93,092</u>	<u>90,154</u>	<u>94,531</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (57,933)	(65,501)	(71,871)	(75,734)
Business-type activities	(212)	(1,002)	1,888	1,605
Total primary government net expense	<u>\$ (58,145)</u>	<u>(66,503)</u>	<u>(69,983)</u>	<u>(74,129)</u>

\*Effective with FY2013, the City implemented GASB 63 and is reporting Net Position in its financial statements.

<b>Fiscal Year Ended June 30,</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
24,787	27,689	29,967	30,983	31,825	32,517
47,990	51,909	46,782	51,302	50,818	51,719
17,857	20,565	17,489	16,487	26,967	13,264
8,819	10,878	9,378	10,611	8,134	15,013
31,590	32,525	32,070	31,403	29,703	30,623
3,537	3,327	3,097	3,459	3,368	2,998
<u>134,580</u>	<u>146,893</u>	<u>138,783</u>	<u>144,245</u>	<u>150,815</u>	<u>146,134</u>
17,069	18,923	20,269	23,812	26,199	24,168
13,440	11,141	10,822	13,413	14,167	13,962
8,638	10,085	9,557	9,963	10,989	12,124
<u>39,147</u>	<u>40,149</u>	<u>40,648</u>	<u>47,188</u>	<u>51,355</u>	<u>50,254</u>
<u>173,727</u>	<u>187,042</u>	<u>179,431</u>	<u>191,433</u>	<u>202,170</u>	<u>196,388</u>
22,556	23,161	21,275	22,893	25,966	24,584
1,235	1,382	1,418	1,436	1,952	1,988
3,565	3,225	3,423	4,777	10,753	10,276
3,609	4,299	5,479	8,409	13,117	14,483
4,984	4,868	4,913	4,868	4,631	5,023
3,815	4,639	5,109	4,147	4,643	4,507
4,350	4,864	5,879	12,806	20,293	21,859
<u>44,114</u>	<u>46,438</u>	<u>47,496</u>	<u>59,336</u>	<u>81,355</u>	<u>82,720</u>
19,291	18,408	19,775	23,183	25,823	28,887
14,472	14,302	14,039	13,296	14,558	15,367
8,736	9,245	9,884	11,048	11,445	11,864
0	0	0	0	0	0
0	13,003	3,296	2,078	776	187
<u>42,499</u>	<u>54,958</u>	<u>46,994</u>	<u>49,605</u>	<u>52,602</u>	<u>56,305</u>
<u>86,613</u>	<u>101,396</u>	<u>94,490</u>	<u>108,941</u>	<u>133,957</u>	<u>139,025</u>
(90,466)	(100,455)	(91,287)	(84,909)	(69,460)	(63,414)
3,352	14,809	6,346	2,417	1,247	6,051
<u>(87,114)</u>	<u>(85,646)</u>	<u>(84,941)</u>	<u>(82,492)</u>	<u>(68,213)</u>	<u>(57,363)</u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Changes in Net Assets/Position**

**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(Dollars in Thousands)**

	<b>Fiscal Year Ended June 30,</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Revenues and Other Changes in Net Assets/Position</b>				
Governmental activities				
Taxes:				
Property taxes	\$ 33,270	39,864	49,979	52,352
Sales taxes	14,852	16,020	17,223	17,274
Intergovernmental revenue	5,868	432	480	313
Transient occupancy tax	2,583	3,177	3,936	4,299
Utility users tax	4,572	4,564	5,199	5,812
Nonregulatory franchise and business	3,904	4,156	3,896	3,967
Interest earnings	4,486	5,594	14,529	17,667
Other	0	0	0	52
Transfers	(746)	(265)	3,744	744
Total government activities	<u>68,789</u>	<u>73,542</u>	<u>98,986</u>	<u>102,480</u>
Business-type activities				
Interest earnings	912	1,202	1,044	1,185
Transfers, net	746	265	(3,744)	(744)
Total business-type activities	<u>1,658</u>	<u>1,467</u>	<u>(2,700)</u>	<u>441</u>
Total primary government	<u>\$ 70,447</u>	<u>75,009</u>	<u>96,286</u>	<u>102,921</u>
<b>Change in Net Assets/Position</b>				
Change in net assets/position before extraordinary and special items:				
Governmental activities	\$ 10,856	8,041	27,115	26,746
Business-type activities	1,446	465	(812)	2,046
Total primary government	<u>12,302</u>	<u>8,506</u>	<u>26,303</u>	<u>28,792</u>
Extraordinary items:				
Assets transferred to/liabilities assumed by				
Successor Agency, net of LAIF rate remeasurement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special items:				
Capital assets contributed from Successor Agency				
Land held contributed from Successor Agency	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	<u>\$ 12,302</u>	<u>8,506</u>	<u>26,303</u>	<u>28,792</u>

\*Effective with FY2013, the City implemented GASB 63 and is reporting Net Position in its financial statements.

<b>Fiscal Year Ended June 30,</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
53,264	60,311	54,749	57,709	58,515	62,601
16,264	15,242	15,501	15,939	16,744	16,935
213	231	243	194	222	209
3,155	3,267	3,914	4,397	4,668	5,595
5,866	5,651	5,711	6,157	7,954	7,335
3,974	3,845	4,084	4,204	4,241	4,633
13,716	9,801	4,784	6,363	966	3,870
8	0	0	0	0	1,091
826	1,510	195	355	510	739
<u>97,286</u>	<u>99,858</u>	<u>89,181</u>	<u>95,318</u>	<u>93,820</u>	<u>103,008</u>
1,080	930	422	526	22	394
(826)	(1,510)	(195)	(355)	(510)	(739)
254	(580)	227	171	(488)	(345)
<u>97,540</u>	<u>99,278</u>	<u>89,408</u>	<u>95,489</u>	<u>93,332</u>	<u>102,663</u>
6,820	(597)	(2,106)	10,409	24,360	39,594
3,606	14,229	6,573	2,588	759	5,706
<u>10,426</u>	<u>13,632</u>	<u>4,467</u>	<u>12,997</u>	<u>25,119</u>	<u>45,300</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(17,409)</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	16,679
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,250</u>
<u>10,426</u>	<u>13,632</u>	<u>4,467</u>	<u>(4,412)</u>	<u>25,119</u>	<u>68,229</u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Fund Balance, Governmental Funds**

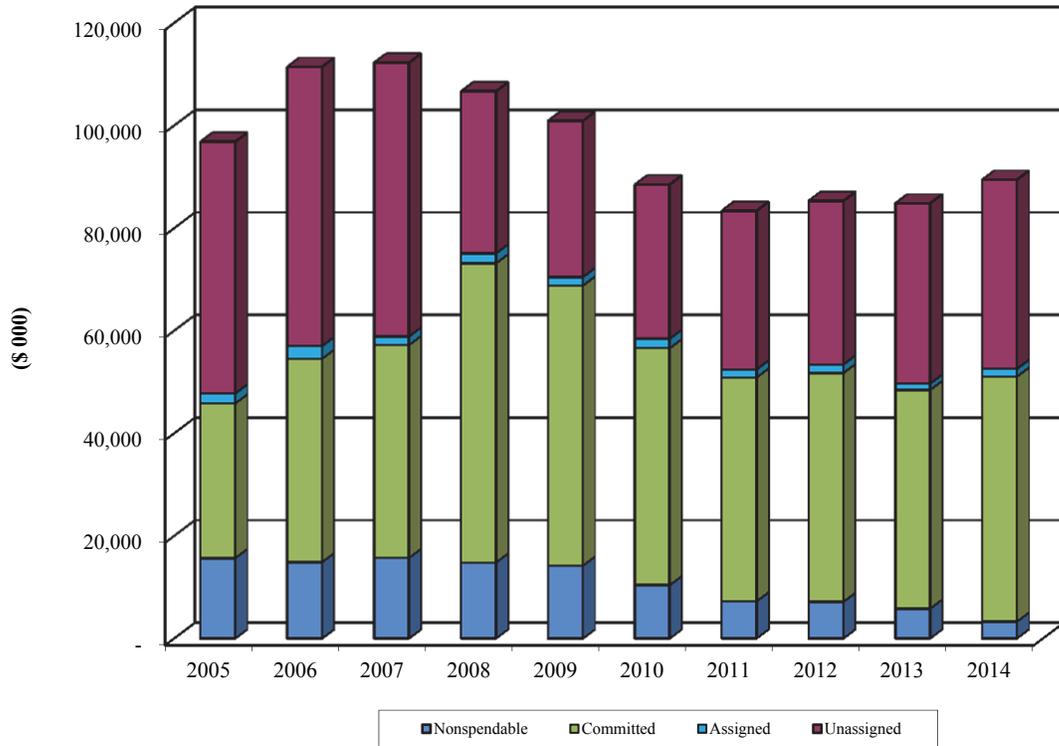
**Last Ten Fiscal Years  
(Modified accrual basis of accounting)  
(Dollars in Thousands)**

	<b>Fiscal Year Ended June 30,</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General Fund				
Nonspendable	\$ 15,666	14,885	15,717	14,809
Committed	30,135	39,653	41,486	58,349
Assigned	1,933	2,460	1,677	1,927
Unassigned	<u>49,087</u>	<u>54,453</u>	<u>53,369</u>	<u>31,573</u>
Total General Fund	<u>\$ 96,821</u>	<u>111,451</u>	<u>112,249</u>	<u>106,658</u>
All Other Governmental Funds				
Nonspendable	\$ 145	159	147	151
Restricted	131,782	116,242	118,813	135,101
Committed	1,861	1,832	1,832	1,695
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total all other governmental funds	<u>\$ 133,788</u>	<u>118,233</u>	<u>120,792</u>	<u>136,947</u>

- (1) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Fund Balance for General Fund**



**Fiscal Year Ended June 30,**

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b> (1)
14,221	10,415	7,233	7,147	5,828	3,276
54,601	46,201	43,651	44,609	42,626	47,771
1,649	1,828	1,548	1,648	1,222	1,498
<u>30,452</u>	<u>30,055</u>	<u>30,950</u>	<u>31,882</u>	<u>35,150</u>	<u>36,880</u>
<u>100,923</u>	<u>88,499</u>	<u>83,382</u>	<u>85,286</u>	<u>84,826</u>	<u>89,425</u>
148	664	694	47	76	67
138,279	140,215	141,867	159,532	191,843	218,699
1,287	647	0	0	0	0
<u>0</u>	<u>0</u>	<u>(488)</u>	<u>0</u>	<u>0</u>	<u>(18)</u>
<u>139,714</u>	<u>141,526</u>	<u>142,073</u>	<u>159,579</u>	<u>191,919</u>	<u>218,748</u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Changes in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(Dollars in Thousands)**

	<b>Fiscal Year Ended June 30,</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>				
Taxes	\$ 59,942	71,222	82,318	83,997
Licenses, permits and fees	6,822	12,258	10,202	9,366
Fines and forfeitures	614	580	775	876
Use of money and property	11,969	10,475	18,753	24,146
Intergovernmental revenues	10,360	4,720	5,305	7,367
Charges for services	17,030	19,817	22,558	22,567
Other	9,012	13,554	3,359	1,771
<b>Total Revenues</b>	<b>115,749</b>	<b>132,626</b>	<b>143,270</b>	<b>150,090</b>
<b>Expenditures</b>				
Current:				
General government	16,520	23,226	24,314	23,469
Public safety	34,275	36,665	38,791	41,252
Public works	6,642	7,117	7,726	8,382
Community development	5,113	6,229	6,666	7,541
Culture and recreation	17,485	18,449	19,996	21,354
Capital outlay	10,202	31,781	28,728	28,900
Debt service:				
Principal repayment	5,110	4,889	5,088	4,748
Interest and fiscal charges	3,950	3,863	3,633	3,627
<b>Total Expenditures</b>	<b>99,297</b>	<b>132,219</b>	<b>134,942</b>	<b>139,273</b>
Excess (deficiency) of revenues over (under) expenditures	16,452	407	8,328	10,817
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	200	0	0	52
Certificates of participation issued	0	0	0	2,800
Proceeds from debt issuance	0	0	0	0
Payment to refund bond escrow agent	0	0	0	0
Transfers in	31,889	38,075	28,904	48,332
Transfers (out)	(36,500)	(39,407)	(33,875)	(51,437)
<b>Total other financing sources (uses)</b>	<b>(4,411)</b>	<b>(1,332)</b>	<b>(4,971)</b>	<b>(253)</b>
Net Change in fund balances before extraordinary items	12,041	(925)	3,357	10,564
Extraordinary Items:				
Assets transferred to/liabilities assumed by Successor Agency, net of LAIF rate remeasurement	0	0	0	0
<b>Net Change in fund balances</b>	<b>\$ 12,041</b>	<b>(925)</b>	<b>3,357</b>	<b>10,564</b>
Debt service as a percentage of noncapital expenditures	10.2%	8.8%	8.2%	7.6%

Schedule 4

<b>Fiscal Year Ended June 30,</b>					
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
81,309	87,035	82,904	89,496	93,385	98,806
6,514	6,754	8,385	15,614	22,482	23,677
800	909	930	954	1,043	1,068
20,685	17,570	13,177	15,112	10,659	14,878
4,353	6,667	6,861	5,622	7,200	7,840
21,224	20,915	21,069	23,339	36,221	33,810
2,903	4,096	2,707	3,528	4,415	3,212
<u>137,788</u>	<u>143,946</u>	<u>136,033</u>	<u>153,665</u>	<u>175,405</u>	<u>183,291</u>
22,081	24,357	26,896	28,707	29,653	30,475
44,369	45,399	46,212	48,364	49,474	50,517
9,068	16,541	7,907	8,377	8,736	9,340
6,909	9,016	7,468	9,581	8,316	14,494
21,560	21,645	21,407	20,997	21,072	21,904
23,373	25,651	19,449	23,940	15,493	14,148
5,115	5,304	5,705	18,093	5,103	5,296
3,270	3,065	2,842	3,736	2,872	2,895
<u>135,745</u>	<u>150,978</u>	<u>137,886</u>	<u>161,795</u>	<u>140,719</u>	<u>149,069</u>
<u>2,043</u>	<u>(7,032)</u>	<u>(1,853)</u>	<u>(8,130)</u>	<u>34,686</u>	<u>34,222</u>
8	0	0	0	0	1,469
0	0	0	0	0	0
0	0	0	39,454	0	12,135
0	0	0	0	0	(12,035)
46,663	34,912	30,355	50,417	32,211	34,028
<u>(51,682)</u>	<u>(38,492)</u>	<u>(33,072)</u>	<u>(53,032)</u>	<u>(35,017)</u>	<u>(38,391)</u>
<u>(5,011)</u>	<u>(3,580)</u>	<u>(2,717)</u>	<u>36,839</u>	<u>(2,806)</u>	<u>(2,794)</u>
<u>(2,968)</u>	<u>(10,612)</u>	<u>(4,570)</u>	<u>28,709</u>	<u>31,880</u>	<u>31,428</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,299)</u>	<u>0</u>	<u>0</u>
<u>(2,968)</u>	<u>(10,612)</u>	<u>(4,570)</u>	<u>19,410</u>	<u>31,880</u>	<u>31,428</u>
7.5%	6.9%	7.3%	16.0%	6.4%	6.2%

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Assessed Value of Taxable Property****Last Ten Fiscal Years  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Real Property</b>				<b>Unsecured</b>	<b>Less: Tax-Exempt Property</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other</b>		
2004-05	\$ 6,360,376	1,416,793	1,725,553	480,157	1,497,043	(192,525)
2005-06	6,956,715	1,529,248	1,733,185	442,493	1,480,980	(242,921)
2006-07	7,542,836	1,627,386	2,054,691	639,081	1,656,266	(293,644)
2007-08	8,110,176	1,777,751	2,440,922	698,104	1,606,465	(417,248)
2008-09	8,712,439	1,941,558	2,698,312	752,376	1,552,055	(380,315)
2009-10	9,124,313	2,129,060	2,720,914	802,565	1,908,232	(457,452)
2010-11	9,173,517	2,422,019	2,563,850	385,864	1,688,517	(474,476)
2011-12	9,441,237	2,632,290	2,479,217	372,374	1,852,725	(501,151)
2012-13	9,844,690	2,737,949	2,498,708	384,514	2,400,336	(521,424)
2013-14	10,803,722	3,029,020	2,586,574	358,677	2,527,347	(545,680)

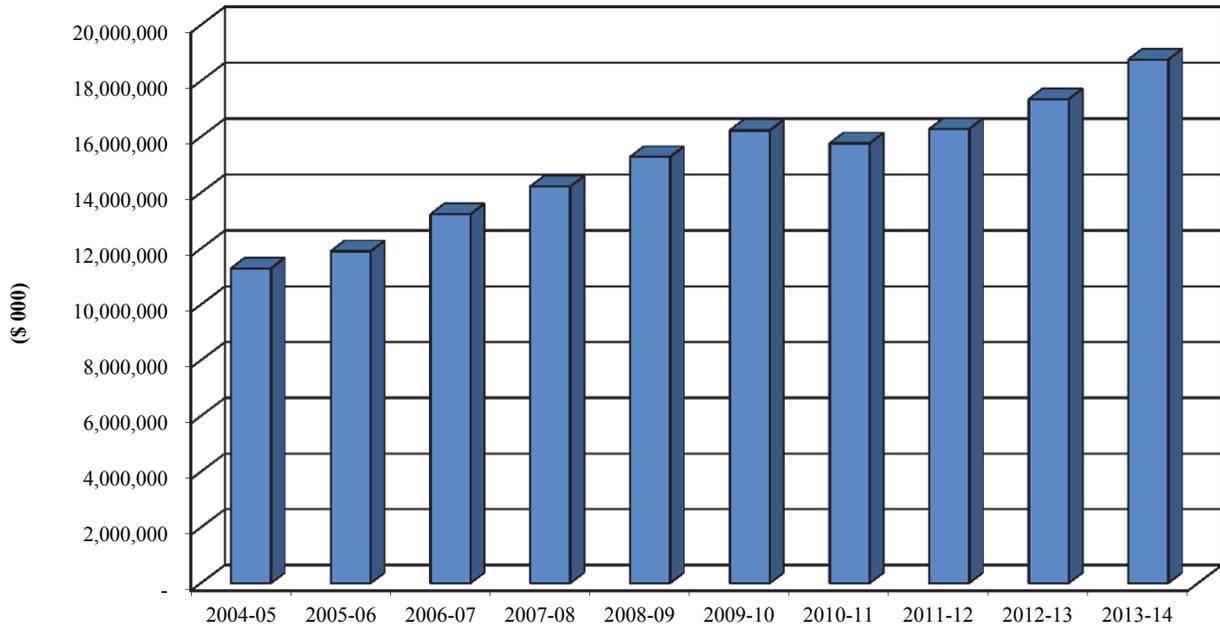
Source: Santa Clara County Assessor

Note: Actual property value data not available in California.

- (1) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Mountain View encompasses more than 15 tax rate areas.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Total Taxable Assessed Value**



<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (1)</b>
11,287,397	1%
11,899,700	1%
13,226,616	1%
14,216,170	1%
15,276,425	1%
16,227,632	1%
15,759,291	1%
16,276,693	1%
17,344,773	1%
18,759,660	1%

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years  
(Rate per \$100 of assessed value)**

<b>Fiscal Year</b>	<b>City Direct Rates</b>		<b>Overlapping Rates (1)</b>			
	<b>Basic Rate (2)</b>	<b>Total Direct</b>	<b>County of Santa Clara</b>	<b>School Districts</b>	<b>Hospitals</b>	<b>Special Districts</b>
2004-05	1.00	1.00	0.0388 - 0.0412	0.0585 - 0.0809	0.0000 - 0.0000	0.0092
2005-06	1.00	1.00	0.0388 - 0.0412	0.0676 - 0.0776	0.0000 - 0.0000	0.0078
2006-07	1.00	1.00	0.0388 - 0.0412	0.0855 - 0.1066	0.0000 - 0.0129	0.0072
2007-08	1.00	1.00	0.0388 - 0.0412	0.0584 - 0.0815	0.0000 - 0.0129	0.0071
2008-09	1.00	1.00	0.0388 - 0.0412	0.0565 - 0.0801	0.0000 - 0.0129	0.0061
2009-10	1.00	1.00	0.0510 - 0.0534	0.0757 - 0.1008	0.0000 - 0.0129	0.0074
2010-11	1.00	1.00	0.0483 - 0.0507	0.0799 - 0.1081	0.0000 - 0.0129	0.0072
2011-12	1.00	1.00	0.0388 - 0.0459	0.0747 - 0.1110	0.0000 - 0.0129	0.0064
2012-13	1.00	1.00	0.0439 - 0.0463	0.1005 - 0.1149	0.0000 - 0.0129	0.0069
2013-14	1.00	1.00	0.0423 - 0.0423	0.0941 - 0.1059	0.0000 - 0.0129	0.0070

Source: County of Santa Clara

- (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Mountain View. Not all overlapping rates apply to all Mountain View property owners. These are voter approved levies in addition to the 1% State levy.
- (2) The City's share of the basic state wide property tax rate can only be increased by a 2/3 vote of the City's residents.

**Total Direct  
and Overlapping**

1.1065 - 1.1313

1.1142 - 1.1266

1.1315 - 1.1679

1.1043 - 1.1427

1.1014 - 1.1403

1.1341 - 1.1745

1.1354 - 1.1789

1.1199 1.1762

1.1513 1.1810

1.1434 1.1681

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**CITY OF MOUNTAIN VIEW, CALIFORNIA****Principal Property Tax Payers  
Current year and Nine Years Ago  
(Dollars in thousands)**

<b>Taxpayer</b>	<b>2013-14</b>			<b>2004-05</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Google Inc.	\$ 1,870,460	1	10.0%			
HCP Life Science REIT Inc.	331,389	2	1.8%			
Mission West Shoreline LLC	183,896	3	1.0%	84,630	7	0.8%
Richard T. Peery Trustee	134,762	4	0.7%	158,499	5	1.4%
Microsoft Corporation	130,595	5	0.7%	139,931	3	1.2%
P A Charleston Road LLC	103,487	6	0.5%	89,242	6	0.8%
Richard M & Beverly Salado Trustee	77,013	7	0.4%			
Intuit Inc	121,337	8	0.6%	78,434	9	0.7%
400 Castro Street Inc.	56,598	9	0.3%			
SIC - Mountain Bay Plaza	52,517	10	0.3%			
Alza Corporation				203,524	1	1.8%
Legacy Partners, Inc.				140,700	2	1.2%
BP Shoreline Technology Park LLC				103,500	4	0.9%
Silicon Graphics Inc.				81,144	8	0.7%
SL Investments III LLC				50,771	10	0.5%
Subtotal	<u>\$ 3,062,054</u>		<u>16.3%</u>	<u>1,130,375</u>		<u>10.0%</u>

Fiscal Year 2013-2014 Total Net Assessed Valuation: \$ 18,759,659,690

Fiscal Year 2004-2005 Total Net Assessed Valuation: \$ 11,287,396,840

Source: Santa Clara County Assessor Fiscal Year Combined Tax Rolls.  
Ranking Based on taxes paid.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Taxes Levied (1)</b>	<b>Current Collections (2)</b>	<b>ERAF III (3)</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>
2004-05	\$ 36,513	33,270	3,243	100.00%	0
2005-06	43,106	39,864	3,243	100.00%	0
2006-07	49,979	49,979	0	100.00%	0
2007-08	52,352	52,352	0	100.00%	0
2008-09	53,264	53,264	0	100.00%	0
2009-10	60,311	60,311	0	100.00%	0
2010-11	54,749	54,749	0	100.00%	0
2011-12	57,709	57,709	0	100.00%	0
2012-13	58,515	58,515	0	100.00%	0
2013-14	62,601	62,601	0	100.00%	0

Source: City of Mountain View

Fiscal Years prior to 2012-13 have been restated to match schedule 2 which excludes Homeowner's Property Tax Rebate (HOPTR) reimbursed by the State.

(1) Levies include real and personal property. Amount excludes Special Assessments and the penalties and fees on delinquent Special Assessments.

(2) The City selected to participate in the "Teeter" plan offered by the County whereby cities receive 100% of the taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The "Teeter" plan does not apply to Special Assessment Districts.

(3) The City was assessed two years Educational Revenue Augmentation Fund (ERAF) III payments by the State. The ERAF payments for the General Fund and Shoreline Regional Park Community Fund were deducted from the property tax remittance. The Revitalization Authority Fund issued payments to the State for its share of ERAF III.

Schedule 8

<u>Total Taxes Collected</u>	<u>Percent of Levy</u>
36,513	100.00%
43,106	100.00%
49,979	100.00%
52,352	100.00%
53,264	100.00%
60,311	100.00%
54,749	100.00%
57,709	100.00%
58,515	100.00%
62,601	100.00%

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Ratio of Outstanding Debt by Type****Last Ten Fiscal Years  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>	<b>Total Primary Government</b>
	<b>Tax Allocation Bonds</b>	<b>Certificates of Participation</b>	<b>Special Assessment Debt</b>	<b>Water Bonds (3)</b>	
2003-04	\$ 60,385	26,440	1,900	0	88,725
2004-05	57,154	25,010	1,451	9,335	92,950
2005-06	54,140	23,625	961	9,085	87,811
2006-07	51,017	22,190	431	8,830	82,468
2007-08	47,779	22,348	411	8,565	79,103
2008-09	44,414	21,776	385	14,295	80,870
2009-10	40,917	19,995	359	13,715	74,986
2010-11	37,275	17,958	333	13,125	68,691
2011-12	56,330 (2)	5,779 (2)	306	12,525	74,940
2012-13	52,300	4,738	274	11,915	69,227

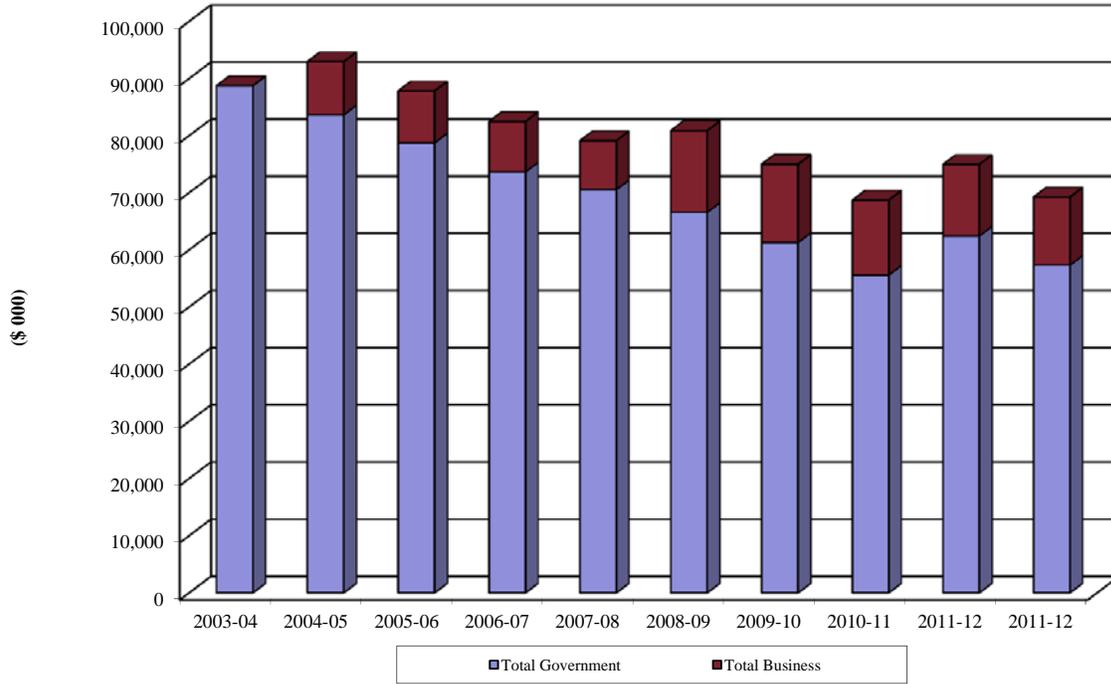
Sources: City of Mountain View  
State of California, Department of Finance (population)  
U.S. Department of commerce, Bureau of the Census (income)

Note: Debt amounts exclude any premiums, discounts or other amortization amounts.

- (1) See Schedule 14 (Demographic Statistics) for personal income and population data.  
(2) In Fiscal Year 2011-12, the Revitalization Authority was dissolved and its assets transferred/liabilities assumed by Successor Agency.  
(3) Includes City of Palo Alto Loan. See Footnote #7 for additional information.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Outstanding Debt by Activity Type**



<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
2.64%	1.24
2.63%	1.29
2.39%	1.22
2.01%	1.13
1.78%	1.07
1.83%	1.08
1.77%	1.01
1.58%	0.92
1.61%	1.00
n/a	0.91

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Ratio of General Bonded Debt Outstanding**

**Last Ten Fiscal Years  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b><u>General Bonded Debt Outstanding</u></b>		<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>Tax Allocation Bonds</b>	<b>Total</b>		
2004-05	\$ 57,154	57,154	0.51%	0.79
2005-06	54,140	54,140	0.45%	0.75
2006-07	51,017	51,017	0.39%	0.70
2007-08	47,779	47,779	0.34%	0.65
2008-09	44,414	44,414	0.29%	0.59
2009-10	40,917	40,917	0.25%	0.55
2010-11	37,275	37,275	0.24%	0.50
2011-12	56,330	56,330	0.35%	0.75
2012-13	52,300	52,300	0.32%	0.69
2013-14	36,085	36,085	0.19%	0.47

CITY OF MOUNTAIN VIEW, CALIFORNIA

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2014**

2013-14 Assessed Valuation: \$18,759,659,690

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/14</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/14</u>
Santa Clara County	\$805,700,000	5.609%	\$ 45,135,623
Foothill-DeAnza Community College District	613,179,288	16.549	101,475,040
Fremont Union High School District	290,570,108	0.395	1,147,752
Mountain View-Los Altos Union High School District	65,436,599	54.907	35,929,273
Los Altos School District	76,158,560	13.282	10,115,380
Mountain View School District	21,989,363	93.638	20,590,400
Sunnyvale School District	130,814,650	0.998	1,305,530
Mountain View-Whisman School District	46,000,000	95.284	43,830,640
Whisman School District	23,045,269	97.858	22,551,639
El Camino Hospital District	140,010,000	31.560	44,187,156
City of Mountain View 1915 Act Bonds	241,830	100.000	241,830
Santa Clara Valley Water District Benefit Assessment District	115,045,000	5.609	<u>6,452,874</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$332,963,137</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	\$757,814,320	5.609%	\$42,505,805
Santa Clara County Pension Obligation Bonds	375,419,144	5.609	21,057,260
Santa Clara County Board of Education Certificates of Participation	9,730,000	5.609	545,756
Foothill-DeAnza Community College District Certificates of Participation	13,468,694	16.549	2,228,934
Mountain View-Los Altos Union High School District Certificates of Participation	4,170,000	54.907	2,289,622
<b>City of Mountain View General Fund Obligations</b>	<b>1,925,000</b>	<b>100.000</b>	<b>1,925,000</b>
<b>City of Mountain View Loan Agreement</b>	<b>1,729,876</b>	<b>100.000</b>	<b>1,729,876</b>
Midpeninsula Regional Park District General Fund Obligations	133,209,717	9.692	12,910,686
Santa Clara County Vector Control District Certificates of Participation	3,275,000	5.609	<u>183,695</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$85,376,634</b>
Less: Santa Clara County supported obligations			<u>29,923,826</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$55,452,808</b>
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>			
Mountain View Shoreline Park Community Tax Allocation Bonds	\$36,085,000	100.000 %	\$36,085,000
Mountain View Shoreline Park Community Loan Agreement	12,135,000	100.000	<u>12,135,000</u>
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>			<b>\$48,220,000</b>
 <b>TOTAL DIRECT DEBT</b>			 <b>\$3,654,876</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$462,904,895</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$432,981,069</b>
 <b>GROSS COMBINED TOTAL DEBT</b>			 <b>\$466,559,771 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$436,635,945</b>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	1.77%
<b>Total Direct Debt (\$3,654,876).....</b>	<b>0.02%</b>
Gross Combined Total Debt .....	2.49%
Net Combined Total Debt.....	2.33%

Ratios to Incremental Valuation (\$3,512,489,048):

Total Overlapping Tax Increment Debt.....	1.37%
---	-------

Source: California Municipal Statistics, Inc.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years  
(Dollars in Thousands)**

	<b>Fiscal Year</b>			
	<b><u>2004-05</u></b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>
Debt limit	\$ 1,403,972	1,481,191	1,610,172	1,739,259
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>\$ 1,403,972</u>	<u>1,481,191</u>	<u>1,610,172</u>	<u>1,739,259</u>
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

- (1) Source: California Municipal Statistics, Inc., excluding tax allocation increment.
- (2) The legal debt margin for the City of Mountain View, California, is calculated using a debt limit of 15 percent of the assessed value of property within the City limits.

**Legal Debt Margin Calculation for Fiscal Year 2013-14**

Assessed value (net) - June 30, 2014 (1)	\$ <u>18,759,660</u>
Debt limit: 15% of assessed value	2,813,949
Less total bonded debt, general obligation	<u>0</u>
Legal debt margin (2)	\$ <u>2,813,949</u>

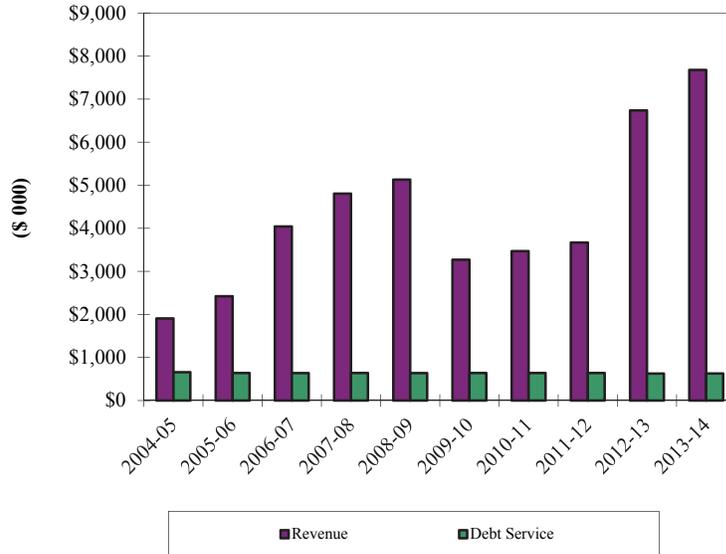
<b>Fiscal Year</b>					
<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
1,913,541	1,970,420	1,947,008	1,982,930	2,601,716	2,813,949
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,913,541</u>	<u>1,970,420</u>	<u>1,947,008</u>	<u>1,982,930</u>	<u>2,601,716</u>	<u>2,813,949</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Bonded Debt Pledged-Revenue Coverage**

**Last Ten Fiscal Years  
(Dollars in Thousands)**

**Water Revenue Bonds**



**Water Revenue Bonds**

Fiscal Year	Gross Revenues	Less: Operating Costs	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2004-05	\$ 14,509	12,602	1,907	365	294	2.9
2005-06	14,971	12,549	2,422	250	390	3.8
2006-07	18,205	14,162	4,043	255	382	6.3
2007-08	19,505	14,699	4,806	265	375	7.5
2008-09	19,778	14,647	5,131	270	367	8.1
2009-10	19,183	15,912	3,271	280	359	5.1
2010-11	20,269	16,799	3,470	290	349	5.4
2011-12	23,608	19,938	3,670	300	339	5.7
2012-13	29,060	22,322	6,738	310	316	10.8
2013-14	29,183	21,505	7,678	325	304	12.2

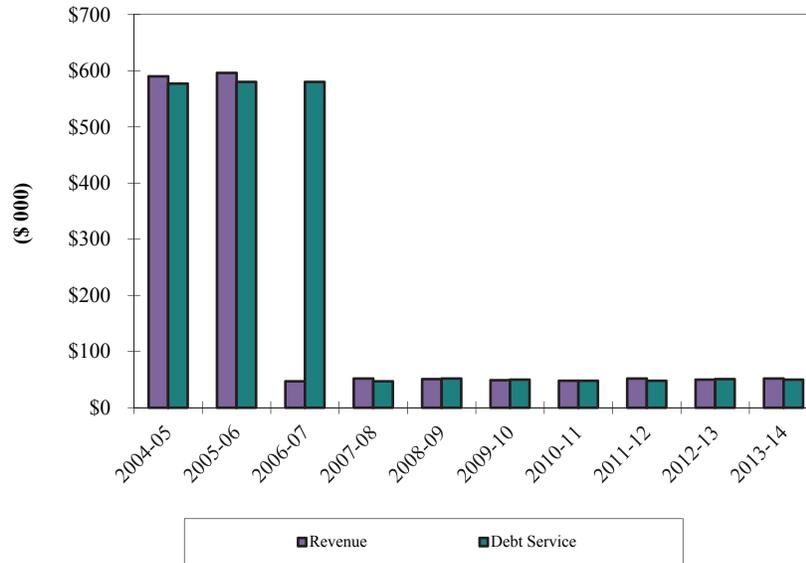
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Gross revenues include non-operating interest earnings and transfers in. Operating costs do not include interest expense, depreciation or amortizations. Interest also includes fiscal charges and other related costs.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Bonded Debt Pledged-Revenue Coverage**

**Last Ten Fiscal Years  
(Dollars in Thousands)**

**Special Assessment Bonds**



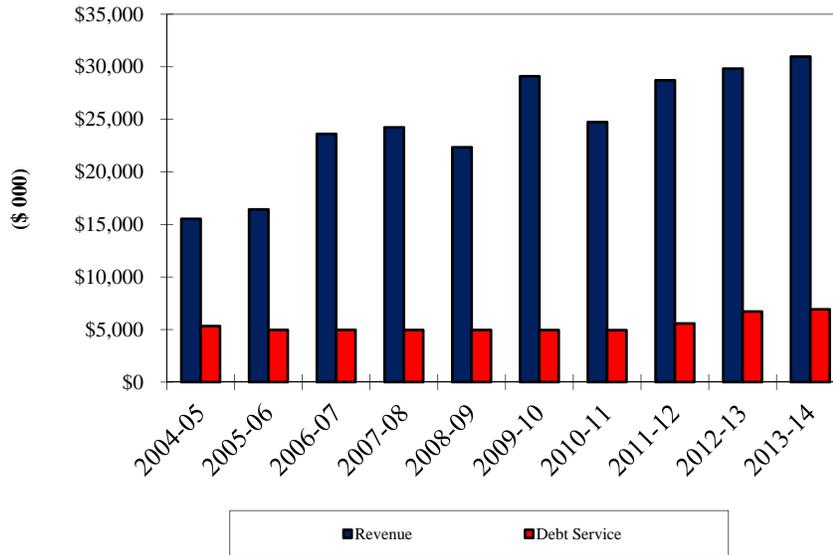
<b>Special Assessment Bonds</b>				
<b>Fiscal Year</b>	<b>Special Assessment Collections (1)</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2004-05	\$ 590	449	128	1.0
2005-06	596	490	90	1.0
2006-07	47	530	50	0.1
2007-08	52	20	27	1.1
2008-09	51	26	26	1.0
2009-10	49	26	24	1.0
2010-11	48	26	22	1.0
2011-12	52	27	21	1.1
2012-13	50	32	19	1.0
2013-14	52	33	17	1.0

Note: Current fiscal year debt service is paid from prior year collections.

(1) Collections includes interest payments from property owners.

**Last Ten Fiscal Years  
(Dollars in Thousands)**

**Tax Allocation Bonds - Shoreline Regional Park Community**



<b>Tax Allocation Bonds-Shoreline Regional Park Community</b>				
<b>Fiscal Year</b>	<b>Tax</b>			
	<b>Increment Revenues</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest (1)</b>	
2004-05	\$ 15,528	2,930	2,396	2.9
2005-06	16,429	2,695	2,272	3.3
2006-07	23,612	2,785	2,179	4.8
2007-08	24,232	2,880	2,081	4.9
2008-09	22,339	2,985	1,972	4.5
2009-10	29,102	3,095	1,854	5.9
2010-11	24,738	3,215	1,726	5.0
2011-12	28,716	3,360	2,218	5.1
2012-13	29,825	4,030	2,680	4.4
2013-14	30,972	4,180	2,746	4.5

(1) Includes other fiscal charges.

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Demographic Statistics****Last Ten Fiscal Years  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Population</b>	<b>Population Density (Sq. Mile)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>School Enrollment</b>	<b>Unemployment Rate (%) (1)</b>
2004-05	72,033	6,157	\$ 3,529,617	49	6,745	5.6%
2005-06	71,995	6,153	3,671,745	51	6,700	5.5%
2006-07	73,262	6,262	4,102,672	56	6,664	4.7%
2007-08	73,932	6,319	4,435,920	60	6,816	6.0%
2008-09	74,762	6,390	4,410,958	59	6,918	11.8%
2009-10	74,066	6,330	4,147,696	56	7,211	11.3%
2010-11	74,723	6,387	4,333,934	58	7,311	10.3%
2011-12	75,275	6,434	4,667,050	62	7,351	8.7%
2012-13	76,260	6,518	5,109,420	67	7,524	6.8%
2013-14	76,781	6,562	(2)	(2)	7,535	5.4%

Sources: Santa Clara County Office of Education.  
State of California, Department of Finance.  
U.S. Department of Commerce, Bureau of the Census.  
Santa Clara County.

(1) Per capita personal income and unemployment rate are for Santa Clara County.

Personal income is the product of the countywide per capita amount and the City's population.

(2) Data for fiscal year 2013-14 not available until May of 2015.

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**CITY OF MOUNTAIN VIEW, CALIFORNIA****Principal Employers  
Current Year and Nine Years Ago**

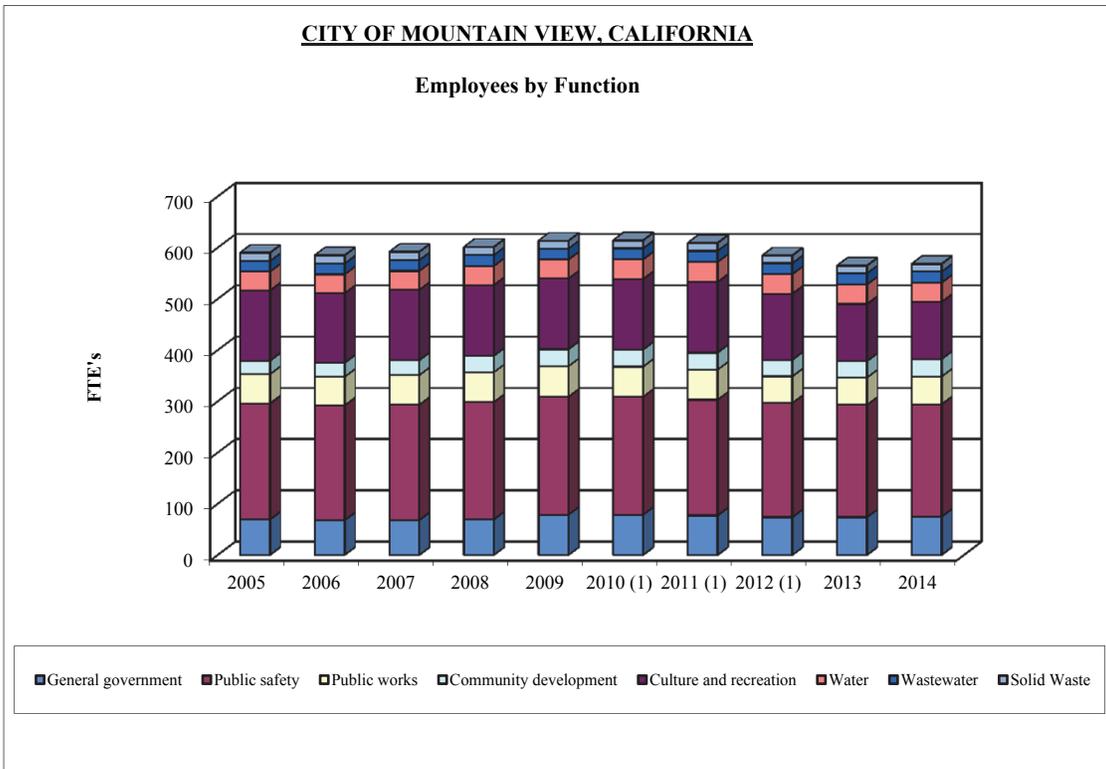
<b>Employer</b>	<b>2013-14</b>			<b>2004-05</b>		
	<b>Estimated Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Estimated Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Google Inc.	11,332	1	10.1%	3,000	1	2.5%
Symantec	3,444	2	3.1%			
LinkedIn	3,000	3	2.7%			
El Camino Hospital	2,630	4	2.4%	2,000	2	1.7%
Intuit Corporation	1,707	5	1.5%	1,300	3	1.1%
Microsoft Corporation	1,700	6	1.5%	600	9	0.5%
Palo Alto Medical Foundation	1,034	7	0.9%			
Synopsys, Inc.	1,031	8	0.9%	1,100	4	0.9%
City of Mountain View	568	9	0.5%			
Omnicell	500	10	0.5%			
Johnson & Johnson Alza Corporation				1,000	5	0.9%
KPMG				900	6	0.8%
Silicon Graphics, Inc.				800	7	0.7%
Mercury Interactive				800	8	0.7%
Siemens Corporation				600	10	0.5%
Subtotal	<u>26,946</u>		<u>24.1%</u>	<u>12,100</u>		<u>10.3%</u>
Total City Daytime Population	112,000			117,000		

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Full-Time Equivalent City Government Employees by Function****Last Ten Fiscal Years**

<b>Function</b>	<b>Adopted for Fiscal Year Ended June 30,</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General government	69.15	67.65	68.00	69.25
Public safety:				
Fire:				
Firefighters and Safety Officers	72.00	72.00	72.00	73.00
Civilians	6.85	6.85	7.85	9.10
Police:				
Sworn Police	96.00	96.00	96.00	97.00
Civilians	52.10	49.60	49.50	50.50
Public works	56.91	55.87	57.87	58.07
Community development	26.00	27.00	29.00	32.00
Culture and recreation:				
Community Services	102.75	102.00	103.75	104.50
Library	34.75	34.00	33.75	33.75
Water	36.81	37.07	37.07	37.27
Wastewater	20.65	20.93	20.93	21.18
Solid Waste	16.03	16.03	16.03	15.63
Total	<u>590.00</u>	<u>585.00</u>	<u>591.75</u>	<u>601.25</u>

Source: City of Mountain View

- (1) Fiscal Years 2009-10, 2010-11 and 2011-12 include 15.25, 25.0 and 1.0 unfunded positions, respectively.
- (2) Includes the elimination of 17.5 positions with the transfer of management of the golf course to Touchstone.



**Adopted for Fiscal Year Ended June 30,**

<u>2009</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013</u>	<u>2014</u>
78.50	78.50	77.25	73.75	73.75	74.75
73.00	73.00	73.00	73.00	74.00	74.00
9.10	9.10	8.60	8.60	5.60	5.60
98.00	98.00	95.00	95.00	96.00	96.00
50.50	50.50	49.50	46.50	44.00	44.00
59.57	58.75	58.75	52.05	53.05	54.05
33.00	33.00	33.00	32.00	32.00	34.00
104.50	104.50	104.75	99.25	81.75 (2)	81.75
33.75	33.50	33.50	30.00	30.00	30.00
37.07	38.41	38.91	38.15	38.15	37.65
21.48	21.63	21.63	21.50	21.50	21.50
15.03	15.36	15.36	14.95	14.95	14.95
<u>613.50</u>	<u>614.25</u>	<u>609.25</u>	<u>584.75</u>	<u>564.75</u>	<u>568.25</u>

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Ratio of Outstanding Debt by Type**

**Last Ten Fiscal Years  
(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>	<b>Total Primary Government</b>
	<b>Tax Allocation Bonds</b>	<b>Certificates of Participation</b>	<b>Special Assessment Debt</b>	<b>Water Bonds (3)</b>	
2003-04	\$ 60,385	26,440	1,900	0	88,725
2004-05	57,154	25,010	1,451	9,335	92,950
2005-06	54,140	23,625	961	9,085	87,811
2006-07	51,017	22,190	431	8,830	82,468
2007-08	47,779	22,348	411	8,565	79,103
2008-09	44,414	21,776	385	14,295	80,870
2009-10	40,917	19,995	359	13,715	74,986
2010-11	37,275	17,958	333	13,125	68,691
2011-12	56,330 (2)	5,779 (2)	306	12,525	74,940
2012-13	52,300	4,738	274	11,915	69,227

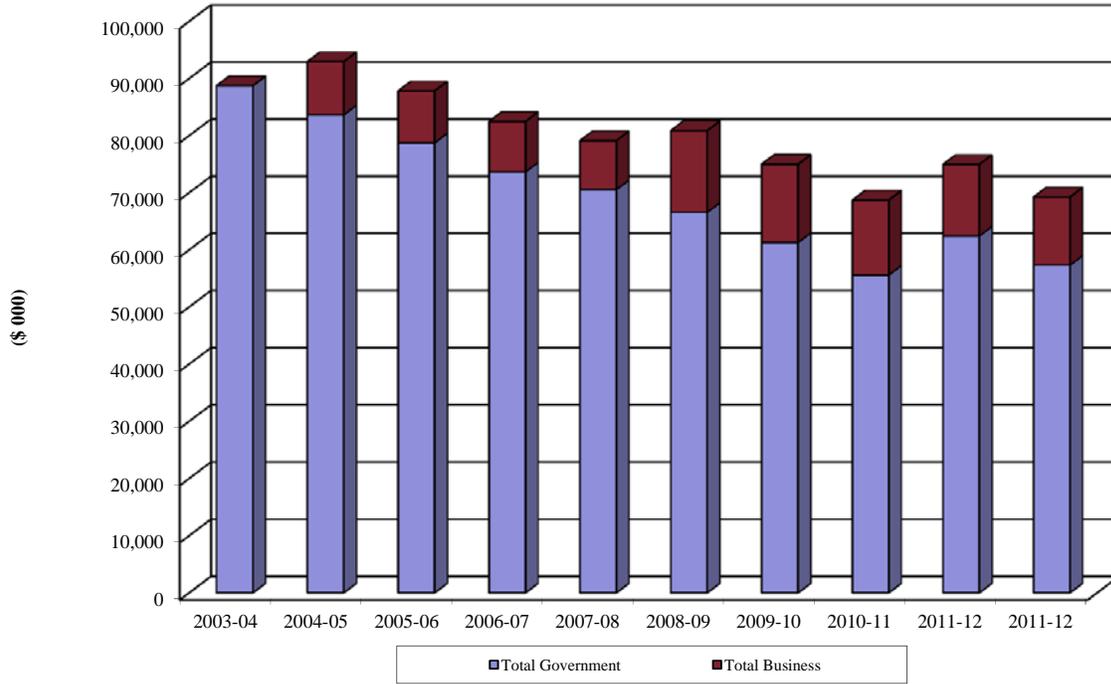
Sources: City of Mountain View  
 State of California, Department of Finance (population)  
 U.S. Department of commerce, Bureau of the Census (income)

Note: Debt amounts exclude any premiums, discounts or other amortization amounts.

- (1) See Schedule 14 (Demographic Statistics) for personal income and population data.
- (2) In Fiscal Year 2011-12, the Revitalization Authority was dissolved and its assets transferred/liabilities assumed by Successor Agency.
- (3) Includes City of Palo Alto Loan. See Footnote #7 for additional information.

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Outstanding Debt by Activity Type**



<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
2.64%	1.24
2.63%	1.29
2.39%	1.22
2.01%	1.13
1.78%	1.07
1.83%	1.08
1.77%	1.01
1.58%	0.92
1.61%	1.00
n/a	0.91

**CITY OF MOUNTAIN VIEW, CALIFORNIA****Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function/Program	Fiscal Year			
	2005	2006	2007	2008
<b>Public safety:</b>				
Fire stations	5	5	5	5
Police stations	1	1	1	1
Police patrol units	35	38	38	38
<b>Public works</b>				
Miles of streets	139.9	139.9	139.9	139.9
Street lights	3,572	3,572	3,579	3,757
Traffic Signals	72	73	77	78
<b>Culture and recreation:</b>				
Community services:				
City parks (2)	31	31	31	35
City parks acreage (2)	191.3	191.3	191.3	194.7
Playgrounds (2)	25	25	26	28
City trails (2)	5	5	5	5
City trails miles (2)	7.95	7.95	7.95	8.27
Roadway landscaping acreage	120.25	120.25	120.25	120.25
Regional park acreage (including trails) (2)	772	772	772	777.53
Regional park facilities:				
Golf courses (18 holes)	1	1	1	1
Boathouse	1	1	1	1
Sailing lake acreage	50	50	50	50
Clubhouse and banquet facility	1	1	1	1
Historic house	1	1	1	1
Community gardens	2	2	2	2
Community centers	1	1	1	1
Senior centers	1	1	1	1
Sports centers	2	2	2	2
Performing arts centers	1	1	1	1
Swimming pools	2	2	2	2
Tennis courts	35	35	35	35
Baseball/softball diamonds	12	12	12	6 (3)
Soccer/football fields	8	8	9	14 (3)
Library:				
City Libraries	1	1	1	1
<b>Water</b>				
Miles of water mains	174	176	176	175
Fire hydrants	1,967	1,993	1,993	1,993
Storage capacity (thousands of gallons)	30,800	30,800	38,530 (4)	38,530
<b>Wastewater</b>				
Miles of sanitary sewers	156	156	156	158
Miles of storm sewers	106	109	109	108
Number of treatment plants (5)	0	0	0	0
Treatment capacity (thousands of gallons)	15,100	15,100	15,100	15,100

Source: City of Mountain View

- (1) The most recent database update removed some public parking lots that no longer exist.
- (2) Includes assets not owned by the City but maintained by the City.
- (3) Numbers are from the updated Recreation Plan. Some play fields are multi-use and may have been reported differently in prior years. No fields have been lost or converted.
- (4) The new Graham reservoir and expanded Miramonte reservoir added capacity.
- (5) The City of Mountain View owns treatment capacity in the Palo Alto Treatment Plant.
- (6) The total length of the trails adjusted due to more precise GIS measurement.
- (7) No longer includes the Dog Park and Charleston Park.

Schedule 18

Fiscal Year					
2009	2010	2011	2012	2013	2014
5	5	5	5	5	5
1	1	1	1	1	1
38	38	38	38	38	38
139.9	139.9	139.2 (1)	139.2	140.2	140.2
4,117	4,117	4,117	4,117	4,117	4,117
78	80	80	80	83	83
35	35	35	37	37	39
194.7	194.7	194.7	195.7	195.7	196.35
28	28	28	30	30	30
5	5	5	5	5	5
9.02	9.02	9.02	9.35	9.35	9.26 (6)
120.25	120.25	120.25	120.25	120.25	120.25
781.79	781.79	781.79	796.63	796.63	796.13 (7)
1	1	1	1	1	1
1	1	1	1	1	1
50	50	50	50	50	50
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2	2	2	2
35	35	35	35	35	35
6	6	6	6	6	6
14	14	14	14	14	14
1	1	1	1	1	1
179	172	172	172	176	176
1,993	1,993	2,065	2,070	2,072	2,074
38,530	38,530	38,530	38,530	38,530	38,530
159	159	159	159	158	158
108	108	108	108	108	109
0	0	0	0	0	0
15,100	15,100	15,100	15,100	15,100	15,100

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mountain View Shoreline Regional Park Community  
City of Mountain View, California

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain View Shoreline Regional Park Community (Shoreline Community), a component unit of the City of Mountain View, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Shoreline Community's component unit 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 the 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 Shoreline Community'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 Shoreline Community'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, each major fund, and the aggregate remaining fund information of the Shoreline Community as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

In 2011 and 2012, the state legislature enacted two laws, AB x1 26 and AB 1484, respectively, to dissolve redevelopment agencies in California, including the Mountain View Revitalization Authority (Authority). The City elected to serve as the Successor Agency to the former Mountain View Revitalization Authority (Successor Agency).

The Successor Agency and Santa Clara County developed and presented a proposed dissolution plan to the Oversight Board and the Department of Finance in an effort to complete the dissolution process (Dissolution Package). On November 14, 2013, the DOF reviewed the Oversight Board's approval of the Dissolution Package and approved the Oversight Board's actions and also issued a Finding of Completion. As part of the Dissolution Package, the Successor Agency also submitted a LRPMP. The DOF approved the LRPMP on February 7, 2014. See further discussion in Note 9D.

The emphasis of these matters does not constitute modifications to our opinion.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 Shoreline Community's basic financial statements as a whole. The Supplemental Information as listed in the Table of Contents is presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
October 15, 2014

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Mountain View Shoreline Regional Park Community's (Shoreline Community or SRPC) component unit basic financial statements presents a narrative overview and analysis of the financial activities of the Shoreline Community for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the financial statements and our transmittal letter for the City of Mountain View (City).

### **FINANCIAL HIGHLIGHTS**

The Shoreline Community's principal revenue source is incremental property taxes which have been volatile due to economic conditions that have resulted in fluctuation in the commercial vacancy rate and assessed value. Property taxes have increased with the improving economy in fiscal year 2014. However, County of Santa Clara (County) continues to process the backlog of assessment appeals. Fiscal year 2014 financial highlights include the following:

- The financial position of the Shoreline Community remains strong as its assets exceeded its liabilities at the close of the fiscal year ended June 30, 2014 by \$93.9 million (net position). Of this amount, \$40.5 million (unrestricted net position) may be used to meet the Shoreline Community's ongoing obligations.
- The Shoreline Community's total net position decreased by \$2.3 million during the fiscal year compared to prior fiscal year increase of \$14.4 million. The significant change is primarily due to a transfer of \$13.7 million to the City, \$10.4 million higher than the prior fiscal year. The \$13.7 million is primarily \$8.8 million transferred for Capital Projects and \$4.3 million for the write off of assets related to the dissolution of the former Revitalization Authority. The Shoreline Community held Notes and TABs issued by the former Revitalization Authority and these assets were deemed unenforceable with the dissolution of redevelopment agencies across California (see Note 9 to the financial statements).
- Shoreline Community-wide revenues of \$35.5 million included program revenues, general revenues, and interest earnings, comparable to the prior fiscal year.
- Shoreline Community-wide expenses are \$25.1 million, slightly lower than the prior fiscal year.
- Governmental fund balances decreased to \$51.9 million in fiscal year 2014, a decrease of \$4.5 million from the prior fiscal year's fund balances of \$56.4 million. Revenues and expenditures were comparable to the prior fiscal year. The change from the prior fiscal year is primarily due to the higher transfers to the City as mentioned above.
- Governmental fund revenues increased to \$32.0 million in fiscal year 2014, up \$1.7 million from the prior fiscal year's revenues primarily due to an increase in property tax revenues. Assessed values increased due to the improved economy and received the California Consumer Price Index increase maximum of 2.0 percent. There were also changes in

ownership that resulted in increased assessed values. These increases were offset by the processing of assessment appeals by the County.

- Governmental fund expenditures are \$23.9 million in fiscal year 2014, up \$175,000 from the prior fiscal year's expenditures of \$23.7 million.

## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Shoreline Community's component unit basic financial statements. The Shoreline Community's component unit basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Shoreline Community's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Shoreline Community's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Shoreline Community is improving or deteriorating.

The Statement of Activities presents information showing how the Shoreline Community's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as expenses pertaining to earned but unused vacation and sick leave.

### Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Shoreline Community, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Shoreline Community's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Shoreline Community has five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the SRPC Special Revenue Fund, SRPC 2001 Tax Allocation Bonds Fund, SRPC 2004 Tax Allocation Bonds Fund, SRPC 2011 Revenue Bonds Fund, and SRPC 2014 Bank Loan Fund, all of which are reported as major funds.

The Shoreline Community adopts an annual appropriated budget for its Special Revenue Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Shoreline Community. Since the resources of these funds are not available to support the Shoreline Community's own programs, they are not reflected in the government-wide financial statements.

#### Notes to the Financial Statements

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Since fiscal year 2002, the Shoreline Community has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements, and Management's Discussion and Analysis (MD&A) for State and Local Governments. Two years of financial information is in the GASB Statement No. 34 format and a comparative analysis of government-wide data is included in this report.

## Analysis of Net Position

A summary of net position follows:

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Current and other assets	\$ 57,745	63,450
Capital assets	<u>91,092</u>	<u>92,967</u>
Total assets	<u>148,837</u>	<u>156,417</u>
<b>Liabilities:</b>		
Current and other liabilities	6,707	8,157
Noncurrent liabilities	<u>48,220</u>	<u>52,064</u>
Total liabilities	<u>54,927</u>	<u>60,221</u>
<b>Net Position:</b>		
Net investment in capital assets	53,443	51,721
Unrestricted	<u>40,467</u>	<u>44,475</u>
Total net position	<u>\$ 93,910</u>	<u>96,196</u>

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the Shoreline Community, assets exceeded liabilities by \$93.9 million at the end of the fiscal year. The components of net position are as follows:

- The largest portion of the Shoreline Community's net position of \$53.4 million is invested in capital assets, net of related debt, and is comparable to the prior fiscal year.
- Another significant portion of the Shoreline Community's net position of \$40.5 million is unrestricted, which may be used to meet the Shoreline Community's ongoing obligations.

The Shoreline Community's net position decreased \$2.3 million for the fiscal year, which is reflected in the decrease of unrestricted net position. This is primarily due to significant funding of major capital projects during the fiscal year and the write off of assets associated with the dissolution of the former Revitalization Authority.

## Statement of Activities

A summary of the changes in net position follows:

	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>		
Program revenues	\$ 205	312
General revenues:		
Taxes	30,972	29,825
Interest earnings	786	86
Capital contributions	<u>3,507</u>	<u>6,375</u>
Total revenues	<u>35,470</u>	<u>36,598</u>
<b>Expenses:</b>		
General government	13,352	13,703
Public safety	4,409	106
Public works	1,585	1,400
Community development	259	342
Culture and recreation	2,743	7,547
Interest on long-term debt	<u>2,714</u>	<u>2,741</u>
Total expenses	<u>25,062</u>	<u>25,839</u>
Increase in net position before transfers	10,408	10,759
Transfers (net)	<u>(12,694)</u>	<u>3,650</u>
Change in net position	(2,286)	14,409
Beginning net position	<u>96,196</u>	<u>81,787</u>
Ending net position	<u>\$93,910</u>	<u>96,196</u>

The major component of the Shoreline Community's fiscal year 2014 revenues is \$31.0 million from property taxes. This is an increase of \$1.1 million from fiscal year 2013. The increase is as a result of the California Consumer Price Index, changes in ownership, net of decreases in unsecured assessed value. Capital contributions of \$3.5 million are added as projects funded are capitalized. Program revenues are \$205,000 and investment earnings accounted for \$786,000 of Shoreline Community revenues.

Expenses totaled \$25.1 million, comparable to the prior fiscal year of \$25.8 million. The components are \$13.4 million for general government, \$4.4 million for public safety, and \$2.7 million for interest on long-term debt. The change in net position is a decrease of \$2.3 million

compared to the prior fiscal year increase of \$14.4 million. The difference is due to the significant transfers for capital projects and the write off of assets related to the dissolution of the former Revitalization Authority.

## **FINANCIAL ANALYSIS OF THE SHORELINE COMMUNITY'S FUNDS**

As noted earlier, the Shoreline Community uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Shoreline Community's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Shoreline Community's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, the Shoreline Community's funds reported combined fund balances of \$51.9 million, a decrease of \$4.5 million in comparison to the prior fiscal year's fund balances of \$56.4 million. Unassigned fund balance of \$48.8 million is available for spending at the Shoreline Community's discretion, and \$3.0 million is restricted.

Revenues for the fiscal year ending June 30, 2014 totaled \$32.0 million, an increase of \$1.7 million, or 5.8 percent, over the prior fiscal year. Expenditures totaled \$23.9 million, comparable to the prior fiscal year.

The SRPC Special Revenue Fund is the general fund for the Shoreline Community and receives tax increment revenues on property within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community. At the end of the fiscal year, the unassigned fund balance is \$48.8 million. As a measure of the fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 287.8 percent of the total fund expenditures of \$17.0 million.

The fund balance of the SRPC Special Revenue Fund decreased by \$4.5 million during the current fiscal year. Key factors in this decrease are as follows:

- Total revenues are \$32.0 million in fiscal year 2014, an increase of \$1.7 million from the prior fiscal year. Property tax increment revenues are \$31.0 million in fiscal year 2014, an increase of \$1.1 million from fiscal year 2013. The increase is due to higher assessed values as a result of the improved economy and is described in more detail above.
- Expenditures are \$17.0 million in fiscal year 2014, essentially the same as the prior fiscal year.
- Net transfers out were \$12.7 million in fiscal year 2014 compared to net transfers in of \$3.7 million in the prior fiscal year. There were significant capital projects funded in the current fiscal year and the impact of the dissolution of the former Revitalization Authority as described above.

The SRPC 2001 Tax Allocation Bonds Fund accounts for resources used for the purpose of paying the principal, interest, and related costs on the Shoreline Regional Park Community 2001 Tax Allocation Refunding Bonds as they become due, which are more fully described in Note 6 to the financial statements.

The debt was called during the current fiscal year. Debt service expenditures included \$1.4 million in principal retirement, \$4.5 million to call the outstanding balance of the debt and \$321,000 in interest and fiscal charges in fiscal year 2014.

The SRPC 2004 Tax Allocation Bonds Fund accounts for resources used for the purpose of paying the principal, interest, and related costs on the Shoreline Regional Park Community 2004 Tax Allocation Refunding Bonds as they become due, which are more fully described in Note 6 to the financial statements.

The debt was called during the current fiscal year. Debt service expenditures included \$1.3 million in principal retirement, \$7.6 million to call the outstanding balance of the debt and \$470,000 in interest and fiscal charges in fiscal year 2014.

The SRPC 2011 Revenue Bonds Fund accounts for resources used for the purpose of paying the principal, interest, and related costs on the Shoreline Regional Park Community 2011 Revenue Bonds as they become due, which are more fully described in Note 6 to the financial statements.

Debt service expenditures included \$1.5 million in principal retirement and \$1.9 million in interest and fiscal charges in fiscal year 2014.

The SRPC 2014 Bank Loan Fund accounts for the resources used for the purpose of paying the principal, interest, and related costs on the Shoreline Regional Park Community 2014 Bank Loan as they become due, which are more fully described in Note 6 to the financial statements.

The SRPC 2014 Bank Loan was used to call and retire the outstanding balances of the Shoreline Regional Park Community 2001 and 2004 Tax Allocation Bonds, resulting in an economic gain of \$682,000. Debt service expenditures included \$82,000 issuance cost.

## **CAPITAL ASSETS**

A summary of capital assets follows:

	<u>2014</u>	<u>2013</u>
Land	\$14,332	14,332
Construction in progress	9,211	25,094
Buildings	23,908	15,519
Improvements other than buildings	79,182	76,047
Machinery and equipment	1,924	1,905
Traffic signals	746	746
Streetlights	1,014	1,014
Bridges and culverts	11,317	3,456
Sidewalks, curbs, and gutters	7,421	7,421
Streets and roads	21,765	21,765
Less accumulated depreciation	<u>(79,728)</u>	<u>(74,332)</u>
<b>Total</b>	<b><u>\$91,092</u></b>	<b><u>92,967</u></b>

At the end of fiscal year 2014, capital assets recorded on the Shoreline Community's financial statements amount to \$91.1 million (net of accumulated depreciation). There are additions of \$3.5 million and transfers from construction in progress of \$19.4 million during fiscal year 2014. Net depreciation of \$5.4 million is provided for in fiscal year 2014. Further details on capital assets and depreciation charges may be found in Note 5.

## **DEBT ADMINISTRATION**

During fiscal year 2014, the Shoreline Community secured a bank loan for \$12.1 million to call the outstanding principal of the 2001 and 2004 TABs with an economic gain of \$682,000.

As of June 30, 2014, the Shoreline Community has \$48.2 million of outstanding long-term debt and all debt principal payments were made as scheduled. The Shoreline Community's debt issues are discussed in detail in Note 6 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

- Property taxes for the Shoreline Community are expected to slightly decline for the upcoming fiscal year due to a projected decrease in unsecured assessed values, the processing of the County backlog of assessment appeals offset by the low 0.454 California Consumer Price Index applied to secured property, and increase in property values due to changes in ownership. However, there are fewer appeals remaining outstanding and property values are rising due to the improved economy.

These factors were considered in preparing the Shoreline Community's budget for fiscal year 2015.

**REQUEST FOR INFORMATION**

These financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Shoreline Community's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance and Administrative Services Department, 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540, or *finance@mountainview.gov*.

PJK/7/FIN  
546-09-12-14R-SRPC

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Statement of Net Position  
June 30, 2014 (Dollars in Thousands)**

<b>Assets:</b>	
Cash and investments (Note 3)	\$ 46,911
Restricted cash and investments (Note 3)	10,571
Receivables:	
Accounts (net of allowances)	13
Interest	250
Capital assets (Note 5):	
Land and construction in progress	23,543
Other capital assets, net of depreciation	<u>67,549</u>
Total assets	<u>148,837</u>
<b>Liabilities:</b>	
Accounts payable and accrued costs	2,949
Interest payable	817
Advances from the City of Mountain View (Note 4)	2,938
Refundable deposits	3
Noncurrent liabilities (Note 6):	
Due within one year	4,377
Due in more than one year	<u>43,843</u>
Total liabilities	<u>54,927</u>
<b>Net position (Note 8):</b>	
Net investment in capital assets	53,443
Unrestricted	<u>40,467</u>
Total net position	<u>\$ 93,910</u>

See accompanying notes to financial statements.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Statement of Activities**

**For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Governmental activities:</b>			
General government	\$ 13,352	205	(13,147)
Public safety	4,409	0	(4,409)
Public works	1,585	0	(1,585)
Community development	259	0	(259)
Culture and recreation	2,743	0	(2,743)
Interest on long-term debt	2,714	0	(2,714)
Total governmental activities	<u>\$ 25,062</u>	<u>205</u>	<u>(24,857)</u>
<b>General revenues and transfers:</b>			
Property taxes			30,972
Interest earnings			786
Capital contributions from City			3,507
Transfers from the City of Mountain View (Note 4)			1,046
Transfers to the City of Mountain View (Note 4)			<u>(13,740)</u>
Total general revenues and transfers			<u>22,571</u>
Change in net position			(2,286)
Beginning net position			<u>96,196</u>
Ending net position			<u>\$ 93,910</u>

See accompanying notes to financial statements.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Governmental Funds**

**Balance Sheet**

**June 30, 2014 (Dollars in Thousands)**

	<u>Shoreline Regional Park Community</u>	<u>Shoreline Regional Park Community 2001 TABs</u>	<u>Shoreline Regional Park Community 2004 TABs</u>	<u>Shoreline Regional Park Community 2011 Revenue Bonds</u>
<b>Assets:</b>				
Cash and investments (Note 3)	\$ 46,893	0	0	0
Restricted cash and investments (Note 3)	7,569	0	0	3,002
Receivables:				
Accounts (net of allowances)	13	0	0	0
Interest	250	0	0	0
Total assets	<u>\$ 54,725</u>	<u>0</u>	<u>0</u>	<u>3,002</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable and accrued costs	\$ 2,949	0	0	0
Refundable deposits	3	0	0	0
Advances from the City of Mountain View (Note 4)	2,938	0	0	0
Total liabilities	<u>5,890</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances (Note 8):				
Restricted	0	0	0	3,002
Unassigned	48,835	0	0	0
Total fund balances	<u>48,835</u>	<u>0</u>	<u>0</u>	<u>3,002</u>
Total liabilities and fund balances	<u>\$ 54,725</u>	<u>0</u>	<u>0</u>	<u>3,002</u>

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.

**LONG TERM ASSETS AND LIABILITIES**

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental Funds:

Noncurrent liabilities  
Interest payable

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

See accompanying notes to financial statements.

<u>Shoreline Regional Park Community 2014 Bank Loan</u>	<u>Total Governmental Funds</u>
18	46,911
0	10,571
0	13
<u>0</u>	<u>250</u>
<u>18</u>	<u>57,745</u>
0	2,949
0	3
<u>0</u>	<u>2,938</u>
<u>0</u>	<u>5,890</u>
18	3,020
<u>18</u>	<u>48,835</u>
<u>18</u>	51,855
<u>18</u>	
	91,092
	(48,220)
	<u>(817)</u>
	<u>\$ 93,910</u>

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Governmental Funds  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b>Shoreline Regional Park Community</b>	<b>Shoreline Regional Park Community 2001 TABs</b>	<b>Shoreline Regional Park Community 2004 TABs</b>
<b>Revenues:</b>			
Taxes	\$ 30,972	0	0
Use of money and property	782	0	0
Intergovernmental revenues	20	0	0
Charges for services	125	0	0
Other	60	0	0
Total revenues	<u>31,959</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
General government	13,352	0	0
Public safety	112	0	0
Public works	636	0	0
Community development	254	0	0
Culture and recreation	2,598	0	0
Capital outlay	14	0	0
Debt service:			
Principal repayment	0	1,355	1,330
Interest and fiscal charges	0	321	470
Total expenditures	<u>16,966</u>	<u>1,676</u>	<u>1,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,993</u>	<u>(1,676)</u>	<u>(1,800)</u>
<b>Other financing sources (uses):</b>			
Proceeds from debt issuance	0	4,475	7,560
Payment to refund bond escrow agent	0	(4,475)	(7,560)
Transfers in (Note 4)	0	1,676	1,800
Transfers (out) (Note 4)	(6,829)	0	0
Transfers from the City of Mountain View (Note 4)	1,046	0	0
Transfers to the City of Mountain View (Note 4)	(13,740)	0	0
Total other financing sources (uses)	<u>(19,523)</u>	<u>1,676</u>	<u>1,800</u>
Net change in fund balances	(4,530)	0	0
<b>Beginning fund balances</b>	<u>53,365</u>	<u>0</u>	<u>0</u>
<b>Ending fund balances</b>	<u>\$ 48,835</u>	<u>0</u>	<u>0</u>

See accompanying notes to financial statements.

<b>Shoreline Regional Park Community 2011 Revenue Bonds</b>	<b>Shoreline Regional Park Community 2014 Bank Loan</b>	<b>Total Governmental Funds</b>
0	0	30,972
4	0	786
0	0	20
0	0	125
0	0	60
<u>4</u>	<u>0</u>	<u>31,963</u>
0	0	13,352
0	0	112
0	0	636
0	0	254
0	0	2,598
0	0	14
1,495	0	4,180
1,873	82	2,746
<u>3,368</u>	<u>82</u>	<u>23,892</u>
<u>(3,364)</u>	<u>(82)</u>	<u>8,071</u>
0	100	12,135
0	0	(12,035)
3,353	0	6,829
0	0	(6,829)
0	0	1,046
0	0	(13,740)
<u>3,353</u>	<u>100</u>	<u>(12,594)</u>
(11)	18	(4,523)
<u>3,013</u>	<u>0</u>	<u>56,378</u>
<u><u>3,002</u></u>	<u><u>18</u></u>	<u><u>51,855</u></u>

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Reconciliation of the  
Net Change in Fund Balances -  
Total Governmental Funds with the  
Change in Net Position - Governmental Activities  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (4,523)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital assets contributed by the City	3,507
The capital outlay and other capitalizable expenditures are added back to fund balance	14
Depreciation expense is deducted from the fund balance	(5,396)

**LONG-TERM DEBT PROCEEDS AND PAYMENTS**

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Proceeds from long term debt	(12,135)
Payment to escrow account	12,035
Repayment of debt principal is added back to fund balance	4,180
Amortization of discounts and premiums on refunding is deducted from fund balance	(236)

**ACCRUAL OF NON-CURRENT ITEMS**

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds (net change):

Interest payable	<u>268</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,286)

See accompanying notes to financial statements.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Shoreline Regional Park Community  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Budget and Actual  
For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 26,053	26,053	30,972	4,919
Use of money and property	779	779	782	3
Intergovernmental revenues	0	0	20	20
Charges for services	60	60	125	65
Other	43	48	60	12
Total revenues	<u>26,935</u>	<u>26,940</u>	<u>31,959</u>	<u>5,019</u>
<b>Expenditures:</b>				
Current:				
General government:				
City attorney	10	148	0	148
Finance and administrative services	13,005	13,361	13,352	9
Public safety:				
Fire	134	145	87	58
Police	26	26	25	1
Public works	739	760	636	124
Community development	387	387	254	133
Culture and recreation:				
Community services	2,702	2,896	2,598	298
Capital outlay	28	37	14	23
Total expenditures	<u>17,031</u>	<u>17,760</u>	<u>16,966</u>	<u>794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,904</u>	<u>9,180</u>	<u>14,993</u>	<u>5,813</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	(6,712)	(11,187)	(6,829)	4,358
Transfers from the City of Mountain View	0	0	1,046	1,046
Transfers to the City of Mountain View	<u>(6,223)</u>	<u>(10,863)</u>	<u>(13,740)</u>	<u>(2,877)</u>
Total other financing sources (uses)	<u>(12,935)</u>	<u>(22,050)</u>	<u>(19,523)</u>	<u>2,527</u>
Net change in fund balances	<u>\$ (3,031)</u>	<u>(12,870)</u>	<u>(4,530)</u>	<u>8,340</u>
<b>Beginning fund balances</b>			<u>53,365</u>	
<b>Ending fund balances</b>			<u>\$ 48,835</u>	

See accompanying notes to financial statements.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Fiduciary Fund  
Statement of Fiduciary Net Position  
June 30, 2014 (Dollars in Thousands)**

	<u>Agency Fund</u>
<b>Assets:</b>	
Cash and investments (Note 3)	<u>\$ 0</u>
Total assets	<u><u>\$ 0</u></u>
<b>Liabilities:</b>	
Due to others	<u>\$ 0</u>
Total liabilities	<u><u>\$ 0</u></u>

See accompanying notes to financial statements.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT REPORTING POLICIES**

The Mountain View Shoreline Regional Park Community (Shoreline Community) was established in 1969 pursuant to the provisions of the Mountain View Shoreline Regional Park Community Act. The purpose of the Shoreline Community is to provide for the development of approximately 1,550 acres of bayfront lands.

The Shoreline Community is an integral part of the City of Mountain View (City). It primarily services the City and the City's City Council serves as the governing body of the Shoreline Community. Therefore, the financial data of the Shoreline Community has also been included as a blended component unit within the City's comprehensive annual financial report for the fiscal year ended June 30, 2014.

The Shoreline Community's primary source of revenue is incremental property taxes, which are computed and allocated to the Shoreline Community as follows:

- a. The assessed valuation of all property within the Shoreline Community's boundaries is determined and "frozen" for allocation purposes on the date of adoption of the Shoreline Community by a designation of a fiscal year assessment roll.
- b. Increments in property taxes resulting from any increase in assessed values after the adoption of the Shoreline Community are allocated to the Shoreline Community; all property taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts receiving taxes within the Shoreline Community's boundaries.

The Shoreline Community has no power to levy or collect taxes. Any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay principal and interest on debt or loans from the City and any increase in the tax rate or assessed valuation or any elimination of present exemptions would increase the amount of tax revenues available for this purpose. The Shoreline Community is also authorized to finance the North Bayshore Plan from other sources, including assistance from the City, the State and federal governments, interest income and the issuance of Shoreline Community debt.

***A. Basis of Presentation***

The Shoreline Community's component unit basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S.A.). The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These standards require that the financial statements described below be presented.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities include the financial activities of the overall Shoreline Community government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Shoreline Community's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Shoreline Community's funds, including fiduciary funds. Separate statements for each fund category – *governmental* and *fiduciary* are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

**B. Major Funds**

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total and five percent of the grand total. All of the Shoreline Community's funds are major funds, except for fiduciary funds.

The Shoreline Community reports the following major governmental funds in the accompanying financial statements as follows:

**Shoreline Regional Park Community Fund (Special Revenue)** – This fund receives tax increment revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community.

**Shoreline Regional Park Community 2001 Tax Allocation Bonds Fund (Debt Service)** – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2001 Tax Allocation Bonds as they become due.

**Shoreline Regional Park Community 2004 Tax Allocation Bonds Fund (Debt Service)** – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Shoreline Community 2004 Tax Allocation Refunding Bonds as they become due.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Shoreline Regional Park Community 2011 Revenue Bonds Fund (Debt Service)* – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Shoreline Community 2011 Revenue Bonds as they become due.

*The Shoreline Regional Park Community 2014 Bank Loan Fund (Debt Service)* – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2014 Bank Loan as they become due.

*Fiduciary Fund.* The Agency Fund accounts for assets held by the Shoreline Community as an agent for educational enhancement activities.

**C. Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when *measurable and available*. The Shoreline Community considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured or are expected to be paid in the coming fiscal year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the Shoreline Community gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual include taxes and interest.

Certain indirect costs are included in program expenses reported for individual functions and activities.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Property Taxes***

Santa Clara County (County) assesses properties and it bills, collects and distributes property taxes to the Shoreline Community. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on November 14. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the Shoreline Community in the fiscal year they are assessed, provided they become available as defined above.

***E. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***F. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

***A. Budgets and Budgetary Accounting***

The Shoreline Community adopts an annual budget on or before June 30 for the ensuing fiscal year for the Special Revenue Fund.

No annual budgets are adopted for Debt Service Funds. Repayment of the debt is authorized by the adoption of the indenture provisions for the life of the debt.

Budget appropriations become effective each July 1. The Shoreline Community Board may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund and department level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

The Special Revenue Fund's annual budget is presented on a basis consistent with the governmental financial statements prepared in accordance with generally accepted accounting principles.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the fiscal year and reappropriated amounts for encumbrances outstanding at the end of each prior fiscal year.

The Shoreline Community Board must approve appropriation increases to departmental budgets; however, management may transfer Board-approved budgeted amounts within fund and departmental expenditure classifications. Judgments, settlements and accrual entries are not subject to budgetary control and expenditures exceeding budget due to these items do not constitute a violation of budget policy or control. Supplemental appropriations were approved during the course of the fiscal year as needed.

***B. Encumbrance Accounting***

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year-end are automatically reappropriated for inclusion in the following fiscal year's budget.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 – CASH AND INVESTMENTS**

**A. Classification**

Cash and Investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments. Investments are carried at fair value as of June 30, 2014. Cash and investments are as follows (dollars in thousands):

Cash and investments	\$ 46,911
Restricted cash and investments	<u>10,571</u>
Total Cash and investments of the Shoreline Community	<u><u>\$ 57,482</u></u>

Cash and investments as of June 30, 2014 consist of the following (dollars in thousands):

City of Mountain View's Pooled Investments	\$ 46,911
Investments:	
Bond proceeds held by trustee	<u>10,571</u>
Total cash and investments	<u><u>\$ 57,482</u></u>

The Shoreline Community's cash, except investments held by the Shoreline Community, is included in a City-wide cash and investments pool, the details of which are presented in the City's basic financial statements. The City's Investment Policy and the California Government Code permit investments in the following: Securities issued by the U.S. Government or an agency of the U.S. Government, mortgage-backed securities, commercial paper, banker's acceptances, medium term notes issued by U.S. corporations, mutual funds invested in U.S. Government securities, certificates of deposit, municipal bonds issued by the City or any of its component units and the State Treasurer's investment pool (Local Agency Investment Fund).

As of June 30, 2014, the City's portfolio was composed primarily of investments in securities issued by the U.S. Government and its agencies, the Local Agency Investment Fund, and bonds issued by Shoreline Community.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***B. Investments Authorized by Debt Agreements***

The Shoreline Community must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Shoreline Community fails to meet its obligations under these debt issues. The investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s Investment Policy. These debt agreements do not address interest rate risk, credit risk and concentration of credit risk. The table below identifies the investment types that are authorized for investments held by bond trustee:

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	No limit
U.S. Agency Securities	No limit
Deposit Accounts, Federal Funds and Banker's Acceptances	360 days
FDIC Insured Certificates of Deposit	No limit
Commercial Paper	270 days
Money Market Mutual Funds	No limit
State and Local Agency Bonds	No limit
Insurer approved Investment Contracts	No limit
Local Agency Investment Fund (LAIF)	No limit

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates, therefore, short-term maturities reduce the Shoreline Community’s exposure to interest rate risk. Information about the sensitivity of the fair values of the Shoreline Community’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the Shoreline Community’s investments by maturity date (dollars in thousands):

Investment Type	Amount	Specific Identification Maturity Date
Held by Bond Trustee:		
U.S. Agency Securities	\$ 3,000	June 25, 2015
LAIF	7,569	N/A
Cash on Hand	<u>2</u>	N/A
Total investments	<u><u>\$ 10,571</u></u>	

Money market mutual funds investments are available for withdrawal on demand and as of June 30, 2014 have an average maturity of 40 days.

**D. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Shoreline Community’s general Investment Policy, which is the City’s policy, is to apply the prudent investor’s standard in managing the overall portfolio. This standard states that investments shall not be made for speculation but shall be made with judgment and care which investors of prudence, discretion and intelligence exercise considering the safety of principal as well as the income to be earned. The actual ratings as of June 30, 2014 for all U.S. agency obligations are Aaa as provided by Moody’s Investor Service. The Local Agency Investment Fund was not rated as of June 30, 2014.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**E. Concentration of Credit Risk**

The debt agreement for the debt issued by the Shoreline Community does not contain any limitations on the amount that can be invested in any one issuer other than mutual funds and external investment pools. However, the Shoreline Community is required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer other than U. S. Treasury securities, mutual funds and external investment pools. The Shoreline Community held \$3.0 million of U.S. Agency Securities as of June 30, 2014.

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

With Board approval, resources may be transferred from one Shoreline Community fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2014 are as follows (dollars in thousands):

	Transfers	
	In	Out
Major Governmental Funds:		
Shoreline Regional Park Community	\$ 0	6,829 (A)
Debt Service:		
2001 Tax Allocation Bonds	1,676	0 (A)
2004 Tax Allocation Bonds	1,800	0 (A)
2011 Revenue Bonds	3,353	0 (A)
Total all funds	\$ 6,829	6,829

The reasons for these transfers are set forth below:

(A) To fund debt service payments.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

***B. Transfers Between Shoreline Community and City***

The City expends funds on capital projects on behalf of the Shoreline Community which transfers the required funds to the City prior to the commencement of the project. Any unspent funds are returned to the Shoreline Community upon completion of the project.

During fiscal year 2014 the Shoreline Community made transfers to the City in the amount of \$13.7 million to fund debt service payments, capital projects and equipment replacement. Transfers from the City to the Shoreline Community were \$1.0 million to return interest earnings on available capital projects balances and return unspent balances on completed capital projects.

***C. Long-term Advances from the City***

Improvements to the Shoreline Community have been partially funded by advances from the City. The Shoreline Community's management believes that future property tax increment revenues will be sufficient to repay the advances. The advances of \$2.9 million from the City are repaid at 10.0 percent in two remaining annual installments. During fiscal year 2014, a payment of \$1.5 million was made.

**NOTE 5 – CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Shoreline Community defines capital assets as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The Shoreline Community has assigned the useful lives listed below to capital assets.

Buildings	25 to 50 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	3 to 20 years
Traffic signals	20 years
Streetlights	50 years
Bridges and culverts	60 years
Sidewalks, curbs and gutters	40 years
Streets and roads	40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 5 – CAPITAL ASSETS (Continued)**

**A. Capital Asset Activity**

Capital assets activity for the fiscal year ended June 30, 2014 is as follows (dollars in thousands):

	Balance at June 30, 2013	Additions	Transfers	Balance at June 30, 2014
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 14,332	0	0	14,332
Construction in progress	25,094	3,502	(19,385)	9,211
Total capital assets not being depreciated	39,426	3,502	(19,385)	23,543
Capital assets being depreciated:				
Buildings	15,519	0	8,389	23,908
Improvements other than buildings	76,047	0	3,135	79,182
Machinery and equipment	1,905	19	0	1,924
Traffic signals	746	0	0	746
Streetlights	1,014	0	0	1,014
Bridges and culverts	3,456	0	7,861	11,317
Sidewalks, curbs and gutters	7,421	0	0	7,421
Streets and roads	21,765	0	0	21,765
Total capital assets being depreciated	127,873	19	19,385	147,277
Less accumulated depreciation for:				
Buildings	(5,101)	(1,265)	0	(6,366)
Improvements other than buildings	(50,732)	(2,998)	0	(53,730)
Machinery and equipment	(1,038)	(223)	0	(1,261)
Traffic signals	(439)	(37)	0	(476)
Streetlights	(468)	(20)	0	(488)
Bridges and culverts	(1,520)	(123)	0	(1,643)
Sidewalks, curbs and gutters	(3,976)	(186)	0	(4,162)
Streets and roads	(11,058)	(544)	0	(11,602)
Total accumulated depreciation	(74,332)	(5,396)	0	(79,728)
Net capital assets being depreciated	53,541	(5,377)	19,385	67,549
Governmental activities capital assets, net	\$ 92,967	(1,875)	0	91,092

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 5 – CAPITAL ASSETS (Continued)**

**B. Depreciation Allocation**

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function for the fiscal year ended June 30, 2014 are as follows (dollars in thousands):

<b>Governmental Activities:</b>	
Public works	\$ 949
Culture and recreation	145
Public safety	4,297
Community development	<u>5</u>
Total	<u><u>\$ 5,396</u></u>

**NOTE 6 – NONCURRENT LIABILITIES**

The Shoreline Community generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The Shoreline Community's debt issues and transactions are summarized below and discussed in detail thereafter.

**A. Composition and Changes**

Noncurrent liabilities activity for the fiscal year ended June 30, 2014 is as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
<b>2001 Tax Allocation Refunding Bonds</b>						
3.5% to 5.25%, due 2016	\$ 17,520	5,830	0	(5,830)	0	0
Less deferred amount on refunding	(2,419)	(487)	0	487	0	0
<b>2004 Tax Allocation Refunding Bonds</b>						
2.0% to 5.0%, due 2018	19,520	8,890	0	(8,890)	0	0
Plus deferred premium	619	251	0	(251)	0	0
<b>2011 Revenue Bonds</b>						
2.0% to 5.75%, due 2040	39,030	37,580	0	(1,495)	36,085	1,535
<b>2014 Bank Loan</b>						
1.65%, due 2018	12,135	0	12,135	0	12,135	2,842
Total	<u><u>\$ 86,405</u></u>	<u><u>52,064</u></u>	<u><u>12,135</u></u>	<u><u>(15,979)</u></u>	<u><u>48,220</u></u>	<u><u>4,377</u></u>

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 6 – NONCURRENT LIABILITIES (Continued)**

***B. Description of Noncurrent Liabilities***

**2001 Tax Allocation Refunding Bonds Shoreline Regional Park Community** - On July 24, 2001, the Shoreline Community issued \$17.5 million of Tax Allocation Refunding Bonds, 2001 Series A, to refund and retire a portion of the Shoreline Community's 1992 Tax Allocation Bonds. Principal payments were payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. On April 22, 2014, the 2001 Tax Allocation Refunding Bonds were fully refunded in the amount of \$4.5 million by the 2014 Shoreline Regional Park Community Bank Loan.

**2004 Tax Allocation Refunding Bonds Shoreline Regional Park Community** - On December 16, 2003, the Shoreline Community issued \$19.5 million of Tax Allocation Refunding Bonds, 2004 Series A, to refund the Shoreline Community's 1993 Tax Allocation Bonds. The Bonds were issued at a premium of \$619,000, which was being amortized over the remaining life of the debt issue. The refunding resulted in a \$2.4 million savings in total debt service. The net present value of the savings resulted in an economic gain of \$1.9 million. Principal payments were payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. On April 22, 2014, the 2004 Tax Allocation Refunding Bonds were fully refunded in the amount of \$7.6 million by the 2014 Shoreline Regional Park Community Bank Loan.

**2011 Revenue Bonds Shoreline Regional Park Community** - On July 28, 2011, the Shoreline Community issued \$39.0 million of Revenue Bonds, 2011 Series A. Proceeds from the bonds were used to call the outstanding Shoreline Community's Tax Allocation Bonds, 1996 Series A and provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The economic gain generated from the transaction is in the form of interest rate savings earned over the life of the bonds, and the net present value benefit amounts to \$887,000. The 2011 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 6 – NONCURRENT LIABILITIES (Continued)**

**2014 Shoreline Regional Park Community Loan Payable** - On April 21, 2014, the Shoreline Community obtained a bank loan in the amount of \$12.1 million. Proceeds from the loans were used to retire the outstanding Shoreline Community’s 2001 Tax Allocation Bonds, and 2004 Tax Allocation Bonds. As a result, total debt service payments were reduced by \$707,000 arriving to an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$682,000. Principal payments are payable annually on August 1 and interest payment semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The last principal payment is August 1, 2018.

**C. Debt Service Requirements**

The pledge of future tax increment revenues ends upon repayment of the \$74.7 million in remaining debt service on the Shoreline Community’s Bonds and Loans which is scheduled to occur in fiscal year 2041. For fiscal year 2014 tax increment revenues amounted to \$31.0 million which represented coverage of 4.5 over the \$6.9 million in debt service.

Annual debt service requirements to maturity is as follows (dollars in thousands):

For the Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 4,377	1,952	6,329
2016	4,623	1,884	6,507
2017	4,743	1,768	6,511
2018	3,315	1,661	4,976
2019	3,407	1,556	4,963
2020-2024	7,385	6,386	13,771
2025-2029	4,235	5,127	9,362
2030-2034	5,470	3,843	9,313
2035-2039	7,185	2,076	9,261
2040-2041	3,480	203	3,683
Total	\$ 48,220	26,456	74,676

**D. Debt Service Requirements**

In fiscal year 2014, the City called the 2001 Tax Refunding Bonds and the 2004 Tax Allocation Refunding Bonds in the amounts of \$4.5 million and \$7.6 million respectively. As of June 30, 2014, the City had no outstanding defeased debt.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 6 – NONCURRENT LIABILITIES (Continued)**

***E. Landfill Containment***

The City is responsible for managing and controlling methane gas and containment of leachate at three former City-operated landfill sites.

In 2013 CalRecycle regulations required the City to create a reserve, in whole or incrementally, for potential corrective actions associated with non-water release event at the Vista Site. The City estimated this to be \$1.3 million, and on June 25, 2013, the City council approved to restrict funds for Landfill Containment in the Landfill reserve of the Shoreline Community Fund.

**NOTE 7 – RISK MANAGEMENT**

The Shoreline Community is covered under the City's insurance program. The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, unemployment and certain health care benefits of employees. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million for general liability claims, \$750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment and certain health care benefits.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses.

Additional information regarding the City's insurance programs can be found in the City's June 30, 2014 Comprehensive Annual Financial Report.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 8 – NET POSITION AND FUND BALANCES**

**A. *Net Position***

Net position is the excess of all the Shoreline Community's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined only at the Government-wide level and are described below:

*Net investment in capital assets* describes the portion of net position which is represented by the current net book value of the Shoreline Community's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the Shoreline Community cannot unilaterally alter. These principally include debt service requirements.

*Unrestricted* describes the portion of net position which is not restricted as to use.

**B. *Fund Balances***

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The Shoreline Community's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Shoreline Community to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Shoreline Community prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as inventories and prepaids, the long-term amounts of loans and notes receivable and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by resolution of the Board which may only be altered by resolution of the Board. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the Board's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board or its designees and may be changed at the discretion of the Board or its designees. The Board has not delegated the authority to make assignments of fund balance. This category includes encumbrances. This category also includes nonspendables, when it is the Board's intent to use proceeds or collections for a specific purpose and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed or assigned. This includes the residual Shoreline Regional Park Community fund balance and residual fund deficits, if any, of other governmental funds.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Shoreline Community is also subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Shoreline Community.

**A. *Encumbrances***

As of June 30, 2014 the Shoreline Community has outstanding encumbrances of \$148,000.

**B. *Education Enhancement Reserve Joint Powers Agreement***

On June 30, 2013, the Shoreline Community entered into an Education Enhancement JPA with the School Districts effective July 1, 2013 for a period of 10 years, superseding any prior agreements. The agreement provides for minimum annual payments commencing with fiscal year 2014 of \$1.8 million and \$2.9 million to MVLAUHS and MVWSD, respectively. Each subsequent fiscal year increases based on the growth in property tax revenues in the preceding fiscal year. In fiscal year 2014, the Shoreline Community paid \$4.7 million in contributions and recorded them in the Education Enhancement JPA Agency Fund.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)**

**C. Tax Revenue Sharing**

Pursuant to an Agreement between the City, the Shoreline Community, and the County dated June 22, 2005, the Shoreline Community is annually obligated to pay the County from tax increment revenues, an amount equal to the County's total retirement tax override levies and pass-through an additional amount of taxes that would have been allocated to the County in the absence of the existence of the Shoreline Community. In fiscal year 2014, \$1.3 million and \$1.5 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

**D. RDA Dissolution Matters**

In 2011 and 2012, the state legislature enacted two laws, AB x1 26 and AB 1484, respectively, to dissolve redevelopment agencies in California, including the Mountain View Revitalization Authority (Authority). The City elected to serve as the Successor Agency to the former Mountain View Revitalization Authority (Successor Agency).

In order to complete the dissolution process, the Successor Agency was charged with retiring all remaining obligations of the Authority and disposing of the Authority's remaining real property assets pursuant to an approved Long-Range Property Management Plan (LRPMP). The Successor Agency and Santa Clara County developed and presented a proposed dissolution plan (Dissolution Package) to the Oversight Board and the Department of Finance in an effort to complete the dissolution process. On September 20, 2013, the Oversight Board approved the actions necessary in the Dissolution Package and on October 22, 2013, the Successor Agency, City and Shoreline Community took actions to approve and authorize the Dissolution Package to wind down the affairs of the former Authority and terminate the Successor Agency. On November 14, 2013, the DOF reviewed the Oversight Board's approval of the Dissolution Package and approved the Oversight Board's actions and also issued a Finding of Completion. As part of the Dissolution Package, the Successor Agency also submitted a LRPMP. The DOF approved the LRPMP on February 7, 2014.

1. Reinstatement of Certain Obligations

Three significant financial obligations were rendered unenforceable by the dissolution law, but they could be reinstated and repaid if allowed by the Oversight Board and approved by the DOF. Two of these obligations were assets of the Shoreline Community, and include a registered note of \$2.4 million and 2003 TABs of \$2.3 million for a total of \$4.7 million. The third obligation was a loan with a balance of \$1.1 million from the City to the Authority for the downtown improvements. These three obligations totaled \$5.8 million. These loans were remeasured to the State of California Local Agency Investment Fund (LAIF) rate as required by the dissolution legislation.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)**

The Dissolution Package included the City and Shoreline Community waiving repayment of these obligations in exchange for a credit against the value of the Bryant Street and Franklin Street properties.

In addition, there was \$509,000 (\$363,000 from the 2003 TABs and \$146,000 from the 2003 COPs) of bond proceeds that were used towards payment of the respective debt issues.

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**  
**Notes to Component Unit Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**

<b>AGENCY FUNDS</b>
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**The Education Enhancement JPA Agency Fund** accounts for funds to be used by the joint powers authority to enhance the educational and technology capacity of students in Mountain View schools.

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Agency Fund**

**Statement of Changes in Assets and Liabilities**

**For the Fiscal Year Ended June 30, 2014 (Dollars in Thousands)**

	<b><u>Balance</u></b> <b><u>June 30, 2013</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2014</u></b>
<u>Education Enhancement JPA</u>				
<b>Assets:</b>				
Cash and investments	\$ 344	4,715	5,059	0
<b>Liabilities:</b>				
Due to others	\$ 344	5,058	5,402	0