



City Council Meeting
02-22-21

**Item
3.B.4.**

Council Agenda Report

To: Mayor Pierson and the Honorable Members of the City Council

Prepared by: Lisa Soghor, Assistant City Manager

Approved by: Reva Feldman, City Manager

Date prepared: February 3, 2021 Meeting date: February 22, 2021

Subject: Comprehensive Annual Financial Report and Management Letter for Fiscal Year 2019-2020

RECOMMENDED ACTION: Receive and file the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2019-2020.

FISCAL IMPACT: There is no fiscal impact associated with the recommended action.

WORK PLAN: This item was included as item 6a in the Adopted Work Plan for Fiscal Year 2020-2021.

DISCUSSION: The City's independent auditors from the firm of Lance, Soll and Lunghard, LLP, have concluded their annual financial audit of the City for the fiscal year ending June 30, 2020, and have approved the issuance of the CAFR. The City's Treasurer, Ruth Quinto, also reviewed the CAFR for Fiscal Year 2019-2020.

The CAFR reflects total fund balances of \$52.1 million at June 30, 2020, which is an increase of \$18.5 million from the prior year's ending balance of \$33.6 million. In comparison, Fiscal Year 2018-19 had a net decrease to fund balance of \$8.7 million. Following are the key elements of the net \$27.2 million year-to-year increase in activity:

During the current year, the City reported an extraordinary gain for one-time settlements of \$15.9 million. The settlements were due to claims filed by the City as a result of the prior year Woolsey Fire and subsequent storms.

Revenues decreased by a net of \$4.6 million from the prior year:

- A net increase of \$1.2 million in taxes: property taxes increased by \$0.6 million from higher assessed values, and transient occupancy tax increased by \$0.4 million. Sales tax, property transfer tax, and utility users tax all had smaller increases and combine to account for the remaining \$0.2 million increase.
- Fines and forfeitures increased by \$0.4 million due to higher collections of parking citations.
- Intergovernmental revenues decreased by \$6.8 million. The most significant changes in intergovernmental revenues are grant-related. In the current year, the City recorded \$0.6 million in disaster recovery grants for damages sustained during the Woolsey Fire and subsequent storms, \$1.0 million in capital construction grants, and \$0.1 million for homeless initiatives and fire safety. In the prior year, the City recorded a County grant of \$7.3 million to use for the acquisition of land, capital construction grants of \$0.9 million, and a Proposition A funds exchange of \$0.3 million.
- Interest income increased by \$0.2 million as a result of lower interest rates at year-end resulting in a market value unrealized gain being recorded.
- Charges for services increased by \$0.8 million due to higher permitting activities resulting from building activities throughout the City. The building activities that generated the higher charges for services are not related to rebuilding from the Woolsey Fire.
- Other income decreased by \$0.4 million. The City received higher monetary donations from developers in the prior year than in the current year.

Expenditures decreased by \$40.6 million in the fiscal year from the prior year:

- Public safety costs increased by \$0.8 million due to paying higher contracted fees for Los Angeles County Sheriff services, the City assuming the entire cost of The People Concern Homeless Outreach Team and adding a new Fire Safety Liaison position to the City's public safety department to meet increased needs for fire safety training and education.
- Public works and community development costs increased by \$0.8 million over the prior year. The City's commitment to rebuilding from the Woolsey Fire resulted in higher costs for consultants, debris removal, and infrastructure repair. In addition, due to the strong economy during the first part of the fiscal year, the City received a higher number of building-related applications that were not associated with rebuilding from the fire.

- Capital outlay decreased by \$41.6 million from the prior year. In the prior year, the City had a one-time transaction to acquire three parcels of land for \$42.5 million. Offsetting this are current year increases in capital outlay mainly resulting from rebuilding efforts from the prior year's fire and related storm damage.
- Smaller decreases in legislative and advisory, general government, and community services account for the remainder of the expenditure decrease.

Other financing sources and uses decreased by \$24.7 million. In Fiscal Year 2018-19, the City recorded \$24.8 million of net debt proceeds from the 2018 Certificates of Participation. The remaining difference is due to a \$0.1 million increase in transfers with the enterprise funds.

The General Fund is the chief operating fund of the City of Malibu and comprises approximately 93% of the governmental expenditures of the City. The General Fund Reserve totaled \$49.7 million. Of that amount, \$30.7 million was available as undesignated; \$413,000 was reserved for Bluffs Park Improvements; \$862,000 was designated for deferred maintenance; \$587,000 was designated for Capital Improvement Projects; \$202,000 was reserved for water quality settlement; \$240,000 was reserved for the Housing Element; \$500,000 was reserved for City facilities; and \$363,000 was reserved for Internal Services.

The City's assets exceeded its liabilities at the close of the fiscal year by \$207.0 million.

The 2019-2020 Fiscal Year audit was conducted in accordance with generally accepted auditing standards. The auditors issued a management letter that had no major findings, indicating that the standards applicable to financial audits contained in the *Government Auditing Standards* have been adhered to by the City of Malibu.

ATTACHMENTS:

1. Audit Management Letter
2. Comprehensive Annual Financial Report (CAFR)



December 18, 2020

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Malibu, California (the City) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 30, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2019-2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimates of its net pension liability and net other post-employment benefits liability are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other post-employment benefits liability to determine that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.





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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis; the budgetary comparison schedules for the General Fund and Grants special revenue fund; the schedules of plan contributions; the schedule of proportionate share of the net pension liability; and the schedule of changes in the net OPEB liability and related ratios which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



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

We were engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory or statistical section, which accompany the financial statements but are not RSI. Such information has 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 it.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2019-2020 audit:

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 88, *Certain Disclosure Related to Debt, including Direct Borrowing and Direct Placements*.

The following pronouncements have been postponed as a temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date is reflected in the following fiscal years and should be reviewed for proper implementation by management:

Fiscal year 2021

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.

Fiscal year 2022

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.



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

Restriction on Use

This information is intended solely for the use of the City Council and management of City of Malibu, California and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lungard, LLP

Brea, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020



CITY OF MALIBU | CALIFORNIA

ATTACHMENT 2

CITY OF MALIBU, CALIFORNIA

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared by:
City of Malibu
Management and Administrative Services Department
Lisa Soghor, Assistant City Manager

CITY OF MALIBU, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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CITY OF MALIBU, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION

The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Malibu, California's structure and its personnel, as well as information useful in assessing the City's financial condition. This section includes the following:

- Letter of Transmittal
- List of City Officials
- Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting
- City's Organizational Chart



City of Malibu

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

December 18, 2020

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, 2020 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 unmodified opinion that the City of Malibu, California's financial statements for the fiscal year ended June 30, 2020 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. The Woolsey Fire, which erupted on November 8, 2018 and reached Malibu on November 9, was the largest fire in Los Angeles County history and the most disastrous event ever in Malibu. In one week, the fire burned almost 100,000 acres throughout the Santa Monica Mountains area and destroyed approximately 480 structures in Malibu. The City remains actively engaged in facilitating the recovery and rebuilding of residential homes and city infrastructure which is anticipated to take several years.

New economic challenges presented themselves in 2020. The Safer at Home orders first issued by the State of California and the County of Los Angeles in March 2020 in response to the COVID-19 pandemic have affected businesses locally and world-wide. City revenues are projected to be decreased, including those related to sales tax, transient occupancy tax and utility users tax as well as permits and licenses. City staff continues to carefully monitor the ongoing economic effects of the COVID-19 pandemic, and the impacts are predicted to continue for several years. The City's largest revenue source is property tax, which continues to be stable due to a strong residential real estate market and steady valuation despite the effects of the Woolsey Fire and the COVID-19 pandemic. Additionally, 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, considers 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, 2020, the City had approximately \$49.7 million in total General Fund reserves, which allows for flexibility in budget projections, 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 \$30.7 million or 85% of General Fund operating expenditures and exceeds the City's goal of maintaining a minimum of 50% of the fund's 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 CAFR for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. 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 Management and Administrative Services Department staff. Special acknowledgment is given to Renée Neermann, Julie Matsumoto, and the staff 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,



Lisa Soghor
Assistant City Manager

CITY OF MALIBU, CALIFORNIA
LIST OF CITY OFFICIALS
JUNE 30, 2020

CITY COUNCIL

MAYOR	KAREN FARRER
MAYOR PRO TEM	MIKKE PIERSON
COUNCIL MEMBER	RICK MULLEN
COUNCIL MEMBER	SKYLAR PEAK
COUNCIL MEMBER	JEFFERSON WAGNER

DEPARTMENT OFFICIALS

CITY MANAGER	REVA FELDMAN
ASSISTANT CITY MANAGER	LISA SOGHOR
CITY CLERK	HEATHER GLASER
ENVIRONMENTAL SUSTAINABILITY DIRECTOR	YOLANDA BUNDY
PLANNING DIRECTOR	BONNIE BLUE
COMMUNITY SERVICES DIRECTOR	JESSE BOBBETT
PUBLIC WORKS DIRECTOR	ROB DUBOUX
CITY ATTORNEY	CHRISTI HOGIN



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Malibu
California**

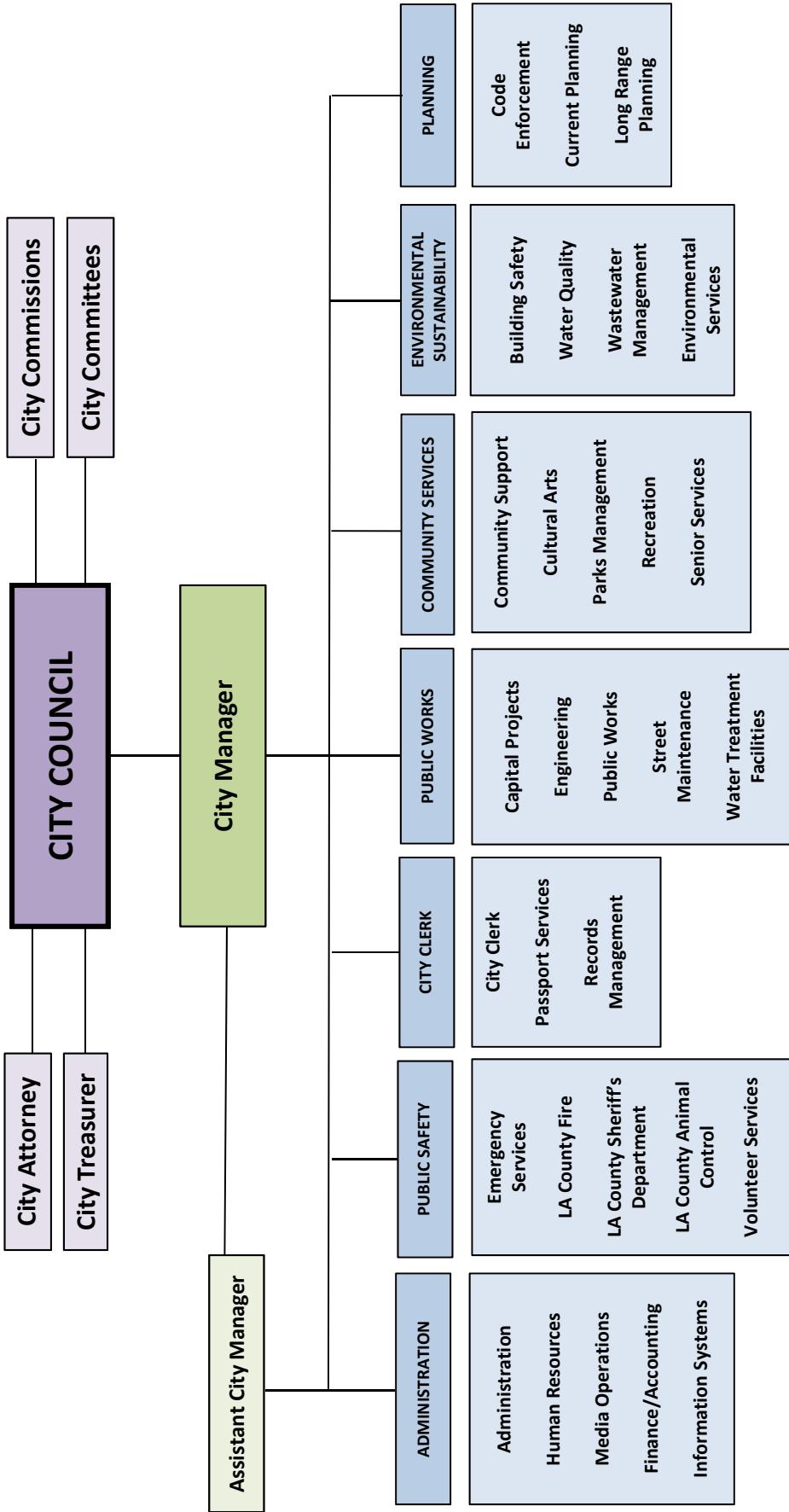
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Monell

Executive Director/CEO

Fiscal Year 2019-20 Adopted Organizational Chart



FINANCIAL SECTION

The Financial Section of the Comprehensive Annual Financial Report contains the following:

- Independent Auditor's Report
- Required Supplementary Information – Management Discussion and Analysis (MD&A)



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, 2020, 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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedules for the General Fund and the Grants special revenue fund; the schedules of plan contributions; the schedule of proportionate share of the net pension liability; and the schedule of changes in the net OPEB liability and related ratios 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 the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, 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 solely 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 the effectiveness of the City's 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.

A handwritten signature in black ink that reads "Lance, Soll & Lungard, LLP". The signature is fluid and cursive, with "Lance" and "Soll" on the first line and "& Lungard, LLP" on the second line.

Brea, California
December 18, 2020



CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2020

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, 2020. 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

Government-wide Statements:

- Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources at the close of the year ended June 30, 2020 by \$207.0 million (*net position*). Of this amount, \$50.5 million (*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 \$21.0 million as a result of revenues and other increases exceeding expenses. The majority of this increase to net position is due to an extraordinary item of one-time settlements received during the year from the prior year's Woolsey Fire and subsequent storm disaster. The largest of these settlements is \$13.6 million from Southern California Edison (SCE) for claims associated with the Woolsey Fire. Other settlements came from the City's insurance carrier, California Joint Powers Insurance Authority (CJPIA), to cover damages to City facilities in the Woolsey Fire and subsequent storms.

Fund Level Statements:

- As of June 30, 2020, the City's governmental funds reported a combined ending fund balance of \$52.1 million, an increase of \$18.5 million over the prior year. Of this amount, \$29.5 million is available for spending at the government's discretion (*unassigned fund balance*). The majority of this increase to fund balance is due to an extraordinary item of one-time settlements received during the year from the prior year's Woolsey Fire and subsequent storm disaster.
- As of June 30, 2020, the General Fund reported an ending fund balance of \$49.7 million, an increase of \$17.3 million over the prior year. Of this amount, \$30.7 million is available for spending at the government's discretion (*unassigned fund balance*). The majority of this increase to fund balance is due to an extraordinary item of one-time settlements received during the year from the prior year's Woolsey Fire and subsequent storm disaster.
- As of June 30, 2020, the City's proprietary funds reported a combined ending net position of \$88.6 million, a decrease of \$2.1 million from the prior year. Of this amount, \$8.1 million is available for spending at the government's discretion (*unrestricted net position*).

Overview of the Financial Statements

This discussion and analysis is required supplementary information and serves 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 (RSI) follows the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements and RSI.

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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 grants and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of 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, community services, and public works. Business-type activities are comprised of commercial real estate rental properties and wastewater services.

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.

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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 several 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 all other governmental funds is 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 basic governmental fund financial statements can be found in the financial section of this report immediately following the government-wide financial statements.

The City of Malibu adopts an annual appropriated budget for the majority of the governmental funds, excluding Capital Projects Funds. A budgetary comparison schedule has been provided for each governmental fund which has an annual budget to demonstrate compliance with this budget. The budgetary comparison schedules are presented as required supplementary information for major funds and as supplementary information for nonmajor funds.

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 two proprietary funds; the City's commercial real estate rental and wastewater treatment enterprise funds are represented as business-type activities in the government-wide financial statements. Both of these enterprise funds are considered to be major funds, and information is presented separately in the proprietary fund statements. The fund statements provide detailed information about the net position, operating statements, and cash flows of each business-type activity. The City adopts an annual budget for these funds, and budgetary comparison schedules have 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 statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is found immediately following the notes to the 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.

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Government-wide Financial Analysis

City of Malibu Net Position

	Governmental Activities		Business-type Activities		Total	
	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20
Current and other assets	\$37,630,339	\$56,966,591	\$13,878,273	\$13,776,029	\$51,508,612	\$70,742,620
Capital assets	123,949,248	127,123,203	91,259,411	89,649,892	215,208,659	216,773,095
Total assets	161,579,587	184,089,794	105,137,684	103,425,921	266,717,271	287,515,715
Deferred charge on refunding	1,755,852	1,649,237	577,270	534,996	2,333,122	2,184,233
Deferred outflows from OPEB	760,595	773,180	-	-	760,595	773,180
Deferred outflows from pension	2,198,803	2,179,039	-	-	2,198,803	2,179,039
Total deferred outflows	4,715,250	4,601,456	577,270	534,996	5,292,520	5,136,452
Long-term liabilities	66,296,568	64,851,796	13,709,980	13,101,905	80,006,548	77,953,701
Other liabilities	4,294,808	4,238,267	1,241,218	2,222,677	5,536,026	6,460,944
Total liabilities	70,591,376	69,090,063	14,951,198	15,324,582	85,542,574	84,414,645
Deferred inflows from OPEB	122,034	892,274	-	-	122,034	892,274
Deferred inflows from pension	329,601	330,427	-	-	329,601	330,427
Total deferred inflows	451,635	1,222,701	-	-	451,635	1,222,701
Net investment in capital assets	66,651,104	70,789,585	78,126,701	77,082,983	144,777,805	147,872,568
Restricted	4,205,668	5,181,106	3,403,345	3,439,852	7,609,013	8,620,958
Unrestricted	24,395,054	42,407,795	9,233,710	8,113,500	33,628,764	50,521,295
Total net position	\$95,251,826	\$118,378,486	\$90,763,756	\$88,636,335	\$186,015,582	\$207,014,821

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 \$207.0 million at June 30, 2020, an increase of \$21.0 million over the net position of \$186.0 million at June 30, 2019. The excess of revenues over expenses will be analyzed in conjunction with the Statement of Activities.

The largest portion of the City's net position (\$147.9 million or 72%) reflects its net investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position (\$8.6 million or 4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$50.5 million or 24%) may be used to meet the city's ongoing obligations to citizens and creditors.

City of Malibu Changes in Net Position

Following is a summary of the government-wide *Statement of Activities*. This table illustrates the \$21.0 million increase in the City's net position. A large component of this increase is due to a one-time settlement received during the year from the prior year's Woolsey Fire and subsequent storm disaster. Discussion regarding significant changes follows the table.

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	Governmental Activities		Business-type Activities		Total	
	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20
Program revenues:						
Charges for services	\$ 7,964,629	\$ 9,146,711	\$ 2,670,574	\$ 3,120,532	\$ 10,635,203	\$ 12,267,243
Operating contributions and grants	1,822,328	2,165,392	292,795	100,523	2,115,123	2,265,915
Capital contributions and grants	9,311,299	7,415,140	1,317,457	-	10,628,756	7,415,140
General revenues:						
Property taxes	13,658,762	14,279,651	-	-	13,658,762	14,279,651
Other taxes	11,411,573	11,968,410	-	-	11,411,573	11,968,410
Other revenues	2,934,868	2,430,155	2,094,483	418,193	5,029,351	2,848,348
Total revenues	47,103,459	47,405,459	6,375,309	3,639,248	53,478,768	51,044,707
Expenses:						
Legislative and advisory	1,824,687	1,637,927	-	-	1,824,687	1,637,927
General government	6,664,245	6,810,130	-	-	6,664,245	6,810,130
Public safety	8,371,866	9,071,625	-	-	8,371,866	9,071,625
Community development	6,373,512	6,477,340	-	-	6,373,512	6,477,340
Community services	3,173,324	2,773,322	-	-	3,173,324	2,773,322
Public works	8,798,319	10,041,304	-	-	8,798,319	10,041,304
Interest on long-term debt	2,008,560	2,162,062	-	-	2,008,560	2,162,062
Commercial real estate rental	-	-	2,422,612	2,575,871	2,422,612	2,575,871
Wastewater treatment	-	-	1,173,376	2,957,408	1,173,376	2,957,408
Total expenses	37,214,513	38,973,710	3,595,988	5,533,279	40,810,501	44,506,989
Excess/(deficiency) before transfers	9,888,946	8,431,749	2,779,321	(1,894,031)	12,668,267	6,537,718
Transfers	140,116	233,390	(140,116)	(233,390)	-	-
Extraordinary Item	-	14,461,521	-	-	-	14,461,521
Increase/(decrease) in net position	10,029,062	23,126,660	2,639,205	(2,127,421)	12,668,267	20,999,239
Net position - July 1	85,222,764	95,251,826	88,124,551	90,763,756	173,347,315	186,015,582
Net position - June 30	\$95,251,826	\$118,378,486	\$90,763,756	\$88,636,335	\$186,015,582	\$207,014,821

Governmental activities. Governmental activities increased the City's net position by \$23.1 million during the fiscal year in contrast to the prior year's increase of \$10.0 million, resulting in a net increase of \$13.1 million over the prior year. This net change is comprised of an increase resulting from an extraordinary item totaling \$14.5 million and a net decrease from operations of \$1.4 million. Following are key elements of the change from the prior year:

- During the current year, the City reported an extraordinary gain for net one-time settlements of \$14.5 million. The settlements were due to claims filed by the City as a result of the prior year Woolsey Fire and subsequent storms. In the government-wide statements in accordance with accounting standards, \$1.5 million of the settlement was recorded as an offset to the current year's permanent loss recorded to the City's capital assets.
- Revenues increased by \$0.3 million. Although the overall increase is minor, there are offsetting individual increases and decreases to be analyzed.
 - An increase of \$1.2 million in charges for services as a result of increased permitting applications for building and development in the City.
 - A \$0.3 million increase in operating grants, mainly due to a grant received to assist with operations during the safer-at-home order during the COVID-19 pandemic.
 - A decrease of \$1.9 million in capital grants. In the current year, the City recorded \$1.2 million of disaster recovery grants for damages sustained during the Woolsey Fire and subsequent storms, \$1.0 million in capital construction grants, and \$5.1 million in capital assets donated mainly from developers. In the prior year, the City recorded \$7.3 million in grants for the acquisition of land, \$0.9 million in capital construction grants, and \$1.0 million in capital assets donated from developers.

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- An increase of \$0.6 million in property taxes from increased assessed values.
 - An increase of \$0.6 million in other taxes, mainly a result of higher collections of transient occupancy taxes with smaller increased collections from sales tax, property transfer tax, and utility user's tax.
 - A decrease in other revenues of \$0.5 million. This is a net amount comprised of a \$0.2 million increase in investment earnings which is offset by a \$0.4 million decrease in developer donations and a \$0.3 million decrease in revenues received from an exchange of Proposition A monies with another government.
- Expenses increased by \$1.7 million, a 5% increase over the prior year.
- Debt-related costs increased by \$0.2 million as a full year's interest expense was due on the 2018 Certificates of Participation in Fiscal Year 2019-20.
 - Public works costs increased by \$1.2 million over the prior year. The City has made a strong commitment to rebuilding from the Woolsey Fire. The majority of the increased public works costs are attributable to the rebuilding and recovery efforts, such as increased costs for consultants, debris removal, and infrastructure repair. In addition, due to the strong economy during the first part of the fiscal year, the City received a higher number of building-related applications that are not related to fire rebuilding.
 - Public safety costs increased by \$0.7 million due to paying higher contracted fees for Los Angeles County Sheriff services, the City assuming the entire cost of The People Concern Homeless Outreach Team, and adding a new Fire Safety Liaison position to the City's public safety department to meet increased needs for fire safety training and education.
 - Community services expenses decreased by \$0.4 million as a result of fewer programs being offered to the community due to the COVID-19 pandemic.

Business-type activities. Business-type activities are financed primarily by fees charged to external parties for goods and services. The City reports two proprietary funds: the commercial real estate rental enterprise fund and the wastewater treatment enterprise fund. Business-type activities decreased the City's net position by \$2.1 million during the fiscal year in contrast to the prior year increase of \$2.6 million. Key elements of this \$4.7 million change include:

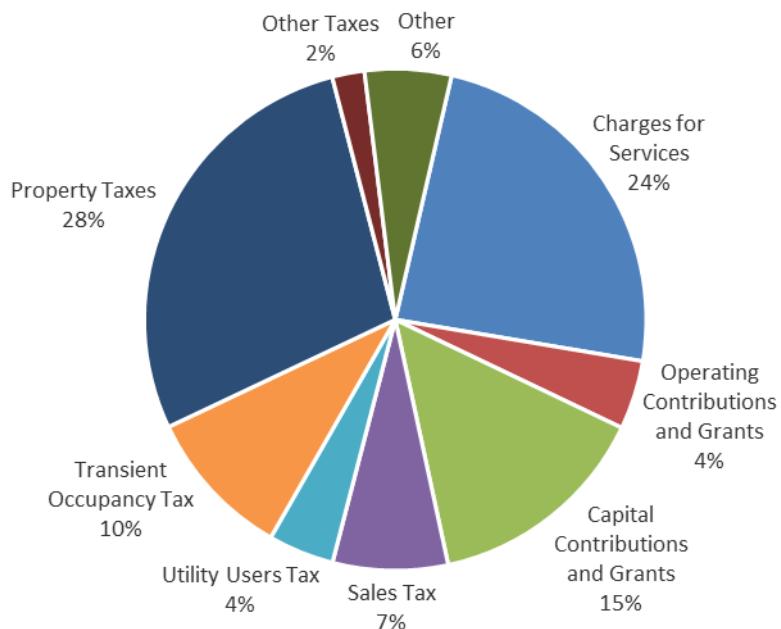
- Charges for wastewater services increased by \$0.5 million due to wastewater rates being charged for the entire Fiscal Year 2019-20. The wastewater facility began operation in October 2018, and wastewater rates were only charged for nine months in Fiscal Year 2018-19.
- Grants received for Legacy Park operations were lower by \$0.2 million. These grants are distributed by the County, and amounts vary from year to year.
- Capital contributions and grants received for phase one of the construction of the wastewater treatment facility decreased by \$1.3 million as the final costs and related grants occurred in Fiscal Year 2018-19.
- Other revenues decreased by \$1.7 due to the Fiscal Year 2018-19 revenue from tenants for the City's rental properties' full share of the wastewater treatment facility assessments.

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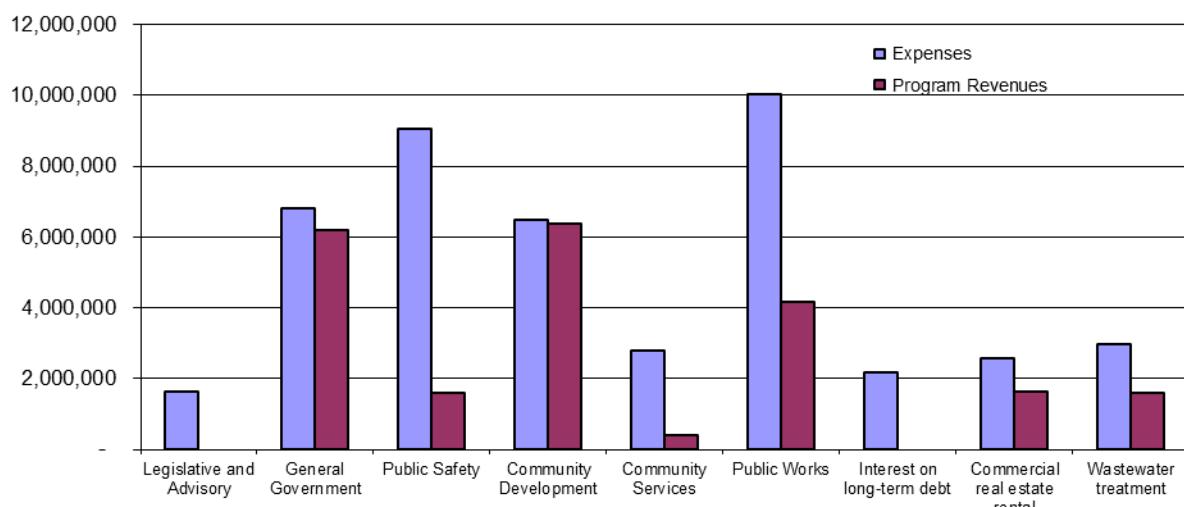
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- Current year program expenses remained relatively steady for the commercial real estate rental fund with a slight increase of \$0.2 million over the prior year.
- Program expenses for the wastewater treatment facility increased by \$1.8 million over the prior year. Fiscal Year 2019-20 was the first year that depreciation expense, totaling \$1.1 million, was applied on the new wastewater treatment facility. The remaining increase was due to higher facility maintenance and operating costs.

Revenues by Source (Government-wide)



Expenses and Program Revenues (Government-wide)



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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. In the current year, tax revenue was the largest single source of funds for the City (51%), followed by charges for services (24%), and operating and capital contributions and grants (19%); the remaining sources of funds were from miscellaneous other revenues (6%).

While public safety is typically the City's largest budgeted expense function, due to the additional services provided by the public works department as a result of the Woolsey Fire and subsequent severe winter storms, public works accounted for 22% of the Fiscal Year 2019-20 costs, while public safety accounted for 20% of the total. General government and community development departments each accounted for 15% of total costs while commercial real estate rental accounted for 6% and wastewater treatment accounted for 7% of the total expenses. The remaining expense functions of legislative and advisory, community services, and interest on long-term debt together accounted for the remaining 15% of costs.

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 \$52.1 million, an increase of \$18.5 million over the prior year's ending balance of \$33.6 million. In comparison, Fiscal Year 2018-19 had a net decrease to fund balance of \$8.7 million. Following are the key elements of the net \$27.2 million year-to-year increase in activity:

- During the current year, the City reported an extraordinary gain for one-time settlements of \$15.9 million. The settlements were due to claims filed by the City as a result of the prior year Woolsey Fire and subsequent storms.
- Revenues decreased by a net of \$4.6 million from the prior year:
 - A net increase of \$1.2 million in taxes: property taxes increased by \$0.6 million from higher assessed values, and transient occupancy tax increased by \$0.4 million. Sales tax, property transfer tax, and utility users tax all had smaller increases and combine to account for the remaining \$0.2 million increase.
 - Fines and forfeitures increased by \$0.4 million due to higher collections of parking citations.
 - Intergovernmental revenues decreased by \$6.8 million. The most significant changes in intergovernmental revenues are grant-related. In the current year, the City recorded \$0.6 million in disaster recovery grants for damages sustained during the Woolsey Fire and subsequent storms, \$1.0 million in capital construction grants, and \$0.1 million for homeless initiatives and fire safety. In the prior year, the City recorded a County grant of \$7.3 million to use for the acquisition of land, capital construction grants of \$0.9 million, and a Proposition A funds exchange of \$0.3 million.
 - Interest income increased by \$0.2 million as a result of lower interest rates at year-end resulting in a market value unrealized gain being recorded.

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- Charges for services increased by \$0.8 million due to higher permitting activities resulting from building activities throughout the City. The building activities that generated the higher charges for services are not related to rebuilding from the Woolsey Fire.
- Other income decreased by \$0.4 million. The City received higher monetary donations from developers in the prior year than in the current year.
- Expenditures decreased by \$40.6 million from the prior year:
 - Public safety costs increased by \$0.8 million due to paying higher contracted fees for Los Angeles County Sheriff services, the City assuming the entire cost of The People Concern Homeless Outreach Team, and adding a new Fire Safety Liaison position to the City's public safety department to meet increased needs for fire safety training and education.
 - Public works and community development costs increased by \$0.8 million over the prior year. The City's commitment to rebuilding from the Woolsey Fire resulted in higher costs for consultants, debris removal, and infrastructure repair. In addition, due to the strong economy during the first part of the fiscal year, the City received a higher number of building-related applications that were not associated with rebuilding from the fire.
 - Capital outlay decreased by \$41.6 million from the prior year. In the prior year, the City had a one-time transaction to acquire three parcels of land for \$42.5 million. Offsetting this are current year increases in capital outlay mainly resulting from rebuilding efforts from the prior year's fire and related storm damage.
 - Smaller decreases in legislative and advisory, general government, and community services departments account for the remainder of the expenditure decrease.
- Other financing sources and uses decreased by \$24.7 million. In Fiscal Year 2018-19, the City recorded \$24.8 million of net debt proceeds from the 2018 Certificates of Participation. The remaining difference is due to a \$0.1 million increase in transfers with the enterprise funds.

The governmental funds' combined ending fund balance totals \$52.1 million. Approximately 57% (\$29.5 million) 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 non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated as: 1) Non-spendable for prepaid items and long-term receivables (\$0.4 million), 2) Restricted for special revenue funds, debt service, and other specific purposes (\$4.4 million), 3) Committed for capital improvement projects, city facilities, and water quality improvements (\$2.6 million), 4) Assigned for vehicle and technology replacement, working capital, and fire rebuilding efforts (\$15.2 million).

General Fund. The General Fund is the chief operating fund of the City of Malibu and comprises approximately 93% of the governmental expenditures of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$30.7 million while the total fund balance was \$49.7 million. As a measure of the General Fund's

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liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The General Fund's unassigned fund balance represents 85% of the General Fund's Fiscal Year 2019-20 expenditures.

The General Fund's fund balance increased in Fiscal Year 2019-20 by \$17.3 million, while the prior year's fund balance decreased by \$8.6 million. Because the General Fund comprises such a large part of the overall governmental revenues and expenditures of the City, many of the reasons for this \$25.9 million year-to-year change in the General Fund are similar to the reasons previously explained as changes in the overall governmental funds.

- During the current year, the City reported an extraordinary gain for one-time settlements of \$15.9 million. The settlements were due to claims filed by the City as a result of the prior year Woolsey Fire and subsequent storms.
- Revenues decreased by \$4.6 million in the following categories for the same reasons explained in the overall governmental funds:
 - Taxes increased by a net of \$1.2 million. Property taxes increased by \$0.6 million from higher assessed values, and transient occupancy tax increased by \$0.4 million. Sales tax, property transfer tax, and utility users tax all had smaller increases, and they account for the remaining \$0.2 million increase.
 - Fines and forfeitures increased by \$0.4 million due to higher collections of parking citations.
 - Intergovernmental revenues decreased by \$6.8 million. In the current year, the City recorded \$0.6 million in disaster recovery grants for damages sustained during the Woolsey Fire and subsequent storms, and \$0.1 million was recorded for homeless initiatives and fire safety. In the prior year, the City recorded a County grant of \$7.3 million to use for the acquisition of land and \$0.3 million for a Proposition A funds exchange.
 - Interest income increased by \$0.2 million as a result of lower interest rates at year-end resulting in a market value unrealized gain being recorded.
 - Charges for services increased by \$0.8 million due to higher permitting activities resulting from building activities throughout the City. The building activities that generate the higher charges for services are not related to rebuilding from the Woolsey Fire.
 - Other income decreased by \$0.4 million. The City received higher monetary donations from developers in the prior year than were received in the current year.
- Expenditures decreased by \$40.0 million in the following categories:
 - Small changes in legislative and advisory, general government, community development, and community services categories totaling a combined decrease of \$0.1 million.
 - Public safety costs increased by \$0.8 million due to higher contracted fees for Los Angeles County Sheriff services, the City assuming the entire cost of The People Concern Homeless Outreach Team, and adding a new Fire

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Safety Liaison position to the City's public safety department to meet increased needs for fire safety training and education.

- Public works costs increased by \$0.8 million over the prior year. The City's commitment to rebuilding from the Woolsey Fire resulted in higher costs for consultants, debris removal, and infrastructure repair. In addition, due to the strong economy during the first part of the fiscal year, the City received a higher number of building-related applications that are not associated with rebuilding from the fire.
 - Capital outlay decreased by \$41.5 million from the prior year. In the prior year, the City had a one-time transaction to acquire three parcels of land for \$42.5 million. Offsetting this are current year increases in capital outlay mainly resulting from rebuilding efforts from the prior year's fire and related storm damage.
- Other financing sources and uses decreased by \$25.4 million. In Fiscal Year 2018-19, the City recorded \$24.8 million of net debt proceeds from the 2018 Certificates of Participation. The remaining \$0.6 million difference is from higher transfers to other funds in the current year.

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. The deficit fund balance at fiscal year-end is expected to be eliminated with grant revenue.

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.

Commercial Real Estate Rental Enterprise 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. Activity does not vary much from year to year as the properties have long-term rental leases. Additional information on the rental leases can be found in the Operating Leases—City as Lessor Note (Note 6) of the notes to the financial statements.

Wastewater Treatment Enterprise Fund. This fund is used to account for the construction and operation of a wastewater treatment facility. Phase One of the construction was completed in early Fiscal Year 2018-19, and customers in the civic center area are connected to the new facility. The City is currently designing Phase Two of the facility. Revenues and expenses are higher in Fiscal Year 2019-20 mainly as a result of depreciation beginning on the new facility in Fiscal Year 2019-20.

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 throughout the fiscal year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing programs. During the year, the City Council amended the originally adopted budget to re-appropriate prior year approved projects and expenditures

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in addition to increasing appropriations for various items as identified in the Notes to Required Supplementary Information. The majority of the year's budget adjustments were related to higher revenues and costs associated with unanticipated new building occurring throughout the City during the beginning of the fiscal year.

General Fund. The General Fund had a \$11.1 million positive net budget variance for revenues and expenditures when comparing actual amounts to the final budget for the current fiscal year. This amount reflects a positive variance of \$5.7 million in revenues and \$5.4 million in expenditures. The positive revenue variance resulted from actual revenues exceeding the budget for all categories, with the largest variance of \$2.9 million attributed to tax revenues. The positive expenditure variance resulted from expenditures coming in under the final budget in all categories. The largest variances were \$1.2 million in community development and \$2.8 million in public works.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for governmental and business type activities as of June 30, 2020 total \$216.8 million (net of accumulated depreciation), a net increase of \$1.6 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 \$7.2 million, net deletions totaled \$1.5 million and depreciation expense totaled \$4.1 million. During Fiscal Year 2019-20, the City received a donated parcel of land valued at \$5.0 million.

City of Malibu Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20
Land	\$ 64,556,508	\$ 69,556,508	\$ 17,325,848	\$ 17,325,848	\$ 81,882,356	\$ 86,882,356
Right of Way	24,045,543	24,045,543	-	-	24,045,543	24,045,543
Construction in Progress	1,225,576	1,892,894	-	851,403	1,225,576	2,744,297
Buildings	17,281,044	15,724,505	73,571,961	71,122,811	90,853,005	86,847,316
Equipment and Furniture	725,326	741,482	-	-	725,326	741,482
Vehicles	109,884	238,124	-	-	109,884	238,124
Infrastructure	16,005,367	14,924,147	361,602	349,830	16,366,969	15,273,977
Total	\$ 123,949,248	\$ 127,123,203	\$ 91,259,411	\$ 89,649,892	\$ 215,208,659	\$ 216,773,095

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 \$78.0 million. There were no additions to debt in Fiscal Year 2019-20.

City of Malibu Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19	30-Jun-20
Employee compensated absences	\$ 576,365	\$ 635,650	\$ -	\$ -	\$ 576,365	\$ 635,650
Capital leases	36,395	16,609	-	-	36,395	16,609
Certificates of participation, net	59,017,601	57,966,246	13,709,980	13,101,905	72,727,581	71,068,151
Net OPEB liability	1,227,829	126,292	-	-	1,227,829	126,292
Net pension liability	5,438,378	6,106,999	-	-	5,438,378	6,106,999
Total	\$66,296,568	\$64,851,796	\$13,709,980	\$13,101,905	\$80,006,548	\$77,953,701

CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2020

In conjunction with the Malibu Public Financing Corporation, in prior years the City issued certificates of participation (COP) for the Legacy Park acquisition and construction as well as for the acquisition and improvement of a civic center building and for property acquisitions of Trancas Field, Sycamore Village Parcel, Island Parcel, and Point Dume Parcel. 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 certificates of participation for the Civic Center and land acquisitions will be budgeted for and paid from the General Fund.

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

Economic Factors and Next Year's Budget

In a typical year, the City develops its fiscal year budget conservatively with the continued approach of maintaining levels of service, reducing expenses where possible, and preserving a strong General Fund reserve. The continuing recovery effort from the Woolsey Fire and the economic impacts from the COVID-19 pandemic have made the development of the Fiscal Year 2020-21 budget more challenging. The City reduced expenditures throughout all Departments and eliminated the equivalent of six full-time positions to maintain a balanced budget. The City eliminated projects from the Fiscal Year 2020-21 work plan and postponed several capital improvements projects. In an unprecedented step, the City Council reviewed the Fiscal Year 2020-21 Adopted Budget in August 2020 and made further expenditure reductions including the further elimination of an additional three full-time positions. These reductions garnered a \$500,000 projected savings that the City Council directed to be set aside for Fiscal Year 2021-22 operating expenses.

The City Council adopted a resolution extending the waiving of permit fees through Fiscal Year 2020-21 for all like-for-like and like-for-like plus 10% of Woolsey Fire rebuilds for properties that were primary residences at the time of the fire. The City continues to use extra consultant resources to expedite the permitting process for these destroyed homes. Additionally, City staff resources have been directly allocated to the rebuilding effort. In Fiscal Year 2020-21, the City Council authorized the one-time use of Southern California Edison Woolsey Fire settlement funds to cover the cost of these expenditures.

The Fiscal Year 2020-21 budget presents a prudent financial plan, with total budgeted revenues of \$54.3 million and total budgeted appropriations of \$63.8 million. City staff continues to carefully monitor the ongoing effects of the COVID-19 pandemic and will bring any necessary budget changes to the City Council.

General Fund Revenues. Due to the COVID-19 pandemic, the City's General Fund revenues for Fiscal Year 2020-21 are budgeted to decline. Transient Occupancy Tax, Documentary Transfer Tax, Utility User's Tax and Sales Tax are all projected to decrease. Additionally, revenues from Licenses and Permits and revenue from Service Charges are projected to decline by over \$1.2 million combined. However, the City's major revenue

CITY OF MALIBU

Management's Discussion and Analysis
June 30, 2020

source of property taxes continues to be stable and provides nearly 40% of the General Fund revenue. Overall General Fund revenues are budgeted at \$30.0 million.

General Fund Expenditures. The City's General Fund expenditures for Fiscal Year 2020-21 are budgeted to be \$29.5 million. Funding was maintained for critical budget items including debt service, property insurance, law enforcement services, and professional services for mandated activities. All non-essential expenditures including travel, training, printing, operating supplies and professional services were reduced throughout all departments.

Capital Improvements. The City has adopted a multi-year capital improvement program with the next fiscal year's costs totaling \$16.29 million. The City has minimized the use of General Fund dollars for these projects. Major projects budgeted for Fiscal Year 2020-21 include:

- \$2.0 million for Civic Center Wastewater Treatment Facility – Phase Two
- \$3.2 million for PCH traffic safety and intersection improvements
- \$4.5 million for Civic Center Way Improvements
- \$3.9 million for improvements to Westward Beach Road

The City also plans to continue capital improvement projects related to restoration of City infrastructure damaged in the Woolsey Fire and the subsequent severe winter storms. FEMA and CalOES will reimburse the City for much of the cost of these projects, but costs will be drawn against the General Fund until reimbursement is received. The City's required match for these projects will come from the SCE Woolsey Fire settlement funds. Additional funding was received from California JPIA, the City's insurance policy, for repairs at Trancas Canyon Park and the Broad Beach biofiltration system. The major projects planned for Fiscal Year 2020-21 include:

- \$500,000 for Broad Beach Water Quality Improvements
- \$618,000 for Latigo Canyon Road and Retaining Wall
- \$831,000 for park restoration at Trancas Park
- \$600,000 for Malibu Park stormdrain improvements

General Fund Reserve. The City Council remains committed to maintaining a strong unassigned General Fund reserve to provide a buffer against unforeseen expenditures. This ongoing commitment allowed the City to put additional resources in place quickly in the aftermath of the Woolsey Fire and to maintain services in the ongoing COVID-19 pandemic.

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 Management and Administration Department, 23825 Stuart Ranch Road, Malibu, California 90265.



BASIC FINANCIAL STATEMENTS

The City's basic financial statements, including the accompanying notes, constitute the core of the CAFR's financial section. The Basic Financial Statements include the following:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Basic Financial Statements

Major funds reported in the Basic Financial Statements are defined in note 1 of the notes to the Basic Financial Statements.

CITY OF MALIBU
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 49,791,710	\$ 8,660,638	\$ 58,452,348
Accounts receivable, net of allowance for doubtful accounts	2,256,064	390,724	2,646,788
Interest receivable	192,263	-	192,263
Due from other governments	3,786,507	-	3,786,507
Prepaid expenses	23,451	1,101	24,552
Internal balances	327,335	(327,335)	-
Restricted assets-cash and equivalents with fiscal agents	589,261	3,439,852	4,029,113
Due from tenants	-	1,611,049	1,611,049
Capital assets, non-depreciable	95,494,945	18,177,251	113,672,196
Capital assets, net of accumulated depreciation	31,628,258	71,472,641	103,100,899
Total assets	<u>184,089,794</u>	<u>103,425,921</u>	<u>287,515,715</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	1,649,237	534,996	2,184,233
Deferred amount from OPEB	773,180	-	773,180
Deferred amount from pension	2,179,039	-	2,179,039
Total deferred outflows of resources	<u>4,601,456</u>	<u>534,996</u>	<u>5,136,452</u>
LIABILITIES			
Accounts payable	3,107,046	177,645	3,284,691
Contractor and retention payable	28,455	-	28,455
Salaries and wages payable	238,522	-	238,522
Other accrued liabilities	137,164	1,530,000	1,667,164
Interest payable	374,242	84,277	458,519
Deposits	-	430,755	430,755
Unearned revenue	352,838	-	352,838
Noncurrent liabilities due within one year	1,591,540	623,075	2,214,615
Noncurrent liabilities due in more than one year:			
Compensated absences	135,650	-	135,650
Capital leases	1,424	-	1,424
Certificates of participation, net	56,889,891	12,478,830	69,368,721
Net OPEB liability	126,292	-	126,292
Net pension liability	6,106,999	-	6,106,999
Total liabilities	<u>69,090,063</u>	<u>15,324,582</u>	<u>84,414,645</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount from OPEB	892,274	-	892,274
Deferred amount from pension	330,427	-	330,427
Total deferred inflows of resources	<u>1,222,701</u>	<u>-</u>	<u>1,222,701</u>
NET POSITION			
Net investment in capital assets	70,789,585	77,082,983	147,872,568
Restricted for:			
Debt service	589,261	-	589,261
Construction projects	-	3,439,852	3,439,852
Public works	3,020,193	-	3,020,193
Environmental sustainability	28,203	-	28,203
Community services	159,001	-	159,001
Housing	240,000	-	240,000
Bluffs Park	413,067	-	413,067
City facilities and operations	731,381	-	731,381
Unrestricted	<u>42,407,795</u>	<u>8,113,500</u>	<u>50,521,295</u>
Total net position	<u>\$ 118,378,486</u>	<u>\$ 88,636,335</u>	<u>\$ 207,014,821</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, 2020

						Net (Expense) Revenue and Changes in Net Position		
	Program Revenues			Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
	Expenses	Charges for Services	Operating Grants and Contributions					
Governmental activities:								
Legislative and advisory	\$ 1,637,927	\$ -	\$ -	\$ -	\$ (1,637,927)	\$ -	\$ (1,637,927)	
General government	6,810,130	430,835	631,450	5,138,954	(608,891)	-	(608,891)	
Public safety	9,071,625	1,380,982	214,374	-	(7,476,269)	-	(7,476,269)	
Community development	6,477,340	6,388,625	-	-	(88,715)	-	(88,715)	
Community services	2,773,322	388,227	-	-	(2,385,095)	-	(2,385,095)	
Public works	10,041,304	558,042	1,319,568	2,276,186	(5,887,508)	-	(5,887,508)	
Interest on long-term debt	2,162,062	-	-	-	(2,162,062)	-	(2,162,062)	
Total governmental activities	<u>38,973,710</u>	<u>9,146,711</u>	<u>2,165,392</u>	<u>7,415,140</u>	<u>(20,246,467)</u>	<u>-</u>	<u>(20,246,467)</u>	
Business-type activities:								
Commercial real estate rental	2,575,871	1,513,064	100,523	-	-	(962,284)	(962,284)	
Wastewater treatment	2,957,408	1,607,468	-	-	-	(1,349,940)	(1,349,940)	
Total business-type activities	<u>5,533,279</u>	<u>3,120,532</u>	<u>100,523</u>	<u>-</u>	<u>-</u>	<u>(2,312,224)</u>	<u>(2,312,224)</u>	
Total	<u><u>\$ 44,506,989</u></u>	<u><u>\$ 12,267,243</u></u>	<u><u>\$ 2,265,915</u></u>	<u><u>\$ 7,415,140</u></u>	<u><u>(20,246,467)</u></u>	<u><u>(2,312,224)</u></u>	<u><u>(22,558,691)</u></u>	
General revenues:								
Taxes:								
Property tax				14,279,651	-	14,279,651		
Utility users tax				2,163,932	-	2,163,932		
Transient occupancy tax				4,950,753	-	4,950,753		
Franchise tax				662,911	-	662,911		
Sales tax				3,788,472	-	3,788,472		
Parking occupancy tax				392,334	-	392,334		
Motor vehicle in lieu tax, intergovernmental, unrestricted				10,008	-	10,008		
Unrestricted investment earnings				1,181,617	231,811	1,413,428		
Other revenues				1,248,538	186,382	1,434,920		
Transfers				233,390	(233,390)	-		
Total general revenues and transfers				<u>28,911,606</u>	<u>184,803</u>	<u>29,096,409</u>		
Extraordinary item - wildfire settlements				<u>14,461,521</u>	<u>-</u>	<u>14,461,521</u>		
Change in net position				23,126,660	(2,127,421)	20,999,239		
Net position - beginning of year				<u>95,251,826</u>	<u>90,763,756</u>	<u>186,015,582</u>		
Net position - end of year				<u><u>\$ 118,378,486</u></u>	<u><u>\$ 88,636,335</u></u>	<u><u>\$ 207,014,821</u></u>		

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

CITY OF MALIBU
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General	Special Revenue Fund Grants	Capital Projects Fund Capital Improvements	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 46,573,333	\$ -	\$ 625,413	\$ 2,592,964	\$ 49,791,710
Accounts receivable, net of allowance	2,232,596	-	-	23,468	2,256,064
Interest receivable	192,263	-	-	-	192,263
Due from other governments	2,793,993	924,099	-	68,415	3,786,507
Prepaid items	22,485	-	-	966	23,451
Due from other funds	926,649	-	-	-	926,649
Advances to other funds	327,335	-	-	-	327,335
Restricted assets - cash with fiscal agent	589,261	-	-	-	589,261
Total assets	<u>\$ 53,657,915</u>	<u>\$ 924,099</u>	<u>\$ 625,413</u>	<u>\$ 2,685,813</u>	<u>\$ 57,893,240</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,458,797	\$ -	\$ 597,909	\$ 50,340	\$ 3,107,046
Contractor and retention payable	951	-	27,504	-	28,455
Salaries and wages payable	238,522	-	-	-	238,522
Other accrued liabilities	137,164	-	-	-	137,164
Unearned revenue	342,838	-	-	10,000	352,838
Due to other funds	-	924,099	-	2,550	926,649
Total liabilities	<u>3,178,272</u>	<u>924,099</u>	<u>625,413</u>	<u>62,890</u>	<u>4,790,674</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	815,855	192,595	-	-	1,008,450
FUND BALANCES					
Nonspendable					
Prepaid items	22,485	-	-	966	23,451
Advances to other funds	327,335	-	-	-	327,335
Restricted					
Public works activities	-	-	-	1,204,606	1,204,606
Capital improvement projects	-	-	-	789,309	789,309
Community services activities	-	-	-	282,144	282,144
Environmental sustainability	-	-	-	28,203	28,203
Special district projects	-	-	-	318,661	318,661
Debt service and debt service reserve	589,261	-	-	-	589,261
Housing	240,000	-	-	-	240,000
Bluffs Park	413,067	-	-	-	413,067
City facilities	500,000	-	-	-	500,000
Committed					
Capital improvement projects	586,608	-	964,357	-	1,550,965
City facilities	862,050	-	-	-	862,050
Water quality settlement	202,198	-	-	-	202,198
Assigned					
Vehicle maintenance & replacement	195,512	-	-	-	195,512
Information technology replacement	167,898	-	-	-	167,898
Working capital	4,933,761	-	-	-	4,933,761
Fire rebuild requirements	9,936,933	-	-	-	9,936,933
Unassigned	30,686,680	(192,595)	(964,357)	(966)	29,528,762
Total fund balances	<u>49,663,788</u>	<u>(192,595)</u>	<u>-</u>	<u>2,622,923</u>	<u>52,094,116</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 53,657,915</u>	<u>\$ 924,099</u>	<u>\$ 625,413</u>	<u>\$ 2,685,813</u>	<u>\$ 57,893,240</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, 2020

Fund Balances of Governmental Funds	\$ 52,094,116
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.	127,123,203
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,008,450
Pension related debt and other post-employment benefit debt applicable to the City governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Deferred outflows and inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities.	
Deferred outflows of resources for OPEB	773,180
Deferred outflows of resources for pensions	2,179,039
Deferred inflows of resources for OPEB	(892,274)
Deferred inflows of resources for pensions	(330,427)
OPEB liability	(126,292)
Pension liability	(6,106,999)
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	1,649,237
Interest payable	(374,242)
Long-term liabilities	<u>(58,618,505)</u>
Net Position of Governmental Activities	<u>\$ 118,378,486</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, 2020

	General	Special Revenue Fund Grants	Capital Projects Fund		Other Governmental Funds	Total
			Capital Improvements	Capital Improvements		
REVENUES						
Taxes	\$ 26,834,385	\$ -	\$ -	\$ 463,658	\$ 27,298,043	
Fines and forfeitures	1,159,524	-	-	221,458	1,380,982	
Intergovernmental	1,136,180	1,010,185	-	1,494,360	3,640,725	
Use of money and property	1,134,520	-	-	47,097	1,181,617	
Charges for services	7,109,645	-	-	140,748	7,250,393	
Other	652,206	-	-	-	652,206	
Total revenues	<u>38,026,460</u>	<u>1,010,185</u>	<u>-</u>	<u>2,367,321</u>	<u>41,403,966</u>	
EXPENDITURES						
Current:						
Legislative and advisory	1,634,217	-	-	-	1,634,217	
General government	5,629,555	-	-	7,258	5,636,813	
Public safety	8,889,702	-	-	155,948	9,045,650	
Community development	6,322,634	-	-	148,497	6,471,131	
Community services	2,351,862	-	-	164,489	2,516,351	
Public works	6,822,040	-	-	326,515	7,148,555	
Capital outlay	1,534,532	-	1,786,803	132,270	3,453,605	
Debt service:						
Principal	859,786	-	-	-	859,786	
Interest	2,271,162	-	-	-	2,271,162	
Total expenditures	<u>36,315,490</u>	<u>-</u>	<u>1,786,803</u>	<u>934,977</u>	<u>39,037,270</u>	
Revenues over (under) expenditures	<u>1,710,970</u>	<u>1,010,185</u>	<u>(1,786,803)</u>	<u>1,432,344</u>	<u>2,366,696</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in	423,390	-	1,786,803	-	2,210,193	
Transfers out	(725,488)	(1,060,502)	-	(190,813)	(1,976,803)	
Total other financing sources (uses)	<u>(302,098)</u>	<u>(1,060,502)</u>	<u>1,786,803</u>	<u>(190,813)</u>	<u>233,390</u>	
EXTRAORDINARY ITEM						
Wildfire settlements	<u>15,925,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,925,808</u>	
Net change in fund balance	17,334,680	(50,317)	-	1,241,531	18,525,894	
FUND BALANCE - BEGINNING	<u>32,329,108</u>	<u>(142,278)</u>	<u>-</u>	<u>1,381,392</u>	<u>33,568,222</u>	
FUND BALANCE - ENDING	<u>\$ 49,663,788</u>	<u>\$ (192,595)</u>	<u>\$ -</u>	<u>\$ 2,622,923</u>	<u>\$ 52,094,116</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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 18,525,894
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Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

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

Cost of assets capitalized	1,175,118
Capital asset disposition	(1,485,592)
Depreciation expense	(1,654,525)

Governmental funds exclude revenue for the value of donated capital assets. However, the statement of activities reports the value of donated capital assets as revenue. 5,138,954

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. (145,911)

Governmental funds exclude revenues for monies that are not available in the current year but which are earned and reported as revenue in the Statement of Activities. 1,008,450

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. 4,360

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. 104,740

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. 859,786

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in OPEB liability	343,882
Change in net pension liability	(689,211)
Change in compensated absences	(59,285)

Change in Net Position of Governmental Activities	<u>\$ 23,126,660</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MALIBU
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Commercial Real Estate Rental	Wastewater Treatment	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,040,851	\$ 7,619,787	\$ 8,660,638
Accounts receivable	124,305	266,419	390,724
Prepaid expenses	1,101	-	1,101
Total current assets	<u>1,166,257</u>	<u>7,886,206</u>	<u>9,052,463</u>
Noncurrent assets:			
Restricted:			
Cash and cash equivalents with fiscal agent	-	3,439,852	3,439,852
Due from tenants	1,611,049	-	1,611,049
Capital assets, non-depreciable	15,404,922	2,772,329	18,177,251
Capital assets, net of accumulated depreciation	16,211,059	55,261,582	71,472,641
Total noncurrent assets	<u>33,227,030</u>	<u>61,473,763</u>	<u>94,700,793</u>
Total assets	<u>34,393,287</u>	<u>69,359,969</u>	<u>103,753,256</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>534,996</u>	<u>-</u>	<u>534,996</u>
LIABILITIES			
Current liabilities:			
Accounts payable	45,889	131,756	177,645
Other accrued liabilities	-	1,530,000	1,530,000
Interest payable	82,110	2,167	84,277
Deposits	430,755	-	430,755
Noncurrent liabilities due within one year:			
Certificates of participation, net	<u>623,075</u>	<u>-</u>	<u>623,075</u>
Total current liabilities	<u>1,181,829</u>	<u>1,663,923</u>	<u>2,845,752</u>
Noncurrent liabilities:			
Noncurrent liabilities due in more than one year:			
Advances from other funds	-	327,335	327,335
Certificates of participation, net	<u>12,478,830</u>	<u>-</u>	<u>12,478,830</u>
Total noncurrent liabilities	<u>12,478,830</u>	<u>327,335</u>	<u>12,806,165</u>
Total liabilities	<u>13,660,659</u>	<u>1,991,258</u>	<u>15,651,917</u>
NET POSITION			
Net investment in capital assets	19,049,072	58,033,911	77,082,983
Restricted for construction project	-	3,439,852	3,439,852
Unrestricted	2,218,552	5,894,948	8,113,500
Total net position	<u>\$ 21,267,624</u>	<u>\$ 67,368,711</u>	<u>\$ 88,636,335</u>

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

CITY OF MALIBU
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Commercial Real Estate Rental	Wastewater Treatment	Totals
OPERATING REVENUES			
Charges for sales and services:			
Rental income	\$ 1,513,064	\$ -	\$ 1,513,064
Sewer service fees	-	1,607,468	1,607,468
Other operating income	<u>186,382</u>	<u>-</u>	<u>186,382</u>
Total operating revenues	<u>1,699,446</u>	<u>1,607,468</u>	<u>3,306,914</u>
OPERATING EXPENSES			
Personnel services	66,534	21,489	88,023
Professional and contractual services	390,786	266,586	657,372
Repairs and maintenance	113,987	1,332,059	1,446,046
Utilities	147,040	184,802	331,842
Supplies	<u>862</u>	<u>22,518</u>	<u>23,380</u>
Total operating expenses	<u>719,209</u>	<u>1,827,454</u>	<u>2,546,663</u>
Operating income before depreciation	980,237	(219,986)	760,251
Depreciation expense	<u>1,333,135</u>	<u>1,127,787</u>	<u>2,460,922</u>
Operating income	<u>(352,898)</u>	<u>(1,347,773)</u>	<u>(1,700,671)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment and interest income	23,863	207,948	231,811
Grant revenue	100,523	-	100,523
Interest expense	<u>(523,527)</u>	<u>(2,167)</u>	<u>(525,694)</u>
Total nonoperating revenues (expenses)	<u>(399,141)</u>	<u>205,781</u>	<u>(193,360)</u>
Income before transfers and capital contributions	(752,039)	(1,141,992)	(1,894,031)
Transfers out	<u>(77,390)</u>	<u>(156,000)</u>	<u>(233,390)</u>
Change in net position	(829,429)	(1,297,992)	(2,127,421)
NET POSITION, BEGINNING	<u>22,097,053</u>	<u>68,666,703</u>	<u>90,763,756</u>
NET POSITION, ENDING	<u>\$ 21,267,624</u>	<u>\$ 67,368,711</u>	<u>\$ 88,636,335</u>

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

CITY OF MALIBU
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Commercial Real Estate Rental	Wastewater Treatment	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,691,809	\$ 1,341,049	\$ 3,032,858
Payments to suppliers and personnel	(618,256)	(1,642,928)	(2,261,184)
Net cash provided by operating activities	<u>1,073,553</u>	<u>(301,879)</u>	<u>771,674</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to)/from governmental funds	(77,390)	(156,000)	(233,390)
Noncapital grants	100,523	-	100,523
Advances from other funds for noncapital purposes	-	327,335	327,335
Net cash provided by noncapital financing activities	<u>23,133</u>	<u>171,335</u>	<u>194,468</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Interest paid	(501,300)	-	(501,300)
Principal payment	(590,000)	-	(590,000)
Transfers from governmental funds	-	-	-
Payments made for capital assets acquired	-	(851,403)	(851,403)
Contributions from property owners, net	-	1,030,000	1,030,000
Net cash used for capital financing activities	<u>(1,091,300)</u>	<u>178,597</u>	<u>(912,703)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>23,863</u>	<u>207,948</u>	<u>231,811</u>
Net increase in cash and cash equivalents	<u>29,249</u>	<u>256,001</u>	<u>285,250</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,011,602</u>	<u>10,803,638</u>	<u>11,815,240</u>
CASH AND CASH EQUIVALENTS, ENDNG	<u>\$ 1,040,851</u>	<u>\$ 11,059,639</u>	<u>\$ 12,100,490</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating loss	<u>\$ (352,898)</u>	<u>\$ (1,347,773)</u>	<u>\$ (1,700,671)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	1,333,135	1,127,787	2,460,922
<Increase>/Decrease in accounts receivable	(49,241)	(266,419)	(315,660)
<Increase>/Decrease in due from tenants	41,604	-	41,604
<Increase>/Decrease in prepaid items	119,982	214,233	334,215
Increase/<Decrease> in accounts payable	(19,029)	(29,707)	(48,736)
Increase/<Decrease> in unearned revenue	-	-	-
Total adjustments	<u>1,426,451</u>	<u>1,045,894</u>	<u>2,472,345</u>
Net cash provided by operating activities	<u>\$ 1,073,553</u>	<u>\$ (301,879)</u>	<u>\$ 771,674</u>
Noncash activities:			
Amortization of debt-related deferred items	\$ 24,199	\$ -	\$ 24,199

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, 2020

	Agency Funds	Pension Trust Funds
ASSETS		
Pooled cash and investments	\$ 5,318,196	\$ -
Cash and investments with fiscal agent	847,797	-
Investments - mutual funds:		
Money market mutual funds	-	202,335
Bonds	-	138
U.S. stocks	-	16,215
International/global stocks	-	6,330
Specialty	-	61
Accounts receivable	38,439	-
Due from other governments	<u>76,947</u>	<u>-</u>
Total assets	<u><u>\$ 6,281,379</u></u>	<u><u>225,079</u></u>
LIABILITIES		
Accounts payable	\$ 114,631	-
Deposits	4,622,885	-
Due to bondholders	<u>1,543,863</u>	<u>-</u>
Total liabilities	<u><u>\$ 6,281,379</u></u>	<u><u>-</u></u>
NET POSITION		
Restricted for pensions		<u><u>\$ 225,079</u></u>

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

CITY OF MALIBU
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Pension Trust Funds
ADDITIONS	
Contributions by employer	\$ 33,387
Investment earnings, net	<u>3,297</u>
Total additions	36,684
NET POSITION - BEGINNING	<u>188,395</u>
NET POSITION - ENDING	<u>\$ 225,079</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, 2020

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 year consisted of paying debt service on the outstanding certificates of participation (see Note 4).

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

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

Government-wide Financial Statements

The Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements except for 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, infrastructure, and 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

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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, 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 two Proprietary Funds which are 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.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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 finance the related capital project expenditures. The amount of activity in this fund varies from year to year, and this fund is consistently reported as a major governmental fund. The deficit fund balance is expected to be relieved by the receipt of grant monies.

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 amount of activity in this fund varies from year to year, and this fund is consistently reported as a major governmental fund.

The City reports two proprietary funds, both of which are reported as major proprietary funds.

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).

The **Wastewater Treatment Fund** accounts for the capital assets and the related activity for processing wastewater. This fund also accounts for the construction of an expansion to the Civic Center Wastewater Treatment Facility.

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The legal level of budgetary control is at the fund level for governmental funds. For the year ended June 30, 2020, there were no major governmental funds with expenditures which exceeded appropriations. The following nonmajor funds had expenditures which exceeded appropriations; grant revenues were recorded for each fund's total expenditures.

<u>Non-Major Funds:</u>	<u>Expenditures in Excess of Budget</u>
Special Revenue Funds: Brulte Bill Grant	\$55,948

D. PROPERTY TAX REVENUES

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

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

E. INVESTMENTS AND INTEREST INCOME ON INVESTMENTS

Investments are reported at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Cash and investments of the City are managed on a pooled basis, and investment income from the pool is allocated quarterly to certain funds based on the average cash balances in relation to total cash balances. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. All investment income is recognized as revenue in the operating statement. All pooled 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date of acquisition. 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 whereby 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. 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.

Governmental Activities:	Balance July 1, 2019		Deletions	Balance June 30, 2020		Due Within One Year	Long-Term Amount
		Additions					
Compensated absences	\$ 576,365	\$ 639,100	\$ (579,815)	\$ 635,650	\$ (500,000)	\$ 135,650	

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. The City has items that qualify for reporting in this category: the deferred charge on refunding of long-term liabilities and components of the calculations for the net pension and OPEB 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 items that qualify for reporting in this category: unavailable revenue and components of the calculations for the net pension and OPEB liabilities. 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

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value and which have an original maturity date of three months or less. Cash equivalents represent the proprietary funds' share in the City's cash and investment pool.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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 in the Commercial Real Estate Rental enterprise fund and from activities relating to the collection, treatment, and disposal of wastewater in the Wastewater Treatment enterprise fund. All revenues and expenses which do not relate to these 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, 2020. At year end, the City's commitments with contractors were as follows:

Wastewater Treatment Enterprise Fund:	
Civic Center Wastewater Treatment Facility Phase II Design	\$ 2,148,155
Capital Improvements Capital Projects Fund:	
Temporary Skate Park	52,420
PCH Projects: Intersection, median, and signal synchronization	863,272
Civic Center Way	35,543
City Hall Roof	7,801
Westward Beach Road	3,078
Small Projects	2,243
	<hr/>
	\$ 3,112,512

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. The General Fund is the only fund that may report a positive unassigned fund balance. In all other governmental funds, when expenditures exceed the amounts available, it may be necessary to report a negative unassigned fund balance in that fund.

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.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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. PENSIONS

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. The net pension liability is recorded solely within Governmental Activities, and the liability is being liquidated by the General Fund.

S. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City's OPEB Plan (the assets of which are held by CalPERS as part of the California Employer's Retiree Benefit Trust Program (CERBT)), and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The OPEB liability is recorded solely within Governmental Activities, and the liability is being liquidated by the General Fund.

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. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end cash balances. Cash and investments consisted of the following at year end:

Pooled Deposits & Investments:	
Demand Deposits	\$ 10,239,482
Investments	53,529,972
Pension Trust Investments	225,079
Cash and Investments with Fiscal Agents:	
Investments	4,876,910
Petty Cash	1,090
Total Cash and Investments	<u>\$ 68,872,533</u>

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

At June 30, 2020, the pooled demand deposit bank balance was \$11,595,622. The amount shown for pooled demand deposits is the amount after outstanding checks are subtracted and deposits in transit are added. Cash and investments are reported in the basic financial statements as follows:

Governmental Funds:	
Unrestricted	\$ 49,791,710
Restricted	589,261
Proprietary Funds:	
Unrestricted	8,660,638
Restricted	3,439,852
Fiduciary Funds:	
Pooled Cash and Investments	5,318,196
Cash and Investments with Fiscal Agents	847,797
Investments	225,079
	<hr/>
Total Cash and Investments	\$ 68,872,533

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 for pooled investments. 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.

Investments of the City's two defined contribution plans (see Note 7B) are not subject to following the City's investment policy and are instead governed by the trust agreement. At June 30, 2020, all monies of the defined contribution plans were invested in various mutual funds.

Investment Type - Authorized by the California Government Code	Authorized by Malibu's Investment Policy	Maximum Maturity ⁽¹⁾	Maximum Percentage of Portfolio ⁽¹⁾	Maximum Investment in a Single Issuer ⁽¹⁾
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
California State Treasury Obligations	No	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	20% ⁽²⁾	10% ⁽²⁾
Commercial Paper	Yes	270 days	15% ⁽²⁾	5% ⁽²⁾
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Supranationals	No	5 years	30%	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.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

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	2016 & 2018	Certificates of	2016 AD	2010 AD	
		Participation Series 2015,	Limited Obligation	2008 CFD Special	Limited Obligation
	Bonds	Tax Bonds	Bonds		
Local Agency Bonds	Allowed	(4)	Allowed	Allowed	Allowed
U.S. Treasury Obligations	Allowed	Allowed	Allowed	Allowed	Allowed
California State Treasury Obligations	Allowed	Not Allowed	Allowed	Allowed	Not Allowed
U.S. Agency Securities	Allowed	Allowed	Allowed	Allowed	Allowed
Banker's Acceptances (1)	Allowed	(4)	Allowed	Allowed	Allowed
Commercial Paper (2)	Allowed	Allowed	Allowed	Allowed	Allowed
Repurchase Agreements	Allowed	Allowed	Not Allowed	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 (3)	Allowed	Allowed	Not Allowed	Allowed	Allowed
County of Los Angeles Pooled Investment Fund	Not Allowed	Allowed	Not Allowed	Allowed	Allowed

(1) Maximum maturity allowed is 360 days.

(2) Maximum maturity allowed is 270 days except the 2010 & 2016 AD Limited Obligation Bonds which is 180 days.

(3) Maximum maturity allowed is 1 year.

(4) Not specifically stated as being allowed, but this investment is allowed as it is in accordance with the City's investment policy.

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 short-term and long-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 investments at year end.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

	Fair Value	Maturities
City's Pooled Investments:		
Negotiable Certificates of Deposit		
Synchrony Bank	\$ 252,090	11/16/2020
Ally Bank	251,807	11/16/2020
Goldman Sachs Bank USA	252,128	11/18/2020
Comenity Bank	202,012	5/11/2021
Northfield Bank	255,800	10/20/2021
State Bank of India	258,755	3/14/2022
Capital One Bank USA	199,601	11/8/2022
Barclays Bank	262,428	11/15/2022
Wells Fargo Bank	262,777	11/22/2022
Sallie Mae Bank	267,248	3/14/2023
Morgan Stanley Bank	267,265	3/15/2023
Morgan Stanley Pvt Bank	277,037	12/6/2023
Capital One Bank NA	270,140	6/19/2024
Comenity Capital Bank	135,099	6/27/2024
Celtic Bank	271,987	12/27/2027
Wells Fargo Money Market Mutual Fund	86,964	N/A
Local Agency Investment Fund (LAIF)	49,756,834	191 day average
Investments held by fiscal agents - US Bank:		
Money market mutual funds:		
First American Government Obligation Fund	4,648,285	N/A
US Bank moneymarket 5	228,625	N/A
Investments held in trust for defined contribution plan:		
Mutual Funds:		
Money market mutual funds	202,335	N/A
Bonds	138	N/A
U.S. stocks	16,215	N/A
International/global stocks	6,330	N/A
Specialty	61	N/A
Total	<u><u>\$ 58,631,961</u></u>	

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:

Investment Type	Fair Value	Minimum Legal Rating	Not Rated
City's Pooled Investments:			
Negotiable certificates of deposit	\$ 3,686,174	N/A	\$ 3,686,174
Money market mutual funds	86,964	N/A	86,964
Local Agency Investment Fund (LAIF)	49,756,834	N/A	49,756,834
Investments held by fiscal agents:			
Money market mutual funds	4,876,910	N/A	4,876,910
Investments held in pension trust:			
Mutual funds	<u><u>225,079</u></u>	N/A	<u><u>225,079</u></u>
	<u><u>\$ 58,631,961</u></u>		<u><u>\$ 58,631,961</u></u>

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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's financial institutions also have insurance through the Federal Depository Insurance Corporation.

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 year end, the City had negotiable certificates of deposit totaling \$3,686,174 and investments in money market mutual funds totaling \$86,964 which were held by the counterparty's trust department; investments held in trust for the defined contribution pension trust funds total \$225,079 and all consist of various mutual funds.

For investments held by fiscal agents as the bond trustee, the trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City. At year end, investments held by fiscal agents' trust departments consisted of \$4,876,910 in money market mutual funds.

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 year end, 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. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. 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. 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.

FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. When available in an active market, quoted prices are used to determine fair value; these investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the City's asset manager from a third-party service provider; these investments are classified within Level 2 of the fair value hierarchy. When neither quoted prices in an active market nor other evaluated prices are available, unobservable inputs are used. Unobservable inputs are classified within Level 3 of the fair value hierarchy; they are developed based on the best information available in the circumstances and may include the City's own data.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The inputs used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

At June 30, 2020, the City's investments are categorized in the following input levels:

Investment	Fair Value	Fair Value Level Input
City's Pooled Investments:		
Negotiable certificates of deposit	\$ 3,686,174	Level 2 input
Money market mutual funds	86,964	**
Local Agency Investment Fund (LAIF)	49,756,834	**
Investments held by fiscal agents:		
Money market mutual funds	4,876,910	**
Investments held in trust for defined contribution plan:		
Mutual funds	<u>225,079</u>	**
Total Investments	<u>\$ 58,631,961</u>	

** Investments in LAIF and money market mutual funds are not subject to the fair value hierarchy.

3. CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2020, were as follows:

Governmental Activities	Balances	July 1, 2019	Additions*	Deletions	Reclassifications	Balances
						June 30, 2020
Cost:						
Nondepreciable capital assets:						
Land	\$ 64,556,508	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 69,556,508
Right of way	24,045,543	-	-	-	-	24,045,543
Construction in progress	1,225,576	825,814	-	(158,496)	-	1,892,894
Total nondepreciable assets	<u>89,827,627</u>	<u>5,825,814</u>	<u>-</u>	<u>(158,496)</u>	<u>-</u>	<u>95,494,945</u>
Depreciable capital assets:						
Buildings and other improvements	24,078,679	134,575	(1,221,499)	-	-	22,991,755
Equipment and furniture	1,533,897	158,330	(19,847)	-	-	1,672,380
Vehicles	358,927	155,773	-	-	-	514,700
Infrastructure	35,449,562	39,580	(619,495)	158,496	-	35,028,143
Subtotal	<u>61,421,065</u>	<u>488,258</u>	<u>(1,860,841)</u>	<u>158,496</u>	<u>-</u>	<u>60,206,978</u>
Accumulated depreciation for:						
Buildings and other improvements	(6,797,635)	(795,348)	325,733	-	-	(7,267,250)
Equipment and furniture	(808,571)	(140,869)	18,542	-	-	(930,898)
Vehicles	(249,043)	(27,533)	-	-	-	(276,576)
Infrastructure	(19,444,195)	(690,775)	30,974	-	-	(20,103,996)
Subtotal	<u>(27,299,444)</u>	<u>(1,654,525)</u>	<u>375,249</u>	<u>-</u>	<u>-</u>	<u>(28,578,720)</u>
Net depreciable assets	<u>34,121,621</u>	<u>(1,166,267)</u>	<u>(1,485,592)</u>	<u>158,496</u>	<u>\$ -</u>	<u>31,628,258</u>
Total net capital assets	<u>\$ 123,949,248</u>	<u>\$ 4,659,547</u>	<u>\$ (1,485,592)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,123,203</u>

* Includes donated assets of \$5,138,954.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

Business-type Activities	Balances		Reclassifications	Balances	
	July 1, 2019	Additions		June 30, 2020	
Cost:					
Nondepreciable capital assets:					
Land	\$ 17,325,848	\$ -	\$ -	\$ -	\$ 17,325,848
Construction in progress	-	851,403	-	-	851,403
Total nondepreciable assets	<u>17,325,848</u>	<u>851,403</u>	<u>-</u>	<u>-</u>	<u>18,177,251</u>
Depreciable capital assets:					
Buildings and other improvements	86,003,050	-	-	-	86,003,050
Infrastructure	444,000	-	-	-	444,000
Subtotal	<u>86,447,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,447,050</u>
Accumulated depreciation for:					
Buildings and other improvements	(12,431,089)	(2,449,150)	-	-	(14,880,239)
Infrastructure	(82,398)	(11,772)	-	-	(94,170)
Subtotal	<u>(12,513,487)</u>	<u>(2,460,922)</u>	<u>-</u>	<u>-</u>	<u>(14,974,409)</u>
Net depreciable assets	<u>73,933,563</u>	<u>(2,460,922)</u>	<u>-</u>	<u>-</u>	<u>71,472,641</u>
Total net capital assets	<u>\$ 91,259,411</u>	<u>\$ (1,609,519)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,649,892</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:

Governmental Activities:	
Legislative and advisory	\$ 3,710
General government	591,480
Public safety	25,975
Community development	6,209
Community services	251,015
Public works	<u>776,136</u>
Total depreciation expense	<u>\$ 1,654,525</u>

Business-type Activities:	
Commercial real estate rental	\$ 1,333,135
Wastewater treatment	<u>1,127,787</u>
Total depreciation expense	<u>\$ 2,460,922</u>

4. LONG-TERM DEBT

Changes in long-term debt during the year ended June 30, 2020, were as follows:

	Balance		Deletions	Balance	Due Within One Year	Long-Term Amount
	July 1, 2019	Additions				
Governmental Activities:						
Certificates of participation:						
2015 Refunding Series B	\$ 4,805,000	\$ -	\$ (110,000)	\$ 4,695,000	\$ (115,000)	\$ 4,580,000
2016 Refunding	25,915,000	-	(730,000)	25,185,000	(750,000)	24,435,000
2018 COP	23,665,000	-	-	23,665,000	-	23,665,000
Unamortized premiums:						
2015 Refunding Series B	422,832	-	(20,795)	402,037	(20,795)	381,242
2016 Refunding	3,136,169	-	(153,960)	2,982,209	(153,960)	2,828,249
2018 COP	1,073,600	-	(36,600)	1,037,000	(36,600)	1,000,400
Direct borrowings:						
Capital leases	36,395	-	(19,786)	16,609	(15,185)	1,424
Total	<u>\$ 59,053,996</u>	<u>\$ -</u>	<u>\$ (1,071,141)</u>	<u>\$ 57,982,855</u>	<u>\$ (1,091,540)</u>	<u>\$ 56,891,315</u>

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year	Long-Term Amount
Business-Type Activities:						
Certificates of participation:						
2015 Refunding Series A	\$ 9,635,000	\$ -	\$ (585,000)	\$ 9,050,000	\$ (600,000)	\$ 8,450,000
2015 Refunding Series B	3,665,000	-	(5,000)	3,660,000	(5,000)	3,655,000
Unamortized premium/discount:						
2015 Refunding Series A	(80,867)	-	6,065	(74,802)	6,065	(68,737)
2015 Refunding Series B	490,847	-	(24,140)	466,707	(24,140)	442,567
Total	<u>\$ 13,709,980</u>	<u>\$ -</u>	<u>\$ (608,075)</u>	<u>\$ 13,101,905</u>	<u>\$ (623,075)</u>	<u>\$ 12,478,830</u>

A. DIRECT BORROWINGS:

Governmental Activities – Capital leases: The City has entered into lease agreements for copy machines. For accounting purposes, the lease agreements qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rates on the capital leases approximate 1%. The assets acquired through capital leases are included in the Equipment and Furniture category of capital assets at a cost of \$64,979 with accumulated depreciation of \$34,098 as of June 30, 2020. The payments due on these leases are as follows:

Year Ending	
June 30,	Amount
2021	\$ 15,185
2022	1,424
Totals	<u>\$ 16,609</u>

B. CERTIFICATES OF PARTICIPATION

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 to refund 1) the 2006B outstanding certificates of participation (business-type activities used to finance a portion of the Legacy Park acquisition for the Commercial Real Estate Rental Enterprise Fund) in the amount of \$4,130,000 and 2) the 2010C outstanding certificates of participation (governmental activities used to finance a portion of the City Hall renovations) in the amount of \$5,890,000. The 2015 certificates were issued at a premium of \$1,099,028 which is being amortized on a straight-line basis to interest expense through the year 2039. Both refunded series were paid in full by June 30, 2016, and there are no certificates outstanding.

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 outflow of resources (business-type activities) and is being amortized on a straight-line basis to interest expense through July 1, 2036. At year-end, the unamortized amount was \$82,632.

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 outflow of resources (governmental activities) and is being amortized on a straight-line basis to interest expense through July 1, 2039. At year-end, the unamortized amount was \$73,757.

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. There are no assets pledged as collateral for the debt, no required reserve, and no unused lines of credit. There are no finance-related consequences related to significant events of default or termination, and there are no acceleration clauses. 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.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

2015 Refunding Series A (Business-Type Activities)

In May 2015, the City issued \$11,940,000 of taxable refunding certificates of participation to refund the 2006A outstanding certificates of participation in the amount of \$10,795,000. The 2006A certificates were issued to finance a portion of the acquisition of Legacy Park for the Commercial Real Estate Rental Enterprise Fund. The certificates were issued at a discount of \$105,881 which is being amortized on a straight-line basis to interest expense through the year 2033.

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 outflow of resources and is being amortized on a straight-line basis to interest expense through July 1, 2032. At year-end, the unamortized amount was \$452,364. The refunded series has been paid in full and there are no certificates outstanding.

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. There are no assets pledged as collateral for the debt, no required reserve, and no unused lines of credit. There are no finance-related consequences related to significant events of default or termination, and there are no acceleration clauses. The interest rate on the certificates is fixed and ranges from 0.55% to 4.00%. 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.

2016 Refunding Series A (Governmental Activities)

In October 2016, the City issued \$27,295,000 of tax-exempt refunding certificates of participation to 1) refund the 2009 Series A, 2009 Series B, and 2010 Series D outstanding certificates of participation in the amounts of \$17,270,000, \$595,000, and \$440,000, respectively, and 2) to acquire real property known as Trancas Field in the amount of \$11,300,000. The purpose of the 2009 Series A and B and the 2010 Series D certificates was to acquire and renovate the building which is being used as the current city hall. The 2016 certificates were issued at a premium of \$3,553,165 which is being amortized on a straight-line basis to interest expense.

The refunding of the 2009 Series A, 2009 Series B, and 2010 Series D resulted in differences between the reacquisition price of the refunded certificates and the net carrying amount of the 2016 Series A certificates. These differences are reported as a deferred outflow of resources and are being amortized to interest expense using the straight-line method.

	2016 COP Refunding of:		
	COP 2009 Series A	COP 2009 Series B	COP 2010 Series D
Deferred loss at date of refunding	\$ 1,762,892	\$ 129,899	\$ 63,719
Amortized through date	7/1/2039	7/1/2024	7/1/2024
Unamortized amount at 6/30/20	\$ 1,475,008	\$ 67,408	\$ 33,064
Outstanding refunded certificates at 6/30/20	\$ -	\$ 400,000	\$ 295,000

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. There are no assets pledged as collateral for the debt, no required reserve, and no unused lines of credit. There are no finance-related consequences related to significant events of default or termination, and there are no acceleration clauses. The interest rates on the certificates are fixed and range from 2.000% to 5.000%. Semi-annual interest payments are due on May 1 and November 1 beginning on May 1, 2017.

2018 Series A (Governmental Activities)

In September 2018, the City issued \$23,665,000 of tax-exempt certificates of participation to provide funds towards the acquisition of three land parcels known as the Sycamore Village Parcel, the Island Parcel, and the Christmas Tree Lot. The cost of the parcels totaled \$42,500,000. In addition to the proceeds of the certificates, the City used general fund monies and grant monies to fund the acquisition. The certificates were issued at a premium of \$1,104,105 which is being amortized on a straight-line basis to interest expense through the year 2049.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

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. There are no assets pledged as collateral for the debt, no required reserve, and no unused lines of credit. There are no finance-related consequences related to significant events of default or termination, and there are no acceleration clauses. The interest rates on the certificates are fixed and range from 3.125% to 5.000%. Semi-annual interest payments are due on May 1 and November 1 beginning on November 1, 2018. Annual principal payments are due on November 1 in years 2021 through 2048.

ANNUAL AMORTIZATION REQUIREMENTS – CERTIFICATES OF PARTICIPATION

The annual requirements to amortize the certificates of participation as of June 30, 2020, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 865,000	\$ 2,244,175	\$ 3,109,175
2022	980,000	2,210,000	3,190,000
2023	1,020,000	2,167,925	3,187,925
2024	1,060,000	2,124,150	3,184,150
2025	1,100,000	2,074,325	3,174,325
2026-2030	7,075,000	9,398,150	16,473,150
2031-2035	8,740,000	7,705,525	16,445,525
2036-2040	10,685,000	5,727,400	16,412,400
2041-2045	11,230,000	3,281,038	14,511,038
2046-2049	10,790,000	813,313	11,603,313
Totals	<u>\$ 53,545,000</u>	<u>\$ 37,746,001</u>	<u>\$ 91,291,001</u>

Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 605,000	\$ 486,229	\$ 1,091,229
2022	620,000	471,246	1,091,246
2023	635,000	453,276	1,088,276
2024	655,000	433,726	1,088,726
2025	675,000	413,511	1,088,511
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	<u>\$ 12,710,000</u>	<u>\$ 4,910,327</u>	<u>\$ 17,620,327</u>

5. LIMITED OBLIGATION LIABILITIES

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 construction is complete, and debt service payments are the only activity on the bonds. The bond's required 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; in Fiscal Year 2015-16, the July 2011 refunding bonds were also refunded, and in February 2016, refunding bonds were issued for \$3,520,000. The bonds outstanding at June 30, 2020 total \$3,070,000.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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 construction is complete, and debt service payments are the only activity on the bonds. The bond's required 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, 2019 total \$1,620,000.

Assessment District No. 2015-1 (Civic Center Wastewater Treatment Facility)

- A. Bonds: The Assessment District No. 2015-1 of the City of Malibu (AD) has issued limited obligation improvement bonds pursuant to the Improvement Bond Act of 1915 to finance a portion of the costs to construct a wastewater treatment plant serving the City's civic center. 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 in the Wastewater Treatment enterprise fund, where the constructed asset is recorded. The City holds required reserve and debt service funds on behalf of bondholders in the Civic Center Wastewater Treatment Facility AD Agency Fund. The AD bonds were issued for \$6,295,000 in May 2016; bonds outstanding at June 30, 2020 total \$6,165,000.
- B. State Revolving Fund Loans: The Assessment District No. 2015-1 has obtained long-term financing through the State of California's Revolving Fund Loan program. The loan proceeds were used to finance a portion of the costs to construct a wastewater treatment plant serving the City's civic center. Although the City collects and disburses funds for the Assessment District, 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 loans; therefore, the debt is not shown in the financial statements of the City. The loan amount outstanding at June 30, 2020 total \$47,247,282.

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, 2020, the City has four non-cancelable tenant leases on the properties.

Office/Retail 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. Due to accumulated depreciation, the building has a net book value of \$877,226 at June 30, 2020.

- 1) A lease was signed on January 6, 2010, for a ten-year period with an option to extend for one, ten-year period, and it was amended on June 9, 2010 for 3,356 square feet of the total 4,501 square feet of this building. To avoid expiration in January 2020, the lease was amended on August 26, 2019. The amended lease commenced on September 1, 2019 for a five-year term, with options to extend the lease for two additional terms of five years each. The monthly lease payment is \$15,366 for September 1, 2019 through August 31, 2020. The monthly rent increases by 2% annually on September 1 for the first five years of the extension and 3% annually during any option periods exercised. 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. Due to economic concerns related to the global pandemic, the lease was amended effective January 2020 to reduce the scheduled monthly lease payment by \$1,000 for January 1, 2020 through June 30, 2021. As a result, the minimum monthly lease payment is \$3,034 for January 1, 2020 through December 31, 2020 and \$3,156 for January 1, 2021 through June 30, 2021, at which point the monthly lease payment will revert to the original contract amount of \$4,156 through December 31, 2021. The monthly rate increases by 3% on January 1 of each year for the remainder of the lease term. There are no contingent rental payments on this lease.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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 2020 through December 2020, the minimum monthly lease payment is \$24,382 with an annual rent reduction of \$25,000 for each year during 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. Due to accumulated depreciation, the building has a net book value of \$1,270,398 as of June 30, 2020.

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, 2018 through March 1, 2023 are \$84,984. The lease had a fixed amount increase on March 1, 2018 and will increase by a fixed amount 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 annually past \$2.2 million. In Fiscal Year 2019-20, the tenant's income collected did not reach the minimum milestone, and the City received no payments from the tenant's percentage income formula. This leased property is valued at \$3,138,040 for the land and \$14,588,211 for the building. Due to accumulated depreciation, the building has a net book value of \$6,564,694 as of June 30, 2020.

At year-end, the future minimum lease payments due to the City are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ 1,514,934
2022	1,555,065
2023	1,573,977
2024	1,558,342
2025	1,421,239
2026-2030	6,651,222
2031-2035	6,875,797
2036-2040	6,099,560
2041-2045	6,404,540
2046-2046	867,712
Total	<u>\$ 34,522,388</u>

7. RETIREMENT BENEFITS

A. DEFINED BENEFIT PLAN

PLAN DESCRIPTION AND ELIGIBILITY

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.

- Tier 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.
- Tier 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).

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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 at www.calpers.ca.gov.

For the information included in this report, the following timeframes are used:

Actuarial Valuation Date of June 30, 2018
Measurement Date of June 30, 2019
Measurement Period of July 1, 2018 through June 30, 2019

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 50 to 62 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 in effect for the year ended June 30, 2020, are summarized as follows:

	Miscellaneous Risk Pool	
	Tier I Prior to <u>January 1, 2013*</u>	Tier II - PEPRA On or After <u>January 1, 2013</u>
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: Normal cost rate	10.868%	7.072%
Payment of unfunded liability	\$352,475	\$7,778

* Closed to new entrants

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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 City's contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. During the year, the employer contributions recognized as a reduction to the net pension liability totaled \$908,055.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

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

As of June 30, 2020, the City reported net pension liabilities totaling \$6,106,999. The City's net pension liability is measured as the proportionate share of the net pension liability measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019 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 as of June 30, 2019 and 2018 was as follows:

	Miscellaneous Risk Pool
Proportion - June 30, 2019	0.05960%
Proportion - June 30, 2018	0.05644%
Change - Increase (Decrease)	0.00316%

For the year ended June 30, 2020, the City recognized pension expense of \$1,732,401. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$1,043,190	\$ -
Differences between actual and expected experience	424,157	(32,864)
Change in assumptions	291,210	(103,232)
Net differences between projected and actual earnings on plan investments	-	(106,769)
Change in employer's proportion	420,482	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(87,562)
Total	<u>\$2,179,039</u>	<u>\$ (330,427)</u>

The \$1,043,190 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, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as a component of pension expense as follows:

Fiscal Year	Amount
2020-21	\$ 629,399
2021-22	58,225
2022-23	96,224
2023-24	21,574
Totals	<u>\$ 805,422</u>

ACTUARIAL METHODS AND ASSUMPTIONS

The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial calculation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

	Miscellaneous Risk Pool
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	(1)
Mortality rate table	(2)
Post retirement benefit increases	(3)

Notes

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that is available on the CalPERS website.
- (3) Contract COLA up to 2.5% until purchasing power protection allowance floor on purchasing power applies, 2.0% thereafter.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.15% for each plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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+ 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 rounded 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 adjusted to account for assumed administrative expenses.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u><u>100.00%</u></u>		

- (a) In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in global equity.
- (b) An expected inflation of 2.0% used for this period
- (c) An expected inflation of 2.92% 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, calculated using the current discount rate 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:

	Current		
	1% Decrease	Discount Rate	1% Increase
Net Pension Liability	6.15%	7.15%	8.15%
	\$ 10,061,946	\$ 6,106,999	\$ 2,842,469

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, 2020, the City had no outstanding amount of contributions due to the pension plan required for the year ended June 30, 2020.

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 (see Note 2). The City's contributions are funded by the General Fund.

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

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 2019-20, the City contributed \$15,272 on behalf of the City Manager, based on a salary of \$254,500 for the covered period. There was one covered employee during the year. Assets of the plan totaled \$63,569 at June 30, 2020.

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 2019-20, the City contributed a total of \$18,115 on behalf of the covered employees. There were seven covered employees during the year. Assets of the plan totaled \$161,510 at June 30, 2020.

Summary financial statements for the two defined contribution plans follow:

City of Malibu
 Combining Statement of Net Position - Pension Trust Funds
 June 30, 2020

	Department Head Plan	City Manager Plan	Total Pension Trust Funds
Assets:			
Cash and investments	<u>\$ 161,510</u>	<u>\$ 63,569</u>	<u>\$ 225,079</u>
Net Position:			
Held in trust for pension benefits	<u>\$ 161,510</u>	<u>\$ 63,569</u>	<u>\$ 225,079</u>

City of Malibu
 Combining Statement of Changes in Net Position - Pension Trust Funds
 For the Year Ended June 30, 2020

	Department Head Plan	City Manager Plan	Total Pension Trust Funds
Additions:			
Contributions by employer	\$ 18,115	\$ 15,272	\$ 33,387
Investment earnings, net	<u>2,027</u>	<u>1,270</u>	<u>3,297</u>
Total additions	<u>20,142</u>	<u>16,542</u>	<u>36,684</u>
Net position - beginning of year	<u>141,368</u>	<u>47,027</u>	<u>188,395</u>
Net position - end of year	<u>\$ 161,510</u>	<u>\$ 63,569</u>	<u>\$ 225,079</u>

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

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

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

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, 2020, the City's covered payroll was \$285,407 for the 42 employees participating in the plan. The City made employer contributions of \$3,710, and employees contributed \$17,695. Assets of the plan totaled \$117,773 at June 30, 2020.

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. The City's contributions are funded by the General Fund.

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, 2020, there were 77 employees participating in the plan. The City made employer contributions of \$80,350, and employees contributed \$286,694.

8. OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The City provides post-employment benefits to retired employees in the form of a contribution toward their medical premiums under the CalPERS health plan, which provides medical insurance benefits to eligible retirees in accordance with various labor agreements. Employees are eligible for retiree health benefits if they retire directly from the City under CalPERS (see Note 7A) and are enrolled in a CalPERS retiree health plan. The City participates in the California Employer's Retiree Benefit Trust Program (CERBT). CERBT is administered by CalPERS and is an agent multiple-employer plan. The minimum required retiree contributions are established by CalPERS. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

For this report, the following timeframes are used related to the OPEB Plan:

Valuation Date of June 30, 2019
Measurement Date of June 30, 2019
Measurement Period of July 1, 2018 through June 30, 2019

ELIGIBILITY

As of the measurement date of June 30, 2019, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	10
Active employees	<u>80</u>
Total	<u>110</u>

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

CONTRIBUTIONS

The benefit provisions and contribution requirements of plan members and the City are established and may be amended through agreements and memorandums of understanding between the City, its employees, and unions representing the City's employees. Administrative costs of the OPEB plan are financed through investment earnings. The contribution required to be made under City Council and labor agreements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For the measurement period ending June 30, 2019, the City recognized contributions of \$760,595 as a reduction to the net OPEB liability. The contributions consisted of \$724,000 paid to the CERBT Trust, \$402 of administrative costs, and \$36,193 for the estimated implied subsidy. The City's contributions are funded by the General Fund.

NET OPEB LIABILITY

The City's net OPEB liability was measured as of June 30, 2019; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

ACTUARIAL ASSUMPTIONS

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	OPEB Plan
Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry age normal, level percentage of payroll
Actuarial assumptions:	
Discount rate	6.75%
Long-term Expected Rate of Return on Investments	6.75%
Inflation	2.75%
Healthcare trend rates	Non-Medicare: 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years CalPERS 1997-2015 experience study
Mortality, Retirement, Disability, Termination	Mortality projected fully generational with Scale MP-2019
Mortality improvement	Aggregate: 3%
Salary increases	Merit: CalPERS 1997-2015 experience study

The long-term expected rate of return is an estimate and is presented as geometric means developed over a 20-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan's target asset allocation, as of the June 30, 2019 measurement date, are summarized below:

Asset Class	Target Allocation CERBT-Strategy 1	Long-Term Expected Real Rate of Return
Global equity	59.00%	4.82%
Fixed income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITS	8.00%	3.76%
Total	<hr/> <hr/> 100.00%	

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate expected City contributions to keep sufficient plan assets to pay all benefits from the trust. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the CERBT Trust investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

CHANGES IN THE NET OPEB LIABILITY

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at Measurement Date: 6/30/18	<u>\$6,539,617</u>	<u>\$5,311,788</u>	<u>\$1,227,829</u>
Changes in the Year:			
Service cost	463,092		463,092
Interest on the total OPEB liability	465,728		465,728
Actual vs expected experience	(888,466)		(888,466)
Assumption change	(40,582)		(40,582)
Contributions - employer	-	760,595	(760,595)
Net investment income	-	342,290	(342,290)
Benefit payments	(206,069)	(206,069)	-
Administrative expenses	-	(1,576)	1,576
Net Changes	<u>(206,297)</u>	<u>895,240</u>	<u>(1,101,537)</u>
Balance at Measurement Date: 6/30/19	<u>\$6,333,320</u>	<u>\$6,207,028</u>	<u>\$ 126,292</u>

Notes to schedule:

Change of Assumptions: The mortality improvement scale was updated to Scale MP-2019 from Scale MP-2017.

Change of Benefit Terms: There were no changes of benefit terms.

Subsequent Events: The PPACA high cost plan excise tax was repealed on 12/20/19, resulting in decreases to Total OPEB Liability by approximately \$100,000 to \$150,000.

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower and one-percentage point higher than the current discount rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	5.75%	6.75%	7.75%
	\$1,051,965	\$126,292	(\$631,815)

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN MEDICAL TREND RATES

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using medical trend rates that are one-percentage point lower and one-percentage point higher than the current medical trend rate.

	Current Healthcare	
1% Decrease	Cost Trend Rate	1% Increase
(6.5% Non-Medicare/ 5.5% Medicare)	(7.5% Non-Medicare/ 6.5% Medicare)	(8.5% Non-Medicare/ 7.5% Medicare)
<u>Decreasing to 3.0%)</u>	<u>Decreasing to 4.0%)</u>	<u>Decreasing to 5.0%)</u>
Net OPEB Liability	(\$697,020)	\$126,292
		\$1,097,168

OPEB EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$429,298. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$773,180	\$ -
Differences between expected and actual experience	- (793,948.00)	
Changes in assumptions	- (36,265.00)	
Differences between projected and actual earnings	- (62,061)	
Total	<u>\$773,180</u>	<u>\$ (892,274)</u>

The \$773,180 deferred outflow of resources for contributions made subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended June 30, 2021. All other amounts reported as deferred outflows and inflows of resources will be recognized as a component of OPEB expense as follows:

Fiscal Year	Amount
2020-21	\$(131,352)
2021-22	(130,352)
2022-23	(102,354)
2023-24	(93,343)
2024-25	(98,835)
Thereafter	(336,038)
Totals	<u><u>\$ (892,274)</u></u>

PAYABLE TO THE OPEB PLAN

At June 30, 2020, the City had no outstanding amount of contributions due to the OPEB plan required for the year ended June 30, 2020.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

9. DEVELOPER FEES

PARKLAND DEVELOPMENT

The City of Malibu charges Parkland Development fees when new residential units are constructed. In Fiscal Year 2019-20, the fees were \$4,124 for each detached single-family dwelling; \$3,597 for each unit of an attached multi-family dwelling with fewer than five units; \$2,680 for each unit of an attached multi-family dwelling with five or more units; \$3,340 for each unit of a duplex, triplex, or quadplex; and \$2,424 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 year, the City collected Parkland Development fees of \$46,364 and earned interest of \$2,338; there were no expenditures during the year. At June 30, 2020, the balance of fees on hand was \$119,820.

ART IN PUBLIC PLACES

Property owners are subject to the City's Art in Public Places ordinance when the total construction cost of certain commercial, institutional, and multi-family residential development projects exceed two hundred and fifty thousand dollars (\$250,000) or certain Capital Improvement Projects (CIP) exceed one million dollars (\$1,000,000). When applicable, the property owner is required to acquire and install approved public art on the project site, or an alternative site within and acceptable to the City. In-lieu of acquiring and installing public art, property owners may pay a public art contribution into the Public Art Fund, equal to at least one percent of the project's total construction cost, or the total CIP cost, as applicable. The fees are deposited in the Art in Public Places In-Lieu special revenue fund, and they are used to incorporate public art through the City. During the current year, the City collected no Art in Public Places fees and earned interest of \$813; there were no expenditures during the year. At June 30, 2020, the balance of fees on hand was \$35,383.

10. INTERFUND TRANSACTIONS

During the normal course of operations, the City has a variety of transactions between funds.

LONG-TERM LOANS – ADVANCES TO/FROM OTHER FUNDS

During Fiscal Years 2018-19 and 2019-20, the General Fund provided temporary funding to the Wastewater Treatment Facility Enterprise Fund for the cumulative excess of costs over the rates charged for operating the Civic Center Wastewater Treatment Facility. The City Council has adopted Resolution No. 20-61 which approved an interfund loan agreement effective as of July 1, 2019. Interest on the loan will accrue at the published quarterly apportionment rate of the State of California's Local Agency Investment Fund and will compound annually. The loan agreement includes approval for additional amounts to be added to the loan balance in Fiscal Year 2020-21 to provide cashflow funding for that year's operating needs. Funds to repay the loan will be included in the proposed Fiscal Year 2021-22 wastewater and recycled water rates that will be presented to the City Council in 2021. The loan agreement calls for a repayment term of three years commencing in Fiscal Year 2021-22; the repayment schedule will be set once the total loan amount has been determined. At June 30, 2020, the outstanding balance of the loan is \$327,335.

SHORT-TERM LOANS – DUE TO/FROM OTHER FUNDS

Due to and from other funds are transactions that represent routine and temporary cash flow assistance from the General Fund to other funds in advance of receiving grant funds or other types of revenue. The composition of these short-term balances at June 30, 2020 is as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Major Funds:		
General Fund	\$ 926,649	\$ -
Grants Special Revenue Fund	-	924,099
Nonmajor Governmental Funds	-	2,550
Total	<u>\$ 926,649</u>	<u>\$ 926,649</u>

CITY OF MALIBU, CALIFORNIA
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 June 30, 2020

TRANSFERS

Transactions which move resources from a fund receiving revenue to the fund through which the resources are expended are recorded as transfers. Transfers for the year ended June 30, 2020, are as follows:

Transfers Out	Transfers In			
	Governmental Fund Type			
	Major Funds			
	General Fund	Capital Fund	Improvements Capital Projects	Total
Governmental Fund Type:				
Major Funds:				
General Fund	\$ -	\$ 725,488	\$ 725,488	
Grants Special Revenue Fund	-	1,060,502	1,060,502	
Nonmajor Funds	190,000	813	190,813	
Proprietary Fund Type:				
Major Funds - Enterprise Funds:				
Commercial Real Estate Rental	77,390	-	77,390	
Wastewater Treatment	156,000	-	156,000	
Total	\$ 423,390	\$ 1,786,803	\$ 2,210,193	

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 interfund transfers were to move resources from one fund to the fund in which the expenditures being funded were recorded.

11. 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 Authority (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.

PRIMARY 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary 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 loss layers.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Primary 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 loss layers.

For 2019-20, the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, 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 an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

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 \$138,916,364. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance. The City of Malibu 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 \$86,883,107. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

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.

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 facilitated 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 2019-20.

12. 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.

On November 9, 2018, the Woolsey Fire burned the western portion of the City of Malibu. Approximately 480 private structures were destroyed. The City is committed to helping the residents rebuild and recover and has retained additional consultant services to aid that effort. The City anticipates that this higher level of service will be necessary for the next several years. Additionally, natural slopes denuded by the fire are prone to mudslides. This was evident in the heavy rains in early 2019. The City anticipates that there will be a high level of storm response and debris clearance for the next three to five years. Additionally, the City adopted Resolution No. 19-30 on June 24, 2019, which waived permit fees for all like-for-like and like-for-like plus 10% of Woolsey Fire rebuilds for Fiscal Year 2019-20. Council established that fee waivers will only apply to properties that were primary residences at the time of the Woolsey Fire. On June 22, 2020, Council adopted Resolution No. 20-32 extending the refund deadline for the Woolsey Fire fee waivers. At fiscal year-end, some eligible permittees had yet to request a refund of fees paid in Fiscal Year 2019-20; a liability has been recorded for the estimated fees eligible to be refunded as of June 30, 2020.

On March 19, 2020, Governor Newsom issued Executive Order N-33-20 ordering all residents of California to stay home except as needed to maintain the operations of critical infrastructure sectors. The County of Los Angeles issued a Health Officer Order and a series of revisions that mirrored and expanded the Governor's Executive Order. Since that time, City staff has been carefully monitoring the impacts on the economy and the City's revenue considering the changing regulations put in place to deal with the COVID-19 pandemic. The pandemic is anticipated to dampen the City's revenues for the next several years. Budget cuts implemented on August 24, 2020, to the Fiscal Year 2020-21 Budget will help the City weather the decrease in revenue.

13. CAPITAL PROJECTS IN PROGRESS

ANNUAL STREET OVERLAY

The project includes asphalt ready hot mix overlay and slurry seal at various locations that have been identified for this year's annual street maintenance. The following areas in the Malibu Knolls and Malibu Country Estates neighborhoods are included for maintenance: Malibu Crest Drive, Harbor Vista Drive, Colony View Circle, Malibu Knolls Road, Coast View Drive, DeVille Way, John Tyler Drive, Malibu Country Drive, Plover Way, Blue Dane Lane, Vantage Point Terrace, Forest Gate Circle, Skyline View Drive, Laurel Ridge Drive, and Bayberry Lane. The work was completed in July and August of Fiscal Year 2020-21. The streets for the Fiscal Year 2021-22 Annual Street Overlay will be selected in the spring of 2021.

CIVIC CENTER WASTEWATER TREATMENT FACILITY PHASE TWO

The Civic Center Wastewater Treatment Facility Phase One consisted of constructing a new wastewater and recycled water treatment facility. The new wastewater treatment facility has the capacity to treat up to 190,000 gallons of wastewater per day and also has flexibility to expand the treatment capacity for Phases Two and Three. The recycled water system was constructed to supply recycled water to customers within the Civic Center area. Construction of Phase One was completed in Fiscal Year 2018-19. Design of Phase Two of the project is underway, and an assessment district engineer has been retained. The work includes preparing a coastal development permit, construction plans, project specifications, and cost estimates for the design to expand the Civic Center Water Treatment Facility. The work also includes the design of a new wastewater collection system for Phase Two property owners, an additional injection well, and the expansion of the recycled water system. It is anticipated that the project will begin construction in 2022.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

PACIFIC COAST HIGHWAY (PCH) MEDIAN IMPROVEMENT PROJECT

This project will promote traffic safety along PCH by channelizing the highway, regulating turn movements, widening shoulders, and improving traffic operations. The project includes the rehabilitation of the existing raised medians and asphalt and concrete shoulder joints 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. In Fiscal Year 2017-18, the City began the project study report/project development support (PSR/PDS) and began the preliminary approval and environmental design phase in Fiscal Year 2018-19. This project is currently in the design phase and is scheduled to be completed in Fiscal Year 2021-22.

CIVIC CENTER WAY ROADWAY IMPROVEMENTS PROJECT

This project will improve safety and operations along Civic Center Way from the intersection of Webb Way to the intersection of Malibu Canyon Road. The project includes widening both sides of the roadway, improving vertical and horizontal sight distances, installing sidewalks, improving the cross slopes of the roadway, modification of traffic signals, and creating opportunities for stormwater treatments and landscape beautification elements. The Civic Center Way Roadway Improvements Project is funded by Los Angeles County Metropolitan Transportation Authority Measure R. Construction is underway and will be completed in Fiscal Year 2020-21.

PACIFIC COAST HIGHWAY (PCH) SIGNAL SYNCHRONIZATION SYSTEM

This project was identified by the PCH Safety Study to improve safety along the Malibu highway corridor. The project will install communication between the existing traffic signals on PCH from Topanga Canyon Road to John Tyler Drive and connect the signals back to Caltrans' Traffic Management Center. The project will interconnect the signals and allow Caltrans to control and operate the signals and the signal system remotely. The City awarded a contract for design in Fiscal Year 2016-17. The project is currently in the design phase and completion is scheduled in Fiscal Year 2022-23.

CIVIC CENTER STORMWATER DIVERSION STRUCTURE

This project consists of stormdrain improvements in the Civic Center area. The improvements will promote the flow and circulation of stormwater into Legacy Park. The design will address the backwater flooding within the Civic Center Way Culvert (Storm Drain Bl 9302) occurring from the Malibu Cove area. This project is currently under design, and the City anticipates that construction will be completed by the end of Fiscal Year 2020-21.

MARIE CANYON GREEN STREETS

This project includes the installation of various filtration devices to remove or kill bacteria in stormwater. The project is intended to reduce the City's Total Maximum Daily Loads (TMDLs) from stormwater to comply with the City's Municipal Separate Storm Sewer System Discharge Permit with the Regional Water Quality Control Board. The project is in design and is anticipated to be completed in Fiscal Year 2020-21.

STORMDRAIN TRASH SCREENS

This project includes the installation of trash screens at the City's stormdrain inlets to prevent debris from entering the stormdrain system and to comply with the City's Total Maximum Daily Loads (TMDLs) requirements. The City anticipates final design, permitting, public bidding, and construction to be completed in Fiscal Year 2020-21.

CITY HALL SOLAR POWER

This project will install a solar power system at City Hall and will reduce the City's overall electricity consumption and cost. The project improvements include single and dual electric vehicle charging stations, solar panel carport installation, and various upgrades to the electrical system for City Hall. This project remains on hold to accommodate other budget priorities resulting from the Woolsey Fire and the COVID-19 pandemic.

CITY HALL ROOF

This project will remove and replace the existing built-up roofing system. The improvements will include the removal and replacement of plywood sheathing, glass, window frames, gaskets, and seals and the installation of a fully adhered PVC membrane new roofing system including a fire-retardant roof covering, insulation, and other accessories. The project is being redesigned and will be put out for public bid in Fiscal Year 2020-21.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

WESTWARD BEACH ROAD IMPROVEMENTS

This project includes modifications to Westward Beach Road starting at Birdview Avenue and running approximately 1,100 feet west. The project includes a 12' wide combination sidewalk and bicycle path, and a bicycle connection from PCH to Westward Beach. A new concrete sand barrier will be placed between the beach and the proposed parking area to prevent sand from depositing on the new sidewalk and parking area. Design of this project is anticipated to be completed in Fiscal Year 2020-21, and construction is anticipated to begin in Fiscal Year 2020-21.

HEATHERCLIFF ROAD SAFETY IMPROVEMENTS

This project includes the installation of a walkway along Heathercliff Road and will promote safety for all modes of travel. This project remains on hold to accommodate other budget priorities resulting from the Woolsey Fire and the COVID-19 pandemic.

ELECTRIC VEHICLE CHARGING STATIONS

This project will upgrade the existing electric vehicle charging stations on Civic Center Way and install additional stations on Civic Center Way and at Bluffs Park. The stations on Civic Center Way will be upgraded in Fiscal Year 2020-21. The project to install additional stations has been put on hold to accommodate other budget priorities resulting from the Woolsey Fire and the COVID-19 pandemic.

TEMPORARY SKATE PARK

During Fiscal Year 2019-20, City Council approved the use of the Crummer/Case property adjacent to Malibu Bluffs Park as the location for a temporary skate park. The project consists of constructing a new asphalt surface, fencing, parking and above-ground skate park elements. The project was completed in July 2020.

PERMANENT SKATE PARK

This project consists of designing and constructing a permanent 12,500 square-foot, in-ground concrete skate park on the Crummer/Case property adjacent to Malibu Bluffs Park. The project includes parking and additional site amenities such as trash cans, benches, tables, and restrooms. Design will begin in Fiscal Year 2020-21.

BLUFFS PARK WORKOUT STATION

This project consists of the installation of a small workout station in the current zip line area at Malibu Bluffs Park. The project will include a new poured in place safety surfacing and signage demonstrating the proper use of the equipment. The project will be funded through the City's Proposition A Park Funds. The project will be constructed in Fiscal Year 2020-21.

BLUFFS PARK SHADE STRUCTURE

This project consists of the installation of four single-post shade structures at Malibu Bluffs Park. Two of the shade structures will be located at the Michael Landon Center Playground, and the other two will be located at the baseball field picnic area. The project will be funded through the City's Proposition A Park Funds. The project will be constructed in Fiscal Year 2020-21.

VEHICLE PROTECTION DEVICES

Malibu Municipal Code Section 17.48.070 requires vehicle impact protection devices to be installed for all parking spaces located adjacent to any outdoor pedestrian seating area. There are two locations within the City's right-of-way that would require a vehicle impact protection device. The first location is on Cross Creek Road directly in front of the Taverna Tony restaurant entrance. The second location is at the Malibu Coast Animal Hospital. This project will be constructed in Fiscal Year 2020-21.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

MALIBU ROAD SLOPE REPAIRS

The existing slope adjacent to the beach access stairs at 24712 Malibu Road has eroded and caused damage to Malibu Road. This project will repair the existing slope and repair the pavement on Malibu Road. This project is anticipated to be completed in Fiscal year 2020-21.

PROJECTS COMPLETED IN FISCAL YEAR 2019-20

The City has several single and multi-year projects which were completed during Fiscal Year 2019-20, including PCH Intersection Improvements and the Civic Center Way Stormdrain Repair.

14. EXTRAORDINARY ITEM AND DISASTER RECOVERY CAPITAL PROJECTS IN PROGRESS

During Fiscal Year 2019-20, the City reported an extraordinary gain for one-time settlements from claims filed by the City as a result of the prior year Woolsey Fire and subsequent storms. The largest of these settlements is \$13.6 million from Southern California Edison (SCE) for claims associated with the Woolsey Fire. Other settlements came from the City's insurance carrier, California Joint Powers Insurance Authority (CJPIA), to cover damages to City facilities in the Woolsey Fire and subsequent storms. The amount received from these settlements has been reported as an extraordinary item in the General Fund in the amount of \$15,925,808. In the government-wide statements in accordance with accounting standards, \$1,464,287 of the settlement has been recorded as an offset to the current year's permanent loss of the City's capital assets, and the reported extraordinary item amount is \$14,461,521.

Multiple rehabilitation and repair projects became necessary as a result of the Woolsey Fire and the subsequent severe storms that followed it in 2019. These projects are funded by a variety of sources including the Federal Emergency Management Agency (FEMA), California Office of Emergency Services (CalOES), and the settlements received from Southern California Edison and CJPIA.

CORRAL CANYON ROAD BRIDGE REPAIRS

This project replaced fire-damaged fencing and repaired the shoulder embankment that caused soil and rock erosion along the wing-walls of the bridge on Corral Canyon Road. This project was completed in Fiscal Year 2019-20.

CORRAL CANYON ROAD CULVERT REPAIRS

This project was located several hundred feet up Corral Canyon Road where there was a new depression in the pavement surface that was discovered after the Woolsey Fire. The pipe appeared to have been damaged or partially collapsed. The project included replacing the culvert and drainage inlet and repairing the pavement. This was completed in Fiscal Year 2019-20.

CITYWIDE GUARDRAIL REPLACEMENT

This project consists of replacing all damaged guardrails throughout the City caused by the Woolsey Fire on Encinal Canyon Road, Birdview Avenue, Wildlife Road, Latigo Canyon Road, Corral Canyon Road, and Kanan Dume Road. The design, permitting, bidding and construction of this project was coordinated with the County since they have similar projects in the area. This project is anticipated to be completed in Fiscal Year 2020-21.

CLOVER HEIGHTS STORM DRAIN IMPROVEMENTS

This project consists of the design and construction to improve permanent drainage from Harvester Road to Clover Heights Avenue. The City will manage the design, permitting, bidding, and construction phase of the project.

LATIGO CANYON ROAD CULVERT REPAIR

This project consists of repairing the existing storm drain culvert on Latigo Canyon Road located approximately 2,500 feet from PCH that was damaged by the Woolsey Fire. The project also includes the repair of the existing damaged embankments and safety fencing. The City will manage the design, permitting, bidding, and construction phase of the Project.

CITY OF MALIBU, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2020

LATIGO CANYON ROADWAY/RETAINING WALL IMPROVEMENTS

This project consists of repairing the roadway and existing timber retaining walls on Latigo Canyon Road that were damaged from the Woolsey Fire. The City will manage the design, permitting, bidding, and construction phase of the project. Design will commence in Fiscal Year 2020-21.

TRANCAS CANYON PARK IMPROVEMENTS

This project consists of repairing the damaged planting and irrigation system that was destroyed by the Woolsey Fire. The project also includes the repair of the septic system equipment in Trancas Canyon Park. The City will manage the design, permitting, bidding, and construction phase of the project.

TRANCAS CANYON PARK SLOPE IMPROVEMENTS

The project consists of repairing the existing slope east of Trancas Canyon Park. The Woolsey Fire damaged the slope causing stability issues from soil and rock erosion and damaged concrete benching. The City will manage the design, permitting, bidding, and construction phase of the project.

BIRDVIEW AVENUE IMPROVEMENTS

This project consists of repairing the roadway embankments on Birdview Avenue which were eroded from the severe storm event. The City will manage the design, permitting, bidding, and construction phase of the project.

BROAD BEACH ROAD WATER QUALITY IMPROVEMENTS

The City owns several hundred feet (+800') of water quality permeable pavers, landscaping and underground biofiltration devices located on Broad Beach Road. During the 2019 storm events, these items were damaged by silts, mud, and debris. These devices were installed in Fiscal Year 2015-16 as part of a Clean Water Grant from the State. This project consists of repairing the permeable pavers, replacement of media material in the biofilters and replacing damaged landscaping. The City will begin construction in Fiscal Year 2020-21.

ENCINAL CANYON ROAD DRAINAGE IMPROVEMENTS

This project is located on Encinal Canyon Road where minor erosion areas were discovered after the severe storm events. This project will consist of repairing the minor erosion areas and improving the drainage. Design will commence in Fiscal Year 2020-21.

CHARMLEE PARK DEBRIS REMOVAL

This project was located at Charmlee Park where large amounts of debris as well as damaged trees were removed from the site. This project was completed in Fiscal Year 2019-20.

CHARMLEE PARK PERMANENT WORK

Charmlee Park sustained substantial damage during the Woolsey Fire, so staff has coordinated with FEMA to address the repairs. There was damage to the buildings and picnic areas and trails will need to be repaired. Trail work was completed in the summer of 2020. Restoration of picnic areas will occur in Fiscal year 2020-21.

OUTDOOR WARNING SIRENS

A consultant was hired to develop a plan that includes the location of individual sirens, power and infrastructure requirements, and siren sound range. Staff has submitted a hazard mitigation grant application to FEMA for design, construction documents and environmental review.

MALIBU PARK STORM DRAIN IMPROVEMENTS

Multiple storm drains throughout the Malibu Park Area and on Birdview Avenue have sustained substantial damages. These damages are due to the recent rainy seasons and associated mud and debris caused by the lack of vegetation from the Woolsey Fire aftermath. These damages occurred during the 2019 rainy season that brought heavy debris and localized flooding from the surrounding burned areas. The drainage structures, slopes and roadways will be repaired within the identified project locations. Construction will begin in Fiscal Year 2020-21.

15. SUBSEQUENT EVENTS

Transient Occupancy Tax Rate Increase

On July 13, 2020, the Council adopted Resolution No. 20-37 ordering the submission of a proposed measure to increase the transient occupancy tax from 12% to 15%. The proposed ballot measure was subsequently named “Measure T” and was included as part of the General Municipal Election on Tuesday, November 3, 2020. Measure T passed with a majority of votes cast (50%+1). The Adopted Budget for Fiscal Year 2020-21, as revised August 24, 2020, includes \$3 million in expected tax revenue from hotels, motels and the short-term rentals of private homes. Based on the projected Transient Occupancy Tax (TOT) revenue in the Adopted Budget, the 3% increase in TOT could generate approximately \$375,000 from January 1, 2021 to June 30, 2021.

Short-Term Rentals Enforcement Ordinance

On September 29, 2020, the City Council adopted Ordinance No. 468 enacting a Short-Term Rental (STR) Permit system to regulate short-term rentals effective January 15, 2021. As of January 15, 2021, all eligible property owners wishing to rent their property on a short-term basis or advertise to rent their properties on a short-term basis are required to have a STR Permit. On November 5, 2020, Council adopted Resolution No. 20-57 adding a STR Permit Fee in the amount of \$294 to the Schedule of Fees for Fiscal Year 2020-21. The City estimates that this permit fee will generate approximately \$129,000 annually.

Short-Term Rentals Home Sharing Ordinance

On November 23, 2020, Council adopted Ordinance No. 472 to regulate the short-term rental of residential property citywide commonly referred to as the “Hosted Short-Term Rental Ordinance.” Among other requirements, the ordinance requires that the host be onsite during the rental of single-family residences and condominium units and limits the number of multifamily units that can be rented on a short-term basis to 40% up to 2 units maximum per parcel. In order for the Hosted Short-Term Rental Ordinance to go into effect, the corresponding Local Coastal Program Amendment (LCPA) must be certified by the California Coastal Commission. Once it is certified, the Hosted Short-Term Rental Ordinance will supersede the Enforcement Ordinance. The Adopted Budget for Fiscal Year 2020-21 anticipates that the City will receive \$1.3 million in Transient Occupancy Tax from short-term rentals. The impact to this General Fund revenue source from the Hosted Ordinance is expected to be significant but cannot be determined with certainty at this time.



SUPPLEMENTARY INFORMATION

Required Supplementary Information (RSI) is information that, although not part of the basic financial statements, is required by Governmental Accounting Standards Board and is considered to be an essential part of financial reporting. This information consists of additional data associated with the City's defined benefit pension plan and OPEB plan, the related net pension and OPEB liabilities, and budget to actual schedules for the General and major special revenue funds.

Supplementary Information provides information on each individual fund that is not already provided in the basic financial statements. This section includes information on non-major governmental funds, budget to actual schedules for the Commercial Real Estate Rental and Wastewater Treatment enterprise funds, and combining schedules for fiduciary funds. Following are descriptions of the non-major special revenue funds that are included in this section.

- **STATE GAS TAX** - To account for monies received from the state gas tax allocations, which are required to be spent on construction, improvement and maintenance of public streets and infrastructure.
- **TRAFFIC SAFETY** - To account for revenues collected from traffic violations that the City has identified for use on traffic safety-related expenditures including traffic control and street maintenance not included in the Gas Tax Fund.
- **PROPOSITION A** - To account for revenues and expenditures associated with the $\frac{1}{2}$ cent sales tax approved by taxpayers as Proposition A in 1980. These funds may only be expended for transportation-related services as approved by the Los Angeles County Metropolitan Transportation Authority (MTA).
- **PROPOSITION C** - To account for revenues and expenditures associated with the $\frac{1}{2}$ cent sales tax approved by taxpayers as Proposition C in 1990. These funds may only be expended for transportation-related services as approved by the MTA.
- **MEASURE R** - To account for revenues and expenditures associated with the $\frac{1}{2}$ cent sales tax approved by taxpayers as Measure R in 2008. These funds may only be expended for transportation-related services as approved by the MTA.

- **AIR QUALITY MANAGEMENT** - To account for monies received from the South Coast Air Quality Management District which are used for generating alternative transportation programs to reduce the problem of poor air quality in Southern California.
- **SOLID WASTE MANAGEMENT SURCHARGE** - This fund accounts for monies received from fees generated by solid waste collections in the City. Funds are to be used for implementing the solid waste management process as defined in the Source Reduction and Recycling Element.
- **PARKLAND DEVELOPMENT IN-LIEU** - The City collects fees from developers, as a condition of approval, to be used for parkland and recreation facilities and programs.
- **QUIMBY ACT PARKLAND DEDICATION** - Similar to the Parkland Development funds, the City collects fees from the development of subdivisions. Funds are restricted to acquisition of parkland and/or construction of facilities for recreation purposes.
- **BRULTE BILL GRANT** - The City receives funding from the State of California as a supplemental grant for law enforcement. Malibu uses these funds for a variety of programs provided by the Sheriff's Department.
- **MEASURE M** – To account for revenues and expenditures associated with the ½ percent sales tax approved by taxpayers as Los Angeles County Measure M in 2016. These funds may only be expended for transportation-related projects as approved by MTA.
- **ROAD MAINTENANCE AND REHABILITATION (RMRA)** – To account for revenues and expenditures associated with the increased fuel taxes and vehicles registration fees established by Senate Bill 1 Road Repair and Accountability Act of 2017 signed by the Governor. These funds may only be expended for transportation-related projects as approved by California Transportation Commission.
- **ART IN PUBLIC PLACES IN-LIEU** – The City collects fees from developers as a condition of approval, to incorporate public art throughout the City.
- **COMMUNITY DEVELOPMENT BLOCK GRANT** - To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant Program.
- **BIG ROCK MESA/MALIBU ROAD/CALLE DEL BARCO LMDs** - To account for special assessments on property within district boundaries for the restricted purpose of providing landslide maintenance services.

CITY OF MALIBU
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS MISCELLANEOUS PENSION PLAN
LAST TEN YEARS*

Fiscal year ending June 30, Measurement date	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017	2017 6/30/2016	2016 6/30/2015	2015 6/30/2014
Plan's proportion of the net pension liability	0.059600%	0.056440%	0.055919%	0.053280%	0.04904%	0.05209%
Plan's proportionate share of the net pension liability	\$ 6,106,999	\$ 5,438,378	\$ 5,545,643	\$ 4,610,344	\$ 3,366,039	\$ 3,241,379
Plan's covered payroll, measurement date	\$ 6,903,933	\$ 6,243,134	\$ 5,593,683	\$ 5,624,392	\$ 5,398,632	\$ 5,398,632
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	88.46%	87.11%	99.14%	81.97%	62.35%	60.04%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	83.03%
Plan's proportionate share of aggregate employer contributions	\$ 965,341	\$ 812,252	\$ 740,151	\$ 640,844	\$ 428,499	\$ 628,322

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes in Assumptions:

From Fiscal Year 6/30/15 to 6/30/16: GASB 69 paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From Fiscal Year June 30, 2016 to June 30, 2017: There were no changes in assumptions.

From Fiscal Year June 30, 2017 to June 30, 2018: The discount rate was reduced from 7.65% to 7.15%.

From Fiscal Year June 30, 2018 to June 30, 2019: Demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

From Fiscal Year June 30, 2019 to June 30, 2020: There were no changes in assumptions.

* Fiscal Year 2014-15 was the first year of implementation; therefore, only six years are shown.

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

Fiscal year ending June 30,	2020	2019	2018	2017	2016	2015
Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Contractually required contribution (actuarially determined)	\$ 1,043,190	\$ 908,055	\$ 753,756	\$ 656,352	\$ 514,781	\$ 626,811
Contributions in relation to the actuarially determined contribution	<u>(1,043,190)</u>	<u>(908,055)</u>	<u>(753,756)</u>	<u>(656,352)</u>	<u>(514,781)</u>	<u>(626,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,337,369	\$ 6,903,933	\$ 6,243,134	\$ 5,593,683	\$ 5,624,392	\$ 5,398,632
Contributions as a percentage of covered payroll	14.22%	13.15%	12.07%	11.73%	9.15%	11.61%

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age					
	(1)	(1)	(1)	(1)	(1)	(1)
Amortization method	Market Value					
Asset valuation method	Market Value					
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of pay, direct rate smoothing
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA which is 2% at 62
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

* Fiscal Year 2014-15 was the first year of implementation; therefore, only six years are shown.

CITY OF MALIBU
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

Fiscal year ending June 30, Measurement date	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Total OPEB Liability:			
Service cost	\$ 463,092	\$ 446,600	\$ 434,000
Interest on total OPEB liability	465,728	419,700	377,000
Differences between expected and actual experience	(888,466)	-	-
Changes in assumptions	(40,582)	-	-
Benefit payments**	<u>(206,069)</u>	<u>(195,683)</u>	<u>(192,000)</u>
Net Change in Total OPEB Liability	(206,297)	670,617	619,000
Total OPEB liability - beginning of year	<u>6,539,617</u>	<u>5,869,000</u>	<u>5,250,000</u>
Total OPEB liability - end of year [a]	<u>6,333,320</u>	<u>6,539,617</u>	<u>5,869,000</u>
 Plan Fiduciary Net Position:			
Contributions - employer	760,595	761,538	720,000
Net investment income	342,290	352,724	389,000
Administrative expenses	(1,576)	(8,791)	(3,000)
Benefit payments**	<u>(206,069)</u>	<u>(195,683)</u>	<u>(192,000)</u>
Net Change in Plan Fiduciary Net Position	895,240	909,788	914,000
Plan Fiduciary Net Position - beginning of year	<u>5,311,788</u>	<u>4,402,000</u>	<u>3,488,000</u>
Plan Fiduciary Net Position - end of year [b]	<u>6,207,028</u>	<u>5,311,788</u>	<u>4,402,000</u>
Net OPEB Liability - end of year ([a] - [b])	<u>\$ 126,292</u>	<u>\$ 1,227,829</u>	<u>\$ 1,467,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	98.01%	81.22%	75.00%
Covered-employee payroll, measurement date	\$ 6,769,722	\$ 6,133,000	\$ 5,486,000
Net OPEB liability as a percentage of covered-employee payroll	1.87%	20.02%	26.74%

Notes to schedule:

Benefit Changes: There were no changes in benefits.

Changes in Assumptions:

From Fiscal Year June 30, 2017 to June 30, 2018: There were no changes in assumptions.

From Fiscal Year June 30, 2018 to June 30, 2019: Demographic assumptions were updated, PEMHCA waived retiree re-election change, and mortality improvement scale updated.

* Fiscal Year 2017-18 was the first year of implementation; therefore, only three years are shown.

** Benefit payments include refunds and the implied subsidy benefit payments

CITY OF MALIBU
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB PLAN
LAST TEN FISCAL YEARS*

Fiscal year ending June 30, Valuation date	2020 6/30/2019	2019 6/30/2017	2018 6/30/2016
Actuarially determined contribution	\$ 625,000	\$ 604,000	\$ 614,000
Contribution in relation to the actuarially determined contributions**	<u>(773,180)</u>	<u>(760,595)</u>	<u>(767,000)</u>
Contribution excess	<u><u>\$ (148,180)</u></u>	<u><u>\$ (156,595)</u></u>	<u><u>\$ (153,000)</u></u>
Covered-employee payroll	\$ 7,203,853	\$ 6,769,722	\$ 6,133,000
Contributions as a percentage of covered-employee payroll	10.7%	11.2%	12.5%
** Includes the implied subsidy of:	\$ 47,640	\$ 36,193	\$ 37,000

Methods and Assumptions Used to Determine Contribution Rates:

	Entry Age (1) 17 years	Entry Age (1) 18 years	Entry Age (1) 19 years
Actuarial cost method	(2)	(2)	(2)
Amortization method	6.75%	6.75%	6.75%
Amortization period	2.75%	2.75%	2.75%
Asset valuation method			
Discount rate	7.25% - 4.0%	7.5% - 4.0%	7.5% - 4.0%
Inflation	6.3% - 4.0%	6.5% - 4.0%	6.5% - 4.0%
Medical trend (3)			
Non-Medicare	(5)	(4)	(4)
Medicare			
Mortality			

Notes to Schedule:

- (1) Level percentage of pay
- (2) Market value method; investment gains and losses spread over a 5-year rolling period
- (3) Rate decreasing to an ultimate rate in 2076 and later years
- (4) CalPERS 1997-2011 experience study. Mortality projected fully generational with Scale MP-2016
- (5) CalPERS 1997-2015 experience study. Mortality projected fully generational with Scale MP-2018

* Fiscal Year 2017-18 was the first year of implementation; therefore, only three years are shown.

CITY OF MALIBU
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AND NEXT YEAR'S BUDGET
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)	FY 2020-21 Original Budget
	Original	Final	Actual		
REVENUES					
Taxes	\$ 23,950,000	\$ 23,950,000	\$ 26,834,385	\$ 2,884,385	\$ 23,130,000
Fines and forfeitures	625,000	625,000	1,159,524	534,524	700,000
Intergovernmental	723,462	549,462	1,136,180	586,718	140,000
Use of money and property	328,000	328,000	1,134,520	806,520	405,000
Charges for services	5,351,250	6,738,250	7,109,645	371,395	5,526,350
Other	38,000	128,000	652,206	524,206	300,500
Total revenues	<u>31,015,712</u>	<u>32,318,712</u>	<u>38,026,460</u>	<u>5,707,748</u>	<u>30,201,850</u>
EXPENDITURES					
Current:					
Legislative and advisory	1,843,252	2,030,752	1,634,217	396,535	1,840,390
General government	5,558,833	5,688,833	5,629,555	59,278	6,491,676
Public safety	8,953,708	9,251,208	8,889,702	361,506	9,369,523
Community development	7,133,376	7,558,376	6,322,634	1,235,742	6,172,749
Community services	2,886,088	2,906,088	2,351,862	554,226	2,755,796
Public works	5,178,611	6,859,891	6,822,040	37,851	4,627,459
Capital outlay	4,083,000	4,295,000	1,534,532	2,760,468	-
Debt service:					
Principal	859,786	859,786	859,786	-	865,000
Interest	2,271,162	2,271,162	2,271,162	-	1,783,050
Total expenditures	<u>38,767,816</u>	<u>41,721,096</u>	<u>36,315,490</u>	<u>5,405,606</u>	<u>33,905,643</u>
Revenues over (under) expenditures	<u>(7,752,104)</u>	<u>(9,402,384)</u>	<u>1,710,970</u>	<u>11,113,354</u>	<u>\$ (3,703,793)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	423,390	423,390	
Transfers out	-	-	(725,488)	(725,488)	
Total other financing sources (uses)	-	-	(302,098)	(302,098)	
EXTRAORDINARY ITEMS					
Wildfire settlements	-	13,563,945	15,925,808	2,361,863	
Net change in fund balance	<u>\$ (7,752,104)</u>	<u>\$ 4,161,561</u>	<u>17,334,680</u>	<u>\$ 13,173,119</u>	
FUND BALANCE - BEGINNING			<u>32,329,108</u>		
FUND BALANCE - ENDING			<u>\$ 49,663,788</u>		

CITY OF MALIBU
GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/ (Negative)
REVENUES				
Intergovernmental	<u>\$ 5,876,000</u>	<u>\$ 6,045,000</u>	\$ 1,010,185	<u>\$ (5,034,815)</u>
OTHER FINANCING USES				
Transfers out			<u>(1,060,502)</u>	
Net change in fund balance			(50,317)	
FUND BALANCE - BEGINNING			<u>(142,278)</u>	
FUND BALANCE - ENDING			<u>\$ (192,595)</u>	

CITY OF MALIBU, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

1. BUDGETS AND BUDGETARY PRINCIPLES

General Budget Policies

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

Budgets are adopted on a basis consistent with generally accepted accounting principles and are used as a management control device. Annual appropriated budgets are adopted for the General Fund and generally for all Special Revenue funds; in Fiscal Year 2019-20, no budget was adopted for the Art in Public Places In-Lieu Special Revenue Fund.

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.

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 and approved by the City Council for the General Fund which increased the originally adopted budget of \$38,767,816 to \$41,721,096. The majority of the budget amendments were for 1) carryover appropriations from the prior year, 2) increased costs related to the Woolsey Fire rebuilding and recovery efforts, 3) increased costs related to district-based elections, and 4) increased costs resulting from increased planning, building safety, and public works permit applications that are not related to Woolsey Fire rebuilding efforts.



CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Special Revenue Funds				
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R
ASSETS					
Cash and investments	\$ 199,098	\$ 175,118	\$ 290,766	\$ 339,956	\$ 290,352
Accounts receivable	-	-	-	-	-
Due from other governments	-	19,440	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u><u>\$ 199,098</u></u>	<u><u>\$ 194,558</u></u>	<u><u>\$ 290,766</u></u>	<u><u>\$ 339,956</u></u>	<u><u>\$ 290,352</u></u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 8,622	\$ -	\$ -
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>8,622</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
FUND BALANCES					
Nonspendable					
Prepaid items	-	-	-	-	-
Restricted					
Public works activities	199,098	194,558	-	-	-
Capital improvement projects	-	-	-	339,956	290,352
Community services activities	-	-	282,144	-	-
Environmental sustainability	-	-	-	-	-
Special district projects	-	-	-	-	-
Unassigned	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total fund balances	<u><u>199,098</u></u>	<u><u>194,558</u></u>	<u><u>282,144</u></u>	<u><u>339,956</u></u>	<u><u>290,352</u></u>
Total liabilities and fund balances	<u><u>\$ 199,098</u></u>	<u><u>\$ 194,558</u></u>	<u><u>\$ 290,766</u></u>	<u><u>\$ 339,956</u></u>	<u><u>\$ 290,352</u></u>

(Continued)

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(Continued)

	Special Revenue Funds					
	Air Quality Management	Solid Waste Management Surcharge	Parkland Development In-Lieu	Quimby Act Parkland Dedication	Brulte Bill Grant	Measure M
ASSETS						
Cash and investments	\$ 108,703	\$ 18,644	\$ 119,820	\$ 3,798	\$ -	\$ 383,199
Accounts receivable	-	23,468	-	-	-	-
Due from other governments	3,770	386	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 112,473	\$ 42,498	\$ 119,820	\$ 3,798	\$ -	\$ 383,199
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 4,295	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	10,000	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	14,295	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Public works activities	112,473	-	-	-	-	383,199
Capital improvement projects	-	-	119,820	3,798	-	-
Community services activities	-	-	-	-	-	-
Environmental sustainability	-	28,203	-	-	-	-
Special district projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	112,473	28,203	119,820	3,798	-	383,199
Total liabilities and fund balances	\$ 112,473	\$ 42,498	\$ 119,820	\$ 3,798	\$ -	\$ 383,199

Special Revenue Funds							Total Non-major Governmental Funds
Road Maintenance RMRA/SB1	Art in Public Places In-Lieu	Community Development Block Grant	Big Rock Mesa LMD	Malibu Road LMD	Calle del Barco LMD		
\$ 281,834	\$ 35,383	\$ -	\$ 141,078	\$ 110,821	\$ 94,394	\$ 2,592,964	
-	-	-	-	-	-	23,468	
33,444	-	2,202	7,593	570	1,010	68,415	
-	-	966	-	-	-	966	
\$ 315,278	\$ 35,383	\$ 3,168	\$ 148,671	\$ 111,391	\$ 95,404	\$ 2,685,813	
<hr/>							
\$ -	\$ -	\$ 618	\$ 26,720	\$ 4,260	\$ 5,825	\$ 50,340	
-	-	-	-	-	-	10,000	
-	-	2,550	-	-	-	2,550	
-	-	3,168	26,720	4,260	5,825	62,890	
<hr/>							
-	-	966	-	-	-	966	
315,278	-	-	-	-	-	1,204,606	
-	35,383	-	-	-	-	789,309	
-	-	-	-	-	-	282,144	
-	-	-	-	-	-	28,203	
-	-	-	121,951	107,131	89,579	318,661	
-	-	(966)	-	-	-	(966)	
315,278	35,383	-	121,951	107,131	89,579	2,622,923	
\$ 315,278	\$ 35,383	\$ 3,168	\$ 148,671	\$ 111,391	\$ 95,404	\$ 2,685,813	

CITY OF MALIBU
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	State Gas Tax	Traffic Safety	Proposition A	Proposition C	Measure R
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	221,458	-	-	-
Intergovernmental	291,741	-	251,275	208,433	156,101
Use of money and property	3,392	2,733	5,686	6,380	4,912
Charges for services	-	-	-	-	-
Total revenues	<u>295,133</u>	<u>224,191</u>	<u>256,961</u>	<u>214,813</u>	<u>161,013</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	-	164,489	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>164,489</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>295,133</u>	<u>224,191</u>	<u>92,472</u>	<u>214,813</u>	<u>161,013</u>
OTHER FINANCING USES					
Transfers out	<u>(100,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balance	<u>195,133</u>	<u>174,191</u>	<u>92,472</u>	<u>174,813</u>	<u>161,013</u>
FUND BALANCE - BEGINNING	<u>3,965</u>	<u>20,367</u>	<u>189,672</u>	<u>165,143</u>	<u>129,339</u>
FUND BALANCE - ENDING	<u><u>\$ 199,098</u></u>	<u><u>\$ 194,558</u></u>	<u><u>\$ 282,144</u></u>	<u><u>\$ 339,956</u></u>	<u><u>\$ 290,352</u></u>

Special Revenue Funds

<u>Air Quality Management</u>	<u>Solid Waste Management Surcharge</u>	<u>Parkland Development In-Lieu</u>	<u>Quimby Act Parkland Dedication</u>	<u>Brulte Bill Grant</u>	<u>Measure M</u>	<u>Road Maintenance RMRA/SB1</u>
\$ -	\$ -	\$ 46,364	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
15,123	2,105	-	-	155,948	175,780	219,010
2,320	126	2,338	88	-	6,821	3,924
<u>-</u>	<u>140,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,443</u>	<u>142,979</u>	<u>48,702</u>	<u>88</u>	<u>155,948</u>	<u>182,601</u>	<u>222,934</u>
 -	 -	 -	 -	 -	 -	 -
 -	 -	 -	 -	 155,948	 -	 -
 -	 148,497	 -	 -	 -	 -	 -
 -	 -	 -	 -	 -	 -	 -
 -	 -	 -	 -	 -	 -	 -
 <u>-</u>	 <u>148,497</u>	 <u>-</u>	 <u>-</u>	 <u>155,948</u>	 <u>-</u>	 <u>-</u>
 17,443	 (5,518)	 48,702	 88	 -	 182,601	 222,934
 <u>(813)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 16,630	 (5,518)	 48,702	 88	 -	 182,601	 222,934
 95,843	 33,721	 71,118	 3,710	 -	 200,598	 92,344
 <u>\$ 112,473</u>	 <u>\$ 28,203</u>	 <u>\$ 119,820</u>	 <u>\$ 3,798</u>	 <u>\$ -</u>	 <u>\$ 383,199</u>	 <u>\$ 315,278</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, 2020
(Continued)

	Special Revenue Funds					Total Non-major Governmental Funds
	Art in Public Places In-Lieu	Community Development Block Grant	Big Rock Mesa LMD	Malibu Road LMD	Calle del Barco LMD	
REVENUES						
Taxes	\$ -	\$ -	\$ 310,479	\$ 54,589	\$ 52,226	\$ 463,658
Fines and forfeitures	-	-	-	-	-	221,458
Intergovernmental	-	18,844	-	-	-	1,494,360
Use of money and property	813	-	3,308	2,117	2,139	47,097
Charges for services	-	-	-	-	-	140,748
Total revenues	813	18,844	313,787	56,706	54,365	2,367,321
EXPENDITURES						
Current:						
General government	-	7,258	-	-	-	7,258
Public safety	-	-	-	-	-	155,948
Community development	-	-	-	-	-	148,497
Community services	-	-	-	-	-	164,489
Public works	-	-	259,621	12,431	54,463	326,515
Capital outlay	-	11,586	100,684	20,000	-	132,270
Total expenditures	-	18,844	360,305	32,431	54,463	934,977
Revenues over (under) expenditures	813	-	(46,518)	24,275	(98)	1,432,344
OTHER FINANCING USES						
Transfers out	-	-	-	-	-	(190,813)
Net change in fund balance	813	-	(46,518)	24,275	(98)	1,241,531
FUND BALANCE - BEGINNING	34,570	-	168,469	82,856	89,677	1,381,392
FUND BALANCE - ENDING	\$ 35,383	\$ -	\$ 121,951	\$ 107,131	\$ 89,579	\$ 2,622,923

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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 342,440	\$ 342,440	\$ 291,741	\$ (50,699)
Use of money and property	1,000	1,000	3,392	2,392
Total revenues	<u>\$ 343,440</u>	<u>\$ 343,440</u>	295,133	<u>\$ (48,307)</u>
OTHER FINANCING USES				
Transfers out				<u>(100,000)</u>
Net change in fund balance			195,133	
FUND BALANCE - BEGINNING			<u>3,965</u>	
FUND BALANCE - ENDING			<u>\$ 199,098</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeitures	\$ 200,000	\$ 200,000	\$ 221,458	\$ 21,458
Use of money and property	900	900	2,733	1,833
Total revenues	<u>\$ 200,900</u>	<u>\$ 200,900</u>	224,191	<u>\$ 23,291</u>
OTHER FINANCING USES				
Transfers out				<u>(50,000)</u>
Net change in fund balance			174,191	
FUND BALANCE - BEGINNING				<u>20,367</u>
FUND BALANCE - ENDING				<u>\$ 194,558</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 262,210	\$ 262,210	\$ 251,275	\$ (10,935)
Use of money and property	<u>2,000</u>	<u>2,000</u>	<u>5,686</u>	<u>3,686</u>
Total revenues	264,210	264,210	256,961	(7,249)
EXPENDITURES				
Current:				
Community services	<u>195,500</u>	<u>195,500</u>	<u>164,489</u>	<u>31,011</u>
Revenues over (under) expenditures	<u>\$ 68,710</u>	<u>\$ 68,710</u>	<u>92,472</u>	<u>\$ 23,762</u>
FUND BALANCE - BEGINNING			<u>189,672</u>	
FUND BALANCE - ENDING			<u>\$ 282,144</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 217,496	\$ 217,496	\$ 208,433	\$ (9,063)
Use of money and property	2,000	2,000	6,380	4,380
Total revenues	<u>\$ 219,496</u>	<u>\$ 219,496</u>	214,813	<u>\$ (4,683)</u>
OTHER FINANCING USES				
Transfers out				<u>(40,000)</u>
Net change in fund balance			174,813	
FUND BALANCE - BEGINNING			<u>165,143</u>	
FUND BALANCE - ENDING			<u>\$ 339,956</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 163,140	\$ 163,140	\$ 156,101	\$ (7,039)
Use of money and property	<u>2,000</u>	<u>2,000</u>	<u>4,912</u>	<u>2,912</u>
Total revenues	<u><u>\$ 165,140</u></u>	<u><u>\$ 165,140</u></u>	161,013	<u><u>\$ (4,127)</u></u>
FUND BALANCE - BEGINNING			<u>129,339</u>	
FUND BALANCE - ENDING			<u><u>\$ 290,352</u></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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 16,000	\$ 16,000	\$ 15,123	\$ (877)
Use of money and property	800	800	2,320	1,520
Total revenues	<u>\$ 16,800</u>	<u>\$ 16,800</u>	17,443	<u>\$ 643</u>
OTHER FINANCING USES				
Transfers out				<u>(813)</u>
Net change in fund balance			16,630	
FUND BALANCE - BEGINNING			<u>95,843</u>	
FUND BALANCE - ENDING			<u>\$ 112,473</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 2,105	\$ (2,895)
Use of money and property	500	500	126	(374)
Charges for services	<u>138,000</u>	<u>138,000</u>	<u>140,748</u>	<u>2,748</u>
Total revenues	143,500	143,500	142,979	(521)
EXPENDITURES				
Current:				
Community development	<u>163,601</u>	<u>163,601</u>	<u>148,497</u>	<u>15,104</u>
Revenues over (under) expenditures	<u>\$ (20,101)</u>	<u>\$ (20,101)</u>	<u>(5,518)</u>	<u>\$ 14,583</u>
FUND BALANCE - BEGINNING				<u>33,721</u>
FUND BALANCE - ENDING				<u>\$ 28,203</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 20,000	\$ 20,000	\$ 46,364	\$ 26,364
Use of money and property	1,000	1,000	2,338	1,338
Total revenues	<u>\$ 21,000</u>	<u>\$ 21,000</u>	48,702	<u>\$ 27,702</u>
FUND BALANCE - BEGINNING			<u>71,118</u>	
FUND BALANCE - ENDING			<u>\$ 119,820</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Use of money and property	\$ 100	\$ 100	\$ 88	\$ (12)
FUND BALANCE - BEGINNING			<u>3,710</u>	
FUND BALANCE - ENDING			<u>\$ 3,798</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 155,948	\$ 30,948
EXPENDITURES				
Current:				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>155,948</u>	<u>(55,948)</u>
Revenues over (under) expenditures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	-	<u>\$ (25,000)</u>
FUND BALANCE - BEGINNING				<u>-</u>
FUND BALANCE - ENDING				<u>\$ -</u>

CITY OF MALIBU
MEASURE M SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 184,872	\$ 184,872	\$ 175,780	\$ (9,092)
Use of money and property	2,000	2,000	6,821	4,821
Total revenues	<u>\$ 186,872</u>	<u>\$ 186,872</u>	182,601	<u>\$ (4,271)</u>
FUND BALANCE - BEGINNING			<u>200,598</u>	
FUND BALANCE - ENDING			<u>\$ 383,199</u>	

CITY OF MALIBU
ROAD MAINTENANCE RMRA/SB1 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 212,947	\$ 212,947	\$ 219,010	\$ 6,063
Use of money and property	<u>1,500</u>	<u>1,500</u>	<u>3,924</u>	<u>2,424</u>
Total revenues	<u><u>\$ 214,447</u></u>	<u><u>\$ 214,447</u></u>	222,934	<u><u>\$ 8,487</u></u>
FUND BALANCE - BEGINNING			<u>92,344</u>	
FUND BALANCE - ENDING			<u><u>\$ 315,278</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 7,404	\$ 20,404	\$ 18,844	\$ (1,560)
EXPENDITURES				
Current:				
General government	7,404	7,404	7,258	146
Capital outlay	-	13,000	11,586	1,414
Total expenditures	7,404	20,404	18,844	1,560
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE - BEGINNING				-
FUND BALANCE - ENDING				\$ -

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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 312,244	\$ 312,244	\$ 310,479	\$ (1,765)
Use of money and property	2,000	2,000	3,308	1,308
Total revenues	<u>314,244</u>	<u>314,244</u>	<u>313,787</u>	<u>(457)</u>
EXPENDITURES				
Current:				
Public works	293,172	293,172	259,621	33,551
Capital outlay	<u>95,000</u>	<u>95,000</u>	<u>100,684</u>	<u>(5,684)</u>
Total expenditures	<u>388,172</u>	<u>388,172</u>	<u>360,305</u>	<u>27,867</u>
Revenues over (under) expenditures	<u>\$ (73,928)</u>	<u>\$ (73,928)</u>	<u>(46,518)</u>	<u>\$ 27,410</u>
FUND BALANCE - BEGINNING			<u>168,469</u>	
FUND BALANCE - ENDING			<u>\$ 121,951</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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 56,615	\$ 56,615	\$ 54,589	\$ (2,026)
Use of money and property	800	800	2,117	1,317
Total revenues	57,415	57,415	56,706	(709)
EXPENDITURES				
Current:				
Public works	56,747	56,747	12,431	44,316
Capital outlay	20,000	20,000	20,000	-
Total expenditures	76,747	76,747	32,431	44,316
Revenues over (under) expenditures	\$ (19,332)	\$ (19,332)	24,275	\$ 43,607
FUND BALANCE - BEGINNING			82,856	
FUND BALANCE - ENDING			\$ 107,131	

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, 2020

	Budgeted Amounts			Variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 62,980	\$ 62,980	\$ 52,226	\$ (10,754)
Use of money and property	800	800	2,139	1,339
Total revenues	<u>63,780</u>	<u>63,780</u>	<u>54,365</u>	<u>(9,415)</u>
EXPENDITURES				
Current:				
Public works	59,622	59,622	54,463	5,159
Capital outlay	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>
Total expenditures	<u>79,622</u>	<u>79,622</u>	<u>54,463</u>	<u>25,159</u>
Revenues over (under) expenditures	<u>\$ (15,842)</u>	<u>\$ (15,842)</u>	<u>(98)</u>	<u>\$ 15,744</u>
FUND BALANCE - BEGINNING			<u>89,677</u>	
FUND BALANCE - ENDING			<u>\$ 89,579</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, 2020

						Variance with Final Budget Positive/ (Negative)	
	Budgeted Amounts		Actual	Budgetary Adjustments	Actual (Budgetary Basis)		
	Original	Final					
OPERATING REVENUES							
Charges for sales and services:							
Rental income	\$ 1,682,547	\$ 1,666,195	\$ 1,513,064	\$ -	\$ 1,513,064	\$ (153,131)	
Other operating income	145,000	145,000	186,382	-	186,382	41,382	
Total operating revenues	1,827,547	1,811,195	1,699,446	-	1,699,446	(111,749)	
OPERATING EXPENSES							
Personnel services	80,170	80,170	66,534	-	66,534	13,636	
Professional and contractual services	405,000	413,000	390,786	-	390,786	22,214	
Repairs and maintenance	160,000	160,000	113,987	-	113,987	46,013	
Utilities	136,000	136,000	147,040	-	147,040	(11,040)	
Supplies	20,000	20,000	862	-	862	19,138	
Total operating expenses	801,170	809,170	719,209	-	719,209	89,961	
Operating income before depreciation	1,026,377	1,002,025	980,237	-	980,237	(21,788)	
Depreciation expense	-	-	1,333,135	(1,333,135)	-	-	
Operating income	1,026,377	1,002,025	(352,898)	1,333,135	980,237	(21,788)	
NONOPERATING REVENUES (EXPENSES)							
Investment and interest income	20,000	20,000	23,863	-	23,863	3,863	
Grant revenue	150,000	100,523	100,523	-	100,523	-	
Interest expense	(501,300)	(501,300)	(523,527)	-	(523,527)	(22,227)	
Principal payments on debt	(590,000)	(590,000)	-	(590,000)	(590,000)	-	
Total nonoperating revenues (expenses)	(921,300)	(970,777)	(399,141)	(590,000)	(989,141)	(18,364)	
Income before transfers	\$ 105,077	\$ 31,248	(752,039)	\$ 743,135	\$ (8,904)	\$ (40,152)	
Transfers to governmental funds				(77,390)			
Change in net position				(829,429)			
NET POSITION - BEGINNING				22,097,053			
NET POSITION - ENDING				\$ 21,267,624			

CITY OF MALIBU
WASTEWATER TREATMENT ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Budgetary Adjustments	Actual (Budgetary Basis)	Variance with Final Budget Positive/(Negative)
	Original	Final	Actual			
OPERATING REVENUES						
Charges for sales and services:						
Sewer service fees	\$ 1,639,298	\$ 1,639,298	\$ 1,607,468	\$ -	\$ 1,607,468	\$ (31,830)
OPERATING EXPENSES						
Personnel services	17,020	17,020	21,489	-	21,489	(4,469)
Professional and contractual services	202,000	302,000	266,586	-	266,586	35,414
Repairs and maintenance	1,373,000	1,373,000	1,332,059	-	1,332,059	40,941
Utilities	172,200	172,200	184,802	-	184,802	(12,602)
Supplies	50,000	50,000	22,518	-	22,518	27,482
Total operating expenses	1,814,220	1,914,220	1,827,454	-	1,827,454	86,766
Operating income before depreciation	(174,922)	(274,922)	(219,986)	-	(219,986)	54,936
Depreciation expense	-	-	1,127,787	(1,127,787)	-	-
Operating income	(174,922)	(274,922)	(1,347,773)	1,127,787	(219,986)	54,936
NONOPERATING REVENUES (EXPENSES)						
Investment and interest income	5,000	5,000	207,948	-	207,948	202,948
Interest expense	-	-	(2,167)	-	(2,167)	(2,167)
Total nonoperating revenues (expenses)	5,000	5,000	205,781	-	205,781	200,781
Income before transfers and capital activities	(169,922)	(269,922)	(1,141,992)	1,127,787	(14,205)	255,717
Transfers to governmental funds	-	-	(156,000)	156,000	-	-
Capital outlay	(1,700,000)	(1,700,000)	-	(851,403)	(851,403)	848,597
Capital contributions	1,700,000	1,700,000	-	-	-	(1,700,000)
Change in net position	\$ (169,922)	\$ (269,922)	(1,297,992)	\$ 432,384	\$ (865,608)	\$ (595,686)
NET POSITION - BEGINNING				68,666,703		
NET POSITION - ENDING				\$ 67,368,711		

CITY OF MALIBU
COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2020

	Department Head Defined Contribution Pension Trust Fund	City Manager Defined Contribution Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and investments:			
Mutual funds:			
Money market mutual funds	\$ 138,766	\$ 63,569	\$ 202,335
Bonds	138	-	138
U.S. stocks	16,215	-	16,215
International/global stocks	6,330	-	6,330
Specialty	61	-	61
Total cash and investments	<u>\$ 161,510</u>	<u>\$ 63,569</u>	<u>\$ 225,079</u>
NET POSITION			
Restricted for pensions	<u>\$ 161,510</u>	<u>\$ 63,569</u>	<u>\$ 225,079</u>

CITY OF MALIBU
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Department Head Defined Contribution Pension Trust Fund	City Manager Defined Contribution Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions by employer	\$ 18,115	\$ 15,272	\$ 33,387
Investment earnings, net	2,027	1,270	3,297
Total additions	20,142	16,542	36,684
Net position - beginning of year	<u>141,368</u>	<u>47,027</u>	<u>188,395</u>
Net position - end of year	<u>\$ 161,510</u>	<u>\$ 63,569</u>	<u>\$ 225,079</u>

CITY OF MALIBU
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2020

	Special Deposits	Carbon Beach CFD	Broad Beach AD	Civic Center Wastewater Treatment Facility AD	Total Agency Funds
ASSETS					
Cash and investments	\$ 4,632,941	\$ 221,484	\$ 109,678	\$ 354,093	\$ 5,318,196
Cash and investments with fiscal agent	-	228,625	146,079	473,093	847,797
Accounts receivable	38,439	-	-	-	38,439
Due from other governments	65,279	-	2,126	9,542	76,947
Total assets	<u>\$ 4,736,659</u>	<u>\$ 450,109</u>	<u>\$ 257,883</u>	<u>\$ 836,728</u>	<u>\$ 6,281,379</u>
LIABILITIES					
Accounts payable	\$ 113,774	\$ -	\$ 857	\$ -	\$ 114,631
Deposits	4,622,885	-	-	-	4,622,885
Due to bondholders	-	450,109	257,026	836,728	1,543,863
Total liabilities	<u>\$ 4,736,659</u>	<u>\$ 450,109</u>	<u>\$ 257,883</u>	<u>\$ 836,728</u>	<u>\$ 6,281,379</u>

CITY OF MALIBU
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
<u>Special Deposits</u>				
ASSETS				
Cash and investments	\$ 3,981,693	\$ 1,211,857	\$ 560,609	\$ 4,632,941
Accounts receivable	-	38,439	-	38,439
Due from other governments	2,495	65,279	2,495	65,279
Total assets	<u>\$ 3,984,188</u>	<u>\$ 1,315,575</u>	<u>\$ 563,104</u>	<u>\$ 4,736,659</u>

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
<u>LIABILITIES</u>				
Accounts payable	\$ 37,044	\$ 624,022	\$ 547,292	\$ 113,774
Deposits	<u>3,947,144</u>	<u>691,553</u>	<u>15,812</u>	<u>4,622,885</u>
Total liabilities	<u>\$ 3,984,188</u>	<u>\$ 1,315,575</u>	<u>\$ 563,104</u>	<u>\$ 4,736,659</u>

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
<u>Carbon Beach CFD</u>				
ASSETS				
Cash and investments	\$ 215,769	\$ 227,933	\$ 222,218	\$ 221,484
Cash and investments with fiscal agent	234,402	205,986	211,763	228,625
Due from other governments	2,696	-	2,696	-
Total assets	<u>\$ 452,867</u>	<u>\$ 433,919</u>	<u>\$ 436,677</u>	<u>\$ 450,109</u>

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
<u>LIABILITIES</u>				
Accounts payable	\$ 2,816	\$ 207,373	\$ 210,189	\$ -
Due to bondholders	<u>450,051</u>	<u>226,546</u>	<u>226,488</u>	<u>450,109</u>
Total liabilities	<u>\$ 452,867</u>	<u>\$ 433,919</u>	<u>\$ 436,677</u>	<u>\$ 450,109</u>

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
<u>Broad Beach AD</u>				
ASSETS				
Cash and investments	\$ 112,137	\$ 135,018	\$ 137,477	\$ 109,678
Cash and investments with fiscal agent	144,345	134,695	132,961	146,079
Due from other governments	3,389	2,126	3,389	2,126
Total assets	<u>\$ 259,871</u>	<u>\$ 271,839</u>	<u>\$ 273,827</u>	<u>\$ 257,883</u>

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 137,716	\$ 136,859	\$ 857
Due to bondholders	<u>259,871</u>	<u>134,123</u>	<u>136,968</u>	<u>257,026</u>
Total liabilities	<u>\$ 259,871</u>	<u>\$ 271,839</u>	<u>\$ 273,827</u>	<u>\$ 257,883</u>

Civic Center Wastewater Facility AD	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
ASSETS				
Cash and investments	\$ -	\$ 4,688,092	\$ 4,333,999	\$ 354,093
Cash and investments with fiscal agent	474,761	413,686	415,354	473,093
Due from other governments	2,003,456	9,542	2,003,456	9,542
Total assets	<u>\$ 2,478,217</u>	<u>\$ 5,111,320</u>	<u>\$ 6,752,809</u>	<u>\$ 836,728</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,319,310	\$ 2,319,310	\$ -
Due to bondholders	719,158	2,792,010	2,674,440	836,728
Due to City of Malibu	1,759,059	-	1,759,059	-
Total liabilities	<u>\$ 2,478,217</u>	<u>\$ 5,111,320</u>	<u>\$ 6,752,809</u>	<u>\$ 836,728</u>
Totals - All Agency Funds				
ASSETS				
Cash and investments	\$ 4,309,599	\$ 6,262,900	\$ 5,254,303	\$ 5,318,196
Cash and investments with fiscal agent	853,508	754,367	760,078	847,797
Accounts receivable	-	38,439	-	38,439
Due from other governments	2,012,036	76,947	2,012,036	76,947
Total assets	<u>\$ 7,175,143</u>	<u>\$ 7,132,653</u>	<u>\$ 8,026,417</u>	<u>\$ 6,281,379</u>
LIABILITIES				
Accounts payable	\$ 39,860	\$ 3,288,421	\$ 3,213,650	\$ 114,631
Deposits	3,947,144	691,553	15,812	4,622,885
Due to bondholders	1,429,080	3,152,679	3,037,896	1,543,863
Due to City of Malibu	1,759,059	-	1,759,059	-
Total liabilities	<u>\$ 7,175,143</u>	<u>\$ 7,132,653</u>	<u>\$ 8,026,417</u>	<u>\$ 6,281,379</u>



STATISTICAL SECTION (UNAUDITED)

This part of the City of Malibu's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information says about the government's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	106
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source - property tax.	112
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. Data on the largest employers in the City is not currently available.	121
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	123

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



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

	Fiscal					
	2011	2012	2013	2014	2015	2016
Governmental activities						
Net investment in capital assets	\$ 51,697	\$ 50,952	\$ 51,149	\$ 52,846	\$ 56,421	\$ 47,850
Restricted	6,242	4,227	6,639	4,398	3,128	3,109
Unrestricted	14,574	14,482	17,292	21,556	21,174	23,870
Total net position	<u>\$ 72,513</u>	<u>\$ 69,661</u>	<u>\$ 75,080</u>	<u>\$ 78,800</u>	<u>\$ 80,723</u>	<u>\$ 74,829</u>
Business-type activities						
Net investment in capital assets	\$ 24,111	\$ 23,528	\$ 22,895	\$ 23,426	\$ 22,931	\$ 34,153
Restricted	778	784	791	1,801	11	3,323
Unrestricted	588	765	860	1,024	2,220	6,802
Total net position	<u>\$ 25,477</u>	<u>\$ 25,077</u>	<u>\$ 24,546</u>	<u>\$ 26,251</u>	<u>\$ 25,162</u>	<u>\$ 44,278</u>
Primary government						
Net investment in capital assets	\$ 75,808	\$ 74,480	\$ 74,044	\$ 76,272	\$ 79,352	\$ 82,003
Restricted	7,020	5,011	7,430	6,199	3,139	6,432
Unrestricted	15,162	15,247	18,152	22,580	23,394	30,672
Total net position	<u>\$ 97,990</u>	<u>\$ 94,738</u>	<u>\$ 99,626</u>	<u>\$ 105,051</u>	<u>\$ 105,885</u>	<u>\$ 119,107</u>

Source: City of Malibu, Finance Department

Year	2017	2018	2019	2020
\$ 48,132	\$ 48,033	\$ 66,651	\$ 70,790	
1,339	1,447	4,206	5,181	
30,394	35,743	24,395	42,408	
\$ 79,865	\$ 85,223	\$ 95,252	\$ 118,379	
\$ 62,921	\$ 77,438	\$ 78,127	\$ 77,083	
3,985	4,350	3,403	3,440	
6,264	6,336	9,234	8,113	
\$ 73,170	\$ 88,124	\$ 90,764	\$ 88,636	
\$ 111,053	\$ 125,471	\$ 144,778	\$ 147,873	
5,324	5,797	7,609	8,621	
36,658	42,079	33,629	50,521	
\$ 153,035	\$ 173,347	\$ 186,016	\$ 207,015	

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

							Fiscal
	2011	2012	2013	2014	2015	2016	
Expenses							
Governmental activities:							
Legislative and advisory	\$ 1,782	\$ 2,613	\$ 1,301	\$ 1,647	\$ 1,769	\$ 1,757	
General government	5,737	5,798	5,301	4,387	4,917	5,395	
Public safety	6,176	6,034	6,563	6,596	6,667	6,860	
Community development	3,283	4,665	4,654	4,692	4,882	5,240	
Community services	2,160	2,349	2,360	2,384	2,509	2,667	
Public works	8,774	8,143	4,474	4,619	5,827	4,746	
Interest on long-term debt	1,236	1,249	1,230	1,220	1,182	1,110	
Total governmental activites expenses	<u>29,148</u>	<u>30,851</u>	<u>25,883</u>	<u>25,545</u>	<u>27,753</u>	<u>27,775</u>	
Business type activities:							
Commercial real estate rental	1,910	1,988	2,340	2,364	2,624	2,293	
Wastewater treatment	-	-	-	-	-	-	
Total business type activites expenses	<u>1,910</u>	<u>1,988</u>	<u>2,340</u>	<u>2,364</u>	<u>2,624</u>	<u>2,293</u>	
Total primary government expenses	<u><u>\$ 31,058</u></u>	<u><u>\$ 32,839</u></u>	<u><u>\$ 28,223</u></u>	<u><u>\$ 27,909</u></u>	<u><u>\$ 30,377</u></u>	<u><u>\$ 30,068</u></u>	
Program Revenues							
Governmental activities:							
Charges for services							
Legislative and advisory	\$ -	\$ -	\$ -	\$ 2	\$ 20	\$ 63	
General government	543	485	553	646	747	757	
Public safety	783	746	692	720	801	768	
Community development	3,828	3,669	3,932	4,138	3,876	4,920	
Community services	509	496	542	506	631	556	
Public works	453	561	551	526	504	491	
Operating grants	1,982	1,851	1,201	1,731	1,359	1,120	
Capital grants and contributions	2,149	3,433	5,597	1,444	4,262	55	
Total governmental activites program revenues	<u>10,247</u>	<u>11,241</u>	<u>13,068</u>	<u>9,713</u>	<u>12,200</u>	<u>8,730</u>	
Business-type activities							
Charges for services:							
Commercial real estate rental	1,505	1,547	1,801	1,963	2,030	2,183	
Wastewater treatment	-	-	-	-	-	-	
Operating grants	-	-	-	1,000	-	-	
Capital grants and contributions	3,102	31	-	1,448	-	9,309	
Total business-type activities program revenues	<u>4,607</u>	<u>1,578</u>	<u>1,801</u>	<u>4,411</u>	<u>2,030</u>	<u>11,492</u>	
Total primary government program revenues	<u><u>\$ 14,854</u></u>	<u><u>\$ 12,819</u></u>	<u><u>\$ 14,869</u></u>	<u><u>\$ 14,124</u></u>	<u><u>\$ 14,230</u></u>	<u><u>\$ 20,222</u></u>	
Net (Expense)/Revenue							
Governmental activities	\$ (18,901)	\$ (19,610)	\$ (12,815)	\$ (15,832)	\$ (15,553)	\$ (19,045)	
Business-type activities	2,697	(410)	(539)	2,047	(594)	9,199	
Total primary government net expenses	<u><u>\$ (16,204)</u></u>	<u><u>\$ (20,020)</u></u>	<u><u>\$ (13,354)</u></u>	<u><u>\$ (13,785)</u></u>	<u><u>\$ (16,147)</u></u>	<u><u>\$ (9,846)</u></u>	
General Revenues and Other Changes in Net Position							
Governmental activities:							
Taxes							
Property	\$ 8,555	\$ 8,820	\$ 9,254	\$ 9,894	\$ 10,349	\$ 11,134	
Utility users	2,514	2,413	2,494	2,487	2,577	2,389	
Transient occupancy	1,160	1,336	1,421	1,535	1,984	2,620	
Franchise	671	686	703	755	795	778	
Sales	2,452	2,629	2,980	3,308	3,489	3,071	
Parking occupancy	238	259	324	313	366	391	
Motor vehicle in lieu	63	7	7	6	6	5	
Investment earnings	94	76	45	95	108	188	
Other	644	532	1,006	809	1,506	2,481	
Transfers	(210)	-	-	350	505	(9,907)	
Extraordinary item	-	-	-	-	-	-	
Total governmental activities	<u>16,181</u>	<u>16,758</u>	<u>18,234</u>	<u>19,552</u>	<u>21,685</u>	<u>13,150</u>	
Business-type activities							
Investment earnings	13	10	8	8	10	11	
Other	-	-	-	-	-	-	
Transfers	210	-	-	(350)	(505)	9,907	
Total business-type activites	<u>223</u>	<u>10</u>	<u>8</u>	<u>(342)</u>	<u>(495)</u>	<u>9,918</u>	
Total primary government	<u><u>\$ 16,404</u></u>	<u><u>\$ 16,768</u></u>	<u><u>\$ 18,242</u></u>	<u><u>\$ 19,210</u></u>	<u><u>\$ 21,190</u></u>	<u><u>\$ 23,068</u></u>	
Changes in Net Position							
Governmental activities	\$ (2,720)	\$ (2,852)	\$ 5,419	\$ 3,720	\$ 6,132	\$ (5,895)	
Business activities	2,920	(400)	(531)	1,705	(1,089)	19,117	
Total primary government	<u><u>\$ 200</u></u>	<u><u>\$ (3,252)</u></u>	<u><u>\$ 4,888</u></u>	<u><u>\$ 5,425</u></u>	<u><u>\$ 5,043</u></u>	<u><u>\$ 13,222</u></u>	

Source: City of Malibu, Finance Department

Year	2017	2018	2019	2020
\$ 1,538	\$ 1,529	\$ 1,825	\$ 1,638	
5,506	6,268	6,664	6,810	
7,437	7,985	8,372	9,072	
5,622	5,878	6,373	6,478	
2,497	2,952	3,173	2,773	
4,405	5,392	8,798	10,041	
1,197	1,229	2,008	2,162	
<u>28,202</u>	<u>31,233</u>	<u>37,213</u>	<u>38,974</u>	
2,243	2,180	2,423	2,576	
1,368	1,252	1,173	2,957	
<u>3,611</u>	<u>3,432</u>	<u>3,596</u>	<u>5,533</u>	
<u>\$ 31,813</u>	<u>\$ 34,665</u>	<u>\$ 40,809</u>	<u>\$ 44,507</u>	
\$ 1	\$ 1	\$ 1	\$ -	
704	775	633	431	
761	933	956	1,381	
4,759	5,310	5,109	6,389	
566	532	694	388	
544	517	571	558	
1,270	1,887	1,822	2,166	
373	1,217	9,311	7,415	
<u>8,978</u>	<u>11,172</u>	<u>19,097</u>	<u>18,728</u>	
1,786	1,920	1,583	1,513	
269	210	1,088	1,607	
-	185	293	101	
<u>30,694</u>	<u>16,370</u>	<u>1,318</u>	<u>-</u>	
<u>32,749</u>	<u>18,685</u>	<u>4,282</u>	<u>3,221</u>	
<u>\$ 41,727</u>	<u>\$ 29,857</u>	<u>\$ 23,379</u>	<u>\$ 21,949</u>	
\$ (19,224)	\$ (20,061)	\$ (18,116)	\$ (20,246)	
29,138	15,253	686	(2,312)	
<u>\$ 9,914</u>	<u>\$ (4,808)</u>	<u>\$ (17,430)</u>	<u>\$ (22,558)</u>	
\$ 11,911	\$ 12,749	\$ 13,659	\$ 14,280	
2,376	2,316	2,094	2,164	
3,287	4,677	4,550	4,951	
708	722	666	663	
3,737	3,542	3,710	3,788	
427	420	385	392	
6	7	6	10	
171	391	999	1,182	
1,147	1,108	1,936	1,248	
490	529	140	233	
-	-	-	14,461	
<u>24,260</u>	<u>26,461</u>	<u>28,145</u>	<u>43,372</u>	
55	148	300	232	
189	82	1,794	186	
(490)	(529)	(140)	(233)	
<u>(246)</u>	<u>(299)</u>	<u>1,954</u>	<u>185</u>	
<u>\$ 24,014</u>	<u>\$ 26,162</u>	<u>\$ 30,099</u>	<u>\$ 43,557</u>	
\$ 5,036	\$ 6,400	\$ 10,029	\$ 23,126	
28,892	14,954	2,640	(2,127)	
<u>\$ 33,928</u>	<u>\$ 21,354</u>	<u>\$ 12,669</u>	<u>\$ 20,999</u>	

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

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

Source: City of Malibu, Finance Department

Year	2015	2016	2017	2018	2019	2020
\$ 540	\$ 284	\$ 591	\$ 520	\$ 862	\$ 350	
2,365	2,310	20	262	2,824	1,742	
3,335	2,545	2,624	3,171	1,826	1,651	
1,291	2,238	2,311	1,977	4,927	15,234	
<u>20,284</u>	<u>23,468</u>	<u>28,852</u>	<u>34,970</u>	<u>21,890</u>	<u>30,687</u>	
<u>27,815</u>	<u>30,845</u>	<u>34,398</u>	<u>40,900</u>	<u>32,329</u>	<u>49,664</u>	
-	-	-	-	-	-	1
764	798	1,319	1,426	1,395	2,623	
503	16	1,987	1,973	1,384	964	
-	-	-	-	-	-	
(1,329)	(93)	(2,034)	(2,065)	(1,540)	(1,158)	
(62)	721	1,272	1,334	1,239	2,430	
<u>\$ 27,753</u>	<u>\$ 31,566</u>	<u>\$ 35,670</u>	<u>\$ 42,234</u>	<u>\$ 33,568</u>	<u>\$ 52,094</u>	

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

	2011	2012	2013	2014	Fiscal
Revenues					
Taxes	\$ 16,464	\$ 16,979	\$ 18,074	\$ 19,174	
Fines and forfeitures	783	746	692	720	
Intergovernmental	3,232	5,848	2,928	3,446	
Investment income	94	76	45	95	
Charges for services	5,227	4,725	5,121	5,411	
Contributions from property owners	-	-	5,000	-	
Other	42	48	364	202	
Total Revenues	<u>25,842</u>	<u>28,422</u>	<u>32,224</u>	<u>29,048</u>	
Expenditures					
Legislative and advisory	1,779	2,610	1,298	1,645	
General government	5,218	5,268	4,379	3,672	
Public safety	6,109	6,020	6,553	6,585	
Community development	3,283	4,639	4,596	4,626	
Community services	2,018	2,054	2,087	2,107	
Public works	4,322	3,254	2,446	2,768	
Capital outlay	9,489	6,469	3,113	5,207	
Debt Service					
Debt issuance/refunding costs	-	-	-	-	
Principal	17	26	42	805	
Interest	1,158	1,226	1,228	1,226	
Total Expenditures	<u>33,393</u>	<u>31,566</u>	<u>25,742</u>	<u>28,641</u>	
Excess of revenues over/(under) expenditures	<u>(7,551)</u>	<u>(3,144)</u>	<u>6,482</u>	<u>407</u>	
Other Financing Sources/(Uses)					
Transfers in	8,787	6,864	4,845	6,016	
Transfers out	(8,997)	(6,864)	(4,845)	(5,666)	
Long term debt issued/refunding payments	-	-	-	-	
Other	38	92	-	-	
Total other financing sources	<u>(172)</u>	<u>92</u>	<u>-</u>	<u>350</u>	
Extraordinary items	-	-	-	-	
Net change in fund balances	<u>\$ (7,723)</u>	<u>\$ (3,052)</u>	<u>\$ 6,482</u>	<u>\$ 757</u>	
Debt service as a percentage of noncapital expenditures	4.2%	4.3%	5.3%	8.3%	

Source: City of Malibu, Finance Department

Year	2015	2016	2017	2018	2019	2020
\$ 20,735	\$ 22,119	\$ 23,747	\$ 25,748	\$ 26,095	\$ 27,298	
801	768	761	933	956	1,381	
5,758	2,060	1,664	3,114	10,461	3,641	
108	188	171	391	999	1,182	
5,382	6,358	6,064	6,684	6,484	7,250	
-	-	-	-	-	-	
363	1,696	305	185	1,058	652	
<u>33,147</u>	<u>33,189</u>	<u>32,712</u>	<u>37,055</u>	<u>46,053</u>	<u>41,404</u>	
1,778	1,754	1,535	1,526	1,822	1,634	
4,225	4,698	4,971	5,383	5,701	5,637	
6,666	6,841	7,420	7,973	8,250	9,046	
5,023	5,239	5,610	5,862	6,357	6,471	
2,298	2,595	2,381	2,653	2,879	2,516	
2,757	3,082	3,225	2,949	6,423	7,148	
6,902	1,567	12,176	2,601	45,099	3,454	
418	-	1,613	-	331	-	
556	587	607	807	848	860	
1,201	1,130	1,258	1,300	1,943	2,271	
<u>31,824</u>	<u>27,493</u>	<u>40,796</u>	<u>31,054</u>	<u>79,653</u>	<u>39,037</u>	
1,323	5,696	(8,084)	6,001	(33,600)	2,367	
7,665	4,340	1,448	3,175	2,870	2,210	
(7,160)	(6,322)	(958)	(2,646)	(2,730)	(1,977)	
82	99	11,698	34	24,794	-	
-	-	-	-	-	-	
<u>587</u>	<u>(1,883)</u>	<u>12,188</u>	<u>563</u>	<u>24,934</u>	<u>233</u>	
-	-	-	-	-	-	<u>15,926</u>
<u>\$ 1,910</u>	<u>\$ 3,813</u>	<u>\$ 4,104</u>	<u>\$ 6,564</u>	<u>\$ (8,666)</u>	<u>\$ 18,526</u>	
6.4%	6.4%	6.5%	7.0%	7.7%	8.3%	

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

Fiscal Year Ended June 30	City										Taxable Assessed Value (Note 1)	Total Direct Rate (Note 2)		
	Secured					SBE								
	Residential	Commercial	Industrial	Vacant	Others	Unsecured	Nonunitary							
2011	\$ 9,409,700	\$ 539,073	\$ 94,739	\$ 776,145	\$ 58,799	\$ 38,697	\$ -	\$ 10,917,153	0.06683					
2012	9,809,360	538,072	97,011	758,447	66,681	38,256	-	11,307,827	0.06696					
2013	10,105,213	575,214	60,908	788,285	66,443	77,765	-	11,673,827	0.06706					
2014	10,692,188	626,686	62,126	862,106	66,249	79,812	-	12,389,167	0.06726					
2015	11,160,366	628,123	62,408	827,167	103,250	94,771	-	12,876,085	0.06737					
2016	12,002,314	708,495	63,655	886,735	116,709	96,722	-	13,874,630	0.06759					
2017	12,878,350	741,654	64,625	923,983	121,756	91,240	-	14,821,609	0.06777					
2018	13,751,499	806,138	65,918	916,682	128,755	108,163	-	15,777,156	0.06793					
2019	14,657,850	849,808	67,236	1,120,869	125,915	104,025	-	16,925,704	0.06810					
2020	15,332,215	875,520	68,581	1,197,529	134,577	111,122	-	17,719,544	0.06821					

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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):										
Metropolitan Water District	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Santa Monica Community College Dist	0.08155	0.07947	0.07206	0.05941	0.05873	0.06010	0.05886	0.06845	0.06270	0.07883
Santa Monica-Malibu Unified	0.04822	0.04568	0.05639	0.07381	0.07636	0.07066	0.07006	0.07397	0.06171	0.08100
Total Direct & Overlapping Tax Rates	1.13347	1.12885	1.13195	1.13672	1.13859	1.13426	1.13242	1.14592	1.12791	1.16333
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)	0.06683	0.06696	0.06706	0.06726	0.06737	0.06759	0.06777	0.06793	0.06810	0.06821

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 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	2020			2011		
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value	
Jamestown Premier Malibu Village LP	1 \$ 131,870	0.74%				
HRL Laboratories LLC	2 125,932	0.71%				
Carbonview Limited LLC	3 121,979	0.69%	8 \$ 46,361	0.42%		
Malibu Realty LLC	4 114,915	0.65%	2 66,357	0.61%		
22310 PCH LLC	5 112,200	0.63%				
22108 PCH LLC	6 88,434	0.50%				
Malibu 2018 PCH LP	7 86,700	0.49%				
Goldman Sachs Trust	8 82,241	0.46%				
Lawrence Rudolph Trust	9 76,118	0.43%				
Mani MBI DE LLC	10 75,193	0.42%				
Hughes Research Laboratories			1 92,994	0.85%		
KW Malibu Colony Plaza LLC			3 64,580	0.59%		
Malibu Retail Acquisition Company			4 60,037	0.55%		
Carlyle CP Malibu LP			5 55,993	0.51%		
T4E Associates LLC			6 48,000	0.44%		
2XMD Partners LLC			7 46,725	0.43%		
Howard and Nancy Marks			9 45,028	0.41%		
Gerald W. Schwartz			10 41,695	0.38%		
	\$ 1,015,582	5.73%	\$ 567,770	5.20%		

Source: HdL Coren & Cone

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

Fiscal Year Ended June 30	Taxes Leved 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
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%
2016	9,425,908	9,208,295	97.69%	188,989	9,397,284	99.70%
2017	10,081,189	9,737,073	96.59%	336,303	10,073,376	99.92%
2018	10,816,065	10,401,173	96.16%	407,388	10,808,561	99.93%
2019	11,640,316	11,289,896	96.99%	278,968	11,568,864	99.39%
2020	12,236,702	11,821,468	96.61%	286,286	12,107,753	98.95%

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	Unamortized Discounts	Premiums	Certificates of Participation	Loans Payable	Unamortized Discounts	Premiums				
2011	\$ 26,040	\$ 49	\$ (43)	\$ 17,280	\$ 260	\$ (115)	\$ 43,471	7.178%	0.398%	\$ 3,421		
2012	26,040	115	(41)	16,965	261	(110)	43,230	6.652%	0.382%	3,387		
2013	26,040	72	(40)	16,635	-	(105)	42,602	6.582%	0.365%	3,323		
2014	25,660	11	(38)	16,290	-	(101)	41,822	6.085%	0.338%	3,253		
2015	24,445	-	527	15,615	-	482	41,069	5.601%	0.319%	3,190		
2016	23,885	72	506	15,025	57	464	40,009	5.267%	0.288%	3,105		
2017	32,305	46	3,908	14,455	48	446	51,208	6.519%	0.345%	3,987		
2018	31,540	38	3,734	13,880	39	428	49,659	6.083%	0.315%	3,886		
2019	54,385	36	4,633	13,300	-	410	72,764	9.260%	0.430%	6,175		
2020	53,545	17	4,421	12,710	-	392	71,085	N/A	0.401%	6,065		

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, 2020

	Total Debt 6/30/2020	Percent Applicable To City (1)	City's Share of Debt 6/30/2020
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 37,300,000	0.573%	\$ 213,729
Santa Monica Community College District	596,884,412	29.886%	178,384,875
Santa Monica-Malibu Unified School District	566,375,232	29.837%	168,989,378
Santa Monica-Malibu Unified School District School Facilities Improvement District No. 2	35,000,000	89.187%	31,215,450
City of Malibu Community Facilities District No. 2006-1	3,070,000	100.000%	3,070,000
City of Malibu Broad Beach Assessment District	1,620,000	97.377%	1,577,507
City of Malibu Assessment District No. 2015-1	6,165,000	100.000%	6,165,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 389,615,939
Direct and Overlapping Governmental Debt:			
Los Angeles County General Fund Obligations	2,317,550,679	1.099%	25,469,882
Los Angeles Superintendent of Schools COP	5,182,434	1.099%	56,955
Santa Monica Community College District COP	12,421,229	29.886%	3,712,208
Santa Monica-Malibu Unified School District COP	4,559,389	29.837%	1,360,385
City of Malibu Certificates of Participation	53,545,000	100.000%	53,545,000
City of Malibu COPs Deferred/Discounts/Premiums	4,421,246	100.000%	4,421,246
City of Malibu Capital Leases	16,609	100.000%	16,609
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 88,582,285
SUBTOTAL DIRECT DEBT (2)			\$ 57,982,855
SUBTOTAL GROSS OVERLAPPING DEBT			\$ 420,215,369
SUBTOTAL NET OVERLAPPING DEBT			\$ 420,215,369
GROSS COMBINED TOTAL DEBT (3)			\$ 478,198,224
NET COMBINED TOTAL DEBT			\$ 478,198,224
2019-20 Assessed Valuation	\$ 16,925,703,561		
Ratios to 2019-2020 Assessed Valuation:			
Overlapping Tax and Assessment Debt	2.20%		
Total Direct Debt (\$57,982,855)	0.34%		
Net Combined Total Debt	2.67%		

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	\$ 17,719,544
Debt limit (15% of assessed value)	2,657,932
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	<u>\$ 2,657,932</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2016	2,081,195	-	2,081,195	0%
2017	2,223,241	-	2,223,241	0%
2018	2,366,573	-	2,366,573	0%
2019	2,538,856	-	2,538,856	0%
2020	2,657,932	-	2,657,932	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-Anaheim
 CA Metropolitan Statistical Area (Note 1)**

Year	City Population	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2011	12,707	12,925,753	\$ 616,063,548	\$ 47,662	11.70%
2012	12,765	13,013,443	662,546,329	50,912	10.40%
2013	12,821	13,097,434	661,248,242	50,487	9.40%
2014	12,858	13,166,609	703,756,060	53,450	7.60%
2015	12,876	13,234,696	753,652,141	56,945	6.30%
2016	12,887	13,270,694	782,242,474	58,945	5.10%
2017	12,844	13,278,000	812,074,093	61,159	4.60%
2018	12,779	13,249,879	846,486,801	63,886	4.40%
2019	11,784	13,214,799	881,215,471	66,684	4.10%
2020	11,720	N/A	N/A	N/A	18.10%

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Management and Administrative Services	11.50	13.50	15.12	15.62	17.43	17.93	21.93	23.43	22.43	19.00
Public Safety										
Emergency Preparedness	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	3.00	3.00
City Clerk										
City Clerk and Records Management	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works										
Public Works and Engineering	6.00	6.00	6.00	7.00	7.00	7.00	9.00	9.00	9.00	10.00
Community Services										
Recreation and Park Maintenance	17.91	18.04	19.36	17.79	19.39	19.44	19.37	20.81	21.37	17.67
Environmental Sustainability										
Building Safety and Permit Services	16.50	15.00	15.00	14.50	15.50	15.50	15.50	17.50	18.50	17.00
Planning										
Planning and Code Enforcement	17.00	16.50	17.50	17.50	20.50	19.50	19.50	21.00	21.25	20.00

Source: City of Malibu, Finance Department

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Recreation										
Use of Facilities (hours)	13,595	14,562	14,625	16,060	15,378	15,220	15,665	16,829	16,484	14,930
Visitors Served	175,860	186,390	168,406	111,569	165,477	150,160	139,822	172,358	100,175	126,603
Police										
Physical arrests	1,130	979	1,066	105	1,037	975	812	1,047	779	924
Parking violations	7,000	6,841	7,646	10,109	8,535	11,302	12,936	15,225	17,305	28,354
Traffic violations	16,115	11,312	16,044	12,722	22,140	19,214	7,294	8,365	7,711	10,173
Community Development										
Permits Issued	2,160	1,991	1,810	1,874	1,793	1,972	1,798	1,719	2,338	2,523
In-house Plan Checks	561	575	607	660	608	636	620	457	442	946
Off-site Plan Checks	259	187	154	246	191	335	274	433	660	387
Public Works										
In-house Plan Checks	250	368	487	508	492	592	493	851	995	1,155
Encroachment Permits Issued	97	113	183	162	187	396	150	153	217	208

Source: City of Malibu, Various Departments

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire Protection										
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
Police										
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
Community Service										
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	20
Open Space Acreage	588	588	588	588	588	588	588	588	588	588
Vacant Land	0	0	0	0	0	0	35	35	66	67
Community Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools***	1	1	1	1	1	1	1	1	1	1
Public Works										
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	6	6
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

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

Source: City of Malibu, Finance Department