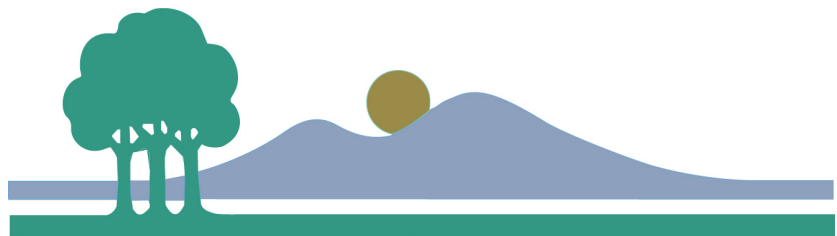
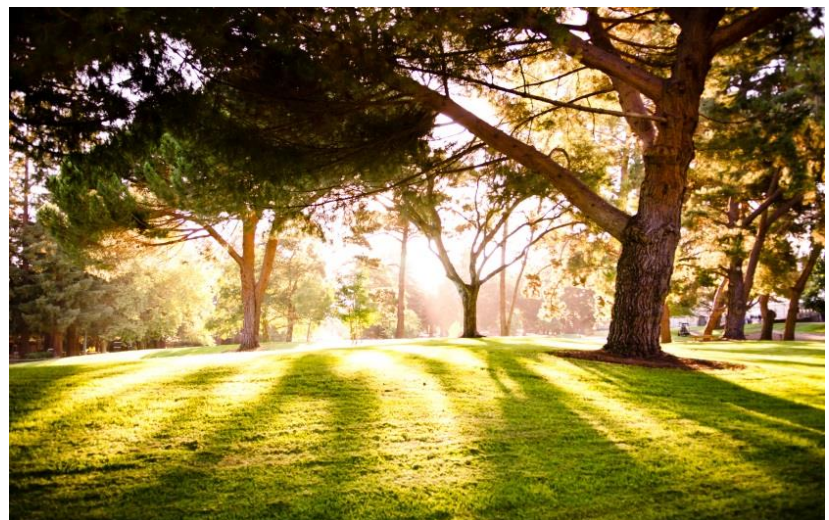




COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015



City of Mountain View, California



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, 2015

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, 2015

Table of Contents

INTRODUCTORY SECTION

	<u>Exhibit</u>
Letter of Transmittal	1
Directory of City Officials	2
City Government Organization	3
GFOA Certificate of Achievement for Excellence in Financial Reporting	4

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	24
Reconciliation of Governmental Fund Balances with Governmental Activities Net Position	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Change in Net Position - Governmental Activities	31
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	32
Shoreline Regional Park Community Fund	33
Below Market Housing Fund	34

CITY OF MOUNTAIN VIEW, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Table of Contents

FINANCIAL SECTION (Continued)

	<u>Page</u>
Proprietary Funds:	
Statement of Net Position	36
Statement of Revenues, Expenses and Changes in Fund Net Position	37
Statement of Cash Flows	38
Fiduciary Funds:	
Statement of Fiduciary Net Position	39
Notes to Basic Financial Statements	41
Required Supplementary Information:	
Schedule of Changes in the Net Position Liability and Related Ratios - Miscellaneous Plan	103
Schedule of Contributions - Miscellaneous Plan	104
Schedule of Changes in the Net Position Liability and Related Ratios - Safety Plan	105
Schedule of Contributions - Safety Plan	106
Schedule of Funding Progress-Other Post-Employment Benefits	107
Supplemental Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Park Land Dedication Capital Projects Fund	109
Non-major Governmental Funds:	
Combining Balance Sheets	112
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	116
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	120
Internal Service Funds:	
Combining Statements of Net Position	126

CITY OF MOUNTAIN VIEW, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

Table of Contents

FINANCIAL SECTION (Continued)

	<u>Page</u>
Combining Statements of Revenues, Expenses and Changes in Fund Net Position.....	128
Combining Statement of Cash Flows.....	130
Agency Funds:	
Combining Statements of Changes in Assets and Liabilities	134

STATISTICAL SECTION

Financial Trends:

Net Position by Component – Last Ten Fiscal Years	138
Changes in Net Position – Last Ten Fiscal Years	140
Fund Balance, Governmental Funds – Last Ten Fiscal Years	144
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	146

Revenue Capacity:

Assessed Value of Taxable Property – Last Ten Fiscal Years.....	148
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	150
Principal Property Tax Payers – Current Year and Nine Years Ago	152
Property Tax Levies and Collections – Last Ten Fiscal Years	153

Debt Capacity:

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	154
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	156
Direct and Overlapping Governmental Activities Debt	157
Legal Debt Margin Information – Last Ten Fiscal Years	158
Bonded Debt Pledged-Revenue Coverage – Last Ten Fiscal Years	160

Demographic and Economic Information:

Demographic Statistics – Last Ten Fiscal Years.....	163
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CITY OF MOUNTAIN VIEW, CALIFORNIA
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Table of Contents

STATISTICAL SECTION (Continued)

Page

Principal Employers – Current Year and Nine Years Ago165

Operating Information:

Full-Time Equivalent City Government Employees by Function

– Last Ten Fiscal Years.....166

Operating Indicators by Function/Program – Last Ten Fiscal Years168

Capital Asset Statistics by Function/Program – Last Ten Fiscal Years170

COMPONENT UNIT FINANCIAL STATEMENTS SECTIONS

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY173



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT
500 Castro Street • Post Office Box 7540 • Mountain View • California • 94039-7540
650-903-6316 • Fax 650-968-1786

October 22, 2015

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, 2015. 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 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, 2015 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 that there is a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2015 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 may be of interest to potential investors in the City's 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 78,000, 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. The Shoreline Community and Financing Authority are component units of the City and are included in the reporting entity. However, this does not mean the City assumes the obligations or liabilities of these entities.

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 Silicon Valley and has several major highways and freeways (101, 85, and 237) connecting the City to the broader 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 650 residential units created and over 400,000 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, Samsung, 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 sound 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 2015 was the second year where strong revenue growth was able to support expenditure growth without budget reductions. As of June 2015, the unemployment rate in the City is 3.0 percent, consumer confidence has begun to rise, and housing and property values now exceed prerecessionary levels in Mountain View. In addition, the City's 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 Five-Year Financial Forecast was developed for fiscal year 2016. 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 economy 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 occurs, which is projected to occur within this five-year period. General Operating Fund expenditures are projected to include 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's mission is to provide 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 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 as follows:

- Adopted new Precise Plans for the North Bayshore, El Camino Real, and San Antonio areas.
- Launched a free Mountain View Community Shuttle service in partnership with Google.
- Completed construction and opened "The View" Teen Center, and increased participation in teen programming by 30 percent.
- Acquired land at 2254 Wyandotte Street for a new park site.
- Completed Shoreline Boulevard Crosswalk Improvements.
- Adopted a Municipal Operations Climate Action Plan.

- Completed two affordable housing projects with a total of 76 units.
- Completed the Shoreline Boulevard Corridor Study.
- Developed and implemented a Minimum Wage Ordinance to increase local minimum wage to \$10.30 per hour and facilitated regional dialogue.
- Began a collaborative study on the feasibility of forming a Community Choice Energy (CCE) program.
- Increased the number and variety of Library programs for adults, resulting in attendance jumping 41 percent.
- Declared a Stage 2 water shortage and implemented community outreach efforts for water conservation. Achieved 32 percent water savings in June compared to 2013.
- Completed a review of 386 planning applications totaling more than 920 new housing units and 397,000 square feet of office space.
- Supported the Energy Upgrade Mountain View (EUMV) program in helping more than 2,000 residents save money on their monthly energy bills.
- Held two Human Relations Commission Civility Roundtables.
- Received State certification of the City's 2015-2023 Housing Element.
- Held more than 50 corporate visits and meetings with businesses.

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, 2014. This was the 25th 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 our current CAFR 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 2015. In order to qualify for this Distinguished Budget

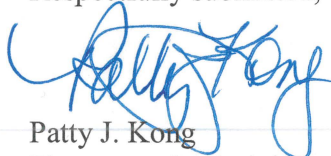
Honorable Mayor, City Council, and
Citizens of Mountain View
October 22, 2015
Page 7 of 7

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 City was awarded the 2015 Achievement of Excellence in Procurement Award by the National Procurement Institute (sponsored by the Institute for Supply Management). The City is one of only 49 agencies in California and one of only 65 cities in the country to receive this award. The award recognizes organizational excellence in procurement. The City has received this award for 2 consecutive years and a total of 14 years.

The preparation of the CAFR was made possible by the dedication of the entire Finance and Administrative Services Department staff, in particular Grace Zheng, Accounting Manager; Beryl Delavan, Accountant; and Janet Shum, Accountant. Every member of the 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/4/FIN
546-11-16-15L-E

City of Mountain View California

City Officials

City Council

John McAlister, Mayor

Patricia Showalter, Vice Mayor

Christopher R. Clark

John M. Inks

R. Michael Kasperzak, Jr.

Ken S. Rosenberg

Leonard M. Siegel

City Staff

Daniel H. Rich, City Manager

Jannie L. Quinn, City Attorney

Lorrie Brewer, City Clerk

Vacant, 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

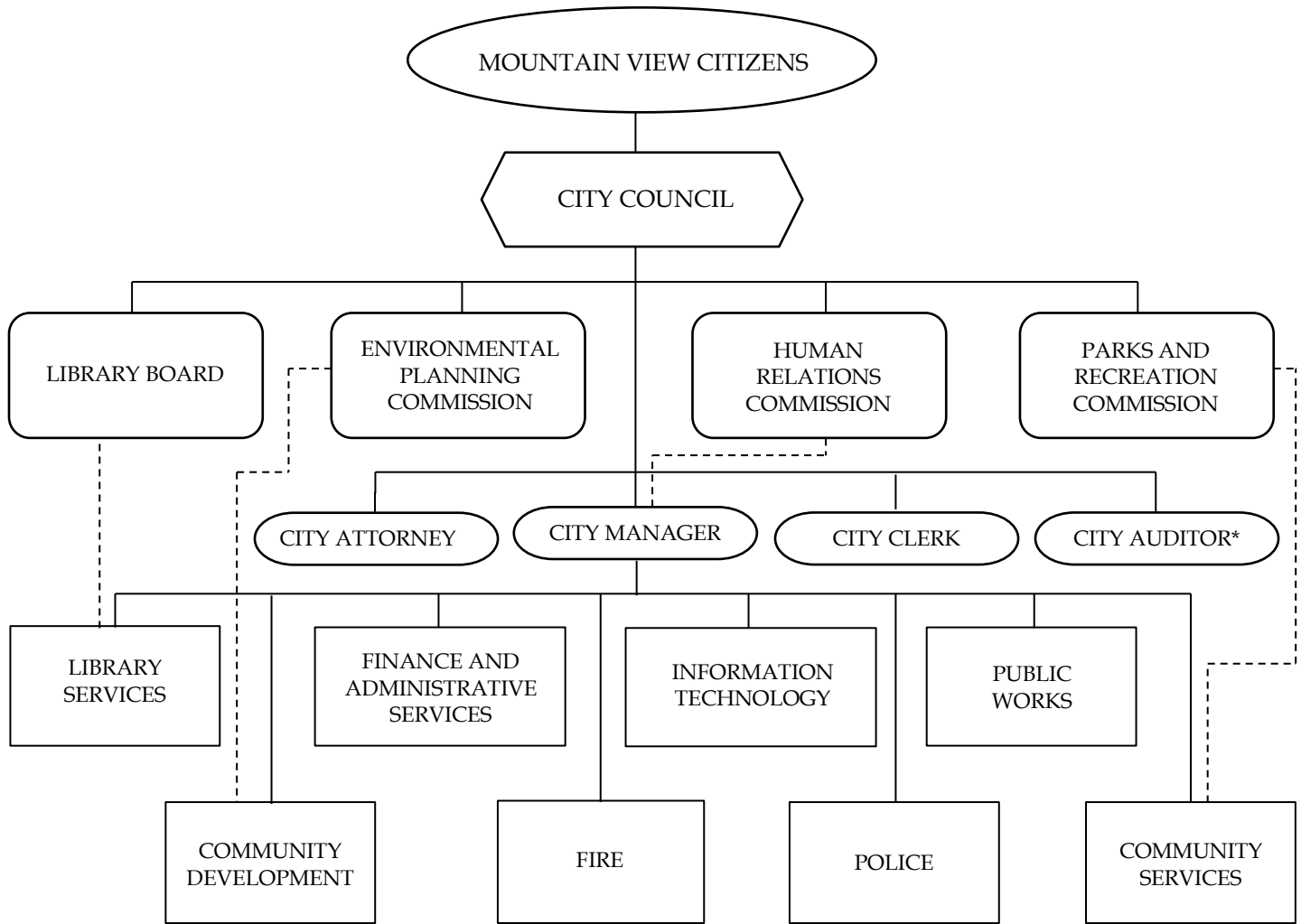
J.P. de la Montaigne, Community Services Director

Rosanne M. Macek, Library Services Director

Juan Diaz, 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 2014-15 POSITION TOTALS:

7.00	Councilmembers
24.00	Commission and Board Members
562.25	Full-Time and Regular Part-Time
10.00	Limited-Period
58.79	Hourly Positions

* Finance and Administrative Services Director serves as City Auditor.

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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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Evers". The signature is written in a cursive, flowing 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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, 2015, 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

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required a prior period adjustment to the financial statements, as discussed in Note 1J to the financial statements:

- Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB Statement No. 68.*

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents, 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

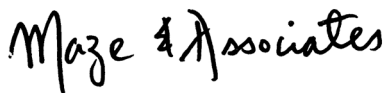
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes 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 22, 2015, 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.

The image shows a handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
October 22, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2015. 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, 2015 by \$763.3 million (net position). Of this amount, \$29.4 million (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$35.5 million over the prior fiscal year. This compares to the \$45.3 million increase (before Special Items) in fiscal year 2014. The lower increase is primarily due to the adjustment of \$6.1 million for the landfill obligation in fiscal year 2015.
- Total revenues for governmental funds are \$190.1 million, an increase of \$6.8 million and 3.7 percent over the prior fiscal year. Revenues continued to increase as the economy remained strong. Expenditures for governmental funds totaled \$163.1 million, a \$14.0 million and 9.4 percent increase from the prior fiscal year. Overall, governmental fund revenues exceeded expenditures by \$27.0 million. The growth in revenues exceeds the growth in expenditures.
- As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$331.0 million. Approximately 13.4 percent of this amount, \$44.4 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 \$44.4 million, or 41.7 percent of total General Fund expenditures. The General Fund unassigned fund balance has increased over the prior fiscal year.
- The City's total long-term debt increased by \$304,000 compared with the prior fiscal year as a result of the City revising its landfill containment obligation, net of 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.

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.

Other Supplementary Information

Required Supplementary Information includes schedules required to be presented showing information related to the City's pension plan.

Supplemental Information includes the budgetary comparison for the Park Land Dedication capital projects fund and the Combining Statements and Schedules of the nonmajor governmental funds, internal service funds, and agency funds.

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—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 \$763.3 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)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 427,940	400,357	53,235	51,649	481,175	452,006
Capital assets	498,409	497,806	94,125	93,390	592,534	591,196
Total assets	<u>926,349</u>	<u>898,163</u>	<u>147,360</u>	<u>145,039</u>	<u>1,073,709</u>	<u>1,043,202</u>
Deferred outflows:						
Deferred outflows related						
to pension	15,351	0	1,461	0	16,812	0
Deferred charge on refunding	<u>0</u>	<u>149</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>149</u>
Liabilities:						
Current and other liabilities	16,572	17,839	2,486	2,612	19,058	20,451
Noncurrent liabilities	<u>248,599</u>	<u>102,087</u>	<u>26,548</u>	<u>11,710</u>	<u>275,147</u>	<u>113,797</u>
Total liabilities	<u>265,171</u>	<u>119,926</u>	<u>29,034</u>	<u>14,322</u>	<u>294,205</u>	<u>134,248</u>
Deferred inflows:						
Deferred inflows related						
to pension	<u>29,797</u>	<u>0</u>	<u>3,207</u>	<u>0</u>	<u>33,004</u>	<u>0</u>
Net position:						
Net investment in capital assets	454,939	456,410	84,170	82,850	539,109	539,260
Restricted	194,850	171,881	0	0	194,850	171,881
Unrestricted	<u>(3,057)</u>	<u>150,095</u>	<u>32,410</u>	<u>47,867</u>	<u>29,353</u>	<u>197,962</u>
Total net position	<u>\$ 646,732</u>	<u>778,386</u>	<u>116,580</u>	<u>130,717</u>	<u>763,312</u>	<u>909,103</u>

The largest portion of the City's net position at \$539.1 million, or 70.6 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 \$194.9 million, or 25.5 percent, represents resources that are subject to external restrictions on how they may be used.

The last portion of the City's net position, \$29.4 million or 3.9 percent, represents unrestricted net position, which may be used to meet the City's ongoing obligations. For governmental

activities, the City reported a negative balance of \$3.1 million of unrestricted net position, and for business-type activities, the City reported a positive balance of \$32.4 million of unrestricted net position. The unrestricted net position is City-wide and may not represent resources available or not available for budgetary purposes. The negative unrestricted net position for the governmental activities is due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 which resulted in a beginning net position reduction of \$181.3 million.

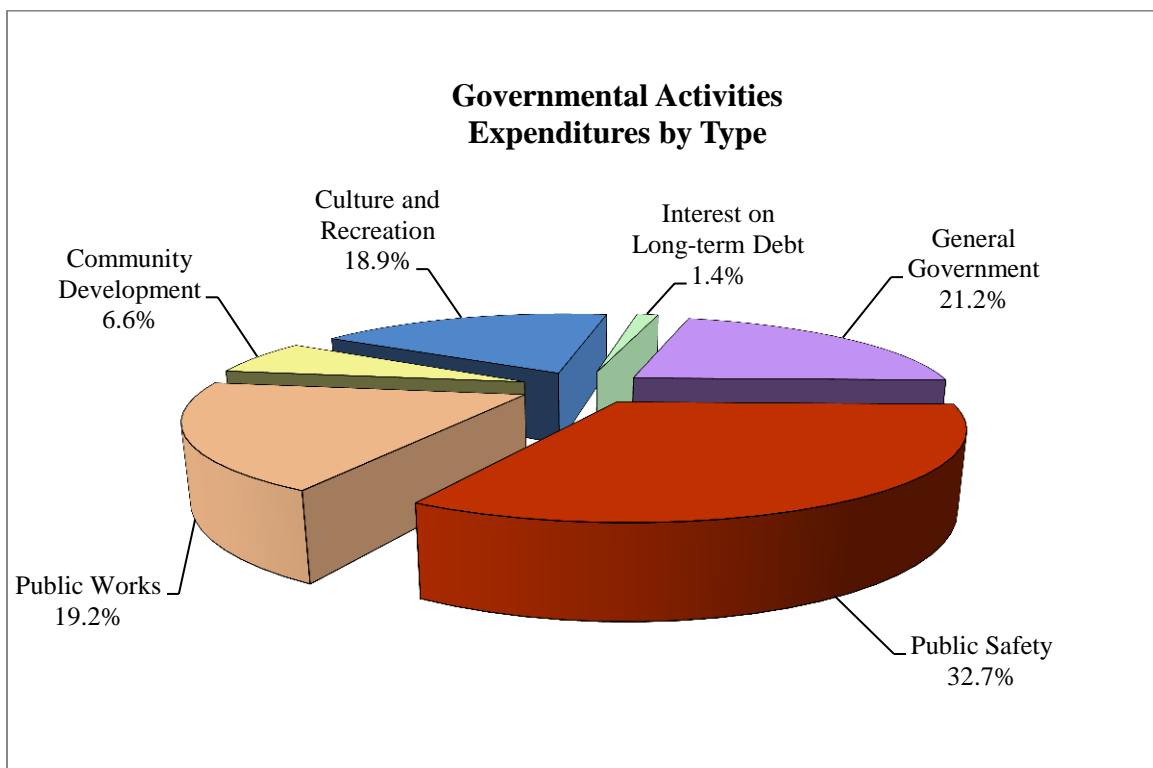
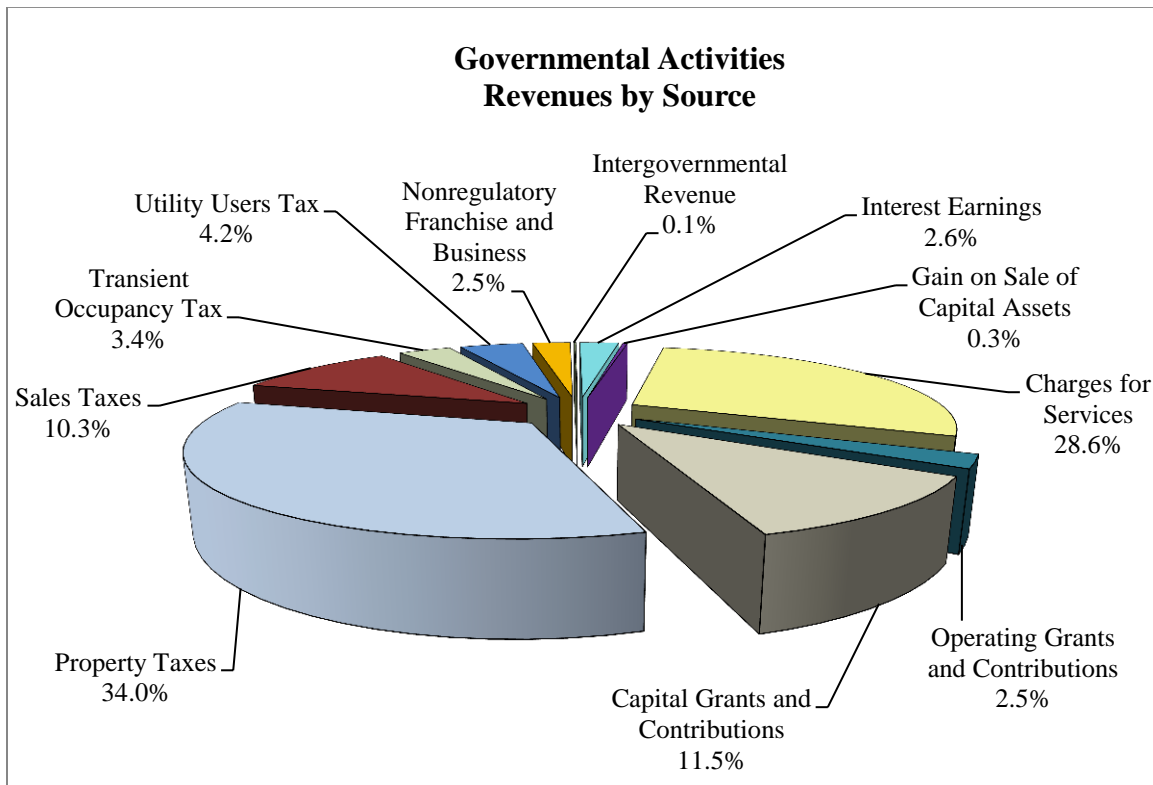
At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the governmental and the business-type activities, except the governmental activities unrestricted net position. This again is a result of the downward adjustment in net position related to the implementation of GASB Statement No. 68 related to pension liabilities.

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)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 54,623	56,354	55,301	56,118	109,924	112,472
Operating grants and contributions	4,756	4,507	0	0	4,756	4,507
Capital grants and contributions	21,895	21,859	552	187	22,447	22,046
General Revenues:						
Property taxes	64,954	62,601	0	0	64,954	62,601
Sales taxes	19,773	16,935	0	0	19,773	16,935
Transient occupancy tax	6,559	5,595	0	0	6,559	5,595
Utility users tax	7,988	7,335	0	0	7,988	7,335
Nonregulatory franchise and business	4,793	4,633	0	0	4,793	4,633
Intergovernmental revenue	209	209	0	0	209	209
Interest earnings	4,944	3,870	349	394	5,293	4,264
Gain on sale of capital assets	575	1,091	0	0	575	1,091
Total revenues	191,069	184,989	56,202	56,699	247,271	241,688
Expenses:						
General government	33,782	32,517	0	0	33,782	32,517
Public safety	51,946	51,719	0	0	51,946	51,719
Public works	30,630	13,264	0	0	30,630	13,264
Community development	10,501	15,013	0	0	10,501	15,013
Culture and recreation	30,083	30,623	0	0	30,083	30,623
Interest on long-term debt	2,178	2,998	0	0	2,178	2,998
Water	0	0	26,001	24,168	26,001	24,168
Wastewater	0	0	15,433	13,962	15,433	13,962
Solid Waste	0	0	11,199	12,124	11,199	12,124
Total expenses	159,120	146,134	52,633	50,254	211,753	196,388
Change in net position before transfers	31,949	38,855	3,569	6,445	35,518	45,300
Transfers, net	256	739	(256)	(739)	0	0
Change in net position before special items	32,205	39,594	3,313	5,706	35,518	45,300
Special items:						
Capital assets contributed from						
Successor Agency	0	16,679	0	0	0	16,679
Land held contributed from						
Successor Agency	0	6,250	0	0	0	6,250
Change in net position	32,205	62,523	3,313	5,706	35,518	68,229
Beginning net position, as adjusted	614,527	715,863	113,267	125,011	727,794	840,874
Ending net position	\$ 646,732	778,386	116,580	130,717	763,312	909,103

The City's overall net position increased by \$35.5 million during the current fiscal year. This increase is primarily related to increased revenues resulting from the continued strong economy and charges for services in excess of expenses for the business-type activities.



Governmental activities increased the City's net position by \$32.2 million. Key factors of this are as follows:

- Total revenues increased to \$191.1 million, \$6.1 million higher than the prior fiscal year. Many revenue sources have increased due to the continued strength of the economy. Property taxes increased \$2.4 million over the prior fiscal year as the real estate market remains strong and due to the reversal of prior year assessed value reductions. Sales taxes have increased by \$2.8 million, also due to the continued strong economy. Interest earnings are higher than the prior fiscal year by \$1.1 million due to the change in market value.
- Overall expenses increased \$13.0 million or 8.9 percent from the prior fiscal year, primarily due to the increase in public works related to the revision of the landfill containment cost obligation. The decrease in expenses in Community Development is related to the dissolution of the former Revitalization Authority in the prior fiscal year.

Based on the above, the governmental change in net position is a net increase of \$32.2 million compared to the \$39.6 million increase, before special items, in the prior fiscal year.

Business-type activities increased the City's net position by \$3.3 million. Key factors for this increase are as follows:

- Water net position increased by \$1.5 million, primarily due to an increase in charges for sales and services revenues resulting from rate adjustments adopted that more than funded the increases in costs. Water usage was down due to drought conditions; however, the minimum payments to water suppliers were suspended, thereby reducing the payment for the cost of water.
- Wastewater net position increased by \$634,000 as revenues slightly exceeded projections and expenditures were lower than budgeted.
- Solid waste net position increased by \$1.2 million as revenues exceeded projections and expenditures were lower than budgeted.

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 \$331.0 million, an increase of \$22.9 million in comparison to the prior fiscal year. The significant components for the increase are \$11.7 million in the General Fund, \$6.3 million in the Below-Market Housing Fund, \$6.1 million increase in the Park Land Dedication Capital Projects Fund, and \$2.7 million in Other Governmental Funds. The increases in the General Fund, Below-Market Housing Fund, and Park Land Dedication Capital Projects are primarily related to associated fees generated from the current high level of development activity. Other Governmental Funds are also primarily related to increased development activity, generating additional revenues related to Transit-Oriented Development (\$1.1 million) and Downtown Parking In-Lieu fees (\$1.1 million).

Approximately \$44.4 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 (\$1.9 million), restricted (\$228.9 million), committed (\$54.6 million), and assigned (\$1.3 million), none of which is available for new discretionary spending. The restricted fund balance increased to \$228.9 million or \$10.2 million over the prior fiscal year. This is a result of the fund balances increasing due to factors as mentioned above.

For the fiscal year ended June 30, 2015, revenues for governmental funds overall totaled \$190.1 million, which represents an increase of \$6.8 million from the prior fiscal year—again, primarily related to higher taxes and fees received related to the continued strong economy. Expenditures for governmental funds total \$163.1 million, an increase of \$14.0 million from the prior fiscal year. This increase is primarily related to an increase in capital outlay related to expenditures on the Athletic Fields project. For the fiscal year ended June 30, 2015, revenues for governmental funds exceeded expenditures by \$27.0 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 2015, the unassigned fund balance is \$44.4 million, \$7.5 million higher than the prior fiscal year, while total fund balance is \$101.2 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 \$44.4 million represents 43.9 percent of total fund balance, 41.7 percent of fund expenditures of \$106.4 million, while total fund balance represents 95.1 percent of that same amount. All are more favorable than the prior fiscal year.

The fund balance of the City's General Fund increased by \$11.7 million during the current fiscal year. Total General Fund revenues increased to \$120.7 million, up \$12.4 million from \$108.2 million in the prior fiscal year, as revenues, primarily tax and fee revenues, are growing with the continued strong local 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 \$30.5 million in fiscal year 2015, a decrease of \$1.4 million. Property tax increment revenues, the primary revenue source for this fund, decreased to \$28.8 million in fiscal year 2015, down \$2.2 million from fiscal year 2014. This is primarily due to the resolution of property tax appeals, resulting from the prior recession, by the County which reduced assessed values and associated property tax revenues, net of increased values from changes in ownership and the 0.454 percent California Consumer Price Index. Expenditures are \$18.0 million in fiscal year 2015, comparable to the prior fiscal year. Of this amount, \$14.0 million was expended on general government and \$2.8 million on culture and recreation.

In addition, there is \$12.4 million of transfers out, \$6.3 million was transferred to various Debt Service Funds for payments of principal and interest on outstanding debt, \$5.1 million was transferred for capital improvement projects, \$414,000 to the General Fund for repayment of advances, and \$508,000 was transferred to internal service funds for equipment replacement contributions. The fiscal year 2015 year-end fund balance of \$49.3 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 \$7.0 million in fiscal year 2015, a decrease of \$1.8 million compared to the prior fiscal year, but still higher than normal due to a high level of development activity as a result of the continued strong economy. The fund's fiscal year 2015 year-end fund balance of \$43.7 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 \$2.8 million in fiscal year 2015, a decrease of \$1.0 million from the prior fiscal year, primarily related to lower intergovernmental revenues as less grants were received compared to the prior fiscal year. Expenditures are \$27.6 million in fiscal year 2015, \$14.0 million more than the prior fiscal year. All of the \$27.6 million was expended on capital outlay. Major projects were related to the acquisition of property for a park, the Community Center design, and the North Bayshore Precise Plan. Net transfers from other funds are \$20.5 million in fiscal year 2015 for capital projects. The Fund's fiscal year 2015 year-end fund balance of \$31.2 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 \$13.3 million in fiscal year 2015, comparable to the prior fiscal year, but higher than normal due to a high level of development activity as a result of the continued strong economy. The fund's fiscal year 2015 year-end fund balance of \$43.6 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 \$17.3 million, \$12.0 million, and \$3.1 million, respectively. The total increase in net position for the enterprise funds is \$3.3 million. Beginning net positions for all three funds were also adjusted due to the implementation of GASB Statement No. 68. The adjustments are \$8.8 million, \$4.8 million, and \$3.8 million for the Water, Wastewater, and Solid Waste Funds, respectively. The internal service funds, which are used to account for certain governmental activities, have an unrestricted net position of \$30.6 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, 2015, the assets of the Agency funds totaled \$30.0 million. This represents a decrease of \$339,000 in total assets for the Agency funds since June 30, 2014, which is primarily related to the amortization of the prepayment of ground lease revenues to be recognized over the 53-year life of the lease.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund differences between the original fiscal year 2015 budget and the final amended budget resulted in an increase of \$1.7 million in budgeted revenues (primarily related to service charges and miscellaneous revenues) and a \$7.0 million increase in expenditure appropriations. Approximately \$3.9 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 \$961,000 of appropriations was established for the payment of compensated absences and \$930,000 for a property acquisition. 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 \$11.1 million or 10.2 percent higher than the final amended budget for the fiscal year as previously discussed. This is a result of revenues increasing due to the continued strong economy. Expenditures for the General Fund are \$10.8 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 underspending in various services and supplies accounts. The \$1.8 million favorable variance in capital outlay is primarily related to the delay in the purchase of capital. The effect of the underutilization of appropriations resulted in the positive net change in fund balances compared to budget of \$21.9 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, 2015 amount to \$592.5 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 2015 is \$1.3 million or 0.3 percent.

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

Capital Assets (Dollars in thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 99,596	96,697	220	220	99,816	96,917
Construction in progress	52,670	35,284	14,931	9,566	67,601	44,850
Buildings	164,543	164,543	8,748	8,748	173,291	173,291
Improvements other than buildings	165,843	163,457	130,265	129,730	296,108	293,187
Machinery and equipment	33,869	33,026	5,357	5,041	39,226	38,067
Traffic signals	10,709	10,570	0	0	10,709	10,570
Streetlights	8,024	7,947	0	0	8,024	7,947
Bridges and culverts	18,305	18,215	0	0	18,305	18,215
Sidewalks, curbs and gutters	111,764	111,320	0	0	111,764	111,320
Streets and roads	258,840	257,990	0	0	258,840	257,990
Less accumulated depreciation	(425,754)	(401,243)	(65,396)	(59,915)	(491,150)	(461,158)
	<u>\$ 498,409</u>	<u>497,806</u>	<u>94,125</u>	<u>93,390</u>	<u>592,534</u>	<u>591,196</u>

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

- Total capital assets increased a net of \$1.3 million, from an increase of net assets of \$31.3 million and a net \$30.0 million increase in accumulated depreciation.
- Land increased by \$2.9 million with the acquisition of the 449 Franklin Street and 2254 Wyandotte Street properties.
- Construction in progress increased by \$22.8 million primarily due to the construction of the Athletic Fields project.
- Total improvements other than buildings increased by \$2.9 million. Some of the major assets capitalized from construction in progress were a Facilities Project, Forestry Street Trees Replanting Project, and Center for the Performing Arts Seat Replacement Project.

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

Additional information about the City's capital assets is discussed in Note 6 to the financial statements.

Debt Administration

As of June 30, 2015, the City had \$102.9 million of outstanding long-term obligations related to governmental activities and \$11.2 million related to business-type activities, for a total of \$114.1 million. Debt outstanding as of June 30, 2015 with a comparison to prior year and the net change follows:

Debt Outstanding (Dollars in thousands)			
	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Tax allocation bonds	\$ 34,550	36,085	(1,535)
Certificates of participation	2,530	3,655	(1,125)
Bank loan	9,293	12,135	(2,842)
Special assessment debt	208	241	(33)
Compensated absences	8,715	8,379	336
Landfill containment	38,172	32,112	6,060
Claims liabilities	9,480	9,480	0
Total governmental activity debt	<u>102,948</u>	<u>102,087</u>	<u>861</u>
Business-type activities	11,153	11,710	(513)
Total	<u>\$ 114,101</u>	<u>113,797</u>	<u>348</u>

The most significant change in the governmental activities long-term debt was related to the recalculation of the landfill containment costs. Other decreases to long-term debt were due to 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, 2015.

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

Additional information regarding the City's long-term obligations is discussed 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 remained very strong during the fiscal year. Development activity continued at a very high level that resulted in increased revenues. Revenues are projected to continue to 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 1.998 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 remain strong. The "Triple Flip" legislation taking 25.0 percent of local sales tax will be completed and reconciled by the end of the next fiscal year with no negative impact anticipated.
- Other taxes comprised of TOT and Utility Users Tax (UUT) are anticipated to continue to rise for fiscal year 2016 as a result of the continued strong economy.
- Average increases in water, wastewater, and solid waste rates of 14.0 percent, 6.0 percent, and 5.0 percent, respectively, have been adopted for fiscal year 2016.

All of these factors were considered in preparing the City's budget for fiscal year 2016.

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.

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CITY OF MOUNTAIN VIEW, CALIFORNIA**Statement of Net Position
June 30, 2015 (Dollars in Thousands)**

	Governmental Activities	Business - Type Activities	Total
Assets:			
Cash and investments (Note 3)	\$ 343,119	31,564	374,683
Restricted cash and investments (Note 3)	4,348	0	4,348
Receivables:			
Accounts (net of allowances)	1,247	9,691	10,938
Taxes	6,023	0	6,023
Special assessments	173	0	173
Interest	1,239	154	1,393
Loans (Note 4)	42,438	0	42,438
Internal balances (Note 5)	(11,826)	11,826	0
Inventory	429	0	429
Deposits and prepaid costs	12	0	12
Net OPEB assets (Note 9)	40,738	0	40,738
Capital assets (Note 6):			
Land and construction in progress	152,266	15,151	167,417
Other capital assets, net of depreciation	346,143	78,974	425,117
Total assets	926,349	147,360	1,073,709
Deferred outflows of resources:			
Deferred outflows related to pension (Note 8)	15,351	1,461	16,812
Total deferred outflows of resources	15,351	1,461	16,812
Liabilities:			
Accounts payable and accrued costs	7,813	2,274	10,087
Refundable deposits	4,711	212	4,923
Unearned revenue	4,048	0	4,048
Net pension liability (Note 8)	145,651	15,395	161,046
Noncurrent liabilities (Notes 7 & 10):			
Due within one year	11,633	815	12,448
Due in more than one year	91,315	10,338	101,653
Total liabilities	265,171	29,034	294,205
Deferred inflows of resources:			
Deferred inflows related to pension (Note 8)	29,797	3,207	33,004
Total deferred inflows of resources	29,797	3,207	33,004
Net position (Note 11):			
Net investment in capital assets	454,939	84,170	539,109
Restricted for:			
Capital projects	114,277	0	114,277
Debt service	239	0	239
Low and moderate income housing	13,141	0	13,141
Shoreline Regional Park Community	48,383	0	48,383
Grants and regulations	18,810	0	18,810
Unrestricted	(3,057)	32,410	29,353
Total net position	\$ 646,732	116,580	763,312

See accompanying notes to financial statements.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Statement of Activities

For the Fiscal Year Ended June 30, 2015 (Dollars in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital			
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total
		Services	Contributions	Contributions	Activities	Activities	
Governmental activities:							
General government	\$ 33,782	26,852	1,814	0	(5,116)		(5,116)
Public safety	51,946	1,849	221	0	(49,876)		(49,876)
Public works	30,630	10,122	1,944	9,059	(9,505)		(9,505)
Community development	10,501	10,487	423	0	409		409
Culture and recreation	30,083	5,313	354	12,836	(11,580)		(11,580)
Interest on long-term debt	2,178	0	0	0	(2,178)		(2,178)
Total governmental activities	159,120	54,623	4,756	21,895	(77,846)		(77,846)
Business-type activities:							
Water	26,001	26,914	0	382	0	1,295	1,295
Wastewater	15,433	15,925	0	170	0	662	662
Solid Waste	11,199	12,462	0	0	0	1,263	1,263
Total business-type activities	52,633	55,301	0	552	0	3,220	3,220
Total	\$ 211,753	109,924	4,756	22,447	(77,846)	3,220	(74,626)
General revenues and transfers:							
Taxes:							
Property taxes					64,954	0	64,954
Sales taxes					19,773	0	19,773
Transient occupancy tax					6,559	0	6,559
Utility users tax					7,988	0	7,988
Nonregulatory franchise and business, unrestricted					4,793	0	4,793
Intergovernmental revenue					209	0	209
Interest earnings					4,944	349	5,293
Gain on sale of capital assets					575	0	575
Transfers, net (Note 5)					256	(256)	0
Total general revenues and transfers					110,051	93	110,144
Change in net position					32,205	3,313	35,518
Beginning net position, as adjusted (Note 1J)					614,527	113,267	727,794
Ending net position					\$ 646,732	116,580	763,312

See accompanying notes to financial statements.

CITY OF MOUNTAIN VIEW, CALIFORNIA**Governmental Funds****Balance Sheet****June 30, 2015 (Dollars in Thousands)**

	General	Shoreline Regional Park Community	Below Market Housing	General Capital Projects
Assets:				
Cash and investments (Note 3)	\$ 101,908	53,335	32,269	43,873
Restricted cash and investments (Note 3)	0	106	0	0
Receivables:				
Accounts (net of allowances)	697	0	0	534
Taxes	6,023	0	0	0
Special assessments	0	0	0	0
Interest	481	199	111	0
Loans (Note 4)	140	0	12,193	0
Inventory	360	0	0	0
Deposits and prepaid costs	9	0	0	0
Advances to other funds (Note 5)	1,338	0	0	0
Total assets	<u>\$ 110,956</u>	<u>53,640</u>	<u>44,573</u>	<u>44,407</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable and accrued costs	\$ 2,348	2,762	222	1,368
Refundable deposits	3,766	242	693	0
Unearned revenue	3,684	0	0	0
Advances from other funds (Note 5)	0	1,338	0	11,826
Total liabilities	<u>9,798</u>	<u>4,342</u>	<u>915</u>	<u>13,194</u>
Deferred inflows of resources:				
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>
Fund balances (Note 11):				
Nonspendable	1,847	0	0	0
Restricted	0	48,368	43,658	31,213
Committed	53,622	930	0	0
Assigned	1,294	0	0	0
Unassigned	44,395	0	0	0
Total fund balances	<u>101,158</u>	<u>49,298</u>	<u>43,658</u>	<u>31,213</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 110,956</u>	<u>53,640</u>	<u>44,573</u>	<u>44,407</u>

See accompanying notes to financial statements.

Park Land Dedication Capital Projects	Other Governmental Funds	Total Governmental Funds
43,418	29,292	304,095
0	3,010	3,116
0	16	1,247
0	0	6,023
0	173	173
160	137	1,088
0	30,105	42,438
0	69	429
0	0	9
0	0	1,338
<u>43,578</u>	<u>62,802</u>	<u>359,956</u>
0	109	6,809
0	10	4,711
0	364	4,048
0	0	13,164
<u>0</u>	<u>483</u>	<u>28,732</u>
<u>0</u>	<u>175</u>	<u>175</u>
<u>0</u>	<u>175</u>	<u>175</u>
0	69	1,916
43,578	62,093	228,910
0	0	54,552
0	0	1,294
0	(18)	44,377
<u>43,578</u>	<u>62,144</u>	<u>331,049</u>
<u>43,578</u>	<u>62,802</u>	<u>359,956</u>

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CITY OF MOUNTAIN VIEW, CALIFORNIA

**Reconciliation of Governmental Fund Balances with
Governmental Activities Net Position
June 30, 2015 (Dollars in Thousands)**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 331,049

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. 498,409

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	39,024
Restricted cash and investments	1,232
Interest receivable	151
Deposits and prepaids	3
Accounts payable and accrued costs	(163)
Accrued compensated absences	(217)
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. 175

LONG TERM ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS

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

Net OPEB asset	40,738
Deferred outflows related to pension	15,351
Interest payable	(841)
Net pension liability	(145,651)
Noncurrent liabilities	(93,251)
Deferred inflows related to pension	(29,797)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 646,732

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, 2015 (Dollars in Thousands)**

	<u>General</u>	<u>Shoreline Regional Park Community</u>	<u>Below Market Housing</u>	<u>General Capital Projects</u>
Revenues:				
Taxes	\$ 69,865	28,821	0	0
Licenses, permits and fees	10,947	0	6,626	0
Fines and forfeitures	920	0	0	0
Use of money and property	12,360	671	347	690
Intergovernmental revenues	1,871	0	0	1,409
Charges for services	20,623	1,002	0	0
Other	4,063	52	0	667
	<u>120,649</u>	<u>30,546</u>	<u>6,973</u>	<u>2,766</u>
Expenditures:				
Current:				
General government	17,533	13,978	0	0
Public safety	52,227	119	0	0
Public works	9,357	741	0	0
Community development	8,934	346	664	0
Culture and recreation	17,954	2,846	0	0
Capital outlay	390	15	0	27,590
Debt service:				
Principal repayment	0	0	0	0
Interest and fiscal charges	0	0	0	0
	<u>106,395</u>	<u>18,045</u>	<u>664</u>	<u>27,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,254</u>	<u>12,501</u>	<u>6,309</u>	<u>(24,824)</u>
Other financing sources (uses):				
Sale of capital assets	1,910	0	0	0
Transfers in (Note 5)	2,419	318	0	22,102
Transfers (out) (Note 5)	(6,850)	(12,356)	(42)	(1,652)
	<u>(2,521)</u>	<u>(12,038)</u>	<u>(42)</u>	<u>20,450</u>
Net change in fund balances	11,733	463	6,267	(4,374)
Beginning fund balances	<u>89,425</u>	<u>48,835</u>	<u>37,391</u>	<u>35,587</u>
Ending fund balances	<u>\$ 101,158</u>	<u>49,298</u>	<u>43,658</u>	<u>31,213</u>

See accompanying notes to financial statements.

Park Land Dedication Capital Projects	Other Governmental Funds	Total Governmental Funds
0	8,449	107,135
12,837	1,011	31,421
0	0	920
430	434	14,932
0	2,975	6,255
0	2,698	24,323
0	309	5,091
<u>13,267</u>	<u>15,876</u>	<u>190,077</u>
0	203	31,714
0	111	52,457
0	0	10,098
0	331	10,275
0	2,099	22,899
0	85	28,080
0	5,535	5,535
0	2,056	2,056
<u>0</u>	<u>10,420</u>	<u>163,114</u>
<u>13,267</u>	<u>5,456</u>	<u>26,963</u>
0	0	1,910
106	8,341	33,286
<u>(7,263)</u>	<u>(11,120)</u>	<u>(39,283)</u>
<u>(7,157)</u>	<u>(2,779)</u>	<u>(4,087)</u>
6,110	2,677	22,876
<u>37,468</u>	<u>59,467</u>	<u>308,173</u>
<u>43,578</u>	<u>62,144</u>	<u>331,049</u>

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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, 2015 (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	\$ 22,876
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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	27,439
Depreciation expense is deducted from the fund balance (Depreciation expense is net of Internal Service Fund depreciation of \$12 which has already been allocated to governmental funds.)	(25,489)
Proceeds from sale of capital assets are deducted from fund balance	(1,335)

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.

Repayment of debt principal is added back to fund balance	5,535
Recognition of deferred amount of refunding is subtracted from fund balance	(149)

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	(330)
Long-term landfill containment	(6,060)
Net OPEB asset	3,615
Interest payable	27
Unearned revenue	(33)

NET PENSION LIABILITY TRANSACTIONS

Governmental funds record pension expense as it is paid. However,
in the Statement of Activities those costs are reversed as deferred outflows/(inflows)
and an increase/(decrease) in net pension liability.

	3,762
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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	2,347
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 32,205</u>
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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, 2015 (Dollars in Thousands)**

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 65,034	65,034	69,865	4,831
Licenses, permits and fees	9,372	9,422	10,947	1,525
Fines and forfeitures	1,040	1,040	920	(120)
Use of money and property	11,974	11,981	12,360	379
Intergovernmental revenues	560	564	1,871	1,307
Charges for services	18,187	18,815	20,623	1,808
Other	1,691	2,652	4,063	1,411
Total revenues	107,858	109,508	120,649	11,141
Expenditures:				
Current:				
General government:				
City council	329	350	244	106
City clerk	768	769	672	97
City attorney	1,622	1,815	1,713	102
City manager	3,271	4,334	4,142	192
Information technology	3,220	3,243	2,821	422
Finance and administrative services	8,555	8,896	7,941	955
Public safety:				
Fire	21,504	21,867	20,865	1,002
Police	31,708	32,362	31,362	1,000
Public works	10,085	10,561	9,357	1,204
Community development	8,842	11,424	8,934	2,490
Culture and recreation:				
Community services	13,734	14,047	13,062	985
Library services	5,032	5,358	4,892	466
Capital outlay	1,536	2,164	390	1,774
Total expenditures	110,206	117,190	106,395	10,795
Excess (deficiency) of revenues over (under) expenditures	(2,348)	(7,682)	14,254	21,936
Other financing sources (uses):				
Sale of capital assets	0	0	1,910	1,910
Transfers in	12,213	12,889	2,419	(10,470)
Transfers (out)	(14,533)	(15,897)	(6,850)	9,047
Total other financing sources (uses)	(2,320)	(3,008)	(2,521)	487
Net change in fund balances	\$ (4,668)	(10,690)	11,733	22,423
Beginning fund balances			89,425	
Ending fund balances			\$ 101,158	

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, 2015 (Dollars in Thousands)**

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 28,467	28,467	28,821	354
Use of money and property	831	831	671	(160)
Charges for services	70	70	1,002	932
Other	40	40	52	12
Total revenues	29,408	29,408	30,546	1,138
Expenditures:				
Current:				
General government:				
City attorney	10	20	0	20
Finance and administrative services	13,717	13,988	13,978	10
Public safety:				
Fire	136	144	79	65
Police	40	40	40	0
Public works	807	821	741	80
Community development	479	479	346	133
Culture and recreation:				
Community services	3,023	3,110	2,846	264
Capital outlay	0	15	15	0
Total expenditures	18,212	18,617	18,045	572
Excess (deficiency) of revenues over (under) expenditures	11,196	10,791	12,501	1,710
Other financing sources (uses):				
Transfers in	0	0	318	318
Transfers (out)	(11,863)	(13,978)	(12,356)	1,622
Total other financing sources (uses)	(11,863)	(13,978)	(12,038)	1,940
Net change in fund balances	\$ (667)	(3,187)	463	3,650
Beginning fund balances			48,835	
Ending fund balances			\$ 49,298	

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, 2015 (Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, permits & fees	\$ 0	0	6,626	6,626
Use of money and property	309	309	347	38
Total revenues	309	309	6,973	6,664
Expenditures:				
Current:				
Community development	1,954	4,672	664	4,008
Total expenditures	1,954	4,672	664	4,008
Excess (deficiency) of revenues over (under) expenditures	(1,645)	(4,363)	6,309	10,672
Other financing sources (uses):				
Transfers (out)	(42)	(42)	(42)	0
Total other financing sources (uses)	(42)	(42)	(42)	0
Net change in fund balances	<u>\$ (1,687)</u>	<u>(4,405)</u>	6,267	<u>10,672</u>
Beginning fund balances			<u>37,391</u>	
Ending fund balances			<u>\$ 43,658</u>	

See accompanying notes to financial statements.

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CITY OF MOUNTAIN VIEW, CALIFORNIA**Proprietary Funds
Statement of Net Position
June 30, 2015 (Dollars in Thousands)**

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Wastewater	Solid Waste	Total	
Assets:					
Current assets:					
Cash and investments (Note 3)	\$ 16,635	10,054	4,875	31,564	39,024
Restricted cash and investments (Note 3)	0	0	0	0	1,232
Receivables:					
Accounts (net of allowances)	4,317	2,479	2,895	9,691	0
Interest	86	49	19	154	151
Deposits and prepaid costs	0	0	0	0	3
Total current assets	21,038	12,582	7,789	41,409	40,410
Noncurrent assets:					
Advances to other funds (Note 5)	6,908	4,614	304	11,826	0
Land and construction in progress (Note 6)	8,971	5,298	882	15,151	0
Other capital assets, net of accumulated depreciation (Note 6)	57,969	18,948	2,057	78,974	37
Total noncurrent assets	73,848	28,860	3,243	105,951	37
Total assets	94,886	41,442	11,032	147,360	40,447
Deferred Outflows					
Deferred outflows related to pension (Note 8)	741	404	316	1,461	0
Total deferred outflows	741	404	316	1,461	0
Liabilities:					
Current liabilities:					
Accounts payable and accrued costs	1,235	31	1,008	2,274	163
Due in one year:					
Accrued compensated absences (Note 7)	73	55	37	165	30
Accrued self-insurance costs (Note 10)	0	0	0	0	3,277
Revenue bonds, due within one year (Note 7)	350	0	0	350	0
Loans payable, due within one year (Note 7)	300	0	0	300	0
Refundable deposits	212	0	0	212	0
Total current liabilities	2,170	86	1,045	3,301	3,470
Noncurrent liabilities - due in more than one year:					
Accrued compensated absences (Note 7)	460	342	231	1,033	187
Accrued self-insurance costs (Note 10)	0	0	0	0	6,203
Revenue bonds (Note 7)	6,105	0	0	6,105	0
Loans payable (Note 7)	3,200	0	0	3,200	0
Net pension liability (Note 8)	7,804	4,258	3,333	15,395	0
Total liabilities	19,739	4,686	4,609	29,034	9,860
Deferred Inflows					
Deferred inflows related to pension (Note 8)	1,626	887	694	3,207	0
Total deferred inflows	1,626	887	694	3,207	0
Net Position (Note 11):					
Net investment in capital assets	56,985	24,246	2,939	84,170	37
Unrestricted	17,277	12,027	3,106	32,410	30,550
Total net position	\$ 74,262	36,273	6,045	116,580	30,587

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, 2015 (Dollars in Thousands)

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water	Wastewater	Solid Waste	Total	
Operating revenues:					
Charges for sales and services	\$ 25,738	15,392	12,216	53,346	10,147
Other	1,176	533	246	1,955	375
Total operating revenues	26,914	15,925	12,462	55,301	10,522
Operating expenses:					
Salaries and related expenses	5,163	2,954	2,128	10,245	1,112
Self-funded insurance	0	0	0	0	2,552
Cost of sales and services	13,503	8,623	7,014	29,140	0
General and administrative	3,005	2,258	1,753	7,016	11,206
Depreciation	3,990	1,598	304	5,892	12
Total operating expenses	25,661	15,433	11,199	52,293	14,882
Operating income (loss)	1,253	492	1,263	3,008	(4,360)
Nonoperating revenues (expenses):					
Interest income	202	92	55	349	454
Interest (expense)	(340)	0	0	(340)	0
Net nonoperating revenues (expenses)	(138)	92	55	9	454
Income (loss) before contributions and transfers	1,115	584	1,318	3,017	(3,906)
Contributions and transfers:					
Capital contributions	382	170	0	552	0
Transfers in (Note 5)	388	81	51	520	7,176
Transfers (out) (Note 5)	(430)	(201)	(145)	(776)	(923)
Contributions and net transfers	340	50	(94)	296	6,253
Change in net position	1,455	634	1,224	3,313	2,347
Beginning net position, as adjusted (Note 1J)	72,807	35,639	4,821	113,267	28,240
Ending net position	\$ 74,262	36,273	6,045	116,580	30,587

See accompanying notes to financial statements.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Proprietary Funds

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2015 (Dollars in Thousands)

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water	Wastewater	Solid Waste	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 25,330	15,094	11,605	52,029	10,522
Payments to suppliers	(16,660)	(10,875)	(8,740)	(36,275)	(3,522)
Payments to or on behalf of employees	(5,261)	(3,008)	(2,257)	(10,526)	(8,858)
Claims paid	0	0	0	0	(2,552)
Other receipts	1,169	533	246	1,948	0
Net cash provided (used) by operating activities	4,578	1,744	854	7,176	(4,410)
Cash flows from non-capital financing activities:					
Advances to other funds for construction in progress	(1,188)	0	0	(1,188)	0
Advances from other funds for construction in progress	0	677	125	802	0
Transfers in	388	81	51	520	7,176
Transfers (out)	(430)	(201)	(145)	(776)	(923)
Net cash provided (used) by noncapital financing activities	(1,230)	557	31	(642)	6,253
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets, net	(2,213)	(3,507)	(355)	(6,075)	0
Principal payment on capital debt	(335)	0	0	(335)	0
Principal payment on loans, net	(250)	0	0	(250)	0
Interest paid	(340)	0	0	(340)	0
Net cash flows provided (used) by capital and related financing activities	(3,138)	(3,507)	(355)	(7,000)	0
Cash from investing activities:					
Interest received	195	103	49	347	441
Net increase (decrease) in cash and cash equivalents	405	(1,103)	579	(119)	2,284
Cash and cash equivalents at beginning of period	16,230	11,157	4,296	31,683	37,972
Cash and cash equivalents at end of period	\$ 16,635	10,054	4,875	31,564	40,256
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,253	492	1,263	3,008	(4,360)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	3,990	1,598	304	5,892	12
(Decrease) Increase in due to retirement system	(157)	(85)	(67)	(309)	
Change in assets and liabilities:					
Receivables, net	(408)	(298)	(611)	(1,317)	0
Accounts and other payables	(152)	6	27	(119)	(62)
Refundable deposits	(7)	0	0	(7)	0
Compensated absences	59	31	(62)	28	0
Net cash provided (used) by operating activities	\$ 4,578	1,744	854	7,176	(4,410)
Non cash transactions:					
Contribution of capital assets	\$ 382	\$ 170			

See accompanying notes to financial statements.

CITY OF MOUNTAIN VIEW, CALIFORNIA

**Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015 (Dollars in Thousands)**

	<u>Agency Funds</u>
Assets:	
Cash and investments (Note 3)	\$ 29,717
Restricted cash and investments (Note 3)	<u>270</u>
Total assets	<u>29,987</u>
 Liabilities:	
Accrued payroll	2,025
Collections payable	298
Unearned revenue	<u>27,664</u>
Total liabilities	<u><u>\$ 29,987</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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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The City of Mountain View (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 activities 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, 2015

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

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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 major governmental funds in the accompanying financial statements as follows:

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 (Special Revenue) – 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 (Capital Project) – This fund accounts for all general capital improvement projects not funded from proprietary funds.

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

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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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 earned but unused 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 been earned and are unpaid. 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 reports 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 reports 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, 2015

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

J. New GASB Pronouncements

Management adopted the provisions of the following GASB Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the City to make prior period adjustments. As a result, the beginning net positions were reduced by \$163.9 million for Governmental Activities and \$17.4 million for the Business Type Activities. Business Type Activities include \$8.8 million for the Water Enterprise Fund, \$4.8 million for the Wastewater Enterprise Fund and \$3.8 million for the Solid Waste Enterprise Fund. See Note 8 for additional information.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015**

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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, 2015. Cash and investments are as follows (dollars in thousands):

Statement of Net Position:	
Cash and investments	\$ 374,683
Restricted cash and investments	4,348
Cash and investments of the City	379,031
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments	29,717
Restricted cash and investments	270
Total cash and investments	<u>\$ 409,018</u>

Cash and investments as of June 30, 2015 consist of the following (dollars in thousands):

Cash on hand	\$ 11
Deposits with financial institutions	3,006
Investments	406,001
Total cash and investments	<u>\$ 409,018</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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)
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, 2015

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:

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
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, 2015

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	\$ 57,102	N/A	
U.S. Treasury Obligations	155,060	2.50	
U.S. Agency Securities	149,795	2.09	
Medium-term Notes	31,317	3.09	
Municipal Bonds - Yardis Assessment District	64	2.42	
Shoreline Community 2011 Revenue Bonds	9,291	5.47	
The modified duration of the City's portfolio as of June 30, 2015, excluding Shoreline Community 2011 Bonds.		2.03	
Held by Bond Trustee:			
Cash in Bank	105		
LAIF	106		N/A
U.S. Agency Securities:			
Federal Home Loan Banks	2,901		June 24, 2016
Money Market Mutual Funds	260		N/A
Total investments	<u>\$ 406,001</u>		

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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, 2015, the allowed modified duration ranged from 1.70 to 2.30 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, 2015 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, 2015, these investments have an average maturity of 239 days.

Mutual Money Market Funds investments are available for withdrawal on demand and as of June 30, 2015 have an average maturity from 33 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, 2015 for all U.S. Agency Securities and Money Market Mutual Funds are Aaa as provided by Moody's Investor Service. The U.S. Corporate investments have an actual rating of AA- 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, 2015.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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, 2015, those investments consisted of (dollars in thousands):

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 43,457
Federal National Mortgage Association	Federal Agency Securities	63,304
Federal Home Loan Mortgage Corporation	Federal Agency Securities	43,034

NOTE 4 – LOANS RECEIVABLE

As of June 30, 2015, 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	5,063
Sierra Vista Apartments Affordable Housing	237
Stoney Pine Charities	124
HomeSafe	100
San Antonio Place LP	5,465
Tyrella Gardens Loan	390
Bill Wilson Center	133
Maitri Transitional Home	75
San Veron Park	1,087
SR Fountains LP	981
Franklin Street Family Apartments	12,547
El Camino West Affordable Studios	3,452
Rengstorff Affordable Housing	8,953
Employee Housing	140
East Evelyn Affordable Housing	62
Deferred Assessments	4
Total	<u>\$ 42,438</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 – LOANS RECEIVABLE (Continued)
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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, and most of the loan terms are deferred to the future, they have been offset by a restriction of fund balance in the fund financial statements. Interest revenue is recognized upon payment.

These loan programs are funded by Community Development Block Grants (CDBG) funds, HOME grant funds, Below Market Housing Funds (BMR), Housing Impact Funds and former Mountain View Revitalization Authority (Authority). With the dissolution of the Authority effective January 31, 2012, the City became the Housing Successor Agency. The balances of the loans were transferred to the Housing Successor Special Revenue Funds (Housing Funds) of the City.

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, 2015.

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 – LOANS RECEIVABLE (Continued)
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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.

D. Latham Street Apartments

On August 30, 1995, the City and the Housing Funds 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 Housing 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 2015 against the loans. As of June 30, 2015, 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 zero interest. As of June 30, 2015, a total of \$1.0 was drawn from the CDBG funds. As of June 30, 2015, the total outstanding balance of all loans related to the Latham Street Apartments project is \$2.8 million.

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. Interest and principal amount is deferred. 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, 2015

NOTE 4 – LOANS RECEIVABLE (Continued)
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F. Central Park Apartments

On July 1, 1998, the City and Housing Funds 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 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, 2015, the Coalition had repaid the entire \$388,000 of the Housing Fund's loan, and \$612,000 of the HOME funds loan.

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 1.2 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 Housing Funds loaned \$851,000 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. The Coalition repaid another \$101,000 of the Housing Fund's loan. As of June 30, 2015, 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 Housing Fund's 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, 2015, \$367,000 of the loan had been funded.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 – LOANS RECEIVABLE (Continued)
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On April 23, 2013, the City approved an additional loan of \$275,000 from CDBG funds to the Coalition. The loan was used to upgrade the utilities and install energy-efficient hot water heaters in the original 149-unit apartment complex. The loan bears annual interest at 1.5 percent, with repayment deferred until calendar year 2034 or upon repayment of the \$498,000 CDBG loan. As of June 30, 2015, the total outstanding balance of all loans related to Central Park apartments is \$5.1 million.

G. Sierra Vista Apartment Affordable Housing

On February 1, 1999, the City approved to loan up to \$100,000 to Sierra Vista I Limited Partnership/Charities Housing Corporation for the development and renovation of a 34-unit affordable apartment complex to low – and moderate-income families to be located at 1909 Hackett Avenue. An additional loan in the amount of \$255,000 was approved on January 16, 2007. The loans were funded by CDBG funds with 6.0 percent interest and a term of September 2019 and January 2032, respectively.

On September 24, 2013, the City approved an amendment to the loan agreements with Charities Housing Corporation. This CDBG loan funding will bear interest at 3.3 percent, compound annually on September 1. The term of the loan will be 55 years, maturing on October 1, 2070. As of June 30, 2015, the amount of the loan outstanding is \$237,000.

H. 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, 2015

NOTE 4 – LOANS RECEIVABLE (Continued)
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I. 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.

J. 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 the Housing 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. As of June 30, 2015, the amount of the loan outstanding is \$5.5 million.

K. 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, 2015, the amount of the loan outstanding is \$390,000.

L. 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 and is to be repaid over a 30-year period at 3.0 percent simple interest. However, no interest accrues interest and no loan payment is due during the term of the loan. As of June 30, 2015, the amount of the loan outstanding is \$133,000.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 – LOANS RECEIVABLE (Continued)
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M. 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, is to be repaid over a 15-year period at 3.0 percent simple interest and is collateralized by a second deed of trust. The loan is deferred for the duration of the term, shall be forgiven on March 4, 2024, and no payment is due during the term of the loan. As of June 30, 2015, the amount of the loan outstanding is \$75,000.

N. San Veron Park

On December 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, 2015, \$1.1 million of the loan had been funded.

O. 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, 2015, the total outstanding loan amount is \$981,000.

P. 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. On November 1, 2011 the full loan was assigned to Franklin Street Family Apartments. As of June 30, 2015, the amount of the loan outstanding is \$1.3 million.

On April 18, 2011, the City 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 funds with 4.0 percent interest and a term of 55 years. As of June 30, 2015, the amount of the loan outstanding is \$10.6 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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. As of June 30, 2015 the total outstanding balance of all loans related to Franklin Street Family Apartments is \$12.6 million.

Q. El Camino West Affordable Studios

On January 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. As of June 30, 2015 the amount of the loans outstanding is \$3.5 million.

R. 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, 2015, \$8.9 million of the loan had been funded.

S. Employee Housing

On October 30, 2014, the City made a housing loan to one of its employees in the amount of \$143,000. The loan is secured by a security agreement and has a term of 23 years with an interest rate of 1.45 percent. Principal and interest payments are due bi-weekly. The employee must repay any outstanding balance of the loan within one year of ending employment with the City. As of June 30, 2015, the amount of the loan outstanding is \$140,000.

T. East Evelyn Affordable Housing

On December 16, 2014, the City approved prefunding of \$1.1 million from Below Market Housing Funds to ROEM Development Corporation for use in predevelopment expenses for an affordable housing development at 779 East Evelyn Avenue. The predevelopment funding agreement between the City and the developer was executed to allow disbursement of funds on eligible expenses. Terms of the loan agreement are currently under negotiation. As of June 30, 2015, \$62,000 of the predevelopment funds has been disbursed.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 4 – LOANS RECEIVABLE (Continued)
--

U. 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, 2015, \$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, 2015

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

Transfers between funds during the fiscal year ended June 30, 2015 are as follows (dollars in thousands):

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Transferred Amount</u>
General Fund	Shoreline Regional Park Community	\$ 414 A,C
	Below Market Housing	12 C
	General Capital Projects	226 B
	Non-Major Governmental	1,547 C
	Water	220 C
Shoreline Regional Park Community	General Capital Projects	318 B
General Capital Projects	General Fund	1,271 C
	Shoreline Regional Park Community	5,124 C
	Park Land Dedication	7,263 C
	Non-Major Governmental	8,360 C
	Internal Service	84 C
Park Land Dedication	General Capital Projects	106 B
Non-Major Governmental	General Fund	202 A
	Shoreline Regional Park Community	6,310 A
	General Capital Projects	818 B
	Non-Major Governmental	1,011 A
Water	General Capital Projects	95 B
	Internal Service	293 C
Wastewater	General Capital Projects	81 B
Solid Waste	General Capital Projects	5 B
	Internal Service	46 C
Internal Service	General Fund	5,377 C
	Shoreline Regional Park Community	508 C
	General Capital Projects	3 B
	Below Market Housing	30 C
	Non-Major Governmental	202 C
	Water	210 C
	Wastewater	201 C
	Solidwaste	145 C
	Internal Service	500 C
Total Interfund Transfers		<u><u>\$ 40,982</u></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, and interest back to original funding source.
- C Recurring transfers for capital, operating costs or retirees' health plan, equipment replacement or workers' compensation.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 5 – INTERFUND TRANSACTIONS (Continued)
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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, 2015 are as follows (dollars in thousands):

<u>Fund Making Advance</u>	<u>Fund Receiving Advance</u>	<u>Amount of Advance</u>
General Fund	Shoreline Regional Park Community Special Revenue Fund	\$ 1,338
Enterprise Funds:	Capital Projects Fund:	
Water	General Capital Projects	6,908
Wastewater	General Capital Projects	4,614
Solid Waste	General Capital Projects	<u>304</u>
		<u><u>\$ 13,164</u></u>

Shoreline Regional Park Community advances of \$1.3 million from the General Fund will be repaid at 10.0 percent in one remaining annual installment. During fiscal year 2015 a payment of \$1.6 million was made.

General Capital Projects advances totaling \$11.8 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, 2015**

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 \$5,000 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, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Activity

Capital assets activity for the fiscal year ended June 30, 2015 is as follows (dollars in thousands):

	Balance at June 30, 2014	Additions	Retirements	Adjustments/ Transfers	Balance at June 30, 2015
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 96,697	2,615	(1,327)	1,611	99,596
Construction in progress	35,284	22,845	0	(5,459)	52,670
Total capital assets not being depreciated	131,981	25,460	(1,327)	(3,848)	152,266
Capital assets being depreciated:					
Buildings	164,543	0	0	0	164,543
Improvements other than buildings	163,457	0	0	2,386	165,843
Machinery and equipment	33,026	1,431	(926)	338	33,869
Traffic signals	10,570	0	0	139	10,709
Streetlights	7,947	77	0	0	8,024
Bridges and culverts	18,215	0	0	90	18,305
Sidewalks, curbs and gutters	111,320	314	(68)	198	111,764
Streets and roads	257,990	157	(4)	697	258,840
Total capital assets being depreciated	767,068	1,979	(998)	3,848	771,897
Less accumulated depreciation for:					
Buildings	(69,740)	(3,974)	0	0	(73,714)
Improvements other than buildings	(105,144)	(9,650)	0	0	(114,794)
Machinery and equipment	(23,907)	(1,633)	918	0	(24,622)
Traffic signals	(4,140)	(532)	0	0	(4,672)
Streetlights	(6,693)	(160)	0	0	(6,853)
Bridges and culverts	(4,033)	(304)	0	0	(4,337)
Sidewalks, curbs and gutters	(57,654)	(2,788)	68	0	(60,374)
Streets and roads	(129,932)	(6,460)	4	0	(136,388)
Total accumulated depreciation	(401,243)	(25,501)	990	0	(425,754)
Net capital assets being depreciated	365,825	(23,522)	(8)	3,848	346,143
Governmental activities capital assets, net	\$ 497,806	1,938	(1,335)	0	498,409

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
<i>Business-type activities</i>					
Capital assets, not being depreciated:					
Land	\$ 220	0	0	0	220
Construction in progress	9,566	5,733	0	(368)	14,931
Total capital assets not being depreciated	9,786	5,733	0	(368)	15,151
Capital assets, being depreciated:					
Buildings	8,748	0	0	0	8,748
Improvements other than buildings	129,730	555	(388)	368	130,265
Machinery and equipment	5,041	339	(23)	0	5,357
Total capital assets being depreciated	143,519	894	(411)	368	144,370
Less accumulated depreciation for:					
Buildings	(8,483)	(25)	0	0	(8,508)
Improvements other than buildings	(47,437)	(5,654)	388	0	(52,703)
Machinery and equipment	(3,995)	(213)	23	0	(4,185)
Total accumulated depreciation	(59,915)	(5,892)	411	0	(65,396)
Net capital assets being depreciated	83,604	(4,998)	0	368	78,974
Business-type activities capital assets, net	\$ 93,390	735	0	0	94,125

B. Adjustment to Capital Assets

An adjustment of \$1.6 million was made to the acquisition of 449 Franklin Street property originally purchased in fiscal year 2011. Subsequent to the acquisition, a lot line adjustment on the property was completed in fiscal year 2015.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

C. 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, 2015 are as follows (dollars in thousands):

Governmental Activities:

General government	\$ 2,034
Public safety	1,099
Public works	14,259
Community development	510
Culture and recreation	7,599
Total	<u>\$ 25,501</u>

Business-type Activities:

Water	\$ 3,990
Wastewater	1,598
Solid Waste	304
Total	<u>\$ 5,892</u>

D. 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, 2015 are as follows (dollars in thousands):

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Improvements other than buildings	\$ 17,587	3,672
Streets, sidewalks, streetlights and traffic signal improvements	<u>851</u>	<u>599</u>
Total	<u>\$ 18,438</u>	<u>4,271</u>

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, 2015

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, 2015 is as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Governmental Activities Debt:						
Tax Allocation Bonds:						
Shoreline Regional Park Community						
2011 Revenue Refunding Bonds						
2.0% to 5.75%, due 2040	\$ 39,030	36,085	0	(1,535)	34,550	1,595
Total Tax Allocation Bonds	39,030	36,085	0	(1,535)	34,550	1,595
Certificates of Participation:						
City						
2001 Refunding						
3.5% to 4.75%, due 2015	10,720	1,925	0	(940)	985	985
2008 Childcare Center (COP)						
1%, due 2016	2,800	1,730	0	(185)	1,545	1,545
Total Certificates of Participation	13,520	3,655	0	(1,125)	2,530	2,530
Bank Loans:						
Shoreline Regional Park Community						
2014 Bank Loan						
1.65%, due 2018	12,135	12,135	0	(2,842)	9,293	3,028
Total Bank Loans	12,135	12,135	0	(2,842)	9,293	3,028

(Continued)

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – NONCURRENT LIABILITIES (Continued)

	Original Issue Amount	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Other:						
Special Assessment Debt						
with City Commitment:						
1996 Centre-Church-El Ranchito-Bay						
4.10%-6.375%, due 2022	561	170	0	(25)	145	25
2000 Yardis Court						
7.0%, due 2020	195	71	0	(8)	63	9
Total Special Assessment Debt with City Commitment	<u>756</u>	<u>241</u>	<u>0</u>	<u>(33)</u>	<u>208</u>	<u>34</u>
Compensated Absences	<u>0</u>	<u>8,379</u>	<u>336</u>	<u>0</u>	<u>8,715</u>	<u>1,169</u>
Landfill Containment	<u>0</u>	<u>32,112</u>	<u>6,060</u>	<u>0</u>	<u>38,172</u>	<u>0</u>
Claims liabilities (Note 10)	<u>0</u>	<u>9,480</u>	<u>1,411</u>	<u>(1,411)</u>	<u>9,480</u>	<u>3,277</u>
Total Governmental Activities Debt	<u>\$ 65,441</u>	<u>102,087</u>	<u>7,807</u>	<u>(6,946)</u>	<u>102,948</u>	<u>11,633</u>
Business-Type Activities:						
Water Revenue Bonds						
2004 Series A						
3.0%-4.5%, due 2029	\$ 9,700	6,790	0	(335)	6,455	350
City of Palo Alto Loan						
2007, 0%, due 2029	6,000	4,500	0	(300)	4,200	300
Less unamortized discount	(1,000)	(750)	0	50	(700)	0
Compensated Absences	<u>0</u>	<u>1,170</u>	<u>121</u>	<u>(93)</u>	<u>1,198</u>	<u>165</u>
Total Business-type Activities Debt	<u>\$ 14,700</u>	<u>11,710</u>	<u>121</u>	<u>(678)</u>	<u>11,153</u>	<u>815</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, 2015

NOTE 7 – NONCURRENT LIABILITIES (Continued)
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B. Descriptions of Noncurrent Liabilities

Tax Allocation Bonds:

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.

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.

Bank Loans:

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 at 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – NONCURRENT LIABILITIES (Continued)
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Other:

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.

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.

As of June 30, 2015, the City had no outstanding defeased debt.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – NONCURRENT LIABILITIES (Continued)

C. Debt Service Requirements:

The pledge of future tax increment revenues ends upon repayment of the \$68.3 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 2015 tax increment revenues amounted to \$28.8 million which represented coverage of 4.6 over the \$6.3 million in debt service.

The pledge of future special assessment levies ends upon repayment of the \$246,000 in remaining debt service on the Special Assessment debt with City Commitment which is scheduled to occur in fiscal year 2023. For fiscal year 2015 special assessment revenues amounted to \$48,000 which was used to fund debt service of \$48,000.

The pledge of future Water Fund Revenues ends upon repayment of the \$8.8 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2029. For fiscal year 2015, Water Fund Revenues including operating revenues, non-operating interest earnings and transfers in amounted to \$27.5 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to \$21.7 million. Net Revenues available for debt service amounted to \$5.8 million which represented coverage of 9.3 over the \$626,000 in debt service.

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
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	1,927	1,453	3,380	710	219	929
2021-2025	6,272	6,045	12,317	3,810	820	4,630
2026-2030	4,450	4,903	9,353	3,450	259	3,709
2031-2035	5,775	3,532	9,307	0	0	0
2036-2040	7,590	1,653	9,243	0	0	0
2041	1,789	52	1,841	0	0	0
Total	\$ 46,581	24,581	71,162	10,655	2,323	12,978

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – NONCURRENT LIABILITIES (Continued)
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Reconciliation of governmental activities long-term debt principal (dollars in thousands):

	<u>Governmental</u>	<u>Business-type</u>
Principal requirement as reported above	\$ 46,581	10,655
Less unamortized discount	<u>0</u>	<u>(700)</u>
Total long-term debt principal, net	<u>\$ 46,581</u>	<u>9,955</u>

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.

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. The estimated costs of postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables. The estimated amount of this obligation as of June 30, 2015, is approximately \$38.2 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 in Fiscal Year 2015 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.

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, 2015, is \$18.3 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified regular and probationary employees are eligible to participate in either the City’s Safety (police and fire) or Miscellaneous (all other) plans (Plans), agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website (www.calpers.ca.gov).

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

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

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

<i>Miscellaneous</i>		
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	min 5 years service	min 5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	52 -62+
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	23.37%	(A)

<i>Safety</i>		
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50+	50 - 57+
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9.0%	11.25%
Required employer contribution rates	33.39%	(A)

(A) The minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate cost or the employer normal costs.

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

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	538	252
Inactive employees entitled to but not yet receiving benefits	419	87
Active employees	411	168
Total	<u>1,368</u>	<u>507</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

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

B. Net Pension Liability

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

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

	Miscellaneous and Safety
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, .25% thereafter
Mortality	Derived using CalPers Membership Data for all Funds (3)

(1) Depending on age, service and type of employment

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

(3) The mortality table used was developed based on CalPERS' specific data.

The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses, assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS deemed the difference immaterial to the agent multiple-employer plans.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

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

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

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan are as follows (dollars in thousands):

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<i>Balance at June 30, 2013</i>	\$ 322,111	217,918	104,193
<i>Changes during the measurement period:</i>			
Service cost	6,218	0	6,218
Changes in assumptions	0	0	0
Interest on the total pension liability	23,873	0	23,873
Differences between expected and actual experience	0	0	0
Changes in benefit terms	0	0	0
Contributions - employer	0	7,796	(7,796)
Contributions - employee	0	3,147	(3,147)
Investment income	0	38,634	(38,634)
Administrative expenses	0	(334)	334
Benefit payments, including refunds of employee contributions	(13,823)	(13,823)	0
<i>Net changes</i>	<u>16,268</u>	<u>35,420</u>	<u>(19,152)</u>
<i>Balance at June 30, 2014</i>	<u>\$ 338,379</u>	<u>253,338</u>	<u>85,041</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<i>Balance at June 30, 2013</i>	\$ 278,272	186,116	92,156
<i>Changes during the measurement period:</i>			
Service cost	6,311	0	6,311
Interest on the total pension liability	20,641	0	20,641
Changes in benefit terms	0	0	0
Differences between expected and actual experience	0	0	0
Changes in assumptions	0	0	0
Contributions - employer	0	7,244	(7,244)
Contributions - employee	0	2,924	(2,924)
Investment income	0	33,214	(33,214)
Administrative expenses	0	(278)	278
Benefit payments, including refunds of employee contributions	(12,416)	(12,416)	0
<i>Net changes</i>	<u>14,536</u>	<u>30,688</u>	<u>(16,152)</u>
<i>Balance at June 30, 2014</i>	<u>\$ 292,808</u>	<u>216,804</u>	<u>76,004</u>
<i>Total - All Plans at June 30, 2014</i>	<u>\$ 631,187</u>	<u>\$ 470,142</u>	<u>\$ 161,045</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

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

		<u>Miscellaneous</u>		<u>Safety</u>
1% Decrease		6.50%		6.50%
Net Pension Liability	\$	129,047	\$	114,280
Current Discount Rate		7.50%		7.50%
Net Pension Liability	\$	85,041	\$	76,004
1% Increase		8.50%		8.50%
Net Pension Liability	\$	48,433	\$	44,238

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

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

For the year ended June 30, 2015, the City recognized pension expense of \$6.4 million each for the Miscellaneous and Safety Plans, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows (dollars in thousands):

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 8,673	0
Differences between expected and actual experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on plan investments	0	(17,717)
Total	<u>\$ 8,673</u>	<u>(17,717)</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,139	0
Differences between expected and actual experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on plan investments	0	(15,286)
Total	<u>\$ 8,139</u>	<u>(15,286)</u>
Total - All Plans	<u>\$ 16,812</u>	<u>\$ (33,003)</u>

There are \$8.7 million and \$8.1 million reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous and Safety Plans, respectively, that will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (dollars in thousands):

Miscellaneous Plan:

Fiscal Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2016	\$ (4,428)
2017	(4,428)
2018	(4,428)
2019	(4,433)
2020	0
Thereafter	0

Safety Plan:

Fiscal Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2016	\$ (3,822)
2017	(3,822)
2018	(3,822)
2019	(3,820)
2020	0
Thereafter	0

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – PENSION PLANS – (Continued)

E. Payable to the Pension Plan

At June 30, 2015, the City recorded \$161.1 million as the pension liability to the pension plans.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS
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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 CalPERS Miscellaneous employees, but are included for CalPERS Safety employees in the 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 (excluding CalPERS Safety Management). 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

	Hire Date	Eligibility Rule (continuous years of service)	Retiree Contribution Requirement
Fire Safety	N/A *	5 years vesting with PERS	Same contribution % as active employees (See description below)
Sworn Police	N/A *	5 years vesting with PERS	Same contribution % as active employees (See description below)
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 through June 30, 2010	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	15% of the single rate premium cost of any HMO plan offered by the City
		0-5 6-10 More than 10	City Contribution to a Health Savings Account \$229.73 per month \$287.17 per month \$344.60 per month

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

	Hire Date	Eligibility Rule (continuous years of service)	Retiree Contribution Requirement
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 through June 30, 2010	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 \$229.73 per month \$287.17 per month \$344.60 per month

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

	Hire Date	Eligibility Rule (continuous years of service)	Retiree Contribution Requirement
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	If retirement occurs on or after January 1, 1997
		10 but less than 15	35% of the single rate premium cost
		15 or more	15% of the single rate premium cost
EAGLES, Miscellaneous and Management	July 1, 2007 and later Choice of:	At least 15	15% of the single rate premium cost of any HMO plan offered by the City
	Defined Benefit Plan or Defined Contribution Plan		
PERS Safety, Management, and Professional	N/A*	0-5	City Contribution to a Health Savings Account
		6-10	\$229.73 per month
		More than 10	\$287.17 per month
			\$344.60 per month
PERS Safety, Management, and Professional	N/A*	5 years vesting with PERS	Same contribution % as active employees (See description below)

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

As of June 30, 2015, approximately 369 participants were eligible to receive benefits.

Contributions to PEHMCA 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 2015).
- 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, 2015

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)
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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) 7.00 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, 2015

NOTE 9 – OTHER 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 2015, 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)	\$ 4,242
Interest on net OPEB asset	(2,599)
Adjustment to annual required contribution	<u>2,487</u>
Annual OPEB Cost (expense)	<u>4,130</u>
Contributions made:	
Contributions to OPEB Trust	4,281
Current year premiums paid	<u>3,464</u>
Total contributions:	<u>7,745</u>
Contributions in excess of the ARC	3,615
Net OPEB Asset at June 30, 2014	<u>37,123</u>
Net OPEB Asset at June 30, 2015	<u><u>\$ 40,738</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
2013	\$ 3,623	4,254	117%	36,666
2014	3,437	3,894	113%	37,123
2015	4,130	7,745	188%	40,738

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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, 2015 the market value of the accumulated contributions and investment income is \$89.8 million. In addition to the above amounts, the City held \$432,000 of cash and investments in its Retirees' Health Plan Internal Service Fund at June 30, 2015.

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 for 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 10 – RISK MANAGEMENT (Continued)

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

	2015	2014
Beginning Balance	\$ 9,480	8,691
Liability for current and change in prior fiscal year claims and claims incurred but not reported (IBNR)	1,411	2,089
Claims paid	(1,411)	(1,300)
Ending Balance	<u>\$ 9,480</u>	<u>9,480</u>
Current portion	<u>\$ 3,277</u>	<u>3,277</u>

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.

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 as follows:

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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 11 - NET POSITION AND FUND BALANCES (Continued)

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 GASB Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on 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 as follows:

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.

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. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council, which may only be altered by resolution of the City Council. 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 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, 2015

NOTE 11 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2015, 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	Total
Nonspendables:							
Items not in spendable form:							
Inventory	\$ 360	0	0	0	0	69	429
Deposits and prepaid costs	9	0	0	0	0	0	9
Advances to other funds	1,338	0	0	0	0	0	1,338
Employee loan	140	0	0	0	0	0	140
Total Nonspendable Fund	1,847	0	0	0	0	69	1,916
Restricted for:							
Shoreline Regional Park Community	0	45,368	0	0	0	0	45,368
Landfill Containment	0	3,000	0	0	0	0	3,000
General Capital Projects	0	0	0	31,213	0	0	31,213
Gas Tax	0	0	0	0	0	2,339	2,339
Vehicle Registration Fee	0	0	0	0	0	486	486
Construction & Conveyance Tax	0	0	0	0	0	10,814	10,814
Below Market Housing	0	0	43,658	0	0	0	43,658
Transit Oriented Development	0	0	0	0	0	3,793	3,793
Downtown Benefit Assessment	0	0	0	0	0	9,548	9,548
Grants	0	0	0	0	0	17,515	17,515
Police Asset Forfeitures	0	0	0	0	0	29	29
Cable Television	0	0	0	0	0	780	780
Deferred Assessments	0	0	0	0	0	352	352
Housing Successor	0	0	0	0	0	13,141	13,141
Debt Service	0	0	0	0	0	3,105	3,105
Storm Drain Construction	0	0	0	0	0	191	191
Park Land Dedication Fees	0	0	0	0	43,578	0	43,578
Total Restricted Fund Balances	0	48,368	43,658	31,213	43,578	62,093	228,910
Committed to:							
Development Services	14,588	0	0	0	0	0	14,588
Budget Contingency	5,209	0	0	0	0	0	5,209
Earned Lease Revenue	1,378	0	0	0	0	0	1,378
Property Management	1,600	0	0	0	0	0	1,600
Graham School Field Maintenance	1,251	0	0	0	0	0	1,251
Capital Improvement Program	9,327	0	0	0	0	0	9,327
Open Space Acquisition	562	0	0	0	0	0	562
Strategic Property Acquisition	10,774	0	0	0	0	0	10,774
Childcare Commitment	1,610	0	0	0	0	0	1,610
Compensated Absences	7,323	0	0	0	0	0	7,323
Capital Projects	0	930	0	0	0	0	930
Total Committed Fund Balances	53,622	930	0	0	0	0	54,552
Assigned to:							
Contractual Obligations	1,294	0	0	0	0	0	1,294
Total Assigned Fund Balances	1,294	0	0	0	0	0	1,294
Unassigned:							
General Fund	44,395	0	0	0	0	0	44,395
Shoreline Golf Links	0	0	0	0	0	(18)	(18)
Total Unassigned Fund Balances	44,395	0	0	0	0	(18)	44,377
Total Fund Balances	\$ 101,158	49,298	43,658	31,213	43,578	62,144	331,049

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 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, 2015

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.

E. Landfill Containment Reserve

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 estimated costs of the corrective actions are adjusted annually by an inflation factor approved by CalRecycle. On June 25, 2013, the City Council approved to restrict funds for Landfill Containment in the Landfill reserve of the Shoreline Community Fund. The City estimated this to be \$1.3 million in Fiscal Year 2015. As of June 30, 2015, the City restricted \$3.0 million for the landfill containment.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – COMMITMENTS AND CONTINGENCIES
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A. *Encumbrances*

As of June 30, 2015, the City has outstanding encumbrances as follows (dollars in thousands):

General Fund	\$ 3,891
Shoreline Regional Park Community	72
Below Market Housing	1,424
General Capital Projects	11,585
Non-Major Governmental Funds	151
Total	<u>\$ 17,123</u>

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, 2015 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 2015, these costs totaled \$8.9 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)
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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 2015, these costs totaled \$6.7 million.

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 2015, the Shoreline Community paid \$4.9 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 2015, \$1.3 million and \$1.4 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)
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Under the 2009 25 year agreement with the SFPUC a minimum water delivery level of 5.341MGD is included. In addition, under the 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. Prior assets under the previous agreement were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%.

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 2015, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2016 is estimated to be \$1.5 million.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 2015 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
2016	\$ 1,800
2017	1,800
2018	1,812
2019	1,848
2020	1,885
Thereafter	<u>1,273</u>
Total	<u><u>\$ 10,418</u></u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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
2016	\$ 5,867
2017	5,303
2018	4,555
2019	4,499
2020	4,667
Thereafter	<u>166,850</u>
Total	<u><u>\$ 191,741</u></u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 13 – LEASING ARRANGEMENTS (Continued)

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.

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 2015, \$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 2015, \$59,000 of lease revenue has been recognized.

D. *MV 101 Development, LLC*

In fiscal year 2015, the City, as lessor, entered into a Disposition and Development Agreement (DDA) and a 55-year ground lease with MV 101 Development, LLC, (Developer), an entity not affiliated with the City. The DDA provides for the development of 6.69 acres of land owned by the City, (at 750 Moffett Boulevard, commonly referred to as Moffett Gateway), in conjunction with adjacent land to be obtained by Developer, with a hotel and office building.

The ground lease provides for the rental of the City land, Moffett Gateway, for 55 years with potentially four 10-year extensions. The agreement also provides for office building minimum rent upon the issuance of a building permit at \$140 per buildable square foot at 5.0 percent of the fair market value of the land, with increases of 3.0 percent per annum. Commencing with the 15th year and every 10 years thereafter, the building minimum base rent shall be increased or decreased to the current market rate based on 5.0 percent of the then current fair market value of the property or the initial base rent.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 14 – SUCCESSOR AGENCY TO THE MOUNTAIN VIEW REVITALIZATION AUTHORITY

A. *Redevelopment Dissolution*

On October 14, 2014, the Successor Agency to the Mountain View Revitalization Authority, notified the California Department of Finance that all former redevelopment agency's debts have been paid off, and all remaining funds have been remitted to the county for distribution to the local taxing entities. On May 29, 2015, the City received a letter from the California Department of Finance acknowledging the end of the Mountain View Successor Agency's existence.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios City of Mountain View Miscellaneous Plan, an Agent Multiple-Employer Defined Pension Plan Last 10 Fiscal Years* (Dollars in Thousands)

	Fiscal Year Ended June 30, 2015
<i>Total Pension Liability</i>	
Service Cost	\$ 6,218
Interest	23,873
Differences between expected and actual experience	0
Changes in assumptions	0
Changes in benefits	0
Benefit payments, including refunds of employee contributions	(13,823)
Net change in total pension liability	16,268
Total pension liability - beginning	322,111
Total pension liability - ending (a)	\$ 338,379
 <i>Plan fiduciary net position</i>	
Contributions - employer	\$ 7,796
Contributions - employee	3,147
Net investment income	38,301
Benefit payments, including refunds of employee contributions	(13,823)
Net change in plan fiduciary net position	35,421
Plan fiduciary net position - beginning	217,918
Plan fiduciary net position - ending (b)	\$ 253,339
 Net pension liability - ending (a)-(b)	 \$ 85,040
 Plan fiduciary net position as a percentage of the total pension liability	 74.9%
 Covered - employee payroll	 \$ 34,163
 Net pension liability as percentage of covered-employee payroll	 248.9%

Notes to Schedule:

Benefit changes. In 2015, the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2015, there were no changes in assumptions.

* - Fiscal year 2015 is the first year of implementation, therefore only one year is shown.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Required Supplementary Information

Schedule of Contributions
City of Mountain View Miscellaneous Plan,
an Agent Multiple-Employer Defined Pension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)

	Fiscal Year Ended
	June 30, 2015
Actuarially determined contribution	\$ 8,073
Contributions in relation to the actuarially determined contributions	(8,673)
Contribution deficiency (excess)	<u>\$ (600)</u>
Covered-employee payroll	\$ 34,163
Contributions as a percentage of covered-employee payroll	25.4%

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	67 yrs. Misc.

Mortality

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

CITY OF MOUNTAIN VIEW, CALIFORNIA
Required Supplementary Information

**City of Mountain View Safety Plan,
an Agent Multiple-Employer Defined Pension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)**

	Fiscal Year Ended June 30, 2015
<i>Total Pension Liability</i>	
Service Cost	\$ 6,311
Interest	20,641
Differences between expected and actual experience	0
Changes in assumptions	0
Changes in benefits	0
Benefit payments, including refunds of employee contributions	(12,416)
Net change in total pension liability	14,536
Total pension liability - beginning	278,272
Total pension liability - ending (a)	\$ 292,808
 <i>Plan fiduciary net position</i>	
Contributions - employer	\$ 7,244
Contributions - employee	2,924
Net investment income	32,936
Benefit payments, including refunds of employee contributions	(12,416)
Net change in plan fiduciary net position	30,688
Plan fiduciary net position - beginning	186,116
Plan fiduciary net position - ending (b)	\$ 216,804
 Net pension liability - ending (a)-(b)	 \$ 76,004
 Plan fiduciary net position as a percentage of the total pension liability	 74.0%
 Covered - employee payroll	 \$ 23,051
 Net pension liability as percentage of covered-employee payroll	 329.7%

Notes to Schedule:

Benefit changes. In 2015, the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2015, there were no changes in assumptions.

* - Fiscal year 2015 is the first year of implementation, therefore only one year is shown.

CITY OF MOUNTAIN VIEW, CALIFORNIA
Required Supplementary Information

**City of Mountain View Safety Plan,
Schedule of Contributions
an Agent Multiple-Employer Defined Pension Plan
Last 10 Fiscal Years***

Schedule of Contributions

(Dollars in Thousands)

	Fiscal Year Ended June 30, 2015
Actuarially determined contribution	\$ 7,739
Contributions in relation to the actuarially determined contributions	(8,139)
Contribution deficiency (excess)	<u>\$ (400)</u>
Covered-employee payroll	\$ 23,050
Contributions as a percentage of covered-employee payroll	35.3%

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	57 yrs. Safety

Mortality

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

CITY OF MOUNTAIN VIEW, CALIFORNIA
Required Supplementary Information

City of Mountain View, Other Post Employment Benefits
Schedule of Funding Progress
As of fiscal year ending June 30, 2015

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%	44,844	(72.1%)
7/1/2011	53,984	82,688	(28,704)	65.29%	44,844	(64.0%)
7/1/2013	69,469	101,917	(32,448)	68.16%	49,890	(65.0%)

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CITY OF MOUNTAIN VIEW, CALIFORNIA**Park Land Dedication Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015 (Dollars in Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits & fees	\$ 0	0	12,837	12,837
Use of money and property	361	361	430	69
	<u>361</u>	<u>361</u>	<u>430</u>	<u>69</u>
Total revenues	<u>361</u>	<u>361</u>	<u>13,267</u>	<u>12,906</u>
Other financing sources (uses):				
Transfers in	0	0	106	106
Transfers (out)	(4,503)	(7,263)	(7,263)	0
	<u>(4,503)</u>	<u>(7,263)</u>	<u>(7,263)</u>	<u>0</u>
Total other financing sources (uses)	<u>(4,503)</u>	<u>(7,263)</u>	<u>(7,157)</u>	<u>106</u>
Net change in fund balances	<u>\$ (4,142)</u>	<u>(6,902)</u>	6,110	<u>13,012</u>
Beginning fund balances			<u>37,468</u>	
Ending fund balances			<u>\$ 43,578</u>	

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA**Non-Major Governmental Funds
Combining Balance Sheets
June 30, 2015 (Dollars in Thousands)**

	SPECIAL REVENUE FUNDS			
	Gas Tax	Vehicle Registration Fee	Construction & Conveyance Tax	Transit Oriented Development
Assets:				
Cash and investments	\$ 2,321	486	10,746	3,780
Restricted cash and investments	0	0	0	0
Receivables:				
Accounts (net of allowances)	0	0	0	0
Special assessments:				
Deferred	0	0	0	0
Interest	18	0	69	13
Loans	0	0	0	0
Inventory	0	0	0	0
Total assets	<u>\$ 2,339</u>	<u>486</u>	<u>10,815</u>	<u>3,793</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable and accrued costs	\$ 0	0	1	0
Refundable deposits	0	0	0	0
Unearned revenue	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>1</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	2,339	486	10,814	3,793
Unassigned	0	0	0	0
Total fund balances	<u>2,339</u>	<u>486</u>	<u>10,814</u>	<u>3,793</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,339</u>	<u>486</u>	<u>10,815</u>	<u>3,793</u>

SPECIAL REVENUE FUNDS

Housing Successor	Shoreline Golf Links	Downtown Benefit Assessment District	Grants	Police Asset Forfeitures
366	393	9,576	178	29
0	5	0	0	0
0	1	0	15	0
0	0	0	0	0
0	1	32	0	0
12,775	0	0	17,326	0
0	69	0	0	0
13,141	469	9,608	17,519	29
0	53	51	4	0
0	1	9	0	0
0	364	0	0	0
0	418	60	4	0
0	0	0	0	0
0	0	0	0	0
0	69	0	0	0
13,141	0	9,548	17,515	29
0	(18)	0	0	0
13,141	51	9,548	17,515	29
13,141	469	9,608	17,519	29

(Continued)

CITY OF MOUNTAIN VIEW, CALIFORNIA**Non-Major Governmental Funds
Combining Balance Sheets
June 30, 2015 (Dollars in Thousands)**

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	
	<u>Cable Television</u>	<u>Deferred Assessments</u>	<u>2001 Refunding COPs</u>	<u>Special Assessments</u>
Assets:				
Cash and investments	780	352	0	98
Restricted cash and investments	0	0	0	0
Receivables:				
Accounts (net of allowances)	0	0	0	0
Special assessments:				
Deferred	0	0	0	173
Interest	0	0	0	0
Loans	0	4	0	0
Inventory	0	0	0	0
Total assets	<u>780</u>	<u>356</u>	<u>0</u>	<u>271</u>
Liabilities, deferred inflows of resources and fund balances:				
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	4	0	171
Total deferred inflows of resources	<u>0</u>	<u>4</u>	<u>0</u>	<u>171</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	780	352	0	100
Unassigned	0	0	0	0
Total fund balances	<u>780</u>	<u>352</u>	<u>0</u>	<u>100</u>
Total liabilities, deferred inflows of resources an fund balances	<u>780</u>	<u>356</u>	<u>0</u>	<u>271</u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND	
Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2014 Bank Loan	City Child Care Center Financing 2008	Storm Drain Construction	Total Nonmajor Governmental Funds
0	0	0	187	29,292
3,005	0	0	0	3,010
0	0	0	0	16
0	0	0	0	173
0	0	0	4	137
0	0	0	0	30,105
0	0	0	0	69
3,005	0	0	191	62,802
0	0	0	0	109
0	0	0	0	10
0	0	0	0	364
0	0	0	0	483
0	0	0	0	175
0	0	0	0	175
0	0	0	0	69
3,005	0	0	191	62,093
0	0	0	0	(18)
3,005	0	0	191	62,144
3,005	0	0	191	62,802

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, 2015 (Dollars in Thousands)**

	SPECIAL REVENUE FUNDS			
	Gas Tax	Vehicle Registration Fee	Construction & Conveyance Tax	Transit Oriented Development
Revenues:				
Taxes	\$ 0	0	7,600	0
Licenses, permits and fees	0	0	0	541
Use of money and property	21	4	83	34
Intergovernmental revenues	1,946	461	0	0
Charges for services	0	0	0	0
Other	0	0	0	0
Total revenues	<u>1,967</u>	<u>465</u>	<u>7,683</u>	<u>575</u>
Expenditures:				
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	0	0	0	0
Interest and fiscal charges	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,967</u>	<u>465</u>	<u>7,683</u>	<u>575</u>
Other financing sources (uses):				
Transfers in	25	10	266	480
Transfers (out)	<u>(2,104)</u>	<u>(439)</u>	<u>(7,460)</u>	<u>0</u>
Total other financing sources (uses)	<u>(2,079)</u>	<u>(429)</u>	<u>(7,194)</u>	<u>480</u>
Net change in fund balances	(112)	36	489	1,055
Beginning fund balances	<u>2,451</u>	<u>450</u>	<u>10,325</u>	<u>2,738</u>
Ending fund balances	<u>\$ 2,339</u>	<u>486</u>	<u>10,814</u>	<u>3,793</u>

SPECIAL REVENUE FUNDS

Housing Successor	Shoreline Golf Links	Downtown Benefit Assessment District	Grants	Police Asset Forfeitures
0	0	849	0	0
0	0	470	0	0
13	3	104	150	1
0	0	3	562	3
0	2,462	203	0	0
0	18	0	0	0
13	2,483	1,629	712	4
0	0	0	0	0
0	0	0	111	0
0	0	330	1	0
0	2,099	0	0	0
0	0	0	0	85
0	0	0	0	0
0	0	0	0	0
0	2,099	330	112	85
13	384	1,299	600	(81)
0	0	1	0	0
0	(382)	(184)	(2)	0
0	(382)	(183)	(2)	0
13	2	1,116	598	(81)
13,128	49	8,432	16,917	110
13,141	51	9,548	17,515	29

(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, 2015 (Dollars in Thousands)**

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	
	<u>Cable Television</u>	<u>Deferred Assessments</u>	<u>2001 Refunding COPs</u>	<u>Special Assessments</u>
Revenues:				
Taxes	0	0	0	0
Licenses, permits and fees	0	0	0	0
Use of money and property	0	0	0	13
Intergovernmental revenues	0	0	0	0
Charges for services	0	0	0	33
Other	249	0	0	0
	<u>249</u>	<u>0</u>	<u>0</u>	<u>46</u>
Total revenues	249	0	0	46
Expenditures:				
Current:				
General government	203	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	0	0	940	33
Interest and fiscal charges	0	0	71	15
	<u>203</u>	<u>0</u>	<u>1,011</u>	<u>48</u>
Total expenditures	203	0	1,011	48
Excess (deficiency) of revenues over (under) expenditures	<u>46</u>	<u>0</u>	<u>(1,011)</u>	<u>(2)</u>
Other financing sources (uses):				
Transfers in	0	0	1,011	0
Transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	0	0	1,011	0
Net change in fund balances	46	0	0	(2)
Beginning fund balances	<u>734</u>	<u>352</u>	<u>0</u>	<u>102</u>
Ending fund balances	<u><u>780</u></u>	<u><u>352</u></u>	<u><u>0</u></u>	<u><u>100</u></u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND	
Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2014 Bank Loan	City Child Care Center Financing 2008	Storm Drain Construction	Total Nonmajor Governmental Funds
0	0	0	0	8,449
0	0	0	0	1,011
5	0	0	3	434
0	0	0	0	2,975
0	0	0	0	2,698
0	0	0	42	309
5	0	0	45	15,876
0	0	0	0	203
0	0	0	0	111
0	0	0	0	331
0	0	0	0	2,099
0	0	0	0	85
1,535	2,842	185	0	5,535
1,821	132	17	0	2,056
3,356	2,974	202	0	10,420
(3,351)	(2,974)	(202)	45	5,456
3,354	2,956	202	36	8,341
0	0	0	(549)	(11,120)
3,354	2,956	202	(513)	(2,779)
3	(18)	0	(468)	2,677
3,002	18	0	659	59,467
3,005	0	0	191	62,144

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, 2015 (Dollars in Thousands)

	Gas Tax			Vehicle Registration Fee		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	0	0	0
Licenses, permits and fees	0	0	0	0	0	0
Use of money and property	44	21	(23)	8	4	(4)
Intergovernmental	1,899	1,946	47	410	461	51
Charges for services	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total revenues	<u>1,943</u>	<u>1,967</u>	<u>24</u>	<u>418</u>	<u>465</u>	<u>47</u>
Expenditures:						
Current:						
General government:						
City manager	0	0	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
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,943</u>	<u>1,967</u>	<u>24</u>	<u>418</u>	<u>465</u>	<u>47</u>
Other financing sources (uses):						
Transfers in	0	25	25	0	10	10
Transfers (out)	<u>(2,104)</u>	<u>(2,104)</u>	<u>0</u>	<u>(439)</u>	<u>(439)</u>	<u>0</u>
Total other financing sources (uses)	<u>(2,104)</u>	<u>(2,079)</u>	<u>25</u>	<u>(439)</u>	<u>(429)</u>	<u>10</u>
Net change in fund balances	<u>\$ (161)</u>	<u>(112)</u>	<u>49</u>	<u>(21)</u>	<u>36</u>	<u>57</u>
Beginning fund balances		<u>2,451</u>			<u>450</u>	
Ending fund balances		<u>\$ 2,339</u>			<u>486</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	7,600	4,596	0	0	0	0	0	0
0	0	0	0	541	541	0	0	0
221	83	(138)	34	34	0	0	3	3
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,683	2,462	(221)
0	0	0	0	0	0	13	18	5
3,225	7,683	4,458	34	575	541	2,696	2,483	(213)
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
0	0	0	0	0	0	2,264	2,099	165
0	0	0	0	0	0	2,264	2,099	165
3,225	7,683	4,458	34	575	541	432	384	(48)
0	266	266	0	480	480	0	0	0
(7,461)	(7,460)	1	0	0	0	(431)	(382)	49
(7,461)	(7,194)	267	0	480	480	(431)	(382)	49
(4,236)	489	4,725	34	1,055	1,021	1	2	1
	10,325			2,738			49	
	10,814			3,793			51	

(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, 2015 (Dollars in Thousands)**

	Downtown Benefit Assessment District			Grants		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	535	849	314	0	0	0
Licenses, permits and fees	316	470	154	0	0	0
Use of money and property	82	104	22	0	150	150
Intergovernmental	3	3	0	884	562	(322)
Charges for services	204	203	(1)	0	0	0
Other	0	0	0	50	0	(50)
Total revenues	<u>1,140</u>	<u>1,629</u>	<u>489</u>	<u>934</u>	<u>712</u>	<u>(222)</u>
Expenditures:						
Current:						
General government:						
City manager	0	0	0	0	0	0
Public safety:						
Police	0	0	0	111	111	0
Community development	636	330	306	2,156	1	2,155
Culture and recreation:						
Community services	0	0	0	0	0	0
Total expenditures	<u>636</u>	<u>330</u>	<u>306</u>	<u>2,267</u>	<u>112</u>	<u>2,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>504</u>	<u>1,299</u>	<u>795</u>	<u>(1,333)</u>	<u>600</u>	<u>1,933</u>
Other financing sources (uses):						
Transfers in	0	1	1	0	0	0
Transfers (out)	<u>(184)</u>	<u>(184)</u>	<u>0</u>	<u>(2)</u>	<u>(2)</u>	<u>0</u>
Total other financing sources (uses)	<u>(184)</u>	<u>(183)</u>	<u>1</u>	<u>(2)</u>	<u>(2)</u>	<u>0</u>
Net change in fund balances	<u>320</u>	<u>1,116</u>	<u>796</u>	<u>(1,335)</u>	<u>598</u>	<u>1,933</u>
Beginning fund balances		<u>8,432</u>			<u>16,917</u>	
Ending fund balances		<u>9,548</u>			<u>17,515</u>	

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	3	(9)
0	0	0	0	0	0
0	0	0	0	0	0
240	249	9	10	42	32
240	249	9	22	45	23
269	203	66	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
269	203	66	0	0	0
(29)	46	75	22	45	23
0	0	0	0	36	36
0	0	0	(549)	(549)	0
0	0	0	(549)	(513)	36
(29)	46	75	(527)	(468)	59
	734			659	
	780			191	

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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, 2015 (Dollars in Thousands)**

	<u>Equipment Maintenance & Replacement</u>	<u>Workers' Compensation Insurance</u>	<u>Unemployment Self-Insurance</u>
Asset:			
Current assets:			
Cash and investments	\$ 24,812	8,542	362
Restricted cash and investments	0	38	0
Receivables:			
Interest	87	30	1
Deposits and prepaid costs	0	0	0
	<u>24,899</u>	<u>8,610</u>	<u>363</u>
Total current assets			
	<u>24,899</u>	<u>8,610</u>	<u>363</u>
Noncurrent assets:			
Machinery and equipment	267	0	0
Accumulated depreciation	(230)	0	0
	<u>37</u>	<u>0</u>	<u>0</u>
Total noncurrent assets			
	<u>37</u>	<u>0</u>	<u>0</u>
Total assets	<u>24,936</u>	<u>8,610</u>	<u>363</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued costs	140	0	0
Accrued compensated absences	30	0	0
Accrued self-insurance costs	0	1,902	0
	<u>170</u>	<u>1,902</u>	<u>0</u>
Total current liabilities			
	<u>170</u>	<u>1,902</u>	<u>0</u>
Noncurrent liabilities:			
(due in more than one year):			
Accrued compensated absences	187	0	0
Accrued self-insurance costs	0	5,680	0
	<u>187</u>	<u>5,680</u>	<u>0</u>
Total liabilities	<u>357</u>	<u>7,582</u>	<u>0</u>
Net position:			
Invested in capital assets	37	0	0
Unrestricted	24,542	1,028	363
	<u>24,579</u>	<u>1,028</u>	<u>363</u>
Total net position	<u>\$ 24,579</u>	<u>1,028</u>	<u>363</u>

Liability Self-Insurance	Retirees' Health Plan	Employee Benefits Plan	Total
4,521	432	355	39,024
1,194	0	0	1,232
16	15	2	151
0	3	0	3
5,731	450	357	40,410
0	0	0	267
0	0	0	(230)
0	0	0	37
5,731	450	357	40,447
18	3	2	163
0	0	0	30
1,375	0	0	3,277
1,393	3	2	3,470
0	0	0	187
523	0	0	6,203
1,916	3	2	9,860
0	0	0	37
3,815	447	355	30,550
3,815	447	355	30,587

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, 2015 (Dollars in Thousands)**

	<u>Equipment Maintenance & Replacement</u>	<u>Workers' Compensation Insurance</u>	<u>Unemployment Self-Insurance</u>
Operating revenues:			
Charges for services	\$ 2,169	1,595	163
Other	68	209	0
	<u>2,237</u>	<u>1,804</u>	<u>163</u>
Total operating revenues			
Operating expenses:			
Salaries and related expenses	1,112	0	0
Self-funded insurance	0	1,659	67
General and administrative	3,065	148	2
Depreciation	12	0	0
	<u>4,189</u>	<u>1,807</u>	<u>69</u>
Total operating expenses			
Operating income (loss)	<u>(1,952)</u>	<u>(3)</u>	<u>94</u>
Nonoperating revenues (expenses):			
Interest income	273	90	4
	<u>273</u>	<u>90</u>	<u>4</u>
Net nonoperating revenues			
Income (loss) before transfers	<u>(1,679)</u>	<u>87</u>	<u>98</u>
Transfers:			
Transfers in	3,190	800	0
Transfers out	(423)	0	0
	<u>2,767</u>	<u>800</u>	<u>0</u>
Net transfers			
Change in net position	1,088	887	98
Beginning net position	23,491	141	265
Ending net position	<u>\$ 24,579</u>	<u>1,028</u>	<u>363</u>

Liability Self-Insurance	Retirees' Health Plan	Employee Benefits Plan	Total
1,386	4,775	59	10,147
75	23	0	375
<u>1,461</u>	<u>4,798</u>	<u>59</u>	<u>10,522</u>
0	0	0	1,112
826	0	0	2,552
171	7,752	68	11,206
0	0	0	12
<u>997</u>	<u>7,752</u>	<u>68</u>	<u>14,882</u>
<u>464</u>	<u>(2,954)</u>	<u>(9)</u>	<u>(4,360)</u>
<u>48</u>	<u>35</u>	<u>4</u>	<u>454</u>
<u>48</u>	<u>35</u>	<u>4</u>	<u>454</u>
<u>512</u>	<u>(2,919)</u>	<u>(5)</u>	<u>(3,906)</u>
166	3,020	0	7,176
(500)	0	0	(923)
<u>(334)</u>	<u>3,020</u>	<u>0</u>	<u>6,253</u>
178	101	(5)	2,347
<u>3,637</u>	<u>346</u>	<u>360</u>	<u>28,240</u>
<u><u>3,815</u></u>	<u><u>447</u></u>	<u><u>355</u></u>	<u><u>30,587</u></u>

CITY OF MOUNTAIN VIEW, CALIFORNIA**Internal Service Funds****Combining Statement of Cash Flows****For the Fiscal Year Ended June 30, 2015 (Dollars in Thousands)**

	<u>Equipment Maintenance & Replacement</u>	<u>Workers' Compensation Insurance</u>	<u>Unemployment Self-Insurance</u>
Cash flows from operating activities:			
Receipts from customers	\$ 2,237	1,804	163
Payments to suppliers	(3,147)	(148)	(2)
Payments to or on behalf of employees	(1,106)	0	0
Claims paid	0	(1,659)	(67)
	<u>(2,016)</u>	<u>(3)</u>	<u>94</u>
Net cash provided (used) by operating activities			
Cash flows from non-capital financing activities:			
Transfers in	3,190	800	0
Transfers out	(423)	0	0
	<u>2,767</u>	<u>800</u>	<u>0</u>
Net cash provided (used) by noncapital financing activities			
Cash from investing activities:			
Interest received	275	88	4
	<u>1,026</u>	<u>885</u>	<u>98</u>
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period	23,786	7,695	264
Cash and cash equivalents at end of period	<u>\$ 24,812</u>	<u>8,580</u>	<u>362</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,952)	(3)	94
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	12	0	0
Change in assets and liabilities:			
Accounts and other payables	(76)	0	0
	<u>(2,016)</u>	<u>(3)</u>	<u>94</u>
Net cash provided (used) by operating activities	<u>\$ (2,016)</u>	<u>(3)</u>	<u>94</u>

Liability Self-Insurance	Retirees' Health Plan	Employee Benefits Plan	Total
1,461	4,798	59	10,522
(158)	0	(67)	(3,522)
0	(7,752)	0	(8,858)
(826)	0	0	(2,552)
<u>477</u>	<u>(2,954)</u>	<u>(8)</u>	<u>(4,410)</u>
166	3,020	0	7,176
(500)	0	0	(923)
<u>(334)</u>	<u>3,020</u>	<u>0</u>	<u>6,253</u>
<u>47</u>	<u>24</u>	<u>3</u>	<u>441</u>
190	90	(5)	2,284
<u>5,525</u>	<u>342</u>	<u>360</u>	<u>37,972</u>
<u><u>5,715</u></u>	<u><u>432</u></u>	<u><u>355</u></u>	<u><u>40,256</u></u>
464	(2,954)	(9)	(4,360)
0	0	0	12
<u>13</u>	<u>0</u>	<u>1</u>	<u>(62)</u>
<u><u>477</u></u>	<u><u>(2,954)</u></u>	<u><u>(8)</u></u>	<u><u>(4,410)</u></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, 2015 (Dollars in Thousands)**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Payroll</u>				
Assets:				
Cash and investments	<u>\$ 1,803</u>	<u>101,729</u>	<u>101,507</u>	<u>2,025</u>
Liabilities:				
Accrued payroll	<u>\$ 1,803</u>	<u>114,182</u>	<u>113,960</u>	<u>2,025</u>
<u>Center For The Performing Arts</u>				
Assets:				
Restricted cash and investments	<u>\$ 127</u>	<u>1</u>	<u>0</u>	<u>128</u>
Liabilities:				
Collections payable	<u>\$ 127</u>	<u>1</u>	<u>0</u>	<u>128</u>
<u>Fire Union</u>				
Assets:				
Cash and investments	<u>\$ 25</u>	<u>35</u>	<u>51</u>	<u>9</u>
Liabilities:				
Collections payable	<u>\$ 25</u>	<u>68</u>	<u>84</u>	<u>9</u>
<u>Police Union</u>				
Assets:				
Cash and investments	<u>\$ 15</u>	<u>23</u>	<u>19</u>	<u>19</u>
Liabilities:				
Collections payable	<u>\$ 15</u>	<u>57</u>	<u>53</u>	<u>19</u>

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Flexible Benefits Plan				
Assets:				
Restricted cash and investments	\$ 111	84	53	142
Liabilities:				
Collections payable	\$ 111	84	53	142
Education Enhancement JPA				
Assets:				
Cash and investments	\$ 0	4,898	4,898	0
Liabilities:				
Collections payable	\$ 0	4,895	4,895	0
Unearned Land Lease Rent				
Assets:				
Cash and investments	\$ 28,245	317	898	27,664
Liabilities:				
Unearned revenue	\$ 28,245	0	581	27,664
All Agency Funds				
Assets:				
Cash and investments	\$ 30,088	107,002	107,373	29,717
Restricted cash and investments	238	85	53	270
Total assets	\$ 30,326	107,087	107,426	29,987
Liabilities:				
Accrued payroll	\$ 1,803	114,182	113,960	2,025
Collections payable	278	5,105	5,085	298
Unearned revenue	28,245	0	581	27,664
Total liabilities	\$ 30,326	119,287	119,626	29,987

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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, property taxes. 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

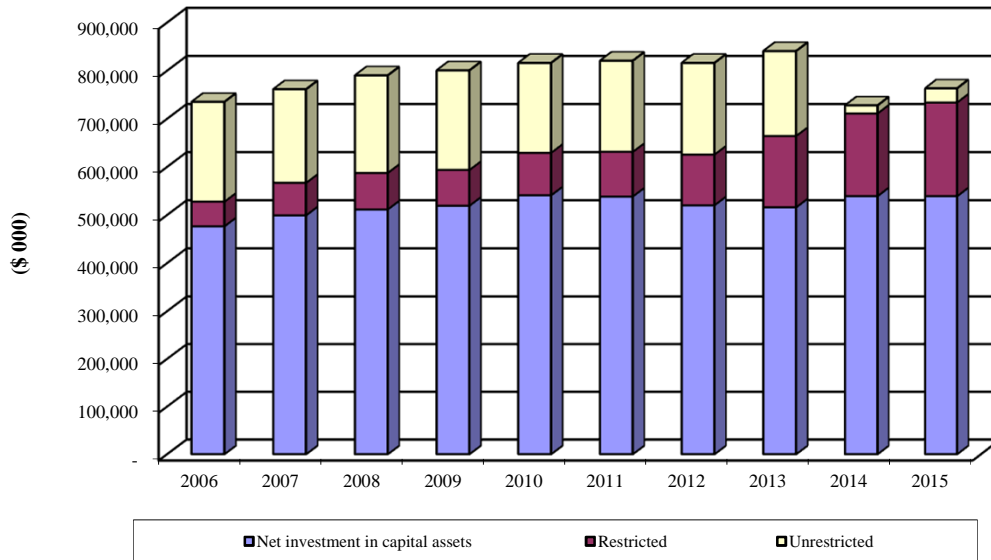
Operating Information schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. Schedule 16-18

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

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

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 423,152	440,910	451,123	458,072
Restricted	51,216	67,454	75,918	74,391
Unrestricted	<u>166,437</u>	<u>159,556</u>	<u>167,625</u>	<u>169,023</u>
Total governmental activities net position	<u><u>640,805</u></u>	<u><u>667,920</u></u>	<u><u>694,666</u></u>	<u><u>701,486</u></u>
Business-type activities				
Net investment in capital assets	53,334	58,491	60,569	61,307
Restricted	0	0	0	0
Unrestricted	<u>40,998</u>	<u>35,029</u>	<u>34,997</u>	<u>37,865</u>
Total business-type activities net position	<u><u>\$ 94,332</u></u>	<u><u>93,520</u></u>	<u><u>95,566</u></u>	<u><u>99,172</u></u>
Primary government				
Net investment in capital assets	476,486	499,401	511,692	519,379
Restricted	51,216	67,454	75,918	74,391
Unrestricted	<u>207,435</u>	<u>194,585</u>	<u>202,622</u>	<u>206,888</u>
Total primary government net position	<u><u>\$ 735,137</u></u>	<u><u>761,440</u></u>	<u><u>790,232</u></u>	<u><u>800,658</u></u>

(1) The Net Position for fiscal year 2013-14 is adjusted due to the implementation of GASB No. 68

CITY OF MOUNTAIN VIEW, CALIFORNIA**Net Position by Component
Primary Government****Fiscal Year Ended June 30,**

2010	2011	2012	2013	2014	2015
464,498	464,111	440,921	433,059	456,410	454,939
88,252	92,781	105,365	148,253	171,881	194,850
148,139	141,891	145,497	134,551	(13,764) (1)	(3,057)
<u>700,889</u>	<u>698,783</u>	<u>691,783</u>	<u>715,863</u>	<u>614,527</u>	<u>646,732</u>
76,592	74,436	79,412	83,040	82,850	84,170
0	0	0	0	0	0
38,691	47,420	45,032	41,971	30,417 (1)	32,410
<u>115,283</u>	<u>121,856</u>	<u>124,444</u>	<u>125,011</u>	<u>113,267</u>	<u>116,580</u>
541,090	538,547	520,333	516,099	539,260	539,109
88,252	92,781	105,365	148,253	171,881	194,850
186,830	189,311	190,529	176,522	16,653	29,353
<u>816,172</u>	<u>820,639</u>	<u>816,227</u>	<u>840,874</u>	<u>727,794</u>	<u>763,312</u>

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

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

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Expenses				
Governmental activities				
General government	\$ 25,228	27,247	25,753	24,787
Public safety	38,803	40,293	43,610	47,990
Public works	22,227	14,419	15,593	17,857
Community development	6,350	7,162	8,216	8,819
Culture and recreation	27,834	29,515	31,067	31,590
Interest on long term debt	4,124	3,741	3,913	3,537
Total governmental activities expenses	124,566	122,377	128,152	134,580
Business-type activities				
Water	14,369	16,298	16,727	17,069
Wastewater	11,884	12,660	12,546	13,440
Solid Waste	8,776	8,802	11,235	8,638
Total business-type activities expenses	35,029	37,760	40,508	39,147
Total primary government expenses	<u>\$ 159,595</u>	<u>160,137</u>	<u>168,660</u>	<u>173,727</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	27,413	19,833	19,340	22,556
Public safety	987	1,225	1,349	1,235
Public works	772	970	4,565	3,565
Community development	6,389	8,260	5,313	3,609
Culture and recreation	5,767	5,805	5,278	4,984
Operating grants and contributions	3,617	3,872	5,268	3,815
Capital grants and contributions	14,120	10,541	11,305	4,350
Total government activities program revenues	59,065	50,506	52,418	44,114
Business-type activities				
Charges for services:				
Water	14,153	17,895	19,102	19,291
Wastewater	11,440	12,540	14,346	14,472
Solid Waste	8,174	8,650	8,665	8,736
Capital grants and contributions	260	563	0	0
Total business-type activities program revenues	34,027	39,648	42,113	42,499
Total primary government program revenues	<u>\$ 93,092</u>	<u>90,154</u>	<u>94,531</u>	<u>86,613</u>
Net (Expense) Revenue				
Governmental activities	(65,501)	(71,871)	(75,734)	(90,466)
Business-type activities	(1,002)	1,888	1,605	3,352
Total primary government net expense	<u>\$ (66,503)</u>	<u>(69,983)</u>	<u>(74,129)</u>	<u>(87,114)</u>

Schedule 2

Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
27,689	29,967	30,983	31,825	32,517	33,782
51,909	46,782	51,302	50,818	51,719	51,946
20,565	17,489	16,487	26,967	13,264	30,630
10,878	9,378	10,611	8,134	15,013	10,501
32,525	32,070	31,403	29,703	30,623	30,083
3,327	3,097	3,459	3,368	2,998	2,178
146,893	138,783	144,245	150,815	146,134	159,120
18,923	20,269	23,812	26,199	24,168	26,001
11,141	10,822	13,413	14,167	13,962	15,433
10,085	9,557	9,963	10,989	12,124	11,199
40,149	40,648	47,188	51,355	50,254	52,633
187,042	179,431	191,433	202,170	196,388	211,753
23,161	21,275	22,893	25,966	24,584	26,852
1,382	1,418	1,436	1,952	1,988	1,849
3,225	3,423	4,777	10,753	10,276	10,122
4,299	5,479	8,409	13,117	14,483	10,487
4,868	4,913	4,868	4,631	5,023	5,313
4,639	5,109	4,147	4,643	4,507	4,756
4,864	5,879	12,806	20,293	21,859	21,895
46,438	47,496	59,336	81,355	82,720	81,274
18,408	19,775	23,183	25,823	28,887	26,914
14,302	14,039	13,296	14,558	15,367	15,925
9,245	9,884	11,048	11,445	11,864	12,462
13,003	3,296	2,078	776	187	552
54,958	46,994	49,605	52,602	56,305	55,853
101,396	94,490	108,941	133,957	139,025	137,127
(100,455)	(91,287)	(84,909)	(69,460)	(63,414)	(77,846)
14,809	6,346	2,417	1,247	6,051	3,220
(85,646)	(84,941)	(82,492)	(68,213)	(57,363)	(74,626)

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

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

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
General Revenues and Other Changes in Position				
Governmental activities				
Taxes:				
Property taxes	\$ 39,864	49,979	52,352	53,264
Sales taxes	16,020	17,223	17,274	16,264
Transient occupancy tax	3,177	3,936	4,299	3,155
Utility users tax	4,564	5,199	5,812	5,866
Nonregulatory franchise and business	4,156	3,896	3,967	3,974
Intergovernmental revenue	432	480	313	213
Interest earnings	5,594	14,529	17,667	13,716
Other	0	0	52	8
Transfers	(265)	3,744	744	826
Total government activities	<u>73,542</u>	<u>98,986</u>	<u>102,480</u>	<u>97,286</u>
Business-type activities				
Interest earnings	1,202	1,044	1,185	1,080
Transfers, net	<u>265</u>	<u>(3,744)</u>	<u>(744)</u>	<u>(826)</u>
Total business-type activities	<u>1,467</u>	<u>(2,700)</u>	<u>441</u>	<u>254</u>
Total primary government	<u>\$ 75,009</u>	<u>96,286</u>	<u>102,921</u>	<u>97,540</u>
Change in Net Position				
Change in net position before extraordinary and special items:				
Governmental activities	8,041	27,115	26,746	6,820
Business-type activities	<u>465</u>	<u>(812)</u>	<u>2,046</u>	<u>3,606</u>
Total primary government	<u>8,506</u>	<u>26,303</u>	<u>28,792</u>	<u>10,426</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	0	0	0	0
Land held contributed from Successor Agency	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	<u>\$ 8,506</u>	<u>26,303</u>	<u>28,792</u>	<u>10,426</u>

Schedule 2

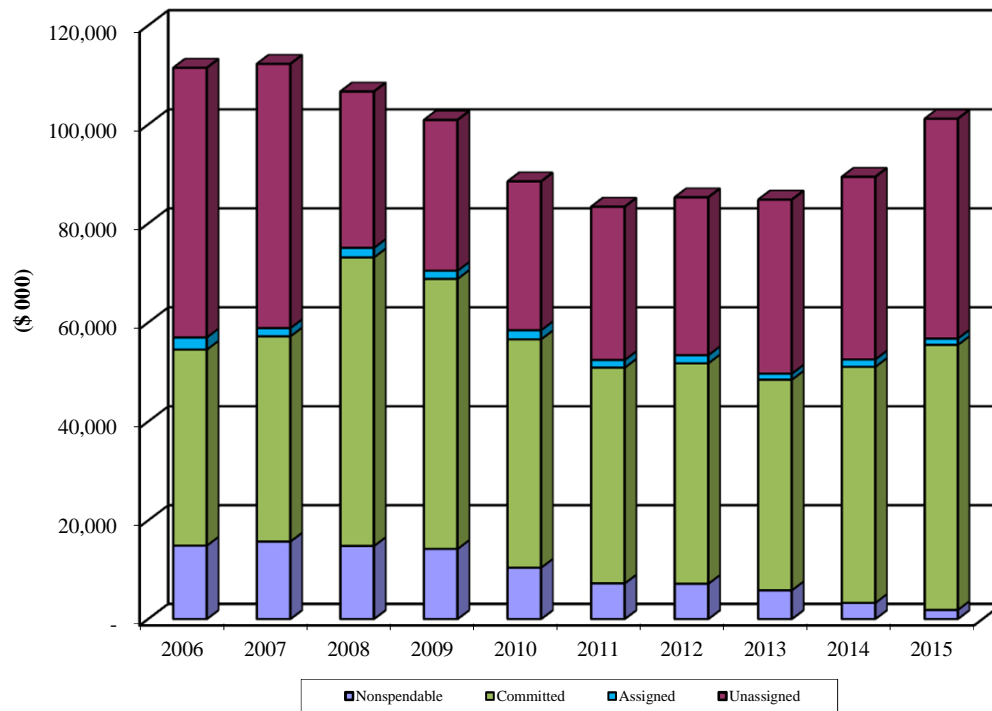
Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
60,311	54,749	57,709	58,515	62,601	64,954
15,242	15,501	15,939	16,744	16,935	19,773
3,267	3,914	4,397	4,668	5,595	6,559
5,651	5,711	6,157	7,954	7,335	7,988
3,845	4,084	4,204	4,241	4,633	4,793
231	243	194	222	209	209
9,801	4,784	6,363	966	3,870	4,944
0	0	0	0	1,091	575
1,510	195	355	510	739	256
99,858	89,181	95,318	93,820	103,008	110,051
930	422	526	22	394	349
(1,510)	(195)	(355)	(510)	(739)	(256)
(580)	227	171	(488)	(345)	93
99,278	89,408	95,489	93,332	102,663	110,144
(597)	(2,106)	10,409	24,360	39,594	32,205
14,229	6,573	2,588	759	5,706	3,313
13,632	4,467	12,997	25,119	45,300	35,518
0	0	(17,409)	0	0	0
0	0	0	0	16,679	0
0	0	0	0	6,250	0
13,632	4,467	(4,412)	25,119	68,229	35,518

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

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

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 14,885	15,717	14,809	14,221
Committed	39,653	41,486	58,349	54,601
Assigned	2,460	1,677	1,927	1,649
Unassigned	54,453	53,369	31,573	30,452
Total General Fund	<u>\$ 111,451</u>	<u>112,249</u>	<u>106,658</u>	<u>100,923</u>
All Other Governmental Funds				
Nonspendable	159	147	151	148
Restricted	116,242	118,813	135,101	138,279
Committed	1,832	1,832	1,695	1,287
Unassigned	0	0	0	0
Total all other governmental funds	<u>\$ 118,233</u>	<u>120,792</u>	<u>136,947</u>	<u>139,714</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,**

2010	2011	2012	2013	2014	2015	(1)
10,415	7,233	7,147	5,828	3,276	1,847	
46,201	43,651	44,609	42,626	47,771	53,622	
1,828	1,548	1,648	1,222	1,498	1,294	
30,055	30,950	31,882	35,150	36,880	44,395	
<u>88,499</u>	<u>83,382</u>	<u>85,286</u>	<u>84,826</u>	<u>89,425</u>	<u>101,158</u>	
664	694	47	76	67	69	
140,215	141,867	159,532	191,843	218,699	228,910	
647	0	0	0	0	930	
0	(488)	0	0	(18)	(18)	
<u>141,526</u>	<u>142,073</u>	<u>159,579</u>	<u>191,919</u>	<u>218,748</u>	<u>229,891</u>	

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

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

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 71,222	82,318	83,997	81,309
Licenses, permits and fees	12,258	10,202	9,366	6,514
Fines and forfeitures	580	775	876	800
Use of money and property	10,475	18,753	24,146	20,685
Intergovernmental revenues	4,720	5,305	7,367	4,353
Charges for services	19,817	22,558	22,567	21,224
Other	13,554	3,359	1,771	2,903
Total Revenues	<u>132,626</u>	<u>143,270</u>	<u>150,090</u>	<u>137,788</u>
Expenditures				
Current:				
General government	23,226	24,314	23,469	22,081
Public safety	36,665	38,791	41,252	44,369
Public works	7,117	7,726	8,382	9,068
Community development	6,229	6,666	7,541	6,909
Culture and recreation	18,449	19,996	21,354	21,560
Capital outlay	31,781	28,728	28,900	23,373
Debt service:				
Principal repayment	4,889	5,088	4,748	5,115
Interest and fiscal charges	3,863	3,633	3,627	3,270
Total Expenditures	<u>132,219</u>	<u>134,942</u>	<u>139,273</u>	<u>135,745</u>
Excess (deficiency) of revenues over (under) expenditures	<u>407</u>	<u>8,328</u>	<u>10,817</u>	<u>2,043</u>
Other Financing Sources (Uses)				
Sale of capital assets	0	0	52	8
Certificates of participation issued	0	0	2,800	0
Proceeds from debt issuance	0	0	0	0
Payment to refund bond escrow agent	0	0	0	0
Transfers in	38,075	28,904	48,332	46,663
Transfers (out)	(39,407)	(33,875)	(51,437)	(51,682)
Total other financing sources (uses)	<u>(1,332)</u>	<u>(4,971)</u>	<u>(253)</u>	<u>(5,011)</u>
Net Change in fund balances before extraordinary items	<u>(925)</u>	<u>3,357</u>	<u>10,564</u>	<u>(2,968)</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>
Net Change in fund balances	<u>\$ (925)</u>	<u>3,357</u>	<u>10,564</u>	<u>(2,968)</u>
Debt service as a percentage of noncapital expenditures	8.8%	8.2%	7.6%	7.5%

Schedule 4

Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
87,035	82,904	89,496	93,385	98,806	107,135
6,754	8,385	15,614	22,482	23,677	31,421
909	930	954	1,043	1,068	920
17,570	13,177	15,112	10,659	14,878	14,932
6,667	6,861	5,622	7,200	7,840	6,255
20,915	21,069	23,339	36,221	33,810	24,323
4,096	2,707	3,528	4,415	3,212	5,091
143,946	136,033	153,665	175,405	183,291	190,077
24,357	26,896	28,707	29,653	30,475	31,714
45,399	46,212	48,364	49,474	50,517	52,457
16,541	7,907	8,377	8,736	9,340	10,098
9,016	7,468	9,581	8,316	14,494	10,275
21,645	21,407	20,997	21,072	21,904	22,899
25,651	19,449	23,940	15,493	14,148	28,080
5,304	5,705	18,093	5,103	5,296	5,535
3,065	2,842	3,736	2,872	2,895	2,056
150,978	137,886	161,795	140,719	149,069	163,114
(7,032)	(1,853)	(8,130)	34,686	34,222	26,963
0	0	0	0	1,469	1,910
0	0	0	0	0	0
0	0	39,454	0	12,135	0
0	0	0	0	(12,035)	0
34,912	30,355	50,417	32,211	34,028	33,286
(38,492)	(33,072)	(53,032)	(35,017)	(38,391)	(39,283)
(3,580)	(2,717)	36,839	(2,806)	(2,794)	(4,087)
(10,612)	(4,570)	28,709	31,880	31,428	22,876
0	0	(9,299)	0	0	0
(10,612)	(4,570)	19,410	31,880	31,428	22,876
6.9%	7.3%	16.0%	6.4%	6.2%	5.6%

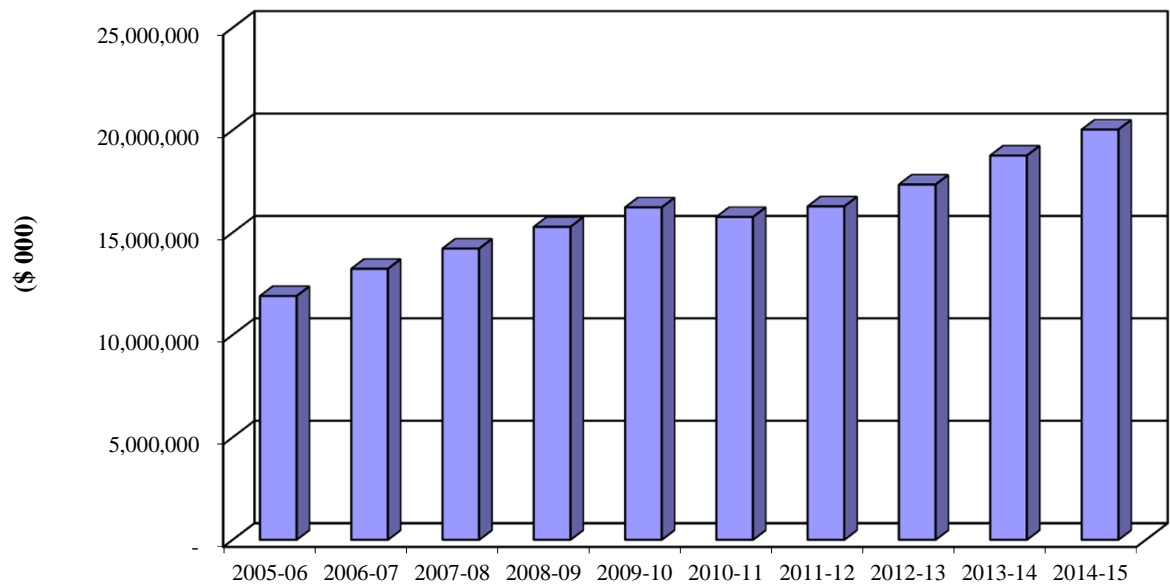
CITY OF MOUNTAIN VIEW, CALIFORNIA**Assessed Value of Taxable Property****Last Ten Fiscal Years
(Dollars in Thousands)**

Fiscal Year	Real Property				Unsecured	Less: Tax-Exempt Property
	Residential Property	Commercial Property	Industrial Property	Other		
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)
2014-15	11,604,492	3,392,658	2,671,439	925,685	2,444,399	(1,011,970)

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**

Total Taxable Assessed Value	Total Direct Tax Rate (1)
11,899,700	1%
13,226,616	1%
14,216,170	1%
15,276,424	1%
16,227,633	1%
15,759,291	1%
16,276,693	1%
17,344,773	1%
18,759,660	1%
20,026,703	1%

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

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

Fiscal Year	City Direct Rates		Overlapping Rates (1)				
	Basic Rate (2)	Total Direct	County of Santa Clara	School Districts	Hospitals	Special Districts	
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	
2014-15	1.00	1.00	0.0479 - 0.0479	0.0747 - 0.1164	0.0000 - 0.0129	0.0065	

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**

1.1142 - 1.1266

1.1315 - 1.1550

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

1.1291 - 1.1837

CITY OF MOUNTAIN VIEW, CALIFORNIA**Principal Property Tax Payers**

Current year and Nine Years Ago
(Dollars in Thousands)

Taxpayer	2014-15			2005-06		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Google Inc.	\$ 2,429,936	1	12.1%	136,647	3	1.1%
HCP Life Science REIT Inc.	332,894	2	1.7%			
Baccarat Shoreline LLC	184,411	3	0.9%			
Richard T. Peery Trustee	135,374	4	0.7%			
Intuit Inc	171,147	5	0.9%	79,507	9	0.7%
Microsoft Corporation	104,114	6	0.5%	120,963	4	1.0%
P A Charleston Road LLC	103,957	7	0.5%	91,027	8	0.8%
Richard M & Beverly Salado Trustee	77,362	8	0.4%			
400 Castro Street Inc.	71,724	9	0.4%			
SIC - Mountain Bay Plaza LLC	54,747	10	0.3%			
Legacy Partners, Inc.				171,900	1	1.4%
Alza Corporation				141,233	2	1.2%
Slough CDEC II LLC				113,200	5	1.0%
John Arrillaga & Richard Peery				161,604	6	1.4%
Mission West Shoreline LLC				97,878	7	0.8%
Silicon Graphics Inc.				63,022	10	0.5%
Subtotal	<u>\$ 3,665,666</u>		<u>18.3%</u>	<u>1,176,981</u>		<u>9.9%</u>

Fiscal Year 2014-2015 Total Net Assessed Valuation: \$ 20,026,703

Fiscal Year 2005-2006 Total Net Assessed Valuation: \$ 11,899,700

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)**

<u>Fiscal Year</u>	<u>Taxes Levied (1)</u>	<u>Current Collections (2)</u>	<u>ERAF III (3)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Taxes Collected</u>	<u>Percent of Levy</u>
2005-06	\$ 43,106	39,864	3,243	100.00%	0	43,106	100.00%
2006-07	49,979	49,979	0	100.00%	0	49,979	100.00%
2007-08	52,352	52,352	0	100.00%	0	52,352	100.00%
2008-09	53,264	53,264	0	100.00%	0	53,264	100.00%
2009-10	60,311	60,311	0	100.00%	0	60,311	100.00%
2010-11	54,749	54,749	0	100.00%	0	54,749	100.00%
2011-12	57,709	57,709	0	100.00%	0	57,709	100.00%
2012-13	58,515	58,515	0	100.00%	0	58,515	100.00%
2013-14	62,601	62,601	0	100.00%	0	62,601	100.00%
2014-15	64,954	64,954	0	100.00%	0	64,954	100.00%

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 Educational Revenue Augmentation Fund (ERAF) III payments by the State in fiscal year 2004-05 and 2005-06. 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.

CITY OF MOUNTAIN VIEW, CALIFORNIA**Ratio of Outstanding Debt by Type**

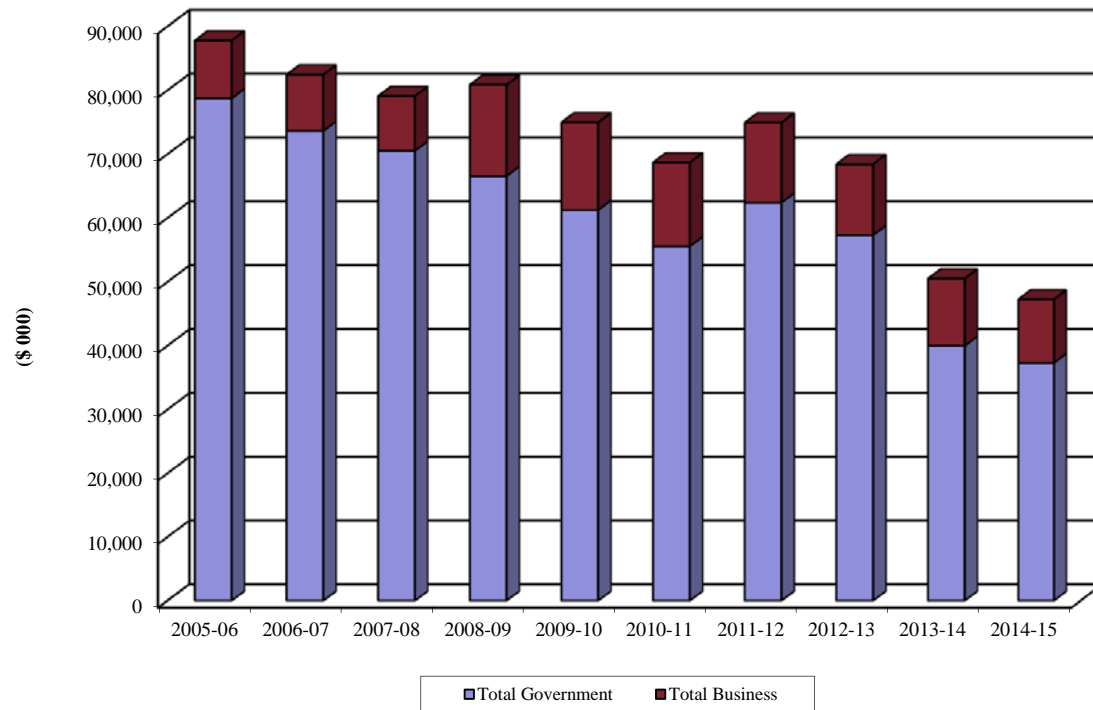
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government
	Tax Allocation Bonds	Certificates of Participation	Bank Loan	Special Assessment Debt	Water Bonds (3)	
2005-06	\$ 54,140	23,625	0	961	9,085	87,811
2006-07	51,017	22,190	0	431	8,830	82,468
2007-08	47,779	22,348	0	411	8,565	79,103
2008-09	44,414	21,776	0	385	14,295	80,870
2009-10	40,917	19,995	0	359	13,715	74,986
2010-11	37,275	17,958	0	333	13,125	68,691
2011-12	56,330 (2)	5,779 (2)	0	306	12,525	74,940
2012-13	52,300	4,738	0	274	11,115 (4)	68,427
2013-14	36,085	3,655	12,135	241	10,540	62,656
2014-15	34,550	2,530	9,293	208	9,955	56,536

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 the Successor Agency.
(3) Includes City of Palo Alto Loan. See Note 7 for additional information.
(4) Beginning in Fiscal Year 2012-13, Business-Type activities amount includes premiums and discounts.

CITY OF MOUNTAIN VIEW, CALIFORNIA**Outstanding Debt by Activity Type**

Percentage of Personal Income (1)	Per Capita (1)
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
1.34%	0.90
1.17%	0.82
n/a	0.73

CITY OF MOUNTAIN VIEW, CALIFORNIA**Ratio of General Bonded Debt Outstanding**

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

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value of Property	Per Capita
	Tax Allocation Bonds	Total		
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
2014-15	34,550	34,550	0.17%	0.44

Schedule 11

CITY OF MOUNTAIN VIEW, CALIFORNIA**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2015

2014-15 Assessed Valuation: \$20,026,703,061

	Total Debt 6/30/15	% Applicable (1)	City's Share of Debt 6/30/15
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Santa Clara County	\$799,180,000	5.608%	\$ 44,818,014
Foothill-DeAnza Community College District	635,069,288	16.572	105,243,682
Fremont Union High School District	378,045,088	0.385	1,455,474
Mountain View-Los Altos Union High School District	62,407,734	54.790	34,193,197
Los Altos School District	72,518,760	13.289	9,637,018
Mountain View School District	20,730,000	93.338	19,348,967
Sunnyvale School District	166,485,820	0.961	1,599,929
Mountain View-Whisman School District	41,800,000	95.081	39,743,858
Whisman School District	21,244,500	97.823	20,782,007
El Camino Hospital District	138,345,000	31.485	43,557,923
City of Mountain View 1915 Act Bonds	208,530	100.000	208,530
Santa Clara Valley Water District Benefit Assessment District	106,690,000	5.608	5,983,175
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$326,571,774
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	\$707,613,810	5.608%	\$39,682,982
Santa Clara County Pension Obligation Bonds	371,443,651	5.608	20,830,560
Santa Clara County Board of Education Certificates of Participation	9,030,000	5.608	506,402
Foothill-DeAnza Community College District Certificates of Participation	11,617,623	16.572	1,925,272
Mountain View-Los Altos Union High School District Certificates of Participation	2,940,000	54.790	1,610,826
Midpeninsula Regional Park District General Fund Obligations	127,086,851	9.754	12,396,051
Santa Clara County Vector Control District Certificates of Participation	3,085,000	5.608	173,007
SUBTOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$77,125,100
City of Mountain View General Fund Obligations	985,000	100.000	985,000
City of Mountain View Loan Agreement	1,545,228	100.000	1,545,228
SUBTOTAL GROSS DIRECT GENERAL FUND DEBT			\$2,530,228
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$79,655,328
Less: Santa Clara County supported obligations			28,314,714
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$51,340,614
<u>OVERLAPPING TAX INCREMENT DEBT:</u>			
Mountain View Shoreline Park Community Tax Allocation Bonds	\$34,550,000	100.000%	\$34,550,000
Mountain View Shoreline Park Community Loan Agreement	9,293,000	100.000	9,293,000
TOTAL OVERLAPPING TAX INCREMENT DEBT			\$43,843,000
TOTAL DIRECT DEBT			\$2,530,228
TOTAL GROSS OVERLAPPING DEBT			\$447,539,874
TOTAL NET OVERLAPPING DEBT			\$419,225,160
GROSS COMBINED TOTAL DEBT			\$450,070,102 (2)
NET COMBINED TOTAL DEBT			\$421,755,388

- (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 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.63%
Total Direct Debt (\$2,530,228)	0.013%
Gross Combined Total Debt	2.25%
Net Combined Total Debt	2.11%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,792,768,438):

Total Overlapping Tax Increment Debt	1.16%
--	-------

Source: California Municipal Statistics, Inc.

CITY OF MOUNTAIN VIEW, CALIFORNIA**Legal Debt Margin Information**

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year				
	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Debt limit	\$ 1,481,191	1,610,172	1,739,259	1,913,541	1,970,420
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u><u>\$ 1,481,191</u></u>	<u><u>1,610,172</u></u>	<u><u>1,739,259</u></u>	<u><u>1,913,541</u></u>	<u><u>1,970,420</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0.0%	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.

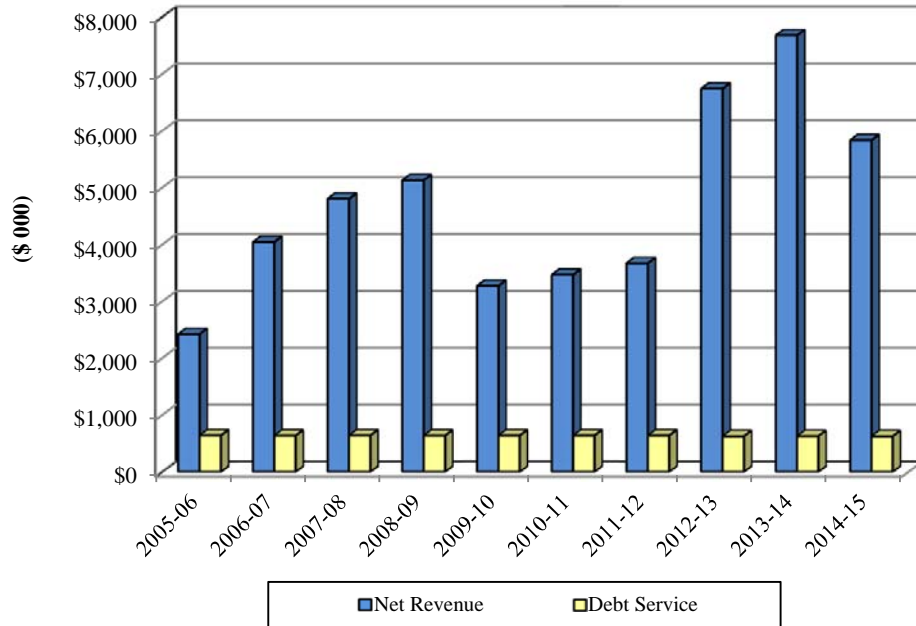
Legal Debt Margin Calculation for Fiscal Year 2014-15

Assessed value (net) - June 30, 2015 (1)	\$ <u>20,026,703</u>
Debt limit: 15% of assessed value	3,004,005
Less total bonded debt, general obligation	<u>0</u>
Legal debt margin (2)	\$ <u>3,004,005</u>

Fiscal Year				
<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
1,947,008	1,982,930	2,601,716	2,813,949	3,004,005
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,947,008</u>	<u>1,982,930</u>	<u>2,601,716</u>	<u>2,813,949</u>	<u>3,004,005</u>
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

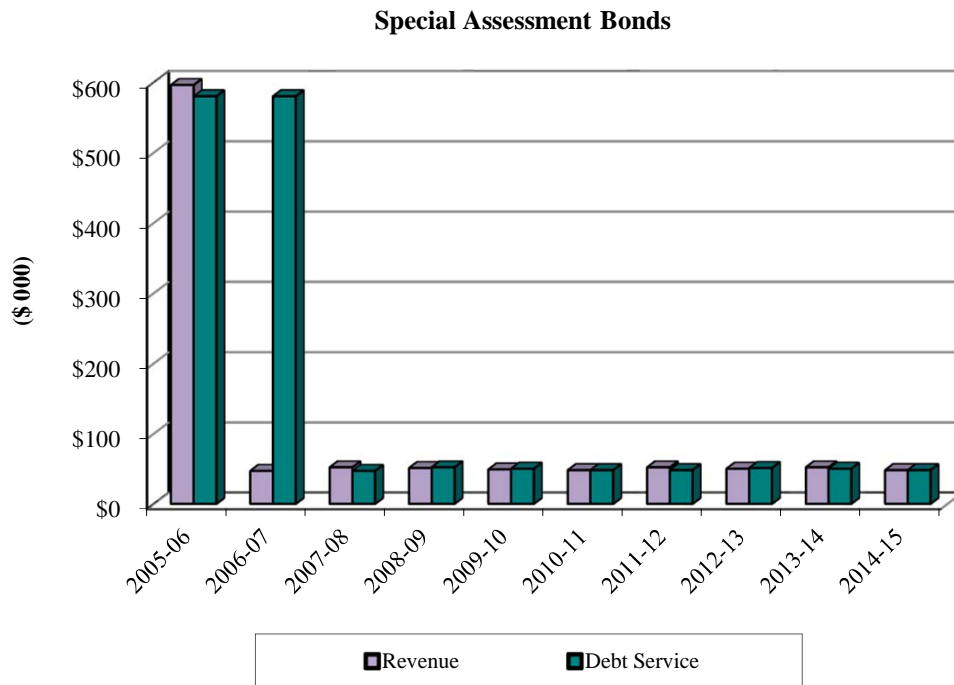
Water Revenue Bonds						
Fiscal Year	Gross Revenues	Less: Operating Costs	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2005-06	\$ 14,971	12,549	2,422	250	390	3.8
2006-07	18,205	14,162	4,043	255	382	6.3
2007-08	19,505	14,699	4,806	265	375	7.5
2008-09	19,778	14,647	5,131	270	367	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
2014-15	27,504	21,671	5,833	335	291	9.3

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)



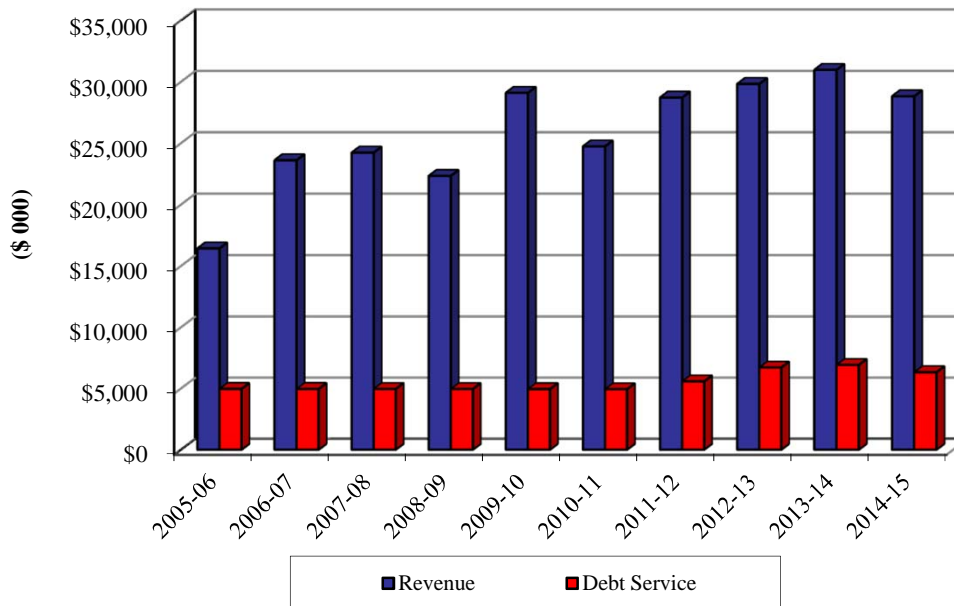
Special Assessment Bonds				
Fiscal Year	Special Assessment Collections (1)	Debt Service		Coverage
		Principal	Interest	
2005-06	\$ 596	490	90	1.0
2006-07	47	530	50	0.1
2007-08	52	20	27	1.1
2008-09	51	26	26	1.0
2009-10	49	26	24	1.0
2010-11	48	26	22	1.0
2011-12	52	27	21	1.1
2012-13	50	32	19	1.0
2013-14	52	33	17	1.0
2014-15	48	33	15	1.0

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

(1) Collections includes interest payments from property owners.

CITY OF MOUNTAIN VIEW, CALIFORNIA**Bonded Debt Pledged-Revenue Coverage**

Last Ten Fiscal Years
(Dollars in Thousands)

Tax Allocation Bonds - Shoreline Regional Park Community

Tax Allocation Bonds-Shoreline Regional Park Community				
Fiscal Year	Tax Increment Revenues	Debt Service		Coverage
		Principal	Interest (1)	
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
2014-15	28,821	4,377	1,953	4.6

(1) Includes other fiscal charges.

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

Fiscal Year	Population	Population Density (Sq. Mile)	Personal Income (1)	Per Capita Personal Income (1)	School Enrollment	Unemployment Rate (%) (1)
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	5,374,670	70	7,535	5.4%
2014-15	77,914	6,659	(2)	(2)	7,552	3.9%

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 2014-15 not available until May of 2016.

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

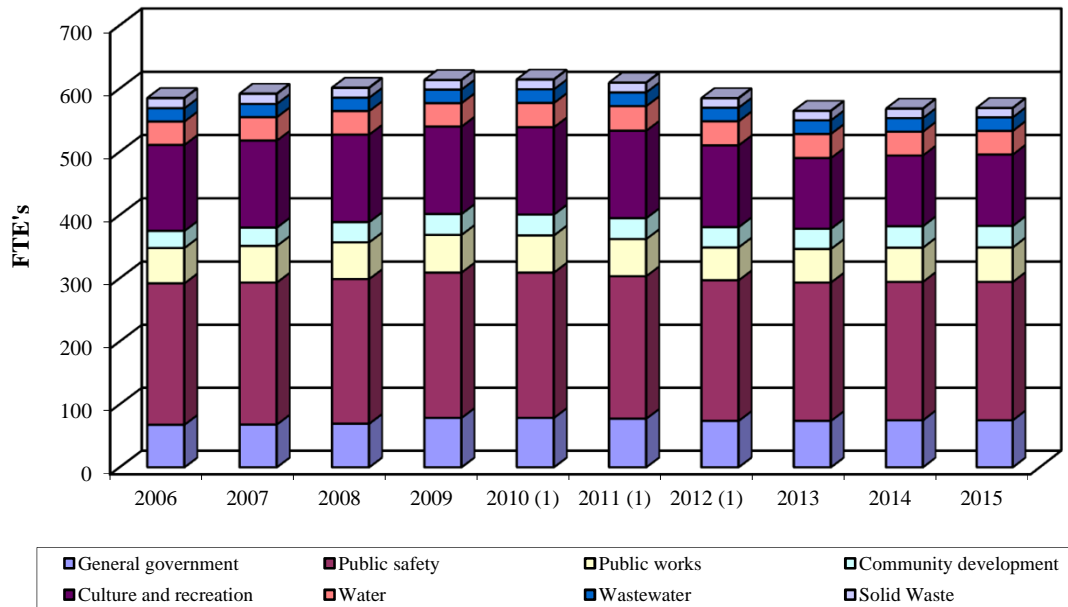
Employer	2014-15			2005-06		
	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Google Inc.	16,688	1	14.4%	6,000	1	5.1%
Symantec	2,789	2	2.4%			
Microsoft Corporation	1,668	3	1.4%	1,265	4	1.1%
El Camino Hospital	1,300	4	1.1%	3,000	2	2.5%
Intuit Corporation	1,287	5	1.1%	1,700	3	1.4%
LinkedIn	1,228	6	1.1%			
Samsung Research American Inc.	1,085	7	0.9%			
Synopsys, Inc.	1,031	8	0.9%	1,026	5	0.9%
Palo Alto Medical Foundation	665	9	0.6%			
City of Mountain View	534	10	0.5%			
Johnson & Johnson Alza Corporation				900	6	0.8%
Mercury Interactive				796	7	0.7%
KPMG				662	8	0.6%
Siemens Corporation				558	9	0.5%
Actel Corporation				550	10	0.5%
Subtotal	<u>28,275</u>		<u>24.4%</u>	<u>16,457</u>		<u>14.1%</u>
Total City Daytime Population	116,000			117,000		

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

	Adopted for Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Function				
General government	67.65	68.00	69.25	78.50
Public safety:				
Fire:				
Firefighters and Safety Officers	72.00	72.00	73.00	73.00
Civilians	6.85	7.85	9.10	9.10
Police:				
Sworn Police	96.00	96.00	97.00	98.00
Civilians	49.60	49.50	50.50	50.50
Public works	55.87	57.87	58.07	59.57
Community development	27.00	29.00	32.00	33.00
Culture and recreation:				
Community Services	102.00	103.75	104.50	104.50
Library	34.00	33.75	33.75	33.75
Water	37.07	37.07	37.27	37.07
Wastewater	20.93	20.93	21.18	21.48
Solid Waste	16.03	16.03	15.63	15.03
Total	<u>585.00</u>	<u>591.75</u>	<u>601.25</u>	<u>613.50</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.

CITY OF MOUNTAIN VIEW, CALIFORNIA**Employees by Function****Adopted for Fiscal Year Ended June 30,**

<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
78.50	77.25	73.75	73.75	74.75	74.75
73.00	73.00	73.00	74.00	74.00	74.00
9.10	8.60	8.60	5.60	5.60	5.60
98.00	95.00	95.00	96.00	96.00	96.00
50.50	49.50	46.50	44.00	44.00	44.00
58.75	58.75	52.05	53.05	54.05	54.55
33.00	33.00	32.00	32.00	34.00	34.00
104.50	104.75	99.25	81.75 (2)	81.75	82.75
33.50	33.50	30.00	30.00	30.00	30.00
38.41	38.91	38.15	38.15	37.65	37.50
21.63	21.63	21.50	21.50	21.50	21.45
15.36	15.36	14.95	14.95	14.95	14.65
<u>614.25</u>	<u>609.25</u>	<u>584.75</u>	<u>564.75</u>	<u>568.25</u>	<u>569.25</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Public safety:				
Fire:				
Fire calls for service	4,818	4,937	5,046	4,916
Primary fire inspections conducted	1,507	1,100	1,116	887
Environmental safety inspections conducted	1,301	1,349	1,280	1,744
Police:				
Communication Center calls answered	108,358	105,582	101,426	98,865
Police calls for Service	74,799	75,864	74,563	76,328
Law violations:				
Part I and Part II crimes	6,436	6,191	5,566	6,122
Physical arrests (adult and juvenile)	3,111	3,649	3,287	2,991
Traffic violations	12,245	12,249	9,384	11,672
Parking violations	5,825	5,459	6,011	5,716
Public works				
Street resurfacing (miles)	6.55	7.92	10.42	0 (4)
Potholes repaired (square feet)	87	279 (8)	929 (8)	867
Culture and recreation:				
Community Services:				
Recreation class participants	9,154	9,408	9,376	9,772
Performing Arts Center performances	336	391	360	328
Library:				
Volumes in Collection (thousands)	301	293	299	317
Total Volumes Borrowed (thousands)	1,437	1,405	1,320 (10)	1,569
Water				
Water service connections	15,786	15,796	17,065	17,458
Water main breaks	4	2	8	10
Average daily consumption (thousands of gallons)	11,083	11,200	11,300	11,009
Wastewater				
Storm drain inlets	2,635	2,640	2,664	2,664
Sewer service connections	15,786	15,796	16,000	16,959
Sewer main blockages	38	17	16	10
Average daily treatment (thousands of gallons)	9,115	9,010	8,540	8,120
Solid Waste				
Trash & Recycling Landfilled (tons per year)	51,883	53,058	56,491	57,466
Recyclables Processed (tons per year) (11)	29,587	31,972	24,293	21,425

Source: City of Mountain View

- (1) Lower due to turnover in personnel resulting in reduced staffing.
- (2) Beginning in Fiscal Year 2014-15 includes total fire inspections completed by Fire Suppression Line Personnel (918).
Previously included only those completed by the Fire & Environmental Protection Division.
- (3) Fewer Traffic and Parking violations due to officer injuries in the Traffic and Parking Enforcement Units.
- (4) Work on Federal Stimulus Package delayed work on street resurfacing and will be reflected in following fiscal years.
- (5) Diversion of street resurfacing funds to a Federally funded streets project contributed to lower than average street resurfacing miles.
- (6) Reflects focus on other street improvements such as drain grates, sidewalks, gutters, and curbs; which has diverted funding away from resurfacing efforts.
- (7) City were not able to advertise and bid the surface project in 2014 and therefore street resurfacing project was delayed.
- (8) Reflects renewed priority/focus on this activity.
- (9) The City's Customer Response Management (CRM) system has significantly increased the number of maintenance requests the Streets Operation receives from the public, including requests to fill potholes.
- (10) Lower due to Library closure during remodeling/upgrades.
- (11) Includes curbside, multi-family, commercial and school recycling, yard waste, debris box recycling, MV Recycling Center, and recyclables recovered from refuse at the SMaRT station.
- (12) Beginning in Fiscal Year 2014-15 includes food scrap recycling and the prior 4 fiscal years have been restated.

Fiscal Year					
2010	2011	2012	2013	2014	2015
4,710	5,033	5,141	5,196	5,526	5,703
1,160	1,257	965 (1)	999 (1)	957 (1)	1,857 (2)
1,895	2,000	1,626 (1)	1,593 (1)	1,851	1,769
86,763	84,313	81,820	79,662	85,175	90,559
81,027	77,854	71,758	72,318	61,525	63,093
6,214	5,075	4,548	4,465	4,384	4,369
2,898	2,538	2,346	2,706	2,320	2,262
14,772	14,245	10,789 (3)	18,908	13,411	13,745
5,969	7,296	4,755 (3)	4,120	8,235	5,990
5.28 (4)	3.40 (4)	1.83 (5)	1.20 (6)	1.49	0 (7)
208	342	430	1,102 (9)	821	1,439
9,542	8,595	7,604	7,020	8,558	9,438
331	339	348	340	399	394
318	321	333	331	337	337
1,688	1,722	1,799	1,747	1,685	1,564
17,277	17,433	17,497	17,636	17,781	17,858
1	12	6	6	8	9
11,000	9,868	10,350	10,520	10,475	8,713
2,664	2,664	2,767	2,776	2,776	2,829
16,944	17,099	17,149	17,373	17,377	17,461
11	4	4	6	5	15
7,903	8,090	7,860	7,608	6,980	6,750
47,976	45,491	48,332	46,894	44,878	49,731
22,828	24,862 (12)	26,035 (12)	30,255 (12)	30,411 (12)	34,529 (12)

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Public safety:				
Fire stations	5	5	5	5
Police stations	1	1	1	1
Police patrol units	38	38	38	38
Public works				
Miles of streets	139.9	139.9	139.9	139.9
Street lights	3,572	3,579	3,757	4,117
Traffic Signals	73	77	78	78
Culture and recreation:				
Community services:				
City parks (2)	31	31	35	35
City parks acreage (2)	191.3	191.3	194.7	194.7
Playgrounds (2)	25	26	28	28
City trails (2)	5	5	5	5
City trails miles (2)	7.95	7.95	8.27	9.02
Roadway landscaping acreage	120.25	120.25	120.25	120.25
Regional park acreage (including trails) (2)	772	772	778	781.79
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	6 (5)	6
Soccer/football fields	8	9	14 (5)	14
Library:				
City Libraries	1	1	1	1
Water				
Miles of water mains	176	176	175	179
Fire hydrants	1,993	1,993	1,993	1,993
Storage capacity (thousands of gallons)	30,800	38,530 (6)	38,530	38,530
Wastewater				
Miles of sanitary sewers	156	156	158	159
Miles of storm sewers	109	109	108	108
Number of treatment plants (7)	0	0	0	0
Treatment capacity (thousands of gallons)	15,100	15,100	15,100	15,100

Source: City of Mountain View

- (1) The miles of streets were adjusted due to duplicate or overlap street segments removed during the database updates.
- (2) Includes assets not owned by the City but maintained by the City.
- (3) The total length of the trails adjusted due to more precise GIS measurement.
- (4) No longer includes the Dog Park and Charleston Park.
- (5) 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.
- (6) The Graham reservoir and expanded Miramonte reservoir added capacity.
- (7) The City of Mountain View owns treatment capacity in the Palo Alto Treatment Plant.

Schedule 18

Fiscal Year					
2010	2011	2012	2013	2014	2015
5	5	5	5	5	5
1	1	1	1	1	1
38	38	38	38	38	38
139.9	139.2 (1)	139.2	140.2	140.2	140.2
4,117	4,117	4,117	4,117	4,117	4,117
80	80	80	83	83	85
35	35	37	37	39	41
194.7	194.7	195.7	195.7	196.35	199.12
28	28	30	30	30	30
5	5	5	5	5	5
9.02	9.02	9.35	9.35	9.26 (3)	9.26
120.25	120.25	120.25	120.25	120.25	120.25
781.79	781.79	796.63	796.63	796.13 (4)	796.13
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
172	172	172	176	176	176
1,993	2,065	2,070	2,072	2,074	2,091
38,530	38,530	38,530	38,530	38,530	38,530
159	159	159	158	158	158
108	108	108	108	109	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, 2015**

**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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MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Table of Contents

	<u>Page</u>
FINANCIAL SECTION:	
Independent Auditors' Report	177
Management's Discussion and Analysis	181
Component Unit Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	190
Statement of Activities	191
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	192
Statement of Revenues, Expenditures and Changes in Fund Balances	193
Reconciliation of the Net Change in Fund Balances- Total Governmental Funds with the Change in Net Position - Governmental Activities	194
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Shoreline Regional Park Community Fund	195
Fiduciary Fund:	
Statement of Fiduciary Net Position	196
Notes to Component Unit Basic Financial Statements	197
Required Supplementary Information:	
Schedule of Change in the Net Pension Liability and Related Ratios	223
Schedule of Contributions.....	224

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Table of Contents

	<u>Page</u>
Supplemental Information:	
Agency Fund:	
Statement of Changes in Assets and Liabilities	226

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, 2015, 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, 2015, 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

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 that required a prior period adjustment to the financial statements as discussed in Note 1G to the financial statements:

Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

Statement No.71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Required Supplementary Information 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.

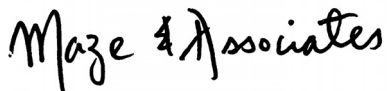
Other Information

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 22, 2015 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.



Pleasant Hill, California
October 22, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2015. 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 fluctuations in the commercial vacancy rate and assessed values. For fiscal year 2015, Property taxes have continued to increase with the strong local economy. Fiscal year 2015 financial highlights include the following:

- The financial position of the Shoreline Community remains strong as its assets exceeded its liabilities for the fiscal year ended June 30, 2015 by \$101.7 million (net position). Of this amount, \$44.2 million (unrestricted net position) may be used to meet the Shoreline Community's ongoing obligations.
- The Shoreline Community's total net position increased by \$12.1 million during the fiscal year compared to the prior fiscal year decrease of \$2.3 million. The significant change is primarily due to an increase in Capital Contributions in the current fiscal year primarily for the Athletic Fields project compared to a higher transfer of \$13.7 million to the City in the prior fiscal year. The \$13.7 million in the prior fiscal year was 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.
- Shoreline Community-wide revenues of \$43.7 million included program revenues, general revenues, and interest earnings, \$8.2 million higher than the prior fiscal year. The significant change is primarily due to the \$13.2 million capital contributions from the City for the Athletic Fields project.
- Shoreline Community-wide expenses are \$25.9 million, slightly higher than the prior fiscal year.
- Governmental fund balances increased slightly to \$52.3 million in fiscal year 2015, comparable to the prior fiscal year.
- Governmental fund revenues are \$30.6 million in fiscal year 2015, down \$1.4 million from the prior fiscal year's revenues, primarily due to a decrease in property tax revenues. Assessed values decreased due to the County completing the backlog of assessment appeals remaining from the last recession. This was netted against the growth received in and the

lower than maximum California Consumer Price Index of 0.454 percent. There were also changes in ownership that resulted in increased assessed values.

- Governmental fund expenditures are \$24.4 million in fiscal year 2015, up \$483,000 from the prior fiscal year's expenditures of \$23.9 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. This report also contains required supplementary information.

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 three 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 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.

Required Supplementary Information includes schedules required to be presented showing information related to the City's pension plan.

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—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:

Statement of Net Position

(Dollars in thousands)

	2015	2014
Assets:		
Current and other assets	\$ 56,645	57,745
Capital assets	98,241	91,092
Total assets	154,886	148,837
Deferred outflows of resources:		
Deferred outflows related to pension	359	0
Liabilities:		
Current and other liabilities	5,151	6,707
Noncurrent liabilities	43,843	48,220
Net pension liability	3,783	0
Total liabilities	52,777	54,927
Deferred inflows of resources:		
Deferred inflows related to pension	788	0
Net Position:		
Net investment in capital assets	57,509	53,443
Unrestricted	44,171	40,467
Total net position	\$ 101,680	93,910

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 \$101.7 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 \$57.5 million is invested in capital assets, net of related debt, and is an increase of \$4.1 million compared to the prior fiscal year. This is primarily related to the capitalization of construction in progress for the Athletic Fields project.

- Another significant portion of the Shoreline Community's net position of \$44.2 million is unrestricted, an increase of \$3.7 million, which may be used to meet the Shoreline Community's ongoing obligations.

The Shoreline Community's net position increased \$12.1 million for the fiscal year, which is reflected in the increase of unrestricted net position and net investment in capital assets. This is primarily due to the capitalizing of major capital projects during the fiscal year. The beginning net position for fiscal year 2015 is adjusted due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (see Note 7 to the financial statements).

Statement of Activities

A summary of the changes in net position follows:

Statement of Activities

(Dollars in thousands)

	2015	2014
Revenues:		
Program revenues	\$ 1,054	205
General revenues:		
Taxes	28,821	30,972
Interest earnings	676	786
Capital contributions	13,157	3,507
	<hr/>	<hr/>
Total revenues	43,708	35,470
	<hr/>	<hr/>
Expenses:		
General government	13,978	13,352
Public safety	154	4,409
Public works	2,174	1,585
Community development	402	259
Culture and recreation	7,269	2,743
Interest on long-term debt	1,945	2,714
	<hr/>	<hr/>
Total expenses	25,922	25,062
	<hr/>	<hr/>
Increase in net position before transfers	17,786	10,408
Transfers (net)	(5,728)	(12,694)
	<hr/>	<hr/>
Change in net position	12,058	(2,286)
Beginning net position, as adjusted	89,622	96,196
	<hr/>	<hr/>
Ending net position	\$ 101,680	93,910
	<hr/>	<hr/>

The major component of the Shoreline Community's fiscal year 2015 revenues is \$28.8 million from property taxes. This is a decrease of \$2.2 million from fiscal year 2014. The decrease is due to the resolution of the backlog of assessment appeals, occurring from the past recession, by the County that has resulted in reduced property tax revenues. Capital contributions of \$13.2 million are added as projects funded are capitalized, primarily the construction in progress for the Athletic Fields project. Program revenues are \$1.1 million and investment earnings accounted for \$676,000 of Shoreline Community revenues.

Expenses totaled \$25.9 million, comparable to the prior fiscal year of \$25.1 million. The components are \$14.0 million for general government, \$2.2 million for public works, \$7.9 million for culture and recreation, and \$1.9 million for interest on long-term debt. The increase in expenses for culture and recreation and corresponding decrease in public safety is related to the reclassification of depreciation expense from public safety to culture and recreation in the current fiscal year.

The change in net position is an increase of \$12.1 million compared to the prior fiscal year decrease of \$2.3 million. The difference is due to the significant capital contributions from the City for the construction in progress of the Athletic Fields project. The beginning net position for fiscal year 2015 is adjusted due to the implementation of GASB Statement No. 68 (see Note 7 to the financial statements).

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, 2015, the Shoreline Community's funds reported combined fund balances of \$52.3 million, an increase of \$448,000, in comparison to the prior fiscal year's fund balances of \$51.9 million. Unassigned fund balance of \$48.4 million is available for spending at the Shoreline Community's discretion, \$930,000 is committed and \$3.0 million is restricted.

Revenues for the fiscal year ending June 30, 2015 totaled \$30.6 million, a decrease of \$1.4 million, or 4.4 percent, compared to the prior fiscal year. The decrease represents the resolution of the backlog of assessment appeals from the last recession. Expenditures totaled \$24.4 million, an increase of \$483,000 from 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 \$48.4 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 268.0 percent of the total fund expenditures of \$18.0 million.

The fund balance of the SRPC Special Revenue Fund increased by \$463,000 during the current fiscal year. Key factors in this increase are as follows:

- Total revenues are \$30.5 million in fiscal year 2015, a decrease of \$1.4 million from the prior fiscal year. Property tax increment revenues are \$28.9 million in fiscal year 2015, a decrease of \$2.2 million from fiscal year 2014. The decrease is due to the County processing the backlog of property tax appeals, reducing the assessed values of properties, resulting in lower property taxes received.
- Expenditures are \$18.0 million in fiscal year 2015, essentially the same as the prior fiscal year.
- Net transfers out were \$12.0 million in fiscal year 2015 compared to net transfers out of \$19.5 million in the prior fiscal year. There were significant capital projects funded in the current fiscal year, and the prior fiscal year represents the impact of the dissolution of the former Revitalization Authority.

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 \$1.8 million in interest and fiscal charges in fiscal year 2015.

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.

Debt service expenditures included \$2.8 million in principal retirement and \$132,000 in interest and fiscal charges in fiscal year 2015.

CAPITAL ASSETS

A summary of capital assets follows:

	Capital Assets (Dollars in thousands)	
	2015	2014
Land	\$ 14,332	14,332
Construction in progress	22,005	9,211
Buildings	23,908	23,908
Improvements other than buildings	79,425	79,182
Machinery and equipment	1,924	1,924
Traffic signals	796	746
Streetlights	1,014	1,014
Bridges and culverts	11,347	11,317
Sidewalks, curbs, and gutters	7,421	7,421
Streets and roads	21,820	21,765
Less accumulated depreciation	(85,751)	(79,728)
Total	\$ 98,241	91,092

At the end of fiscal year 2015, capital assets recorded on the Shoreline Community's financial statements amount to \$98.2 million (net of accumulated depreciation). There are additions of \$13.2 million and transfers from construction in progress of \$378,000 during fiscal year 2015. Net depreciation of \$6.0 million is provided for in fiscal year 2015. Further details on capital assets and depreciation charges are discussed in Note 5 to the financial statements.

DEBT ADMINISTRATION

As of June 30, 2015, the Shoreline Community has \$43.8 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 increase for the upcoming fiscal year, compared to the July 1, 2014 tax roll, due to the 1.998 California Consumer Price Index applied to secured property and increases in property values due to changes in ownership. Property values are rising due to the continued improved economy, but there are still pending appeals filed by owners of property in the Shoreline Community.

These factors were considered in preparing the Shoreline Community's budget for fiscal year 2016.

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/2/FIN
546-11-16-15R-SRPC-E

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Statement of Net Position

June 30, 2015 (Dollars in Thousands)

Assets:

Cash and investments (Note 3)	\$ 53,335
Restricted cash and investments (Note 3)	3,111
Receivables:	
Interest	199
Capital assets (Note 5):	
Land and construction in progress	36,337
Other capital assets, net of depreciation	<u>61,904</u>
Total assets	<u>154,886</u>

Deferred outflows of resources:

Deferred outflows related to pension (Note 7)	<u>359</u>
Total deferred outflows of resources	<u>359</u>

Liabilities:

Accounts payable and accrued costs	2,762
Interest payable	809
Advances from the City of Mountain View (Note 4)	1,338
Refundable deposits	242
Noncurrent liabilities (Note 6):	
Due within one year	4,623
Due in more than one year	39,220
Net pension liability (Note 7)	<u>3,783</u>
Total liabilities	<u>52,777</u>

Deferred inflows of resources:

Deferred inflows related to pension (Note 7)	<u>788</u>
Total deferred inflows of resources	<u>788</u>

Net position (Note 9):

Net investment in capital assets	57,509
Unrestricted	<u>44,171</u>
Total net position	<u>\$ 101,680</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**Statement of Activities****For the Fiscal Year Ended June 30, 2015 (Dollars in Thousands)**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
General government	\$ 13,978	1,054	(12,924)
Public safety	154	0	(154)
Public works	2,174	0	(2,174)
Community development	402	0	(402)
Culture and recreation	7,269	0	(7,269)
Interest on long-term debt	1,945	0	(1,945)
Total governmental activities	<u>\$ 25,922</u>	<u>1,054</u>	<u>(24,868)</u>
General revenues and transfers:			
Property taxes			28,821
Interest earnings			676
Capital contributions from City			13,157
Transfers from the City of Mountain View (Note 4)			318
Transfers to the City of Mountain View (Note 4)			<u>(6,046)</u>
Total general revenues and transfers			<u>36,926</u>
Change in net position			12,058
Beginning net position, as adjusted (Note 1G)			<u>89,622</u>
Ending net position			<u>\$ 101,680</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**Governmental Funds****Balance Sheet****June 30, 2015 (Dollars in Thousands)**

	Shoreline Regional Park Community	Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2014 Bank Loan	Total Governmental Funds
Assets:				
Cash and investments (Note 3)	\$ 53,335	0	0	53,335
Restricted cash and investments (Note 3)	106	3,005	0	3,111
Receivables:				
Interest	199	0	0	199
Total assets	<u>\$ 53,640</u>	<u>3,005</u>	<u>0</u>	<u>56,645</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable and accrued costs	\$ 2,762	0	0	2,762
Refundable deposits	242	0	0	242
Advances from the City of Mountain View (Note 4)	1,338	0	0	1,338
Total liabilities	<u>4,342</u>	<u>0</u>	<u>0</u>	<u>4,342</u>
Fund balances (Note 9):				
Restricted	0	3,005	0	3,005
Committed	930	0	0	930
Unassigned	48,368	0	0	48,368
Total fund balances	<u>49,298</u>	<u>3,005</u>	<u>0</u>	<u>52,303</u>
Total liabilities and fund balances	<u>\$ 53,640</u>	<u>3,005</u>	<u>0</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. 98,241

LONG TERM ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS

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

Deferred outflows related to pension	359
Interest payable	(809)
Noncurrent liabilities	(43,843)
Net pension liability	(3,783)
Deferred inflows related to pension	(788)

NET POSITION OF GOVERNMENTAL ACTIVITIES**\$ 101,680**

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**Governmental Funds****Statement of Revenues, Expenditures and****Changes in Fund Balances****For the Fiscal Year Ended June 30, 2015 (Dollars in Thousands)**

	Shoreline Regional Park Community	Shoreline Regional Park Community 2011 Revenue Bonds	Shoreline Regional Park Community 2014 Bank Loan	Total Governmental Funds
Revenues:				
Taxes	\$ 28,821	0	0	28,821
Use of money and property	671	5	0	676
Charges for services	1,002	0	0	1,002
Other	52	0	0	52
Total revenues	30,546	5	0	30,551
Expenditures:				
Current:				
General government	13,978	0	0	13,978
Public safety	119	0	0	119
Public works	741	0	0	741
Community development	346	0	0	346
Culture and recreation	2,846	0	0	2,846
Capital outlay	15	0	0	15
Debt service:				
Principal repayment	0	1,535	2,842	4,377
Interest and fiscal charges	0	1,821	132	1,953
Total expenditures	18,045	3,356	2,974	24,375
Excess (deficiency) of revenues over (under) expenditures	12,501	(3,351)	(2,974)	6,176
Other financing sources (uses):				
Transfers in (Note 4)	0	3,354	2,956	6,310
Transfers (out) (Note 4)	(6,310)	0	0	(6,310)
Transfers from the City of Mountain View (Note 4)	318	0	0	318
Transfers to the City of Mountain View (Note 4)	(6,046)	0	0	(6,046)
Total other financing sources (uses)	(12,038)	3,354	2,956	(5,728)
Net change in fund balances	463	3	(18)	448
Beginning fund balances	48,835	3,002	18	51,855
Ending fund balances	\$ 49,298	3,005	0	52,303

See accompanying notes to financial statements.

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, 2015 (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	\$	448
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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	13,157
The capital outlay and other capitalizable expenditures are added back to fund balance	15
Depreciation expense is deducted from the fund balance	(6,023)

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.

Repayment of debt principal is added back to fund balance	4,377
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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):

Change in net pension liability	76
Interest payable	8
	<hr/>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>12,058</u></u>
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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, 2015 (Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 28,467	28,467	28,821	354
Use of money and property	831	831	671	(160)
Charges for services	70	70	1,002	932
Other	40	40	52	12
Total revenues	29,408	29,408	30,546	1,138
Expenditures:				
Current:				
General government:				
City attorney	10	20	0	20
Finance and administrative services	13,717	13,988	13,978	10
Public safety:				
Fire	136	144	79	65
Police	40	40	40	0
Public works	807	821	741	80
Community development	479	479	346	133
Culture and recreation:				
Community services	3,023	3,110	2,846	264
Capital outlay	0	15	15	0
Total expenditures	18,212	18,617	18,045	572
Excess (deficiency) of revenues over (under) expenditures	11,196	10,791	12,501	1,710
Other financing sources (uses):				
Transfers (out)	(6,332)	(8,226)	(6,310)	1,916
Transfers from the City of Mountain View	0	0	318	318
Transfers to the City of Mountain View	(5,531)	(5,752)	(6,046)	(294)
Total other financing sources (uses)	(11,863)	(13,978)	(12,038)	1,940
Net change in fund balances	<u>\$ (667)</u>	<u>(3,187)</u>	463	<u>3,650</u>
Beginning fund balances			<u>48,835</u>	
Ending fund balances			<u>\$ 49,298</u>	

See accompanying notes to financial statements.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2015 (Dollars in Thousands)

	<u>Agency Fund</u>
Assets:	
Cash and investments (Note 3)	<u>\$ 0</u>
Total assets	<u><u>\$ 0</u></u>
Liabilities:	
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, 2015

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). 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, 2015.

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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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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 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 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

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, 2015

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 reports 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 reports 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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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G. *New GASB Pronouncements*

Management of the City of Mountain View adopted the provisions of the following GASB Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the City to make prior period adjustments. As a result, the beginning net position of the Shoreline Community was reduced by \$4.3 million.

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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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.

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, 2015. Cash and investments are as follows (dollars in thousands):

Cash and investments	\$ 53,335
Restricted cash and investments	<u>3,111</u>
Total Cash and investments of the Shoreline Community	<u><u>\$ 56,446</u></u>

Cash and investments as of June 30, 2015 consist of the following (dollars in thousands):

City of Mountain View's Pooled Investments	\$ 53,335
Investments:	
Bond proceeds held by trustee	<u>3,111</u>
Total cash and investments	<u><u>\$ 56,446</u></u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

The Shoreline Community's cash 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, 2015, 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.

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
Insurer Approved Other Forms of Investments Including Repurchase Agreements	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, 2015

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. 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 Shoreline Community 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	Specific Identification Maturity Date
Held by Bond Trustee:		
U.S. Agency Securities	\$ 2,901	June 24, 2016
LAIF	106	N/A
Cash on Hand	104	N/A
Total investments	<u>\$ 3,111</u>	

Money market mutual funds investments are available for withdrawal on demand and as of June 30, 2015 have an average maturity of 33 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 Investment Policy, which is 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, 2015 for all U.S. Agency Securities are Aaa as provided by Moody's Investor Service. The U.S. Corporate investments have an actual rating of AA- as provided by Moody's Investor Service. The Local Agency Investment Fund was not rated as of June 30, 2015.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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 obligations, mutual funds and external investment pools. The Shoreline Community held \$2.9 million of U.S. Agency Securities as of June 30, 2015.

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, 2015 are as follows (dollars in thousands):

	Transfers	
	In	Out
Major Governmental Funds:		
Shoreline Regional Park Community	\$ 0	6,310 (A)
Debt Service:		
2011 Revenue Bonds	3,354	0 (A)
2014 Bank Loan	2,956	0 (A)
	<u> </u>	<u> </u>
Total all funds	<u>\$ 6,310</u>	<u>6,310</u>

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, 2015

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 2015 the Shoreline Community made transfers to the City in the amount of \$6.0 million to fund debt service payments, capital projects and equipment replacement. Transfers from the City to the Shoreline Community were \$318,000 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 \$1.3 million from the City are repaid at 10.0 percent in one remaining annual installment. During fiscal year 2015, a payment of \$1.6 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 \$5,000 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, 2015

NOTE 5 – CAPITAL ASSETS (Continued)

A. Capital Asset Activity

Capital assets activity for the fiscal year ended June 30, 2015 is as follows (dollars in thousands):

	Balance at June 30, 2014	Additions	Transfers	Balance at June 30, 2015
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 14,332	0	0	14,332
Construction in progress	9,211	13,172	(378)	22,005
Total capital assets not being depreciated	23,543	13,172	(378)	36,337
Capital assets being depreciated:				
Buildings	23,908	0	0	23,908
Improvements other than buildings	79,182	0	243	79,425
Machinery and equipment	1,924	0	0	1,924
Traffic signals	746	0	50	796
Streetlights	1,014	0	0	1,014
Bridges and culverts	11,317	0	30	11,347
Sidewalks, curbs and gutters	7,421	0	0	7,421
Streets and roads	21,765	0	55	21,820
Total capital assets being depreciated	147,277	0	378	147,655
Less accumulated depreciation for:				
Buildings	(6,366)	(857)	0	(7,223)
Improvements other than buildings	(53,730)	(4,081)	0	(57,811)
Machinery and equipment	(1,261)	(108)	0	(1,369)
Traffic signals	(476)	(38)	0	(514)
Streetlights	(488)	(20)	0	(508)
Bridges and culverts	(1,643)	(189)	0	(1,832)
Sidewalks, curbs and gutters	(4,162)	(185)	0	(4,347)
Streets and roads	(11,602)	(545)	0	(12,147)
Total accumulated depreciation	(79,728)	(6,023)	0	(85,751)
Net capital assets being depreciated	67,549	(6,023)	378	61,904
Governmental activities capital assets, net	\$ 91,092	7,149	0	98,241

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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, 2015 are as follows (dollars in thousands):

Governmental Activities:

Public works	\$ 1,450
Culture and recreation	4,474
Public safety	35
Community development	64
Total	<u>\$ 6,023</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, 2015 is as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2014	Retirements	Balance June 30, 2015	Due Within One Year
2011 Revenue Bonds					
2.0% to 5.75%, due 2040	\$ 39,030	36,085	(1,535)	34,550	1,595
2014 Bank Loan					
1.65%, due 2018	12,135	12,135	(2,842)	9,293	3,028
Total	<u>\$ 51,165</u>	<u>48,220</u>	<u>(4,377)</u>	<u>43,843</u>	<u>4,623</u>

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 – NONCURRENT LIABILITIES (Continued)
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B. Description of Noncurrent Liabilities

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 amounted 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.

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 \$68.3 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 2015 tax increment revenues amounted to \$28.8 million which represented coverage of 4.6 over the \$6.3 million in debt service.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 6 – NONCURRENT LIABILITIES (Continued)

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

For the Fiscal Year Ending June 30	Principal	Interest	Total
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	1,890	1,451	3,341
2021-2025	6,260	6,044	12,304
2026-2030	4,450	4,903	9,353
2031-2035	5,775	3,532	9,307
2036-2040	7,590	1,653	9,243
2041	1,790	52	1,842
Total	<u>\$ 43,843</u>	<u>24,504</u>	<u>68,347</u>

As of June 30, 2015, the Shoreline Community had no outstanding defeased debt.

NOTE 7 – PENSION PLAN

A. General Information about the Pension Plans

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

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – PENSION PLAN (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be either a public employee or beneficiary. Benefits are based on years of credited service, equal to one year of full time employment. Members with a minimum of five years of total service are eligible to retire at age 50 with statutorily reduced benefits for the Miscellaneous Plan. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	<i>Miscellaneous</i>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	min 5 years service	min 5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55+	52 -62+
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	23.37%	(A)

(A) The minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate cost or the employer normal costs.

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

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – PENSION PLAN (Continued)
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For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Shoreline Community's share of the Plan were as follows (dollars in thousands):

	<u>Miscellaneous Tier I</u>
Contributions - employer	\$359
Contributions - employee (paid by employer)	0

B. Net Pension Liability

As of June 30, 2015, the Shoreline Community reported net pension liabilities of \$3.8 million for its proportionate shares of the net pension liability of the Plan.

The Shoreline Community net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Shoreline Community's proportion of the net pension liability was based on a projection of the Shoreline Community's long-term share of contributions to the Plan relative to the projected contributions of all participating funds, actuarially determined. The Shoreline Community's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2013	4.45%
Proportion - June 30, 2014	4.45%
Change - Increase (Decrease)	0.00%

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – PENSION PLAN (Continued)
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Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
	Contract COLA up to 2.75% until
Post Retirement Benefit Increase	Purchasing Power applies, .25% thereafter
	Derived using CalPers Membership Data
Mortality	for all Funds (3)

(1) Depending on age, service and type of employment

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

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

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – PENSION PLAN (Continued)
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According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses, assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS deemed the difference immaterial to the agent multiple-employer plan.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – PENSION PLAN (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	100%		

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

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

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

	Miscellaneous
1% Decrease	6.50%
Net Pension Liability	\$ 5,743
Current Discount Rate	7.50%
Net Pension Liability	\$ 3,783
1% Increase	8.50%
Net Pension Liability	\$ 2,155

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 7 – PENSION PLAN (Continued)
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C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2015, the Shoreline Community recognized pension expense of \$76,000. At June 30, 2015, the Shoreline Community reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows (dollars in thousands):

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 359	0
Differences between expected and actual experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on plan investments	0	(788)
Total	<u>\$ 359</u>	<u>(788)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$359,000 is reported and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (dollars in thousands):

Fiscal Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2016	\$ (197)
2017	(197)
2018	(197)
2019	(197)
2020	0
Thereafter	0

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 8 – 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, 2015 Comprehensive Annual Financial Report.

NOTE 9 – NET POSITION AND FUND BALANCES
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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 as follows:

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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)
--

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 GASB 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 the long-term amounts of loans and 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 as follows:

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.

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. 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. 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 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.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)
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C. *Landfill Containment Reserve*

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. On June 25, 2013, the City Council approved to restrict funds for Landfill Containment in the Landfill reserve of the Shoreline Community Fund. The estimated costs of the corrective actions are adjusted annually by an inflation factor approved by CalRecycle. The City estimated this to be \$1.3 million in fiscal year 2015. As of June 30, 2015, the City restricted \$3.0 million for the landfill containment.

NOTE 10 – 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, 2015 the Shoreline Community has outstanding encumbrances of \$72,000.

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 2015, the Shoreline Community paid \$4.9 million in contributions and recorded them in the Education Enhancement JPA Agency Fund.

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 2015, \$1.3 million and \$1.4 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Notes to Component Unit Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 10 – COMMITMENTS AND CONTINGENCIES
--

D. RDA Dissolution Matters

On October 14, 2014, the Successor Agency to the Mountain View Revitalization Authority, notified the California Department of Finance that all former redevelopment agency's debts have been paid off, and all remaining funds have been remitted to the county for distribution to the local taxing entities. On May 29, 2015, the City received a letter from the California Department of Finance acknowledging the end of the Mountain View Successor Agency's existence.

REQUIRED SUPPLEMENTARY INFORMATION

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MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios City of Mountain View Miscellaneous Plan, a Cost-Sharing Defined Pension Plan Last 10 Fiscal Years* (Dollars in Thousands)

	Fiscal Year Ended June 30, 2015
<i>Total Pension Liability</i>	
Service Cost	\$ 277
Interest	1,062
Differences between expected and actual experience	0
Changes in assumptions	0
Changes in benefits	0
Benefit payments, including refunds of employee contributions	(615)
Net change in total pension liability	<u>724</u>
Total pension liability - beginning	<u>14,329</u>
Total pension liability - ending (a)	<u><u>\$ 15,053</u></u>
 <i>Plan fiduciary net position</i>	
Contributions - employer	\$ 347
Contributions - employee	140
Net investment income	1,704
Benefit payments, including refunds of employee contributions	(615)
Net change in plan fiduciary net position	<u>1,576</u>
Plan fiduciary net position - beginning	<u>9,694</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 11,270</u></u>
 Net pension liability - ending (a)-(b)	<u><u>\$ 3,783</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 74.9%
 Covered - employee payroll	 \$ 1,520
 Net pension liability as percentage of covered-employee payroll	 248.8%

Notes to Schedule:

Benefit changes. In 2015, the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2015, there were no changes in assumptions.

* - Fiscal year 2015 is the first year of implementation, therefore only one year is shown.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
Required Supplementary Information

Schedule of Contributions
City of Mountain View Miscellaneous Plan,
a Cost-Sharing Defined Pension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)

	Fiscal Year Ended
	June 30, 2015
Actuarially determined contribution	\$ 359
Contributions in relation to the	
actuarially determined contributions	(359)
Contribution deficiency (excess)	\$ 0
Covered-employee payroll	\$ 1,520
Contributions as a percentage of covered- employee payroll	23.6%

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	67 yrs. Misc.

Mortality

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 is the first year of implementation, therefore only one year is shown.

AGENCY FUNDS

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, 2015 (Dollars in Thousands)

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Education Enhancement JPA</u>				
Assets:				
Cash and investments	<u>\$ 0</u>	<u>4,898</u>	<u>4,898</u>	<u>0</u>
Liabilities:				
Due to others	<u>\$ 0</u>	<u>4,895</u>	<u>4,895</u>	<u>0</u>