

CITY OF MALIBU, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Prepared by:
City of Malibu
Administrative Services Department
Reva Feldman, Assistant City Manager

CITY OF MALIBU, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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City of Malibu

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December 17, 2014

Honorable Mayor and City Council
City of Malibu, California

The Comprehensive Annual Financial Report (CAFR) of the City of Malibu for the fiscal year ending June 30, 2014 is hereby submitted. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the information presented is accurate in all material aspects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of Malibu. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Malibu, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. 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 City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with 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. As management we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Lance, Soll & Lunghard LLP, a public accounting firm fully licensed and qualified to perform audits of state and local governments within the State of California. 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 auditors concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Malibu, California's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Malibu's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Malibu

The City of Malibu was incorporated as a general law city on March 28, 1991 and operates under the council/manager form of government. Located in northwest Los Angeles County, the City encompasses over 20 square miles along the Pacific Ocean. Malibu has a population of approximately 13,000 residents, but with its miles of public beaches, more than 15 million people visit the City each year. The City provides a full range of services, some of which are contracted through outside agencies and/or firms. These services include law enforcement, highways and roads, recreation areas, planning and zoning, building and environmental safety, emergency preparedness and general administrative services.

The City of Malibu has a rich and diverse history. Originally settled by the Chumash Indians, they named the stretch of beach at the mouth of the Malibu Creek "Humaliwo" or "the surf sounds loudly". In 1802, Jose Tapia established a ranch in the area. Passed on through generations, it was eventually sold in 1891 to Fredrick Rindge. Seeking an ideal country home for his family, the private domain was guarded fiercely. Rindge's widow, May, fought off an effort to route the Southern Pacific Railroad through Malibu by establishing her own private railroad. Later, the State of California succeeded in obtaining a right-of-way to build Pacific Coast Highway through the property. A final court battle in the late 1920s forced Rindge to begin leasing and then selling the property at the mouth of Malibu Creek. As most of the purchasers were movie stars, the area became known as the Malibu Movie Colony.

Today, Malibu is a predominantly rural residential community that has become a haven for those seeking to escape the urban life of Los Angeles. Its small commercial sectors consist of many quaint shops and restaurants that welcome locals and visitors alike. Programs and exhibits offered by the Los Angeles County Public Library, Pepperdine University and the Wiesman Museum of Art provide culturally enriching experiences.

Factors Affecting Financial Condition

Malibu's local economy is unique in that it is significantly impacted by climate. In the warm weather months, millions come to Malibu to enjoy the beautiful beaches. During the winter months, rain and pounding surf can flood roads and create landslides, making travel through the City difficult. Since its incorporation in 1991, Malibu has been plagued with disasters, including floods, multiple fires and an earthquake, creating a significant drain on the City's finances. For this reason the City maintains a substantial reserve in its General Fund. Fortunately, Malibu has not experienced any significant disasters since 2007.

While the State of California struggled with a significant budget deficit and many government agencies have been impacted by a slower economy in recent years, the City of Malibu's financial position remains steady. The largest revenue source is property tax, which continues to remain stable due to a strong residential real estate market and stable valuation. Sales tax is relatively unaffected by the economy, as the City has only small retail establishments. Malibu relies heavily on grant funding for many of the capital projects it undertakes and has been successful in securing millions of dollars over the years from various agencies.

Other Information

Budgetary Controls. The City of Malibu maintains a budget control system to ensure compliance with the spending limits incorporated in the annual operating budget adopted by the City Council. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for the capital project funds. Budgetary control is maintained at the fund level for administrative and operating expenditures and at the project level for capital improvements. Only the City Council has the authority to increase total appropriations within any fund, subject to the appropriations limitations established by State law. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Long Term Financial Planning. The City prepares and adopts its budget on an annual basis. Each budget, however, takes into account future years spending needs and revenue availability. Capital projects are budgeted using a multi-year planning approach and other major expenditures are evaluated and budgeted based on expectations of revenues and expenditures in future fiscal years. The City maintains a strong General Fund reserve. As of June 30, 2014, the City had over \$25.1 million in total reserves, which allows for flexibility in budget projecting, and also provides the City with funding in the event of an unexpected fiscal emergency in future years. Of this amount, the unassigned General Fund reserve is \$16.5 million or 71% of General Fund expenditures and exceeds the City's goal of maintaining a minimum of 50% of the operating expenses.

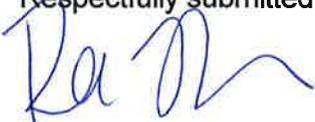
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Malibu for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement from the GFOA is valid for a period of one year. City staff believes that this current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Administrative Services Department staff. Special acknowledgment is given to Julie Matsumoto, Ruth Piyaman and to the assistance of Lance, Soll, & Lunghard LLP, the City's independent auditors. I would also like to thank the City Manager, Mayor and members of the City Council for their support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Reva Feldman
Assistant City Manager

**CITY OF MALIBU, CALIFORNIA
LIST OF CITY OFFICIALS**

CITY COUNCIL

MAYOR	SKYLAR PEAK
MAYOR PRO TEM	JOHN SIBERT
COUNCIL MEMBER	LOU LA MONTE
COUNCIL MEMBER	LAURA ROSENTHAL
COUNCIL MEMBER	JOAN HOUSE

DEPARTMENT OFFICIALS

CITY MANAGER	JIM THORSEN
ASSISTANT CITY MANAGER	REVA FELDMAN
CITY CLERK	LISA POPE
ENVIRONMENTAL SUSTAINABILITY DIRECTOR	VIC PETERSON
PLANNING DIRECTOR	JOYCE PARKER-BOZYLINSKI
PARKS AND RECREATION DIRECTOR	BOB STALLINGS
PUBLIC WORKS DIRECTOR	BOB BRAGER
CITY ATTORNEY	CHRISTI HOGIN



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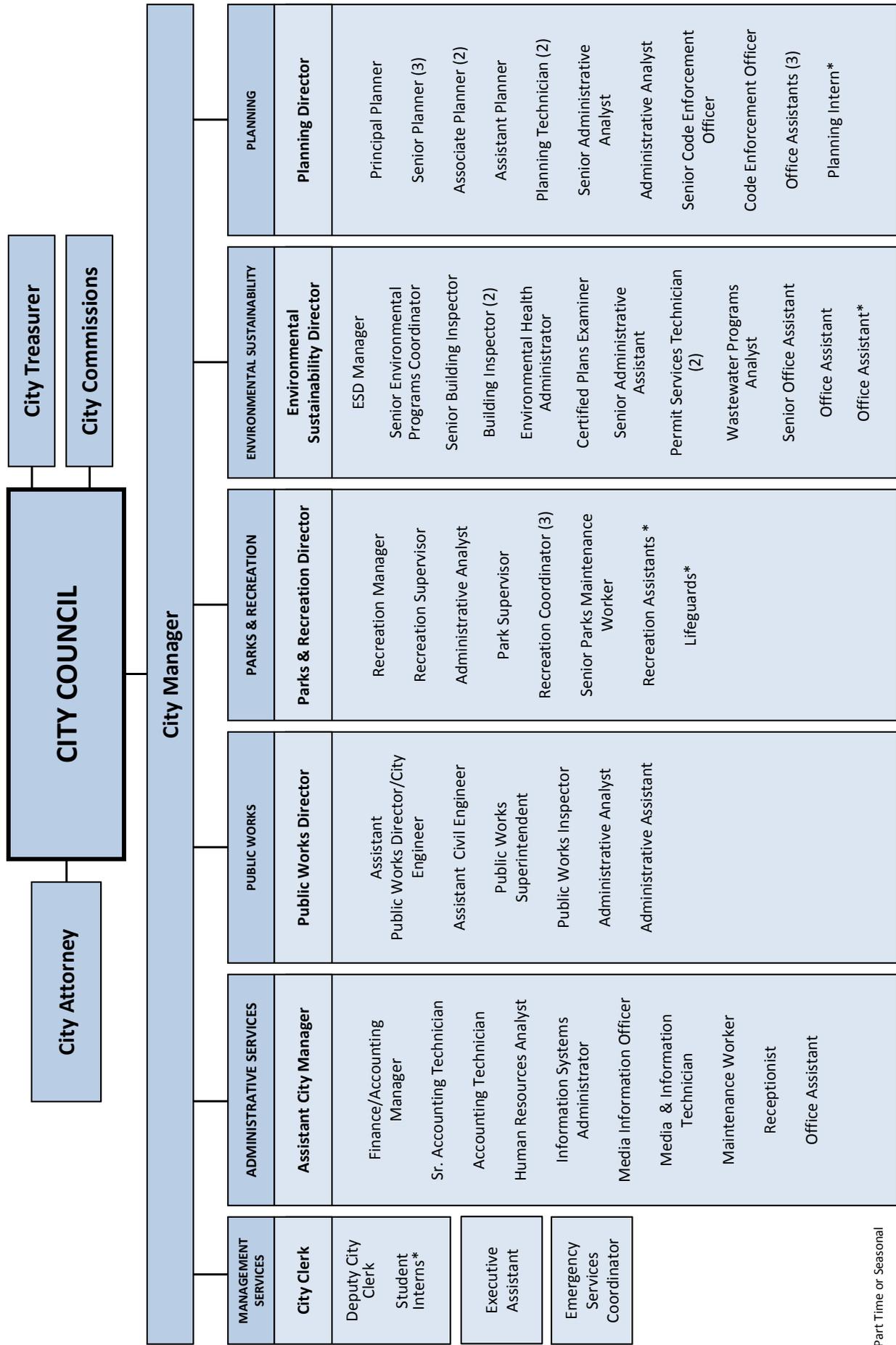
**City of Malibu
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

ORGANIZATIONAL CHART



*Part Time or Seasonal

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Malibu, 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 City of Malibu, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 of Malibu, California, as of June 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Grants Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the



To the Honorable Mayor and Members of the City Council
City of Malibu, California

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.

Prior Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2013, from which such partial information was derived.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are 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 December 12, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brea, California
December 12, 2014

CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2014

As management of the City of Malibu, we offer readers of the City of Malibu's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City of Malibu exceed its liabilities at the close of the fiscal year ended June 30, 2014 by \$105,051,151 (*net position*). Of this amount, \$22,579,481 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,425,822.
- As of June 30, 2014, the City's governmental funds reported a combined ending fund balance of \$25,843,104, an increase of \$756,669 in comparison with the prior year. Of this amount, \$13,926,872 is available for spending at the government's discretion (*unassigned fund balance*).
- As of June 30, 2014, the unassigned fund balance for the General Fund was \$16,512,282 or 71% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *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 deferred outflows of resources as well as on liabilities and deferred inflows of resources. The amount by which assets and deferred outflows of resources exceed liabilities and deferred inflows of resources is 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 City of Malibu is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event 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 (e.g. uncollected taxes and earned but unused vacation 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

CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2014

their costs through user fees and charges (*business-type activities*). The governmental activities of the City include legislative and advisory, general government, public safety, community development, parks and recreation, and public works. Business-type activities are comprised of commercial real estate rental properties.

The government-wide financial statements are in this report's financial section immediately following the Management's Discussion and Analysis (MD&A).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Malibu, 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 three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental 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 evaluating a government's near-term financing requirements.

Fund balance is categorized into a hierarchy of five classifications: non-spendable, restricted, committed, assigned, and unassigned. These categories facilitate analysis and understanding of the City's commitment of financial resources.

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 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 of Malibu maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Grants Fund, and the Capital Improvements Fund, all of which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Malibu adopts an annual appropriated budget for each of its governmental funds, excluding Capital Projects Funds. A budgetary comparison statement has been provided for each governmental fund which has an annual budget to demonstrate compliance with this budget.

CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2014

The basic governmental fund financial statements can be found in the financial section of this report immediately following the government-wide financial statements.

Proprietary funds. Like the government-wide financial statements, the proprietary fund type provides both long-term and short-term financial information utilizing the economic resources measurement focus. The City of Malibu reports one proprietary fund; the City's commercial real estate rental enterprise fund is represented as a business-type activity in the government-wide financial statements. The individual fund presentation provides detailed information about the operating statements and cash flows.

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. The notes to the financial statements can be found in the financial section of this report following the fund financial statements.

Other information. Combining and individual fund statements and schedules can be found in the financial section of this report following the notes to the financial statements.

Government-wide Financial Analysis

City of Malibu Net Position

	Governmental Activities		Business-type Activities		Total	
	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14
Current and other assets	\$28,755,339	\$29,598,960	\$2,613,732	\$3,763,646	\$31,369,071	\$33,362,606
Capital assets	76,183,879	78,480,176	39,424,422	39,614,790	115,608,301	118,094,966
Total assets	104,939,218	108,079,136	42,038,154	43,378,436	146,977,372	151,457,572
Long-term liabilities	26,954,407	26,162,669	16,529,655	16,189,235	43,484,062	42,351,904
Other liabilities	2,905,130	3,116,807	962,851	937,710	3,867,981	4,054,517
Total liabilities	29,859,537	29,279,476	17,492,506	17,126,945	47,352,043	46,406,421
Net investment in capital assets	51,148,507	52,846,493	22,894,767	23,425,555	74,043,274	76,272,048
Restricted	6,639,102	4,397,867	790,907	1,801,755	7,430,009	6,199,622
Unrestricted	17,292,072	21,555,300	859,974	1,024,181	18,152,046	22,579,481
Total net position	\$75,079,681	\$78,799,660	\$24,545,648	\$26,251,491	\$99,625,329	\$105,051,151

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Malibu, assets exceeded liabilities by \$105,051,151 at June 30, 2014. The largest portion of the City's net position (\$76,272,048 or 73%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position (\$6,199,622 or 6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$22,579,481 or 21%) may be used to meet the city's ongoing obligations to citizens and creditors.

CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2014

City of Malibu Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14
Program revenues:						
Charges for services	\$ 6,269,976	\$ 6,539,234	\$ 1,801,066	\$ 1,963,741	\$ 8,071,042	\$ 8,502,975
Operating contributions and grants	1,200,701	1,730,657	-	1,000,000	1,200,701	2,730,657
Capital contributions and grants	5,596,912	1,443,656	-	1,448,071	5,596,912	2,891,727
General revenues:						
Property taxes	9,253,769	9,894,343	-	-	9,253,769	9,894,343
Other taxes	7,929,938	8,403,612	-	-	7,929,938	8,403,612
Other revenues	1,050,651	903,903	8,037	8,020	1,058,688	911,923
Total revenues	31,301,947	28,915,405	1,809,103	4,419,832	33,111,050	33,335,237
Expenses:						
Legislative and advisory	1,300,799	1,647,329	-	-	1,300,799	1,647,329
General government	5,300,621	4,386,822	-	-	5,300,621	4,386,822
Public safety	6,563,361	6,596,001	-	-	6,563,361	6,596,001
Community development	4,653,867	4,692,585	-	-	4,653,867	4,692,585
Parks and recreation	2,360,326	2,383,727	-	-	2,360,326	2,383,727
Public works	4,473,787	4,618,723	-	-	4,473,787	4,618,723
Interest on long-term debt	1,229,980	1,220,239	-	-	1,229,980	1,220,239
Commercial real estate rental	-	-	2,340,593	2,363,989	2,340,593	2,363,989
Total expenses	25,882,741	25,545,426	2,340,593	2,363,989	28,223,334	27,909,415
Excess/(deficiency) before transfers	5,419,206	3,369,979	(531,490)	2,055,843	4,887,716	5,425,822
Transfers	-	350,000	-	(350,000)	-	-
Increase/(decrease) in net position	5,419,206	3,719,979	(531,490)	1,705,843	4,887,716	5,425,822
Net position - July 1	69,660,475	75,079,681	25,077,138	24,545,648	94,737,613	99,625,329
Net position - June 30	\$75,079,681	\$78,799,660	\$24,545,648	\$26,251,491	\$99,625,329	\$105,051,151

Governmental activities. Governmental activities increased the City's net position by \$3,720,000 during the fiscal year in contrast to an increase of \$5,419,000 during the prior fiscal year. Key elements include:

- An increase of \$640,000 in property taxes due to an increase in revenue received from current year secured property taxes resulting from a slight increase in assessed value.
- An increase of \$470,000 in other taxes due to a \$328,000 increase in revenue received from sales tax and smaller increases in all other taxes (utility users tax, transient occupancy tax, parking tax, and franchise tax).
- A decrease of \$4.2 million in capital contributions and grants. This decrease is due to a one-time, prior year contribution of \$5 million received from the Community Facilities District No. 2012-1 for Phase One of the Civic Center Wastewater Treatment Facility Project. This decrease was offset by an increase of \$700,000 from Measure R for highway improvements and \$170,000 from Proposition 84 reimbursements in the current year.
- An increase of \$530,000 in operating contributions and grants, mainly due to an increase of \$430,000 in grants revenue received from the Los Angeles County Metropolitan Transportation Authority (MTA) and the Los Angeles County Flood Control District for public works projects; an increase of \$70,000 from the Los Angeles County Proposition A recreation reimbursements; and an increase of \$30,000 in the Gas Tax Fund to correct a prior year misallocation by the State.
- An increase of \$270,000 in charges for services due to an increase in revenue of building plan check fees.

CITY OF MALIBU

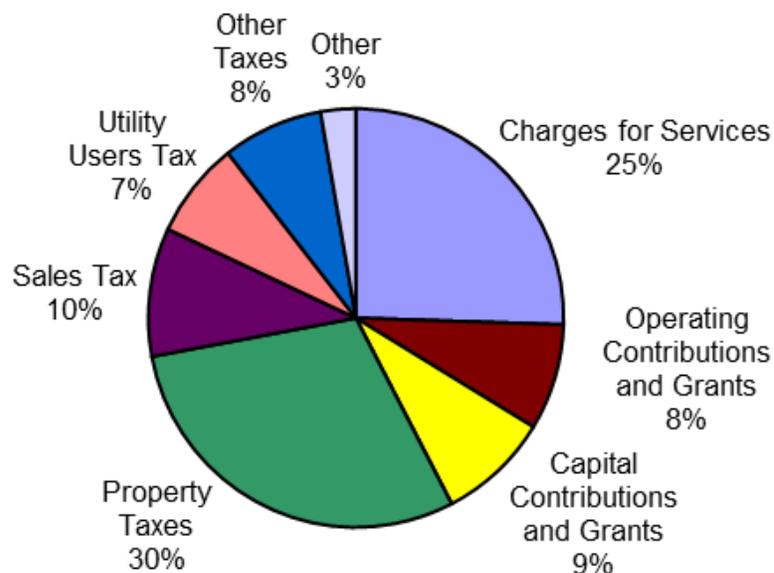
Management's Discussion and Analysis
June 30, 2014

- An increase of \$350,000 in legislative and advisory expenses, mainly due to an increase of \$200,000 in litigation expenditures and \$100,000 in professional services and election expenditures.
- A decrease of \$910,000 in general government expenses mainly due to a decrease of \$651,000 from a retrospective adjustment of prior year insurance premium expenses paid to California Joint Powers Insurance Authority (CJPIA).
- An increase of \$350,000 from a current year transfer from the City's Business-type Activities.
- Other smaller changes in revenues and expenses with a resulting net decrease of \$320,000.

Business-type activities. Business-type activities are financed primarily by fees charged to external parties for goods and services. Business-type activities increased the City's net position by \$1.7 million during the fiscal year in contrast to a decrease of \$0.5 million during the prior fiscal year. Key elements include:

- Rent revenue increased by \$163,000 resulting from a tenant's increased payments on a percentage income agreement.
- Current year expenses of \$2.36 million remained comparable to the prior year's expenses of \$2.34 million, and consisted of \$1.26 million depreciation expense, \$870,000 for interest payments on debt, and \$230,000 of operating costs.
- Operating contributions and grants increased by \$1 million due to a one-time donation in the current year of \$1 million. This donation will be used in FY 2014-15 to prepay a portion of outstanding debt.
- Capital contributions and grants increased by \$1.45 million resulting from a one-time contribution by a tenant of \$1.45 million in capital improvements made to the leased building.
- A decrease of \$350,000 due to a current year transfer to the City's Governmental Activities.

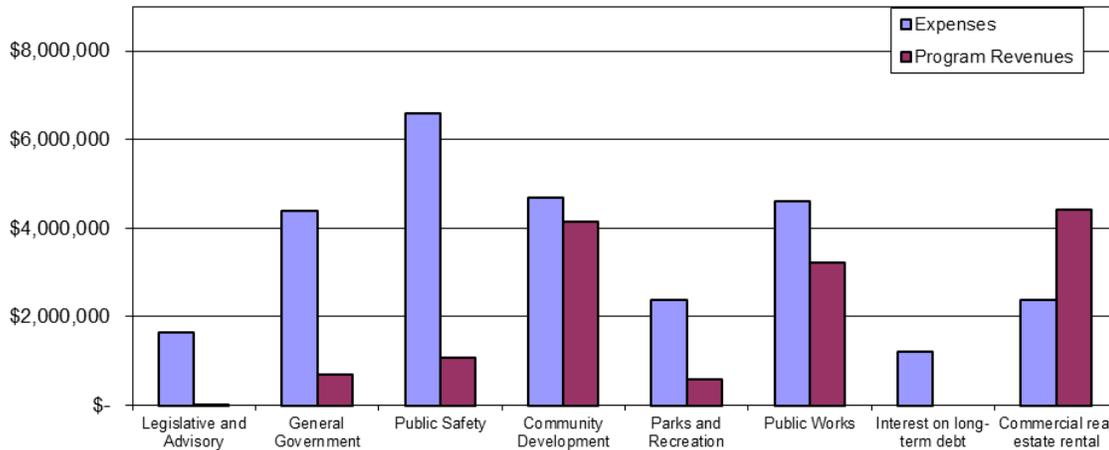
Revenues by Source (Government-wide)



CITY OF MALIBU

Management's Discussion and Analysis
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Expenses and Program Revenues (Government-wide)



The previous two charts illustrate the City's overall expenses and revenues by source (including both governmental and business-type activities). General revenues such as property, utility users, and sales taxes are not shown by program, but are effectively used to support program activities citywide. Without regard for program, taxes are the largest single source of funds for the City (55%), followed by charges for services (25%), and capital contributions and grants (9%).

Public Safety is the largest expense function, accounting for 23.6% of the total. Community Development is second at 16.8%, with Public Works at 16.6%, and General Government at 15.7% of the total.

Financial Analysis of the City's Funds

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,843,104. Revenues of \$29,047,704 exceeded expenditures of \$28,641,035, resulting in an increase to fund balance of \$407,000.

Revenues decreased by \$3.1 million from the prior year, due to the following:

- A decrease of \$5 million in contributions from the Community Facilities District No. 2012-1. The prior year contribution was for Phase One of the Civic Center Wastewater Treatment Facility Project.
- An increase of \$1.1 million in taxes (property taxes increased by \$641,000 and sales tax increased by \$328,000; other taxes had smaller increases).
- An increase of \$290,000 in charges for services mainly due to an increase of \$200,000 for building-related activities and nearly \$100,000 increased in film permit and passport processing.
- An increase of \$518,000 in intergovernmental revenues due to Measure R grant reimbursements for several highway improvements capital projects.

Expenditures increased by \$2.9 million due to the following reasons:

- Legislative and advisory costs increased by \$350,000 mainly due to cost increases in litigation and professional services.

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Management's Discussion and Analysis

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- General government costs decreased by \$707,000. A large component of this decrease is because of a retrospective adjustment from California Joint Powers Insurance Authority (CJPIA) resulting in reducing the prior year insurance premium by \$681,000.
- Principal and interest expenses of debt service increased by \$761,000 due to the first principal payment coming due on the certificates of participation.
- Public works costs increased by \$322,000 mainly due to an increase of \$222,000 for street and tree maintenance.
- Capital outlay costs increased by \$2.1 million mainly due to work done on the Civic Center Wastewater Treatment Facility Project.

The governmental funds' combined ending fund balance totals \$25,843,104. Approximately 54% (\$13,926,872) of this amount constitutes unassigned fund balance which is available for spending at the City's discretion. The remainder of the combined ending fund balances is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed 1) Nonspendable for deposits and for prepaid items (\$579,708), 2) Restricted for special revenue funds and debt service (\$4,397,867), 3) Committed for capital improvement projects and city facilities maintenance (\$5,892,334), 4) Assigned for vehicle replacement and for working capital (\$1,046,323).

General Fund. The General Fund is the chief operating fund of the City of Malibu and comprises approximately 81% of the governmental expenditures of the City. At the end of the current fiscal year the unassigned fund balance of the General Fund was \$16,512,282 while the total fund balance was \$25,109,184. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund's unassigned fund balance represents 71% of General Fund annual expenditures.

The General Fund's fund balance increased in fiscal year 2013-14 by \$3.2 million, comparable to the prior year increase of \$3.4 million. Although the overall change was comparable to the prior year, there were several significant line item changes:

- Tax revenue increased over the prior year by \$1.1 million, mainly due to increases in property and sales taxes.
- General government expenditures decreased by \$706,000, mainly a result of a retrospective adjustment of prior year insurance premiums.
- Principal expenditures increased by \$763,000 due to the first principal payment coming due on the certificates of participation.
- Legislative and advisory costs increased by \$348,000 due to increased costs for litigation and other professional services.
- Public works costs increased by \$333,000 due to increases in street and tree maintenance.
- Capital outlay costs increased by \$205,000 mainly due to increased costs associated with software development.

Grants Special Revenue Fund. This fund is used to account for grants received from other governmental agencies. The majority of funds received are transferred to the Capital Improvements Fund for capital project funding.

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Capital Improvements Capital Projects Fund. This fund is used to account for the acquisition, construction, and repair of major facilities and is fully funded by monies transferred from other funds.

Proprietary Fund. This fund is used to account for the commercial real estate rental activity. All revenues and expenses are for the commercial real estate rental program.

Budgetary Highlights

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing programs. During the course of the year, the City Council amended the originally adopted budget to reappropriate prior year approved projects and expenditures and to increase professional services.

General Fund. The General Fund balance reflected a positive net budget variance of \$3.9 million (before other financing sources and uses) when comparing actual amounts to the final budget for the current fiscal year. This amount reflects a positive variance of \$3.0 million in revenues and a positive variance of \$845,000 in expenditures. The positive revenue variance resulted from actual revenues exceeding the budget for all categories. The positive expenditure variance resulted from the final budget exceeding the actual expenditures.

The difference between the General Fund original budget and the final amended budget for expenditures was an increase of \$649,946 and is attributed to:

- An increase of \$209,160 in the General Government budget due to a budget carryover for city hall operations and improvements for broadcast enhancement.
- An increase of \$105,200 in the Public Works budget for street and tree maintenances of \$45,000 and \$60,000 for other consultants.
- Other budget adjustments throughout the year.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for governmental and business type activities as of June 30, 2014, total \$118,094,966, (net of accumulated depreciation) a net increase of \$2.5 million. The capital assets include land, intangible assets, roadways, buildings, leasehold improvements, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. Capital asset additions totaled \$5.6 million, net deletions totaled \$114,000, and depreciation expense totaled \$3.0 million.

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June 30, 2014

City of Malibu Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14
Land	\$ 9,669,669	\$ 9,669,669	\$ 15,404,922	\$ 15,404,922	\$ 25,074,591	\$ 25,074,591
Right of Way	24,045,543	24,045,543	-	-	24,045,543	24,045,543
Construction in Progress	4,512,984	8,491,519	-	-	4,512,984	8,491,519
Buildings	20,398,905	19,704,871	23,590,300	23,789,410	43,989,205	43,494,281
Equipment and Furniture	1,109,708	863,407	-	-	1,109,708	863,407
Vehicles	160,990	159,452	-	-	160,990	159,452
Infrastructure	16,286,080	15,545,715	429,200	420,458	16,715,280	15,966,173
Total	\$76,183,879	\$78,480,176	\$39,424,422	\$39,614,790	\$115,608,301	\$118,094,966

Additional information on the City's capital assets can be found in the Capital Assets Note (Note 3) of the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the City of Malibu had total debt outstanding of \$42,351,904.

City of Malibu Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13	30-Jun-14
Employee compensated absences	\$ 517,090	\$ 528,986	\$ -	\$ -	\$ 517,090	\$ 528,986
CJPIA retrospective deposit	364,761	-	-	-	364,761	-
Capital leases	72,062	11,457	-	-	72,062	11,457
Certificates of participation	26,000,494	25,622,226	16,529,655	16,189,235	42,530,149	41,811,461
Loans payable	-	-	-	-	-	-
Total	\$26,954,407	\$26,162,669	\$16,529,655	\$16,189,235	\$43,484,062	\$42,351,904

In conjunction with the Malibu Public Financing Corporation, in prior years the City issued certificates of participation for the Legacy Park acquisition and construction as well as for the acquisition and improvement of a civic center building. The debt service on the Legacy Park debt is expected to be funded within the enterprise fund through the collection of rent from commercial tenants; however if operating costs and debt service payments exceed the operating revenues, the City intends to budget within and transfer from the General Fund the amount needed to offset any shortfall in revenue. The debt service on the Civic Center debt will be budgeted for and paid from the General Fund.

The amount of general obligation debt a governmental entity may issue is limited by state statutes to a maximum of 15% of the entity's total assessed valuation. The City of Malibu currently has no general obligation debt, and therefore, has no debt that is applicable to the limit. Additional information on the City's long-term debt can be found in the Long-Term Debt Note (Note 4) of the notes to the financial statements.

Economic Factors and Next Year's Budget

The decline of the national and state economies has had a minor financial effect on the City. Assessment information indicates that property assessed values will remain steady in fiscal year 2014-15. As in prior years, the City developed its fiscal year 2014-2015 budget conservatively.

CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2014

Revenues. The City's overall fiscal year 2014-15 revenues are budgeted to increase by \$537,237 over the prior year; however, this increase is due to the growth in tax revenue sources. General fund revenues are budgeted to increase by almost \$1 million while special revenue funds are budgeted to decrease by \$650,000 due to reduction in capital grants. It is believed that these conservative budget estimates are realistic. Budgetary expectations reflect:

- The City continues to experience growth in almost all tax revenue sources which include Property Tax, Documentary Transfer Tax, Utility User's Tax, Sales Tax and Transient Occupancy Tax.
- Special revenue funds also include \$5.5 million of grant funds for capital improvement projects. The projections are consistent with revenue received in these funds in the prior fiscal year.
- Other revenues are also expected to remain generally stable from the prior fiscal year.

Expenditures. Expenditures for fiscal year 2014-2015 were budgeted to decrease by \$3.7 million from fiscal year 2013-2014 mainly due to reduction in capital expenditures.

Capital Improvements. The City has adopted a multi-year capital improvement program with the next fiscal year's costs totaling \$8 million. Major projects budgeted for the fiscal year 2014-2015 include:

- \$1 million for the Civic Center Wastewater Improvements
- \$1.4 million for the Broad Beach Road Biofiltration
- \$1.6 million for Pacific Coast Highway Bike Route Improvements
- \$1.3 million for Pacific Coast Highway Traffic Safety and Intersections Improvements
- \$1.3 million for the Las Flores Creek Restoration
- \$1.1 million for Annual Street Maintenance and Civic Center Way Improvements

The City Council is committed to maintaining a strong unassigned General Fund reserve to provide a buffer against unforeseen expenditures.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of Malibu for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 23825 Stuart Ranch Road, Malibu, California 90265.

CITY OF MALIBU
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 21,023,810	\$ 1,929,807	\$ 22,953,617
Accounts receivable	892,580	32,084	924,664
Interest receivable	18,088	-	18,088
Due from other governments	3,522,800	-	3,522,800
Deposits	27,814	-	27,814
Prepaid expenses	551,894	-	551,894
Restricted assets:			
Cash and cash equivalents with fiscal agent	3,561,974	1,801,755	5,363,729
Capital assets, non-depreciable	42,206,731	15,404,922	57,611,653
Capital assets, net of accumulated depreciation	<u>36,273,445</u>	<u>24,209,868</u>	<u>60,483,313</u>
Total assets	<u>108,079,136</u>	<u>43,378,436</u>	<u>151,457,572</u>
LIABILITIES			
Accounts payable	1,905,526	8,403	1,913,929
Salaries and wages payable	281,407	-	281,407
Retentions and other accrued liabilities	303,177	-	303,177
Interest payable	605,009	436,755	1,041,764
Deposits	-	411,614	411,614
Revenue received in advance	21,688	80,938	102,626
Noncurrent liabilities due within one year	968,208	365,000	1,333,208
Noncurrent liabilities due in more than one year	<u>25,194,461</u>	<u>15,824,235</u>	<u>41,018,696</u>
Total liabilities	<u>29,279,476</u>	<u>17,126,945</u>	<u>46,406,421</u>
NET POSITION			
Net investment in capital assets	52,846,493	23,425,555	76,272,048
Restricted for:			
Debt service	3,036,810	1,801,755	4,838,565
Approved projects	29,301	-	29,301
Public works	1,032,249	-	1,032,249
Environmental sustainability	20,482	-	20,482
Parks and recreation	279,025	-	279,025
Unrestricted	<u>21,555,300</u>	<u>1,024,181</u>	<u>22,579,481</u>
Total net position	<u>\$ 78,799,660</u>	<u>\$ 26,251,491</u>	<u>\$ 105,051,151</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Legislative and advisory	\$ 1,647,329	\$ 2,630	\$ -	\$ -	\$ (1,644,699)	\$ -	\$ (1,644,699)
General government	4,386,822	645,938	45,952	7,087	(3,687,845)	-	(3,687,845)
Public safety	6,596,001	720,329	340,457	-	(5,535,215)	-	(5,535,215)
Community development	4,692,585	4,137,915	-	-	(554,670)	-	(554,670)
Parks and recreation	2,383,727	506,315	87,311	-	(1,790,101)	-	(1,790,101)
Public works	4,618,723	526,107	1,256,937	1,436,569	(1,399,110)	-	(1,399,110)
Interest on long-term debt	1,220,239	-	-	-	(1,220,239)	-	(1,220,239)
Total governmental activities	25,545,426	6,539,234	1,730,657	1,443,656	(15,831,879)	-	(15,831,879)
Business-type activities:							
Commercial real estate rental	2,363,989	1,963,741	1,000,000	1,448,071	-	2,047,823	2,047,823
Total	<u>\$ 27,909,415</u>	<u>\$ 8,502,975</u>	<u>\$ 2,730,657</u>	<u>\$ 2,891,727</u>	<u>(15,831,879)</u>	<u>2,047,823</u>	<u>(13,784,056)</u>
General revenues:							
Taxes:							
Property tax					9,894,343	-	9,894,343
Utility users tax					2,486,714	-	2,486,714
Transient occupancy tax					1,534,965	-	1,534,965
Franchise tax					755,285	-	755,285
Sales tax					3,307,861	-	3,307,861
Parking occupancy tax					312,947	-	312,947
Motor vehicle in lieu tax, intergovernmental, unrestricted					5,840	-	5,840
Unrestricted investment earnings					94,739	8,020	102,759
Other revenues					809,164	-	809,164
Transfers					350,000	(350,000)	-
Total general revenues					<u>19,551,858</u>	<u>(341,980)</u>	<u>19,209,878</u>
Change in net position					3,719,979	1,705,843	5,425,822
Net position - beginning of year					<u>75,079,681</u>	<u>24,545,648</u>	<u>99,625,329</u>
Net position - end of year					<u>\$ 78,799,660</u>	<u>\$ 26,251,491</u>	<u>\$105,051,151</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

	General	Special Revenue Fund Grants	Capital Projects Fund Capital Improvements	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 19,328,358	\$ -	\$ 408,822	\$ 1,286,630	\$ 21,023,810
Accounts receivable	867,008	-	-	25,572	892,580
Interest receivable	18,088	-	-	-	18,088
Due from other governments	1,510,695	1,934,563	-	77,542	3,522,800
Due from other funds	2,152,896	-	-	-	2,152,896
Deposits	27,814	-	-	-	27,814
Prepaid items	551,894	-	-	-	551,894
Restricted assets - cash with fiscal agent	3,036,810	-	-	525,164	3,561,974
Total assets	<u>\$ 27,493,563</u>	<u>\$ 1,934,563</u>	<u>\$ 408,822</u>	<u>\$ 1,914,908</u>	<u>\$ 31,751,856</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,481,953	\$ -	\$ 378,003	\$ 45,570	\$ 1,905,526
Salaries and wages payable	281,407	-	-	-	281,407
Retentions and other accrued liabilities	-	-	30,819	272,358	303,177
Due to other funds	-	1,929,389	-	223,507	2,152,896
Unearned revenue	4,096	5,174	-	12,418	21,688
Total liabilities	<u>1,767,456</u>	<u>1,934,563</u>	<u>408,822</u>	<u>553,853</u>	<u>4,664,694</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	616,923	627,135	-	-	1,244,058
FUND BALANCES					
Nonspendable					
Deposits	27,814	-	-	-	27,814
Prepaid items	551,894	-	-	-	551,894
Restricted					
Public works activities	-	-	-	465,599	465,599
Capital improvement projects	-	-	-	365,402	365,402
Parks and recreation activities	-	-	-	136,029	136,029
Environmental sustainability	-	-	-	20,482	20,482
Special district projects	-	-	-	373,545	373,545
Debt service and debt service reserve	3,036,810	-	-	-	3,036,810
Committed					
Capital improvement projects	1,558,045	-	1,958,273	-	3,516,318
Landon Center	1,000,000	-	-	-	1,000,000
City facilities	1,126,016	-	-	-	1,126,016
Water quality settlement	250,000	-	-	-	250,000
Assigned					
Information technology replacement	12,561	-	-	-	12,561
Working capital	1,033,762	-	-	-	1,033,762
Unassigned	16,512,282	(627,135)	(1,958,273)	(2)	13,926,872
Total fund balances	<u>25,109,184</u>	<u>(627,135)</u>	<u>-</u>	<u>1,361,055</u>	<u>25,843,104</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,493,563</u>	<u>\$ 1,934,563</u>	<u>\$ 408,822</u>	<u>\$ 1,914,908</u>	<u>\$ 31,751,856</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Fund Balances of Governmental Funds	\$ 25,843,104
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	78,480,176
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,244,058
Liabilities related to long-term debt are not due and payable in the current period and, therefore, are not reported in the funds, as follows:	
Interest payable	(605,009)
Long-term liabilities	<u>(26,162,669)</u>
Net Position of Governmental Activities	<u><u>\$ 78,799,660</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	General	Special Revenue Fund Grants	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 18,775,779	\$ -	\$ -	\$ 397,573	\$ 19,173,352
Fines and forfeitures	381,283	-	-	339,046	720,329
Intergovernmental	372,538	1,963,773	-	1,109,645	3,445,956
Use of money and property	89,421	-	-	5,318	94,739
Charges for services	5,267,628	-	-	143,538	5,411,166
Other	202,091	-	-	71	202,162
Total revenues	<u>25,088,740</u>	<u>1,963,773</u>	<u>-</u>	<u>1,995,191</u>	<u>29,047,704</u>
EXPENDITURES					
Current:					
Legislative and advisory	1,645,104	-	-	-	1,645,104
General government	3,664,527	-	-	7,022	3,671,549
Public safety	6,485,326	-	-	100,000	6,585,326
Community development	4,490,047	-	-	135,700	4,625,747
Parks and recreation	2,107,187	-	-	-	2,107,187
Public works	2,267,982	-	-	499,621	2,767,603
Capital outlay	453,212	-	4,730,498	23,362	5,207,072
Debt service:					
Principal	805,366	-	-	-	805,366
Interest	1,226,081	-	-	-	1,226,081
Total expenditures	<u>23,144,832</u>	<u>-</u>	<u>4,730,498</u>	<u>765,705</u>	<u>28,641,035</u>
Revenues over (under) expenditures	<u>1,943,908</u>	<u>1,963,773</u>	<u>(4,730,498)</u>	<u>1,229,486</u>	<u>406,669</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,285,064	-	4,730,498	-	6,015,562
Transfers out	(67,769)	(1,697,970)	-	(3,899,823)	(5,665,562)
Total other financing sources (uses)	<u>1,217,295</u>	<u>(1,697,970)</u>	<u>4,730,498</u>	<u>(3,899,823)</u>	<u>350,000</u>
Net change in fund balance	3,161,203	265,803	-	(2,670,337)	756,669
FUND BALANCE - BEGINNING	<u>21,947,981</u>	<u>(892,938)</u>	<u>-</u>	<u>4,031,392</u>	<u>25,086,435</u>
FUND BALANCE - ENDING	<u>\$ 25,109,184</u>	<u>\$ (627,135)</u>	<u>\$ -</u>	<u>\$ 1,361,055</u>	<u>\$ 25,843,104</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 756,669

Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:

Cost of assets capitalized	4,169,439
Net cost of capital asset disposals	(113,943)
Depreciation expense	(1,759,199)

Governmental funds report as revenues those monies that become available in the current period but which were earned and reported as revenue in a prior period within the Statement of Activities. (1,376,357)

Governmental funds exclude revenues for monies that are not available in the current year but which are earned and reported as revenue in the Statement of Activities. 1,244,058

The net expenses of other long-term debt (e.g., compensated absences) are reported in the statement of activities but do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (11,896)

Governmental funds do not record interest expense until the payment is due. However, the statement of activities reports interest expense as the liability is incurred. The net change in interest payable is a reconciling item to the change in net position. 7,574

Governmental funds report the effect of premiums and discounts when debt is first issued. However, these amounts are deferred and amortized in the statement of activities. (1,732)

Principal payment on long-term debt is reported as an expenditure in the governmental funds. However, this type of transaction has no effect within the Statement of Activities. 805,366

Change in Net Position of Governmental Activities \$ 3,719,979

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 17,141,762	\$ 17,141,762	\$ 18,775,779	\$ 1,634,017
Fines and forfeitures	260,000	260,000	381,283	121,283
Intergovernmental	35,000	35,000	372,538	337,538
Use of money and property	75,000	75,000	89,421	14,421
Charges for services	4,501,960	4,501,960	5,267,628	765,668
Other	26,750	26,750	202,091	175,341
	<u>22,040,472</u>	<u>22,040,472</u>	<u>25,088,740</u>	<u>3,048,268</u>
Total revenues				
	<u>22,040,472</u>	<u>22,040,472</u>	<u>25,088,740</u>	<u>3,048,268</u>
EXPENDITURES				
Current:				
Legislative and advisory	1,465,766	1,492,266	1,645,104	(152,838)
General government	3,702,982	3,912,142	3,664,527	247,615
Public safety	6,506,179	6,506,179	6,485,326	20,853
Community development	4,906,774	4,998,624	4,490,047	508,577
Parks and recreation	2,203,270	2,203,270	2,107,187	96,083
Public works	2,354,988	2,460,188	2,267,982	192,206
Capital outlay	168,000	385,236	453,212	(67,976)
Debt service:				
Principal	805,366	805,366	805,366	-
Interest	1,226,081	1,226,081	1,226,081	-
	<u>23,339,406</u>	<u>23,989,352</u>	<u>23,144,832</u>	<u>844,520</u>
Total expenditures				
	<u>23,339,406</u>	<u>23,989,352</u>	<u>23,144,832</u>	<u>844,520</u>
Revenues over (under) expenditures	<u>(1,298,934)</u>	<u>(1,948,880)</u>	<u>1,943,908</u>	<u>3,892,788</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,285,064	1,285,064
Transfers out	-	-	(67,769)	(67,769)
	<u>-</u>	<u>-</u>	<u>1,217,295</u>	<u>1,217,295</u>
Total other financing sources (uses)				
	<u>-</u>	<u>-</u>	<u>1,217,295</u>	<u>1,217,295</u>
Net change in fund balance	<u>\$ (1,298,934)</u>	<u>\$ (1,948,880)</u>	<u>3,161,203</u>	<u>\$ 5,110,083</u>
FUND BALANCE - BEGINNING			<u>21,947,981</u>	
FUND BALANCE - ENDING			<u>\$ 25,109,184</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 5,516,635	\$ 5,516,635	\$ 1,963,773	\$ (3,552,862)
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,697,970)</u>	<u>(1,697,970)</u>
Net change in fund balance	<u>\$ 5,516,635</u>	<u>\$ 5,516,635</u>	265,803	<u>\$ (5,250,832)</u>
FUND BALANCE - BEGINNING			<u>(892,938)</u>	
FUND BALANCE - ENDING			<u>\$ (627,135)</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2014**

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,929,807
Accounts receivable	32,084
Total current assets	1,961,891
Noncurrent assets:	
Restricted:	
Cash and cash equivalents with fiscal agent	1,801,755
Capital assets, non-depreciable	15,404,922
Capital assets, net of accumulated depreciation	24,209,868
Total noncurrent assets	41,416,545
Total assets	43,378,436
LIABILITIES	
Current liabilities:	
Accounts payable	8,403
Interest payable	436,755
Deposits	411,614
Rent revenue received in advance	80,938
Noncurrent liabilities due within one year:	
Certificates of participation	365,000
Total current liabilities	1,302,710
Noncurrent liabilities:	
Noncurrent liabilities due in more than one year:	
Certificates of participation, net	15,824,235
Total liabilities	17,126,945
NET POSITION	
Net investment in capital assets	23,425,555
Restricted for debt service	1,801,755
Unrestricted	1,024,181
Total net position	\$26,251,491

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
OPERATING REVENUES	
Charges for sales and services:	
Rental income	\$ 1,907,650
Other	56,091
Total operating revenues	1,963,741
OPERATING EXPENSES	
Professional and contractual services	128,509
Repairs and maintenance	82,067
Utilities	16,909
Supplies	710
Total operating expenses	228,195
Operating income before depreciation	1,735,546
Depreciation expense	1,257,703
Operating income	477,843
NONOPERATING REVENUES (EXPENSES)	
Investment and interest income	8,020
Noncapital donations	1,000,000
Interest expense	(873,511)
Amortization of bond costs	(4,580)
Total nonoperating revenues (expenses)	129,929
Income before transfers and capital contributions	607,772
Transfers to governmental funds	(350,000)
Capital contributions	1,448,071
Change in net position	1,705,843
NET POSITION, BEGINNING	24,545,648
NET POSITION, ENDING	\$ 26,251,491

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014**

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,927,801
Payments to suppliers	<u>(225,638)</u>
Net cash provided by operating activities	<u>1,702,163</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Donations received	1,000,000
Transfers to governmental funds	<u>(350,000)</u>
Net cash provided by noncapital financing activities	<u>650,000</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Principal payment	(345,000)
Interest paid	<u>(882,689)</u>
Net cash used for capital financing activities	<u>(1,227,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>8,020</u>
Net cash provided by investing activities	<u>8,020</u>
Net increase in cash and cash equivalents	1,132,494
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,599,068</u>
CASH AND CASH EQUIVALENTS, ENDNG	<u><u>\$ 3,731,562</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 477,843</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,257,703
Increase in accounts receivable	(17,420)
Increase in accounts payable	2,557
Increase in customer deposits	2,749
Decrease in unearned revenue	<u>(21,269)</u>
Total adjustments	<u>1,224,320</u>
Net cash provided by operating activities	<u><u>\$ 1,702,163</u></u>
Noncash activities:	
Amortization of original issue discount on debt	\$ 4,580
Capital contribution for building improvements	\$ 1,448,071

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

	<u>Agency Funds</u>	<u>Pension Trust Funds</u>
ASSETS		
Cash and investments	\$2,142,828	\$ -
Cash and investments with fiscal agent	1,657,287	-
Investments:		
Money market mutual funds	-	195,496
U.S. stocks	-	120,479
International/global stocks	-	5,906
Real estate securities	-	11,110
Accounts receivable	6,870	-
Due from other governments	<u>14,051</u>	<u>-</u>
Total assets	<u>\$3,821,036</u>	<u>332,991</u>
LIABILITIES		
Accounts payable	112,632	-
Deposits	1,901,873	-
Due to bondholders	<u>1,806,531</u>	<u>-</u>
Total liabilities	<u>\$3,821,036</u>	<u>-</u>
NET POSITION		
Restricted for pensions		<u>\$ 332,991</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MALIBU
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions by employer	\$ 30,306
Investment earnings	<u>45,874</u>
Change in net assets	76,180
NET POSITION - BEGINNING	<u>256,811</u>
NET POSITION - ENDING	<u><u>\$ 332,991</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Malibu (the City) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

A. REPORTING ENTITY

The City of Malibu was incorporated in 1991 under the general laws of the State of California. The City has a council-manager form of government and is governed by an elected five-member council. The Mayor position is rotated among the five council members.

As required by generally accepted accounting principles, the accompanying financial statements include the financial activity of the City and its blended component unit, the Malibu Public Financing Corporation. The Corporation is a legally separate entity although in substance it is considered to be part of the City's operations. The City is considered to be financially accountable for the Corporation which is governed by a board comprised entirely of the City's council members. There is no requirement for separate financial statements of the Corporation; consequently, separate financial statements for the Corporation are not prepared. The Corporation's financial activity during the fiscal year consisted of paying debt service on the outstanding certificates of participation (see Note 4).

B. MEASUREMENT FOCUS, BASIS OF PRESENTATION, AND FINANCIAL STATEMENT PRESENTATION

The accounts of the City are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements. The exceptions to this general rule are transactions between the City's governmental funds and the proprietary or fiduciary funds. Interfund services provided and used are not eliminated in the process of consolidation.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and infrastructure as well as long-term debt, are included in the accompanying Statement of Net Position.

The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are classified in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the difference in fund balance as presented in these statements to the net position as presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary sources susceptible to accrual are property tax, sales tax, transient occupancy tax, franchise fees, highway users tax, investment income, and grant revenues. Generally, revenues are subject to accrual if anticipated to be received within 180 days after year-end. The exception to this general rule is that property taxes are subject to accrual if received within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows. The City has one Proprietary Fund, which is accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary Funds consist of two Pension Trust Funds, which are accounted for using the accrual basis of accounting, and four Agency Funds.

The Pension Trust Funds are used to account for activities of the City's defined contribution plans which are administered by the City. These defined contribution plans accumulate resources for pension benefit payments.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations; consequently, the Agency Funds are not included within the Statement of Changes in Fiduciary Net Position. The Agency Funds account for assets held for specific uses that are not part of the City's operating activities; specifically, monies held by the City as an agent for property owners with special assessments and for monies collected from individuals who have made special deposits with the City for property grading, special events, and donations.

Fund Classifications

The City reports the following major governmental funds:

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

The **Grants Special Revenue Fund** is used to account for projects funded by various grants received from other government agencies. The majority of funds received are transferred to the Capital Improvement Capital Projects Fund to reimburse related capital project expenditures.

The **Capital Improvements Capital Projects Fund** is used to account for financial resources to be used for the acquisition, construction, or repair of major facilities.

The City reports one proprietary fund: The **Commercial Real Estate Rental Fund** accounts for the capital assets being leased to commercial customers (see Note 6). The lease revenue is used to pay the debt service requirements of the long-term liabilities of the fund (see Note 4).

C. BUDGETARY PRINCIPLES

General Budget Policies

The City Manager submits a proposed budget to the City Council by May 15th of each year. The City Council holds public hearings, modifies the City Manager’s recommendations, and adopts a final budget by resolution prior to June 30th of each year. The City Manager is authorized to transfer budgeted amounts between line items within a fund. Any revisions or transfers that alter the total appropriations of any fund must be approved by the City Council. Supplemental appropriations may be adopted by the City Council during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles and are used as a management control device. Annual appropriated budgets are adopted for the General Fund and all Special Revenue funds. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The annual budget indicates appropriations by fund, and the legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund.

Continuing Appropriations

Unexpended annual appropriations lapse at the end of the fiscal year; encumbered appropriations are re-budgeted in the next fiscal year. Unexpended capital improvement appropriations are carried forward until the improvements or programs are complete.

Excess of Expenditures over Appropriations

The legal level of budgetary control is at the fund level for governmental funds. For the year ended June 30, 2014, there were no major funds with expenditures which exceeded appropriations. The nonmajor Air Quality Management Special Revenue Fund had expenditures of \$20,564 which exceeded appropriations of \$12,000.

Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council. Supplemental appropriations were required during the fiscal year and were approved by the City Council as follows:

	Originally Adopted Budget	Amended Budget
<u>Major Funds:</u>		
General Fund	\$ 23,339,406	\$ 23,989,352

D. PROPERTY TAX REVENUES

Property taxes are levied, based on the assessed values determined by the Los Angeles County Assessor (the County) as of March 1st and become a lien on the real property at July 1st. Secured taxes are due annually in two installments on November 1st and February 1st, and become delinquent on December 10th and April 10th, respectively. Unsecured taxes are due annually on July 1st and become delinquent on August 31st. The lien date for secured and unsecured property taxes is March 1st of the preceding fiscal year. The total property tax levy is recognized as revenue to the extent that it results in current available resources. Current available resources are those property tax amounts received within 60 days past fiscal year end.

California law limits ad valorem taxes on real property to 1% of value plus taxes necessary to pay indebtedness approved by the voters. Annual increases are limited to the cost of living, not to exceed 2% each year. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited from imposing new ad valorem, sales or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors voting in a general or special election.

E. INVESTMENTS AND INTEREST INCOME ON INVESTMENTS

Investments are stated at fair value which is based on quoted market prices. Cash and investments of the City are managed on a pooled basis. Investment income from the pool is allocated to certain funds quarterly based on the average cash balances in relation to total cash balances. All investments are controlled by an investment policy that is adopted by the City Council and further controlled by State legislation.

F. CAPITAL ASSETS

Capital assets, which include land, intangible assets, buildings, leasehold improvements, equipment and furniture, vehicles, and infrastructure, are reported in the applicable governmental or business-type activities columns of the Government-Wide Financial Statements. Non-infrastructure capital assets are defined by the City as individual assets with an initial, individual cost of more than \$3,000 and an expected useful life of three years or more.

Infrastructure capital assets are defined by the City as long-lived capital assets with an initial cost of more than \$50,000 that are stationary and can be preserved for at least 35 years (such as streets, storm drains, bridges, etc.). The City has capitalized all infrastructure assets, including those acquired prior to 1980.

All purchased capital assets are valued at cost where historical cost records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Capital leases are capitalized in accordance with generally accepted accounting principles.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed.

Using the convention of no depreciation expense in the year of acquisition, depreciation is recorded on a straight-line basis over the useful life of the assets as follows:

Buildings & Improvements	5-45 years
Furniture, Machinery, & Office Equipment	3-15 years
Vehicles	5-10 years
Walkways and ramps	45 years
Street network	35 years
Storm drain network	60 years
Bridges	65 years

G. COMPENSATED ABSENCES PAYABLE

Compensated absences include accrued vacation and sick leave that are available to employees in future years either in time off or in cash (upon leaving the employ of the City). The City accounts for compensated absences in accordance with GASB Code Section C60. A liability for compensated absences is reported in governmental funds only if the liability has matured, such as would occur as a result of employee resignations and retirements.

H. RESTRICTED ASSETS

Certain assets are classified as restricted because their use is limited by applicable debt covenants. Specifically, the assets are restricted for principal and interest payments due on long-term debt, are maintained by a trustee as a reserve requirement for debt, or are restricted for payments on projects for which the debt was issued. Other assets may be classified as restricted when monies are held by a fiscal agent to pay contract retentions on certain projects.

I. FLOW ASSUMPTIONS OF RESTRICTED AND UNRESTRICTED RESOURCES

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then to use unrestricted resources as they are needed. See this note's sections (Q) and (R) for additional flow assumption information.

J. PREPAID ITEMS

The City uses the consumption method to account for prepaid items; payments to vendors which reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the Statement of Net Position and the Governmental Funds' Balance Sheet will sometimes report separate sections for deferred outflows of resources and for deferred inflows of resources.

The separate financial statement element of deferred outflows of resources represents a consumption of net position/fund balance that applies to a future period(s) which will not be recognized as an outflow of resources (expense/expenditure) until that time. Currently the City has no items that qualify for being reported as a deferred outflow of resources.

The separate financial statement element of deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, unavailable revenue. Unavailable revenue exists only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds' balance sheet. The governmental funds typically report unavailable revenues for grant receipts which have been earned but which are not received within the City's defined availability period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. UNAVAILABLE REVENUE

Unavailable revenue is reported in Governmental funds for resources which are not available to liquidate liabilities of the current period. Unavailable revenue is shown as a deferred inflow of resources and will be recognized as an inflow of resources in the future period in which the amounts become available.

M. DEFERRED COMPENSATION PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Pursuant to the IRC 457 subsection (g), all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the Plan. Deferred compensation funds are not subject to the claims of the City's general creditors; consequently, the assets and related liabilities of the plan are not included within the City's financial statements.

N. CASH EQUIVALENTS

Investments with original maturities of three months or less are considered to be cash equivalents.

O. OPERATING AND NON-OPERATING REVENUES AND EXPENSES – PROPRIETARY FUNDS

Operating revenues and expenses result from activities related to renting commercial real estate to customers. All revenues and expenses which do not relate to rental activities and which are not capital in nature are reported as non-operating revenues and expenses.

P. CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2014. At fiscal year-end, the City’s commitments with contractors were as follows:

Civic Center Wastewater Management	\$ 609,980
Broad Beach Road Biofiltration	754,414
Wildlife Road Treatment	150,741
Pacific Coast Highway Bike Route	19,919
Kanan Dume Road Arrester Bed	373,203
Pacific Coast Highway Intersection	36,125
Pacific Coast Highway Bus Stop	13,893
	<u>\$ 1,958,275</u>

Q. FUND BALANCE

In the fund financial statements, governmental fund balance is made up of the following categories:

Nonspendable fund balance typically includes inventories, prepaid items, and other similar items that must be maintained intact pursuant to legal or contractual requirements.

Restricted fund balance includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a resolution (formal action) of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.

Assigned fund balance is comprised of amounts designated by the City Council for specific purposes which do not meet the criteria to be classified as restricted or committed. In accordance with the City’s fund balance policy, the City Council may assign a designee, the City Manager, to make assignments of fund balance.

Unassigned fund balance is the residual classification that includes all spendable amounts not contained in other categories.

In the governmental fund financial statements, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City’s policy is to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City’s policy is to first deplete committed fund balance, then assigned fund balance, and finally unassigned fund balance.

R. NET POSITION

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This category represents all capital assets, unspent debt proceeds, and required reserves, less accumulated depreciation and the outstanding principal of capital-related debt. The City's capital assets do not represent a financial resource and, consequently, are not readily available for funding current obligations.

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

Unrestricted Net Position: This category represents the net position that is not restricted for any purpose.

In the government-wide statements and in the proprietary fund statements, when an expense is incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to consider restricted net position to have been depleted before applying unrestricted net position.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool, which is available for use by all funds. All funds participate in the pool except for the Pension Trust funds. Cash and investments consisted of the following as of June 30, 2014:

	<u>Amount</u>
Pooled Deposits & Investments:	
Demand Deposits	\$ 2,101,044
Investments	22,994,311
Pension Trust Investments	332,991
Cash and Investments with Fiscal Agents:	
Demand Deposits	1,000,000
Investments	6,021,016
Petty Cash	1,090
Total Cash and Investments	<u>\$ 32,450,452</u>

Cash and investments are reported in the basic financial statements as follows:

Governmental Funds:	
Unrestricted	\$ 21,023,810
Restricted	3,561,974
Proprietary Funds:	
Unrestricted	1,929,807
Restricted	1,801,755
Fiduciary Funds	4,133,106
Total Cash and Investments	<u>\$ 32,450,452</u>

At June 30, 2014, the pooled demand deposit bank balance was \$2,323,953. The amount shown for pooled demand deposits is the amount after outstanding checks are subtracted and deposits in transit are added. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end cash balances.

INVESTMENTS AUTHORIZED BY THE CALIFORNIA GOVERNMENT CODE & MALIBU'S INVESTMENT POLICY

The following table identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of either the California Government Code or the City's investment policy (whichever is more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

A separate table addresses investments of debt proceeds that are held by fiscal agents. Those investments are governed by the provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investment Type - Authorized by the California Government Code	Authorized by Malibu's Investment Policy	Maximum Maturity (1)	Maximum Percentage of Portfolio (1)	Maximum Investment in a Single Issuer (1)
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
California State Treasury Obligations	No	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	20% (2)	10% (2)
Commercial Paper	Yes	270 days	15% (2)	5% (2)
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Corporate Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	None
Mortgage Pass-Through Securities/CMO	No	5 years	20%	None
County Investment Pools	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

Notes:

(1) Restrictions are in accordance with the California Government Code unless indicated otherwise.

(2) The restriction is in accordance with the City's Investment Policy which is more restrictive than the California Government Code.

INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS

The investment of debt proceeds held by fiscal agents is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments held by the City's fiscal agent. Unless indicated otherwise, the trust agreement does not specify a maximum maturity, a maximum percentage of the portfolio, nor a maximum investment in a single issuer. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2014

Investment Type - Authorized by Trust Agreements	Certificates of Participation			2008 CFD & 2012 CFD Special Tax Bonds	2010 AD Limited Obligation Bonds
	2006	2009	2010		
Local Agency Bonds	Allowed	Allowed	Allowed	Allowed	Allowed
U.S. Treasury Obligations	Allowed	Allowed	Allowed	Allowed	Allowed
California State Treasury Obligations	Allowed	Allowed	Allowed	Allowed	Not Allowed
U.S. Agency Securities	Allowed	Allowed	Allowed	Allowed	Allowed
Banker's Acceptances (Note 1)	Allowed	Allowed	Allowed	Allowed	Allowed
Commercial Paper (Note 2)	Allowed	Allowed	Allowed	Allowed	Allowed
Repurchase Agreements	Allowed	Allowed	Allowed	Not Allowed	Allowed
Money Market Mutual Funds	Allowed	Allowed	Allowed	Allowed	Allowed
Local Agency Investment Fund (LAIF)	Allowed	Allowed	Allowed	Allowed	Allowed
Investment agreements	Not Allowed	Allowed	Allowed	Allowed	Allowed
Certificates of deposit (Note 3)	Not Allowed	Allowed	Allowed	Not Allowed	Allowed
County of Los Angeles Pooled Investment Fund	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Allowed

Note 1: Maximum maturity allowed is 360 days.

Note 2: Maximum maturity allowed is 270 days except the 2010 AD Limited Obligation Bonds which is 180 days.

Note 3: Maximum maturity allowed is 1 year.

DISCLOSURES RELATING TO 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 an investment has before maturity, 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 that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity for operations. The City monitors the interest rate risk inherent in its investments, including those held by fiscal agents, by using specific identification of the investments. Following is a table of these investments as of fiscal year end.

	<u>Fair Value</u>	<u>Maturities</u>
City's Pooled Investments:		
Negotiable Certificates of Deposit		
Sallie Mae Bank	\$ 250,175	11/7/2014
Goldman Sachs Bank USA	251,077	11/9/2015
GE Capital Bank	251,333	5/2/2016
Banco Popular N America	244,877	3/6/2017
Cit Bank	242,815	3/6/2018
Discover Bank	245,195	3/6/2018
American Express Cent Bank	248,853	3/7/2018
Bank of Baroda	250,705	11/13/2018
BMW Bank of North America	249,465	5/16/2019
Wells Fargo Money Market Mutual Fund	35,310	N/A
Local Agency Investment Fund (LAIF)	20,724,506	232 day average
Investments held by fiscal agents - US Bank:		
Money market mutual funds:		
First American Government Obligation Fund	6,021,016	N/A
Total	<u>\$ 29,015,327</u>	

INVESTMENTS WITH FAIR VALUES HIGHLY SENSITIVE TO INTEREST RATE FLUCTUATIONS

As of fiscal year-end, the City had no investments (including investments held by fiscal agents) whose fair values were highly sensitive to interest rate fluctuations.

DISCLOSURES RELATING TO 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 minimum rating required by (where applicable) the California Government code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>
City's Pooled Investments:			
Negotiable certificates of deposit	\$ 2,234,495	N/A	\$ 2,234,495
Money market mutual funds	35,310	N/A	35,310
Local Agency Investment Fund (LAIF)	20,724,506	N/A	20,724,506
Investments held by fiscal agents:			
Money market mutual funds	6,021,016	N/A	6,021,016
	<u>\$ 29,015,327</u>		<u>\$ 29,015,327</u>

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits as follows: a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City may waive the collateral requirements for deposits that are fully insured up to \$250,000 by the FDIC.

At fiscal year-end, the City's pooled bank balance of \$2,323,953 was comprised of \$250,000 insured and \$2,073,953 that was collateralized in accordance with state law. At fiscal year-end, the City also had demand deposits held with fiscal agents for monies related to an anticipated prepayment on the Legacy Park Certificates of Participation (see Note 17). The demand deposits held with fiscal agents totaled \$1,000,000 at fiscal year-end and were comprised of \$250,000 insured and \$750,000 that had neither insurance nor collateralization.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

At fiscal year-end, the City had negotiable certificates of deposit totaling \$2,234,495 which were held by the counterparty's trust department.

CONCENTRATION OF CREDIT RISK

The City diversifies its investments by security type and institution. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments guaranteed by the U.S. government, investments in mutual funds, and investments in external investment pools are excluded from the requirement to disclose all investments with more than a 5% concentration in a single security type or in a single financial institution. At fiscal year-end, the City's investment in negotiable certificates of deposit represented 9.7% of the City's pooled investments; the City had no investments in any one issuer that represented 5% or more of the City's pooled investments.

INVESTMENT IN STATE INVESTMENT POOL

The City is a voluntary 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 fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, other asset-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes.

3. CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2014, were as follows:

	Balances July 1, 2013	Additions	Deletions	Balances June 30, 2014
<u>Governmental Activities</u>				
Nondepreciable capital assets:				
Cost:				
Land	\$ 9,669,669	\$ -	\$ -	\$ 9,669,669
Right of way	24,045,543	-	-	24,045,543
Construction in progress	4,512,984	3,978,535	-	8,491,519
Total nondepreciable capital assets	<u>38,228,196</u>	<u>3,978,535</u>	<u>-</u>	<u>42,206,731</u>
Depreciable capital assets:				
Cost:				
Leasehold improvements	205,929	(68,052)	(137,877)	-
Buildings and other improvements	22,322,709	135,490	(2,720)	22,455,479
Equipment and furniture	1,978,270	80,938	(263,764)	1,795,444
Vehicles	275,883	42,528	(23,001)	295,410
Infrastructure	31,314,226	-	-	31,314,226
Subtotal	<u>56,097,017</u>	<u>190,904</u>	<u>(427,362)</u>	<u>55,860,559</u>
Accumulated depreciation for:				
Leasehold improvements	(205,929)	68,052	137,877	-
Buildings and other improvements	(1,923,804)	(827,076)	272	(2,750,608)
Equipment and furniture	(868,562)	(215,744)	152,269	(932,037)
Vehicles	(114,893)	(44,066)	23,001	(135,958)
Infrastructure	<u>(15,028,146)</u>	<u>(740,365)</u>	<u>-</u>	<u>(15,768,511)</u>
Subtotal	<u>(18,141,334)</u>	<u>(1,759,199)</u>	<u>313,419</u>	<u>(19,587,114)</u>
Net depreciable assets	<u>37,955,683</u>	<u>(1,568,295)</u>	<u>(113,943)</u>	<u>36,273,445</u>
Total net capital assets	<u>\$ 76,183,879</u>	<u>\$ 2,410,240</u>	<u>\$ (113,943)</u>	<u>\$ 78,480,176</u>

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2014

	Balances			Balances
	July 1, 2013	Additions	Deletions	June 30, 2014
Business-type Activities				
Nondepreciable capital assets:				
Cost - Land	\$ 15,404,922	\$ -	\$ -	\$ 15,404,922
Depreciable capital assets:				
Cost:				
Buildings and other improvements	28,165,610	1,448,071	-	29,613,681
Infrastructure	444,000	-	-	444,000
Subtotal	<u>28,609,610</u>	<u>1,448,071</u>	<u>-</u>	<u>30,057,681</u>
Accumulated depreciation for:				
Buildings and other improvements	(4,575,310)	(1,248,961)	-	(5,824,271)
Infrastructure	(14,800)	(8,742)	-	(23,542)
Subtotal	<u>(4,590,110)</u>	<u>(1,257,703)</u>	<u>-</u>	<u>(5,847,813)</u>
Net depreciable assets	<u>24,019,500</u>	<u>190,368</u>	<u>-</u>	<u>24,209,868</u>
Total net capital assets	<u>\$ 39,424,422</u>	<u>\$ 190,368</u>	<u>\$ -</u>	<u>\$ 39,614,790</u>

The City follows the convention of recording no depreciation expense in the year of acquisition and a full year's depreciation expense in the year of disposal. Depreciation expense was charged to programs of the City as follows:

Business-type Activities:	
Commercial real estate rental	<u>\$ 1,257,703</u>
Governmental Activities:	
Legislative and advisory	\$ 2,225
General government	559,456
Public safety	8,382
Community development	66,838
Parks and recreation	272,587
Public works	<u>849,711</u>
Total depreciation expense	<u>\$ 1,759,199</u>

4. LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2014:

	Balance			Balance	Due Within	Unamortized	Long-Term
	July 1, 2013	Additions	Deletions	June 30, 2014	One Year	(Discount)/ Premium	Amount
Governmental Activities:							
Compensated absences	\$ 517,090	\$ 423,647	\$ (411,751)	\$ 528,986	\$(411,751)	N/A	\$ 117,235
CJPIA retrospective deposit	364,761	-	(364,761)	-	-	N/A	-
Capital leases	72,062	-	(60,605)	11,457	(11,457)	N/A	-
Certificates of participation -							
City Hall:							
2009 Series A & B	19,475,000	-	(380,000)	19,095,000	(395,000)	26,186	18,726,186
2010 Series C & D	6,565,000	-	-	6,565,000	(150,000)	(63,960)	6,351,040
Total	<u>\$26,993,913</u>	<u>\$ 423,647</u>	<u>\$(1,217,117)</u>	<u>\$26,200,443</u>	<u>\$(968,208)</u>	<u>\$(37,774)</u>	<u>\$25,194,461</u>
Business-Type Activities:							
Certificates of participation -							
Legacy Park:							
2006 Series A & B	<u>\$16,635,000</u>	<u>\$ -</u>	<u>\$(345,000)</u>	<u>\$16,290,000</u>	<u>\$(365,000)</u>	<u>\$(100,765)</u>	<u>\$15,824,235</u>

A. GOVERNMENTAL ACTIVITIES COMPENSATED ABSENCES

The City's policies related to compensated absences are described in Note 1. The general fund has been used in prior years to liquidate the compensated absences liability; the City expects to continue using the general fund to liquidate the compensated absences liability.

B. CJPIA RETROSPECTIVE DEPOSIT PAYABLE

The City participates in the California Joint Powers Insurance Authority (CJPIA); see Note 12 for information on CJPIA. Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time, their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the CJPIA. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. As of June 30, 2014, the City has no retrospective deposit payable.

C. GOVERNMENTAL ACTIVITIES CAPITAL LEASES

The City has entered into lease agreements for copy machines. For accounting purposes, the lease agreements qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rates on the capital leases range from 3% to 6%. The assets acquired through capital leases are included in the Equipment and Furniture category of capital assets at a cost of \$128,139 with accumulated depreciation of \$115,391 as of June 30, 2014.

D. GOVERNMENTAL ACTIVITIES CERTIFICATES OF PARTICIPATION

2009 Series A and B

The City issued \$19,475,000 of certificates of participation in September 2009 at a premium of \$31,507. The purpose of the certificates was to reimburse the City for the acquisition of a 35,000 square-foot building which has been converted into a city hall. Each certificate of participation represents a direct and proportionate interest in the semi-annual interest payments and annual principal payments due on the certificates. Installment payments for the issues are payable from any source of lawfully available funds of the City. Series A was issued for \$18,660,000 and is a tax-exempt issue. Series B was issued for \$815,000 and is taxable. The interest rate on the certificates is fixed and ranges from 3.9% to 5.7%. Semi-annual interest payments are due on January 1 and July 1 beginning on January 1, 2010. Annual principal payments are due on July 1 in years 2013 through 2039. At June 30, 2014, the required reserve balance for debt service was \$1,314,257 and has been reported as a restricted asset in the General Fund.

2010 Series C and D

The City issued \$6,565,000 of certificates of participation in March 2010 at a discount of \$76,236. The purpose of the certificates was to provide funds for renovating, equipping, and improving the building which has been converted into a city hall for the City. Each certificate of participation represents a direct and proportionate interest in the semi-annual interest payments and annual principal payments due on the certificates. Installment payments for the issues are payable from any source of lawfully available funds of the City. Series C was issued for \$6,000,000 and is a tax-exempt issue. Series D was issued for \$565,000 and is taxable. The interest rate on the certificates is fixed and ranges from 2.0% to 5.968%. Semi-annual interest payments are due on January 1 and July 1 beginning on July 1, 2010. Annual principal payments are due on July 1 in years 2014 through 2039. At June 30, 2014, the required reserve balance for debt service was \$444,748 and has been reported as a restricted asset in the General Fund.

E. BUSINESS-TYPE ACTIVITIES CERTIFICATES OF PARTICIPATION

The City issued \$17,580,000 of certificates of participation in March 2006 at a discount of \$138,552. The purpose of the certificates was to finance the acquisition of Legacy Park and the related commercial lease properties. Each certificate of participation represents a direct and proportionate interest in the semi-annual interest payments.

Installment payments for the issues are payable from any source of lawfully available funds of the City. Series A was issued for \$12,425,000 and is taxable. Series B was issued for \$5,155,000 and is a tax exempt issue. The interest rate on the certificates is fixed and ranges from 4.0% to 5.34%. Annual principal payments are due on July 1 in years 2010 through 2032. At June 30, 2014, the required reserve balance for debt service was covered by a surety bond provided by Financial Guaranty Insurance.

F. ANNUAL AMORTIZATION REQUIREMENTS

The annual requirements to amortize all capitalized leases, certificates of participation, and loans as of June 30, 2014, are as follows:

Year Ending June 30,	Governmental Activities					
	Certificates of Participation			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 545,000	\$ 1,200,246	\$ 1,745,246	\$ 11,457	\$ 193	\$ 11,650
2016	565,000	1,180,183	\$ 1,745,183	-	-	-
2017	580,000	1,158,747	1,738,747	-	-	-
2018	605,000	1,135,726	1,740,726	-	-	-
2019	630,000	1,111,140	1,741,140	-	-	-
2020-2024	3,615,000	5,070,534	8,685,534	-	-	-
2025-2029	4,530,000	4,135,729	8,665,729	-	-	-
2030-2034	5,685,000	2,948,097	8,633,097	-	-	-
2035-2039	7,235,000	1,356,463	8,591,463	-	-	-
2040	1,670,000	41,750	1,711,750	-	-	-
Totals	<u>\$25,660,000</u>	<u>\$19,338,615</u>	<u>\$44,998,615</u>	<u>\$ 11,457</u>	<u>\$ 193</u>	<u>\$ 11,650</u>

Year Ending June 30,	Business-type Activities		
	Certificates of Participation		
	Principal	Interest	Total
2015	\$ 365,000	\$ 863,709	\$ 1,228,709
2016	385,000	843,600	1,228,600
2017	405,000	822,449	1,227,449
2018	425,000	799,701	1,224,701
2019	450,000	775,190	1,225,190
2020-2024	2,665,000	3,454,675	6,119,675
2025-2029	3,520,000	2,569,710	6,089,710
2030-2034	4,670,000	1,398,132	6,068,132
2035-2037	3,405,000	234,338	3,639,338
Totals	<u>\$16,290,000</u>	<u>\$11,761,504</u>	<u>\$28,051,504</u>

5. LIMITED OBLIGATION BONDS

Community Facilities District No. 2006-1 (Carbon Beach)

The Community Facilities District No. 2006-1 of the City of Malibu (CFD) has issued special tax bonds pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the undergrounding of utilities along Pacific Coast Highway at Carbon Beach. Although the City collects and disburses funds for the CFD, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds; therefore, the bonded indebtedness is not shown in the financial statements of the City. The City holds construction funds and reserve funds on behalf of bondholders; the construction funds are recorded in the Carbon Beach CFD Capital Projects Fund and the reserve funds are recorded in the Carbon Beach CFD Agency Fund. The original CFD Bonds were issued for \$4,365,000 and were refunded in July 2011; the refunding bonds were issued for \$3,900,000 in July 2011. The bonds outstanding at June 30, 2014 total \$3,565,000.

Assessment District No. 2010-1 (Broad Beach)

The City of Malibu Broad Beach Road Underground Utilities Assessment District 2010-1 (AD) has issued limited obligation improvement bonds pursuant to the Improvement Bond Act of 1915 to finance the undergrounding of utilities in a portion of Broad Beach Road. Although the City collects and disburses funds for the AD, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds; therefore, the bonded indebtedness is not shown in the financial statements of the City. The City holds construction funds and reserve funds on behalf of bondholders; the construction funds are recorded in the Broad Beach AD Capital Projects Fund and the reserve funds are recorded in the Broad Beach AD Agency Fund. The AD Bonds were originally issued for \$2,238,285; bonds outstanding at June 30, 2014 total \$2,120,000.

Community Facilities District No. 2012-1 (Civic Center Wastewater Treatment Plant Design)

The Community Facilities District No. 2012-1 of the City of Malibu (CFD) has issued special tax bonds pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the design of a wastewater treatment plant serving the City's civic center area. Although the City collects and disburses funds for the CFD, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds; therefore, the bonded indebtedness is not shown in the financial statements of the City. The City holds project funds and reserve funds on behalf of bondholders; the project funds are recorded in the Civic Center Wastewater Treatment Plant CFD Capital Projects Fund and the reserve funds are recorded in the Civic Center Wastewater Treatment Plant CFD Agency Fund. The CFD Bonds were originally issued for \$6,500,000; bonds outstanding at June 30, 2014 total \$6,500,000.

6. OPERATING LEASES – CITY AS LESSOR

The City's Commercial Real Estate Rental Enterprise Fund owns three commercial properties at the Legacy Park site; one of the properties is divided into two leasable spaces. As of June 30, 2014, the City has four non-cancelable tenant leases on the properties.

Office Building: This property is comprised of two spaces available to be leased. The property is valued at \$1,141,105 for the land and \$2,924,082 for the building. The building has accumulated depreciation of \$1,169,632 at June 30, 2014.

- 1) A lease was signed on January 6, 2010 and amended on June 9, 2010 for 3,356 square feet of the total 4,501 square feet of this building. The lease was effective on January 6, 2010 for a ten-year period with an option to extend for one, ten-year period. For 2014 the minimum monthly lease payment is \$14,140. The monthly rent increases by 3% annually on January 6. There are no contingent rental payments on this lease.
- 2) A lease was signed on May 14, 2012 for 1,145 square feet of the total 4,501 square feet of this building. The lease was effective on January 14, 2013 for a ten-year period with an option to extend for one, ten-year period. The minimum monthly lease payment is \$3,435 through January 13, 2015. Beginning on January 14, 2015, the monthly rent will increase by 3%; for the remainder of the lease term, the monthly rate will increase by 3% on January 14th of each succeeding year. There are no contingent rental payments on this lease.

Animal Hospital: The City assumed the existing lease upon purchase of the Legacy park site in 2006; an extension to the lease was executed on April 10, 2013 which extends the lease through January 1, 2025. For 2014 the minimum monthly lease payment is \$21,429. Beginning in January 2015, the monthly rent will be \$22,083 with an annual rent reduction of \$25,000 for the ten-year lease term. The monthly lease payment will increase by 2% on each January 1 during the lease term. There are no contingent rental payments on this lease. This leased property is valued at \$855,829 for the land and \$2,303,900 for the building and its improvements. The building has accumulated depreciation of \$342,331 as of June 30, 2014.

Lumber Yard: The City executed a master lease agreement for the property in 2008 with the lease commencing on March 1, 2008 and continuing through March 1, 2046 with an option to extend to 2062. The minimum monthly lease payments from March 1, 2013 through March 1, 2018 are \$80,937. The lease has a fixed amount increase on

March 1, 2018 and every five years thereafter. Additionally, the City receives a percentage rental income based on a formula by which the City receives 30% of the tenant's income collected past \$2.2 million annually. This leased property is valued at \$3,138,040 for the land and \$14,588,211 for the building. The building has accumulated depreciation of \$3,647,054 as of June 30, 2014.

Future minimum lease payments are due to the City as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2015	\$ 1,434,298
2016	1,434,806
2017	1,462,971
2018	1,507,638
2019	1,520,239
2020-2024	6,859,149
2025-2029	5,624,792
2030-2034	5,752,888
2035-2039	6,040,532
2040-2044	6,342,560
2045-2046	2,169,280
Total	<u>\$40,149,153</u>

7. DEFICIT FUND BALANCES

Major Fund

The Grants Special Revenue Fund has a deficit fund balance of \$627,135 at June 30, 2014. This deficit is expected to be relieved by the receipt of grant monies.

Nonmajor Fund

The Civic Center Wastewater Treatment CFD Capital Projects Fund has a deficit fund balance of \$2 at June 30, 2014. This deficit is expected to be relieved by the receipt of interest earnings on money held by the fiscal agent.

8. RETIREMENT BENEFITS

A. DEFINED BENEFIT PLAN

PLAN DESCRIPTION

The City of Malibu's defined benefit pension plan (Miscellaneous Members), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a *cost-sharing multiple-employer defined benefit plan*, which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate, comprehensive annual financial report that may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA.

The City has a two-tiered plan depending on an employee's entry date into the plan. Plan A is for employees who enter the plan prior to January 1, 2013. Plan B is for employees who enter the plan on or after January 1, 2013 and is in accordance with the Public Employees' Pension Reform Act (PEPRA).

BENEFITS

All full-time employees of the City participate in this defined benefit plan. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

- Plan A provides 2% of final average compensation per year of service at age 55. The final average compensation is based on the final twelve months of compensation.
- Plan B provides 2% of final average compensation per year of service at age 62. The final average compensation is based on the final three years of compensation.

FUNDING POLICY

Employee Portion:

- Plan A: As required by City ordinance, the City makes the contributions required of City employees on their behalf and for their account. The employee portion of the rates is set by state statute and, therefore, remains unchanged from year to year at 7% of covered payroll.
- Plan B: In accordance with PEPRA, the employee is required to contribute 50% of the expected total normal cost of benefits. For fiscal year 2013-14 this contribution rate is 6.50% of covered payroll.

Employer Portion:

- Plan A: The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members; the actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The employer contribution is established and may be amended by CalPERS. The required contribution for fiscal year 2013-14 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. For fiscal year 2013-14, the City's employer contribution rate was 11.603% of covered payroll.
- Plan B: In accordance with PEPRA, the employer is required to contribute 50% of the expected total normal cost of benefits. For fiscal year 2013-14 this contribution rate is 6.70% of covered payroll.

ANNUAL PENSION COST

The following table provides salary and contribution requirements for the current and two prior fiscal years. For the current and two prior fiscal years, the required contribution equaled the contribution actually made.

	For the Fiscal Year Ending		
	June 30, 2014	June 30, 2013	June 30, 2012
Total Payroll Costs	\$ 5,532,187	\$ 5,375,648	\$ 5,351,757
Payroll Costs of Employees Covered by PERS	5,079,849	5,161,345	5,012,723
Contribution Requirements:			
Employee Required Contribution	372,455	374,709	350,891
City Required Contribution	585,296	569,805	547,252
Total Contribution (required and actual)	<u>\$ 957,751</u>	<u>\$ 944,514</u>	<u>\$ 898,143</u>
Employee Required Contribution as a Percent of Covered Payroll	7%	7%	7%
City Required Contribution as a Percent of Covered Payroll	11.52%	11.04%	10.92%
Total Contribution as a Percent of all Participating Entities' Contributions	0.13%	0.13%	0.12%
Total Actual Contribution as a Percent of the Required Contribution	100%	100%	100%

B. DEFINED CONTRIBUTION PLANS – CITY ADMINISTERED

In March 2004, the City adopted a defined contribution pension plan with benefits at retirement for the City Manager and a separate, defined contribution pension plan with benefits at retirement for the City’s department heads. The plans were established by City Resolution, may be amended by the City Council, and are administered by the City. In a defined contribution pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The plans are administered by the City and, as such, the financial statements of the plan are included as pension trust funds within the City’s financial statements; no other reports are available for these plans. The plans’ financial statements are prepared using the accrual basis of accounting, and all contributions are recognized in the period that the contributions are due. Plan investments are reported at fair value and are based on quoted market prices.

CITY MANAGER PLAN

The plan requires the City to contribute six percent of the City Manager’s salary; the City Manager is not allowed to make contributions. The contributions and any interest earned immediately vest in full. Terminated employees are not allowed to participate in the plan; all vested assets of terminated employees are removed and are under the control of the terminated employee. During fiscal year 2013-14, the City contributed \$12,306 on behalf of the City Manager, based on a salary of \$205,100 for the covered period. There was one covered employee during the year. Assets of the plan totaled \$122,309 at June 30, 2014.

DEPARTMENT HEAD PLAN

The plan requires the City to contribute \$3,000 annually (or a proportional amount based on the covered time period) on behalf of each member; members are not allowed to make contributions. The contributions and any interest earned immediately vest in full. Terminated employees are not allowed to participate in the plan; all vested assets of terminated employees are removed and are under the control of the terminated employee. During fiscal year 2013-14, the City contributed a total of \$18,000 on behalf of the covered employees. There were six covered employees during the year. Assets of the plan totaled \$210,682 at June 30, 2014.

Summary financial statements for the two defined contribution plans follow:

City of Malibu
 Combining Statement of Net Position - Pension Trust Funds
 June 30, 2014

	<u>Department Head Plan</u>	<u>City Manager Plan</u>	<u>Total Pension Trust Funds</u>
Assets:			
Cash and investments	<u>\$210,682</u>	<u>\$122,309</u>	<u>\$332,991</u>
Net Position:			
Held in trust for pension benefits	<u>\$210,682</u>	<u>\$122,309</u>	<u>\$332,991</u>

City of Malibu
 Combining Statement of Changes in Net Position - Pension Trust Funds
 For the Year Ended June 30, 2014

	<u>Department Head Plan</u>	<u>City Manager Plan</u>	<u>Total Pension Trust Funds</u>
Additions:			
Contributions by employer	\$ 18,000	\$ 12,306	\$ 30,306
Investment earnings	<u>26,645</u>	<u>19,229</u>	<u>45,874</u>
Total Additions	44,645	31,535	76,180
Net position - beginning of year	<u>166,037</u>	<u>90,774</u>	<u>256,811</u>
Net position - end of year	<u><u>\$210,682</u></u>	<u><u>\$122,309</u></u>	<u><u>\$332,991</u></u>

C. DEFINED CONTRIBUTION PLAN – ADMINISTERED BY PUBLIC AGENCY RETIREMENT SYSTEM

In January 2007, the City entered into a defined contribution pension plan with Public Agency Retirement System (PARS) for all of its part-time employees. The plan was established by City Resolution and may be amended by the City Council. The plan is administered by PARS; no separate financial statements are available for this plan. Plan investments are reported at fair value and are based on quoted market prices.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan. Plan members are required to contribute 6.2% of their salaries, and the City is required to contribute 1.3% of the members' salaries. The contributions and any interest earned immediately vest in full.

For the year ended June 30, 2014, the City's covered payroll was \$286,658 for the 62 employees participating in the plan. The City made employer contributions of \$3,727, and employees contributed \$17,773. Assets of the plan totaled \$102,678 at June 30, 2014.

D. DEFINED CONTRIBUTION PLAN – ADMINISTERED BY ICMA RETIREMENT CORPORATION

In July 2006, the City entered into a defined contribution pension plan with ICMA Retirement Corporation (ICMA) for all of its full-time employees. The plan was established by City Resolution and may be amended by the City Council. The plan is administered by ICMA; no separate financial statements are available for this plan. Plan investments are reported at fair value and are based on quoted market prices.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time employees are eligible to participate from the date of employment. In this defined contribution plan, the City is required to match an employee's contributions to a 457 Deferred Compensation account, up to \$50 per pay period; while the City Manager and Department Heads may contribute to this plan, the City does not match their contributions. The contributions and any interest earned immediately vest in full.

The amount contributed by the City immediately goes into an employee's individual account; consequently, the City does not have total plan assets to report. During the year ended June 30, 2014, there were 60 employees participating in the plan. The City made employer contributions of \$66,100, and employees contributed \$249,184.

9. OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The City provides post-employment medical benefits to full-time employees who retire directly from the City under CalPERS (see Note 8A). Benefit provisions are established and may be amended by the City Council. The City participates in the California Employer's Retiree Benefit Trust Program (CERBT) Prefunding Plan. CERBT is

administered by the CalPERS and is an agent multiple-employer plan. Copies of CalPERS annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

ELIGIBILITY

All employees hired prior to December 1, 2005 who retire from the City can continue to participate in the City's medical plans and will eventually receive 100% employer contribution for health benefits. For fiscal year 2013-14, the City was required to pay 67% to 100% of retirees' health premiums; this percentage will increase by 5% each year until, ultimately, the City will pay 100% of the cost of health care for these retirees. All employees hired on or after December 1, 2005 who retire under CalPERS are eligible to participate in the City's medical plans and to receive 50% employer contribution for health benefits if they meet the following requirements: 1) have a minimum of ten years of state service credit, 2) have a minimum of five years of service performed with the City, and 3) retire from the City. Each additional service credit year after 10 years will increase the City's contribution by 5%, whereby at 20 years of service credit, retiring employees are eligible to receive 100% employer contribution for health benefits.

Membership in the plan consisted of the following at June 30, 2014:

Retirees and survivors receiving benefits	13
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>64</u>
Total	<u><u>77</u></u>

FUNDING POLICY AND ANNUAL OPEB COST

The obligation of the City to contribute to the plan is established and may be amended by the City Council. Employees are not required to contribute to the plan. The City's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution of the employer (ARC). The City has established a policy of contributing 100% of the ARC of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost (i.e., the value of employer-promised benefits that are expected to be earned or allocated in a year) of each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

	Three-Year Trend Information		
	Fiscal Year Ending		
	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Annual OPEB cost (AOC)	\$ 558,000	\$ 541,000	\$ 341,149
Actual employer contribution	\$ 558,000	\$ 541,000	\$ 341,149
Percentage of AOC contributed	100%	100%	100%
Net OPEB obligation	\$ -	\$ -	\$ -

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	24 years fixed (closed)
Asset valuation method	5-year smoothing with 20% corridor
Actuarial assumptions (each includes an inflation assumption of 3.0%):	
Investment rate of return	7.61%
Projected salary increases	3.25%
Healthcare inflation rate	range from 5.0% to 8.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress which follows is presented as required supplementary information and provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The actuarial value of the plan assets is equal to the market value.

Schedule of Three-Year Funding Progress

	Fiscal Year Ending June 30,		
	2014	2013	2012
Actuarial valuation date	6/30/2013	6/30/2011	6/30/2011
Actuarial value of assets (AVA)	\$1,736,000	\$ 873,000	\$ 857,782
Actuarial accrued liability (AAL)	\$3,740,000	\$3,597,000	\$2,553,841
Unfunded actuarial accrued liability (UAAL)	\$2,004,000	\$2,724,000	\$1,696,059
Funded ratio (AVA/AAL)	46%	24%	34%
Annual covered payroll	\$5,327,000	\$5,262,000	\$4,919,110
UAAL as a % of covered payroll	38%	52%	34%

10. PARKLAND DEVELOPMENT

The City of Malibu charges Parkland Development fees when new residential units are constructed. In fiscal year 2013-14, the fees were \$3,751 for each detached single family dwelling; \$3,202 for each unit of an attached multi-family dwelling with fewer than five units; \$2,385 for each unit of an attached multi-family dwelling with five or more units; \$2,973 for each unit of a duplex, triplex, or quadplex; and \$2,157 for each mobile home space. The fees are deposited in the Parkland Development In-Lieu special revenue fund, and they are used to acquire and upgrade parks. The State of California requires fees to be spent within five years of collection. During the current fiscal year, the City collected Parkland Development fees of \$15,004, earned interest of \$829; there were no expenditures during the year. At June 30, 2014, the balance of fees on hand was \$250,639.

11. INTERFUND TRANSACTIONS

During the normal course of operations, the City has numerous transactions between funds. Transactions that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due from/due to other funds. These short-term loans are made from the General Fund to other funds in advance of receiving grant funds or other types of reimbursement. The composition of interfund balances at June 30, 2014 is as follows:

	Due from Other Funds	Due to Other Funds
Major Funds:		
General Fund	\$2,152,896	\$ -
Grants Special Revenue Fund	-	1,929,389
Nonmajor Governmental Funds	-	223,507
Total	<u>\$2,152,896</u>	<u>\$2,152,896</u>

Other interfund transactions transfer resources from a fund receiving revenue to the fund through which the resources are expended. Such transactions are recorded as transfers. Transfers for the year ended June 30, 2014, are as follows:

	Transfers Out				Total
	Governmental Fund Type			Proprietary Fund Type	
	General Fund	Grants Special Revenue	Nonmajor Governmental	Commercial Real Estate Rental Enterprise Fund	
<u>Transfers In</u>					
Major Funds:					
General Fund	\$ -	\$ 409,769	\$ 525,295	\$ 350,000	\$ 1,285,064
Capital Improvements					
Capital Projects Fund	67,769	1,288,201	3,374,528		4,730,498
Total	<u>\$ 67,769</u>	<u>\$ 1,697,970</u>	<u>\$ 3,899,823</u>	<u>\$ 350,000</u>	<u>\$ 6,015,562</u>

The City uses the Capital Improvements Fund to account for all of its capital projects. The funding sources for those projects are reported as transfers from various funds to the Capital Improvements Fund. All other transfers were to provide reimbursement for costs incurred by one fund on behalf of another fund.

12. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

DESCRIPTION OF SELF-INSURANCE POOL PURSUANT TO JOINT POWERS AGREEMENT

The City is a member of the California Joint Powers Insurance Agency (Authority). The Authority is comprised of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

SELF INSURANCE PROGRAMS OF THE AUTHORITY

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability. In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are

distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such, no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Workers' Compensation. In the workers' compensation program, claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and employer's liability losses from \$5 million to \$10 million are pooled among members.

Pollution Legal Liability Insurance. The City of Malibu participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Malibu. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance. The City of Malibu participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$70,477,821. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance. The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City's property currently has earthquake protection in the amount of \$48,179,017. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance. The City purchases crime insurance coverage in the amount of \$1 million with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance. The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

ADEQUACY OF PROTECTION

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in fiscal year 2013-14.

13. COMMITMENTS AND CONTINGENCIES

The City is involved in various legal proceedings. At this time, the City is unable to determine the effect that these cases may have on the financial condition of the City.

The City has received State and Federal funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, the City is unable to determine the effect this may have on the financial condition of the City at this time.

The City is prone to natural disasters. The City is aware of the potential for disaster and attempts to maintain an adequate fund balance in the General Fund to cover the cost of these disasters. Based on the history, there remains a potential for a call on future revenues and existing fund balances.

14. CAPITAL PROJECTS IN PROGRESS

LAS FLORES CREEK RESTORATION

This project includes restoration of the Las Flores Creek and construction of a neighborhood park. The restoration of the creek and construction of park components including trails, parking improvements, and play equipment were previously completed. The second phase of the project includes the construction of a pedestrian bridge and restroom facility. The project is funded in part through proceeds from State bonds and the final design and construction of the pedestrian bridge and restroom facility were previously put on hold due to the State budgetary crisis. Design and permitting was completed in fiscal year 2013-14 and the project was put out for formal public bidding. Construction bids were received on June 19, 2014. Unfortunately, the first three lowest bidders did not prepare their bids properly and, as a result, the City rejected all bids and rebid the project. As of June 30, 2014, the City was in the process of preparing the project documents for rebidding. The project was advertised for public bidding for the second time on July 15, 2014. The project is currently under construction and the City anticipates completing construction on the project in fiscal year 2014-15.

CIVIC CENTER WASTEWATER MANAGEMENT PROJECT

The Los Angeles Regional Water Quality Control Board (RWQCB) approved a Memorandum of Understanding (MOU) with the City of Malibu. The MOU is between the City, the RWQCB, and the State Water Resources Control Board (SWRCB). The MOU commits the City to continue its efforts to work with property owners to design and construct a centralized wastewater treatment facility in the Civic Center area. Under the MOU, both commercial and residential property owners in the Civic Center area are required to fund and connect to the centralized wastewater treatment facility in phases by 2015 and 2019 accordingly. The City has been working on a scientifically and politically feasible wastewater design. On December 4, 2014, the RWQCB will discuss revisions to the dates in the City's MOU.

On January 14, 2013, the City authorized the formation of a Community Facilities District to fund the professional services needed to comply with the terms of the MOU and complete the final design, including the final engineering of Phase One of the MOU, schematic engineering for all phases of the MOU, Environmental Impact Report completion for all phases of the MOU, and permitting for Phase One for the MOU as well as the incidental expenses to be incurred in connection with financing the facilities and forming and administering the District. As of June 30, 2014, the design for the water collection, treatment, reuse and dispersal facility was approximately 98 percent complete.

BROAD BEACH ROAD BIOFILTRATION PROJECT

The State Water Resources Control Board (SWRCB) approved a grant in February 2009 in the amount of \$2,250,000 with a local match requirement of \$250,000 for a total project cost of \$2,500,000. In May 2011, the City entered into a Grant Agreement with the SWRCB to receive grant funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) Clean Beaches Initiative Program. The project goal is to eliminate pollutants carried through runoff from roadways, driveways, landscaping, and drains from Broad Beach Road, Pacific Coast Highway, and the adjacent properties, in an effort to protect the beneficial use and preserve the Area of Special Biological Significance (ASBS) and marine habitat. During fiscal year 2013-14 the project was put out to bid and a construction contract was awarded to the lowest bidder. As of June 30, 2014, the Contractor had begun work on the project. The City anticipates completing construction on the project in fiscal year 2014-15.

WILDLIFE ROAD TREATMENT PROJECT

The State Water Resources Control Board (SWRCB) approved a grant in February 2009 in the amount of \$540,000 with a local match requirement of \$60,000 for a total project cost of \$600,000. In May 2011, the City entered into a Grant Agreement with the SWRCB to receive grant funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) Clean Beaches Initiative Program. The City will use the grant funds for the Wildlife Road Treatment Project and the Area of Special Biological Significance (ASBS) Focused Outreach Project. The grant will allow the City to install subsurface filtration along the roadway easements leading to the drains to reduce runoff and to install pre-manufactured filtration systems below ground to intercept and treat runoff that enters the two catchment systems. This passive treatment should eliminate pollutants in dry weather and significantly reduce pollutants in rainfall events. The grant also funded a full time consultant/staff person to perform ASBS focused outreach to educate residents and business owners about the special regulations within the entire City portion of the ASBS for a period of two years. During fiscal year 2013-14, the design was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. The City anticipates completing construction on the project in fiscal year 2014-15.

PACIFIC COAST HIGHWAY (PCH) BIKE ROUTE PROJECT

This project will improve the existing bike route and promote safety for all modes of travel along PCH from the intersection of Busch Drive westward to the Malibu city limit, a distance of approximately 7 miles. The project consists of three primary components: 1) construction of intersection improvements; 2) installation of a Class II bike lane in the Zuma Beach area and 3) signage and striping improvements to the existing Class III bike route. The project is funded through a grant from the Caltrans Highway Safety Improvement Program, funds from Los Angeles County Metropolitan Transportation Authority Measure R and the Federal Transportation Equity Act for the 21st Century with a contribution from the City's General Fund. During fiscal year 2013-14, the design and permitting was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. As of June 30, 2014, the Contractor had begun work on the project. The City anticipates completing construction on the project in fiscal year 2014-15.

KANAN DUME ROAD ARRESTER BED PROJECT

The project will upgrade the existing truck arrester bed along Kanan Dume Road and improve the intersection of PCH and Kanan Dume Road. The project includes realigning, extending and upgrading the existing truck arrester bed along Kanan Dume Road as well as installing traffic signal detectors, extending the number one left turn lane and restriping upgrades. During fiscal year 2013-14, the design and permitting was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. The City anticipates completing construction on the project in fiscal year 2014-15.

PACIFIC COAST HIGHWAY (PCH) REGIONAL TRAFFIC MESSAGING SYSTEMS PROJECT

This project will improve communication, operations and traffic flow along PCH and throughout the region. The project consists of installing changeable message signs at strategic locations along the highway to alert travelers of critical traffic information. The project is funded by Los Angeles County Metropolitan Transportation Authority

Measure R. As of June 30, 2014, the project was in the preliminary design phase. The City anticipates completing design in fiscal year 2014-15.

PACIFIC COAST HIGHWAY (PCH) INTERSECTION PROJECT

This project includes traffic safety and operations improvements at two key locations along PCH: 1) the intersection of Big Rock Drive and PCH; and 2) the existing crosswalk between Rambla Vista East and Rambla Vista West in the vicinity of La Costa. At Big Rock Drive and PCH, the project consists of the installation of a left turn signal. During Fiscal Year 2013-14, the design and permitting for the left turn signal was completed, the project was put out to bid and a construction contract was awarded to the lowest bidder. As of June 30, 2014, the project was substantially complete. The City anticipates closing out the project in fiscal year 2014-15. At the existing crosswalk in the vicinity of PCH and La Costa, the project includes the installation of a pedestrian activated traffic signal. During fiscal year 2013-14, the City worked on the design of the project. The City anticipates completing the design and permitting, conducting public bidding and starting construction on the project in fiscal year 2014-15. The PCH Intersection Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R.

PACIFIC COAST HIGHWAY (PCH) MEDIAN IMPROVEMENT PROJECT

This project will promote traffic safety and operations along PCH by channelizing the highway, regulating turn movements and improving traffic operations. The project includes rehabilitating the existing medians and installing new raised medians along PCH from the intersection of Webb Way to the intersection of Puerco Canyon Road. The PCH Median Improvement Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. As of June 30, 2014, the project was in the preliminary design phase. The City anticipates hiring a consultant to perform design and permitting work in fiscal year 2014-15.

PACIFIC COAST HIGHWAY (PCH) BUS STOP PROJECT

This project will improve safety along PCH for transit riders, pedestrians and motorists. The project consists of improvements to 11 existing bus stop locations. The project improvements include the installation of concrete sidewalks, curb and gutter, signage, striping, bus benches, and asphalt concrete. The PCH Bus Stop Project is funded by Los Angeles County Metropolitan Transportation Authority Local Transportation Funds and Transportation Development Act with a contribution from the City's General Fund. As of June 30, 2014, the project was in the design phase. The City anticipates completing the design and permitting work, conducting public bidding, awarding the construction contract and completing construction on the project in fiscal year 2014-15.

CIVIC CENTER WAY ROADWAY IMPROVEMENTS PROJECT

This project will improve safety and operations along Civic Center Way from the intersection of Webb Way to the intersection of Malibu Canyon Road. The project includes widening the roadway, improving vertical and horizontal sight distances and installing sidewalks. The Civic Center Way Roadway Improvements Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. As of June 30, 2014, the project was in the preliminary design phase. The City anticipates hiring a consultant to perform design and permitting work in fiscal year 2014-15.

15. FORMATION OF THE CIVIC CENTER WASTEWATER TREATMENT FACILITY ASSESSMENT DISTRICT (ANTICIPATED FOR FISCAL YEAR 2014-15)

MALIBU CIVIC CENTER WASTEWATER TREATMENT FACILITY

The Los Angeles Regional Water Quality Control Board (RWQCB) approved a Memorandum of Understanding (MOU) with the City of Malibu. The MOU is between the City, the RWQCB, and the State Water Resources Control Board (SWRCB). The MOU commits the City to continue its efforts to work with property owners to design and construct a centralized wastewater treatment facility in the Civic Center area. Under the MOU, both commercial and residential property owners in the Civic Center area are required to fund and connect to the centralized wastewater treatment facility in phases by 2015 and 2019 accordingly. The City has been working on a scientifically and politically feasible wastewater design.

On January 14, 2013, the City authorized the formation of a Community Facilities District to fund the professional services needed to comply with the terms of the MOU and complete the final design. In early February 2013, bonds were issued by the City on behalf of the CFD in the principal amount of \$6,500,000 to finance the design of the Civic Center Wastewater Treatment Plant Phase One, costs of issuance, capitalized interest to approximately September 1, 2015 and a debt service reserve fund. The CFD provided a net amount of \$5,000,000. The net funding amount allowed the City to complete the design effort and reimbursed the City for \$1,000,000 for funds that had already been expended.

It is anticipated that the CFD Bonds will be refunded with proceeds from a bond issued by a future assessment district consisting of all the property in Phase One benefited by the Wastewater Treatment Plant. It is anticipated that the Civic Center Wastewater Treatment Facility Assessment District will be formed in fiscal year 2014-15. Until that occurs, the CFD Bonds will pay interest only from the Capitalized Interest Fund. As such, it is expected that special taxes will not be needed to be levied by the CFD. The intent is to fund capitalized interest on the bonds until the assessment district is formed. This funding structure assumes takeout financing by a larger assessment district that would refund the CFD bonds and pay for the construction of the Wastewater Treatment Plant.

16. LAND USE LEASE AGREEMENT

On May 28, 2014, the City and Santa Monica Mountains Conservancy approved the terms of a 5-year land use agreement. The agreement will allow each agency to develop and process plans for potentially trading the City-owned 525 acres of Charmless Park for 83 State-owned acres of land adjacent to Bluffs Park. The land swap could lead to additional playing fields and trails that would be adjacent to Bluffs Park.

The land use lease agreement was effective as of July 1, 2014, and resulted in a transfer of possession of the respective properties including maintenance and liability costs associated with the properties. The City will pay \$1 rent to the Conservancy on July 1, 2014 and on July 1 of each succeeding year of the lease. The lease will terminate five years from July 1, 2014 or upon the transfer of fee titles of the respective properties, whichever is earlier. Final transfer of land is dependent upon approval of each agency.

17. SUBSEQUENT EVENTS

In April 2014, the City received a \$1 million donation from a citizen. The donation was transferred to the Legacy Park Certificate of Participation (COP) fiscal agent and on July 1, 2014, was used to prepay a portion of the 2006B Tax Exempt Series COP. The prepayment was made without penalty or premium. The City anticipates realizing a net savings of approximately \$1.9 million over the next 22 years due to the prepayment.

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	Special Revenue Funds					Air Quality Management
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R	
ASSETS						
Cash and investments	\$ 141,807	\$ 250,659	\$ 150,394	\$ 10,698	\$ 75,679	\$ 7,035
Cash and investments with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	42,326	18,859	-	-	-	4,913
Total assets	\$ 184,133	\$ 269,518	\$ 150,394	\$ 10,698	\$ 75,679	\$ 11,948
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 14,365	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	14,365	-	-	-
FUND BALANCES						
Restricted						
Public works activities	184,133	269,518	-	-	-	11,948
Capital improvement projects	-	-	-	10,698	75,679	-
Parks and recreation activities	-	-	136,029	-	-	-
Environmental sustainability	-	-	-	-	-	-
Special district projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	184,133	269,518	136,029	10,698	75,679	11,948
Total liabilities and fund balances	\$ 184,133	\$ 269,518	\$ 150,394	\$ 10,698	\$ 75,679	\$ 11,948

(Continued)

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014
(Continued)

	Special Revenue Funds					
	Solid Waste Management Surcharge	Parkland Development In-Lieu	Quimby Act Parkland Dedication	Brulte Bill Grant	Community Development Block Grant	Big Rock Mesa LMD
ASSETS						
Cash and investments	\$ 3,688	\$ 250,639	\$ 28,386	\$ -	\$ -	\$ 220,720
Cash and investments with fiscal agent	-	-	-	-	-	-
Accounts receivable	25,572	-	-	-	-	-
Due from other governments	5,265	-	-	-	1,172	4,460
	<u>5,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,172</u>	<u>4,460</u>
Total assets	<u>\$ 34,525</u>	<u>\$ 250,639</u>	<u>\$ 28,386</u>	<u>\$ -</u>	<u>\$ 1,172</u>	<u>\$ 225,180</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,625	\$ -	\$ -	\$ -	\$ 1,172	\$ 19,835
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	12,418	-	-	-	-	-
	<u>12,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,172</u>	<u>19,835</u>
FUND BALANCES						
Restricted						
Public works activities	-	-	-	-	-	-
Capital improvement projects	-	250,639	28,386	-	-	-
Parks and recreation activities	-	-	-	-	-	-
Environmental sustainability	20,482	-	-	-	-	-
Special district projects	-	-	-	-	-	205,345
Unassigned	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>20,482</u>	<u>250,639</u>	<u>28,386</u>	<u>-</u>	<u>-</u>	<u>205,345</u>
Total liabilities and fund balances	<u>\$ 34,525</u>	<u>\$ 250,639</u>	<u>\$ 28,386</u>	<u>\$ -</u>	<u>\$ 1,172</u>	<u>\$ 225,180</u>

Special Revenue Funds		Capital Projects Funds		Total
Malibu Road LMD	Calle del Barco LMD	Broad Beach AD	Civic Center Wastewater Treatment CFD	Non-major Governmental Funds
\$ 13,381	\$ 133,544	\$ -	\$ -	\$ 1,286,630
-	-	301,659	223,505	525,164
-	-	-	-	25,572
-	547	-	-	77,542
<u>\$ 13,381</u>	<u>\$ 134,091</u>	<u>\$ 301,659</u>	<u>\$ 223,505</u>	<u>\$ 1,914,908</u>
\$ 2,849	\$ 5,724	\$ -	\$ -	\$ 45,570
-	-	272,358	-	272,358
-	-	-	223,507	223,507
-	-	-	-	12,418
<u>2,849</u>	<u>5,724</u>	<u>272,358</u>	<u>223,507</u>	<u>553,853</u>
-	-	-	-	465,599
-	-	-	-	365,402
-	-	-	-	136,029
-	-	-	-	20,482
10,532	128,367	29,301	-	373,545
-	-	-	(2)	(2)
<u>10,532</u>	<u>128,367</u>	<u>29,301</u>	<u>(2)</u>	<u>1,361,055</u>
<u>\$ 13,381</u>	<u>\$ 134,091</u>	<u>\$ 301,659</u>	<u>\$ 223,505</u>	<u>\$ 1,914,908</u>

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					Air Quality Management
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	339,046	-	-	-	-
Intergovernmental	432,254	-	239,216	180,251	134,131	15,711
Use of money and property	958	796	436	470	342	56
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>433,212</u>	<u>339,842</u>	<u>239,652</u>	<u>180,721</u>	<u>134,473</u>	<u>15,767</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works	-	-	175,764	-	-	4,564
Capital outlay	-	-	-	-	-	16,000
Total expenditures	<u>-</u>	<u>-</u>	<u>175,764</u>	<u>-</u>	<u>-</u>	<u>20,564</u>
Revenues over (under) expenditures	433,212	339,842	63,888	180,721	134,473	(4,797)
OTHER FINANCING USES						
Transfers out	(372,958)	(152,337)	-	(240,000)	(115,000)	-
Net change in fund balance	60,254	187,505	63,888	(59,279)	19,473	(4,797)
FUND BALANCE - BEGINNING	<u>123,879</u>	<u>82,013</u>	<u>72,141</u>	<u>69,977</u>	<u>56,206</u>	<u>16,745</u>
FUND BALANCE - ENDING	<u>\$ 184,133</u>	<u>\$ 269,518</u>	<u>\$ 136,029</u>	<u>\$ 10,698</u>	<u>\$ 75,679</u>	<u>\$ 11,948</u>

Special Revenue Funds

Solid Waste Management Surcharge	Parkland Development In-Lieu	Quimby Act Parkland Dedication	Brulte Bill Grant	Community Development Block Grant	Big Rock Mesa LMD
\$ -	\$ 15,004	\$ -	\$ -	\$ -	\$ 286,918
-	-	-	-	-	-
1,060	-	-	100,000	7,022	-
-	829	97	-	-	601
143,538	-	-	-	-	-
-	-	-	-	-	-
<u>144,598</u>	<u>15,833</u>	<u>97</u>	<u>100,000</u>	<u>7,022</u>	<u>287,519</u>
-	-	-	-	7,022	-
-	-	-	100,000	-	-
135,700	-	-	-	-	-
-	-	-	-	-	231,694
-	-	-	-	-	-
<u>135,700</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>7,022</u>	<u>231,694</u>
8,898	15,833	97	-	-	55,825
-	-	-	-	-	-
<u>8,898</u>	<u>15,833</u>	<u>97</u>	<u>-</u>	<u>-</u>	<u>55,825</u>
11,584	234,806	28,289	-	-	149,520
<u>\$ 20,482</u>	<u>\$ 250,639</u>	<u>\$ 28,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,345</u>

(Continued)

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

	Special Revenue Funds		Capital Projects Funds		Total Non-major Governmental Funds
	Malibu Road LMD	Calle del Barco LMD	Broad Beach AD	Civic Center Wastewater Treatment CFD	
REVENUES					
Taxes	\$ 45,325	\$ 50,326	\$ -	\$ -	\$ 397,573
Fines and forfeitures	-	-	-	-	339,046
Intergovernmental	-	-	-	-	1,109,645
Use of money and property	45	468	15	205	5,318
Charges for services	-	-	-	-	143,538
Other	-	-	-	71	71
Total revenues	45,370	50,794	15	276	1,995,191
EXPENDITURES					
Current:					
General government	-	-	-	-	7,022
Public safety	-	-	-	-	100,000
Community development	-	-	-	-	135,700
Public works	40,140	47,459	-	-	499,621
Capital outlay	7,362	-	-	-	23,362
Total expenditures	47,502	47,459	-	-	765,705
Revenues over (under) expenditures	(2,132)	3,335	15	276	1,229,486
OTHER FINANCING USES					
Transfers out	-	-	-	(3,019,528)	(3,899,823)
Net change in fund balance	(2,132)	3,335	15	(3,019,252)	(2,670,337)
FUND BALANCE - BEGINNING	12,664	125,032	29,286	3,019,250	4,031,392
FUND BALANCE - ENDING	<u>\$ 10,532</u>	<u>\$ 128,367</u>	<u>\$ 29,301</u>	<u>\$ (2)</u>	<u>\$ 1,361,055</u>

CITY OF MALIBU
STATE GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 405,300	\$ 405,300	\$ 432,254	\$ 26,954
Use of money and property	250	250	958	708
Total revenues	405,550	405,550	433,212	27,662
OTHER FINANCING USES				
Transfers out	-	-	(372,958)	(372,958)
Net change in fund balance	<u>\$ 405,550</u>	<u>\$ 405,550</u>	60,254	<u>\$ (345,296)</u>
FUND BALANCE - BEGINNING			<u>123,879</u>	
FUND BALANCE - ENDING			<u><u>\$ 184,133</u></u>	

**CITY OF MALIBU
TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 450,000	\$ 450,000	\$ 339,046	\$ (110,954)
Use of money and property	250	250	796	546
Total revenues	450,250	450,250	339,842	(110,408)
OTHER FINANCING USES				
Transfers out	-	-	(152,337)	(152,337)
Net change in fund balance	<u>\$ 450,250</u>	<u>\$ 450,250</u>	187,505	<u>\$ (262,745)</u>
FUND BALANCE - BEGINNING			<u>82,013</u>	
FUND BALANCE - ENDING			<u>\$ 269,518</u>	

**CITY OF MALIBU
PROPOSITION A SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 239,216	\$ 24,216
Use of money and property	100	100	436	336
Total revenues	215,100	215,100	239,652	24,552
EXPENDITURES				
Current:				
Public works	203,000	203,000	175,764	27,236
Net change in fund balance	<u>\$ 12,100</u>	<u>\$ 12,100</u>	63,888	<u>\$ 51,788</u>
FUND BALANCE - BEGINNING			<u>72,141</u>	
FUND BALANCE - ENDING			<u><u>\$ 136,029</u></u>	

**CITY OF MALIBU
PROPOSITION C SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 178,000	\$ 178,000	\$ 180,251	\$ 2,251
Use of money and property	500	500	470	(30)
Total revenues	178,500	178,500	180,721	2,221
OTHER FINANCING USES				
Transfers out	-	-	(240,000)	(240,000)
Net change in fund balance	<u>\$ 178,500</u>	<u>\$ 178,500</u>	(59,279)	<u>\$ (237,779)</u>
FUND BALANCE - BEGINNING			<u>69,977</u>	
FUND BALANCE - ENDING			<u>\$ 10,698</u>	

**CITY OF MALIBU
MEASURE R SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 134,000	\$ 134,000	\$ 134,131	\$ 131
Use of money and property	500	500	342	(158)
Total revenues	134,500	134,500	134,473	(27)
OTHER FINANCING USES				
Transfers out	-	-	(115,000)	(115,000)
Net change in fund balance	<u>\$ 134,500</u>	<u>\$ 134,500</u>	19,473	<u>\$ (115,027)</u>
FUND BALANCE - BEGINNING			<u>56,206</u>	
FUND BALANCE - ENDING			<u>\$ 75,679</u>	

CITY OF MALIBU
AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 15,711	\$ 711
Use of money and property	<u>100</u>	<u>100</u>	<u>56</u>	<u>(44)</u>
Total revenues	<u>15,100</u>	<u>15,100</u>	<u>15,767</u>	<u>667</u>
EXPENDITURES				
Current:				
Public works	12,000	12,000	4,564	7,436
Capital outlay	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>(16,000)</u>
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>20,564</u>	<u>(8,564)</u>
Net change in fund balance	<u>\$ 3,100</u>	<u>\$ 3,100</u>	(4,797)	<u>\$ (7,897)</u>
FUND BALANCE - BEGINNING			<u>16,745</u>	
FUND BALANCE - ENDING			<u>\$ 11,948</u>	

CITY OF MALIBU
SOLID WASTE MANAGEMENT SURCHARGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 1,060	\$ (3,940)
Use of money and property	500	500	-	(500)
Charges for services	<u>135,000</u>	<u>135,000</u>	<u>143,538</u>	<u>8,538</u>
Total revenues	<u>140,500</u>	<u>140,500</u>	<u>144,598</u>	<u>4,098</u>
EXPENDITURES				
Current:				
Community development	<u>141,488</u>	<u>141,488</u>	<u>135,700</u>	<u>5,788</u>
Net change in fund balance	<u>\$ (988)</u>	<u>\$ (988)</u>	8,898	<u>\$ 9,886</u>
FUND BALANCE - BEGINNING			<u>11,584</u>	
FUND BALANCE - ENDING			<u>\$ 20,482</u>	

**CITY OF MALIBU
 PARKLAND DEVELOPMENT IN-LIEU SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 20,000	\$ 20,000	\$ 15,004	\$ (4,996)
Use of money and property	<u>500</u>	<u>500</u>	<u>829</u>	<u>329</u>
Net change in fund balance	<u>\$ 20,500</u>	<u>\$ 20,500</u>	15,833	<u>\$ (4,667)</u>
FUND BALANCE - BEGINNING			<u>234,806</u>	
FUND BALANCE - ENDING			<u>\$ 250,639</u>	

CITY OF MALIBU
QUIMBY ACT PARKLAND DEDICATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 100	\$ 100	\$ 97	\$ (3)
Net change in fund balance	<u>\$ 100</u>	<u>\$ 100</u>	97	<u>\$ (3)</u>
FUND BALANCE - BEGINNING			<u>28,289</u>	
FUND BALANCE - ENDING			<u>\$ 28,386</u>	

**CITY OF MALIBU
 BRULTE BILL GRANT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
EXPENDITURES				
Current:				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - BEGINNING			<u>-</u>	
FUND BALANCE - ENDING			<u>\$ -</u>	

**CITY OF MALIBU
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 7,022	\$ 7,022	\$ 7,022	\$ -
EXPENDITURES				
Current:				
General government	<u>7,022</u>	<u>7,022</u>	<u>7,022</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - BEGINNING			<u>-</u>	
FUND BALANCE - ENDING			<u>\$ -</u>	

**CITY OF MALIBU
BIG ROCK MESA LMD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 274,575	\$ 274,575	\$ 286,918	\$ 12,343
Use of money and property	300	300	601	301
Total revenues	<u>274,875</u>	<u>274,875</u>	<u>287,519</u>	<u>12,644</u>
EXPENDITURES				
Current:				
Public works	240,216	240,216	231,694	8,522
Capital outlay	50,000	50,000	-	50,000
Total expenditures	<u>290,216</u>	<u>290,216</u>	<u>231,694</u>	<u>58,522</u>
Net change in fund balance	<u>\$ (15,341)</u>	<u>\$ (15,341)</u>	55,825	<u>\$ 71,166</u>
FUND BALANCE - BEGINNING			<u>149,520</u>	
FUND BALANCE - ENDING			<u>\$ 205,345</u>	

**CITY OF MALIBU
MALIBU ROAD LMD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 49,785	\$ 49,785	\$ 45,325	\$ (4,460)
Use of money and property	10	10	45	35
Total revenues	<u>49,795</u>	<u>49,795</u>	<u>45,370</u>	<u>(4,425)</u>
EXPENDITURES				
Current:				
Public works	40,501	40,501	40,140	361
Capital outlay	8,000	8,000	7,362	638
Total expenditures	<u>48,501</u>	<u>48,501</u>	<u>47,502</u>	<u>999</u>
Net change in fund balance	<u>\$ 1,294</u>	<u>\$ 1,294</u>	(2,132)	<u>\$ (3,426)</u>
FUND BALANCE - BEGINNING			<u>12,664</u>	
FUND BALANCE - ENDING			<u>\$ 10,532</u>	

**CITY OF MALIBU
 CALLE DEL BARCO LMD SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 56,397	\$ 56,397	\$ 50,326	\$ (6,071)
Use of money and property	200	200	468	268
Total revenues	<u>56,597</u>	<u>56,597</u>	<u>50,794</u>	<u>(5,803)</u>
EXPENDITURES				
Current:				
Public works	57,478	57,478	47,459	10,019
Capital outlay	13,000	13,000	-	13,000
Total expenditures	<u>70,478</u>	<u>70,478</u>	<u>47,459</u>	<u>23,019</u>
Net change in fund balance	<u>\$ (13,881)</u>	<u>\$ (13,881)</u>	3,335	<u>\$ 17,216</u>
FUND BALANCE - BEGINNING			<u>125,032</u>	
FUND BALANCE - ENDING			<u>\$ 128,367</u>	

CITY OF MALIBU
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2014

	<u>Department Head Defined Contribution Pension Trust Fund</u>	<u>City Manager Defined Contribution Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash and investments:			
Money market mutual funds	\$ 169,563	\$ 25,933	\$ 195,496
U.S. stocks	35,213	85,266	120,479
International/global stocks	5,906	-	5,906
Real estate securities	-	11,110	11,110
Total cash and investments	<u>\$ 210,682</u>	<u>\$ 122,309</u>	<u>\$ 332,991</u>
NET POSITION			
Restricted for pensions	<u>\$ 210,682</u>	<u>\$ 122,309</u>	<u>\$ 332,991</u>

CITY OF MALIBU
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Department Head Defined Contribution Pension Trust Fund</u>	<u>City Manager Defined Contribution Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
ADDITIONS			
Contributions by employer	\$ 18,000	\$ 12,306	\$ 30,306
Investment earnings	<u>26,645</u>	<u>19,229</u>	<u>45,874</u>
Total additions	44,645	31,535	76,180
Net position - beginning of year	<u>166,037</u>	<u>90,774</u>	<u>256,811</u>
Net position - end of year	<u><u>\$ 210,682</u></u>	<u><u>\$ 122,309</u></u>	<u><u>\$ 332,991</u></u>

CITY OF MALIBU
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	Special Deposits	Carbon Beach CFD	Broad Beach AD	Civic Center Wastewater Treatment Plant CFD	Total Agency Funds
ASSETS					
Cash and investments	\$ 1,966,949	\$ 93,831	\$ 82,048	\$ -	\$ 2,142,828
Cash and investments with fiscal agent	-	492,895	194,301	970,091	1,657,287
Accounts receivable	6,870	-	-	-	6,870
Due from other governments	-	6,567	7,484	-	14,051
Total assets	<u>\$ 1,973,819</u>	<u>\$ 593,293</u>	<u>\$ 283,833</u>	<u>\$ 970,091</u>	<u>\$ 3,821,036</u>
LIABILITIES					
Accounts payable	\$ 71,946	\$ -	\$ 40,686	\$ -	\$ 112,632
Deposits	1,901,873	-	-	-	1,901,873
Due to bondholders	-	593,293	243,147	970,091	1,806,531
Total liabilities	<u>\$ 1,973,819</u>	<u>\$ 593,293</u>	<u>\$ 283,833</u>	<u>\$ 970,091</u>	<u>\$ 3,821,036</u>

CITY OF MALIBU
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balances July 1, 2013	Additions	Deletions	Balances June 30, 2014
<u>Special Deposits</u>				
ASSETS				
Cash and investments	\$ 1,997,780	\$ 1,336,760	\$ 1,367,591	\$ 1,966,949
Accounts receivable	6,444	6,870	6,444	6,870
Total assets	<u>\$ 2,004,224</u>	<u>\$ 1,343,630</u>	<u>\$ 1,374,035</u>	<u>\$ 1,973,819</u>
LIABILITIES				
Accounts payable	\$ 41,149	\$ 973,396	\$ 942,599	\$ 71,946
Deposits	1,963,075	1,359,546	1,420,748	1,901,873
Total liabilities	<u>\$ 2,004,224</u>	<u>\$ 2,332,942</u>	<u>\$ 2,363,347</u>	<u>\$ 1,973,819</u>
<u>Carbon Beach CFD</u>				
ASSETS				
Cash and investments	\$ 98,128	\$ 305,346	\$ 309,643	\$ 93,831
Cash and investments with fiscal agent	477,907	296,380	281,392	492,895
Due from other governments	3,337	6,567	3,337	6,567
Total assets	<u>\$ 579,372</u>	<u>\$ 608,293</u>	<u>\$ 594,372</u>	<u>\$ 593,293</u>
LIABILITIES				
Due to bondholders	<u>\$ 579,372</u>	<u>\$ 299,786</u>	<u>\$ 285,865</u>	<u>\$ 593,293</u>
<u>Broad Beach AD</u>				
ASSETS				
Cash and investments	\$ 67,725	\$ 177,348	\$ 163,025	\$ 82,048
Cash and investments with fiscal agent	515,869	148,484	470,052	194,301
Due from other governments	3,831	7,484	3,831	7,484
Total assets	<u>\$ 587,425</u>	<u>\$ 333,316</u>	<u>\$ 636,908</u>	<u>\$ 283,833</u>
LIABILITIES				
Accounts payable	\$ 384	\$ 203,049	\$ 162,747	\$ 40,686
Due to bondholders	587,041	187,275	531,169	243,147
Total liabilities	<u>\$ 587,425</u>	<u>\$ 390,324</u>	<u>\$ 693,916</u>	<u>\$ 283,833</u>
<u>Civic Center Wastewater Plant CFD</u>				
ASSETS				
Cash and investments with fiscal agent	<u>\$ 1,260,824</u>	<u>\$ 82</u>	<u>\$ 290,815</u>	<u>\$ 970,091</u>
LIABILITIES				
Due to bondholders	<u>\$ 1,260,824</u>	<u>\$ 82</u>	<u>\$ 290,815</u>	<u>\$ 970,091</u>

	<u>Balances</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>
<u>Totals - All Agency Funds</u>				
ASSETS				
Cash and investments	\$ 2,163,633	\$ 1,819,454	\$ 1,840,259	\$ 2,142,828
Cash and investments with fiscal agent	2,254,600	444,946	1,042,259	1,657,287
Accounts receivable	6,444	6,870	6,444	6,870
Due from other governments	7,168	14,051	7,168	14,051
Total assets	<u>\$ 4,431,845</u>	<u>\$ 2,285,321</u>	<u>\$ 2,896,130</u>	<u>\$ 3,821,036</u>
LIABILITIES				
Accounts payable	\$ 41,533	\$ 1,176,445	\$ 1,105,346	\$ 112,632
Deposits	1,963,075	1,359,546	1,420,748	1,901,873
Due to bondholders	2,427,237	487,143	1,107,849	1,806,531
Total liabilities	<u>\$ 4,431,845</u>	<u>\$ 3,023,134</u>	<u>\$ 3,633,943</u>	<u>\$ 3,821,036</u>





CITY OF MALIBU
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	Fiscal 2010
Governmental activities						
Net investment in capital assets	\$ 38,143	\$ 39,127	\$ 46,145	\$ 51,619	\$ 52,151	\$ 51,745
Restricted	1,759	2,109	2,484	2,432	2,446	9,317
Unrestricted	17,375	20,188	21,754	21,670	20,874	14,170
Total net position	<u>\$ 57,277</u>	<u>\$ 61,424</u>	<u>\$ 70,383</u>	<u>\$ 75,721</u>	<u>\$ 75,471</u>	<u>\$ 75,232</u>
Business-type activities						
Net investment in capital assets	\$ -	\$ 8,805	\$ 6,402	\$ 10,294	\$ 18,144	\$ 21,388
Restricted	-	-	539	492	471	771
Unrestricted	-	(154)	1,155	345	493	399
Total net position	<u>\$ -</u>	<u>\$ 8,651</u>	<u>\$ 8,096</u>	<u>\$ 11,131</u>	<u>\$ 19,108</u>	<u>\$ 22,558</u>
Primary government						
Net investment in capital assets	\$ 38,143	\$ 47,932	\$ 52,547	\$ 61,913	\$ 70,295	\$ 73,133
Restricted	1,759	2,109	3,023	2,924	2,917	10,088
Unrestricted	17,375	20,034	22,909	22,015	21,367	14,569
Total net position	<u>\$ 57,277</u>	<u>\$ 70,075</u>	<u>\$ 78,479</u>	<u>\$ 86,852</u>	<u>\$ 94,579</u>	<u>\$ 97,790</u>

Source: City of Malibu, Finance Department

Year			
2011	2012	2013	2014
\$ 51,697	\$ 50,952	\$ 51,149	\$ 52,846
6,242	4,227	6,639	4,398
14,574	14,482	17,292	21,556
<u>\$ 72,513</u>	<u>\$ 69,661</u>	<u>\$ 75,080</u>	<u>\$ 78,800</u>
\$ 24,111	\$ 23,528	\$ 22,895	\$ 23,426
778	784	791	1,801
588	765	860	1,024
<u>\$ 25,477</u>	<u>\$ 25,077</u>	<u>\$ 24,546</u>	<u>\$ 26,251</u>
\$ 75,808	\$ 74,480	\$ 74,044	\$ 76,272
7,020	5,011	7,430	6,199
15,162	15,247	18,152	22,580
<u>\$ 97,990</u>	<u>\$ 94,738</u>	<u>\$ 99,626</u>	<u>\$ 105,051</u>

CITY OF MALIBU

Changes in Net Assets - Last Ten Fiscal Years
(accrual basis of accounting) (amounts expressed in thousands)

	2005	2006	2007	2008	2009	Fiscal 2010
Expenses						
Governmental activities:						
Legislative and advisory	\$ 1,260	\$ 1,420	\$ 1,248	\$ 1,440	\$ 1,734	\$ 1,723
General government	3,203	2,887	3,268	3,739	4,023	5,879
Public safety	4,385	4,774	5,109	5,327	5,735	5,713
Community development	2,969	3,223	3,348	3,371	3,945	3,514
Parks and recreation	1,117	1,198	1,624	1,605	1,989	2,024
Public works	5,134	4,793	7,489	5,177	8,309	7,681
Interest on long-term debt	-	4	4	4	3	292
Total governmental activities expenses	18,068	18,299	22,090	20,663	25,738	26,826
Business-type activities - Commercial Real Estate	-	814	1,562	1,559	1,219	1,933
Total primary government expenses	<u>\$ 18,068</u>	<u>\$ 19,113</u>	<u>\$ 23,652</u>	<u>\$ 22,222</u>	<u>\$ 26,957</u>	<u>\$ 28,759</u>
Program Revenues						
Governmental activities:						
Charges for services						
Legislative and advisory	\$ -	\$ 1	\$ -	\$ 1	\$ -	\$ 3
General government	331	270	354	383	398	410
Public safety	526	691	658	658	712	746
Community development	3,319	3,605	4,212	4,098	3,907	3,834
Parks and recreation	463	418	612	546	553	516
Public works	505	518	574	478	366	452
Operating grants	3,216	2,401	4,486	1,670	882	1,643
Capital grants and contributions	233	1,445	5,332	3,581	3,564	3,681
Total governmental activities program revenues	8,593	9,349	16,228	11,415	10,382	11,285
Business-type activities						
Charges for services - commercial real estate	-	124	492	838	1,308	1,207
Operating grants	-	-	72	-	-	-
Capital grants and contributions	-	8,126	-	2,500	6,950	2,953
Total business-type activities program revenues	-	8,250	564	3,338	8,258	4,160
Total primary government program revenues	<u>\$ 8,593</u>	<u>\$ 17,599</u>	<u>\$ 16,792</u>	<u>\$ 14,753</u>	<u>\$ 18,640</u>	<u>\$ 15,445</u>
Net (Expense)/Revenue						
Governmental activities	\$ (9,475)	\$ (8,950)	\$ (5,862)	\$ (9,248)	\$ (15,356)	\$ (15,541)
Business-type activities	-	7,436	(998)	1,779	7,039	2,227
Total primary government net expenses	<u>\$ (9,475)</u>	<u>\$ (1,514)</u>	<u>\$ (6,860)</u>	<u>\$ (7,469)</u>	<u>\$ (8,317)</u>	<u>\$ (13,314)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property	\$ 4,251	\$ 6,030	\$ 6,708	\$ 7,360	\$ 8,035	\$ 8,494
Utility users	2,331	2,479	2,673	2,757	2,525	2,554
Transient occupancy	916	999	713	908	1,043	1,075
Franchise	520	520	621	467	649	623
Sales	2,354	2,289	2,333	2,554	2,509	2,445
Parking occupancy	121	175	212	216	221	245
Motor vehicle in lieu	929	187	86	55	47	40
Investment earnings	366	685	935	872	481	248
Other	667	905	914	584	421	763
Transfers	-	(1,172)	(375)	(1,187)	(824)	(1,185)
Total governmental activities	12,455	13,097	14,820	14,586	15,107	15,302
Business-type activities						
Investment earnings	-	43	69	69	113	38
Transfers	-	1,172	375	1,187	824	1,185
Total business-type activities	-	1,215	444	1,256	937	1,223
Total primary government	<u>\$ 12,455</u>	<u>\$ 14,312</u>	<u>\$ 15,264</u>	<u>\$ 15,842</u>	<u>\$ 16,044</u>	<u>\$ 16,525</u>
Changes in Net Assets						
Governmental activities	\$ 2,980	\$ 4,147	\$ 8,958	\$ 5,338	\$ (249)	\$ (239)
Business activities	-	8,651	(554)	3,035	7,976	3,450
Total primary government	<u>\$ 2,980</u>	<u>\$ 12,798</u>	<u>\$ 8,404</u>	<u>\$ 8,373</u>	<u>\$ 7,727</u>	<u>\$ 3,211</u>

Source: City of Malibu, Finance Department

Year			
2011	2012	2013	2014
\$ 1,782	\$ 2,613	\$ 1,301	\$ 1,647
5,737	5,798	5,301	4,387
6,176	6,034	6,563	6,596
3,283	4,665	4,654	4,692
2,160	2,349	2,360	2,384
8,774	8,143	4,474	4,619
1,236	1,249	1,230	1,220
29,148	30,851	25,883	25,545
1,910	1,988	2,340	2,364
<u>\$ 31,058</u>	<u>\$ 32,839</u>	<u>\$ 28,223</u>	<u>\$ 27,909</u>

\$ -	\$ -	\$ -	\$ 2
543	485	553	646
783	746	692	720
3,828	3,669	3,932	4,138
509	496	542	506
453	561	551	526
1,982	1,851	1,201	1,731
2,149	3,433	5,597	1,444
10,247	11,241	13,068	9,713

1,505	1,547	1,801	1,963
-	-	-	1,000
3,102	31	-	1,448
4,607	1,578	1,801	4,411
<u>\$ 14,854</u>	<u>\$ 12,819</u>	<u>\$ 14,869</u>	<u>\$ 14,124</u>

\$ (18,901)	\$ (19,610)	\$ (12,815)	\$ (15,832)
2,697	(410)	(539)	2,047
<u>\$ (16,204)</u>	<u>\$ (20,020)</u>	<u>\$ (13,354)</u>	<u>\$ (13,785)</u>

\$ 8,555	\$ 8,820	\$ 9,254	\$ 9,894
2,514	2,413	2,494	2,487
1,160	1,336	1,421	1,535
671	686	703	755
2,452	2,629	2,980	3,308
238	259	324	313
63	7	7	6
94	76	45	95
644	532	1,006	809
(210)	-	-	350
16,181	16,758	18,234	19,552

13	10	8	8
210	-	-	(350)
223	10	8	(342)
<u>\$ 16,404</u>	<u>\$ 16,768</u>	<u>\$ 18,242</u>	<u>\$ 19,210</u>

\$ (2,720)	\$ (2,852)	\$ 5,419	\$ 3,720
2,920	(400)	(531)	1,705
<u>\$ 200</u>	<u>\$ (3,252)</u>	<u>\$ 4,888</u>	<u>\$ 5,425</u>

CITY OF MALIBU
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Note 1)
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Fiscal 2008</u>
General Fund				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total General Fund				
All Other Governmental Funds				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total All Other Governmental Funds				
Total All Governmental Funds				
General Fund				
Reserved	\$ 196	\$ 1,059	\$ 377	\$ 218
Unreserved	14,922	17,003	18,229	19,060
Total General Fund	<u>15,118</u>	<u>18,062</u>	<u>18,606</u>	<u>19,278</u>
All Other Governmental Funds				
Reserved	207	5,051	566	805
Unreserved, reported in:				
Special revenue funds	2,345	2,935	3,268	3,055
Capital projects funds	(207)	(4,916)	(539)	(749)
Total All Other Governmental Funds	<u>2,345</u>	<u>3,070</u>	<u>3,295</u>	<u>3,111</u>
Total All Governmental Funds	<u>\$ 17,463</u>	<u>\$ 21,132</u>	<u>\$ 21,901</u>	<u>\$ 22,389</u>

Note 1: The City implemented Governmental Accounting Standards Board Statement (GASBS) 54 for fiscal year ended June 30, 2011. This statement changed the fund balance presentation for governmental funds. Fund balance data in accordance with GASBS 54 is not available for years prior to fiscal year 2010-11.

Source: City of Malibu, Finance Department

Year					
2009	2010	2011	2012	2013	2014
		\$ 726	\$ 712	\$ 616	\$ 580
		6,397	3,794	3,739	3,037
		5,034	3,705	3,796	3,934
		1,137	1,681	860	1,046
		7,058	8,681	12,937	16,512
		<u>20,352</u>	<u>18,573</u>	<u>21,948</u>	<u>25,109</u>
		-	-	-	-
		2,180	1,726	4,031	1,361
		4,336	1,156	3,001	1,958
		-	-	-	-
		<u>(5,212)</u>	<u>(2,851)</u>	<u>(3,894)</u>	<u>(2,585)</u>
		1,304	31	3,138	734
		<u>\$ 21,656</u>	<u>\$ 18,604</u>	<u>\$ 25,086</u>	<u>\$ 25,843</u>

\$ 3,750	\$ 3,755
<u>14,738</u>	<u>22,996</u>
<u>18,488</u>	<u>26,751</u>
2,807	4,938
2,646	965
<u>(2,143)</u>	<u>(3,275)</u>
<u>3,310</u>	<u>2,628</u>
<u>\$ 21,798</u>	<u>\$ 29,379</u>

CITY OF MALIBU
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal		
	2005	2006	2007
Revenues			
Taxes	\$ 11,374	\$ 13,630	\$ 14,514
Fines and forfeitures	524	691	656
Intergovernmental	2,447	4,721	8,729
Investment income	366	685	935
Charges for services	4,238	4,418	5,265
Contributions from property owners	-	-	-
Other	103	124	110
Total Revenues	<u>19,052</u>	<u>24,269</u>	<u>30,209</u>
Expenditures			
Legislative and advisory	1,255	1,398	1,248
General government	2,930	2,958	3,083
Public safety	4,380	4,763	5,086
Community development	2,955	3,210	3,337
Parks and recreation	1,069	1,130	1,584
Public works	4,409	4,089	6,567
Capital outlay	756	1,952	8,129
Debt Service			
Principal	21	22	27
Interest	-	4	4
Total Expenditures	<u>17,775</u>	<u>19,526</u>	<u>29,065</u>
Excess of revenues over/(under) expenditures	<u>1,277</u>	<u>4,743</u>	<u>1,144</u>
Other Financing Sources/(Uses)			
Transfers in	900	2,027	6,595
Transfers out	(900)	(3,199)	(6,970)
Other	-	98	-
Total other financing sources	<u>-</u>	<u>(1,074)</u>	<u>(375)</u>
Net change in fund balances	<u>\$ 1,277</u>	<u>\$ 3,669</u>	<u>\$ 769</u>
Debt service as a percentage of noncapital expenditures	0.1%	0.1%	0.1%

Source: City of Malibu, Finance Department

Year	2008	2009	2010	2011	2012	2013	2014
	\$ 15,144	\$ 15,506	\$ 16,087	\$ 16,464	\$ 16,979	\$ 18,074	\$ 19,174
	658	712	746	783	746	692	720
	5,822	1,422	3,340	3,232	5,848	2,928	3,446
	872	481	248	94	76	45	95
	5,108	8,333	7,166	5,227	4,725	5,121	5,411
	-	-	-	-	-	5,000	-
	116	15	131	42	48	364	202
	<u>27,720</u>	<u>26,469</u>	<u>27,718</u>	<u>25,842</u>	<u>28,422</u>	<u>32,224</u>	<u>29,048</u>
	1,440	1,732	1,720	1,779	2,610	1,298	1,645
	3,492	3,851	5,158	5,218	5,268	4,379	3,672
	5,302	5,690	5,675	6,109	6,020	6,553	6,585
	3,371	3,945	3,514	3,283	4,639	4,596	4,626
	1,562	1,828	1,888	2,018	2,054	2,087	2,107
	10,528	6,930	4,322	4,322	3,254	2,446	2,768
	346	2,276	22,361	9,489	6,469	3,113	5,207
	40	28	17	17	26	42	805
	4	3	292	1,158	1,226	1,228	1,226
	<u>26,085</u>	<u>26,283</u>	<u>44,947</u>	<u>33,393</u>	<u>31,566</u>	<u>25,742</u>	<u>28,641</u>
	<u>1,635</u>	<u>186</u>	<u>(17,229)</u>	<u>(7,551)</u>	<u>(3,144)</u>	<u>6,482</u>	<u>407</u>
	6,856	3,047	6,428	8,787	6,864	4,845	6,016
	(8,043)	(3,871)	(7,613)	(8,997)	(6,864)	(4,845)	(5,666)
	40	47	25,995	38	92	-	-
	<u>(1,147)</u>	<u>(777)</u>	<u>24,810</u>	<u>(172)</u>	<u>92</u>	<u>-</u>	<u>350</u>
	<u>\$ 488</u>	<u>\$ (591)</u>	<u>\$ 7,581</u>	<u>\$ (7,723)</u>	<u>\$ (3,052)</u>	<u>\$ 6,482</u>	<u>\$ 757</u>
	0.2%	0.1%	1.2%	4.2%	4.3%	5.3%	8.3%

CITY OF MALIBU
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended June 30	City								
	Secured					Unsecured	SBE Nonunitary	Taxable Assessed Value (Note 1)	Total Direct Rate (Note 2)
	Residential	Commercial	Industrial	Vacant	Others				
2005	\$ 5,805,295	\$ 224,552	\$ 52,965	\$ 485,225	\$ 18,141	\$ 33,164	\$ 127	\$ 6,619,469	0.06392
2006	6,489,346	256,602	57,893	533,768	21,255	59,623	6	7,418,493	0.06512
2007	7,371,851	356,846	58,634	613,603	19,714	62,361	6	8,483,015	0.06579
2008	8,096,454	401,759	59,807	653,439	20,951	62,949	6	9,295,365	0.06618
2009	8,785,920	506,109	58,243	730,396	30,238	75,243	1	10,186,150	0.06656
2010	9,331,634	531,829	93,922	765,965	29,853	36,824	1	10,790,028	0.06729
2011	9,409,700	539,110	94,739	776,108	58,799	38,697	0	10,917,153	0.06683
2012	9,809,360	538,109	97,011	758,410	66,681	38,256	0	11,307,827	0.06696
2013	10,105,213	575,251	60,908	788,247	66,443	77,765	0	11,673,827	0.06706
2014	10,692,188	626,724	62,126	862,068	66,249	79,812	0	12,389,167	0.06726

Notes:

Note 1: In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is re-assessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2: Total Direct Rate is the weighted average of all individual direct rates applied by the City.

Source: County of Los Angeles Assessor

CITY OF MALIBU
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):										
County Detention Facilities 1987 Debt	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
La County Flood Control	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350
Santa Monica Community College Dist	0.02911	0.04568	0.05074	0.05034	0.04781	0.05029	0.08155	0.07947	0.07206	0.05941
Santa Monica-Malibu Unified	0.02893	0.02612	0.02434	0.05222	0.04627	0.04743	0.04822	0.04568	0.05639	0.07381
Total Direct & Overlapping Tax Rates:	1.06501	1.07785	1.08049	1.10706	1.09838	1.10202	1.13347	1.12885	1.13195	1.13672
City's Share of 1% Levy Per Prop 13 (Note 3)	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044	0.07044
Total Direct Rate (Note 4)	0.06392	0.06512	0.06579	0.06618	0.06656	0.06729	0.06683	0.06696	0.06706	0.06726

Notes:

Note 1: In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage assessed property values for the payment of any voter approved bond.

Note 2: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to city property owners.

Note 3: City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city ERAF (Education Revenue Augmentation Fund) general fund tax shifts may not be included in tax ratio figure.

Note 4: Total Direct Rate is the weighted average of all individual direct rates applied to by the City and excludes revenues derived from airrac. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: HdL Coren & Cone

CITY OF MALIBU
Principal Property Tax Payers
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2014		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
HRL Laboratories LLC	1 \$ 102,092	0.82%		
Carbonview Limited LLC	2 87,989	0.71%		
Malibu Realty LLC	3 87,557	0.71%	2 \$ 31,696	0.48%
Jamestown Premier Malibu Villa	4 78,540	0.63%		
KW Malibu Colony Plaza LLC	5 67,695	0.55%		
2XMD Partners LLC	6 59,307	0.48%		
Carlyle CP Malibu Limited Partnership	7 58,761	0.47%		
Wavebreak LLC	8 47,782	0.39%		
Lester J. Knispel Trust	9 45,657	0.37%	3 26,249	0.40%
T4E Associates LLC	10 38,463	0.31%		
Hughes Research Laboratories Inc.			1 48,831	0.74%
John J. and Marcia L. Carsey Trust			4 24,779	0.37%
Malibu CAC LLC			5 22,660	0.34%
B. Wayne Hughes Trust			6 20,373	0.31%
Howard and Nancy Marks			7 19,642	0.30%
MBC Colony Plaza LLC			8 19,332	0.29%
A. Jerrold Perenchio Trust			9 17,107	0.26%
Victor Meschures Trust			10 16,845	0.25%
	<u>\$ 673,843</u>	<u>5.44%</u>	<u>\$ 247,514</u>	<u>3.74%</u>

Source: HdL Coren & Cone

CITY OF MALIBU
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	\$ 3,992,697	\$ 4,124,990	103.31%	\$ 125,454	\$ 4,250,444	106.46%
2006	4,542,311	4,439,043	97.73%	475,363	4,914,406	108.19%
2007	5,558,572	5,358,229	96.40%	292,232	5,650,461	101.65%
2008	6,072,197	6,101,052	100.48%	102,785	6,203,838	102.17%
2009	6,751,452	6,624,858	98.12%	108,948	6,733,806	99.74%
2010	7,156,968	6,693,490	93.52%	335,845	7,029,335	98.22%
2011	7,259,496	6,828,837	94.07%	327,398	7,156,235	98.58%
2012	7,538,742	6,813,687	90.38%	539,398	7,353,085	97.54%
2013	7,801,978	7,567,975	97.00%	177,441	7,745,416	99.28%
2014	8,223,383	8,036,592	97.73%	176,988	8,213,580	99.88%

Note: Information on collections by levy year for years prior to FY 2008/09 is not readily available. Consequently, total collections were reported for years prior to FY 2008/09

Source: County of Los Angeles Assessor
City of Malibu, Finance Department

CITY OF MALIBU
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percent of Personal Income	Percent of Assessed Valuation	Per Capita
	Certificates of Participation	Capital Leases	Certificates of Participation	Loans Payable				
2005	\$ -	\$ 5	\$ -	\$ -	\$ 5	0.001%	0.000%	\$ -
2006	-	66	17,580	-	17,646	3.248%	0.238%	1,367
2007	-	39	17,580	870	18,489	3.319%	0.218%	1,442
2008	-	39	17,580	652	18,271	3.241%	0.197%	1,437
2009	-	58	17,580	257	17,895	3.336%	0.176%	1,412
2010	26,040	27	17,580	259	43,906	8.083%	0.407%	3,468
2011	26,040	49	17,280	260	43,629	7.684%	0.400%	3,440
2012	26,040	115	16,965	261	43,381	7.372%	0.384%	3,414
2013	26,040	72	16,635	-	42,747	N/A	0.366%	3,346
2014	25,660	11	16,290	-	41,961	N/A	0.339%	3,262

Notes: Personal Income for Malibu is not available, but it is estimated by prorating the personal income of the Los Angeles-Long Beach-Santa Ana Area based on the Malibu population.

N/A - Information is not available for these years.

Source: City of Malibu, Finance Department

CITY OF MALIBU
Direct and Overlapping Governmental Activity Debt
As of June 30, 2014

<u>Overlapping Tax and Assessment Debt</u>	Total Debt 6/30/2014	Percent Applicable To City (1)	City's Share of Debt 6/30/2014
Los Angeles County Flood Control District	\$ 17,480,000	1.103%	\$ 192,804
Metropolitan Water District	132,275,000	0.567%	749,999
Santa Monica Community College District	305,103,121	29.800%	90,920,730
Santa Monica-Malibu Unified School District	291,068,787	29.755%	86,607,518
City of Malibu Community Facilities District No. 2006-1	3,565,000	100.000%	3,565,000
City of Malibu Community Facilities District No. 2012-1	6,500,000	100.000%	6,500,000
City of Malibu Broad Beach Assessment District	2,120,000	97.512%	2,067,254
Los Angeles County Regional Park and Open Space District	113,615,000	1.088%	1,236,131
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 191,839,436
<u>Direct and Overlapping Governmental Debt</u>			
Los Angeles County General Fund Obligations	1,835,420,030	1.088%	19,969,370
Los Angeles Superintendent of Schools COP	9,529,882	1.088%	103,685
Santa Monica Community College District COP	18,405,000	29.800%	5,484,690
Santa Monica-Malibu Unified School District COP	12,391,501	29.755%	3,687,091
City of Malibu Certificates of Participation	25,660,000	100.000%	25,660,000
City of Malibu Capital Leases	11,457	100.000%	11,457
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 54,916,293
Less: Los Angeles County General Fund Obligations supported by landfill revenues			56,783
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 54,859,510
SUBTOTAL DIRECT DEBT (2)			\$ 25,671,457
SUBTOTAL GROSS OVERLAPPING DEBT			\$ 221,084,272
SUBTOTAL NET OVERLAPPING DEBT			\$ 221,027,489
GROSS COMBINED TOTAL DEBT (3)			\$ 246,755,729
NET COMBINED TOTAL DEBT			\$ 246,698,946
2013-14 Assessed Valuation	\$ 12,389,167,263		
<u>Ratios to 2013-2014 Assessed Valuation:</u>			
Overlapping Tax and Assessment Debt		1.55%	
Total Direct Debt (\$25,671,457)		0.21%	
Gross Combined Total Debt		1.99%	
Net Combined Total Debt		1.99%	

Note 1: The percentate 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.

Note 2: Direct Debt includes Certificates of Participation and Capital Leases. There are no other debt obligations outstanding.

Note 3: Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics

CITY OF MALIBU
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts in thousands)

Legal Debt Margin Calculation for the Current Year:	
Assessed value	\$ 12,389,167
Debt limit (15% of assessed value)	1,858,375
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	\$ 1,858,375

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2005	\$ 992,920	-	\$ 992,920	0%
2006	1,112,774	-	1,112,774	0%
2007	1,272,452	-	1,272,452	0%
2008	1,394,305	-	1,394,305	0%
2009	1,527,923	-	1,527,923	0%
2010	1,618,504	-	1,618,504	0%
2011	1,637,573	-	1,637,573	0%
2012	1,696,174	-	1,696,174	0%
2013	1,751,074	-	1,751,074	0%
2014	1,858,375	-	1,858,375	0%

Note: The City's Certificates of Participation are not general obligation debt and, consequently, are excluded from the calculation.

Source: City of Malibu, Finance Department

CITY OF MALIBU
Demographic and Economic Statistics
Last Ten Fiscal Years

Los Angeles-Long Beach-Santa Ana Area (Note 1)

Year	City Population	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2005	13,022	12,726,428	\$ 496,019,815	\$ 38,976	5.00%
2006	12,907	12,670,216	533,250,287	42,087	4.40%
2007	12,823	12,631,988	548,826,194	43,447	4.70%
2008	12,713	12,692,740	562,859,307	44,345	6.70%
2009	12,672	12,774,577	540,833,173	42,337	11.10%
2010	12,659	12,843,942	551,157,206	42,912	11.70%
2011	12,683	12,945,140	579,531,692	44,768	11.70%
2012	12,699	13,052,921	604,831,837	46,337	10.30%
2013	12,774	N/A	N/A	N/A	9.40%
2014	12,865	N/A	N/A	N/A	7.40%

Note (1) The personal income and unemployment rates are not available for the City of Malibu exclusively. Therefore, the City is disclosing information for the Metropolitan Service Area that includes Malibu.

Note (2) N/A - Information is not available for those years

Sources: Unemployment Rates from the Bureau of Labor Statistics
Personal Income from the Bureau of Economic Analysis
City Population from the State Department of Finance

CITY OF MALIBU
 Full-Time Equivalent City Government Employees by Function/Program
 Last Nine Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government									
Management Services	5.00	5.00	5.00	5.00	4.00	4.00	4.00	6.62	6.62
Administrative Services	7.00	7.50	9.50	9.50	9.50	9.50	11.50	10.50	11.00
Community Service									
Recreation	15.00	16.85	16.85	18.14	19.15	17.91	18.04	19.36	17.79
Public Safety									
Emergency Preparedness	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Traffic Safety	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Development									
Planning	12.30	15.50	15.00	14.75	14.75	17.00	16.50	17.50	17.50
Building Safety	4.25	5.00	5.00	4.75	4.75	4.50	5.00	5.00	4.50
Permit Services	6.25	7.00	8.00	10.75	10.75	8.00	6.00	6.00	6.00
Wastewater Management	2.25	2.50	3.00	3.75	3.75	4.00	4.00	4.00	4.00
Public Works									
PW and Engineering	9.50	11.50	11.00	11.00	10.50	6.00	6.00	6.00	7.00

Note: Information for years prior to 2006 is not currently available.

Source: City of Malibu, Finance Department

CITY OF MALIBU
 Indicators of Demand or Level of Service
 Last Nine Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
Recreation									
Use of Facilities (hours)	12,500	12,684	12,121	22,572	22,500	13,595	14,562	14,625	16,060
Visitors Served	111,010	144,187	156,000	171,364	172,000	175,860	186,390	168,406	111,569
Police									
Physical arrests	399	415	472	415	397	1,130	979	1,066	105
Parking violations	4,503	4,777	4,817	5,343	6,020	7,000	6,841	7,646	10,109
Traffic violations	12,711	10,581	10,679	12,817	18,433	16,115	11,312	16,044	12,722
Community Development									
Permits Issued	2,120	2,436	2,598	2,351	2,195	2,160	1,991	1,810	1,874
In-house Plan Checks	406	541	831	787	600	561	575	607	660
Off-site Plan Checks	268	333	255	265	239	259	187	154	246
Public Works									
In-house Plan Checks	391	719	468	325	251	250	368	487	508
Encroachment Permits Issued	131	153	87	105	62	97	113	183	162

Note: Information for years prior to 2006 is not currently available.

Source: City of Malibu, Various Departments

CITY OF MALIBU
 Capital Asset Statistics by Function/Program
 Last Nine Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire Protection									
Fire Stations	4	4	4	4	4	4	4	4	4
Fire Engines	6	6	6	6	6	6	6	6	6
Other Fire Vehicles	9	9	9	9	9	9	9	9	9
Fire Personnel*	54	54	54	54	54	54	54	54	54
Paramedic Squads*	2	2	2	2	2	2	2	2	2
Police									
Police Vehicles	15	15	15	15	15	15	15	15	15
Sworn Personnel**	24	24	24	24	24	24	24	24	24
Non-Sworn Personnel**	1	1	1	1	1	1	1	1	1
Community Service									
Parks and Park Trails	5	5	5	5	5	5	5	5	5
Park Acreage	18	18	18	18	18	18	18	18	18
Open Space Acreage	588	588	588	588	588	588	588	588	588
Community Centers***	1	1	1	1	1	1	1	1	1
Swimming Pools***	1	1	1	1	1	1	1	1	1
Public Works									
Miles of Streets	74	74	74	74	74	74	74	74	74
Miles of Sidewalks	12	12	12	12	12	12	12	12	12
Number of Intersections	270	270	270	270	270	270	270	270	270
Total Traffic Signals	5	5	5	5	5	5	5	5	5
Miles of Storm Drains	5	5	5	5	5	5	5	5	5

Note: Information for years prior to 2006 is not currently available.

* Fire services provided by contract with Los Angeles County Fire Department

** Police services provided by contract with Los Angeles County Sheriff's Department

***Community Center and Swimming Pool owned by other entities but operated by City of Malibu

Source: City of Malibu, Finance Department