

# City of Malibu Comprehensive Annual Financial Report

For the Year Ended June 30, 2015



**CITY OF MALIBU, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2015

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# City of Malibu

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(310) 456-2489 fax (310) 456-3356 www.malibucity.org

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December 23, 2015

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, 2015 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, 2015, 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, 2015, the City had over \$27.8 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 \$20.3 million or 82% of General Fund expenditures and exceeds the City's goal of maintaining a minimum of 50% of the operating expenses.

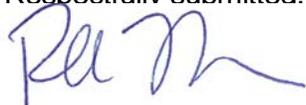
## Awards and Acknowledgements

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, 2014. 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**

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**CITY COUNCIL**

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

**DEPARTMENT OFFICIALS**

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



Government Finance Officers Association

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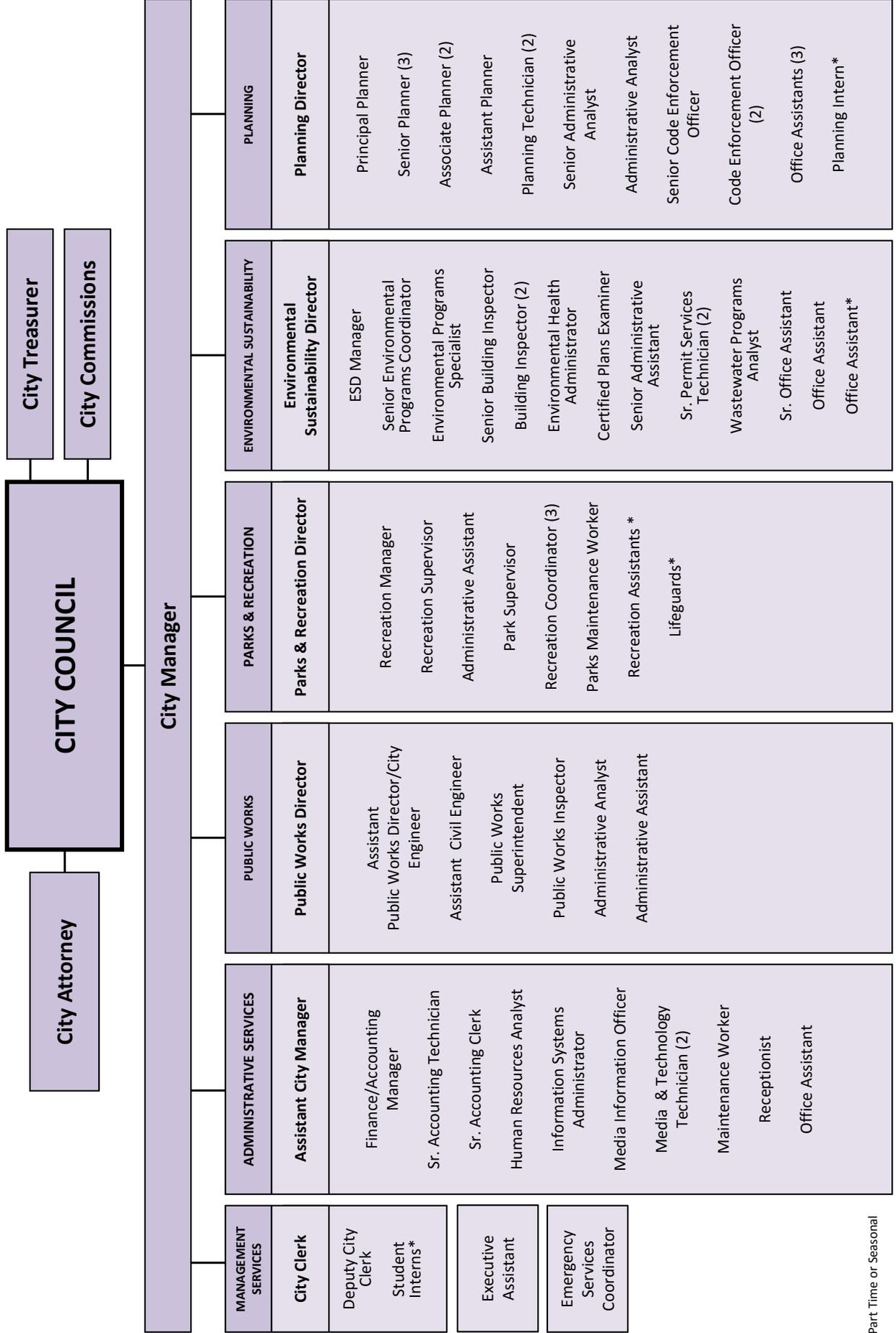
**City of Malibu  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

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 the Financial Statements**

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

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

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

### ***Auditor's Responsibility***

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

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

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



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

### ***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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***Other Matters***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

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 22, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Lance, Solt & Lughard, LLP*

Brea California  
December 22, 2015



## CITY OF MALIBU

Management's Discussion and Analysis  
June 30, 2015

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, 2015. 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**

- Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2015 by \$105,884,878 (*net position*). Of this amount, \$23,393,274 (*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 \$5,043,249.
- As of June 30, 2015, the City's governmental funds reported a combined ending fund balance of \$27,753,045, an increase of \$1,909,941 in comparison with the prior year. Of this amount, \$18,956,024 is available for spending at the government's discretion (*unassigned fund balance*).
- As of June 30, 2015, the unassigned fund balance for the General Fund was \$20,284,332 or 82% of total General Fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is required supplementary information and 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. Other required supplementary information immediately follows the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements and required supplementary information.

**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*

## CITY OF MALIBU

Management's Discussion and Analysis  
June 30, 2015

*activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include 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 20 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 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided as supplementary information 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, 2015

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. The City adopts an annual budget for this enterprise fund. A budgetary comparison schedule has been provided in the supplementary information section.

**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.

**Supplementary information.** In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is found immediately following the notes to the basic financial statements. Optional supplementary information is presented as combining and individual statements for other funds. This optional supplementary information can be found immediately following the required supplementary information.

### Government-wide Financial Analysis

#### City of Malibu Net Position

	Governmental Activities		Business-type Activities		Total	
	(as restated)					
	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
Current and other assets	\$29,598,960	\$31,850,444	\$3,763,646	\$2,845,975	\$33,362,606	\$34,696,419
Capital assets	78,480,176	81,299,733	39,614,790	38,281,656	118,094,966	119,581,389
Total assets	108,079,136	113,150,177	43,378,436	41,127,631	151,457,572	154,277,808
Deferred outflows from pension	-	640,669	-	-	-	640,669
Deferred charge on refunding	-	93,082	-	746,366	-	839,448
Total deferred outflows	-	733,751	-	746,366	-	1,480,117
Long-term liabilities	30,372,191	28,782,467	16,189,235	16,097,280	46,561,426	44,879,747
Other liabilities	3,116,807	3,112,540	937,710	614,864	4,054,517	3,727,404
Total liabilities	33,488,998	31,895,007	17,126,945	16,712,144	50,615,943	48,607,151
Deferred inflows from pension	-	1,265,896	-	-	-	1,265,896
Total deferred inflows	-	1,265,896	-	-	-	1,265,896
Net investment in capital assets	52,846,493	56,420,837	23,425,555	22,930,742	76,272,048	79,351,579
Restricted	4,397,867	3,128,533	1,801,755	11,492	6,199,622	3,140,025
Unrestricted	17,345,778	21,173,655	1,024,181	2,219,619	18,369,959	23,393,274
Total net position	\$74,590,138	\$80,723,025	\$26,251,491	\$25,161,853	\$100,841,629	\$105,884,878

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, net position was \$105,884,878 at June 30, 2015. The largest portion of the City's net position (\$79,351,579 or 75%) 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.

## CITY OF MALIBU

Management's Discussion and Analysis  
June 30, 2015

An additional portion of the City's net position (\$3,140,025 or 3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$23,393,274 or 22%) may be used to meet the city's ongoing obligations to citizens and creditors.

### City of Malibu Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
Program revenues:						
Charges for services	\$ 6,539,234	\$ 6,579,637	\$ 1,963,741	\$ 2,030,029	\$ 8,502,975	\$ 8,609,666
Operating contributions and grants	1,730,657	1,358,694	1,000,000	-	2,730,657	1,358,694
Capital contributions and grants	1,443,656	4,261,833	1,448,071	-	2,891,727	4,261,833
General revenues:						
Property taxes	9,894,343	10,349,408	-	-	9,894,343	10,349,408
Other taxes	8,403,612	9,216,962	-	-	8,403,612	9,216,962
Other revenues	903,903	1,614,030	8,020	9,675	911,923	1,623,705
<b>Total revenues</b>	<b>28,915,405</b>	<b>33,380,564</b>	<b>4,419,832</b>	<b>2,039,704</b>	<b>33,335,237</b>	<b>35,420,268</b>
Expenses:						
Legislative and advisory	1,647,329	1,769,366	-	-	1,647,329	1,769,366
General government	4,386,822	4,916,620	-	-	4,386,822	4,916,620
Public safety	6,596,001	6,666,890	-	-	6,596,001	6,666,890
Community development	4,692,585	4,881,782	-	-	4,692,585	4,881,782
Parks and recreation	2,383,727	2,508,922	-	-	2,383,727	2,508,922
Public works	4,618,723	5,826,770	-	-	4,618,723	5,826,770
Interest on long-term debt	1,220,239	1,182,327	-	-	1,220,239	1,182,327
Commercial real estate rental	-	-	2,363,989	2,624,342	2,363,989	2,624,342
<b>Total expenses</b>	<b>25,545,426</b>	<b>27,752,677</b>	<b>2,363,989</b>	<b>2,624,342</b>	<b>27,909,415</b>	<b>30,377,019</b>
Excess/(deficiency) before transfers	3,369,979	5,627,887	2,055,843	(584,638)	5,425,822	5,043,249
Transfers	350,000	505,000	(350,000)	(505,000)	-	-
<b>Increase/(decrease) in net position</b>	<b>3,719,979</b>	<b>6,132,887</b>	<b>1,705,843</b>	<b>(1,089,638)</b>	<b>5,425,822</b>	<b>5,043,249</b>
Net position - July 1, as restated	70,870,159	74,590,138	24,545,648	26,251,491	95,415,807	100,841,629
<b>Net position - June 30</b>	<b>\$74,590,138</b>	<b>\$80,723,025</b>	<b>\$26,251,491</b>	<b>\$25,161,853</b>	<b>\$100,841,629</b>	<b>\$105,884,878</b>

**Governmental activities.** Governmental activities increased the City's net position by \$6,133,000 during the fiscal year in contrast to an increase of \$3,720,000 during the prior fiscal year. Key elements include:

- An increase of \$460,000 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 \$810,000 in other taxes, mainly due to a \$450,000 increase in revenue received from private rental of transient occupancy tax, \$180,000 from sales tax and smaller increases in all other taxes (utility users tax, other transient occupancy tax, parking tax, and franchise tax).
- An increase of \$2.8 million in capital contributions and grants. This increase is due to reimbursements of \$1.6 million from Proposition 84, \$240,000 from Los Angeles County Metropolitan Transportation Authority Local Transportation Funds for transit riders, pedestrians and motorists safety improvements, \$147,000 from Measure R for highway improvements and \$750,000 from Federal funds by Caltrans for highway safety improvements.
- A decrease of \$370,000 in operating contributions and grants, mainly due to a decrease of \$234,000 in one-time grant revenue received in the prior year from the Los Angeles County Metropolitan Transportation Authority (LACMTA) for public works projects; a decrease of \$92,000 from the Los Angeles County

## CITY OF MALIBU

Management's Discussion and Analysis

June 30, 2015

Proposition A recreation reimbursements for previous years adjustments in the prior year; and a decrease of \$44,000 in the State Gas Tax monies.

- An increase of \$40,000 in charges for services, mainly due to an increase of \$143,000 in revenue of passport processing, recreation fees and facility use fees. This increase was offset by a decrease of \$95,000 from planning review fees.
- An increase of \$120,000 in legislative and advisory expenses, mainly due to an increase of \$150,000 in litigation expenditures and a decrease of \$50,000 in document imaging services and election expenditures.
- An increase of \$530,000 in general government expenses due to a prior year one-time retrospective adjustment of \$651,000 reduced insurance premium expenses paid to California Joint Powers Insurance Authority (CJPIA) whereas the current year insurance premium was \$430,000. In addition, information systems expenditures increased by \$80,000.
- An increase of \$1.2 million in public works expenses mainly due to construction costs of non-capitalized projects.
- A transfer of \$505,000 in the current year from the City's Business-type Activities, whereas the prior transfer was for \$350,000.
- Other smaller changes in revenues and expenses with a resulting net increase of \$360,000.

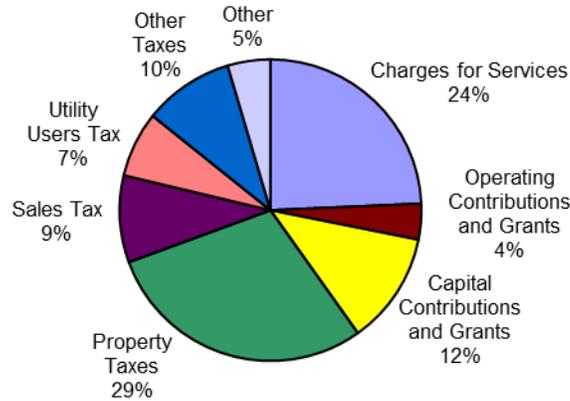
**Business-type activities.** Business-type activities are financed primarily by fees charged to external parties for goods and services. Business-type activities decreased the City's net position by \$1.1 million during the fiscal year in contrast to an increase of \$1.7 million during the prior fiscal year. Key elements include:

- Rent revenue increased by \$70,000 resulting from increased payments on a percentage income agreement.
- Current year expenses of \$2.62 million increased from the prior year's expenses of \$2.36 million, and consisted of \$1.33 million depreciation expense, \$775,000 for interest payments on debt, \$214,000 for the cost of refinancing certificate of participations (COPs), and \$300,000 of operating costs.
- Operating contributions and grants decreased by \$1 million due to a one-time donation in the prior year of \$1 million. This donation was used in the current year to prepay a portion of outstanding debt.
- Capital contributions and grants decreased by \$1.45 million resulting from a one-time contribution in the prior year for tenant improvements of \$1.45 million in capital improvements made to a leased building.
- A transfer of \$505,000 in the current year to the City's Governmental Activities, whereas the prior year transfer was \$350,000.

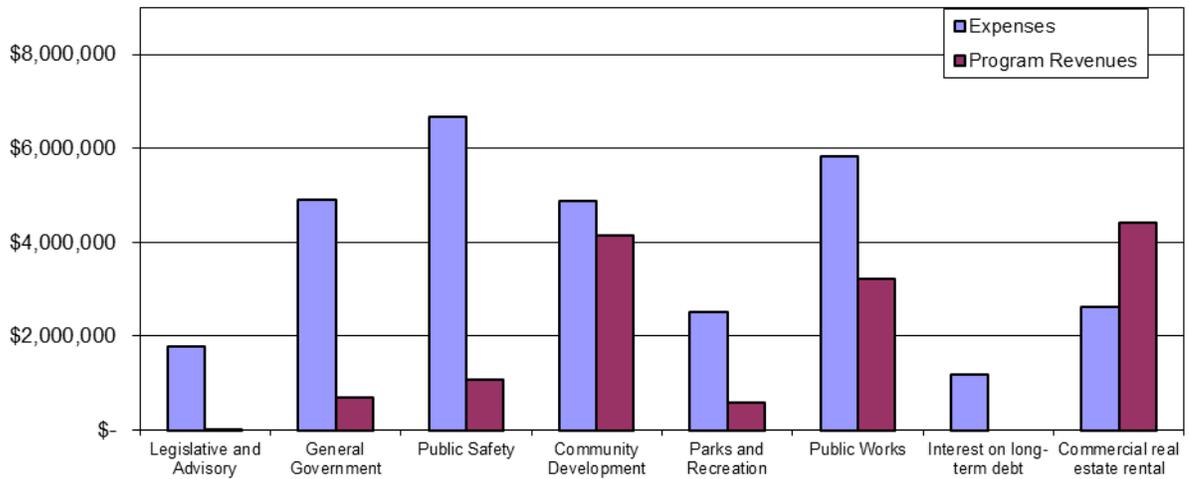
# CITY OF MALIBU

Management's Discussion and Analysis  
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## Revenues by Source (Government-wide)



## 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 (24%), and capital contributions and grants (12%).

## **CITY OF MALIBU**

Management's Discussion and Analysis  
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Public Safety is the largest expense function, accounting for 21.9% of the total. Public Works is second at 19.1%, with General Government at 16.2%, and Community Development at 16.1% 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 \$27,753,045. Revenues of \$33,146,865 exceeded expenditures of \$31,823,450, resulting in an increase to fund balance of \$1,323,415 from normal operations. In addition, the governmental fund balance increased by \$505,000 from a transfer from the City's enterprise fund and debt refinancing resulted in an additional \$81,500 increase to fund balance.

Revenues increased by \$4.1 million from the prior year, due to the following:

- An increase of \$1.5 million in taxes (property taxes increased by \$460,000, transient occupancy tax increased by \$449,000 and sales tax increased by \$181,000; other taxes had smaller increases).
- A small decrease of \$29,000 in charges for services mainly due to a decrease of \$411,000 for building-related activities and an increase of municipal facility use fees, recreation fees, and passport processing totaling \$387,000.
- An increase of \$2.3 million in intergovernmental revenues due to grants reimbursements for several highway improvements capital projects from Proposition 84, Measure R, LACMTA and Federal funds. In addition the State reimbursed \$330,000 for prior years mandated cost claims per Senate Bill (SB) 90.
- A small increase in fines and forfeitures, use of money and property, and others resulted in a net increase of \$255,000 mainly due to an increase of parking citations and settlement reimbursement.

Expenditures increased by \$3.2 million due to the following reasons:

- Legislative and advisory costs increased by \$133,000 mainly due to cost increases in litigation and professional services.
- General government costs increased by \$553,000. A large component of the change is because of a retrospective adjustment from California Joint Powers Insurance Authority (CJPIA) resulting in reducing the insurance premium by \$651,000 in the prior year and a \$100,000 increase for computer system upgrades.
- Principal and interest expense for debt service decreased by \$275,000 while other debt costs increased by \$418,000 due to the refunding of existing certificates of participation (COPs) with the issuance of the Series 2015 Refunding COPs totaling \$5,220,000.
- Community development costs increased by \$400,000 due to cost increases in professional services.
- Parks and recreation costs increased by \$191,000 due to an increase in professional services to improve the Malibu Bluffs Parkland.
- Capital outlay costs increased by \$1.7 million due to the completion of several capital improvements projects.

## CITY OF MALIBU

Management's Discussion and Analysis  
June 30, 2015

The governmental funds' combined ending fund balance totals \$27,753,045. Approximately 68% (\$18,956,024) 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 as: 1) Nonspendable for prepaid items (\$539,956), 2) Restricted for special revenue funds and debt service (\$3,128,533), 3) Committed for capital improvement projects and city facilities maintenance (\$3,837,149), 4) Assigned for vehicle replacement and for working capital (\$1,291,383).

**General Fund.** The General Fund is the chief operating fund of the City of Malibu and comprises approximately 77% of the governmental expenditures of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$20,284,332 while the total fund balance was \$27,814,754. 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 82% of General Fund annual expenditures.

The General Fund's fund balance increased in fiscal year 2014-15 by \$2.7 million, comparable to the prior year increase of \$3.2 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 \$1.6 million, mainly due to increases in property, transient occupancy and sales taxes.
- Intergovernmental revenue increased nearly \$300,000 due to a reimbursement of SB 90 mandated costs claims from State.
- General government expenditures increased \$553,000, mainly a result of a retrospective adjustment of reducing \$651,000 insurance premiums in the prior year.
- Debt service expenditures increased \$144,000 due to the issuance of refunding the certificates of participation in 2015.
- Legislative and advisory costs increased \$133,000 due to increased costs for litigation and other professional services.
- Community development costs increased \$400,000 due to cost increases in professional services.
- Capital outlay costs increased \$77,000 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.

**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.

## **CITY OF MALIBU**

Management's Discussion and Analysis

June 30, 2015

### **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 \$5.0 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 \$3.6 million in revenues and a positive variance of \$1.4 million in expenditures. The positive revenue variance resulted from actual revenues exceeding the budget for all categories, with \$2.3 million being attributed to actual tax revenues being higher than anticipated. The positive expenditure variance resulted from the final budget exceeding the actual expenditures.

The General Fund's revenue budget increased by \$284,000 due to receiving late notification of the pending reimbursement for prior years' State Mandated Costs.

The difference between the General Fund original budget and the final amended budget for expenditures was an increase of \$1.7 million and is attributed to:

- An increase of \$422,500 in the Legislative and Advisory budget for litigation.
- An increase of \$531,000 in the Community Development budget for professional services in planning.
- An increase of \$364,000 in the Parks and Recreation budget for professional services to improve the Malibu Bluffs Parkland due to the land swap with Charmlee Wilderness Park.
- An increase of \$147,000 in the Public Works budget for a traffic engineer of \$115,000 and budget carryover for street and tree maintenances of \$22,000 and \$10,000 for other consultants.
- Other small 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, 2015 total \$119,581,389, (net of accumulated depreciation) a net increase of \$1.5 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 \$5.4 million, net deletions totaled \$920,000, and depreciation expense totaled \$3.0 million.

## CITY OF MALIBU

Management's Discussion and Analysis  
June 30, 2015

### City of Malibu Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
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	8,491,519	11,658,652	-	-	8,491,519	11,658,652
Buildings	19,704,871	19,245,700	23,789,410	22,468,047	43,494,281	41,713,747
Equipment and Furniture	863,407	813,137	-	-	863,407	813,137
Vehicles	159,452	155,880	-	-	159,452	155,880
Infrastructure	15,545,715	15,711,152	420,458	408,687	15,966,173	16,119,839
<b>Total</b>	<b>\$78,480,176</b>	<b>\$81,299,733</b>	<b>\$39,614,790</b>	<b>\$38,281,656</b>	<b>\$118,094,966</b>	<b>\$119,581,389</b>

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 \$44,040,299.

### City of Malibu Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14	30-Jun-15
Employee compensated absences	\$ 528,986	\$ 569,110	\$ -	\$ -	\$ 528,986	\$ 569,110
Capital leases	11,457	-	-	-	11,457	-
Certificates of participation, net	25,622,226	24,971,978	16,189,235	16,097,280	41,811,461	41,069,258
Net pension liability, as restated	4,209,522	3,241,379	-	-	4,209,522	3,241,379
<b>Total</b>	<b>\$30,372,191</b>	<b>\$28,782,467</b>	<b>\$16,189,235</b>	<b>\$16,097,280</b>	<b>\$46,561,426</b>	<b>\$44,879,747</b>

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 City issued \$11,940,000 of taxable refunding certificates of participation (COPs) in May 2015 together with \$8,895,000 of tax-exempt refunding certificates of participation (COPs) for both governmental activities and business-type activities to refund the 2006 A and B outstanding COPs (business-type activities) and the 2010 C outstanding COPs (governmental activities).

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 assessed property values will remain steady

## **CITY OF MALIBU**

Management's Discussion and Analysis  
June 30, 2015

in fiscal year 2015-16. As in prior years, the City developed its fiscal year 2015-2016 budget conservatively.

**Revenues.** The City's overall fiscal year 2015-16 revenues are budgeted to decrease by \$3.9 million over the prior year; however, the growth in tax revenue sources continues to increase consistently. General fund revenues are budgeted to increase by \$1.8 million while special revenue funds are budgeted to decrease by \$5.7 million due to a 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 include \$1.7 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 expected to remain generally stable from the prior fiscal year.

**Expenditures.** Expenditures for fiscal year 2015-2016 were budgeted to decrease by \$7.8 million from fiscal year 2014-2015 mainly due to reductions in capital expenditures.

**Capital Improvements.** The City has adopted a multi-year capital improvement program with the next fiscal year's costs totaling \$2.4 million. Major projects budgeted for the fiscal year 2015-2016 include:

- \$1.3 million for Pacific Coast Highway Traffic Safety and Intersections Improvements
- \$1 million for Annual Street Maintenance and Civic Center Way Improvements
- \$100,000 for the Malibu Community Labor Exchange New Facility

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, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,584,766	\$ 2,783,765	\$ 26,368,531
Accounts receivable	1,197,756	50,718	1,248,474
Interest receivable	22,723	-	22,723
Due from other governments	4,140,706	-	4,140,706
Prepaid expenses	539,956	-	539,956
Restricted assets:			
Cash and cash equivalents with fiscal agent	2,364,537	11,492	2,376,029
Capital assets, non-depreciable	45,373,864	15,404,922	60,778,786
Capital assets, net of accumulated depreciation	35,925,869	22,876,734	58,802,603
Total assets	<u>113,150,177</u>	<u>41,127,631</u>	<u>154,277,808</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	93,082	746,366	839,448
Deferred amount from pension	640,669	-	640,669
Total deferred outflows of resources	<u>733,751</u>	<u>746,366</u>	<u>1,480,117</u>
<b>LIABILITIES</b>			
Accounts payable	2,095,623	24,433	2,120,056
Salaries and wages payable	327,848	-	327,848
Retentions and other accrued liabilities	196,171	-	196,171
Interest payable	492,898	69,156	562,054
Deposits	-	418,613	418,613
Revenue received in advance	-	102,662	102,662
Noncurrent liabilities due within one year	989,000	590,000	1,579,000
Noncurrent liabilities due in more than one year			
Compensated absences	140,110	-	140,110
Certificates of participation	24,411,978	15,507,280	39,919,258
Net pension liability	3,241,379	-	3,241,379
Total liabilities	<u>31,895,007</u>	<u>16,712,144</u>	<u>48,607,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount from pension	1,265,896	-	1,265,896
<b>NET POSITION</b>			
Net investment in capital assets	56,420,837	22,930,742	79,351,579
Restricted for:			
Debt service	2,364,537	11,492	2,376,029
Public works	711,908	-	711,908
Environmental sustainability	38,074	-	38,074
Parks and recreation	14,014	-	14,014
Unrestricted	<u>21,173,655</u>	<u>2,219,619</u>	<u>23,393,274</u>
Total net position	<u>\$ 80,723,025</u>	<u>\$ 25,161,853</u>	<u>\$ 105,884,878</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, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Legislative and advisory	\$ 1,769,366	\$ 20,371	\$ -	\$ -	\$ (1,748,995)	\$ -	\$ (1,748,995)
General government	4,916,620	747,061	95,743	-	(4,073,816)	-	(4,073,816)
Public safety	6,666,890	801,097	299,041	-	(5,566,752)	-	(5,566,752)
Community development	4,881,782	3,875,962	-	-	(1,005,820)	-	(1,005,820)
Parks and recreation	2,508,922	631,549	-	-	(1,877,373)	-	(1,877,373)
Public works	5,826,770	503,597	963,910	4,261,833	(97,430)	-	(97,430)
Interest on long-term debt	1,182,327	-	-	-	(1,182,327)	-	(1,182,327)
Total governmental activities	27,752,677	6,579,637	1,358,694	4,261,833	(15,552,513)	-	(15,552,513)
Business-type activities:							
Commercial real estate rental	2,624,342	2,030,029	-	-	-	(594,313)	(594,313)
Total	<u>\$ 30,377,019</u>	<u>\$ 8,609,666</u>	<u>\$ 1,358,694</u>	<u>\$ 4,261,833</u>	<u>(15,552,513)</u>	<u>(594,313)</u>	<u>(16,146,826)</u>
General revenues:							
Taxes:							
Property tax					10,349,408	-	10,349,408
Utility users tax					2,577,494	-	2,577,494
Transient occupancy tax					1,983,483	-	1,983,483
Franchise tax					795,141	-	795,141
Sales tax					3,488,951	-	3,488,951
Parking occupancy tax					366,252	-	366,252
Motor vehicle in lieu tax, intergovernmental, unrestricted					5,641	-	5,641
Unrestricted investment earnings					107,988	9,675	117,663
Other revenues					1,506,042	-	1,506,042
Transfers					505,000	(505,000)	-
Total general revenues and transfers					<u>21,685,400</u>	<u>(495,325)</u>	<u>21,190,075</u>
Change in net position					6,132,887	(1,089,638)	5,043,249
Net position - beginning of year, as restated					<u>74,590,138</u>	<u>26,251,491</u>	<u>100,841,629</u>
Net position - end of year					<u>\$ 80,723,025</u>	<u>\$ 25,161,853</u>	<u>\$ 105,884,878</u>

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

**CITY OF MALIBU  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	General	Special Revenue Fund Grants	Capital Projects Fund Capital Improvements	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 22,284,648	\$ -	\$ 548,196	\$ 751,922	\$ 23,584,766
Accounts receivable	1,173,560	-	-	24,196	1,197,756
Interest receivable	22,723	-	-	-	22,723
Due from other governments	1,564,487	2,434,071	-	142,148	4,140,706
Due from other funds	2,452,242	-	-	-	2,452,242
Prepaid items	539,956	-	-	-	539,956
Restricted assets - cash with fiscal agent	2,364,537	-	-	-	2,364,537
Total assets	<u>\$ 30,402,153</u>	<u>\$ 2,434,071</u>	<u>\$ 548,196</u>	<u>\$ 918,266</u>	<u>\$ 34,302,686</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,607,499	\$ -	\$ 352,025	\$ 136,099	\$ 2,095,623
Salaries and wages payable	327,848	-	-	-	327,848
Retentions and other accrued liabilities	-	-	196,171	-	196,171
Due to other funds	-	2,434,071	-	18,171	2,452,242
Total liabilities	<u>1,935,347</u>	<u>2,434,071</u>	<u>548,196</u>	<u>154,270</u>	<u>5,071,884</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	652,052	825,705	-	-	1,477,757
<b>FUND BALANCES</b>					
Nonspendable					
Prepaid items	539,956	-	-	-	539,956
Restricted					
Public works activities	-	-	-	107,170	107,170
Capital improvement projects	-	-	-	69,777	69,777
Parks and recreation activities	-	-	-	204,570	204,570
Environmental sustainability	-	-	-	38,074	38,074
Special district projects	-	-	-	344,405	344,405
Debt service and debt service reserve	2,364,537	-	-	-	2,364,537
Committed					
Capital improvement projects	958,530	-	502,603	-	1,461,133
Landon Center	1,000,000	-	-	-	1,000,000
City facilities	1,126,016	-	-	-	1,126,016
Water quality settlement	250,000	-	-	-	250,000
Assigned					
Vehicle maintenance & replacement	17,003	-	-	-	17,003
Working capital	1,274,380	-	-	-	1,274,380
Unassigned	20,284,332	(825,705)	(502,603)	-	18,956,024
Total fund balances	<u>27,814,754</u>	<u>(825,705)</u>	<u>-</u>	<u>763,996</u>	<u>27,753,045</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,402,153</u>	<u>\$ 2,434,071</u>	<u>\$ 548,196</u>	<u>\$ 918,266</u>	<u>\$ 34,302,686</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, 2015**

Fund Balances of Governmental Funds	\$ 27,753,045
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.	81,299,733
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,477,757
Pension-related deferred outflows of resources, net of accumulated amortization, have not been reported in the governmental fund.	
*Employer contributions subsequent to the measurement date.	626,811
*Changes in proportion and differences between employer contributions and the proportionate share of contributions	13,858
Pension-related deferred inflows of resources, net of accumulated amortization, have not been reported in the governmental funds:	
*Differences in projected and actual earnings on investments	(1,089,254)
*Changes in proportion and differences between employer contributions and the proportionate share of contributions	(176,642)
Liabilities and deferred charges related to long-term debt are not due and payable in the current period and, therefore, are not reported in the funds, as follows:	
Deferred charge on refunding	93,082
Interest payable	(492,898)
Long-term liabilities	<u>(28,782,467)</u>
Net Position of Governmental Activities	<u><u>\$ 80,723,025</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, 2015**

	General	Special Revenue Fund Grants	Capital Projects Fund Capital Improvements	Other Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 20,350,412	\$ -	\$ -	\$ 384,597	\$ 20,735,009
Fines and forfeitures	499,502	-	-	301,595	801,097
Intergovernmental	524,060	4,076,861	-	1,156,868	5,757,789
Use of money and property	100,492	-	-	7,496	107,988
Charges for services	5,243,916	-	-	137,850	5,381,766
Other	363,216	-	-	-	363,216
Total revenues	<u>27,081,598</u>	<u>4,076,861</u>	<u>-</u>	<u>1,988,406</u>	<u>33,146,865</u>
<b>EXPENDITURES</b>					
Current:					
Legislative and advisory	1,778,003	-	-	-	1,778,003
General government	4,217,494	-	-	7,043	4,224,537
Public safety	6,560,090	-	-	106,230	6,666,320
Community development	4,890,506	-	-	132,745	5,023,251
Parks and recreation	2,297,815	-	-	-	2,297,815
Public works	2,174,539	-	-	582,493	2,757,032
Capital outlay	530,390	-	6,287,091	83,954	6,901,435
Debt service:					
Costs of debt issuance	44,306	-	-	-	44,306
Payment to refunding escrow agent	373,855	-	-	-	373,855
Principal	556,457	-	-	-	556,457
Interest	1,200,439	-	-	-	1,200,439
Total expenditures	<u>24,623,894</u>	<u>-</u>	<u>6,287,091</u>	<u>912,465</u>	<u>31,823,450</u>
Revenues over (under) expenditures	<u>2,457,704</u>	<u>4,076,861</u>	<u>(6,287,091)</u>	<u>1,075,941</u>	<u>1,323,415</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long term debt issued	5,728,608	-	-	-	5,728,608
Payment to refunding escrow agent	(5,647,082)	-	-	-	(5,647,082)
Transfers in	1,378,000	-	6,287,091	-	7,665,091
Transfers out	(1,211,660)	(4,275,431)	-	(1,673,000)	(7,160,091)
Total other financing sources (uses)	<u>247,866</u>	<u>(4,275,431)</u>	<u>6,287,091</u>	<u>(1,673,000)</u>	<u>586,526</u>
Net change in fund balance	2,705,570	(198,570)	-	(597,059)	1,909,941
<b>FUND BALANCE - BEGINNING</b>	<u>25,109,184</u>	<u>(627,135)</u>	<u>-</u>	<u>1,361,055</u>	<u>25,843,104</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 27,814,754</u>	<u>\$ (825,705)</u>	<u>\$ -</u>	<u>\$ 763,996</u>	<u>\$ 27,753,045</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, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,909,941
<p>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:</p>	
<p>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:</p>	
Cost of assets capitalized	4,497,676
Net cost of capital asset disposals	(20,410)
Depreciation expense	(1,657,709)
<p>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.</p>	
	(1,244,058)
<p>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.</p>	
	1,477,757
<p>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.</p>	
	(40,124)
<p>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.</p>	
	112,111
<p>Governmental funds report the effect of premiums and discounts when debt is first issued and the loss on debt refunding when the refunding occurs. However, these amounts are deferred and amortized in the statement of activities.</p>	
	2,749
<p>Governmental funds report proceeds of debt as a financing source when debt is first issued. However, this type of transaction has no effect within the Statement of Activities.</p>	
	(5,728,608)
<p>Governmental funds report payments to escrow agents for debt refundings. However, this type of transaction has no effect within the Statement of Activities, except for the portion applicable to interest expense through refunding date.</p>	
	5,924,189
<p>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.</p>	
	556,457
<p>Pension expense reported in the governmental funds includes the actual contributions made in the fiscal year. Pension expense reported in the Statement of Activities includes the changes in the net pension liability and pension-related deferred outflows/inflows.</p>	
*Change in net pension liability	1,187,509
*Change in deferred outflows of resources related to pensions	421,303
*Changes in deferred inflows of resources related to pensions	(1,265,896)
Change in Net Position of Governmental Activities	\$ 6,132,887

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, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/ (Negative)
<b>REVENUES</b>				
Taxes	\$ 18,015,000	\$ 18,015,000	\$ 20,350,412	\$ 2,335,412
Fines and forfeitures	300,000	300,000	499,502	199,502
Intergovernmental	35,000	280,327	524,060	243,733
Use of money and property	60,000	60,000	100,492	40,492
Charges for services	4,750,260	4,770,550	5,243,916	473,366
Other	25,750	44,088	363,216	319,128
Total revenues	<u>23,186,010</u>	<u>23,469,965</u>	<u>27,081,598</u>	<u>3,611,633</u>
<b>EXPENDITURES</b>				
Current:				
Legislative and advisory	1,507,819	1,930,320	1,778,003	152,317
General government	4,202,058	4,263,291	4,217,494	45,797
Public safety	6,699,740	6,699,740	6,560,090	139,650
Community development	5,133,755	5,665,016	4,890,506	774,510
Parks and recreation	2,212,349	2,575,948	2,297,815	278,133
Public works	2,471,236	2,618,311	2,174,539	443,772
Capital outlay	291,500	481,670	530,390	(48,720)
Debt service:				
Costs of debt issuance	-	-	44,306	(44,306)
Payment to refunding escrow agent	-	-	373,855	(373,855)
Principal	556,457	556,457	556,457	-
Interest	1,200,439	1,200,439	1,200,439	-
Total expenditures	<u>24,275,353</u>	<u>25,991,192</u>	<u>24,623,894</u>	<u>1,367,298</u>
Revenues over (under) expenditures	<u>(1,089,343)</u>	<u>(2,521,227)</u>	<u>2,457,704</u>	<u>4,978,931</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long term debt issued	-	-	5,728,608	5,728,608
Payment to refunding escrow agent	-	-	(5,647,082)	(5,647,082)
Transfers in	-	-	1,378,000	1,378,000
Transfers out	-	-	(1,211,660)	(1,211,660)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>247,866</u>	<u>247,866</u>
Net change in fund balance	<u>\$ (1,089,343)</u>	<u>\$ (2,521,227)</u>	<u>2,705,570</u>	<u>\$ 5,226,797</u>
<b>FUND BALANCE - BEGINNING</b>			<u>25,109,184</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 27,814,754</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 5,550,969	\$ 7,260,808	\$ 4,076,861	\$ (3,183,947)
 <b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(4,275,431)</u>	<u>(4,275,431)</u>
Net change in fund balance	<u>\$ 5,550,969</u>	<u>\$ 7,260,808</u>	(198,570)	<u>\$ (7,459,378)</u>
 <b>FUND BALANCE - BEGINNING</b>			<u>(627,135)</u>	
 <b>FUND BALANCE - ENDING</b>			<u>\$ (825,705)</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, 2015**

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,783,765
Accounts receivable	50,718
Total current assets	2,834,483
Noncurrent assets:	
Retricted:	
Cash and cash equivalents with fiscal agent	11,492
Capital assets, non-depreciable	15,404,922
Capital assets, net of accumulated depreciation	22,876,734
Total noncurrent assets	38,293,148
Total assets	41,127,631
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	746,366
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	24,433
Interest payable	69,156
Deposits	418,613
Rent revenue received in advance	102,662
Noncurrent liabilities due within one year:	
Certificates of participation	590,000
Total current liabilities	1,204,864
Noncurrent liabilities:	
Noncurrent liabilities due in more than one year:	
Certificates of participation, net	15,507,280
Total liabilities	16,712,144
<b>NET POSITION</b>	
Net investment in capital assets	22,930,742
Restricted for debt service	11,492
Unrestricted	2,219,619
Total net position	\$25,161,853

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, 2015**

	<u>Business-type            Activities            Enterprise Fund:            Commercial Real            Estate Rental</u>
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Rental income	\$ 1,958,960
Other	<u>71,069</u>
Total operating revenues	<u>2,030,029</u>
<b>OPERATING EXPENSES</b>	
Professional and contractual services	152,871
Repairs and maintenance	98,028
Utilities	50,254
Supplies	<u>1,258</u>
Total operating expenses	<u>302,411</u>
Operating income before depreciation	1,727,618
Depreciation expense	<u>1,333,134</u>
Operating income	<u>394,484</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment and interest income	9,675
Interest expense	(774,995)
Cost of debt issuance	<u>(213,802)</u>
Total nonoperating revenues (expenses)	<u>(979,122)</u>
Income before transfers	(584,638)
Transfers to governmental funds	<u>(505,000)</u>
Change in net position	(1,089,638)
<b>NET POSITION, BEGINNING</b>	<u>26,251,491</u>
<b>NET POSITION, ENDING</b>	<u><u>\$ 25,161,853</u></u>

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, 2015**

	Business-type Activities Enterprise Fund: Commercial Real Estate Rental
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 2,040,118
Payments to suppliers	<u>(286,381)</u>
Net cash provided by operating activities	<u>1,753,737</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to governmental funds	<u>(505,000)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Interest paid	(841,208)
Principal payment	(1,365,000)
Net proceeds from debt issue	16,099,539
Paid to refunding escrow agent	(15,874,246)
Cost of debt issuance	<u>(213,802)</u>
Net cash used for capital financing activities	<u>(2,194,717)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>9,675</u>
Net increase in cash and cash equivalents	(936,305)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>3,731,562</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ 2,795,257</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 394,484</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,333,134
Increase in accounts receivable	(18,634)
Increase in accounts payable	16,030
Increase in customer deposits	6,999
Increase in unearned revenue	<u>21,724</u>
Total adjustments	<u>1,359,253</u>
Net cash provided by operating activities	<u><u>\$ 1,753,737</u></u>
Noncash activities:	
Amortization of debt-related deferred items	\$ 3,009
Original issue net premium on debt issue	\$ 484,539
Deferred amount on refunding of debt	\$ 751,634

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, 2015**

	Agency Funds	Pension Trust Funds
<b>ASSETS</b>		
Cash and investments	\$ 1,832,976	\$ -
Cash and investments with fiscal agent	1,131,903	-
Investments:		
Money market mutual funds	-	200,738
Bond	-	4,166
U.S. stocks	-	109,479
International/global stocks	-	43,696
Specialty	-	6,293
Accounts receivable	4,936	-
Due from other governments	10,933	-
Total assets	\$ 2,980,748	364,372
<b>LIABILITIES</b>		
Accounts payable	40,422	-
Deposits	1,416,515	-
Due to bondholders	1,523,811	-
Total liabilities	\$ 2,980,748	-
<b>NET POSITION</b>		
Restricted for pensions		\$ 364,372

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, 2015**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions by employer	\$ 29,798
Investment earnings	<u>16,704</u>
Total additions	<u>46,502</u>
<b>DEDUCTIONS</b>	
Distributions	9,207
Investment losses	<u>5,914</u>
Total deductions	<u>15,121</u>
Change in net position	31,381
<b>NET POSITION - BEGINNING</b>	<u>332,991</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 364,372</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, 2015**

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**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 and the defeasance of old debt with the issuance of the 2015 Refunding 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 15<sup>th</sup> 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 30<sup>th</sup> 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, 2015, there were no major funds with expenditures which exceeded appropriations. The nonmajor Brulte Bill Grant Special Revenue Fund had expenditures of \$106,230 which exceeded appropriations of \$100,000.

**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	\$ 24,275,353	\$ 25,991,192
<u>Nonmajor Funds:</u>		
Special Revenue Funds:		
Solid Waste Management Surcharge	142,018	157,737
Community Development Block Grant	7,043	107,043
Office of Traffic Safety Grant	-	97,250

**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 1<sup>st</sup> and become a lien on the real property at July 1<sup>st</sup>. Secured taxes are due annually in two installments on November 1<sup>st</sup> and February 1<sup>st</sup>, and become delinquent on December 10<sup>th</sup> and April 10<sup>th</sup>, respectively. Unsecured taxes are due annually on July 1<sup>st</sup> and become delinquent on August 31<sup>st</sup>. The lien date for secured and unsecured property taxes is March 1<sup>st</sup> 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 (P) and (Q) 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 three items that qualify for reporting in this category: The first is for the amount of employer contributions made after the measurement date of the net pension liability; the second is for the changes in proportion and differences between employer contributions and the proportionate share of pension contributions; and the third is for the deferred charge on refunding on long-term liabilities.

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 three items that qualify for reporting in this category: the first two are for deferred inflows related to pensions and the third item is for unavailable revenue

- For the deferred inflows related to pensions, the first item results from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The second item is for the changes in proportion and differences between employer contributions and the proportionate share of contributions.
- 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. 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.

**M. CASH EQUIVALENTS**

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

**N. 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.

**O. CONSTRUCTION COMMITMENTS**

The City has active construction projects as of June 30, 2015. At fiscal year-end, the City’s commitments with contractors were as follows:

Las Flores Creek Restoration	\$ 85,178
Civic Center Wastewater Management	45,657
Broad Beach Road Biofiltration	128,046
Wildlife Road Treatment	145,519
Pacific Coast Highway Bike Route	58,787
Pacific Coast Highway Intersection	22,903
Pacific Coast Highway Bus Stop	13,458
Las Flores & Malibu Road LID Improvements	<u>3,055</u>
	<u>\$ 502,603</u>

**P. 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.

**Q. 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.

**R. NEW ACCOUNTING PRONOUNCEMENTS**

During the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, “*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,*” and GASB Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68.*” These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements were applied retroactively. The result of the implementation of these standards decreased the net position at July 1, 2014 by \$4,209,522 in the statement of net position.

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

GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations,*” establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement was required to be implemented in the current fiscal year and did not impact the City.

**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 at fiscal year-end:

	<u>Amount</u>
Pooled Deposits & Investments:	
Demand Deposits	\$ 1,617,418
Investments	26,582,999
Pension Trust Investments	364,372
Cash and Investments with Fiscal Agents:	
Investments	3,507,932
Petty Cash	1,090
Total Cash and Investments	<u>\$ 32,073,811</u>

CITY OF MALIBU, CALIFORNIA  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 June 30, 2015

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

Governmental Funds:	
Unrestricted	\$ 23,584,766
Restricted	2,364,537
Proprietary Funds:	
Unrestricted	2,783,765
Restricted	11,492
Fiduciary Funds	3,329,251
Total Cash and Investments	<u>\$ 32,073,811</u>

At June 30, 2015, the pooled demand deposit bank balance was \$1,717,200. 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.

<u>Investment Type - Authorized by the California Government Code</u>	<u>Authorized by Malibu's Investment Policy</u>	<u>Maximum Maturity (1)</u>	<u>Maximum Percentage of Portfolio (1)</u>	<u>Maximum Investment in a Single Issuer (1)</u>
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.

Investment Type - Authorized by Trust Agreements	Certificates of Participation			2008 CFD & 2012 CFD Special Tax Bonds	2010 AD Limited Obligation Bonds
	2009	2010	2015		
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	Allowed	Allowed	Allowed	Allowed	Allowed
Certificates of deposit (Note 3)	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.

	Fair Value	Maturities
City's Pooled Investments:		
Negotiable Certificates of Deposit		
Goldman Sachs Bank USA	\$ 250,230	11/9/2015
GE Capital Bank	250,838	5/2/2016
Banco Popular N America	248,527	3/6/2017
Cit Bank	247,377	3/6/2018
Discover Bank	248,133	3/6/2018
American Express Cent Bank	247,367	3/7/2018
Bank of Baroda	251,085	11/13/2018
BMW Bank of North America	249,200	5/16/2019
Synchrony Bank	248,013	11/16/2020
Wells Fargo Money Market Mutual Fund	64,483	N/A
Local Agency Investment Fund (LAIF)	24,277,746	239 day average
Investments held by fiscal agents - US Bank:		
Money market mutual funds:		
First American Government Obligation Fund	3,507,932	N/A
Total	<u>\$ 30,090,931</u>	

At June 30, 2015, the City holds one investment with a maturity date that is greater than five years. The Synchrony Bank Negotiable Certificate of Deposit was acquired on November 10, 2014 and has a maturity date of November 16, 2020.

**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	\$ 2,240,770	N/A	\$ 2,240,770
Money market mutual funds	64,483	N/A	64,483
Local Agency Investment Fund (LAIF)	24,277,746	N/A	24,277,746
Investments held by fiscal agents:			
Money market mutual funds	<u>3,507,932</u>	N/A	<u>3,507,932</u>
	<u>\$ 30,090,931</u>		<u>\$ 30,090,931</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 \$1,717,200 was comprised of \$250,000 insured and \$1,467,200 that was collateralized in accordance with state law.

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 \$2,240,770 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 8.4% 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, 2015, were as follows:

	<b>Balances July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances June 30, 2015</b>
<b><u>Governmental Activities</u></b>				
Nondepreciable capital assets:				
Cost:				
Land	\$ 9,669,669	\$ -	\$ -	\$ 9,669,669
Right of way	24,045,543	-	-	24,045,543
Construction in progress	8,491,519	4,067,010	(899,877)	11,658,652
Total nondepreciable capital assets	<u>42,206,731</u>	<u>4,067,010</u>	<u>(899,877)</u>	<u>45,373,864</u>
Depreciable capital assets:				
Cost:				
Buildings and other improvements	22,455,479	304,270	-	22,759,749
Equipment and furniture	1,795,444	71,261	(11,196)	1,855,509
Vehicles	295,410	33,576	-	328,986
Infrastructure	31,314,226	921,436	(22,000)	32,213,662
Subtotal	<u>55,860,559</u>	<u>1,330,543</u>	<u>(33,196)</u>	<u>57,157,906</u>
Accumulated depreciation for:				
Buildings and other improvements	(2,750,608)	(763,441)	-	(3,514,049)
Equipment and furniture	(932,037)	(120,187)	9,852	(1,042,372)
Vehicles	(135,958)	(37,148)	-	(173,106)
Infrastructure	(15,768,511)	(736,933)	2,934	(16,502,510)
Subtotal	<u>(19,587,114)</u>	<u>(1,657,709)</u>	<u>12,786</u>	<u>(21,232,037)</u>
Net depreciable assets	<u>36,273,445</u>	<u>(327,166)</u>	<u>(20,410)</u>	<u>35,925,869</u>
Total net capital assets	<u>\$ 78,480,176</u>	<u>\$ 3,739,844</u>	<u>\$ (920,287)</u>	<u>\$ 81,299,733</u>

CITY OF MALIBU, CALIFORNIA  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 June 30, 2015

	<b>Balances</b>			<b>Balances</b>
	<b>July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2015</b>
<b>Business-type Activities</b>				
Nondepreciable capital assets:				
Cost - Land	\$ 15,404,922	\$ -	\$ -	\$ 15,404,922
Depreciable capital assets:				
Cost:				
Buildings and other improvements	29,613,681	-	-	29,613,681
Infrastructure	444,000	-	-	444,000
Subtotal	30,057,681	-	-	30,057,681
Accumulated depreciation for:				
Buildings and other improvements	(5,824,271)	(1,321,363)	-	(7,145,634)
Infrastructure	(23,542)	(11,771)	-	(35,313)
Subtotal	(5,847,813)	(1,333,134)	-	(7,180,947)
Net depreciable assets	24,209,868	(1,333,134)	-	22,876,734
Total net capital assets	<u>\$ 39,614,790</u>	<u>\$ (1,333,134)</u>	<u>\$ -</u>	<u>\$ 38,281,656</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>\$ 1,333,134</u>
Governmental Activities:	
Legislative and advisory	\$ 2,566
General government	546,454
Public safety	6,372
Community development	6,123
Parks and recreation	263,573
Public works	832,621
Total depreciation expense	<u>\$ 1,657,709</u>

#### 4. LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2015:

	Balance			Balance	Due Within	Unamortized	Long-Term	Deferred
	July 1, 2014	Additions	Deletions	June 30, 2015	One Year	(Discount)/ Premium	Amount	Amount on Refunding
Governmental Activities:								
Compensated absences	\$ 528,986	\$ 468,934	\$ (428,810)	\$ 569,110	\$ (429,000)	N/A	\$ 140,110	\$ -
Capital leases	11,457	-	(11,457)	-	-	N/A	-	-
Certificates of participation -								
2009 Series A	18,330,000	-	(340,000)	17,990,000	(355,000)	24,285	17,659,285	-
2009 Series B	765,000	-	(55,000)	710,000	(55,000)	800	655,800	-
2010 Series C	6,000,000	-	(6,000,000)	-	-	-	-	-
2010 Series D	565,000	-	(40,000)	525,000	(40,000)	(4,119)	480,881	-
2015 Refunding Series B	-	5,220,000	-	5,220,000	(110,000)	506,012	5,616,012	(93,082)
Total	<u>\$ 26,200,443</u>	<u>\$ 5,688,934</u>	<u>\$ (6,875,267)</u>	<u>\$ 25,014,110</u>	<u>\$ (989,000)</u>	<u>\$ 526,978</u>	<u>\$ 24,552,088</u>	<u>\$ (93,082)</u>
Business-Type Activities:								
Certificates of participation -								
2006 Series A & B	\$ 16,290,000	\$ -	\$ (16,290,000)	\$ -	\$ -	\$ -	\$ -	\$ -
2015 Refunding Series A	-	11,940,000	-	11,940,000	(580,000)	(105,127)	11,254,873	(639,549)
2015 Refunding Series B	-	3,675,000	-	3,675,000	(10,000)	587,407	4,252,407	(106,817)
Total	<u>\$ 16,290,000</u>	<u>\$ 15,615,000</u>	<u>\$ (16,290,000)</u>	<u>\$ 15,615,000</u>	<u>\$ (590,000)</u>	<u>\$ 482,280</u>	<u>\$ 15,507,280</u>	<u>\$ (746,366)</u>

**A. COMPENSATED ABSENCES (GOVERNMENTAL ACTIVITIES)**

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. CAPITAL LEASES (GOVERNMENTAL ACTIVITIES)**

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 \$128,139 as of June 30, 2015.

**C. CERTIFICATES OF PARTICIPATION**

**2009 Series A and B (Governmental Activities)**

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, 2015, the required reserve balance for debt service was \$1,314,287 and has been reported as a restricted asset in the General Fund.

**2010 Series C (Governmental Activities)**

The City issued \$6,000,000 of tax-exempt 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. During fiscal year 2014-15, the certificates were refunded in the amount of \$5,890,000 by a portion of the 2015 Series B Refunding Certificates of Participation. Money has been placed in an irrevocable trust; the certificates are considered to be defeased and the liability for the certificates has been removed from the City's records. At June 30, 2015, \$5,890,000 of certificates is outstanding and has a scheduled repayment on the call date of July 1, 2015.

**2010 Series D (Governmental Activities)**

The City issued \$565,000 of taxable certificates of participation in March 2010 with no discount or premium. 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. 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, 2015, the required reserve balance for debt service was \$185,260 and has been reported as a restricted asset in the General Fund.

**2006 Series A (Business-Type Activities)**

The City issued \$12,425,000 of taxable certificates of participation in March 2006 with no discount or premium. The purpose of the certificates was to finance a portion of the acquisition of Legacy Park and the related commercial lease properties. During fiscal year 2014-15, the certificates were refunded in the amount of \$10,795,000 by the 2015 Series A Refunding Certificates of Participation. Money has been placed in an irrevocable trust; the certificates are considered to be defeased and the liability for the certificates has been removed from the City's records. At June 30, 2015, \$10,795,000 of certificates is outstanding and has a final scheduled repayment on the call date of July 1, 2016.

**2006 Series B (Business-Type Activities)**

The City issued \$5,155,000 of tax-exempt certificates of participation in March 2006 at a discount of \$138,552. The purpose of the certificates was to finance a portion of the acquisition of Legacy Park and the related commercial lease properties. During fiscal year 2014-15, the certificates were refunded in the amount of \$4,130,000 by a portion of the 2015 Series B Refunding Certificates of Participation. The certificates were paid in full on May 26, 2015.

**2015 Refunding Series A (Business-Type Activities)**

In May 2015, the City issued \$11,940,000 of taxable refunding certificates of participation at a discount of \$105,881. The purpose of the certificates was to refund the 2006A outstanding certificates of participation in the amount of \$10,795,000. 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. The interest rate on the certificates is fixed and ranges from 0.350% to 3.250%. Semi-annual interest payments are due on November 1 and May 1 beginning on November 1, 2015. Annual principal payments are due on November 1 in years 2015 through 2032. There is no required reserve.

The refunding resulted in a difference between the reacquisition price of the 2006A Series and the net carrying amount of the 2015A Series of \$644,222. This difference is reported as a deferred loss on refunding which is reported in the basic financial statements as a deduction from long-term debt. It is being amortized on a straight-line method through July 1, 2032. The issuance results in savings of \$1,351,862 and an economic gain (difference between the present value of the new and old debt service requirements) of \$1,166,453.

**2015 Refunding Series B (Governmental Activities and Business-Type Activities)**

In May 2015, the City issued \$8,895,000 of tax-exempt refunding certificates of participation at a premium of \$1,099,028. The purpose of the certificates was to refund the 2006B outstanding certificates of participation (business-type activities) in the amount of \$4,130,000 and the 2006C outstanding certificates of participation (governmental activities) in the amount of \$5,890,000. 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. The interest rate on the certificates is fixed and ranges from 2.000% to 5.000%. Semi-annual interest payments are due on November 1 and May 1 beginning on November 1, 2015. Annual principal payments are due on November 1 in years 2015 through 2039. There is no required reserve.

The refunding of the 2006B Series resulted in a difference between the reacquisition price of the 2006B Series and the net carrying amount of the applicable portion of the 2015B Series of \$107,412. This difference is reported as a deferred loss on refunding which is reported in the basic financial statements as a deduction from long-term debt. It is being amortized on a straight-line method through July 1, 2036. The issuance results in savings of \$413,599 and an economic gain (difference between the present value of the new and old debt service requirements) of \$319,822.

The refunding of the 2010C Series resulted in a difference between the reacquisition price of the 2010C Series and the net carrying amount of the applicable portion of the 2015B Series of \$93,572. This difference is reported as a deferred loss on refunding which is reported in the basic financial statements as a deduction from long-term debt. It is being amortized on a straight-line method through July 1, 2039. The issuance results in savings of \$1,183,397 and an economic gain (difference between the present value of the new and old debt service requirements) of \$762,806.

**D. ANNUAL AMORTIZATION REQUIREMENTS**

The annual requirements to amortize all certificates of participation as of June 30, 2015, are as follows:

Year Ending June 30,	Governmental Activities		
	Certificates of Participation		
	Principal	Interest	Total
2016	\$ 560,000	\$ 1,129,381	\$ 1,689,381
2017	570,000	1,115,647	1,685,647
2018	590,000	1,092,583	1,682,583
2019	620,000	1,067,203	1,687,203
2020	645,000	1,038,308	1,683,308
2021-2025	3,735,000	4,660,712	8,395,712
2026-2030	4,655,000	3,683,409	8,338,409
2031-2035	5,770,000	2,515,875	8,285,875
2036-2040	7,300,000	948,000	8,248,000
Totals	\$ 24,445,000	\$ 17,251,118	\$ 41,696,118

Year Ending June 30,	Business-type Activities		
	Certificates of Participation		
	Principal	Interest	Total
2016	\$ 590,000	\$ 527,205	\$ 1,117,205
2017	570,000	523,615	1,093,615
2018	575,000	518,548	1,093,548
2019	580,000	510,352	1,090,352
2020	590,000	499,328	1,089,328
2021-2025	3,190,000	2,257,988	5,447,988
2026-2030	3,675,000	1,694,828	5,369,828
2031-2035	4,095,000	883,765	4,978,765
2036-2037	1,750,000	73,746	1,823,746
Totals	\$ 15,615,000	\$ 7,489,375	\$ 23,104,375

**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, 2015 total \$3,490,000.

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, 2015 total \$1,845,000.

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, 2015 total \$6,500,000 with the first principal payment scheduled for September 2016.

## 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, 2015, 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 \$1,608,246 at June 30, 2015.

- 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 2015, the minimum monthly lease payment is \$14,564. 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 \$3,538 for January 14, 2015 through January 13, 2016. The monthly rate increases by 3% on January 14 of each year for the remainder of the lease term. 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 January 2015 through December 2015, the minimum monthly lease payment is \$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 remainder of 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 \$457,527 as of June 30, 2015.

**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. In fiscal year 2014-15, the City received \$529,190 of the 30% of the tenant's income. 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 \$4,376,434 as of June 30, 2015.

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

<u>Year Ending June 30,</u>	<u>Total</u>
2016	\$ 1,434,806
2017	1,462,971
2018	1,507,638
2019	1,520,239
2020	1,431,852
2021-2025	6,643,950
2026-2030	5,532,482
2031-2035	5,809,105
2036-2040	6,099,560
2041-2045	6,404,540
2046	867,712
Total	<u>\$ 38,714,855</u>

**7. DEFICIT FUND BALANCES**

Major Fund

The Grants Special Revenue Fund has a deficit fund balance of \$825,705 at June 30, 2015. This deficit is expected to be relieved by the receipt of grant monies.

**8. RETIREMENT BENEFITS**

**A. DEFINED BENEFIT PLAN**

**PLAN DESCRIPTION**

The City of Malibu’s defined benefit pension plan is part of the Miscellaneous Risk Pool 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. All qualified permanent and probationary employees are eligible to participate in one of the City’s Plans. 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, and 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 is for employees who enter the plan on or after January 1, 2013, and 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. This plan is in accordance with the Public Employees’ Pension Reform Act (PEPRA).

Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**BENEFITS PROVIDED**

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

The Plans' provisions and benefits are summarized as follows:

	Miscellaneous Risk Pool	
	Tier I Prior to January 1, 2013	Tier II - PEPR On or After January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	12.330%	6.70%

**CONTRIBUTIONS**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The employee and employer contributions recognized as a reduction to the net pension liability totaled \$588,129.

**PENSION LIABILITIES, PENSION EXPENSES, & DEFERRED OUTFLOWS/INFLOWS OF PENSION-RELATED RESOURCES**

As of June 30, 2015, the City reported net pension liabilities totaling \$3,241,041 for the Tier I Plan and \$338 for the Tier II plan.

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

The City's proportionate share of the net pension liability for all Plans as of June 30, 2013 and 2014 was as follows:

	Miscellaneous Risk Pool
Proportion - June 30, 2013	0.00002%
Proportion - June 30, 2014	0.00001%
Change - Increase (Decrease)	-0.00001%

For the year ended June 30, 2015, the City recognized pension expense of \$342,916. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MALIBU, CALIFORNIA  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 June 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 626,811	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	13,858	(176,642)
Net differences between projected and actual earnings on plan investments	-	(1,089,254)
Total	<u>\$ 640,669</u>	<u>\$ (1,265,896)</u>

The \$626,811 deferred outflow of resources related to the contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015-16	\$ 330,450
2016-17	330,450
2017-18	318,825
2018-19	272,313
Totals	<u>\$ 1,252,038</u>

**ACTUARIAL ASSUMPTIONS**

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

	<u>Miscellaneous Risk Pool</u>
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	3.3% - 14.2% (1)
Investment rate of return	7.5% (2)
Mortality	(3)

Notes

- (1) Depending on age, service, and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the 2014 experience study report.

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

**DISCOUNT RATE**

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

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this account valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

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

**SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous Risk Pool</u>
1% Decrease Net Pension Liability	6.5% \$ 5,775,133
Current Discount Rate Net Pension Liability	7.5% \$ 3,241,379
1% Increase Net Pension Liability	8.5% \$ 1,138,602

**PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**PAYABLE TO THE PENSION PLAN**

At June 30, 2015, the City had no outstanding amount of contributions due to the pension plan required for the year ended June 30, 2015 for the CalPERS plans.

**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 2014-15, the City contributed \$12,376 on behalf of the City Manager, based on a salary of \$206,260 for the covered period. There was one covered employee during the year. Assets of the plan totaled \$141,460 at June 30, 2015.

**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 2014-15, the City contributed a total of \$17,422 on behalf of the covered employees. There were seven covered employees during the year. Assets of the plan totaled \$222,912 at June 30, 2015.

Summary financial statements for the two defined contribution plans follow:

City of Malibu  
 Combining Statement of Net Position - Pension Trust Funds  
 June 30, 2015

	Department Head Plan	City Manager Plan	Total Pension Trust Funds
Assets:			
Cash and investments	\$ 222,912	\$ 141,460	\$ 364,372
Net Position:			
Held in trust for pension benefits	\$ 222,912	\$ 141,460	\$ 364,372

City of Malibu  
 Combining Statement of Changes in Net Position - Pension Trust Funds  
 For the Year Ended June 30, 2015

	Department Head Plan	City Manager Plan	Total Pension Trust Funds
Additions:			
Contributions by employer	\$ 17,422	\$ 12,376	\$ 29,798
Investment earnings	8,298	8,406	16,704
Total additions	25,720	20,782	46,502
Deductions:			
Distributions	9,207	-	9,207
Investment losses	4,283	1,631	5,914
Total deductions	13,490	1,631	15,121
Change in net position	12,230	19,151	31,381
Net position - beginning of year	210,682	122,309	332,991
Net position - end of year	\$ 222,912	\$ 141,460	\$ 364,372

**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, 2015, the City's covered payroll was \$262,792 for the 63 employees participating in the plan. The City made employer contributions of \$3,416, and employees contributed \$16,293. Assets of the plan totaled \$104,763 at June 30, 2015.

**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, 2015, there were 62 employees participating in the plan. The City made employer contributions of \$69,950, and employees contributed \$307,341.

**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 2014-15, 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, 2015:

Retirees and survivors receiving benefits	16
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>68</u>
Total	<u>84</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		
	6/30/2015	6/30/2014	6/30/2013
Annual OPEB cost (AOC)	\$ 485,000	\$ 558,000	\$ 541,000
Actual employer contribution	\$ 485,000	\$ 558,000	\$ 541,000
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,		
	2015	2014	2013
Actuarial valuation date	6/30/2013	6/30/2013	6/30/2011
Actuarial value of assets (AVA)	\$ 1,736,000	\$ 1,736,000	\$ 873,000
Actuarial accrued liability (AAL)	\$ 3,740,000	\$ 3,740,000	\$ 3,597,000
Unfunded actuarial accrued liability (UAAL)	\$ 2,004,000	\$ 2,004,000	\$ 2,724,000
Funded ratio (AVA/AAL)	46%	46%	24%
Annual covered payroll	\$ 5,327,000	\$ 5,327,000	\$ 5,262,000
UAAL as a % of covered payroll	38%	38%	52%

**10. PARKLAND DEVELOPMENT**

The City of Malibu charges Parkland Development fees when new residential units are constructed. In fiscal year 2014-15, the fees were \$3,770 for each detached single family dwelling; \$3,218 for each unit of an attached multi-family dwelling with fewer than five units; \$2,397 for each unit of an attached multi-family dwelling with five or more units; \$2,988 for each unit of a duplex, triplex, or quadplex; and \$2,168 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 \$18,850, earned interest of \$1,027, and paid \$260,000 towards the Las Flores Creek Park Restoration project. At June 30, 2015, the balance of fees on hand was \$10,516.

**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, 2015 is as follows:

	Due from Other Funds	Due to Other Funds
Major Funds:		
General Fund	\$ 2,452,242	\$ -
Grants Special Revenue Fund	-	2,434,071
Nonmajor Governmental Funds	-	18,171
Total	<u>\$ 2,452,242</u>	<u>\$ 2,452,242</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, 2015, are as follows:

	Transfers Out				Total
	Governmental Fund Type			Proprietary Fund Type	
Transfers In	General Fund	Grants Special Revenue	Nonmajor Governmental	Commercial Real Estate Rental Enterprise Fund	
Major Funds:					
General Fund	\$ -	\$ -	\$ 873,000	\$ 505,000	\$ 1,378,000
Capital Improvements					
Capital Projects Fund	1,211,660	4,275,431	800,000	-	6,287,091
Total	<u>\$ 1,211,660</u>	<u>\$ 4,275,431</u>	<u>\$ 1,673,000</u>	<u>\$ 505,000</u>	<u>\$ 7,665,091</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. RESTATEMENT OF NET POSITION**

The implementation of GASB Statement Numbers 68 and 71 requires reporting the net pension liability of the City's defined benefit pension plans in the financial statements and is applied retroactively by restating the net position as of the beginning of the fiscal year. The implementation of GASB Statement Numbers 68 and 71 resulted in a reduction of net position by \$4,209,522 as of July 1, 2014.

**13. 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 118 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 at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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 general government 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 from \$750,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second layer losses.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

**Workers' Compensation.** In the workers' compensation program, claims are pooled separately between public safety (police and fire) and general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second layer losses.

For FY 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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 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, 2014 through July 1, 2017. 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 \$84,771,000. 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 \$52,585,000. 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 2014-15.

#### **14. 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.

#### **15. 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 FY 2013-14 and City Council approved the award of the construction contract on August 25, 2014. As of June 30, 2015, the project was under construction and the City anticipates completing construction on the project in fiscal year 2015-16.

##### **CIVIC CENTER WASTEWATER TREATMENT FACILITY DESIGN**

The Los Angeles Regional Water Quality Control Board (RWQCB) approved a Memorandum of Understanding (MOU) with the City of Malibu in 2011. 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 2017 and 2022 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, 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. The design for the water collection, treatment, reuse and dispersal facility was completed in fiscal year 2014-15. As of June 30, 2015, the project was out to bid for construction. The City anticipates that the construction contract will be awarded and construction will begin in fiscal year 2015-16.

#### **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 dry-weather runoff and reduce and treat stormwater runoff carried 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. During fiscal year 2014-15 the project was under construction. As of June 30, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

#### **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 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. During fiscal year 2014-15 the project was under construction. As of June 30, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

#### **PACIFIC COAST HIGHWAY (PCH) BIKE ROUTE PROJECT**

This project is intended to 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. During fiscal year 2014-15 the project was under construction. As of June 30, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

**KANAN DUME ROAD ARRESTER BED PROJECT**

The project upgraded the existing truck arrester bed along Kanan Dume Road and improved the intersection of PCH and Kanan Dume Road. The project included 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. Construction work on the project was completed in fiscal year 2014-15 and the project was accepted by City Council on January 26, 2015.

**PACIFIC COAST HIGHWAY (PCH) REGIONAL TRAFFIC MESSAGING SYSTEMS PROJECT**

This project is intended to 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, 2015, the project was in the preliminary design phase. The City anticipates completing the design in fiscal year 2015-16.

**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 Dr. and PCH; and 2) the existing crosswalk between Rambla Vista East and Rambla Vista West in the vicinity of La Costa. At Big Rock Dr. and PCH, the project consists of the installation a left turn signal. The PCH Intersection Improvements Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. 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. Construction work on the project was completed in fiscal year 2014-15 and the project was accepted by City Council on January 26, 2015. 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 and fiscal year 2014-15, 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 2015-16.

**PACIFIC COAST HIGHWAY (PCH) MEDIAN IMPROVEMENT PROJECT**

This project is intended to promote traffic safety and operations along PCH by channelizing the highway, regulating turn movements and improving traffic operations. The project includes the rehabilitation of the existing medians and installation of 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, 2015, the project was in the preliminary design phase. The City anticipates hiring a consultant to perform design and permitting work in fiscal year 2015-16.

**PACIFIC COAST HIGHWAY (PCH) BUS STOP PROJECT**

This project is intended to 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, curbs and gutters, 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. During fiscal year 2014-15, 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, 2015, the project was substantially complete. The City anticipates that the contract will be accepted for completion and release of retention in fiscal year 2015-16.

**CIVIC CENTER WAY ROADWAY IMPROVEMENTS PROJECT**

This project is intended to 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, 2015, the project was in the preliminary design phase. The City anticipates hiring a consultant to perform design and permitting work in fiscal year 2015-16.

**LAS FLORES AND MALIBU ROAD LID IMPROVEMENTS PROJECT**

This project is intended to improve water quality by capturing and filtering stormwater runoff. The project includes the installation of pre-manufactured biofiltration devices at two locations: Las Flores Canyon Road near the intersection of Pacific Coast Highway and Malibu Road adjacent to 24383 Malibu Road. During fiscal year 2014-15, 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, 2015, construction was still ongoing. The City anticipates that the construction work will be completed on the project and the contract will be accepted for completion and release of retention in fiscal year 2015-16.

**CIVIC CENTER WAY PUMP STATION IMPROVEMENTS**

This project is intended to improve water quality by increasing the size of the existing stormwater pumps at the Civic Center and Malibu Road remote pump stations. These pump stations are a part of the stormwater treatment system in Malibu's civic center area. As of June 30, 2015, the design and permitting for the project was completed. The City anticipates completing this project in fiscal year 2015-16.

**MALIBU COMMUNITY LABOR EXCHANGE TRAILER REPLACEMENT PROJECT**

This project is intended to remove and replace the existing office trailer used by the Malibu Community Labor Exchange (MCLE). The MCLE's existing trailer was put into service in 2000 and is in poor condition. The purchase and installation of a new trailer will enable the MCLE to continue serving low and moderate income individuals. During fiscal year 2014-15, the City worked with Los Angeles County Community Development Block Grant staff to allocate funding for the project. The City also worked on the design, permitting and placement of the trailer. As of June 30, 2015, the City was still trying to work out an agreement with Los Angeles County for the placement of the trailer. The City anticipates that an agreement will be reached regarding the placement of the trailer in fiscal year 2015-16. Once the agreement is finalized, the City will move forward with the purchase and installation of the new trailer.

**16. FORMATION OF THE CIVIC CENTER WASTEWATER TREATMENT FACILITY ASSESSMENT DISTRICT (ANTICIPATED FOR FISCAL YEAR 2015-16)**

**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 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 2017 and 2022 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 March 2016 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 2015-16. 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.

The City has identified the Winter Canyon property as an appropriate site for the civic center treatment facility and is currently proceeding with the entitlements to construct the facility and preparing to form the assessment district to finance the facility. Concurrently, the City and the property owner have been engaged in negotiations regarding the City's purchase of the property for the project to be funded by the assessment district.

**17. 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 Charmlee Wilderness 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.

**CITY OF MALIBU  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS\*\***

	2015	
	Tier I	Tier II
Proportion of the net pension liability	0.13114%	0.00001%
Proportionate share of the net pension liability	\$ 3,241,041	\$ 338
Covered employee payroll	\$ 4,732,212	\$ 666,420
Proportionate share of the net pension liability as a percentage of covered employee payroll	68.49%	0.05%
Plan's fiduciary net position	\$ 15,856,197	\$ 1,649
Plan fiduciary net position as a percentage of the total pension liability	83.03%	82.99%

Notes to Schedule:

Benefit Changes: There were no changes in benefits

Changes in Assumptions: There were no changes in assumptions.

\*\* Fiscal year 2014-15 was the first year of implementation, therefore, only one year is shown.

**CITY OF MALIBU  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS-DEFINED BENEFIT PENSION PLAN  
LAST TEN FISCAL YEARS\*\***

	2015
Valuation Date	6/30/2012
Contractually required contribution (actuarially determined)	\$ 626,811
Contributions in relation to the actuarially determined contributions	(626,811)
Contribution deficiency (excess)	\$ -
 Covered - employee payroll	\$ 5,398,632
 Contributions as a percentage of covered - employee payroll	11.61%

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age normal cost method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years (2%@55); 30 years (2%@62)
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases*	3.30% to 14.20% depending on age, service, and type of employment
Investment rate of return*	7.50%, net of pension plan investment expense
Retirement age	50 years (2%@55); 52 years (2%@62)
Mortality	

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30,2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

\* including inflation of 2.75%

\*\* Fiscal year 2014-15 was the first year of implementation, therefore, only one year is shown.

**CITY OF MALIBU**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2015**

	Special Revenue Funds					
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R	Air Quality Management
<b>ASSETS</b>						
Cash and investments	\$ 34,411	\$ 21,758	\$ 198,194	\$ 38,988	\$ 16,775	\$ 23,781
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	23,031	23,493	-	-	4,189
<b>Total assets</b>	<b>\$ 34,411</b>	<b>\$ 44,789</b>	<b>\$ 221,687</b>	<b>\$ 38,988</b>	<b>\$ 16,775</b>	<b>\$ 27,970</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 17,117	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>17,117</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Restricted						
Public works activities	34,411	44,789	-	-	-	27,970
Capital improvement projects	-	-	-	38,988	16,775	-
Parks and recreation activities	-	-	204,570	-	-	-
Environmental sustainability	-	-	-	-	-	-
Special district projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>34,411</b>	<b>44,789</b>	<b>204,570</b>	<b>38,988</b>	<b>16,775</b>	<b>27,970</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,411</b>	<b>\$ 44,789</b>	<b>\$ 221,687</b>	<b>\$ 38,988</b>	<b>\$ 16,775</b>	<b>\$ 27,970</b>

(Continued)

**CITY OF MALIBU**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2015**  
**(Continued)**

	Special Revenue Funds				
	Solid Waste Management Surcharge	Parkland Development In-Lieu	Quimby Act Parkland Dedication	Brulte Bill Grant	Community Development Block Grant
<b>ASSETS</b>					
Cash and investments	\$ 28,964	\$ 10,516	\$ 3,498	\$ -	\$ -
Accounts receivable	24,196	-	-	-	-
Due from other governments	430	-	-	-	1,173
<b>Total assets</b>	<b>\$ 53,590</b>	<b>\$ 10,516</b>	<b>\$ 3,498</b>	<b>\$ -</b>	<b>\$ 1,173</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 15,516	\$ -	\$ -	\$ -	\$ 586
Due to other funds	-	-	-	-	587
<b>Total liabilities</b>	<b>15,516</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,173</b>
<b>FUND BALANCES</b>					
Restricted					
Public works activities	-	-	-	-	-
Capital improvement projects	-	10,516	3,498	-	-
Parks and recreation activities	-	-	-	-	-
Environmental sustainability	38,074	-	-	-	-
Special district projects	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>38,074</b>	<b>10,516</b>	<b>3,498</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 53,590</b>	<b>\$ 10,516</b>	<b>\$ 3,498</b>	<b>\$ -</b>	<b>\$ 1,173</b>

Office of Traffic Safety Grant	Special Revenue Funds			Capital Projects Funds		Total Non-major Governmental Funds
	Big Rock Mesa LMD	Malibu Road LMD	Calle del Barco LMD	Broad Beach AD	Civic Center Wastewater Treatment CFD	
\$ -	\$ 241,625	\$ 18,859	\$ 114,553	\$ -	\$ -	\$ 751,922
-	-	-	-	-	-	24,196
78,784	5,829	1,019	4,200	-	-	142,148
<u>\$ 78,784</u>	<u>\$ 247,454</u>	<u>\$ 19,878</u>	<u>\$ 118,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 918,266</u>
\$ 61,200	\$ 32,074	\$ 5,616	\$ 3,990	\$ -	\$ -	\$ 136,099
17,584	-	-	-	-	-	18,171
<u>78,784</u>	<u>32,074</u>	<u>5,616</u>	<u>3,990</u>	<u>-</u>	<u>-</u>	<u>154,270</u>
-	-	-	-	-	-	107,170
-	-	-	-	-	-	69,777
-	-	-	-	-	-	204,570
-	-	-	-	-	-	38,074
-	215,380	14,262	114,763	-	-	344,405
-	-	-	-	-	-	-
<u>-</u>	<u>215,380</u>	<u>14,262</u>	<u>114,763</u>	<u>-</u>	<u>-</u>	<u>763,996</u>
<u>\$ 78,784</u>	<u>\$ 247,454</u>	<u>\$ 19,878</u>	<u>\$ 118,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 918,266</u>

**CITY OF MALIBU**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds					Air Quality Management
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	301,595	-	-	-	-
Intergovernmental	348,896	-	249,281	187,841	140,496	15,962
Use of money and property	1,382	1,676	696	449	600	60
Charges for services	-	-	-	-	-	-
Total revenues	<u>350,278</u>	<u>303,271</u>	<u>249,977</u>	<u>188,290</u>	<u>141,096</u>	<u>16,022</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works	-	-	181,436	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>181,436</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	350,278	303,271	68,541	188,290	141,096	16,022
<b>OTHER FINANCING USES</b>						
Transfers out	<u>(500,000)</u>	<u>(528,000)</u>	<u>-</u>	<u>(160,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	(149,722)	(224,729)	68,541	28,290	(58,904)	16,022
<b>FUND BALANCE - BEGINNING</b>	<u>184,133</u>	<u>269,518</u>	<u>136,029</u>	<u>10,698</u>	<u>75,679</u>	<u>11,948</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 34,411</u>	<u>\$ 44,789</u>	<u>\$ 204,570</u>	<u>\$ 38,988</u>	<u>\$ 16,775</u>	<u>\$ 27,970</u>

Special Revenue Funds

Solid Waste Management Surcharge	Parkland Development In-Lieu	Quimby Act Parkland Dedication	Brulte Bill Grant	Community Development Block Grant	Office of Traffic Safety Grant
\$ -	\$ 18,850	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
12,419	-	-	106,230	7,043	88,700
68	1,027	112	-	-	-
137,850	-	-	-	-	-
<u>150,337</u>	<u>19,877</u>	<u>112</u>	<u>106,230</u>	<u>7,043</u>	<u>88,700</u>
-	-	-	-	7,043	-
-	-	-	106,230	-	-
132,745	-	-	-	-	-
-	-	-	-	-	43,700
-	-	-	-	-	45,000
<u>132,745</u>	<u>-</u>	<u>-</u>	<u>106,230</u>	<u>7,043</u>	<u>88,700</u>
17,592	19,877	112	-	-	-
-	(260,000)	(25,000)	-	-	-
17,592	(240,123)	(24,888)	-	-	-
20,482	250,639	28,386	-	-	-
<u>\$ 38,074</u>	<u>\$ 10,516</u>	<u>\$ 3,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015**  
**(Continued)**

	Special Revenue Funds			Capital Projects Funds		Total Non-major Governmental Funds
	Big Rock Mesa LMD	Malibu Road LMD	Calle del Barco LMD	Broad Beach AD	Civic Center Wastewater Treatment CFD	
<b>REVENUES</b>						
Taxes	\$ 276,088	\$ 46,864	\$ 42,795	\$ -	\$ -	\$ 384,597
Fines and forfeitures	-	-	-	-	-	301,595
Intergovernmental	-	-	-	-	-	1,156,868
Use of money and property	869	61	492	2	2	7,496
Charges for services	-	-	-	-	-	137,850
<b>Total revenues</b>	<b>276,957</b>	<b>46,925</b>	<b>43,287</b>	<b>2</b>	<b>2</b>	<b>1,988,406</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	7,043
Public safety	-	-	-	-	-	106,230
Community development	-	-	-	-	-	132,745
Public works	257,271	43,195	56,891	-	-	582,493
Capital outlay	9,651	-	-	29,303	-	83,954
<b>Total expenditures</b>	<b>266,922</b>	<b>43,195</b>	<b>56,891</b>	<b>29,303</b>	<b>-</b>	<b>912,465</b>
Revenues over (under) expenditures	10,035	3,730	(13,604)	(29,301)	2	1,075,941
<b>OTHER FINANCING USES</b>						
Transfers out	-	-	-	-	-	(1,673,000)
<b>Net change in fund balance</b>	<b>10,035</b>	<b>3,730</b>	<b>(13,604)</b>	<b>(29,301)</b>	<b>2</b>	<b>(597,059)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>205,345</b>	<b>10,532</b>	<b>128,367</b>	<b>29,301</b>	<b>(2)</b>	<b>1,361,055</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 215,380</b>	<b>\$ 14,262</b>	<b>\$ 114,763</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 763,996</b>

**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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 377,313	\$ 377,313	\$ 348,896	\$ (28,417)
Use of money and property	50	50	1,382	1,332
Total revenues	377,363	377,363	350,278	(27,085)
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(500,000)	(500,000)
Net change in fund balance	<u>\$ 377,363</u>	<u>\$ 377,363</u>	(149,722)	<u>\$ (527,085)</u>
<b>FUND BALANCE - BEGINNING</b>			<u>184,133</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 34,411</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 400,000	\$ 400,000	\$ 301,595	\$ (98,405)
Use of money and property	<u>200</u>	<u>200</u>	<u>1,676</u>	<u>1,476</u>
Total revenues	400,200	400,200	303,271	(96,929)
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(528,000)</u>	<u>(528,000)</u>
Net change in fund balance	<u>\$ 400,200</u>	<u>\$ 400,200</u>	(224,729)	<u>\$ (624,929)</u>
<b>FUND BALANCE - BEGINNING</b>			<u>269,518</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 44,789</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 249,281	\$ 34,281
Use of money and property	<u>100</u>	<u>100</u>	<u>696</u>	<u>596</u>
Total revenues	215,100	215,100	249,977	34,877
<b>EXPENDITURES</b>				
Current:				
Public works	<u>208,000</u>	<u>208,000</u>	<u>181,436</u>	<u>26,564</u>
Net change in fund balance	<u>\$ 7,100</u>	<u>\$ 7,100</u>	68,541	<u>\$ 61,441</u>
<b>FUND BALANCE - BEGINNING</b>			<u>136,029</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 204,570</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 175,000	\$ 175,000	\$ 187,841	\$ 12,841
Use of money and property	<u>200</u>	<u>200</u>	<u>449</u>	<u>249</u>
Total revenues	175,200	175,200	188,290	13,090
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(160,000)</u>	<u>(160,000)</u>
Net change in fund balance	<u>\$ 175,200</u>	<u>\$ 175,200</u>	28,290	<u>\$ (146,910)</u>
<b>FUND BALANCE - BEGINNING</b>			<u>10,698</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 38,988</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 130,000	\$ 130,000	\$ 140,496	\$ 10,496
Use of money and property	250	250	600	350
	<u>130,250</u>	<u>130,250</u>	<u>141,096</u>	<u>10,846</u>
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(200,000)	(200,000)
Net change in fund balance	<u>\$ 130,250</u>	<u>\$ 130,250</u>	(58,904)	<u>\$ (189,154)</u>
<b>FUND BALANCE - BEGINNING</b>			<u>75,679</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 16,775</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 15,962	\$ 962
Use of money and property	<u>50</u>	<u>50</u>	<u>60</u>	<u>10</u>
 Net change in fund balance	 <u>\$ 15,050</u>	 <u>\$ 15,050</u>	 16,022	 <u>\$ 972</u>
<b>FUND BALANCE - BEGINNING</b>			<u>11,948</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 27,970</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 12,419	\$ 7,419
Use of money and property	100	100	68	(32)
Charges for services	135,000	135,000	137,850	2,850
Total revenues	<u>140,100</u>	<u>140,100</u>	<u>150,337</u>	<u>10,237</u>
<b>EXPENDITURES</b>				
Current:				
Community development	142,018	157,737	132,745	24,992
Net change in fund balance	<u>\$ (1,918)</u>	<u>\$ (17,637)</u>	17,592	<u>\$ 35,229</u>
<b>FUND BALANCE - BEGINNING</b>			<u>20,482</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 38,074</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 15,000	\$ 15,000	\$ 18,850	\$ 3,850
Use of money and property	200	200	1,027	827
Total revenues	15,200	15,200	19,877	4,677
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(260,000)	(260,000)
Net change in fund balance	<u>\$ 15,200</u>	<u>\$ 15,200</u>	(240,123)	<u>\$ (255,323)</u>
<b>FUND BALANCE - BEGINNING</b>			<u>250,639</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 10,516</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 100	\$ 100	\$ 112	\$ 12
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net change in fund balance	<u>\$ 100</u>	<u>\$ 100</u>	(24,888)	<u>\$ (24,988)</u>
<b>FUND BALANCE - BEGINNING</b>			<u>28,386</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 3,498</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 100,000	\$ 106,230	\$ 106,230	\$ -
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>106,230</u>	<u>(6,230)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,230</u>	-	<u>\$ (6,230)</u>
<b>FUND BALANCE - BEGINNING</b>			<u>-</u>	
<b>FUND BALANCE - ENDING</b>			<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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 7,043	\$ 7,043	\$ 7,043	\$ -
<b>EXPENDITURES</b>				
Current:				
General government	7,043	7,043	7,043	-
Capital outlay	-	100,000		100,000
Total expenditures	7,043	107,043	7,043	100,000
Net change in fund balance	<u>\$ -</u>	<u>\$ (100,000)</u>	-	<u>\$ 100,000</u>
<b>FUND BALANCE - BEGINNING</b>			-	
<b>FUND BALANCE - ENDING</b>			<u>\$ -</u>	

**CITY OF MALIBU**  
**OFFICE OF TRAFFIC SAFETY GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 97,250	\$ 88,700	\$ (8,550)
<b>EXPENDITURES</b>				
Current:				
Public works	-	52,250	43,700	8,550
Capital outlay	-	45,000	45,000	-
Total expenditures	-	97,250	88,700	8,550
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE - BEGINNING</b>			<u>-</u>	
<b>FUND BALANCE - ENDING</b>			<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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 280,313	\$ 280,313	\$ 276,088	\$ (4,225)
Use of money and property	<u>300</u>	<u>300</u>	<u>869</u>	<u>569</u>
Total revenues	<u>280,613</u>	<u>280,613</u>	<u>276,957</u>	<u>(3,656)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	242,775	242,775	257,271	(14,496)
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>9,651</u>	<u>40,349</u>
Total expenditures	<u>292,775</u>	<u>292,775</u>	<u>266,922</u>	<u>25,853</u>
Net change in fund balance	<u>\$ (12,162)</u>	<u>\$ (12,162)</u>	10,035	<u>\$ 22,197</u>
<b>FUND BALANCE - BEGINNING</b>			<u>205,345</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 215,380</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 50,830	\$ 50,830	\$ 46,864	\$ (3,966)
Use of money and property	10	10	61	51
Total revenues	<u>50,840</u>	<u>50,840</u>	<u>46,925</u>	<u>(3,915)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	42,834	42,834	43,195	(361)
Capital outlay	8,000	8,000	-	8,000
Total expenditures	<u>50,834</u>	<u>50,834</u>	<u>43,195</u>	<u>7,639</u>
Net change in fund balance	<u>\$ 6</u>	<u>\$ 6</u>	3,730	<u>\$ 3,724</u>
<b>FUND BALANCE - BEGINNING</b>			<u>10,532</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 14,262</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 38,540	\$ 38,540	\$ 42,795	\$ 4,255
Use of money and property	200	200	492	292
Total revenues	<u>38,740</u>	<u>38,740</u>	<u>43,287</u>	<u>4,547</u>
<b>EXPENDITURES</b>				
Current:				
Public works	57,832	57,832	56,891	941
Capital outlay	14,000	14,000	-	14,000
Total expenditures	<u>71,832</u>	<u>71,832</u>	<u>56,891</u>	<u>14,941</u>
Net change in fund balance	<u>\$ (33,092)</u>	<u>\$ (33,092)</u>	(13,604)	<u>\$ 19,488</u>
<b>FUND BALANCE - BEGINNING</b>			<u>128,367</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 114,763</u>	

**CITY OF MALIBU**  
**COMMERCIAL REAL ESTATE RENTAL ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Budgetary Adjustments	Actual (Budgetary Basis)	Variance with Final Budget Positive/ (Negative)
	Original	Final				
<b>OPERATING REVENUES</b>						
Charges for sales and services:						
Rental income	\$ 1,917,387	\$ 1,917,387	\$ 1,958,960	\$ -	\$ 1,958,960	\$ 41,573
Other	40,000	40,000	71,069	-	71,069	31,069
Total operating revenues	<u>1,957,387</u>	<u>1,957,387</u>	<u>2,030,029</u>	<u>-</u>	<u>2,030,029</u>	<u>72,642</u>
<b>OPERATING EXPENSES</b>						
Professional and contractual services	142,950	142,950	152,871	-	152,871	(9,921)
Repairs and maintenance	87,500	87,500	98,028	-	98,028	(10,528)
Utilities	35,000	55,000	50,254	-	50,254	4,746
Supplies	2,000	2,000	1,258	-	1,258	742
Total operating expenses	<u>267,450</u>	<u>287,450</u>	<u>302,411</u>	<u>-</u>	<u>302,411</u>	<u>(14,961)</u>
Operating income before depreciation	1,689,937	1,669,937	1,727,618	-	1,727,618	57,681
Depreciation expense	-	-	1,333,134	(1,333,134)	-	-
Operating income	1,689,937	1,669,937	394,484	1,333,134	1,727,618	57,681
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment and interest income	2,500	2,500	9,675	-	9,675	7,175
Interest expense	(853,907)	(853,907)	(774,995)	-	(774,995)	78,912
Cost of debt issuance	-	-	(213,802)	-	(213,802)	(213,802)
Principal payments on debt (1)	(365,000)	(365,000)	-	(1,365,000)	(1,365,000)	(1,000,000)
Total nonoperating revenues (expenses)	<u>(1,216,407)</u>	<u>(1,216,407)</u>	<u>(979,122)</u>	<u>(1,365,000)</u>	<u>(2,344,122)</u>	<u>(1,127,715)</u>
Income before transfers	<u>\$ 473,530</u>	<u>\$ 453,530</u>	<u>(584,638)</u>	<u>\$ (31,866)</u>	<u>\$ (616,504)</u>	<u>\$ (1,070,034)</u>
Transfers to governmental funds			<u>(505,000)</u>			
Change in net position			<u>(1,089,638)</u>			
<b>NET POSITION - BEGINNING</b>			<u>26,251,491</u>			
<b>NET POSITION - ENDING</b>			<u>\$ 25,161,853</u>			

(1) Excludes principal reductions related to the defeasance of debt during the fiscal year.

**CITY OF MALIBU  
 COMBINING STATEMENT OF NET POSITION  
 PENSION TRUST FUNDS  
 JUNE 30, 2015**

	<u>Department Head Defined Contribution Pension Trust Fund</u>	<u>City Manager Defined Contribution Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
<b>ASSETS</b>			
Cash and investments:			
Money market mutual funds	\$ 185,216	\$ 15,522	\$ 200,738
Bond	-	4,166	4,166
U.S. stocks	30,399	79,080	109,479
International/global stocks	6,224	37,472	43,696
Specialty	1,073	5,220	6,293
Total cash and invesments	<u>\$ 222,912</u>	<u>\$ 141,460</u>	<u>\$ 364,372</u>
<b>NET POSITION</b>			
Restricted for pensions	<u>\$ 222,912</u>	<u>\$ 141,460</u>	<u>\$ 364,372</u>

**CITY OF MALIBU**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**PENSION TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Department Head Defined Contribution Pension Trust Fund	City Manager Defined Contribution Pension Trust Fund	Total Pension Trust Funds
<b>ADDITIONS</b>			
Contributions by employer	\$ 17,422	\$ 12,376	\$ 29,798
Investment earnings	<u>8,298</u>	<u>8,406</u>	<u>16,704</u>
Total additions	<u>25,720</u>	<u>20,782</u>	<u>46,502</u>
<b>DEDUCTIONS</b>			
Distributions	9,207	-	9,207
Investment losses	<u>4,283</u>	<u>1,631</u>	<u>5,914</u>
Total deductions	<u>13,490</u>	<u>1,631</u>	<u>15,121</u>
Change in net position	12,230	19,151	31,381
Net position - beginning of year	<u>210,682</u>	<u>122,309</u>	<u>332,991</u>
Net position - end of year	<u><u>\$ 222,912</u></u>	<u><u>\$ 141,460</u></u>	<u><u>\$ 364,372</u></u>

**CITY OF MALIBU**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2015**

	Special Deposits	Carbon Beach CFD	Broad Beach AD	Civic Center Wastewater Treatment Plant CFD	Total Agency Funds
<b>ASSETS</b>					
Cash and investments	\$ 1,452,001	\$ 312,433	\$ 68,542	\$ -	\$ 1,832,976
Cash and investments with fiscal agent	-	280,178	153,623	698,102	1,131,903
Accounts receivable	4,936	-	-	-	4,936
Due from other governments	-	6,567	4,366	-	10,933
<b>Total assets</b>	<b><u>\$ 1,456,937</u></b>	<b><u>\$ 599,178</u></b>	<b><u>\$ 226,531</u></b>	<b><u>\$ 698,102</u></b>	<b><u>\$ 2,980,748</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 40,422	\$ -	\$ -	\$ -	\$ 40,422
Deposits	1,416,515	-	-	-	1,416,515
Due to bondholders	-	599,178	226,531	698,102	1,523,811
<b>Total liabilities</b>	<b><u>\$ 1,456,937</u></b>	<b><u>\$ 599,178</u></b>	<b><u>\$ 226,531</u></b>	<b><u>\$ 698,102</u></b>	<b><u>\$ 2,980,748</u></b>

**CITY OF MALIBU**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balances</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2015</u>
<b><u>Special Deposits</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,966,949	\$ 557,165	\$ 1,072,113	\$ 1,452,001
Accounts receivable	6,870	4,936	6,870	4,936
Total assets	<u>\$ 1,973,819</u>	<u>\$ 562,101</u>	<u>\$ 1,078,983</u>	<u>\$ 1,456,937</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 71,946	\$ 924,672	\$ 956,196	\$ 40,422
Deposits	1,901,873	563,151	1,048,509	1,416,515
Total liabilities	<u>\$ 1,973,819</u>	<u>\$ 1,487,823</u>	<u>\$ 2,004,705</u>	<u>\$ 1,456,937</u>
<b><u>Carbon Beach CFD</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 93,831	\$ 288,924	\$ 70,322	\$ 312,433
Cash and investments with fiscal agent	492,895	55,131	267,848	280,178
Due from other governments	6,567	6,567	6,567	6,567
Total assets	<u>\$ 593,293</u>	<u>\$ 350,622</u>	<u>\$ 344,737</u>	<u>\$ 599,178</u>
<b>LIABILITIES</b>				
Due to bondholders	<u>\$ 593,293</u>	<u>\$ 288,908</u>	<u>\$ 283,023</u>	<u>\$ 599,178</u>
<b><u>Broad Beach AD</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 82,048	\$ 134,359	\$ 147,865	\$ 68,542
Cash and investments with fiscal agent	194,301	384,941	425,619	153,623
Due from other governments	7,484	4,366	7,484	4,366
Total assets	<u>\$ 283,833</u>	<u>\$ 523,666</u>	<u>\$ 580,968</u>	<u>\$ 226,531</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 40,686	\$ 140,186	\$ 180,872	\$ -
Due to bondholders	243,147	376,336	392,952	226,531
Total liabilities	<u>\$ 283,833</u>	<u>\$ 516,522</u>	<u>\$ 573,824</u>	<u>\$ 226,531</u>
<b><u>Civic Center Wastewater Plant CFD</u></b>				
<b>ASSETS</b>				
Cash and investments with fiscal agent	<u>\$ 970,091</u>	<u>\$ 50</u>	<u>\$ 272,039</u>	<u>\$ 698,102</u>
<b>LIABILITIES</b>				
Due to bondholders	<u>\$ 970,091</u>	<u>\$ 50</u>	<u>\$ 272,039</u>	<u>\$ 698,102</u>

	<u>Balances</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2015</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and investments	\$2,142,828	\$ 980,448	\$ 1,290,300	\$ 1,832,976
Cash and investments with fiscal agent	1,657,287	440,122	965,506	1,131,903
Accounts receivable	6,870	4,936	6,870	4,936
Due from other governments	14,051	10,933	14,051	10,933
Total assets	<u>\$3,821,036</u>	<u>\$1,436,439</u>	<u>\$2,276,727</u>	<u>\$2,980,748</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 112,632	\$1,064,858	\$ 1,137,068	\$ 40,422
Deposits	1,901,873	563,151	1,048,509	1,416,515
Due to bondholders	1,806,531	665,294	948,014	1,523,811
Total liabilities	<u>\$3,821,036</u>	<u>\$2,293,303</u>	<u>\$3,133,591</u>	<u>\$2,980,748</u>





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

	2006	2007	2008	2009	2010	Fiscal 2011
<b>Governmental activities</b>						
Net investment in capital assets	\$ 39,127	\$ 46,145	\$ 51,619	\$ 52,151	\$ 51,745	\$ 51,697
Restricted	2,109	2,484	2,432	2,446	9,317	6,242
Unrestricted	20,188	21,754	21,670	20,874	14,170	14,574
Total net position	<u>\$ 61,424</u>	<u>\$ 70,383</u>	<u>\$ 75,721</u>	<u>\$ 75,471</u>	<u>\$ 75,232</u>	<u>\$ 72,513</u>
<b>Business-type activities</b>						
Net investment in capital assets	\$ 8,805	\$ 6,402	\$ 10,294	\$ 18,144	\$ 21,388	\$ 24,111
Restricted	-	539	492	471	771	778
Unrestricted	(154)	1,155	345	493	399	588
Total net position	<u>\$ 8,651</u>	<u>\$ 8,096</u>	<u>\$ 11,131</u>	<u>\$ 19,108</u>	<u>\$ 22,558</u>	<u>\$ 25,477</u>
<b>Primary government</b>						
Net investment in capital assets	\$ 47,932	\$ 52,547	\$ 61,913	\$ 70,295	\$ 73,133	\$ 75,808
Restricted	2,109	3,023	2,924	2,917	10,088	7,020
Unrestricted	20,034	22,909	22,015	21,367	14,569	15,162
Total net position	<u>\$ 70,075</u>	<u>\$ 78,479</u>	<u>\$ 86,852</u>	<u>\$ 94,579</u>	<u>\$ 97,790</u>	<u>\$ 97,990</u>

Source: City of Malibu, Finance Department

Year			
2012	2013	2014	2015
\$ 50,952	\$ 51,149	\$ 52,846	\$ 56,421
4,227	6,639	4,398	3,128
14,482	17,292	21,556	21,174
<u>\$ 69,661</u>	<u>\$ 75,080</u>	<u>\$ 78,800</u>	<u>\$ 80,723</u>
\$ 23,528	\$ 22,895	\$ 23,426	\$ 22,931
784	791	1,801	11
765	860	1,024	2,220
<u>\$ 25,077</u>	<u>\$ 24,546</u>	<u>\$ 26,251</u>	<u>\$ 25,162</u>
\$ 74,480	\$ 74,044	\$ 76,272	\$ 79,352
5,011	7,430	6,199	3,139
15,247	18,152	22,580	23,394
<u>\$ 94,738</u>	<u>\$ 99,626</u>	<u>\$ 105,051</u>	<u>\$ 105,885</u>

**CITY OF MALIBU**  
Changes in Net Position- Last Ten Fiscal Years  
(accrual basis of accounting) (amounts expressed in thousands)

	2006	2007	2008	2009	Fiscal 2010
<b>Expenses</b>					
Governmental activities:					
Legislative and advisory	\$ 1,420	\$ 1,248	\$ 1,440	\$ 1,734	\$ 1,723
General government	2,887	3,268	3,739	4,023	5,879
Public safety	4,774	5,109	5,327	5,735	5,713
Community development	3,223	3,348	3,371	3,945	3,514
Parks and recreation	1,198	1,624	1,605	1,989	2,024
Public works	4,793	7,489	5,177	8,309	7,681
Interest on long-term debt	4	4	4	3	292
Total governmental activities expenses	18,299	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>\$ 19,113</u>	<u>\$ 23,652</u>	<u>\$ 22,222</u>	<u>\$ 26,957</u>	<u>\$ 28,759</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Legislative and advisory	\$ 1	\$ -	\$ 1	\$ -	\$ 3
General government	270	354	383	398	410
Public safety	691	658	658	712	746
Community development	3,605	4,212	4,098	3,907	3,834
Parks and recreation	418	612	546	553	516
Public works	518	574	478	366	452
Operating grants	2,401	4,486	1,670	882	1,643
Capital grants and contributions	1,445	5,332	3,581	3,564	3,681
Total governmental activities program revenues	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>\$ 17,599</u>	<u>\$ 16,792</u>	<u>\$ 14,753</u>	<u>\$ 18,640</u>	<u>\$ 15,445</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (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>\$ (1,514)</u>	<u>\$ (6,860)</u>	<u>\$ (7,469)</u>	<u>\$ (8,317)</u>	<u>\$ (13,314)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property	\$ 6,030	\$ 6,708	\$ 7,360	\$ 8,035	\$ 8,494
Utility users	2,479	2,673	2,757	2,525	2,554
Transient occupancy	999	713	908	1,043	1,075
Franchise	520	621	467	649	623
Sales	2,289	2,333	2,554	2,509	2,445
Parking occupancy	175	212	216	221	245
Motor vehicle in lieu	187	86	55	47	40
Investment earnings	685	935	872	481	248
Other	905	914	584	421	763
Transfers	(1,172)	(375)	(1,187)	(824)	(1,185)
Total governmental activities	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>\$ 14,312</u>	<u>\$ 15,264</u>	<u>\$ 15,842</u>	<u>\$ 16,044</u>	<u>\$ 16,525</u>
<b>Changes in Net Position</b>					
Governmental activities	\$ 4,147	\$ 8,958	\$ 5,338	\$ (249)	\$ (239)
Business activities	8,651	(554)	3,035	7,976	3,450
Total primary government	<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	2015
\$ 1,782	\$ 2,613	\$ 1,301	\$ 1,647	\$ 1,769
5,737	5,798	5,301	4,387	4,917
6,176	6,034	6,563	6,596	6,667
3,283	4,665	4,654	4,692	4,882
2,160	2,349	2,360	2,384	2,509
8,774	8,143	4,474	4,619	5,827
1,236	1,249	1,230	1,220	1,182
29,148	30,851	25,883	25,545	27,753
1,910	1,988	2,340	2,364	2,624
<u>\$ 31,058</u>	<u>\$ 32,839</u>	<u>\$ 28,223</u>	<u>\$ 27,909</u>	<u>\$ 30,377</u>

\$ -	\$ -	\$ -	\$ 2	\$ 20
543	485	553	646	747
783	746	692	720	801
3,828	3,669	3,932	4,138	3,876
509	496	542	506	631
453	561	551	526	504
1,982	1,851	1,201	1,731	1,359
2,149	3,433	5,597	1,444	4,262
10,247	11,241	13,068	9,713	12,200

1,505	1,547	1,801	1,963	2,030
-	-	-	1,000	-
3,102	31	-	1,448	-
4,607	1,578	1,801	4,411	2,030
<u>\$ 14,854</u>	<u>\$ 12,819</u>	<u>\$ 14,869</u>	<u>\$ 14,124</u>	<u>\$ 14,230</u>

\$ (18,901)	\$ (19,610)	\$ (12,815)	\$ (15,832)	\$ (15,553)
2,697	(410)	(539)	2,047	(594)
<u>\$ (16,204)</u>	<u>\$ (20,020)</u>	<u>\$ (13,354)</u>	<u>\$ (13,785)</u>	<u>\$ (16,147)</u>

\$ 8,555	\$ 8,820	\$ 9,254	\$ 9,894	\$ 10,349
2,514	2,413	2,494	2,487	2,577
1,160	1,336	1,421	1,535	1,984
671	686	703	755	795
2,452	2,629	2,980	3,308	3,489
238	259	324	313	366
63	7	7	6	6
94	76	45	95	108
644	532	1,006	809	1,506
(210)	-	-	350	505
16,181	16,758	18,234	19,552	21,685

13	10	8	8	10
210	-	-	(350)	(505)
223	10	8	(342)	(495)
<u>\$ 16,404</u>	<u>\$ 16,768</u>	<u>\$ 18,242</u>	<u>\$ 19,210</u>	<u>\$ 21,190</u>

\$ (2,720)	\$ (2,852)	\$ 5,419	\$ 3,720	\$ 6,132
2,920	(400)	(531)	1,705	(1,089)
<u>\$ 200</u>	<u>\$ (3,252)</u>	<u>\$ 4,888</u>	<u>\$ 5,425</u>	<u>\$ 5,043</u>

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

	2006	2007	2008	Fiscal 2009
<b>General Fund</b>				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total General Fund				
<b>All Other Governmental Funds</b>				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total All Other Governmental Funds				
Total All Governmental Funds				
<b>General Fund</b>				
Reserved	\$ 1,059	\$ 377	\$ 218	\$ 3,750
Unreserved	17,003	18,229	19,060	14,738
Total General Fund	18,062	18,606	19,278	18,488
<b>All Other Governmental Funds</b>				
Reserved	5,051	566	805	2,807
Unreserved, reported in:				
Special revenue funds	2,935	3,268	3,055	2,646
Capital projects funds	(4,916)	(539)	(749)	(2,143)
Total All Other Governmental Funds	3,070	3,295	3,111	3,310
Total All Governmental Funds	\$ 21,132	\$ 21,901	\$ 22,389	\$ 21,798

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	2011	2012	2013	2014	2015
	\$ 726	\$ 712	\$ 616	\$ 580	\$ 540
	6,397	3,794	3,739	3,037	2,365
	5,034	3,705	3,796	3,934	3,335
	1,137	1,681	860	1,046	1,291
	7,058	8,681	12,937	16,512	20,284
	<u>20,352</u>	<u>18,573</u>	<u>21,948</u>	<u>25,109</u>	<u>27,815</u>
	-	-	-	-	-
	2,180	1,726	4,031	1,361	764
	4,336	1,156	3,001	1,958	503
	-	-	-	-	-
	<u>(5,212)</u>	<u>(2,851)</u>	<u>(3,894)</u>	<u>(2,585)</u>	<u>(1,329)</u>
	1,304	31	3,138	734	(62)
	<u>\$ 21,656</u>	<u>\$ 18,604</u>	<u>\$ 25,086</u>	<u>\$ 25,843</u>	<u>\$ 27,753</u>

\$ 3,755  
22,996  
26,751

4,938

965  
(3,275)  
2,628  
\$ 29,379

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

	2006	2007	2008	Fiscal 2009
<b>Revenues</b>				
Taxes	\$ 13,630	\$ 14,514	\$ 15,144	\$ 15,506
Fines and forfeitures	691	656	658	712
Intergovernmental	4,721	8,729	5,822	1,422
Investment income	685	935	872	481
Charges for services	4,418	5,265	5,108	8,333
Contributions from property owners	-	-	-	-
Other	124	110	116	15
<b>Total Revenues</b>	<u>24,269</u>	<u>30,209</u>	<u>27,720</u>	<u>26,469</u>
<b>Expenditures</b>				
Legislative and advisory	1,398	1,248	1,440	1,732
General government	2,958	3,083	3,492	3,851
Public safety	4,763	5,086	5,302	5,690
Community development	3,210	3,337	3,371	3,945
Parks and recreation	1,130	1,584	1,562	1,828
Public works	4,089	6,567	10,528	6,930
Capital outlay	1,952	8,129	346	2,276
Debt Service				
Debt issuance/refunding costs	-	-	-	-
Principal	22	27	40	28
Interest	4	4	4	3
<b>Total Expenditures</b>	<u>19,526</u>	<u>29,065</u>	<u>26,085</u>	<u>26,283</u>
Excess of revenues over/(under) expenditures	<u>4,743</u>	<u>1,144</u>	<u>1,635</u>	<u>186</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers in	2,027	6,595	6,856	3,047
Transfers out	(3,199)	(6,970)	(8,043)	(3,871)
Debt proceeds/refunding payments	-	-	-	-
Other	98	-	40	47
<b>Total other financing sources</b>	<u>(1,074)</u>	<u>(375)</u>	<u>(1,147)</u>	<u>(777)</u>
<b>Net change in fund balances</b>	<u>\$ 3,669</u>	<u>\$ 769</u>	<u>\$ 488</u>	<u>\$ (591)</u>
Debt service as a percentage of noncapital expenditures	0.1%	0.1%	0.2%	0.1%

Source: City of Malibu, Finance Department

Year					
2010	2011	2012	2013	2014	2015
\$ 16,087	\$ 16,464	\$ 16,979	\$ 18,074	\$ 19,174	\$ 20,735
746	783	746	692	720	801
3,340	3,232	5,848	2,928	3,446	5,758
248	94	76	45	95	108
7,166	5,227	4,725	5,121	5,411	5,382
-	-	-	5,000	-	-
131	42	48	364	202	363
<u>27,718</u>	<u>25,842</u>	<u>28,422</u>	<u>32,224</u>	<u>29,048</u>	<u>33,147</u>
1,720	1,779	2,610	1,298	1,645	1,778
5,158	5,218	5,268	4,379	3,672	4,225
5,675	6,109	6,020	6,553	6,585	6,666
3,514	3,283	4,639	4,596	4,626	5,023
1,888	2,018	2,054	2,087	2,107	2,298
4,322	4,322	3,254	2,446	2,768	2,757
22,361	9,489	6,469	3,113	5,207	6,902
-	-	-	-	-	418
17	17	26	42	805	556
292	1,158	1,226	1,228	1,226	1,201
<u>44,947</u>	<u>33,393</u>	<u>31,566</u>	<u>25,742</u>	<u>28,641</u>	<u>31,824</u>
<u>(17,229)</u>	<u>(7,551)</u>	<u>(3,144)</u>	<u>6,482</u>	<u>407</u>	<u>1,323</u>
6,428	8,787	6,864	4,845	6,016	7,665
(7,613)	(8,997)	(6,864)	(4,845)	(5,666)	(7,160)
-	-	-	-	-	82
25,995	38	92	-	-	-
<u>24,810</u>	<u>(172)</u>	<u>92</u>	<u>-</u>	<u>350</u>	<u>587</u>
<u>\$ 7,581</u>	<u>\$ (7,723)</u>	<u>\$ (3,052)</u>	<u>\$ 6,482</u>	<u>\$ 757</u>	<u>\$ 1,910</u>
1.2%	4.2%	4.3%	5.3%	8.3%	6.4%

**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	<b>City</b>									
	Secured					Unsecured	SBE Nonunitary	Taxable Assessed Value (Note 1)	Total Direct Rate (Note 2)	
	Residential	Commercial	Industrial	Vacant	Others					
2006	\$ 6,489,346	\$ 256,568	\$ 57,893	\$ 533,802	\$ 21,256	\$ 59,623	\$ 6	\$ 7,418,494	0.06512	
2007	7,371,851	356,811	58,634	613,637	19,714	62,361	6	8,483,014	0.06579	
2008	8,096,454	401,723	59,807	653,475	20,952	62,949	6	9,295,366	0.06618	
2009	8,785,920	506,073	58,243	730,432	30,239	75,243	1	10,186,151	0.06656	
2010	9,331,634	531,792	93,922	766,001	29,853	36,824	1	10,790,027	0.06729	
2011	9,409,700	539,073	94,739	776,145	58,799	38,697	0	10,917,153	0.06683	
2012	9,809,360	538,072	97,011	758,447	66,681	38,256	0	11,307,827	0.06696	
2013	10,105,213	575,214	60,908	788,285	66,443	77,765	0	11,673,828	0.06706	
2014	10,692,188	626,686	62,126	862,106	66,249	79,812	0	12,389,167	0.06726	
2015	11,160,366	628,123	62,408	827,167	103,250	94,771	0	12,876,085	0.06737	

**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**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
La County Flood Control	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
Santa Monica Community College Dist	0.04568	0.05074	0.05034	0.04781	0.05029	0.08155	0.07947	0.07206	0.05941	0.05873
Santa Monica-Malibu Unified	0.02612	0.02434	0.05222	0.04627	0.04743	0.04822	0.04568	0.05639	0.07381	0.07636
<b>Total Direct &amp; Overlapping Tax Rates</b>	<b>1.07785</b>	<b>1.08049</b>	<b>1.10706</b>	<b>1.09838</b>	<b>1.10202</b>	<b>1.13347</b>	<b>1.12885</b>	<b>1.13195</b>	<b>1.13672</b>	<b>1.13859</b>
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)	0.06512	0.06579	0.06618	0.06656	0.06729	0.06683	0.06696	0.06706	0.06726	0.06737

**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 of assessed property values for the payment of any voter approved bonds.

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 all 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 figures.

Note 4: Total Direct Rate is the weighted average of all individual direct rates applied to by the City and excludes revenues derived from aircraft. 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	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
HRL Laboratories LLC	1 \$ 103,691	0.81%	1 \$ 84,764	1.14%
Malibu Realty LLC	2 89,137	0.69%	2 45,563	0.61%
Carbonview Limited LLC	3 88,339	0.69%	4 27,067	0.36%
Jamestown Premier Malibu Villa	4 78,897	0.61%		
Goldman Sachs Trust	5 74,838	0.58%		
KW Malibu Colony Plaza LLC	6 68,003	0.53%	8 19,719	0.27%
Glimcher Properties LP	7 66,062	0.51%		
2XMD Partners LLC	8 59,576	0.46%		
Carlyle CP Malibu Limited Partnership	9 59,084	0.46%		
Wavebreak LLC	10 52,272	0.41%		
Howard and Nancy Marks Trust			3 33,071	0.45%
Lester J. Knispel Trust			5 26,774	0.36%
Malibu CAC LLC			6 23,113	0.31%
Marcia L. Carsey Trust			7 20,345	0.27%
Bruno and Kyara Mascolo			9 19,098	0.26%
SF Pacific LLC			10 18,756	0.25%
	<u>\$ 739,899</u>	<u>5.75%</u>	<u>\$ 318,270</u>	<u>4.29%</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
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%
2015	8,699,487	8,512,581	97.85%	185,697	8,698,278	99.99%

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	Deferred (Discounts) Premiums	Certificates of Participation	Loans Payable	Deferred (Discounts) Premiums				
2006	\$ -	\$ 66	\$ -	\$ 17,580	\$ -	\$ (137)	\$ 17,509	3.223%	0.236%	\$ 1,357
2007	-	39	-	17,580	870	(133)	18,356	3.248%	0.216%	1,431
2008	-	39	-	17,580	652	(128)	18,143	3.158%	0.195%	1,427
2009	-	58	-	17,580	257	(124)	17,771	3.267%	0.174%	1,402
2010	26,040	27	(45)	17,580	259	(119)	43,742	7.885%	0.405%	3,455
2011	26,040	49	(43)	17,280	260	(115)	43,471	7.447%	0.398%	3,428
2012	26,040	115	(41)	16,965	261	(110)	43,230	6.924%	0.382%	3,397
2013	26,040	72	(40)	16,635	-	(105)	42,602	6.813%	0.365%	3,331
2014	25,660	11	(38)	16,290	-	(101)	41,822	6.402%	0.338%	3,249
2015	24,445	-	434	15,615	-	(264)	40,230	N/A	0.312%	3,110

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, 2015

<u>Overlapping Tax and Assessment Debt:</u>	<u>Total Debt 6/30/2015</u>	<u>Percent Applicable To City (1)</u>	<u>City's Share of Debt 6/30/2015</u>
Los Angeles County Flood Control District	\$ 15,105,000	1.093%	\$ 165,098
Metropolitan Water District	110,420,000	0.556%	613,935
Santa Monica Community College District	438,732,636	29.514%	129,487,550
Santa Monica-Malibu Unified School District	310,824,194	29.470%	91,599,890
City of Malibu Community Facilities District No. 2006-1	3,490,000	100.000%	3,490,000
City of Malibu Community Facilities District No. 2012-1	6,500,000	100.000%	6,500,000
City of Malibu Broad Beach Assessment District	1,845,000	97.512%	1,799,096
Los Angeles County Regional Park and Open Space District	82,880,000	1.072%	888,474
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 234,544,043</b>
<u>Direct and Overlapping Governmental Debt:</u>			
Los Angeles County General Fund Obligations	1,885,330,518	1.072%	20,210,743
Los Angeles Superintendent of Schools COP	8,719,113	1.072%	93,469
Santa Monica Community College District COP	16,305,000	29.514%	4,812,258
Santa Monica-Malibu Unified School District COP	11,271,501	29.470%	3,321,711
<b>City of Malibu Certificates of Participation</b>	<b>24,445,000</b>	<b>100.000%</b>	<b>24,445,000</b>
<b>City of Malibu COPs Deferred/Discounts/Premiums</b>	<b>433,896</b>	<b>100.000%</b>	<b>433,896</b>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 53,317,077
Less: Los Angeles County General Fund Obligations supported by landfill revenues			48,721
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 53,268,356
<b>SUBTOTAL DIRECT DEBT (2)</b>			<b>\$ 24,878,896</b>
SUBTOTAL GROSS OVERLAPPING DEBT			\$ 262,982,224
SUBTOTAL NET OVERLAPPING DEBT			\$ 262,933,503
GROSS COMBINED TOTAL DEBT (3)			\$ 287,861,120
NET COMBINED TOTAL DEBT			\$ 287,812,399
<b>2014-15 Assessed Valuation</b>	<b>\$ 12,876,085,097</b>		
<u>Ratios to 2014-2015 Assessed Valuation:</u>			
Overlapping Tax and Assessment Debt		1.82%	
<b>Total Direct Debt (\$24,878,896)</b>		<b>0.19%</b>	
Gross Combined Total Debt		2.24%	
Net Combined Total Debt		2.24%	

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

Note 2: Excludes Refunding Certificate of Participation 2015A and a portion of Refunding Certificate of Participation 2015B which are supported by enterprise revenue.

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	\$ 12,876,085
Debt limit (15% of assessed value)	1,931,413
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	\$ 1,931,413

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2015	1,931,413	-	1,931,413	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
2006	12,907	12,670,216	\$ 533,250,287	\$ 42,087	4.40%
2007	12,823	12,631,988	556,735,701	44,073	4.70%
2008	12,713	12,692,740	573,639,303	45,194	6.80%
2009	12,672	12,774,577	548,440,931	42,932	11.10%
2010	12,659	12,845,311	562,935,039	43,824	11.70%
2011	12,683	12,954,525	596,210,411	46,023	11.70%
2012	12,727	13,064,761	640,902,580	49,056	10.40%
2013	12,789	13,175,849	644,229,231	48,895	9.40%
2014	12,871	13,262,220	673,073,539	50,751	7.60%
2015	12,935	N/A	N/A	N/A	6.60%

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 Ten Fiscal Years

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Government</b>										
Management Services	5.00	5.00	5.00	5.00	4.00	4.00	4.00	6.62	6.62	7.43
Administrative Services	7.00	7.50	9.50	9.50	9.50	9.50	11.50	10.50	11.00	12.00
<b>Community Service</b>										
Recreation	15.00	16.85	16.85	18.14	19.15	17.91	18.04	19.36	17.79	19.39
<b>Public Safety</b>										
Emergency Preparedness	1.00	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	0.00
<b>Community Development</b>										
Planning	12.30	15.50	15.00	14.75	14.75	17.00	16.50	17.50	17.50	20.50
Building Safety	4.25	5.00	5.00	4.75	4.75	4.50	5.00	5.00	4.50	5.00
Permit Services	6.25	7.00	8.00	10.75	10.75	8.00	6.00	6.00	6.00	6.50
Wastewater Management	2.25	2.50	3.00	3.75	3.75	4.00	4.00	4.00	4.00	4.00
<b>Public Works</b>										
PW and Engineering	9.50	11.50	11.00	11.00	10.50	6.00	6.00	6.00	7.00	7.00

Source: City of Malibu, Finance Department

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

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Recreation</b>										
Use of Facilities (hours)	12,500	12,684	12,121	22,572	22,500	13,595	14,562	14,625	16,060	15,378
Visitors Served	111,010	144,187	156,000	171,364	172,000	175,860	186,390	168,406	111,569	165,477
<b>Police</b>										
Physical arrests	399	415	472	415	397	1,130	979	1,066	105	1,037
Parking violations	4,503	4,777	4,817	5,343	6,020	7,000	6,841	7,646	10,109	8,535
Traffic violations	12,711	10,581	10,679	12,817	18,433	16,115	11,312	16,044	12,722	22,140
<b>Community Development</b>										
Permits Issued	2,120	2,436	2,598	2,351	2,195	2,160	1,991	1,810	1,874	1,793
In-house Plan Checks	406	541	831	787	600	561	575	607	660	608
Off-site Plan Checks	268	333	255	265	239	259	187	154	246	191
<b>Public Works</b>										
In-house Plan Checks	391	719	468	325	251	250	368	487	508	492
Encroachment Permits Issued	131	153	87	105	62	97	113	183	162	187

Source: City of Malibu, Various Departments

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

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Fire Protection</b>										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	6	6	6	6	6	6	6	6	6	6
Other Fire Vehicles	9	9	9	9	9	9	9	9	9	9
Fire Personnel*	54	54	54	54	54	54	54	54	54	54
Paramedic Squads*	2	2	2	2	2	2	2	2	2	2
<b>Police</b>										
Police Vehicles	15	15	15	15	15	15	15	15	15	15
Sworn Personnel**	24	24	24	24	24	24	24	24	24	24
Non-Sworn Personnel**	1	1	1	1	1	1	1	1	1	1
<b>Community Service</b>										
Parks and Park Trails	5	5	5	5	5	5	5	5	5	5
Park Acreage	18	18	18	18	18	18	18	18	18	18
Open Space Acreage	588	588	588	588	588	588	588	588	588	588
Community Centers***	1	1	1	1	1	1	1	1	1	1
Swimming Pools***	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of Streets	74	74	74	74	74	74	74	74	74	74
Miles of Sidewalks	12	12	12	12	12	12	12	12	12	12
Number of Intersections	270	270	270	270	270	270	270	270	270	270
Total Traffic Signals	5	5	5	5	5	5	5	5	5	5
Miles of Storm Drains	5	5	5	5	5	5	5	5	5	5

\* 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