

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2017

City of Santa Monica California

Comprehensive Annual Financial Report

Year ended June 30, 2017

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City of Santa Monica, California Year Ended June 30, 2017

INTRODUCTORY SECTION



Finance Department 1717 Fourth Street, Suite 250 Santa Monica, CA 90401

December 18, 2017

Dear Honorable Mayor and Members of the City Council, City Manager, and Citizens of Santa Monica:

Attached is the Comprehensive Annual Financial Report (CAFR) for the City of Santa Monica (City) for the fiscal year ended June 30, 2017 (FY 2016-17).

The CAFR has been prepared by Finance Department staff in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), the authoritative body establishing U.S. generally accepted accounting principles for local governments.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for that purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The CAFR has been compiled in a manner designed to fairly set forth the financial positions and results of operations of the City. The CAFR includes disclosures designed to enable the reader to gain an understanding of the City's financial affairs.

In accordance with generally accepted accounting principles, a narrative overview and analysis of the basic financial statements in the form of Management's Discussion and Analysis (MD&A) is provided and can be found immediately following the independent auditor's report. This letter of transmittal complements the MD&A and should be read in conjunction with it.

Lance, Soll & Lunghard LLP has issued an unmodified opinion on the City of Santa Monica's basic financial statements for FY 2016-17. Their report is located at the front of the financial section of this report.

PROFILE OF THE CITY OF SANTA MONICA

The City of Santa Monica, bordered by the City of Los Angeles on three sides and by the Pacific Ocean on the west, encompasses an area slightly greater than eight square miles and serves a residential population of 93,834 making it the 18th largest of the 88 cities in Los Angeles County.

The City of Santa Monica, incorporated in 1886, adopted its City Charter in 1945, and established a council-manager form of government in 1947. Elections are held every two years for either three or four Council members elected to serve four-year terms on the seven-member City Council. Elected Council members select a Mayor and a Mayor Pro-Tempore to preside over Council meetings.

The City Council (Council) appoints a City Manager, a City Attorney and a City Clerk. The City Manager, responsible for supervising day-to-day operations of the City and for carrying out policies set by the Council, appoints Department directors.

Santa Monica's level and breadth of services surpass those of other cities of comparable size. The City provides a full range of services, including police and fire protection, water and wastewater, street maintenance, public landscaping, a regional transit system that serves 16 million riders each year, parking, parks and recreation including 245 acres of beaches, five public libraries, planning, building and safety, the iconic Santa Monica Pier, an airport, a cemetery, and a high level of support for social services, cultural programs and public education. Elementary and secondary education is provided by the Santa Monica Malibu Unified School District, and community college education is provided by the Santa Monica Community College District. Court, health, and social services are provided by the County of Los Angeles. Gas, electric and telephone services are provided by private utility companies. It is City policy to use internal staff rather than contractors for core services, and as a result labor costs make up nearly 70% of General Fund expenses.

Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by GASB.

FINANCIAL CONDITION AND OUTLOOK

As a AAA rated city, Santa Monica has long relied on conservative fiscal assumptions to plan ahead with two-year operating budgets, five-year capital plans and rolling five-year fiscal forecasts. Financial planning also takes the form of continuous review and refinement of fiscal policies and forecasts, and an understanding of the initiatives being undertaken by the entire organization. This responsible approach has provided residents a scope and quality of community services that stands out among California cities. It has also allowed Santa Monica to be a pioneer in innovative approaches to community wellbeing and sustainability. It has ensured that our workforce is competitively compensated, well-trained and well-equipped. Of course, the City's financial health is impacted in part by the national and State economic climates, therefore prudent planning includes continuous assessments of these areas as well as local conditions.

The U.S. economy continues to grow, but at a mild pace. Economic growth as measured by gross domestic product (GDP) was positive in 2016 for the seventh consecutive year, one of the longest economic recoveries on record but also one of the weakest. Economic growth has averaged just 2.1% annually during the post-recession period. While annualized growth in recent quarters has increased to the 3% range, most economists are still projecting continued modest growth (2-2.5% range annually) for 2018 and 2019. Unemployment is at its lowest level in ten years. The housing market remains strong and inflation continues to be low. The Federal Reserve has begun to increase interest rates and is expected to continue these increases over the next two years in an effort to "normalize" rates. However, the economy is not without risks. The policy impacts of the new administration in Washington cannot yet be determined. Also, history would indicate that the economy is likely to head into a recession sometime within the next five years.

The State economy recovered strongly from the "Great Recession." Growth in household incomes is exceeding the national average. However, during that time, the State budget has also expanded in an attempt to correct long term issues. After several years of strong growth, State revenues are beginning to fall short of projections. Despite this moderation, the Legislative Analyst Office's November 15, 2017 report on the State's Fiscal Outlook projects that the State will have surpluses for the next three years. However, the possibility of a recession in the next few years continues to pose risks to the State Budget.

Santa Monica's economy remains relatively strong due in large part to its geographic location and its diversified tax revenue base, with continuous growth in the City's economically-driven tax sources since the recession. However, there are signs of moderation in the local economy's growth rate. General Fund revenue growth has begun to slow after several years of strong increases. Average annual growth the last three years has been 3.2% following growth rates of over 8% in the three years of recovery following the recession. Also, as with the State and national economies, the threat of a recession could significantly alter revenue projections. More information on some of the City's key revenue sources is provided below. Property values in the City remain the third highest in Los Angeles County for a City with the 18th largest population. The FY 2016-17 assessed value increase was 6.5% after a 6.0% gain the previous year. Preliminary information from the Los Angeles County Assessor's Office indicates a FY 2017-18 increase of 5.8%, and moderate increases of 3-4% are projected over the ensuing five years.

After an initial increase in sales tax revenues in FY 2016-17 and FY 2017-18 reflecting the passage of Measure GSH, sales tax growth is expected to moderate going forward, reflecting a continued shift of sales to online platforms. On November 8, 2016, Santa Monica voters passed sales tax measure GSH, raising the transaction and use tax by ½ cent, along with an advisory measure, GS, that recommends that Council allocate half of the revenue from Measure GSH to fund affordable housing and half for school purposes. This tax, which is assessed similarly to a sales tax, has no sunset. The new sales tax went into effect in April 2017. Also included in the sales tax totals are revenues from Measure Y, another ½ cent transaction and use tax passed by voters in November 2010 that also has no sunset date. Along with Measure Y, voters passed Measure YY, an advisory measure that recommends that Council allocate half of the revenue from Measure Y transaction and use tax revenues generated in FY 2016-17 by the Measure Y transaction and use tax were shared equally with the Santa Monica Malibu Unified School District according to the Program Agreement approved by Council on May 26, 2011.

As noted above, sales tax growth rates are expected to be modest, reflecting the shifting of retail activity to on-line sales and the loss of several large tax generators. City taxable sales are projected to grow by 3.0% in FY 2017-18 and another 3.6% in FY 2018-19.

Tourism, which provides a major stimulus to the local economy by creating jobs and producing revenues, continues to be one of the strongest performing components of the local economy. Staff estimates that approximately 18% of General Fund revenues are generated by the tourism industry. Transient Occupancy Tax revenue growth continues to be strong. Revenue from Transient Occupancy Taxes have increased at an average annual rate of 9.3% over the last six years, and revenues are expected to continue having healthy increases over the forecast period, reflecting the recent opening of two new hotels and another one that is under construction and anticipated to open within the next three years, and from increases in average room rates.

Business License Taxes are expected to remain relatively flat in FY 2017-18, reflecting the loss of several of the City's largest taxpayers due to relocations, before resuming a moderate growth rate of just under 3% for the remainder of the forecast period. Utility Users Tax revenues in FY 2017-18 are also expected to remain flat over the next several years as revenues from telecommunication services continue to drop due to non-taxed internet-enabled telecommunications services gaining ground over the more traditional services that are currently taxed. Parking Facility Taxes are expected to grow by approximately 2% per year over the next five years. Interest rates, which fell to historically low levels over the last seven years, significantly impacting the City's investment income, have begun to increase. While a gradual increase is expected over the City's five-year forecast period, rates are still expected to remain at relatively low levels.

MANAGING FISCAL CHALLENGES

Despite the City's diverse tax revenue base, all major sources of tax revenue are seeing slowing growth. This comes at a time when pressure on expenditures is accelerating. Workers' compensation and medical benefits costs continue to outpace revenue growth, and pension costs are scheduled to begin a dramatic rise in the second year of our two-year budget cycle. Even without an economic downturn in the next two years, the City will face increasingly hard choices in the next budget cycle.

Overall, the City's fund balances continued to benefit from a number of cost saving measures approved by Council and implemented since FY 2010-11. The Miscellaneous employee bargaining group approved a second tier of reduced retirement benefits for new employees starting on or after July 1, 2012, and Miscellaneous group employees continue to contribute to a portion of their pension costs, while Public Safety employee bargaining groups have approved annual incremental increases to their employee pension contributions. Over the past three years, Police and Fire sworn employees have increased their contributions towards pensions to reach over 28% of the total pension cost, while Miscellaneous employees are contributing over 25% of the pension cost. The passage of the Public Employee Pension Reform Act, or PEPRA, in September 2012 is working to further control cost increases in the future, as new employees entering PERS after January 1, 2013 are receiving reduced retirement benefits and cities are encouraged to further increase employees' share of contribution costs. To date, approximately 32% of the City's permanent workforce is receiving reduced pension benefits.

Another cost-saving measure is the series of payments made to the California Public Employees' Retirement System (CalPERS), beyond the actuarially required contribution determined by CalPERS. These additional payments serve to reduce the City's net pension liability. The City has made \$76.3 million in pay downs from FY 2010-11 to FY 2016-17. This has resulted in approximately over \$6.0 million in annual pension contribution savings. In 2014, after a series of pay downs funded from year end savings, Council adopted a policy that, provided that there are sufficient funds, the annual budget would include a minimum set-aside of \$1.0 million in the General Fund, and commensurate set-aside amounts in all other funds, to be used towards pay downs of the CalPERS unfunded liability. Based on the availability of additional funds, staff would annually assess the set-aside of additional CalPERS payments against other unfunded needs, and present the Council with a recommendation. This policy would remain in effect until such time as there is no remaining net pension liability. In June 2017, responding to the prospect of additional significant pension contribution rate increases beginning in FY 2018-19, Council approved a \$45 million pay down of the City's pension unfunded liability. The combination of the additional pay down and a better than anticipated experience level resulting from City employees retiring later is contributing to a 1/3 decrease in the projected growth of pension costs over the next 5 years.

Yet another cost-saving measure is the City's prepayment of its annual employer contributions to CalPERS since FY 2007-08. The City continued this practice in FY 2016-17, and will prepay to the extent allowable under new PERS rules implemented in FY 2017-18, when only the amortization of the unfunded liability will be eligible for prepayment, whereas previously the normal cost was also prepaid. Discounts received from such prepayments are used for pay downs of the net pension liability.

Despite the mitigating steps taken by the City, CalPERS has made a number of changes to actuarial assumptions that have increased contribution rates, the latest being a three-year phase-in of a half percentage discount rate decrease that will begin in FY 2018-19 with incremental decreases in FY 2019-20 and FY 2020-21. It is important for the City to continue to work with its employees to identify measures that will ensure increases in ongoing compensation costs do not outpace those of revenue growth.

During FY 2014-15, the City began to prefund its Other Postemployment Benefits (OPEB) obligation by paying into an Internal Revenue Code Section 115 irrevocable trust administered through the California

Employees' Retirement Benefit Trust (CERBT), an affiliate of CalPERS. Beginning in FY 2014-15, the City is paying the equivalent of its annual required OPEB contribution into the irrevocable trust. This has allowed the City to benefit from a higher discount rate used in calculating its OPEB unfunded liability.

In fiscal year 2017-18, the City will be required to implement a new accounting standard for OPEB. The implementation of the Governmental Accounting Standards Board's (GASB) Statement No. 75 will require the City to recognize in its financial statements a liability equal to the net OPEB liability, defined as the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Because of the relatively limited OPEB program offered by the City, and the prefunding that has and will continue to occur, the adoption of GASB 75 is not anticipated to have a detrimental effect on the City's balance sheet.

To counter the trend of health insurance cost increases, members from all of the City's collective bargaining groups contribute to health insurance premiums, and these contribution rates will increase over the next three years for sworn Police and Fire employees. Additionally, the City has negotiated a new contract with its insurance provider that is slated to save over \$2 million a year. The impact of potential changes to the Patient Protection and Affordable Care Act (PPACA) by the current Congress and Administration are still largely unknown but are expected to result in cost increases.

On July 13, 2015, the State enacted a law requiring all employers to provide a minimum of three sick leave days to all employees, including as-needed employees. On January 1, 2017, the City of Santa Monica imposed a requirement that all employees in the City, including as-needed employees working for the City, receive an hour of sick leave for every 30 hours worked up to 40 hours for businesses with over 25 employees. This threshold increases to 72 hours on January 1, 2018. The City planned for these changes in its budget.

As fiscal challenges persist, it is important for the City to be strategic about how funds are spent. The FY 2017-19 Adopted Biennial Budget incorporates a new Framework that provides the structure for an overarching program laying out core values, establishing objectives, and measuring progress made on those objectives. This begins the City's shift towards a unified performance management system called SaMoStat. This Framework will be used to make resource and programmatic decisions, and to address operational challenges, including how to most effectively meet the needs for services using increasingly limited resources. In addition to the new Framework structure, the City has taken steps to control costs in the FY 2017-19 Adopted Budget and beyond by reallocating over \$4 million in General Fund budget to areas requiring additional focus, rather than adding resources.

STATUS ON THE DISSOLUTION OF REDEVELOPMENT

On June 27, 2012, as part of the FY 2012-13 State budget package, the State Legislature passed and the Governor signed AB 1484, a measure clarifying legislation related to the dissolution of redevelopment. On October 21, 2013, the Successor Agency reached a settlement agreement with the Department of Finance (DOF) to pay \$56.7 million as full remittance of unobligated cash and cash-equivalent balances previously held by the Redevelopment Agency (RDA) as identified in the Due Diligence Reviews. The settlement was paid in full on January 14, 2015. On January 16, 2015, the DOF issued a Finding of Completion to the Agency, allowing it to apply for repayment of previously-denied City/Agency agreements, and starting the process for the preparation of a Long Range Property Management Plan (LRPMP), which details disposition of the various Successor Agency properties. The LRPMP was approved on December 29, 2015, and during the course of FY 2015-16, the DOF approved the repayment of three City/Agency loans; it is anticipated that the City will receive approximately \$70 million in repayment over a period of 8 years.

The Successor Agency has received Final and Conclusive Determinations on all of its indebtedness, ensuring that the DOF will continue to approve the use of tax increment funds for debt service payments. The Successor Agency's continued strong financial position, backed by a healthy property tax base, contributed to Santa Monica's Earthquake Redevelopment debt receiving the highest rating offered to redevelopment debt in California by Moody's in May 2013; the debt was further upgraded by Moody's to A2 in August 2015, and Standard and Poor's affirmed its previous rating of AA in November 2015. In April 2017, Fitch upgraded the bonds to AAA. In addition, the State Department of Finance has declared that a number of the City's assets that were formerly owned by the Redevelopment Agency, such as the City's eight Downtown parking structures, are indeed governmental purpose assets and are therefore exempt from disposition as required under RDA dissolution law.

The State Controller's Office completed its review of assets transferred from the Redevelopment Agency to the City, and issued its final report on June 30, 2015. The report identified \$19,149,678 in unauthorized transfers from the Redevelopment Agency to the City which has been transferred back to the Successor Agency. A portion of these funds was used to pay down an outstanding loan with Wells Fargo Bank on July 1, 2017.

The most significant and lasting impacts of the dissolution of redevelopment are the loss of ongoing funding for affordable housing rehabilitation and production in the City, and the suspension of the Civic Center Joint Use Project with the Santa Monica-Malibu Unified School District and the rehabilitation of the Civic Auditorium. However, the passage of Measures GS and GSH will establish a regular, albeit decreased, revenue stream to fund affordable housing. In July 2018, the Oversight Board of the Successor Agency will transition from a local board to a County-wide Oversight Board. This County-wide Board will be responsible for reviewing, approving and submitting the Successor Agency's Required Obligation Payment Schedules to the State Department of Finance once a year. Because the Successor Agency has received Final and Conclusive determinations on all debt payment schedules, the City does not expect this change to have any significant financial or operational impact.

POLICIES, RESERVES AND TRANSPARENCY

While the cost saving measures and solid revenue growth are assisting the City in maintaining a balanced budget over the next several years, an additional safeguard lies in the General Fund's economic uncertainty reserve. The Council created this reserve in FY 2008-09 at \$8.2 million, and increased it in FY 2010-11 by \$1.5 million for a \$9.7 million balance at June 30, 2017. The reserve is to be used as a buffer, if needed, to allow the City to bring its budget into balance in a measured way, minimizing the impact to our employees and residents to the greatest extent possible. Corrective actions to date have allowed the City to avoid the need to use any of the reserve.

The City ended the fiscal year with a positive operating balance and a General Fund fund balance of \$387.1 million. Large reserves provide flexibility and resources for capital projects, future expenditures, and economic uncertainty, and contribute to Santa Monica continuing to be a preferred location for residents, employers and visitors.

In August 2015, Council approved five strategic initiatives to guide the allocation of the City's resources over three to five years. These include mobility, maintaining an inclusive and diverse community (affordable housing), taking a leadership role in addressing homelessness on a regional level, continuing the partnership to pave the way for community members to learn and thrive, and maintaining local control of land occupied by the Santa Monica Airport. A large part of the Airport initiative was achieved with the settlement reached by the City and the Federal Aviation Administration to close the Airport in 2028 and to shorten the runway as soon as possible. The Airport Runway Shortening project is currently in progress. In November 2016, Santa Monica voters approved a ½ cent transaction and use tax measure as

well as an advisory measure dedicating half of the revenues from this ¹/₂ cent tax to affordable housing activities. In October 2017, Council voted to set aside \$1.4 million in General Fund savings to provide focused engagement services for the City's homeless population.

In June 2017, Council approved the City's Framework for a Sustainable City of Wellbeing—a set of outcomes, including Community, Place and Planet, Learning, Health, and Economic Opportunity—that captures the work of the strategic goals as well as the Sustainable City Plan. And staff will continue to work on measures approved as part of the FY 2017-19 Biennial Budget, including water conservation, adapting to climate change, and implementation of the seismic retrofit program.

The City has and continues to dedicate resources to ensuring its transparency to the public. The City convened a new Audit Subcommittee in FY 2015-16. This Subcommittee is meeting a minimum of four times per year to review the work and reports of the City's internal and external auditors and the progress made on internal controls process improvements. A seven-person ad hoc committee of residents is joining the Audit Subcommittee to discuss findings and recommendations of a Compensation and Staffing study being performed by the City's internal auditor. The internal auditor is also continuing the review of the City's internal controls and embarking on new work related to fleet replacement and operational efficiencies and transit overtime efficiencies.

The open data portal allows the public easy access to a growing database of information, in addition to the Opengov application that allows users to view the City's budget from a number of perspectives.

CITYWIDE BUDGET

The City of Santa Monica employs a two-year budget process. In year one of the biennial budget cycle, the City Council formally adopts authorized appropriations for the first year of the two-year budget and approves "planned" appropriations for the second fiscal year. In year two of the budget cycle, the City Council considers revisions and formally adopts authorized appropriations for the second fiscal year. Although the budget cycle covers a two-year period, the City Charter requires that the City Council adopt an annual appropriations ordinance for each budget year.

The City's Capital Improvement Program (CIP) Budget, also a biennial budget, is adopted in the second year of the operating biennial budget process. The CIP Budget includes a Five-Year Capital Improvement Plan.

In addition to this budget planning process, the City maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within departments by fund to meet the City's needs. However, revisions that alter the total budget or move amounts from one fund or department to another must be approved by the City Council.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders, contracts, and other commitments for the expenditure of money are secured in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

On June 27, 2017, Council approved the FY 2017-19 Biennial Operating Budget, adopting the FY 2017-18 proposed budget and approving the FY 2018-19 budget plan. Council also adopted the second year of the FY 2016-18 Biennial Capital Improvement Program Budget. On October 24, 2017, Council approved certain revisions to the FY 2017-18 Revised Budget that adjusted revenues, expenditures and staffing.

The FY 2017-18 Adopted Budget includes \$774.9 million in expenditures, net of reimbursements and transfers, for all funds. This represents an increase of 10.5% over the revised FY 2016-17 Budget, primarily due to operating changes and capital projects that advance Council's five strategic goals. Citywide revenues, net of reimbursements and transfers, are estimated at \$625.8 million, an increase of \$32 million or 5.4% above the FY 2016-17 estimated actual.

The General Fund operating budget for FY 2017-18, net of reimbursements and transfers, is estimated at \$359.2 million and Capital Improvement Projects add an additional \$146.2 million, for a total General Fund budget of \$505.4 million. Operating expenditures are anticipated to decrease \$16.7 million, or 4.4%, as compared to the revised budget for FY 2016-17. General Fund revenues for FY 2017-18 are budgeted at \$391.8 million, an increase of \$19.4 million or 5.2% from the FY 2016-17 estimated actual revenues.

The FY 2017-18 Budget reflects self-supporting funds in generally sound financial condition. The Water and Wastewater Funds have sufficient revenues to cover current operations. Rate increases in the Water Fund allow the implementation of the Sustainable Water Master Plan while also maintaining reserve levels. Council approved new water rates in February 2015. These rates had annual increases of up to 9.0%, effective March 1, 2015. Water rate increases are driven by the need to augment conservation plans, offset reduced revenues due to declining water sales as a result of citywide mandatory water conservation, and capital program funding needs to address continued infrastructure investment and Sustainable Water Master Plan requirements. Due to a stronger fund balance than initially projected, mostly as a result of the timing of capital projects, staff has been able to recommend, and Council has approved, lower rate increases in 2016 (5.0%), and 2017 (5.0%).

The Wastewater Fund remains healthy following multi-year rate increases approved by Council in FY 2008-09 continues to have adequate revenues and reserves to meet current operational and capital expenditures.

The Resource Recovery and Recycling (RRR) Fund will maintain a positive fund balance until FY 2019-20. There are several upcoming proposals that may potentially have a substantial impact on the financial stability of the fund after FY 2019-20, including the piloting of a residential wet/dry collection system, expanding the commercial "rot or not" program, the Fund's share of costs to complete the Corporate Yards modernization project, and the displacement of the recycling contractor at the Corporate Yards that will result in additional costs for transporting the City-collected recycling materials to an offsite location. Staff will continue to monitor fund performance and consider the need for a rate increase in the future. Council last voted on rate changes in May 2014, when it also voted to increase Resource Recovery and Recycling rates by the consumer price index each year, effective July 1, 2014.

The Big Blue Bus' (BBB) service integration plan with Expo Light Rail resulted in 56,000 additional revenue service hours, 10 new buses on the road, 18 new motor coach operators, as well as 8 additional staff dedicated to the expanded operation. This service increase required a 25 cent fare increase in January 2016. The BBB Fund will also maintain a positive fund balance over the next five years. The BBB, like most transit agencies in the country, continues to be confronted with reduced ridership, and staff continues to develop strategies to improve ridership. The fund will receive additional revenue from the new voter-approved Measure M, which allocates an additional ½ cent sales tax to agencies in order to improve traffic congestion, keep transit fares affordable, and improve bus systems.

The Beach, Community Broadband, and Airport Funds will also generate adequate revenues to sustain their operations throughout the next five years. The implementation of a green burial program has not realized the anticipated growth in the Cemetery Fund. Staff are assessing operations to provide a long term plan for the Cemetery Fund.

The Pier Fund is anticipated to be self-sustaining through the end of FY 2017-18, contingent on capital project expenditures and timing. Pier capital needs that are unable to be funded by the Pier Fund during the next five years would need to compete with other capital needs to be funded through the General Fund.

The Housing Authority Fund has a projected operating structural deficit of approximately \$0.5 million in FY 2017-18 due to the loss of Redevelopment funding for the administration of the senior voucher program, and the reduction of U.S. Department of Housing and Urban Development (HUD) allocations. This assumes that U.S. Department of Housing and Urban Development (HUD) funding to housing authorities will not be further reduced.

MAJOR CAPITAL PROJECTS

The City Services Building endeavors to construct a certified Living Building at the rear of historic City Hall and parallel to the Public Safety Facility. Construction has begun for 50,200 square feet of office space on three floors with a basement. While design costs for this project were funded using General Fund reserves, the construction phase required bond financing in 2017. Debt service costs will ultimately be offset by lease savings when staff from various non-City-owned office spaces will move into the City Services Building. The design-build team was hired in 2014 and the project is scheduled to be completed in 2020.

The City will be bidding construction services soon to build a new 25,000 square foot above-grade Fire Station No. 1 at 1337-45 7th Street, replacing the existing 60-year station at a different location. The project commenced in 2013 and is scheduled to be completed in early 2020. Staff anticipates issuing lease revenue bonds for this project in Spring 2018. Additionally, the Fire Station 3 project is a complete retrofit of the 1970s station located at 1302 19th Street. The project commenced in 2012 and is scheduled to be completed in 2012 and is scheduled to be completed in 2012.

The City Yards Modernization project is a phased major renovation of 14.7-acres located at 2500 Michigan Avenue to retrofit and address long standing functional and space needs of the City's corporation yards. The current facility accommodates more staff than originally intended when it was built in the 1950s, and the space has is beyond its useful life. The City Yards houses a majority of Public Works' field operations equipment and staff, and site uses include resource recycling and recovery, water and wastewater operations, fleet maintenance, shop buildings and fire training space. Design work began in early 2017 for Phasing Package A and construction is scheduled to be completed in 2021.

The Pier Bridge project will construct a new bridge structure that provides safety for pedestrians, bicyclists, and vehicles. The bridge is the main connection between the Santa Monica Pier and downtown Santa Monica. The new bridge would comply with the Americans with Disabilities Act (ADA) and qualifies for 100% reimbursement from the Caltrans Highway Bridge Program.

The Airport Runway Shortening project, currently in progress, will shorten the operational length of the runway at the Santa Monica Airport (SMO) to 3,500 feet per Consent Decree between the Federal Aviation Authority (FAA) and the City of Santa Monica. The project is scheduled to be completed in December 2017.

The Sustainable Water Infrastructure Project (SWIP) improves drought resiliency, increases water supply, and reduces stormwater discharges into the Santa Monica Bay. The project consists of three elements. Element 1 is a modular reverse osmosis (RO) unit at the Santa Monica Urban Runoff Recycling Facility (SMURRF) and new solar panels for energy offset. Element 2 is a below grade stormwater and sewer treatment facility with 1 million gallons per day (MGD) capacity. Element 3 represents two new

stormwater harvesting tanks with 4.5 million gallon (MG) capacity. The project is scheduled to be completed in 2020.

The Clean Beaches project for the Pier Watershed aims to capture up to 1.6 million gallons of stormwater runoff generated by the downtown area in the Pier Basin for each storm event. Benefits of this project include improved beach water quality, implementation of the Enhanced Watershed Management Plan for compliance with the City's Stormwater Discharge Permit, additional parking and improved coastal access to the Pier, the production of 560 acre-feet per year (AFY) of new water from treated urban runoff and brackish groundwater, and financial savings to the City.

AWARDS

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 Santa Monica for its CAFR for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Santa Monica has received a Certificate of Achievement for each of the last thirty-three years. We believe our current CAFR also conforms to the Certificate of Achievement program requirements.

In keeping with past practice, a copy of this CAFR will be placed on file in the City libraries and the City Clerk's Office, and sent to City Council and Audit Subcommittee members, City management personnel, bond rating agencies, and other agencies which have expressed an interest in the financial affairs of the City. It is also available at <u>www.smgov.net/finance</u>.

ACKNOWLEDGEMENTS

The preparation and development of this report would not have been possible without the year-round work of the Finance Department staff and their special efforts, working in conjunction with the City's independent auditors, to produce this report.

I would like to take this opportunity to compliment and thank the staff members of the City who were associated with the preparation of this report. I would also like to thank the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Heedlighs

Gigi Decavalles-Hughes Director of Finance/City Treasurer

OFFICIALS OF THE CITY OF SANTA MONICA

As of December 18, 2017

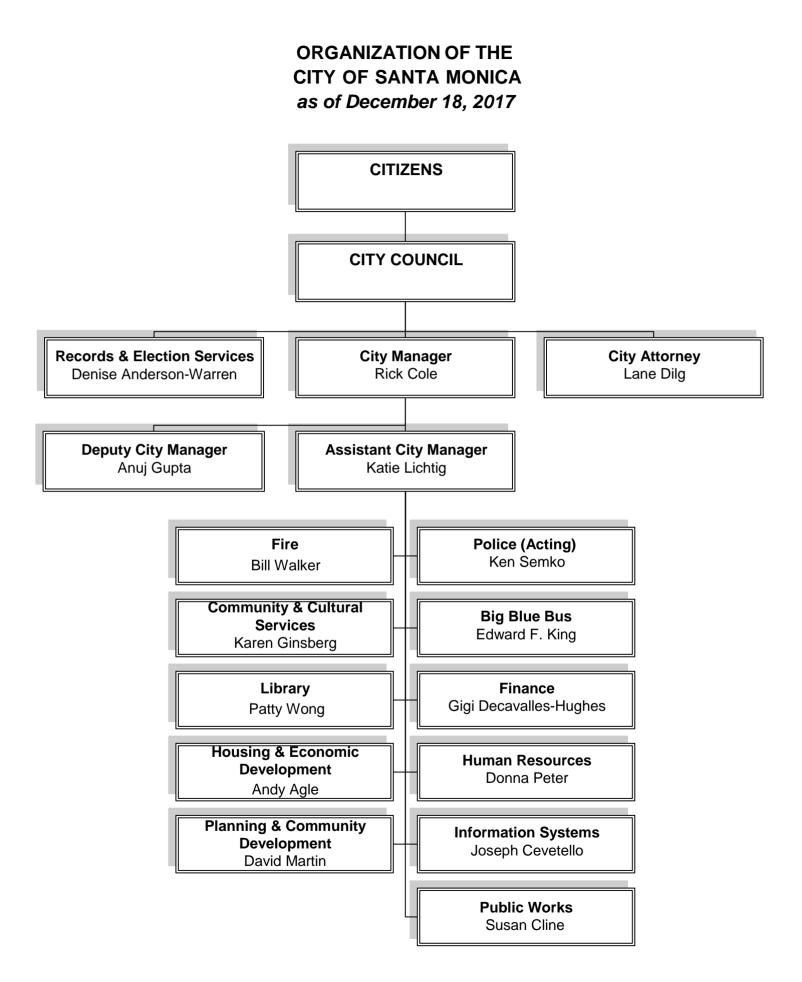
City Council

Ted Winterer, Mayor

Gleam Davis, Mayor Pro Tempore Sue Himmelrich Kevin McKeown Pam O'Connor Terry O'Day Tony Vazquez

Administration and Department Heads

City Manager	Rick Cole
Assistant City Manager	Katie Lichtig
Deputy City Manager	Anuj Gupta
City Attorney	Lane Dilg
City Clerk (Director of Records and Election Services)	Denise Anderson-Warren
Director of Finance/City Treasurer	Gigi Decavalles-Hughes
Director of Human Resources	Donna Peter
Chief Information Officer	Joseph Cevetello
Chief of Police (Acting)	Ken Semko
Fire Chief	Bill Walker
Director of Planning and Community Development	David Martin
City Librarian	Patty Wong
Director of Community and Cultural Services	Karen Ginsberg
Director of Transit Services	Edward F. King
Director of Housing and Economic Development	Andy Agle
Director of Public Works	Susan Cline





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santa Monica California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

hur R. Enge

Executive Director/CEO

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City of Santa Monica, California Year Ended June 30, 2017

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council City of Santa Monica, 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 Santa Monica, California, (the City) as of and for the year ended June 30, 2017, 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.

Auditors' 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 auditors' 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 Santa Monica 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 Santa Monica, California, as of June 30, 2017, 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 schedules of revenues, expenditures, and changes in fund balance – budget and actual for the general fund, special revenue source fund, and the low and moderate income housing assets fund, the schedule of changes in the net pension liability and related ratios, the schedule of contributions – pension plans, and the OPEB funding information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund 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 Santa Monica California

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Lance, Soll & Lunghard, LLP

Brea, California December 18, 2017

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Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

As management of the City of Santa Monica, California (City), we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follow this section, and the CAFR transmittal letter in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$1,567.2 million, as of June 30, 2017. Of this amount, \$1,177.1 million represents net investment in capital assets, \$217.6 million represents net position restricted for specific purposes, and \$172.5 million represents unrestricted net position. \$975.2 million represents net position for governmental activities and \$592.0 million represents net position for business-type activities.
- For the fiscal year ended June 30, 2017, the City's total net position increased by \$38.8 million, to \$1,567.2 million at June 30, 2017 from \$1,528.4 million at June 30, 2016. This increase was due to an increase in governmental activities net position of \$30.7 million and an increase in business-type activities net position of \$8.1 million during FY 2016-17.
- At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$582.9 million, compared to \$587.0 million at the end of the prior fiscal year, which is a decrease of \$4.1 million or 0.7%.
- The General Fund reported an ending fund balance of \$346.3 million as of June 30, 2017, compared to \$387.1 million as of June 30, 2016, which represents a decrease of \$40.8 million or 10.5%. The largest reason for the overall decrease in fund balance is an additional payment of \$35.6 million paid to CalPERS in June 2017, which represents the General Fund's portion of the \$45 million overall pay down of the City's unfunded pension liability.
- The City's net capital assets increased by \$1.7 million or 0.1% to \$1,257.6 million as of June 30, 2017 from \$1,255.9 million as of June 30, 2016.
- The City's long-term debt (excluding issuance premiums) decreased by \$6.6 million or 7.9% to \$77.4 million as of June 30, 2017 from \$84.0 million as of June 30, 2016.
- The City's net pension liability increased from \$386.8 million at June 30, 2016 to \$460.7 million at June 30, 2017; an increase of \$73.9 million or 19.1%. The increase in the liability was partly due to lower than expected returns on plan investments at CalPERS. The City remains committed to mitigating increasing pension costs by paying down the unfunded liability at an accelerated level, which results in savings and a reduction in required future payments. As such, the City made an additional payment of \$45.0 million to CalPERS in June 2017. However, because this payment was made after the June 30, 2016 measurement date used for financial reporting, the effect of this payment on the net pension liability will be reported in the FY 2017-18 financial statements.. Additional information on the City's pension plans can be found in note 16 to the basic financial statements.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements.

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 statements of a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the assets, deferred outflows of resources, liabilities and deferred inflow of resources 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 is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety (police and fire), general services, library, cultural and recreation and housing and community development. The business-type activities of the City include water, wastewater, stormwater, resource recovery and recycling, pier, airport, cemetery, Big Blue Bus, community broadband, and Parking Authority.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have either the same governing board as the City or a governing board appointed by the City of Santa Monica City Council. The blended component units include the Santa Monica Public Financing Authority, the Parking Authority of the City of Santa Monica, the Housing Authority of the City of Santa Monica Redevelopment Successor Agency.

The government-wide financial statements can be found on pages 1 and 2 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary 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

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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 City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances are accompanied by a reconciliation to the government-wide financial statements in order to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 19 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Special Revenue Source Fund, and Low and Moderate Income Housing Asset Fund which are considered to be major funds. Data for the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the nonmajor funds supplementary information section of this report.

The City Council adopts an annual appropriated budget for its General Fund and eight of the special revenue funds (no budget is adopted for the Rent Control Fund and Asset Seizure Fund) and five capital project funds. The City Council does not adopt budgets for the two permanent funds or the one debt service fund. A budgetary comparison schedule has been provided for the General Fund, Special Revenue Source Fund and Low and Moderate Income Housing Asset Fund in the required supplementary information to the basic financial statements.

The governmental funds financial statements can be found on pages 4 through 7 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for water, wastewater, recycling, and bus operations, which are considered to be major funds of the City. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle operations, risk management program and information technology and communications operations. The vehicle operations and insurance services for bus operations primarily benefit business-type activities in the government-wide financial statements. All other risk management functions, information technology and communication services primarily benefit governmental funds and are included within *governmental activities* in the governmental service funds is provided in the supplementary information section of this report.

The proprietary funds financial statements can be found at pages 10 through 13 of this report.

Fiduciary funds. Fiduciary funds consist of a private-purpose trust fund and agency funds. A private-purpose trust fund was created in 2012 and is used to pay enforceable obligations of the former Redevelopment Agency (Former Agency). Agency funds are used to account for resources held for the

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

benefit of parties outside of the City. The fiduciary funds are *not* included in the government-wide financial statements because the resources are *not* available to support the City's operations.

The fiduciary funds financial statements can be found on pages 16 through 17 of this report.

Notes to the basic financial statements. The notes to the basic financial statements 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 basic financial statements begin on page 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.6 billion at the close of the current fiscal year.

As shown on the next page, the largest portion of the City's net position, \$1.2 billion or 75.1%, reflects the City's investment in capital assets less any related outstanding debt and associated deferred outflows of resources used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt and associated deferred outflows of resources, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the City's net position, \$217.6 million or 13.9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$172.5 million or 11.0%, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

A summary of the government-wide statement of net position follows:

CITY OF SANTA MONICA

Summary of Net Position

(in millions)

	Governmental activities		Business-typ	e activities	Total	
	6/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
Current and other assets	\$ 745.0	767.7	257.7	266.8	1,002.7	1,034.5
Capital assets	802.3	805.2	455.3	450.7	1,257.6	1,255.9
Total assets	1,547.3	1,572.9	713.0	717.5	2,260.3	2,290.4
Deferred outflows of resources	124.9	36.6	30.2	9.2	155.1	45.8
Current and other liabilities	51.2	60.3	26.8	29.4	78.0	89.7
Long-term liabilities	622.6	571.1	118.2	105.1	740.8	676.2
Total liabilities	673.8	631.4	145.0	134.5	818.8	765.9
Deferred inflows of resources	23.2	33.6	6.2	8.3	29.4	41.9
Net position:						
Net investment in capital assets	731.8	728.0	445.3	440.4	1,177.1	1,168.4
Restricted	198.7	196.5	18.9	12.8	217.6	209.3
Unrestricted	44.7	20.0	127.8	130.7	172.5	150.7
Total net position	\$ 975.2	944.5	592.0	583.9	1,567.2	1,528.4

Total current and other assets decreased \$31.8 million or 3.1% from the prior fiscal year. Governmental activities decreased by \$22.7 million and business-type activities decreased by \$9.1 million. The decrease in this category is primarily due to a decrease in the accounts and grants receivable resulting from the successful collection of funds that are due to the City.

Total deferred outflows of resources increased \$109.3 million or \$238.6% from the prior fiscal year. Governmental activities increased by \$88.3 million and business-type activities increased by \$21.0 million. The increase in this category is due to increases in two pension-related items, employer contributions to CalPERS subsequent to the measurement date and the net difference between projected and actual earnings on pension plan investments.

Total current and other liabilities decreased \$11.7 million or 13.0% from the prior fiscal year. Governmental activities decreased by \$9.1 million and business-type activities decreased by \$2.6 million. This decrease is primarily due to a decrease in the amount of accounts payable resulting from a quicker turnaround time in paying City vendors and fewer invoices generated from large capital projects.

Total long-term liabilities increased \$64.6 million or 9.6% from the prior fiscal year. The increase in this category is primarily due to the increase in the net pension liability, which was primarily due to lower than expected returns on pension plan investments at CalPERS.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

A summary of the government-wide statement of changes in net position follows:

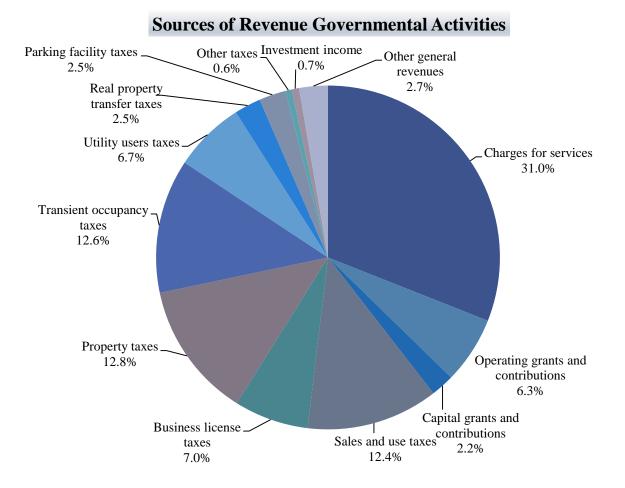
CITY OF SANTA MONICA Summary of Changes in Net Position (in millions)

	Governmental activities		B us iness-type activities		To tal	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenues						
Program revenues:						
Charges for services	\$ 136.7	158.7	116.5	107.5	253.2	266.2
Operating grants and contributions	27.9	24.7	48.3	48.7	76.2	73.4
Capital grants and contributions	9.8	12.6	23.1	23.9	32.9	36.5
General revenues :						
Sales and use taxes	54.5	54.8	_	_	54.5	54.8
Business license taxes	30.7	30.8	_	_	30.7	30.8
P roperty taxes	56.4	50.5	_	_	56.4	50.5
Transient occupancy taxes	55.5	51.0	_	_	55.5	51.0
Utility users taxes	29.5	30.8	_	_	29.5	30.8
Real property transfer taxes	10.9	7.8	_	_	10.9	7.8
P arking facility taxes	11.2	10.7	_	_	11.2	10.7
Other taxes	3.3	3.1	_	_	3.3	3.1
Investment income	3.1	7.0	1.6	3.5	4.7	10.5
Other revenue	11.7	15.6	4.3	3.7	16.0	19.3
Total revenues	441.2	458.1	193.8	187.3	635.0	645.4
Expenses	441.2	458.1	1) 5.8	107.5	033.0	043.4
General go vernment	69.5	56.7	_		69.5	56.7
P ublic safety	133.5	128.2	_	_	133.5	128.2
Generalservices	84.2	84.2		_	84.2	84.2
Cultural and recreation services	57.7	58.4	—	—	57.7	58.4
Library	12.9	14.3	—	—	12.9	14.3
-	12.9	H.5	—	—	12.9	14.5
Housing and community	54.6	59.6			54.6	59.6
development	2.5	2.7	_	_	2.5	2.7
Interest on long-term debt	2.5	2.7				
Water			23.6	23.3	23.6	23.3
Resource recovery and recycling	—	_	25.5	25.4	25.5	25.4
Community broadband	_	_	1.9	-	1.9	-
Pier	—	—	7.6	6.9	7.6	6.9
Wastewater	—	_	17.9	16.5	17.9	16.5
Airpo rt	—	—	8.6	5.3	8.6	5.3
Stormwater management	—	_	0.3	2.4	0.3	2.4
Cemetery	_	_	2.3	2.2	2.3	2.2
Big Blue Bus			93.6	90.6	93.6	90.6
Totalexpenses	414.9	404.1	18 1.3	172.6	596.2	576.7
Excess of revenues						
over expenses before extraordinary items						
and trans fers	26.3	54.0	12.5	14.7	38.8	68.7
Specialitems	(1.1)	(11.9)	1.1	10.6	_	(1.3)
Extra ordinary loss	—	(12.9)	—	—	—	(12.9)
Extraordinary gain	—	0.3	—	4.8	—	5.1
Trans fers	5.5	7.0	(5.5)	(7.0)		
Change in net position	30.7	36.5	8.1	23.1	38.8	59.6
Beginning net position	944.5	908.0	583.9	560.8	1,528.4	1,468.8
Ending net position	\$ 975.2	944.5	592.0	583.9	1,567.2	1,528.4

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

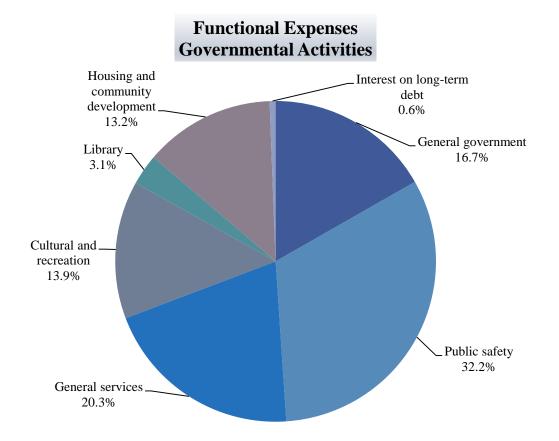
Governmental Activities. The City's governmental activities increased net position by \$30.7 million, or 3.3%. Analysis of revenues and expenses are discussed below and on the following two pages.

Revenue Sources: Governmental Activities. As shown in the chart below, the largest category of revenue for governmental activities is charges for services, which represents 31.0% of total governmental activities revenue. The category totaled \$136.7 million in FY 2016-17, compared to \$158.7 million in FY 2015-16, which is a decrease of \$22.0 million or 13.9%. One significant decrease within the charges for services category is for the Civic Center Village profit participation, which decreased from \$14.5 million in FY 2015-16 to \$0 in FY 2016-17. This revenue source was a one-time fee collected from a developer on the sale of condominiums in excess of an agreed upon amount. The second largest category is property taxes, which represents 12.8% of total governmental activities revenue. Property taxes increased \$5.9 million or 11.7% from the prior fiscal year. The increase in property tax trust fund residual receipts. The third largest category is transient occupancy taxes, which represent 12.6% of total governmental activities revenue. Transient occupancy taxes increased \$4.5 million or 8.8% from the prior fiscal year. The increase in transient occupancy taxes increased \$4.5 million or 8.8% from the prior fiscal year. The increase to the strong tourism market in Santa Monica and the opening of two new lodging properties.



Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

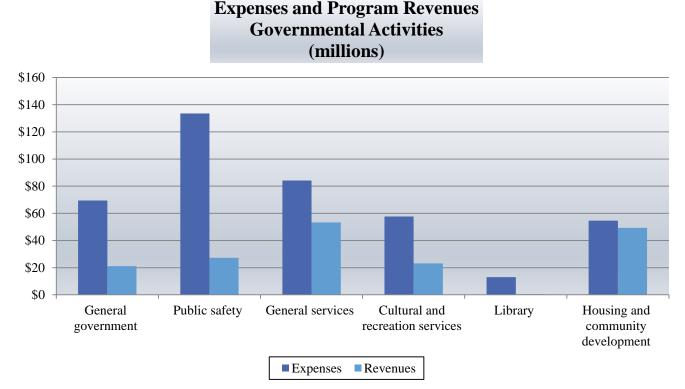
Functional Expenses: Governmental Activities. As displayed in the chart below, general government, public safety, general services, cultural and recreation, and housing and community development accounted for 96.3% of total governmental activity-related expenses.



Total governmental activities expenses increased \$10.8 million or 2.7% from the prior fiscal year. The two categories with the largest variance from the prior year were general government and public safety. General government expenses increased \$12.8 million or 22.6%. Public safety expenses increased \$5.3 million at 4.1%. The increase in these categories was primarily due to an increase in pension expense associated with an increase in the net pension liability due to lower than expected returns on plan investments at CalPERS. Additionally, the number of full time equivalent sworn and non-sworn public safety employees increased from 553.2 for FY 2015-16 to 562.4 for FY 2016-17, which is an increase of 9.2 FTEs. Also, personnel costs increased due to a cost of living increase of 1.5% for non-public safety employees and 3.0% for sworn public safety employees offset by an additional 1.5% contribution to CalPERS made by the sworn public safety employees.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

Program Expenses: Governmental Activities. The following chart compares program revenues and expenses for governmental activities (excluding interest on long-term debt):



The comparison of direct expenses and program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the City. A higher percentage of program revenues to direct expenses indicates that a function is generally self-financed through program revenues generated by activities within that function. In contrast, a lower percentage of program revenues to direct expenses indicates that a function is primarily financed through general revenues.

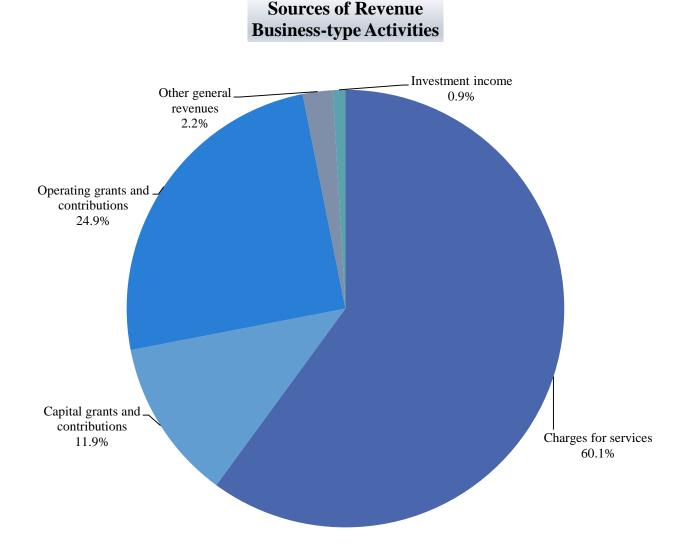
The function with the highest percentage of program revenues to direct expenses in FY 2016-17 is housing and community development, which had expenses of \$54.6 million and program revenues of \$49.3 million, which is a ratio of 90.3%. This high percentage indicates that most of the expenses in this category are financed by revenues generated by activities within the housing and community development category.

The function with the lowest percentage of program revenues to direct expenses in FY 2016-17 is the Library, which had expenses of \$12.9 million and program revenues of \$0.4 million, a ratio of 3.1%. This low percentage indicates that most of the expenses in this category are financed by the general revenues of the City.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

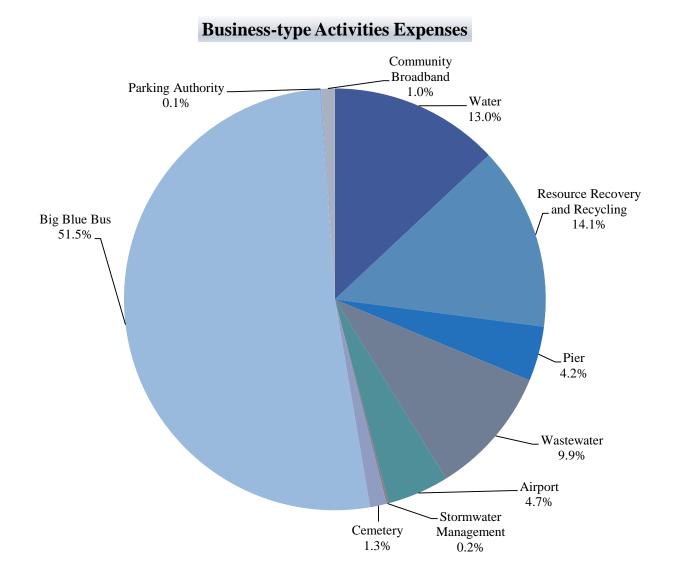
Business-type Activities. The City's business-type activities net position increased \$8.1 million or 1.4% from the prior fiscal year.

Revenue Sources: Business-type activities. The chart below displays the key sources of revenue for business-type activities as a percentage of total revenues. The top three sources of revenue for business-type activities are charges for services, operating grants and contributions, and capital grants and contributions. These three categories account for 96.9% of the total business-type activities revenues of \$193.8 million.



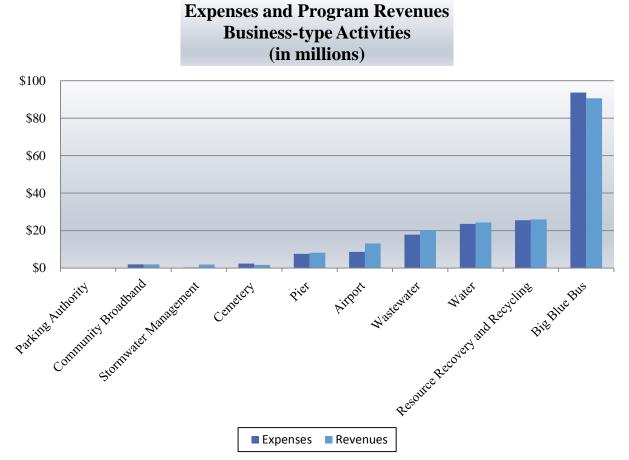
Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

Expenses: Business-type Activities. The chart below displays individual business-type activities as a percentage of total business-type activity expenses. The Big Blue Bus, Resource Recovery and Recycling, Water, and Wastewater activities accounted for 88.5% of total business-type activity expenses. Other business-type activities of the City include the Airport, Pier, Cemetery, Stormwater Management, Parking Authority, and Community Broadband.



Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

Program Revenues and Expenses: Business-type Activities. The following chart compares program revenues and expenses for business-type activities:



For discussion and analysis of key points of business-type activities, see the following section on the City's major proprietary funds.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on nearterm inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements.

The City's governmental funds total fund balance decreased \$4.1 million, or 0.7% from the prior fiscal year. The primary reasons for the decrease are discussed on the following pages.

General Fund

The General Fund is the chief operating fund of the City. Total fund balance in the General Fund decreased \$40.8 million or 10.5% from the prior fiscal year.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

Key factors in changes in revenues and expenditures from the prior year are as follows:

- 1. Total General Fund revenues increased \$14.2 million or 3.9% from the prior fiscal year. The largest revenue source in the General Fund is property taxes, which increased \$5.9 million or 11.7%. The second largest revenue source in the General Fund is transient occupancy taxes, which increased \$4.5 million or 8.8%. The third largest revenue source is sales and use taxes, which decreased \$0.3 million or 0.5%. Combined, these three categories represented 44.2% of total General Fund revenues for FY 2016-17. The overall increase in these categories was due to increases in the City's assessed valuation and positive economic conditions, particularly from tourism.
- 2. Total General Fund expenditures, excluding debt service, increased \$24.3 million or 7.3% from the prior fiscal year. This increase was due primarily to an increase in general government expenditures of \$9.1 million or 15.0%; an increase in general services expenditures of \$8.7 million or 14.4%; and an increase in public safety expenditures of \$2.1 million or 1.6%. These three expenditure categories represent the largest expenditure categories of the General Fund and include 75.8% of all general fund expenditures for FY 2016-17. The increase in these three categories was primarily driven by an increase in salaries and wages of \$10.6 million or 9.7%. Personnel costs increased due to an additional payment of \$35.6 million paid to CalPERS in June 2017, which represents the General Fund's portion of the \$45 million overall pay down of the City's unfunded pension liability. Additionally, a cost of living increase of 1.5% for nonpublic safety employees and 3.0% for sworn public safety employees offset by an additional 1.5% contribution to CalPERS made by sworn public safety employees. The number of full time equivalent sworn and non-sworn public safety employees increased from 553.2 for FY 2015-16 to 562.4 for FY 2016-17, which is an increase of 9.2 FTEs. Also, \$7.8 million of salaries and wages were allocated to other funds in FY 2015-16, but recorded in the General Fund in FY 2016-17. Another category with a significant increase was legal expenditures, which increased \$3.4 million or 309.1% from the prior fiscal year. The increase in this category is primarily due to costs associated with the future closing of the Santa Monica Airport and litigation filed against the City, alleging violations of the California Voting Rights Act.

Special Revenue Source Fund

Total fund balance in the Special Revenue Source Fund increased \$28.2 million or 34.6% from the prior fiscal year. Total revenues decreased \$17.8 million or 65.2% from the prior fiscal year. The decrease in revenues was primarily due to the Civic Center Village profit participation, which decreased from \$14.5 million for FY 2015-16 to \$0 for FY 2016-17. This revenue source was a one-time fee collected from the developer on the sale of condominiums in excess of an agreed upon amount. Total expenditures decreased \$5.9 million or 66.3% from the prior fiscal year. The decrease in total expenditures was due to a 6.1 million, or 80.3% decrease in housing and community development expenditures, from \$7.6 million for FY 2015-16 to \$1.5 million for FY 2016-17. The decrease in this category is due to the timing of expenditures for affordable housing projects. In FY 2015-16, the City disbursed funds for the property acquisition, which is generally the more expensive phase, while expenditures in FY 2016-17 were primarily for property rehabilitation, which is the generally the less costly phase.

Transfers in increased from \$9.2 million for fiscal year 2015-16 to \$23.2 million for fiscal year 2016-17; an increase of \$14.0 million or 152.2%. The increase in transfers in is due to the transfer of housing loans originally funded by the former Redevelopment Agency and transferred from the General Fund to the Special Revenue Source Fund in order to consolidate Citywide Housing Trust Funds-funded loans.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

Low and Moderate Income Housing Asset Fund

Total fund balance in the Low and Moderate Income Housing Asset Fund increased \$1.9 million or 3.7% from the prior fiscal year. Total revenues and transfers in decreased \$0.3 million or 13.6% from the prior fiscal year. The biggest reason for the increase in fund balance is a decrease in expenditures from \$0.9 million for FY 2015-16 to \$753 for FY 2016-17. Expenditures in FY 2015-16 included \$0.6 million in unspent bond proceeds that were deemed "unencumbered other funds" by the California Department of Finance and were transferred to the Successor Agency to pay off enforceable obligations and \$0.3 million for reimbursement of two limited term positions that supported the City's affordable housing initiatives. For expenditures in FY 2016-17, \$6.2 million was budgeted for low and moderate income housing projects, but due to various factors, including the need to accumulate sufficient funding, the budget rolled forward to FY 2017-18 and the actual expenditures will occur in future years.

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

The total net position of all of the City's enterprise funds increased \$12.7 million, or 2.3% from the prior fiscal year.

Water Fund

The total net position of the Water Fund decreased \$0.2 million, or 0.4% from the prior fiscal year. Revenues reflect a \$1.9 million increase in water service charges and a \$0.5 million decrease in investment income. Expenses reflect a \$0.9 million increase in spending related to water main replacement, a \$0.4 million increase in the Charnock Wellfield restoration project, and an \$0.6 million increase in water purchases.

Wastewater Fund

The total net position of the Wastewater Fund increased \$3.8 million, or 1.9% from the prior fiscal year. Revenues reflect a \$0.9 million increase in sewer system charges and a \$0.3 million decrease in investment income. Expenses remained relatively consistent.

Resource Recovery and Recycling Fund

The total net position of the Resource Recovery and Recycling Fund increased from \$0.1 million at June 30, 2016 to \$3.3 million at June 30, 2017; an increase of \$3.2 million or 3,200.0%.

Revenues reflect a \$1.9 million reimbursement from the State of California for SB90 claims. Also included were a \$0.9 million decrease in revenue from collection fees and construction and demolition deposits, a \$0.2 million decrease in investment income, and a \$0.1 million increase in recycling disposal fees. Total operating expenses decreased \$0.3 million or 1.2% from the prior fiscal year.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

Big Blue Bus Fund

The total net position of the Big Blue Bus Fund increased \$0.8 million, or 0.4% from the prior fiscal year. Revenues reflect a \$1.0 million decrease in passenger revenue, a \$0.5 million increase in Proposition A Local Return subsidy, and a \$0.4 million decrease in investment income. Expenses reflect an increase of \$1.5 million in bus components, an increase of \$1.1 million of overtime charges, and an increase of \$0.2 million in workers' compensation payments.

General Fund Budgetary Variances

Revenue Original Budget to Final Amended Budget. The final revenue budget of \$370.2 million for the General Fund exceeded the original budget of \$364.8 million by \$5.4 million or 1.5%. Revenue budget changes are approved by the City Council. The category with the largest increase was property taxes, which had an original budget of \$52.6 million and a final budget of \$56.2 million; an increase of \$3.6 million or 6.8%. Charges for services had an increase of \$1.1 million or 2.8%, with an original budget of \$40.7 million.

Revenue Final Amended Budget to Actuals. Actual revenues for the General Fund totaled \$376.8 million, \$6.6 million greater than the final budget of \$370.2 million. The primary components of the variance were other taxes, which include transient occupancy taxes, documentary transfer taxes, and parking facility taxes, with actual revenues exceeding final budgeted amounts by \$4.7 million or 3.5%, and charges for services, with actual revenues in excess of the final budgeted amount by \$4.1 million or 10.1%.

Expenditure Original Budget to Final Amended Budget. The final expenditure budget is greater than the original budget by \$85.3 million, or 22.7%. The increase is primarily due to the capital budgeting process. The original capital budget includes only amounts adopted by Council as part of the biennial capital budgeting process. However, large capital projects often span across numerous years and remaining capital budgets from previous fiscal periods are rolled over to the current fiscal year in order to complete those projects. Funds are reserved as Assigned Continuing Capital Projects to cover these costs. The final budget includes both newly adopted and rolled over amounts. Significant projects that were rolled over include the Early Childhood Lab School, City Services Building, the Enterprise Resource Planning system, and Fire Apparatus Replacement at \$5.6 million, \$4.1 million, \$4.1 million, and \$4.1 million, respectively.

Expenditure Final Amended Budget to Actuals. Actual expenditures (budgetary basis) for the General Fund totaled \$390.9 million, while the final budget totaled \$461.4 million, which is a variance of \$70.5 million. The activities that had the largest variance were general government and general services. General government had expenditures of \$80.8 million compared to a final budget of \$106.0 million, a variance of \$25.2 million. General services had expenditures of \$78.9 million compared to a final budget of \$99.7 million, a variance of \$20.8 million. Much of the savings were due to position vacancies that occurred throughout the year, while other savings came from prudent program spending and timing of capital improvement project expenditures.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's capital assets (net of accumulated depreciation) as of June 30, 2017 amounted to \$1.3 billion, remaining consistent with the amount from the prior year. This investment in a broad range of capital assets, including land, infrastructure, structures and improvements, equipment, and construction in progress, is detailed as follows:

CITY OF SANTA MONICA

Capital Assets (net of depreciation)

(in millions)

	Governmental activities		tal activities	Business-ty	pe activities	Total		
	6	/30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16	
Land	\$	206.4	206.4	53.4	53.4	259.8	259.8	
Land held under easement		72.2	72.2	—	_	72.2	72.2	
Construction in progress		19.2	33.7	2.0	3.9	21.2	37.6	
Buildings		232.4	239.6	90.3	94.4	322.7	334.0	
Improvements other than buildings		105.0	103.7	11.4	12.7	116.4	116.4	
Machinery and equipment		19.2	11.5	85.0	73.2	104.2	84.7	
Infrastructure		146.4	136.5	142.7	143.8	289.1	280.3	
Utility systems		0.9	1.0	—		0.9	1.0	
Intangibles		0.6	0.6	70.5	69.3	71.1	69.9	
Capital assets, net	\$	802.3	805.2	455.3	450.7	1,257.6	1,255.9	

Some of the City's major capital asset events in FY 2016-17 were:

Governmental Activities:

- 1. Major projects included \$3.6 million for the design of the new City Services Building, \$3.8 million for the completion of Ishihara Park, and \$3.0 million for the replacement of the Public Safety radio infrastructure.
- 2. The amount in construction in progress decreased as construction was completed and assets were transferred to depreciable assets. Major projects placed in service include the California Incline for \$18.2 million, the Public Safety radio infrastructure project for \$8.7 million, and Ishihara Park for \$6.5 million.

Business-Type Activities:

- 1. \$15.0 million for the purchase of 25 new buses at the Big Blue Bus.
- 2. \$2.9 million increase in infrastructure for ongoing water and wastewater main replacements.
- 3. \$3.6 million increase in intangibles for the capital payment made to the City of Los Angeles for Santa Monica's shared cost of the Amalgamated System in the Wastewater Fund.

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

4. Business-type asset additions were offset in the amount of \$12.5 million at historical cost in the disposal of buses and other vehicles that met or exceeded their useful lives.

Additional information on the City's capital assets can be found in note 7 to the basic financial statements.

As of June 30, 2017, the City had \$80.5 million in construction commitments. For additional information on commitments see note 14.

Long-term Debt. At the end of the current fiscal year, the City's total long-term debt outstanding (excluding issuance premiums) was \$77.4 million, a decrease from the prior year of \$6.6 million or 7.9%, representing debt service payments for existing debt. This amount was comprised of \$69.5 million in revenue bonds, which were secured by both governmental and business-type revenue sources, \$6.6 million in general obligation bonds backed by the full faith and credit of the City, and \$1.3 million in various notes and loans payable as shown in the following table:

CITY OF SANTA MONICA Outstanding Debt (in millions)

Gov	ernment	al activities	Business-typ	be activities	Tot	al
6/	30/17	6/30/16	6/30/17	6/30/16	6/30/17	6/30/16
\$	6.6	7.7	—	—	6.6	7.7
	60.5	65.7	9.0	9.0	69.5	74.7
	0.4	0.4	0.9	1.2	1.3	1.6
\$	67.5	73.8	9.9	10.2	77.4	84.0
		6/30/17 \$ 6.6 60.5 0.4	\$ 6.6 7.7 60.5 65.7 0.4 0.4	6/30/17 6/30/16 6/30/17 \$ 6.6 7.7 60.5 65.7 9.0 0.4 0.4 0.9	6/30/17 6/30/16 6/30/17 6/30/16 \$ 6.6 7.7 - - 60.5 65.7 9.0 9.0 0.4 0.4 0.9 1.2	6/30/17 $6/30/16$ $6/30/17$ $6/30/16$ $6/30/17$ \$ 6.6 7.7 - - 6.6 60.5 65.7 9.0 9.0 69.5 0.4 0.4 0.9 1.2 1.3

On July 1, 2016, final payment was made on the Parking Authority Refunding 2002 Lease Revenue bonds. Additional information on the City's long-term debt can be found in note 9 to the basic financial statements.

On August 22, 2017, the Santa Monica Public Financing Authority (Public Financing Authority) issued \$68,565,000 (par value) in Lease Revenue Bonds, Series 2017 (City Services Building Project Bonds) (Green Bonds) to fund construction of the administrative building behind City Hall. The bonds were sold at a premium of \$8,754,002 with a final maturity date in 2047.

ECONOMIC FACTORS AND BIENNIAL BUDGET

The City's adopted General Fund budget for FY 2017-19 supports the basic responsibilities of local government, the policy interests of City Council Members and diverse concerns of the residents. Management feels that there are adequate resources available to fund the proposed expenditures.

In preparing the budget for FYs 2017-19, many factors were taken into consideration:

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2017 (Unaudited)

- Continuing increases in health care, pension, other post employment and workers' compensation costs.
- Signs of moderation in the local economy's growth rate as General Fund revenue growth has begun to slow after several years of strong increases.
- Large infrastructure modernization projects will require the City to seek financing.
- Increases in construction and maintenance costs due to economic conditions and new statutes.
- Repurposing existing resources to areas addressing high priority needs, including projects and activities meeting Council–approved strategic outcomes and initiatives.
- Focus on mobility and planning efforts that will improve circulation to, from and within the City limits, including the increased service from the summer 2016 opening of EXPO light rail, the accompanying Big Blue Bus service integration plan that creates connections to light rail stations and increases north-south corridor service, and the bikeshare program. Recent passage of Los Angeles County's Measure M and Senate Bill (SB) 1, also known as the Road Repair and Accountability Act of 2017, will assist funding transit and mobility initiatives.
- Implementation of water self-sufficiency, climate action plan, and zero waste strategies.
- Focus on maintaining an inclusive and diverse community through efforts to maintain and augment the City's affordable housing and increase the City's minimum wage. Passage of Measure GSH assists in funding the creation of affordable housing, and the City will continue the phasing of the \$15 minimum wage increase by 2020.
- Securing local control of the City land occupied by the Santa Monica Airport. Maintaining Airport operations through 2028 as the City plans for its conversion to a 227 acre park.
- Improving the wellbeing of youth and families by fostering a community climate of Learn + Thrive.
- Taking a leadership role in regional efforts to address homelessness.
- Implementing innovative approaches for creating a model for effective public service in the 21st Century, including managing and measuring performance; taking on 'total workplace' initiatives that modernize the way the City conducts business from increased automation and mobile workspaces, to open and collaborative offices; making public services and information easily accessible and fostering two-way interaction and civic engagement.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This management's discussion and analysis is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions or need additional financial information, please visit the City of Santa Monica's Finance Department website at <u>www.smgov.net/finance</u> or call (310) 458-8281.

City of Santa Monica, California Year Ended June 30, 2017

BASIC FINANCIAL STATEMENTS

CITY OF SANTA MONICA, CALIFORNIA Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS	¢ 500.144.044	156 446 264	((1.501.200
Cash and investments (note 5) Receivables (net of allowances for uncollectibles):	\$ 508,144,944	156,446,364	664,591,308
Accounts	3,972,637	13,076,865	17,049,502
Interest	1,701,160	635,724	2,336,884
Taxes Settlement	13,619,312 36,534,600	-	13,619,312 36,534,600
Notes (note 6)	121,828,173	-	121,828,173
Other governments	7,259,852	14,735,665	21,995,517
Internal balances	14,895,692	(14,895,692)	-
Inventory Deposits	61,785	2,681,519	2,681,519 61,785
Prepaids	3,087,341	43,336	3,130,677
Restricted cash and investments (note 5)	7,821,229	35,988,626	43,809,855
Restricted cash and investments with fiscal agent (note 5)	16,840,795	-	16,840,795
Notes receivable from Successor Agency Capital assets (note 7):	9,229,255	48,984,385	58,213,640
Capital assets not being depreciated:			
Land	206,448,024	53,380,750	259,828,774
Land held under easement	72,237,823	-	72,237,823
Construction in progress Capital assets being depreciated:	19,210,169	1,998,853	21,209,022
Buildings	344,149,020	147,870,482	492,019,502
Improvements other than buildings	177,137,324	34,483,991	211,621,315
Utility systems	1,742,913	-	1,742,913
Machinery and equipment Infrastructure	48,894,018	208,228,552	257,122,570
Intagibles	368,038,758 695,710	235,774,598 103,485,911	603,813,356 104,181,621
Less accumulated depreciation	(436,247,385)	(329,925,545)	(766,172,930)
Total capital assets, net	802,306,374	455,297,592	1,257,603,966
TOTAL ASSETS	1,547,303,149	712,994,384	2,260,297,533
DEFERRED OUTFLOWS OF RESOURCES	150 50 (2 (2 200	521.02.0
Deferred loss on refundings Deferred outflows from pensions (note 16)	178,736 124,751,623	343,200 29,878,153	521,936 154,629,776
TOTAL DEFERRED OUTFLOWS OF RESOURCES	124,930,359	30,221,353	155,151,712
LIABILITIES	15 022 842	(022 297	22.8((.220
Accounts payable	15,932,842 7 149 924	6,933,387 3 252 439	22,866,229 10 402 363
	15,932,842 7,149,924 860,008	6,933,387 3,252,439 119,050	22,866,229 10,402,363 979,058
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage)	7,149,924 860,008 340,505	3,252,439 119,050 248,554	10,402,363 979,058 589,059
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8)	7,149,924 860,008 340,505 25,660,243	3,252,439 119,050	10,402,363 979,058 589,059 27,437,461
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments	7,149,924 860,008 340,505 25,660,243 3,319	3,252,439 119,050 248,554 1,777,218	10,402,363 979,058 589,059 27,437,461 3,319
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8)	7,149,924 860,008 340,505 25,660,243	3,252,439 119,050 248,554	10,402,363 979,058 589,059 27,437,461
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9)	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047	10,402,363 979,058 589,059 27,437,461 3,319 15,682,212 10,870,647
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9)	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166	10,402,363 979,058 589,059 27,437,461 3,319 15,682,212 10,870,647 4,822,725
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (note 9 and 15)	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283	$10,402,363 \\979,058 \\589,059 \\27,437,461 \\3,319 \\15,682,212 \\10,870,647 \\4,822,725 \\17,836,759 \\$
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9)	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011	10,402,363 979,058 589,059 27,437,461 3,319 15,682,212 10,870,647 4,822,725
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due in more than one year (note 9)	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ \end{array}$
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Loans and bonds payable due in more than one year (note 9) Pollution remediation obligation due within one year (note 4)	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253	$\begin{array}{c} 3,252,439\\ 119,050\\ 248,554\\ 1,777,218\\ 14,422,290\\ \hline 2,659,047\\ 764,166\\ 4,123,283\\ 3,014,011\\ 299,362\\ 10,026,804\\ 1,988,421\\ \end{array}$	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ \end{array}$
Accounts payable Accrued liabilities Accrued liabilities Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 4)	$\begin{array}{c} 7,149,924\\ 860,008\\ 340,505\\ 25,660,243\\ 3,319\\ 1,259,922\\ \\ 8,211,600\\ 4,058,559\\ 13,713,476\\ 39,251,178\\ 5,300,000\\ 66,855,814\\ 1,245,253\\ 94,593,383\\ \end{array}$	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ \end{array}$
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Loans and bonds payable due in more than one year (note 9) Pollution remediation obligation due within one year (note 4)	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253	$\begin{array}{c} 3,252,439\\ 119,050\\ 248,554\\ 1,777,218\\ 14,422,290\\ \hline 2,659,047\\ 764,166\\ 4,123,283\\ 3,014,011\\ 299,362\\ 10,026,804\\ 1,988,421\\ \end{array}$	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ \end{array}$
Accounts payable Accrued liabilities Accrued liabilities Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16)	$\begin{array}{c} 7,149,924\\ 860,008\\ 340,505\\ 25,660,243\\ 3,319\\ 1,259,922\\ \\ 8,211,600\\ 4,058,559\\ 13,713,476\\ 39,251,178\\ 5,300,000\\ 66,855,814\\ 1,245,253\\ 94,593,383\\ 8,298,610\\ \end{array}$	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907	$10,402,363 \\979,058 \\589,059 \\27,437,461 \\3,319 \\15,682,212 \\10,870,647 \\4,822,725 \\17,836,759 \\42,265,189 \\5,599,362 \\76,882,618 \\3,233,674 \\108,147,790 \\10,540,517 \\$
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (note 9) Claims payable due within one year (note 9) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Loans and bonds payable due in more than one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES	$\begin{array}{r} 7,149,924\\ 860,008\\ 340,505\\ 25,660,243\\ 3,319\\ 1,259,922\\ \end{array}$	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \end{array}$
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (note 9) Claims payable due within one year (note 9) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Loans and bonds payable due in more than one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 <u>381,075,676</u> <u>673,810,312</u>	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$\begin{array}{r} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \end{array}$
Accounts payable Accrued liabilities Accrued initerest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) DEFERRED INFLOWS OF RESOURCES Deferred gain on refunding Deferred inflows from pensions (note 16)	7,149,924 860,008 340,505 25,660,243 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 381,075,676 673,810,312 62,156 23,121,540	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \end{array}$
Accounts payable Accrued liabilities Accrued liabilities Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due within one year (notes 9 and 15) Claims payable due within one year (notes 9 and 15) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) DEFERRED INFLOWS OF RESOURCES Deferred gain on refunding Deferred inflows from pensions (note 16) TOTAL DEFERRED INFLOWS OF RESOURCES	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 <u>381,075,676</u> <u>673,810,312</u>	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$\begin{array}{r} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \end{array}$
Accounts payable Accrued liabilities Accrued initerest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) DEFERRED INFLOWS OF RESOURCES Deferred gain on refunding Deferred inflows from pensions (note 16)	7,149,924 860,008 340,505 25,660,243 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 381,075,676 673,810,312 62,156 23,121,540	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \end{array}$
Accounts payable Accrued liabilities Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (note 9) Claims payable due within one year (note 9) Claims payable due within one year (note 9) Loans and bonds payable due within one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LIABILITIES Deferred gain on refunding Deferred inflows from pensions (note 16) NET POSITION Net investment in capital assets Restricted for (note 12): Housing and community development	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 381,075,676 673,810,312 62,156 23,121,540 23,183,696 731,842,870 126,598,184	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \hline 62,156\\ 29,333,953\\ 29,396,109\\ \end{array}$
Accounts payable Accrued liabilities Accrued liabilities Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) DEFERRED INFLOWS OF RESOURCES Deferred gain on refunding Deferred inflows from pensions (note 16) Net investment in capital assets Restricted for (note 12): Housing and community development Culture and recreation services	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 <u>381,075,676</u> <u>673,810,312</u> 62,156 <u>23,121,540</u> <u>23,183,696</u> 731,842,870 126,598,184 13,847,179	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	10,402,363979,058589,05927,437,4613,31915,682,21210,870,6474,822,72517,836,75942,265,1895,599,36276,882,6183,233,674108,147,79010,540,517460,663,362818,822,34462,15629,333,95329,396,1091,177,157,496136,395,06113,847,179
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (note 9 and 15) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 9) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LABILITIES Deferred gain on refunding Deferred inflows from pensions (note 16) NET POSITION Net investment in capital assets Restricted for (note 12): Housing and community development Culture and recreation services Transportation	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 <u>381,075,676</u> <u>673,810,312</u> 62,156 <u>23,121,540</u> 23,183,696 731,842,870 126,598,184 13,847,179 20,130,161	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	10,402,363979,058589,05927,437,4613,31915,682,21210,870,6474,822,72517,836,75942,265,1895,599,36276,882,6183,233,674108,147,79010,540,517460,663,362818,822,34462,15629,333,95329,396,1091,177,157,496136,395,06113,847,17920,130,161
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (note 9 and 15) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LIABILITIES Deferred gain on refunding Deferred inflows from pensions (note 16) Net investment in capital assets Restricted for (note 12): Housing and community development Culture and recreation services Transportation Clean beaches and ocean parcel tax	$\begin{array}{c} 7,149,924\\ 860,008\\ 340,505\\ 25,660,243\\ 3,319\\ 1,259,922\\ \hline\\ 8,211,600\\ 4,058,559\\ 13,713,476\\ 39,251,178\\ 5,300,000\\ 66,855,814\\ 1,245,253\\ 94,593,383\\ 8,298,610\\ \underline{381,075,676}\\ \underline{-673,810,312}\\ \hline\\ 62,156\\ \underline{23,121,540}\\ 23,183,696\\ \hline\\ 731,842,870\\ 126,598,184\\ 13,847,179\\ 20,130,161\\ 9,129,838\\ \end{array}$	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$10,402,363 \\979,058 \\589,059 \\27,437,461 \\3,319 \\15,682,212 \\10,870,647 \\4,822,725 \\17,836,759 \\42,265,189 \\5,599,362 \\76,882,618 \\3,233,674 \\108,147,790 \\10,540,517 \\460,663,362 \\818,822,344 \\62,156 \\29,333,953 \\29,396,109 \\1,177,157,496 \\136,395,061 \\13,847,179 \\20,130,161 \\9,129,838 \\970,058 \\136,395,061 \\13,847,179 \\20,130,161 \\9,129,838 \\970,058 \\100,058$
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (note 9 and 15) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 9) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LABILITIES Deferred gain on refunding Deferred inflows from pensions (note 16) NET POSITION Net investment in capital assets Restricted for (note 12): Housing and community development Culture and recreation services Transportation	7,149,924 860,008 340,505 25,660,243 3,319 1,259,922 8,211,600 4,058,559 13,713,476 39,251,178 5,300,000 66,855,814 1,245,253 94,593,383 8,298,610 <u>381,075,676</u> <u>673,810,312</u> 62,156 <u>23,121,540</u> 23,183,696 731,842,870 126,598,184 13,847,179 20,130,161	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	10,402,363979,058589,05927,437,4613,31915,682,21210,870,6474,822,72517,836,75942,265,1895,599,36276,882,6183,233,674108,147,79010,540,517460,663,362818,822,34462,15629,333,95329,396,1091,177,157,496136,395,06113,847,17920,130,161
Accounts payable Accrued liabilities Accrued liabilities Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Claims payable due in more than one year (note 9) Pollution remediation obligation due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LIABILITIES Deferred gain on refunding Deferred inflows from pensions (note 16) TOTAL DEFERRED INFLOWS OF RESOURCES Deferred for (note 12): Housing and community development Culture and recreation services Transportation Clean beaches and ocean parcel tax Debt service Miscellaneous Perpetual care - nonexpendable	$\begin{array}{c} 7,149,924\\ 860,008\\ 340,505\\ 25,660,243\\ 3,319\\ 1,259,922\\ \hline\\ 8,211,600\\ 4,058,559\\ 13,713,476\\ 39,251,178\\ 5,300,000\\ 66,855,814\\ 1,245,253\\ 94,593,383\\ 8,298,610\\ \underline{381,075,676}\\ \underline{-673,810,312}\\ \hline\\ 62,156\\ \underline{23,121,540}\\ \underline{23,121,540}\\ \underline{23,183,696}\\ \hline\\ 731,842,870\\ 126,598,184\\ 13,847,179\\ 20,130,161\\ 9,129,838\\ 3,672,918\\ \hline\end{array}$	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \hline \\ 62,156\\ 29,333,953\\ 29,396,109\\ \hline \\ 1,177,157,496\\ 136,395,061\\ 13,847,179\\ 20,130,161\\ 9,129,838\\ 3,672,918\\ 3,279,18\\ 13,239,095\\ 12,102,637\\ \hline \end{array}$
Accounts payable Accrued liabilities Accrued interest payable Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due in more than one year (note 9) Claims payable due within one year (note 9 and 15) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Loans and bonds payable due within one year (note 9) Pollution remediation obligation due within one year (note 9) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES Deferred gain on refunding Deferred inflows from pensions (note 16) Net investment in capital assets Restricted for (note 12): Housing and community development Culture and recreation services Transportation Clean beaches and ocean parcel tax Debt service Miscellaneous Perpetual care - nonexpendable Rail reserve and Prop 1B	$\begin{array}{c} 7,149,924\\ 860,008\\ 340,505\\ 25,660,243\\ 3,319\\ 1,259,922\\ \hline\\ 8,211,600\\ 4,058,559\\ 13,713,476\\ 39,251,178\\ 5,300,000\\ 66,855,814\\ 1,245,253\\ 94,593,383\\ 8,298,610\\ 381,075,676\\ \hline\\ 673,810,312\\ \hline\\ 62,156\\ 23,121,540\\ 23,183,696\\ \hline\\ 731,842,870\\ \hline\\ 126,598,184\\ 13,847,179\\ 20,130,161\\ 9,129,838\\ 3,672,918\\ 13,239,095\\ 12,102,637\\ \hline\\ \end{array}$	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032 - 6,212,413 6,212,413 - 445,314,626 9,796,877 - - - - - - - - - - - - -	10,402,363 979,058 589,059 27,437,461 3,319 15,682,212 10,870,647 4,822,725 17,836,759 42,265,189 5,599,362 76,882,618 3,233,674 108,147,790 10,540,517 460,663,362 818,822,344 62,156 29,333,953 29,396,109 1,177,157,496 136,395,061 13,847,179 20,130,161 9,129,838 3,672,918 13,239,095 12,102,637 9,038,620
Accounts payable Accrued liabilities Accrued liabilities Contracts payable (retained percentage) Unearned revenue (note 8) Due to other governments Deposits payable from restricted assets Long-term liabilities: Compensated absences due within one year (note 9) Compensated absences due within one year (note 9) Claims payable due within one year (notes 9 and 15) Claims payable due within one year (notes 9 and 15) Claims payable due in more than one year (note 9) Claims payable due in more than one year (note 9) Pollution remediation obligation due within one year (note 9) Pollution remediation obligation due within one year (note 4) Pollution remediation obligation due in more than one year (note 4) Net OPEB obligation (note 16) Net pension liability (note 16) TOTAL LIABILITIES Deferred gain on refunding Deferred inflows from pensions (note 16) TOTAL DEFERRED INFLOWS OF RESOURCES Deferred for (note 12): Housing and community development Culture and recreation services Transportation Clean beaches and ocean parcel tax Debt service Miscellaneous Perpetual care - nonexpendable	$\begin{array}{c} 7,149,924\\ 860,008\\ 340,505\\ 25,660,243\\ 3,319\\ 1,259,922\\ \hline\\ 8,211,600\\ 4,058,559\\ 13,713,476\\ 39,251,178\\ 5,300,000\\ 66,855,814\\ 1,245,253\\ 94,593,383\\ 8,298,610\\ \underline{381,075,676}\\ \underline{673,810,312}\\ \hline\\ 62,156\\ \underline{23,121,540}\\ 23,183,696\\ \hline\\ 731,842,870\\ 126,598,184\\ 13,847,179\\ 20,130,161\\ 9,129,838\\ 3,672,918\\ 13,239,095\\ \hline\end{array}$	3,252,439 119,050 248,554 1,777,218 14,422,290 2,659,047 764,166 4,123,283 3,014,011 299,362 10,026,804 1,988,421 13,554,407 2,241,907 79,587,686 145,012,032	$\begin{array}{c} 10,402,363\\ 979,058\\ 589,059\\ 27,437,461\\ 3,319\\ 15,682,212\\ 10,870,647\\ 4,822,725\\ 17,836,759\\ 42,265,189\\ 5,599,362\\ 76,882,618\\ 3,233,674\\ 108,147,790\\ 10,540,517\\ 460,663,362\\ 818,822,344\\ \hline \\ 62,156\\ 29,333,953\\ 29,396,109\\ \hline \\ 1,177,157,496\\ 136,395,061\\ 13,847,179\\ 20,130,161\\ 9,129,838\\ 3,672,918\\ 13,239,095\\ 12,102,637\\ \hline \end{array}$

CITY OF SANTA MONICA, CALIFORNIA Statement of Activities

For the fiscal year ended June 30, 2017

			Program Revenues		Net (Expense) R	evenue and Change	in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 69,476,662	18,447,588	2,499,210	150,860	(48,379,004)	-	(48,379,004)
Public safety	133,497,286	22,452,698	1,408,589	3,410,532	(106,225,467)	-	(106,225,467)
General services	84,190,176	44,701,036	3,346,940	5,230,494	(30,911,706)	-	(30,911,706)
Cultural and recreation services	57,709,552	20,835,717	1,583,063	655,182	(34,635,590)	-	(34,635,590)
Library	12,945,988	388,273	42,443	-	(12,515,272)	-	(12,515,272)
Housing and community development	54,613,906	29,898,563	19,053,335	309,090	(5,352,918)	-	(5,352,918)
Interest on long-term debt	2,490,698				(2,490,698)		(2,490,698)
Total governmental activities	414,924,268	136,723,875	27,933,580	9,756,158	(240,510,655)		(240,510,655
Business-Type Activities:							
Water	23,583,279	24,280,023	-	-	-	696,744	696,744
Resource recovery and recycling	25,512,992	25,953,777	-	-	-	440,785	440,785
Community broadband	1,907,535	1,924,777	-	-	-	17,242	17,242
Pier	7,597,438	8,202,073	-	-	-	604,635	604,635
Wastewater	17,855,472	20,221,930	-	-	-	2,366,458	2,366,458
Airport	8,595,011	13,149,493		-	-	4,554,482	4,554,482
Stormwater management	347,197	1,869,476		-	-	1,522,279	1,522,279
Cemetery	2,340,685	1,713,212	-	-	-	(627,473)	(627,473
Big Blue Bus	93,652,844	19,202,854	48,313,010	23,062,625	-	(3,074,355)	(3,074,355
Parking authority	16,178		-	-	-	(16,178)	(16,178)
Total business-type activities	181,408,631	116,517,615	48,313,010	23,062,625	-	6,484,619	6,484,619
Total Primary Government	\$ 596,332,899	253,241,490	76,246,590	32,818,783	(240,510,655)	6,484,619	(234,026,036)
	General revenues:						
	Taxes:						
	Business license				30,711,579	-	30,711,579
	Property				56,423,891	-	56,423,891
	Transient occupation	ncy			55,532,325	-	55,532,325
	Sales and use				54,505,239	-	54,505,239
	Utility users				29,437,753	-	29,437,753
	Real property trai	nsfer			10,951,756	-	10,951,756
	Parking facility				11,231,324	-	11,231,324
	Other				3,256,799	-	3,256,799
	Other revenue				11,724,228	4,312,287	16,036,515
	Investment income				3,105,772	1,620,842	4,726,614
	Special items (note 1				(1,103,146)	1,103,146	.,,
	Transfers	•)			5,449,293	(5,449,293)	
	Total general reven	ues, special items, a	nd transfers		271,226,813	1,586,982	272,813,795
	Change in net positi	ion			30,716,158	8,071,601	38,787,759
	Net position at begin	nning of year			944,523,342	583,919,691	1,528,443,033
	Net position at end	of year			\$ 975,239,500	591,991,292	1,567,230,792
	•						/

Major Governmental Fund Financial Statements

General Fund – To account for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, street maintenance, libraries, parks and open space management.

Special Revenue Source Fund (Special Revenue Fund Type) – To account for receipt and expenditure of monies restricted, committed or assigned for specific uses.

Low and Moderate Income Housing Asset Fund (Special Revenue Fund Type) – Under Senate Bill 341, housing assets transferred to the City's Housing Successor Agency together with any funds generated from housing assets, shall be maintained in a separate Low and Moderate Income Housing Asset Fund. These funds can be used as previously allowed under the Low and Moderate Income Housing Fund established under Community Redevelopment Law, program monitoring and preserving the long-term affordability of units subject to affordability restrictions, homeless prevention and rapid rehousing services, and for the development of affordable housing for lower income households. Under SB107, 20% of all Successor Agency/City loan payments are distributed to this fund.

Balance Sheet Governmental Funds

June 30, 2017

			Special Rev	enue Fund		
		General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
ASSETS						
Cash and investments (note 5)	\$	330,310,664	77,050,412	6,709,985	35,498,438	449,569,499
Restricted cash and investments (note 5)		662,292	-	-	7,158,937	7,821,229
Receivables (net, where applicable, of allowances for uncollectibles):		2 0 5 0 2 1 5			007 ((1	2.046.076
Accounts		3,059,315	- 51,041,756	47.052.200	887,661	3,946,976
Notes (note 6)		-	51,041,756	47,052,266	23,734,151	121,828,173
Taxes Interest		13,619,312 1,132,379	- 181,771	13,965	206,048	13,619,312 1,534,163
		1,132,379	181,//1	13,903	7,259,852	7,259,852
Other governments Settlement		36,534,600	-	-	7,239,832	36,534,600
Due from other funds (note 11)		6,546,066	1,056,350	-	-	7,602,416
Deposits		58,528	1,030,330	-	3,257	61,785
Prepaids		3,031,020	-	-	46,445	3,077,465
Restricted cash and investments with fiscal agent (note 5)		45,697	-	-	16,795,098	16,840,795
Advances to other funds (note 11)		12,591,944	-	-	10,795,098	12,591,944
Notes receivable Successor Agency (note 17)		9,229,255	-	-	-	9,229,255
Total assets	\$	416,821,072	129,330,289	53,776,216	91,589,887	691,517,464
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND	-					
FUND BALANCES						
Liabilities						
Accounts payable	\$	12,926,515	737,299	143	2,089,526	15,753,483
Accrued liabilities		6,789,103	-	-	287,304	7,076,407
Contracts payable (retained percentage)		135,651	4,820	-	200,034	340,505
Due to other funds (note 11)		1,056,350	-	-	5,961,882	7,018,232
Due to other governments		-	-	-	3,319	3,319
Unearned revenue (note 8)		6,996,452	18,305,890	-	357,901	25,660,243
Deposits payable		709,413	475,000	-	75,509	1,259,922
Advances from other funds (note 11)		-	-	<u> </u>	3,842,973	3,842,973
Total liabilities		28,613,484	19,523,009	143	12,818,448	60,955,084
Deferred inflows of resources (note 8)		41,909,066			5,802,664	47,711,730
Fund balances (note 13)						
Nonspendable		15,419,253	-	-	12,149,082	27,568,335
Restricted		1,976,576	65,371,654	53,776,073	65,605,141	186,729,444
Committed		4,760,409	44,021,082	-	-	48,781,491
Assigned		256,059,633	414,544	-	-	256,474,177
Unassigned		68,082,651			(4,785,448)	63,297,203
Total fund balances		346,298,522	109,807,280	53,776,073	72,968,775	582,850,650
Total liabilities, deferred inflows of resources, and fund balances	\$	416,821,072	129,330,289	53,776,216	91,589,887	691,517,464

Reconciliation of the Governmental Funds Balance Sheet to the

Government-Wide Statement of Net Position

June 30, 2017

Fund balances - to	tal governmental funds	\$ 582,850,650
Amounts reported	for governmental activities in the statement of net position are different because (Note 3):	
(1)	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet.	801,856,085
(2)	Pension deferrals from reporting under GASB 68	100,973,843
(3)	Deferred gain on refunding of debt is not a current financial resource and, therefore, is not reported in the balance sheet.	(62,156)
(4)	Deferred loss on refundings of debt is not a current financial resource and, therefore, is not reported in the balance sheet.	178,736
(5)	Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet.	(568,238,560)
(6)	Other long-term assets, net of other long-term liabilities, are not available to pay for current period expenditures and, therefore,	
	are deferred in the funds and recognized as revenue in the statement of activities.	47,711,730
(7)	Internal service funds are used by management to charge the costs of vehicle management, information technology and	
	risk management to individual funds. The assets and liabilities of the information technology and risk management (excluding bus)	
	internal service funds are included in the governmental activities in the statement of net position.	9,969,172
Net position of gov	vernmental activities	\$ 975,239,500

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the fiscal year ended June 30, 2017

			Special Rev	enue Fund		
	_	General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
Revenues:						
Property taxes	\$	56,423,891	-	-	-	56,423,891
Sales and use taxes		54,505,239	-	-	-	54,505,239
Transient occupancy taxes		55,532,325	-	-	-	55,532,325
Utility user taxes		29,437,753	-	-	-	29,437,753
Business license taxes		30,118,555	-	-	-	30,118,555
Other taxes		22,856,053	-	-	3,176,904	26,032,957
Licenses and permits		43,030,564	-	-	104,292	43,134,856
Intergovernmental		1,428,595	-	-	38,184,042	39,612,637
Charges for services		44,843,264	556,385	-	18,422,059	63,821,708
Fines and forfeitures		15,461,662	-	-	-	15,461,662
Investment income (loss)		1,599,570	288,357	36,829	910,395	2,835,151
Rental income		7,995,682	-	-	1,051,564	9,047,246
Settlement income		6,103,175	-	-	-	6,103,175
Other revenue		7,480,204	8,629,833	889,138	1,758,801	18,757,976
Total revenues	_	376,816,532	9,474,575	925,967	63,608,057	450,825,131
Expenditures:						
Current:						
General government		69,932,931	220,052	-	11,328	70,164,311
Public safety		132,310,633	7,361	-	3,948,916	136,266,910
General services		69,152,644	887,646	-	13,872,095	83,912,385
Cultural and recreation services		45,420,178	424,256	-	11,023,806	56,868,240
Library		12,440,156	-	-	35,971	12,476,127
Housing and community development		28,948,014	1,499,411	753	23,358,852	53,807,030
Debt service expenditures:						
Principal		-	-	-	6,255,000	6,255,000
Interest		-			3,014,688	3,014,688
Total expenditures		358,204,556	3,038,726	753	61,520,656	422,764,691
Excess of revenues over expenditures	_	18,611,976	6,435,849	925,214	2,087,401	28,060,440
Other financing sources (uses):						
Transfers in (note 11)		9,101,133	23,215,852	984,496	15,526,927	48,828,408
Transfers out (note 11)		(31,749,870)	(1,449,178)	-	(10,386,047)	(43,585,095)
Total other financing sources (uses)		(22,648,737)	21,766,674	984,496	5,140,880	5,243,313
Special item (note 18)		(36,739,436)	-	-	(681,253)	(37,420,689)
Net change in fund balances		(40,776,197)	28,202,523	1,909,710	6,547,028	(4,116,936)
Fund balances at beginning of year	_	387,074,719	81,604,757	51,866,363	66,421,747	586,967,586
Fund balances at end of year	<u>\$</u>	346,298,522	109,807,280	53,776,073	72,968,775	582,850,650

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

For the fiscal year ended June 30, 2017

Net ch	nange in fund balances – total governmental funds	\$ (4,116,936)
Amou	nts reported for governmental activities in the statement of activities are different because:	
Capita	l assets:	
1)	The acquisition of capital assets requires the use of current financial resources	
	but has no effect on net position.	24,161,444
2)	The cost of capital assets is allocated over their estimated useful lives and reported	
	as depreciation expense in the statement of activities.	(27,380,040)
3)	The loss on disposal of capital assets is recorded as an expense in the statement of activities	
	but is not recorded in the fund statements.	(88,035)
Measu	irement focus:	
4)	Change in accrued interest payable.	79,454
5)	Principal payments on long-term obligations use current financial resources	
	but have no effect on net position.	6,255,000
6)	Bond premiums are recorded as other financing sources in the fund statements but are	
	amortized in the statement of activities.	487,970
7)	Deferred gain and loss on refunding is amortized in the statement of activities.	(43,435)
8)	The increase in compensated absences liability does not use current	
	financial resources but is recorded as an increase in expense in the statement of activities.	(38,284)
9)	Interest income related to successor agency advances are recorded as revenue in the statement of activities	
	but are reported as deferred inflows of resources in the fund statements.	154,756
10)	Grant revenue previously recognized in the statement of activities is recorded as	
	revenue in the fund statements.	(9,612,024)
11)	Grant revenue earned but not yet available being recorded on the statement of activities that are not recorded on	
	the fund statements.	5,802,664
12)	Revenue previously recognized on the statement of activities from pollution remediation resources are now	
10	recognized on the fund statements.	(6,103,175)
13)	Pollution remediation expense activity was recorded in the funds statements and reduced the liability	0 422 1 41
1.4	in the statement of net position.	8,432,141
14)	The increase in OPEB obligation does not require the use of current	(99.700)
15)	financial resources but is recorded as an expense in the statement of activities. GASB 68 pension reporting timing differences.	(88,722) 38,414,149
15)	GASD 08 pension reporting timing differences.	56,414,149
Intern	al service funds:	
16)	Certain internal service funds are used by management to charge the costs of	
	information technology and risk management to individual funds.	
	The net expense of certain internal service funds is reported with	
	governmental activities.	(5,600,769)
	Southerna and those	(0,000,707)
Chang	e in net position (statement of activities, governmental activities)	\$ 30,716,158

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Proprietary Fund Financial Statements

Major Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services.

Water Fund – To account for revenues and expenses of providing water service to the citizens of the City.

Wastewater Fund – To account for revenues and expenses associated with maintaining the sanitary sewer systems within the City.

Resource Recovery and Recycling Fund – To account for revenues and expenses of operating the City's refuse collection, street sweeping and cleaning, and recycling programs.

Big Blue Bus Fund – To account for revenues and expenses related to operation of the City's municipal bus lines.

Internal Service Funds – To account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governments, on a cost-reimbursement basis.

Statement of Net Position

Proprietary Funds

June 30, 2017

	Business-Type Activities - Enterprise Funds						
			Resource Recovery and		Nonmajor enterprise	Total enterprise	Total internal
	Water	Wastewater	Recycling	Big Blue Bus	funds	funds	service funds
ASSETS							
Current assets:	¢ 25.001.204	41 (79 220	9.00/ 017	10 (49 207	10.950.027	105 102 075	00 027 024
	\$ 35,001,304	41,678,320	8,996,017	19,648,297	19,859,937	125,183,875	89,837,934
Restricted cash and investments (note 5) Receivables (net, where applicable, of	386,162	1	-	10,317,140	6,138,444	16,841,747	-
allowances for uncollectibles):							
Accounts	3,852,123	2,933,068	3,527,929	1,799,377	931,237	13,043,734	58,792
Notes receivable Successor Agency	5,652,125	2,955,008	5,527,929	1,799,577	9,000,000	9,000,000	56,792
Interest	127,704	123,733	68,530	164,361	73,513	557,841	244,880
Due from other governments	127,704	-	-	14,735,665	-	14,735,665	
Inventory	-	-	-	2,639,230	-	2,639,230	42,289
Prepaids	8,571	8,571	-	10,169	16,025	43,336	9,876
Total current assets	39,375,864	44,743,693	12,592,476	49,314,239	36,019,156	182,045,428	90,193,771
Noncurrent assets:					· · · · · ·		· · · · ·
Restricted cash and investments (note 5)	2,928,288	3,507,998	12,710,593	-	-	19,146,879	-
Notes receivable Successor Agency noncurrent	-	-	-	-	22,612,125	22,612,125	-
Accrued interest non current	-	-	-	-	17,372,260	17,372,260	-
Advances to other funds (note 11)	-	56,560	-	-	-	56,560	-
Capital assets (note 7):							
Land	21,006	3,189,132	-	48,807,900	1,362,712	53,380,750	-
Construction in progress	-	-	-	1,784,394	214,459	1,998,853	-
Buildings	1,532,511	251,447	314,223	129,417,341	16,354,960	147,870,482	-
Improvements other than buildings	1,015,098	421,868	99,731	13,967,895	18,979,399	34,483,991	-
Machinery and equipment	3,757,856	1,649,296	703,287	164,254,812	885,321	171,250,572	38,509,670
Infrastructure	49,486,097	158,166,089	-	-	28,122,412	235,774,598	-
Intangibles	3,575,000	99,910,911	-		-	103,485,911	-
Less: accumulated depreciation	(29,918,260)	(91,690,071)	(591,058)	(144,892,320)	(37,819,643)	(304,911,352)	(26,095,594)
Net capital assets	29,469,308	171,898,672	526,183	213,340,022	28,099,620	443,333,805	12,414,076
Total noncurrent assets	32,397,596	175,463,230	13,236,776	213,340,022	68,084,005	502,521,629	12,414,076
TOTAL ASSETS	71,773,460	220,206,923	25,829,252	262,654,261	104,103,161	684,567,057	102,607,847
DEFERRED OUTFLOWS OF RESOURCES							
Deferred loss on refunding	-	343,200	-	-	-	343,200	-
Deferred outflows from pensions	2,481,045	1,017,492	3,961,083	18,681,786	2,320,484	28,461,890	2,238,781
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,481,045	1,360,692	3,961,083	18,681,786	2,320,484	28,805,090	2,238,781
LIABILITIES							
Current liabilities:							
Accounts payable	2,164,623	531,465	781,651	2,062,107	995,020	6,534,866	577,843
Accrued liabilities	204,690	84,010	290,360	2,389,286	189,859	3,158,205	167,751
Contracts payable (retained percentage)	107,759	37,438	-	86,963	16,394	248,554	-
Compensated absences due within one year (note 9)	231,422	84,288	351,008	1,674,832	206,267	2,547,817	178,219
Claims payable due within one year (notes 9 and 15)	-	-	-	-	-	-	17,836,759
Unearned revenue (note 8)	-	10,746	-	1,426,231	340,241	1,777,218	-
Accrued interest payable	-	111,063	-	-	7,987	119,050	-
Loans and bonds payable due within one year (note 9)	-	-	-	-	299,362	299,362	-
Due to other funds (note 11)	-	-	10 710 502	-	584,184	584,184	-
Liabilities payable from restricted assets - deposits	371,762 1,988,421	-	12,710,593	74,642	1,265,293	14,422,290	-
Pollution remediation obligation due within one year (note 4) Total current liabilities		859,010	- 14 122 (12	7.714.0(1	2 004 (07	1,988,421	18,760,572
	5,068,677	859,010	14,133,612	7,714,061	3,904,607	31,679,967	18,/60,5/2
Long-term liabilities: Compensated absences due in more than one year (note 9)	153,545	38,450	141,529	229,997	130,598	694,119	122,483
Advances from other funds (note 11)	100,040	36,430	141,529	229,991	8,805,531	8,805,531	122,463
Claims payable due in more than one year (notes 9 and 15)	-	-	-	-	8,805,551	8,805,551	42,265,189
Loans and bonds payable due in more than one year (notes 9)	-	9,404,531	-	-	622,273	10,026,804	42,205,189
Pollution remediation obligation due in more than one year (note 4)	13,554,407	9,404,551	-	-	022,275	13,554,407	-
Net OPEB obligation	268,545	83,564	413,698	1,248,096	112,150	2,126,053	199,707
Net pension liability	6,773,415	2,585,128	10,912,904	50,307,739	5,097,019	75,676,205	5,968,546
Total long-term liabilities	20,749,912	12,111,673	11,468,131	51,785,832	14,767,571	110,883,119	48,555,925
TOTAL LIABILITIES	25,818,589	12,970,683	25,601,743	59,499,893	18,672,178	142,563,086	67,316,497
	20,010,007	,,,,,,,,,,,,	20,001,745		10,072,170	1.2,203,000	0,,010,177
DEFERRED INFLOWS OF RESOURCES	521 000	200 420	071 505	2 025 (59	207 402	5 01/ 074	4/1 017
Deferred inflows from pensions	531,808	200,420	871,585	3,925,658	387,403	5,916,874	461,817
NET POSITION							
Net investment in capital assets	29,469,308	162,837,341	526,183	213,340,022	27,177,985	433,350,839	12,414,076
Restricted for Rail Reserve and Prop 1B (note 12)	-	-	-	9,038,620	-	9,038,620	-
Restricted for housing	-	-	-	-	9,796,877	9,796,877	-
Unrestricted	18,434,800	45,559,171	2,790,824	(4,468,146)	50,389,202	112,705,851	24,654,238
TOTAL NET DOSITION	¢ 47.004.100	200 207 512	2 217 007	217.010.407	87 264 064	564 000 107	27 0/0 214
TOTAL NET POSITION	\$ 47,904,108	208,396,512	3,317,007	217,910,496	87,364,064	564,892,187	37,068,314
Net position, business	-type activities - inte	rnal service funds				32,661,642	

Net position, business-type activities - internal service funds

Net adjustment to reflect the allocation of the internal service funds net loss Net position of business-type activities 32,661,642 (5,562,537)

\$591,991,292

CITY OF SANTA MONICA, CALIFORNIA Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the fiscal year ended June 30, 2017

		Busi	ness-Type Activiti	es - Enterprise Fu					
	Water	Wastewater	Resource Recovery and Recycling	Big Blue Bus	Nonmajor enterprise funds	Total enterprise funds	Total internal service funds		
Operating revenues									
Charges for services	\$ 24,201,461	20,217,644	25,839,098	15,459,671	25,963,923	111,681,797	35,226,204		
Total operating revenues	24,201,461	20,217,644	25,839,098	15,459,671	25,963,923	111,681,797	35,226,204		
Operating expenses									
Personnel services	5,605,822	2,445,557	10,515,254	52,412,228	5,405,391	76,384,252	5,222,774		
Administrative indirect	1,441,837	690,242	1,151,149	4,430,641	1,724,735	9,438,604	1,222,085		
Contractual services	1,314,247	4,152,542	4,309,983	3,001,758	4,143,923	16,922,453	704,248		
Repairs and maintenance	1,139,396	711,989	2,104,607	7,575,517	1,355,203	12,886,712	1,653,061		
Materials and supplies	3,514,169	849,489	5,400,534	3,493,912	2,874,020	16,132,124	6,497,748		
Utilities	1,931,573	17,333	, ,	, ,	711,567	3,182,127	65,606		
Water purchases		17,555	62,419	459,235	/11,507		05,000		
1	4,457,408	-	-	-	-	4,457,408	-		
Casualty property and liability costs	380,426	173,992	201,501	2,707,918	562,997	4,026,834	111,673		
Claims expense net of claims reserve adjustment	-	-	-	-	-	-	21,082,910		
Insurance and bonds	-	-	-	-	-	-	5,047,137		
Miscellaneous fees and costs	-	-	-	-	-	-	2,036,252		
Depreciation and amortization	1,323,963	6,734,213	49,168	16,126,144	1,704,922	25,938,410	2,780,935		
Other	2,005,506	1,610,096	835,460	299,136	1,753,492	6,503,690	-		
Total operating expenses	23,114,347	17,385,453	24,630,075	90,506,489	20,236,250	175,872,614	46,424,429		
Operating income (loss)	1,087,114	2,832,191	1,209,023	(75,046,818)	5,727,673	(64,190,817)	(11,198,225)		
Nonoperating revenues (expenses)									
Operating grants	-	-	-	178,703	-	178,703	-		
Shared sales tax proceeds	-	-	-	48,313,010	-	48,313,010	-		
Investment income (loss)	115,946	160,888	91,766	164,113	1,014,153	1,546,866	260,119		
Interest expense		(242,922)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		(107,435)	(350,357)	200,117		
Gain on disposal of capital assets	_	(242,722)	_	97,570	(51,196)	46,374	30,084		
Other nonoperating revenues	571,921	665,782	676,278	3,587,080	2,606,806	8,107,867	804,783		
Total nonoperating revenues (expenses) net	687,867	583,748	768,044	52,340,476	3,462,328	57,842,463	1,094,986		
Income (loss) before capital contributions, transfers and special items	1,774,981	3,415,939	1,977,067	(22,706,342)	9,190,001	(6,348,354)	(10,103,239)		
Capital contributions				23,062,625		23,062,625			
	-	1 205 572	1 000 070	, ,	-	, ,	-		
Transfers in (note 11)	89,868	1,295,572	1,909,972	1,016,574	909,425	5,221,411	2,365,487		
Transfers out (note 11) Special item	(2,085,304)	(908,562)	(703,694)	(570,736)	(6,047,585) 1,103,146	(10,315,881) 1,103,146	(2,514,330)		
Change in net position	(220,455)	3,802,949	3,183,345	802,121	5,154,987	12,722,947	(10,252,082)		
Net position at beginning of year	48,124,563	204,593,563	133,662	217,108,375	82,209,077	552,169,240	47,320,396		
Net position at end of year	\$ 47,904,108	208,396,512	3,317,007	217,910,496	87,364,064	564,892,187	37,068,314		
Chan, Net a	<u>5</u> 47,904,108 ge in net position djustment to reflect the co ge in net position of busine	nsolidation of inter			terprise funds	\$ 12,722,947 (4,651,346) \$ 8,071,601	57,008,314		

CITY OF SANTA MONICA, CALIFORNIA Statement of Cash Flows Proprietary Funds For the fiscal year ended June 30, 2017

	Business-type activities - Enterprise Funds						
	Water	Wastewater	Resource Recovery and Recycling	Big Blue Bus	Nonmajor enterprise funds	Total enterprise funds	Total internal service funds
Cash flows from operating activities: Cash received from customers Cash payments for materials and services Cash payments to employees for services Cash paid for claims and related services	\$ 23,138,498 (16,623,753) (6,521,487) 	19,697,547 (8,774,165) (2,772,110)	26,484,436 (14,018,610) (11,809,979)	15,172,504 (21,188,146) (58,947,385)	26,045,342 (12,957,028) (6,379,971) —	110,538,327 (73,561,702) (86,430,932)	35,205,203 (17,815,337) (5,948,270) (13,467,266)
Net cash provided by (used in) operating activities	(6,742)	8,151,272	655,847	(64,963,027)	6,708,343	(49,454,307)	(2,025,670)
Cash flows from noncapital financing activities: Sales tax proceeds Repayment of advances from other funds Advances from other funds Other Transfers in Transfers out	571,921 89,868 (2,085,304)	55,725 665,782 1,295,572 (908,562)	676,278 1,909,972 (703,694)	45,963,392 	3,644,275 584,184 2,606,806 909,425 (6,047,585)	45,963,392 3,700,000 584,184 8,107,867 5,221,411 (10,315,881)	804,783 2,365,487 (2,514,330)
Net cash provided by (used in) noncapital financing activities	(1,423,515)	1,108,517	1,882,556	49,996,310	1,697,105	53,260,973	655,940
Cash flows from capital and related financing activities: Capital contributions received Acquisition and construction of capital assets Proceeds from sale of capital assets Proceeds from condemnation settlement agreement Reduction in long-term obligations Interest paid on long-term obligations	(2,048,867) 	(6,099,324) 	(70,250) 	15,849,123 (20,440,849) 97,569 5,573,000 —	(500,515) (291,776) (109,963)	15,849,123 (29,159,805) 97,569 5,573,000 (291,776) (376,513)	(5,005,298) 391,202 — —
Net cash provided by (used in) capital and related financing activities	(2,048,867)	(6,365,874)	(70,250)	1,078,843	(902,254)	(8,308,402)	(4,614,096)
Cash flows from investing activities – interest received on investments	102,779	134,703	73,534	121,548	65,526	498,090	220,289
Net cash provided by investing activities	102,779	134,703	73,534	121,548	65,526	498,090	220,289
Net increase (decrease) in cash and cash equivalents	(3,376,345)	3,028,618	2,541,687	(13,766,326)	7,568,720	(4,003,646)	(5,763,537)
Cash and cash equivalents at beginning of year	41,692,099	42,157,701	19,164,923	43,731,763	18,429,661	165,176,147	95,601,471
Cash and cash equivalents at end of year	\$ 38,315,754	45,186,319	21,706,610	29,965,437	25,998,381	161,172,501	89,837,934
Cash and investments Restricted cash and investments	\$ 35,001,304 3,314,450	41,678,320 3,507,999	8,996,017 12,710,593	19,648,297 10,317,140	19,859,937 6,138,444	125,183,875 35,988,626	89,837,834
Total cash and cash equivalents	\$ 38,315,754	45,186,319	21,706,610	29,965,437	25,998,381	161,172,501	89,837,834

See accompanying notes to basic financial statements

(Continued)

CITY OF SANTA MONICA, CALIFORNIA Statement of Cash Flows

Proprietary Funds For the fiscal year ended June 30, 2017

	Business-type activities - Enterprise Funds						
	Water	Wastewater	Resource Recovery and Recycling	Big Blue Bus	Nonmajor enterprise funds	Total enterprise funds	Total internal service funds
Reconciliation of operating income (loss) to net							
cash provided by (used in) operating activities: Operating income (loss)	\$ 1,087,114	2,832,191	1,209,023	(75,046,818)	5,703,804	(64,214,686)	(11,204,134)
Adjustments to reconcile operating income (loss) to			·	<u>.</u>			
net cash provided by (used in) operating activities:							
Add depreciation	1,323,963	6,734,213	49,168	16,126,144	1,704,922	25,938,410	2,780,935
Change in assets and liabilities and deferred outflows							
and inflows of resources:							
Increase in accounts receivable	(1,013,593)	(520,097)	(616,564)	(135,165)	(709,220)	(2,994,639)	(21,001)
Increase in due from other governments			—	(152,817)		(152,817)	
Increase in prepaids	(291)	(291)	—	(10,169) 832,831	(10,910)	(21,661)	(194)
(Increase) decrease in inventory Increase (decrease) in accounts payable	815,465	(516,082)	47.043	175,771	212,647	832,831 734,844	(9,106) (462,318)
Decrease in accrued liabilities	(906,059)	(24,298)	(129,426)	(742.695)	(2,393)	(1.804.871)	(52,964)
Increase (decrease) in contracts payable	52,961	(62,855)	(129;420)	(217,352)	(8,959)	(236,205)	(32,904)
Increase in unearned revenue	52,901	10,746		(217,552)	340,241	350,987	_
Increase (decrease) in deposits payable from restricted assets	(49,370)		1,261,902	235	450,398	1,663,165	_
Increase (decrease) in compensated absences payable	(99,188)	7,946	(43,265)	(18,512)	63,514	(89,505)	3,569
Increase in claims payable		, 					7,615,644
Decrease in pollution remediation obligation	(485,014)	_	_	_	_	(485,014)	
Net OPEB obligation	1,962	533	3,265	11,641	949	18,350	1,863
Net pension liability and related changes in deferred							
outflows and inflows of resources	(734,692)	(310,734)	(1,125,299)	(5,786,121)	(1,036,650)	(8,993,496)	(677,964)
Total adjustments	(1,093,856)	5,319,081	(553,176)	10,083,791	1,004,539	14,760,379	9,178,464
Net cash provided by (used in)							
operating activities	\$ (6,742)	8,151,272	655,847	(64,963,027)	6,708,343	(49,454,307)	(2,025,670)

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Fiduciary Fund Financial Statements

Private-Purpose Trust Fund is fiduciary in nature and used to receive and distribute the Redevelopment Property Tax Trust Fund distributions and use them to extinguish enforceable obligations approved by the Successor Agency Oversight Board and the California Department of Finance. The Redevelopment Agency of the City of Santa Monica was dissolved on February 1, 2012.

Agency Funds are custodial in nature and used to receive and disburse funds for an entity/individual, which are not part of the City. The General Trust Fund and Street Light Fund account for assets held by the City in an agency capacity, such as fees collected on behalf of and remitted to other government agencies and payroll deductions remitted to various other agencies.

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2017

	Total Private-Purpose Trust Fund		Total Agency Funds
ASSETS			
Restricted cash (note 5)	\$	27,807,972	4,299,984
Restricted cash and investments with fiscal agent (note 5)		6,880,613	-
Accounts receivable		-	72,598
Accrued interest		44,184	-
Total assets		34,732,769	4,372,582
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding		1,983,320	
LIABILITIES			
Accounts payable and accrued liabilities		1,978	4,372,582
Long term liabilities:			
Loans and bonds payable, due within one year (note 17)		24,672,947	-
Loans and bonds payable, due in more than one year (note 17)		182,590,323	-
Accrued interest payable, due in more than one year (note 17)		26,473,979	-
Total liabilities		233,739,227	4,372,582
NET POSITION			
Restricted for the dissolution of the Former Redevelopment Agency	\$	(197,023,138)	

Statement of Changes in Fiduciary Net Position Fiduciary Fund For the fiscal year ended June 30, 2017

	Private-Purpose Trust Fund
Additions: Property tax distribution Investment income	\$ 18,287,222 66,349
Total additions	18,353,571
Deductions: Project expenses Interest expense	817,629 9,372,453
Total deductions	10,190,082
Change in net position	8,163,489
Net position at beginning of year Net position at end of year	(205,186,627) \$ (197,023,138)

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Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE REPORTING ENTITY

The City of Santa Monica, California (City) was incorporated November 30, 1886. The City operates under a Council-Manager form of government and provides traditional municipal services as authorized by its charter as well as various enterprise services. As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements present the activities of the City and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The following entities are reported as blended component units because they have substantively the same governing board as the primary government and there is either a financial benefit or burden relationship between the City and the component unit or the City's management has operational responsibility for the component unit.

Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Additional detailed information and/or separately issued financial statements for these component units can be obtained from the City's Director of Finance.

The *Parking Authority of the City of Santa Monica* (Parking Authority) was established by the City in 1950 for the acquisition or building of parking facilities owned by the City Parking Authority.

The *Housing Authority of the City of Santa Monica* (Housing Authority) was established by the City in 1975 to address unsanitary and unsafe inhabited dwelling accommodations and the shortage of affordable safe and sanitary dwelling accommodations for persons with low incomes. Since January 1, 1989, the Housing Authority has administered the Section 8 Housing Assistance Payments Program funded by the United States Department of Housing and Urban Development on behalf of the City.

The *Santa Monica Public Financing Authority* (PFA) was established in 1995 for the purpose of assisting the City in financing capital improvements, working capital, and liability or other projects.

The *Santa Monica Redevelopment Successor Agency* (Successor Agency) was established on February 1, 2012 by resolution of City Council. The Successor Agency is primarily responsible for winding down the operations of the former Redevelopment Agency and makes payments and performs existing obligations of the former Redevelopment Agency. The Successor Agency is a fiduciary component unit and is presented as a private-purpose trust fund.

The *Santa Monica Arts Foundation* promotes the arts by raising funds to finance art programs. On June 8, 1990, the City Council merged the City's Arts Commission with the Santa Monica Arts Foundation.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

While the Arts Foundation meets the requirements of being reported as a component unit of the City, the operating results are immaterial to the City as a whole and therefore it is not included in the City's basic financial statements.

The *Santa Monica Pier Corporation*, originally named the Santa Monica Pier Restoration Corporation, is an organization created in 1984 as a nonprofit public benefit corporation. The Pier Corporation maintains and operates public educational and recreational programs and events at the Santa Monica Pier as part of a service agreement with the City. It also assists the City with public outreach on Santa Monica Pier related issues. The governing Board of the Corporation is appointed by the City of Santa Monica City Council for the benefit of the citizens of Santa Monica. The Pier Corporation is not presented in the basic financial statements because the economic resources received or held by the individual organization are not significant to the primary government. Separate financial statements for this organization can be obtained from the City's Director of Finance.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Exceptions to this general rule are charges between the City's Water Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The governmental activities of the City include general government, public safety, general services, cultural and recreation services, library and housing and community development. The business-type activities of the City include water, wastewater, stormwater, resource recovery and recycling, pier, airport, cemetery, community broadband, Big Blue Bus, and parking authority.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, including special assessments, which are 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.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

For the year ended June 30, 2017 the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 82, *Pensions Issues, an amendment of GASB Statements No.* 67, *No.* 68, and No. 73. GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Reference Note 16 for information on the City's employee benefit programs.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Agency funds do not have a measurement focus but use 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.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 60 days. Additionally, grants and similar items are recognized as receivables as soon as all eligibility requirements have been met and are recognized as revenue when amounts are considered available. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when payment is due.

In governmental funds, property taxes, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services and other miscellaneous revenue are all considered to be susceptible to accrual and

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

have been recognized as revenue in the current fiscal period subject to availability. Entitlements and shared revenues are recorded at the time of receipt or earlier if susceptible to accrual criteria. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met and are recorded at the time of receipt or earlier, and susceptible to accrual criteria. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. 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.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City, except those required to be accounted for in other specialized funds.

The **Special Revenue Source Fund** accounts for receipt and expenditure of monies restricted, committed or assigned for specific uses. Funding comes primarily from developer and other fees.

The **Low and Moderate Income Housing Asset Fund** under Senate Bill 341, requires that housing assets transferred to the City's Housing Successor Agency, together with any funds generated from housing assets, be maintained in a separate Low and Moderate Income Housing Asset Fund. These funds can be used as previously allowed under the Low and Moderate Income Housing Fund established under Community Redevelopment Law, for program monitoring and preserving the long-term affordability of units subject to affordability restrictions, homeless prevention and rapid rehousing services, and the development of affordable housing for lower income households.

The City reports the following major enterprise funds:

The Water Fund accounts for the activities of the City's water service to the citizens.

The Wastewater Fund accounts for the activities of maintaining the sanitary sewer system within the City.

The **Resource Recovery and Recycling Fund** accounts for the activities of the City's refuse collection, street sweeping and cleaning, and recycling programs.

The Big Blue Bus Fund accounts for the activities of the City's municipal bus lines.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Additionally, the City reports the following fund types:

Special Revenue Funds account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds account for and report financial resources that are restricted to expenditures for principal and interest.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.

Internal Service Funds account for vehicle operations, risk management, and information technology and communications operations that provide services to other departments of the City on a cost reimbursement basis.

Fiduciary Funds consist of a Private-purpose Trust Fund and Agency funds. The Private-purpose Trust Fund is established by the City to succeed the former redevelopment agency. The City serves as a custodian for the assets of the dissolved redevelopment agency pending distribution to the Successor Agency's creditors for enforceable obligations. Agency Funds account for assets held by the City as a trustee or as an agent for individuals or other government units. Agency funds are custodial in nature and do not involve measurement of results of operations. These funds account for assets held by the City in an agency capacity for development fees collected on behalf of the school district, various employee payroll deductions that will be remitted to various agencies and other assets held by the City in an agency capacity.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, NET POSITION OR FUND BALANCE

Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal and escrow agents in accordance with related bond indentures and agreements. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of its equity from the pool by a particular fund, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the average month-end balances for the prior three months and is adjusted at year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value, except for guaranteed investment contracts, which are carried at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from Securities and Exchange Commission (SEC) registered securities exchanges or National Association of Securities Dealers Automated Quotations (NASDAQ) dealers. Changes in fair value are allocated to each participating fund on an annual basis.

The City's share of Local Agency Investment Fund (LAIF) is reported to the City on a quarterly basis. LAIF operates in accordance with laws and regulations of the State of California. LAIF is not reported at fair value.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds and equity in the City's cash and investment pool.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as *interfund receivables/interfund payables*, i.e., *due to/due from other funds*, the current portion of interfund loans or *advances to/from other funds*, the non-current portion of interfund loans. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as *internal balances*.

Advances between funds and notes receivables, as reported in the fund financial statements, are offset by nonspendable fund balance in the applicable governmental funds to indicate that they are not in spendable form and are not available for appropriation. However, if the use of the proceeds from the collection of those receivables is restricted, committed, or assigned, they will be included in the appropriate fund balance classification, rather than nonspendable fund balance.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

All trade receivables are shown net of an allowance for uncollectible accounts and estimated refunds due. As of June 30, 2017, the allowance for uncollectible accounts for governmental and business-type activities is \$790,244 and \$623,466, respectively.

Unbilled service receivables are accrued for at year-end.

Property Taxes

Assessed property values are determined on an annual basis for the period July 1 to June 30 by the Los Angeles County Assessor as of the prior January 1. Article XIIIA of the State Constitution (Proposition 13, approved by voters in June 1978) limits the real property tax rate to 1% of the full market cash value plus rates imposed to fund indebtedness approved by the voters. Locally assessed property is appraised at the 1975-76 full cash value, the base year value, and is adjusted each year after 1975 by the change in the consumer price index, not to exceed an increase of 2%. Property is reappraised to current full value upon either a change in ownership or new construction. If property values decline, the assessed value may be adjusted to reflect the lower value. Taxes are levied annually in September and become a lien on real property at January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively, at which time applicable penalties and interest are assessed.

Inventory and Prepaid Items

All materials and supplies inventory is valued at cost using the average cost method. The costs of such inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position and balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, these bond monies may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

Restricted cash represents amounts restricted under agreements with grantors, trustees, developers, customers and lessees. Additionally, restricted cash in the Successor Agency is restricted by redevelopment dissolution legislation.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, intangibles, utility systems and infrastructure assets (e.g., roads, sidewalks, curbs and gutters and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets other than buildings, improvements, and infrastructure are defined by the City as assets with an initial individual cost of \$50,000 or more and an estimated useful life of more than one year except for the Big Blue Bus Fund, which follows transit funding guidelines by capitalizing any capital expense which is funded by capital grant subsidies not related to bus repairs and maintenance. The City defines buildings, improvements other than buildings, and infrastructure as assets with an individual cost of \$100,000 or more and an estimated useful life of more than individual cost of \$100,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed when incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on unspent proceeds of tax-exempt borrowings, during the construction phase of capital assets of business-type and enterprise funds activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2017.

Capital assets of the City are depreciated using a straight-line method, with a mid-year convention (only half a year's depreciation is recorded in the first and last year of the asset) over the following estimated useful lives:

Assets	Years
Buildings	5 to 85
Improvements other than buildings	5 to 50
Infrastructure	15 to 75
Utility systems	20 to 100
Intangibles	20 to 100
Machinery and equipment	2 to 30

The City has elected not to capitalize its collection of artwork. GASB Statement No. 34 waives the requirement for artwork capitalization if the collection meets all the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

The City's artwork collection meets the above criteria and therefore qualifies for the exemption from the capitalization requirement. The collection includes both permanent and portable artworks, artworks

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

integrated into overall projects, murals, and stand-alone permanently installed paintings and sculptures, art integrated into the design of public works projects (not stand-alone), and a contemporary collection of almost 100 portable artworks, which are on display in public areas of City facilities.

Lease Obligations

The City leases various assets under operating lease agreements.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits up to a maximum determined by bargaining unit agreements. Employees are paid 100% of their accumulated vacation when they terminate employment for any reason. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Additionally, employees of the International Association of Sheet Metal, Air, Rail and Transportation Workers are able to exchange unused sick days balances for equal dollars of medical insurance premiums. In order to qualify, the employee must have 10 years of service at retirement and at least 50 days of unused sick leave.

Long-Term Liabilities

In the government-wide financial statements, proprietary funds financial statements and private-purpose trust fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Offering costs are expensed when incurred. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Deferred amounts on refunding are reported as deferred outflows or inflows of resources. Bond issuance costs, including underwriters' discount, are expensed when incurred. Amortization of bond premiums or discounts and deferred amounts on refunding are included in interest expense.

In the governmental funds financial statements, bond premiums, discounts and issuance costs are recognized during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Interest and principal payments are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position, governmental fund balance sheet, proprietary statement of net position, and statement of fiduciary net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category: deferred outflows relating to pensions and deferred loss on bond refundings, reported in the government-wide statement of net position. Deferred outflows relating to pensions are the result of the difference between expected and actual investment returns which are amortized on a straight line basis over 5 years and contributions made after the measurement period which are recorded as a reduction in net pension liability in the following year. In addition, the difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Unamortized portions of the loss on refunding debt are reported as deferred outflow of resources.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting is this category in the government-wide statement of net position deferred inflows relating to pensions and deferred gain on refunding. Deferred inflows relating to pensions are the result of adjustments due to the difference in the projected and actual experience and change in assumptions. These amounts are deferred and amortized straight line over the expected remaining service time for experience and change in assumptions. Also, the difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Unamortized portions of the gain on refunding debt are reported as deferred inflow of resources.

Finally, when an asset is recorded in the governmental funds balance sheet but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

Net Position and Fund Balance

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt or the related amount of debt, liabilities and deferred inflows related to those assets. Restricted net position represents assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments, or law through constitutional provisions or enabling legislation) and includes unspent proceeds of bonds issued to acquire or construct capital assets and those unspent proceeds are offset by an equivalent amount of debt and deferred inflows to those assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position. The City's other components of restricted net position are temporarily restricted (ultimately expendable) assets. All other components of net position are considered unrestricted.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

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

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent based on the adopted City Council policy in the City's most recently adopted budget. As of June 30, 2017, fund balances for governmental funds include nonspendable, restricted, committed, assigned and unassigned balances.

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are restricted for specific purposes when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Amounts that can only be used for specific purpose pursuant to constraints imposed by the government's highest level of decision making authority, the City Council, are reported as committed fund balance. The City Council can create committed fund balance through ordinance, resolution or other council action that is equally binding. Ordinances make up the local laws of the City. An ordinance is a legislative act prescribing general rules of organization or conduct relating to the corporate affairs of the municipality. Council action shall be taken by ordinance when required by law, or where prescribed conduct may be enforced by penalty and represents the most binding constraint. Once adopted, ordinances become effective upon 30 days after publication, unless otherwise set forth. A resolution is an administrative act, which is a formal statement of policy concerning matters of special or temporary character. The adoption of a resolution by the City Council can also establish, modify, or rescind a fund balance commitment previously created by resolution. Assigned fund balance are amounts that are constrained by the government's intent by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City Council, in the City's most recently adopted budget, which included the fiscal policies contained in the fund balance policies, has delegated the authority to assign fund balances to the City Manager or their designee. Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance can also be used in other governmental funds where the fund balance is negative, because a negative amount should not be reported for restricted, committed or assigned in any fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Self-Insurance Program

The City has self-insurance programs to provide for general liability, bus and automobile liability, and workers' compensation claims. These activities are accounted for in self-insurance internal service funds.

Premiums are charged to individual funds and are designed to cover current and future expenses. The City's Risk Manager oversees the self-insurance programs. It is his or her duty to ensure that programs are

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

operated in accordance with City policies. The City's Risk Manager also provides budget guidance and case reserves and claims analysis. It is the City's intent to maintain cash reserves in the self- insurance funds equal to or greater than estimated losses.

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 defined benefit retirement plans, Miscellaneous and Public Safety Police and Fire, of the California Employees' Retirement System ("CalPERS") 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.

Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(2) BUDGETARY AND LEGAL COMPLIANCE

The City Council is required to adopt an annual budget resolution by June 30 each fiscal year for the General Fund, each special revenue fund and each capital projects fund, except the Rent Control Fund and the Asset Seizure Fund. The legal level of budgetary control is the department level. The City Council also approves annual operating budgets for the City's proprietary and internal service funds to facilitate management evaluation and control.

The budget is prepared on a non-GAAP budgetary basis, which considers encumbrances outstanding at yearend as an expenditure of that year. Encumbrances outstanding at the beginning of a fiscal year, which were recognized as budgetary expenditures in the prior year, are recognized as GAAP-basis expenditures but not as budgetary expenditures unless re-appropriated. It is the City's policy to only re-appropriate capital encumbrances and unencumbered balances of specific capital appropriations. Appropriations in governmental funds outstanding at year-end lapse, except for encumbered amounts, for which fund balances are restricted, committed or assigned at year-end for governmental funds.

A Comprehensive Annual Financial Report Budget Supplement is prepared to reconcile expenditures/expenses at the legal level of control to the summarized amounts presented in the Comprehensive Annual Financial Report and can be obtained from the Finance Department.

The actual results of operations on a budgetary basis compared to the appropriations adopted by the City Council for budgeted major governmental funds are presented in the required supplementary information. The comparisons of actual results with the budget for nonmajor funds are presented as supplementary information in the combining schedules.

For the fiscal year ended June 30, 2017, expenditures exceeded appropriations in the Miscellaneous Grants Fund (Community and Cultural Services Department) due to additional eligible grant expenditures incurred in excess of the originally budgeted amount.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(3) RECONCILIATION OF FUND BALANCE SHEET/STATEMENT OF NET POSITION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Amounts reported for governmental activities in the government-wide statement of net position are different from those reported for governmental funds in the funds balance sheet. The following provides a reconciliation of those differences:

		Total		Total governmental activities	Other	
	go	overnmental	Long-term assets	internal service	adjustments and	Statement of net
Assets		funds	and liabilities (1)	funds (2)	eliminations (3)	position totals
Cash and investments	\$	449,569,499	_	58,575,445	_	508,144,944
Restricted cash and investments		7,821,229	_		_	7,821,229
Receivables (net, where applicable,						
of allowances for uncollectibles):						
Accounts		3,946,976	_	25,661	_	3,972,637
Notes		121,828,173	_	—	_	121,828,173
Taxes		13,619,312				13,619,312
Interest		1,534,163	—	166,997	—	1,701,160
Other governments		7,259,852	—		—	7,259,852
Settlement		36,534,600				36,534,600
Internal balances				5,562,537	9,333,155	14,895,692
Due from other funds		7,602,416	—		(7,602,416)	_
Due from Successor Agency						-
Deposits		61,785	_	_	_	61,785
Prepaids		3,077,465	_	9,876	_	3,087,341
Restricted cash and investments with fiscal agent		16,840,795	_		_	16,840,795
Advances to other funds		12,591,944	_	_	(12,591,944)	_
Advances to grant subrecipients			_	_		-
Notes Receivable Successor Agency		9,229,255	_	_	_	9,229,255
Capital assets, net			801,856,085	450,289	_	802,306,374
Total assets	\$	691,517,464	801,856,085	64,790,805	(10,861,205)	1,547,303,149
		0,1,01,,101	001,000,000	01,790,000	(10,001,200)	1,017,000,119
Deferred Outflows of Resources						
Deferred loss on refundings			178,736			178,736
Deferred outflows from pensions			123,929,105	822,518		124,751,623
Total deferred outflow of resources			123,929,103	822,518		124,930,359
Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position Liabilities:						
Accounts payable		15,753,483	—	179,359	—	15,932,842
Accrued liabilities		7,076,407	—	73,517	—	7,149,924
Accrued interest payable		_	860,008	—	—	860,008
Contracts payable (retained percentage)		340,505	_	_	—	340,505
Due to other funds		7,018,232	_	_	(7,018,232)	_
Due to other governments		3,319	_	_	_	3,319
Unearned revenue		25,660,243	_	_	_	25,660,243
Deposits payable from restricted assets		1,259,922	_		_	1,259,922
Advances from other funds		3,842,973			(3,842,973)	_
Compensated absences due within one year		_	8,144,611	66,989	—	8,211,600
Compensated absences due in more than						
one year		_	4,006,123	52,436	_	4,058,559
Claims payable due within one year		_		13,713,476	_	13,713,476
Claims payable due in more than one year		_	_	39,251,178	_	39,251,178
Loans and bonds payable due within one year			5,300,000	59,251,170	_	5,300,000
Loans and bonds payable due in more than one year			66,855,814			66,855,814
			1,245,253			
Pollution remediation obligation due within one year		_		_	_	1,245,253
Pollution remediation obligation due in more than one year		_	94,593,383		—	94,593,383
Net OPEB obligation		—	8,214,757	83,853	_	8,298,610
Net pension liability		—	379,018,611	2,057,065		381,075,676
Total liabilities		60,955,084	568,238,560	55,477,873	(10,861,205)	673,810,312
Defermed to flamme of Decement						
Deferred Inflows of Resources		10 011 00-				
Unavailable revenue		47,711,730	-	—	(47,711,730)	
Deferred gain on refunding		—	62,156	_	_	62,156
Deferred inflows from pensions			22,955,262	166,278		23,121,540
Total deferred inflows of resources		47,711,730	23,017,418	166,278	(47,711,730)	23,183,696
Total fund balances/net position	\$	582,850,650	334,707,948	9,969,172	47,711,730	975,239,500

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

1)	Capital assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet. Capital assets of internal service funds of \$450,289 net of accumulated depreciation, are not included in this amount.		\$	1,237,022,069
	Less accumulated depreciation/amortization		Ψ	(435,165,984)
				801,856,085
	Deferred amounts on refunding			116,580
	Deferred outflows from pension			123,929,105
	Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet.			
	General obligation bonds	(6,590,000)		
	Revenue bonds	(60,530,000)		
	Loans payable	(400,000)		
	Accrued interest on long-term debt	(860,008)		
	Unamortized premium on long-term debt	(4,635,814)		
	Employee compensated absences	(12,150,734)		
	Accrued pollution remediation costs	(95,838,636)		
	Accrued OPEB liability	(8,214,757)		
	Net pension liability	(379,018,611)		
	Total long-term liabilities	(379,010,011)		(568,238,560)
	Deferred inflows from pension		\$	(22,955,262) 334,707,948
			¢	534,707,940
2)	Internal service funds are used by management to charge the costs of			
	information technology and communications operations, self-insurance			
	comprehensive, auto and workers' compensation to individual funds. The assets			
	and liabilities of these internal service funds are included in the governmental			
	activities on the statement of net position.		\$	4,406,635
	Adjustments for Internal Service Funds are necessary to "close" those funds by			
	recording charges to and payments from business-type activities to completely			
	cover the Internal Service Funds' costs for the year.			5,562,537
			\$	9,969,172
3)	Other adjustments and eliminations:			
	Other lange terms accepte and next everylights (since for a section of the life			
	Other long-term assets are not available to pay for current period expenditures			
	and, therefore, are deferred in the funds and recognized as revenue in the statement of activities.		\$	47,711,730
	statement of activities.		ψ	T1,111,130

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Amounts reported for business-type activities in the government-wide statement of net position are different from those reported for enterprise funds in the fund statement of net position. The following provides a reconciliation of those differences:

Assets	Total enterprise funds	Total business- type internal service funds (1)	Other adjustments and eliminations	Statement of net position totals
Cash and investments	\$125,183,875	31,262,489		156,446,364
Receivables (net, where applicable,	\$123,103,075	51,202,409		150,110,501
of allowances for uncollectibles):				
Accounts	13,043,734	33,131	_	13,076,865
Interest	557,841	77,883	_	635,724
Due from other governments	14,735,665	,		14,735,665
Internal balances		(5,562,537)	(9,333,155)	(14,895,692)
Inventory	2,639,230	42,289	—	2,681,519
Prepaids	43,336	_	_	43,336
Restricted cash and investments	35,988,626		_	35,988,626
Advances to other funds	56,560	_	(56,560)	—
Notes	48,984,385	_	_	48,984,385
Capital assets, net	443,333,805	11,963,787	_	455,297,592
Total assets	\$684,567,057	37,817,042	(9,389,715)	712,994,384
Deferred Outflows of Resources Deferred loss on refunding	343,200			242 200
0		1 416 262		343,200
Deferred outflows from pensions Total deferred outflows of resources	<u>28,461,890</u> \$28,805,090	1,416,263		<u>29,878,153</u> 30,221,353
Total deferred outflows of resources	\$28,803,090	1,410,205		50,221,555
Liabilities				
Accounts payable	6,534,866	398,521	_	6,933,387
Accrued liabilities	3,158,205	94,234		3,252,439
Accrued interest payable	119,050	J4,254		119,050
Contracts payable (retained percentage)	248,554			248,554
Internal balances	9,389,715		(9,389,715)	240,334
Unearned revenue	1,777,218		(),50),715)	1,777,218
Liabilities payable from restricted assets	14,422,290	_		14,422,290
Compensated absences due within one year	2,547,817	111,230		2,659,047
Compensated absences due within one year Compensated absences due in more than one year	694,119	70,047		764,166
Claims payable due within one year		4,123,283		4,123,283
Claims payable due in more than one year		3,014,011		3,014,011
Loans and bonds payable due within one year	299,362			299,362
Loans and bonds payable due in more than one year	10,026,804			10,026,804
Pollution remediation obligation due within one year	1,988,421			1,988,421
Pollution remediation obligation due in more than one year	13,554,407	_		13,554,407
c ,		115,854		
Net OPEB obligation	2,126,053	· · · · · ·		2,241,907
Net pension liability	75,676,205	3,911,481		79,587,686
Total liabilities	142,563,086	11,838,661	(9,389,715)	145,012,032
Deferred Inflorm of Decourses -				
Deferred Inflows of Resources Deferred inflows of pensions	\$5,916,874	295,539		6,212,413
Total Net Position	\$564,892,187	295,539		591,991,292
Total Net Fostion	\$304,092,187	27,099,103		591,991,492

 Internal service funds are used by management to charge the costs of vehicle management, information technology and risk management to individual funds. The assets and liabilities of the vehicle management and self-insurance bus internal service funds are included in businesstype activities in the statement of net position.

Adjustment for Internal Service Funds are necessary to "close" those funds for charges to and payments from participating governmental-type activities to completely cover the Internal Service Funds' costs for the year.

\$32,661,642

\$ 5,562,537

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(4) POLLUTION REMEDIATION

The City follows the guidance of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishing accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

On December 1, 2006, the City amended a settlement agreement that it had entered into in 2004 with a consortium of oil companies in relation to methyl tertiary butyl ether ("MTBE") contamination that had occurred at the City's Charnock Well Field. The Charnock Well Field is used to supply drinking water to the City. The amended 2006 agreement called for the oil companies to pay the City \$131.0 million in exchange for the City's agreement to treat to applicable drinking water standards any water produced from the Charnock Well Field, which contains MTBE, tertiary butyl alcohol ("TBA") and related petroleum hydrocarbons. Prior to this amended 2006 agreement and under the terms of other settlement agreements with other companies, the City received an additional \$122.1 million also related to MTBE contamination of the City's Charnock Well Field. The City has received all of the proceeds from each of these agreements, including the amended 2006 agreement.

To meet its Charnock Well Field water treatment obligation, the City has constructed and is operating a water treatment remediation plant using the proceeds of the 2006 and the other earlier settlements.

On November 13, 2009, the City entered into a settlement and release agreement with The Gillette Company (Gillette), guaranteed by The Procter & Gamble Company, in relation to ground water contamination of the City's Olympic Well Field. The Olympic Well Field is used to supply drinking water to the City. The agreement calls for Gillette to make payments to the City ranging from \$150,000 to \$11,183,175 annually, totaling \$68,000,000 to be made over 30 years which included the City receiving title to property valued at \$3,250,000. To date the City has received cash payments of \$42,895,000. Under the agreement, the City has agreed to construct and operate facilities for treatment of certain contaminants and treat to applicable drinking water standards any water that it produces from the Olympic Well Field.

Subsequent to year end the City and Gillette agreed to modify their agreement whereby a lump sum payment of \$10,415,000 was made by Gillette in exchange for a release from any and all future liabilities.

On May 15, 2012, the City entered into a settlement and release agreement with The Boeing Company (Boeing) also in relation to ground water contamination of the City's Olympic Well Field. The agreement calls for Boeing to make payments to the City ranging from \$150,000 to \$5,000,000 annually to be made over a ten year period, totaling \$39,500,000. On December 12, 2012, the agreement was modified with \$21,000,000 being due from Boeing in January 2013 and payments of \$3,670,000 being due from Boeing annually beginning in 2017 through 2021. The City received Boeing's payment of \$21,000,000 on January 7, 2013. Under the agreement, the City has agreed to construct and operate facilities for treatment of certain contaminants and treat to applicable drinking water standards any water that it produces from the Olympic Well Field. To date, \$24,820,000 has been recognized as income in the fund financial statements.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Using the expected cash flow technique, the City has measured the potential water treatment liability under the agreements by the anticipated cost of construction/remediation/operating contracts, which include a contingency of 10% for unforeseen costs.

Additionally, the City engages in an ongoing program of pollution remediation related to its various properties. Two such sites are currently undergoing remediation in the form of either soil or vaporous contaminant removal or containment. By State law these occurrences are required to be reported to California Department of Health Services.

The balance of the pollution remediation liability is \$95,838,636 in the governmental activities of which \$1,245,253 is due within one year and \$15,542,828 in the business-type activities, of which \$1,988,421 is due within one year.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(5) CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 664,591,308
Restricted cash and investments	43,809,855
Restricted cash with fiscal agent	16,840,795
Fiduciary funds:	
Restricted cash and investments	32,107,956
Restricted cash with fiscal agent	 6,880,613
Total cash and investments	\$ 764,230,527

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 28,272
Deposits with financial institutions	26,419,302
Investments	737,782,953
Total cash and investments	\$ 764,230,527

All interest income legally accrues to the benefit of the General Fund in the absence of a legal provision to the contrary. Accordingly, accumulated interest income from the Special Revenue Source Fund in the amount of \$664,662 has been included as interest income in the General Fund.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy. The table also does not address certain escrow accounts established for purposes such as construction project retention, which are governed by the specific escrow agreement(s).

Investment types authorized by state law	Authorized by investment policy	*Maximum maturity	*Maximum percentage of portfolio	*Maximum investment in one issuer
Local agency bonds	Yes	5 years	None	None
U.S. Treasury obligations	Yes	5 years	None	None
U.S. agency securities/obligations	Yes	5 years	None	50%
State obligations - California and others	Yes	5 years	None	None
CA Local Agency obligations	Yes	5 years	None	None
Banker's acceptances	Yes	180 days	10%	30%
Commercial paper-Pooled funds	Yes	270 days	15%	10%
Commercial paper-Non-pooled funds	Yes	270 days	15%	10%
Negotiable certificates of deposit	Yes	5 years	30%	10%
CD/Deposit Placement services	Yes	5 years	30%	None
Repurchase agreements	Yes	1 year	None	None
Reverse repurchase agreements	Yes	92 days	20% of base value	None
Corporate medium-term notes	Yes	5 years	30%	None
Supranationals	Yes	5 years	30%	None
Mutual funds	Yes	N/A	20%	10%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	Yes	5 years	20%	None
Time deposits	Yes	5 years	None	None
Collateralized certificates of deposit	Yes	5 years	None	None
County pooled investment funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA pools (other investment pools)	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. However, in most cases, the bond agreements generally conform to the City's policy. The table below identifies the investment types that are generally authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury obligations	None	None	None
Federal Housing Administration debentures	None	None	None
U.S. agency securities	None	None	None
Time deposits	None	None	None
Unsecured certificates of deposit	180 days	None	None
Banker's acceptances	180 days	None	None
State obligations	None	None	None
Repurchase agreements	1 year	None	None
Pre-refunded municipal obligations	None	None	None
Commercial paper	270 days	None	None
Money market mutual funds	None	None	None
Investment contracts	30 years	None	None

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Investments Authorized by Actions of the City Council

Cemetery and Mausoleum Perpetual Care funds are received from Woodlawn Cemetery users for the perpetual care of cemetery grounds and of the mausoleum. The funds are legally restricted to the extent that only earnings, and not principal, can be used for restricted perpetual care purposes. These funds represent the accumulation of unspent monies from non-government sources and are not considered by the City to constitute "surplus funds" of a local government. Accordingly, these funds are not considered by the City to be subject to the provisions of the California Government Code Section 53601 or the City's investment policy. These funds have been invested per instructions of the City Council. The table below identifies the investment types generally authorized for these investments. Current City Council instructions limit the amount invested in equities to 60% of the total portfolio with the balance to be invested primarily in fixed income securities. The table also identifies certain provisions of these agreements that address interest rate risk and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Equities	None	60%	None
Corporate bonds	None	None	None

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The fair value of callable securities is also sensitive to market changes in that if interest rates decrease between the time of purchase and the call dates, the likelihood that a bond will be called and reinvested at a lower interest rate increases. The City's portfolio also includes certain callable structured investments for which the coupon interest rate changes if the investments are not called on or before certain pre-determined dates. The fair value of these investments, which primarily falls into the Federal agency security category, is also sensitive to market changes. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees and others) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

			Remaining matu	rity (in months)		
Investment type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	N/A
Held by City:						
Federal agency securities	\$446,290,079	84,693,718	106,455,620	255,140,741	—	—
Corporate medium term notes	123,668,774	28,300,750	26,020,260	69,347,764	_	_
Municipal bonds	12,159,599	_	3,643,249	8,516,350	_	_
U.S. Treasury securities	6,496,170	6,496,170	_	_	_	_
Supranationals	50,197,628	18,495,197	13,428,403	18,274,028	_	_
State investment pool	76,505,619	76,505,619				—
Held by others:						
Treasury notes/bonds	2,027,167	_	_	720,123	1,307,044	_
Federal agency securities	972,710	972,710	_	_	_	_
Corporate medium term notes	2,450,732	470,651	593,810	669,919	716,352	_
Common stock	6,847,126	_	_	_	_	6,847,126
Money market funds	10,167,349	10,167,349				
Total	\$737,782,953	226,102,164	150,141,342	352,668,925	2,023,396	6,847,126

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments as of June 30, 2017 (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated in the information provided above.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is 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.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

	legal rating N/A A	AAA/AAAm	AA+ 431,806,629	AA	Actual rat	tings - Standard & I A+	Poor'sA	A	BBB+	BBB	BBB-	Not rated
6,290,079 3,668,774	N/A A			AA	AA	<u>A</u> +	A	A	BBB+	BBB	BBB-	Not rated
3,668,774	А		431,806,629	_								
3,668,774	А		431,806,629	_								
3,668,774	А		431,806,629	_								
		22 603 025					_	_			_	14,483,450
		22 603 025										
2,159,599	NT/A	22,005,025	14,870,750	7,520,895	39,622,900	28,003,390	11,047,814	_		_	_	_
	N/A	_	_	3,643,249	8,516,350	_	_	_			_	_
6,496,170	N/A	_	6,496,170	_	_	_	_	_	_	_		_
0,197,628	AA	50,197,628	_	_	_	_	_	_	_	_	_	_
6,505,619	N / A	_	_	_	_	_	_	_		_	_	76,505,619
5,317,869												
2,027,167	N / A	_	2,027,167	_	_	_	_	_	_	_	_	_
972,710	N / A	_	972,710	_	_	_	_	_	_	_	_	_
2,450,732	N / A	_	_	_	_	_	_	234,984	951,855	542,860	721,033	_
6,847,126		_	_	_	_	_	_	_		_	_	6,847,126
0,167,349	*	9,545,923	—	_	_	_	_	—	_	_	_	621,426
7,782,953	-	82,346,576	456,173,426	11,164,144	48,139,250	28,003,390	11.047.814	234,984	951.855	542,860	721.033	98,457,621
2 2 2 0	0,197,628 5,505,619 5,317,869 2,027,167 972,710 2,450,732 5,847,126 0,167,349	0,197,628 AA 5,505,619 N / A 5,317,869 N / A 2,027,167 N / A 972,710 N / A 2,450,732 N / A 5,5847,126 N / A	AA 50,197,628 5,505,619 N / A 6,317,869 N / A 9,027,167 N / A 972,710 N / A 2,450,732 N / A 5,5847,126 9,167,349 * 9,545,923	AA 50,197,628 — 5,505,619 N / A — — 5,507,167 N / A — — 2,027,167 N / A — 2,027,167 972,710 N / A — 972,710 2,450,732 N / A — — 5,5847,126 — — 0,167,349 * 9,545,923 —	AA 50,197,628 — — — — — — — — … <th< td=""><td>0,197,628 AA 50,197,628 5,505,619 N / A 0,027,167 N / A 2,027,167 972,710 N / A 972,710 2,450,732 N / A 5,847,126 0,167,349 * 9,545,923 </td><td>AA 50,197,628 — … <th< td=""><td>AA 50,197,628 AA 50,197,628 — …</td><td>AA 50,197,628 AA 50,197,628 -</td><td>AA 50,197,628 AA 50,197,628 — …</td><td>AA 50,197,628 AA 50,197,628</td><td>AA 50,197,628 AA 50,197,628</td></th<></td></th<>	0,197,628 AA 50,197,628 5,505,619 N / A 0,027,167 N / A 2,027,167 972,710 N / A 972,710 2,450,732 N / A 5,847,126 0,167,349 * 9,545,923	AA 50,197,628 — … <th< td=""><td>AA 50,197,628 AA 50,197,628 — …</td><td>AA 50,197,628 AA 50,197,628 -</td><td>AA 50,197,628 AA 50,197,628 — …</td><td>AA 50,197,628 AA 50,197,628</td><td>AA 50,197,628 AA 50,197,628</td></th<>	AA 50,197,628 AA 50,197,628 — …	AA 50,197,628 AA 50,197,628 -	AA 50,197,628 AA 50,197,628 — …	AA 50,197,628 AA 50,197,628	AA 50,197,628 AA 50,197,628

*Money market mutual funds must have the highest rating of at least two nationally recognized rating organizations or must have the investment advisor registered with the SEC with no less than 5 yrs. experience and have assets under management in excess of \$500 million. The unrated money market fund amount is part of the Cemetery and Mausoleum Perpetual Care Funds and therefore is not subject to the minimum legal rating. However, it does meet the second criteria of no less than 5 year experience and have assets under management in excess of \$500 million.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Concentration of Credit Risk

In regards to limitations on the amount that can be invested in any one issuer, the City's investment policy generally follows stipulations by the California Government Code. However, the City's policy adds an additional stipulation that no more than 50% of the portfolio may be invested in a single issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments (excluding investments held by others) are as follows:

				% of
Issuer	Investment type	<u>Re</u>	ported amount	Investments
FNMA (Fannie Mae)	Federal agency securities	\$	122,482,465	17.1 %
Federal Farm Credit Bank	Federal agency securities		41,133,420	5.8
FHLMC (Freddie Mac)	Federal agency securities		164,941,371	23.1
Federal Home Loan Bank	Federal agency securities		103,249,373	14.4

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 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 deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The collateral is held by the pledging financial institution's trust department and is considered held in the City's name. The investments held by the City were not subject to custodial credit risk at June 30, 2017.

As of June 30, 2017, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

For investments identified herein as held by bond trustee, the bond trustee, under direction of the City/ Redevelopment Successor Agency/Parking Authority selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the applicable agency.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Investment in State Investment Pool

Both the City and the Successor Agency (SA) are voluntary participants in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of City investments 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. As of June 30, 2017, \$63,190,453 was invested in the City's account and \$13,315,166 was invested in the SA account. The total amount invested by all public agencies in LAIF at that date was \$22.8 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2017, the investments in the PMIA totaled \$77.6 billion, of which 97.1% is invested in non-derivative financial products and 2.8% in structured notes and asset-backed securities. The weighted average of LAIF investments was 169 days as of June 30, 2017. LAIF is not rated.

Fair Value Hierarchy

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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

	_		Level	
Investment Type	Totals	1	2	3
Federal agency securities	\$446,290,079	_	446,290,079	_
Corporate medium term notes	123,668,774	_	123,668,774	_
Municipal bonds	12,159,599	_	12,159,599	_
Supranationals	50,197,628	_	50,197,628	_
U.S. Treasury securities	6,496,170	6,496,170	—	_
Held by Others:				
Treasury notes/bonds	2,027,167	2,027,167	_	_
Federal agency securities	972,710	_	972,710	_
Corporate medium term notes	2,450,732	_	2,450,732	_
Common stock	6,847,126	6,847,126	_	—
Money market mutual funds	10,167,349	9,545,923	621,426	_
Investments at Fair Value	\$661,277,334	24,916,386	636,360,948	
Investments not at Fair Value:	_			
Local Agency Investment Fund	76,505,619			
Total	\$737,782,953			

Deposits and securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Federal Agency Securities, Municipal Bonds, Corporate Medium Term Notes, and Supranationals are classified in Level 2 of the fair value hierarchy and are valued using information provided by the firm FT Interactive Data using institutional bond quotes.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(6) NOTES RECEIVABLE

Notes receivable related to governmental activities total \$121,828,173 as follows:

	Balance at June 30, 2016	Transfers	Increases	Decreases	Balance at June 30, 2017
General Fund					
Community Corporation of Santa Monica	\$ 3,086,277	(2,779,734)	—	306,543	—
Community Corporation of Santa Monica	448,280	(448,280)	_	_	_
Community Corporation of Santa Monica	4,420,698	(4,420,698)	_	_	_
FAME Santa Monica Senior Apartments	7,416,347	(7,416,347)	_	_	_
Step Up	2,029,437	(2,029,437)	_	_	_
Mountain View Mobile Home Park resident	87,830	(87,830)	_	_	_
Total General Fund	17,488,869	(17,182,326)		306,543	
Special Revenue Source Fund				· · · · · · · · · · · · · · · · · · ·	
Community Corporation of Santa Monica (a)	6,774,763	_	_	_	6,774,763
Community Corporation of Santa Monica (b)	3,350,000	_	_	_	3,350,000
Community Corporation of Santa Monica (c)		2,779,734	_	_	2,779,734
Community Corporation of Santa Monica (d)	_	448,280	_	_	448,280
Community Corporation of Santa Monica (e)	4,816,378	110,200	_	481,711	4,334,667
Community Corporation of Santa Monica (f)		4,420,698	_		4,420,698
FAME Santa Monica Senior Apartments (g)		7,416,347	_	_	7,416,347
Step Up (h)		2,029,437			2,029,437
Santa Monica Housing Partners (i)	19,400,000	2,027,437	_	_	19,400,000
Mountain View Mobile Home Park resident (j)	19,400,000	87,830	_	_	87,830
Total Special Revenue Source Fund	34,341,141	17,182,326		481,711	51,041,756
Low and Moderate Income Housing Asset Fund	34,341,141	17,182,320		401,711	51,041,750
Community Corporation of Santa Monica (k)	2,900,000				2,900,000
	5,408,035	_	_	_	
Community Corporation of Santa Monica (l)	, ,	_	_	_	5,408,035
Step Up (m)	5,870,000	_	_	_	5,870,000
Community Corporation of Santa Monica (n)	4,234,506	—	—	—	4,234,506
Santa Monica Housing Partners (o)	5,684,455	—	—		5,684,455
Community Corporation of Santa Monica (p)	3,044,820	—	—	306,543	2,738,277
Community Corporation of Santa Monica (q)	7,979,656	—	—	—	7,979,656
Community Corporation of Santa Monica (r)	4,437,001	_	_	_	4,437,001
FAME Santa Monica Senior Apartments (s)	4,058,652	_	_	_	4,058,652
Step Up (t)	3,011,818	_	—	—	3,011,818
Community Corporation of Santa Monica (u)	729,866	—			729,866
Total Low and Moderate Income Housing Asset Fund	47,358,809	—		306,543	47,052,266
Miscellaneous Grants Fund (nonmajor governmental fund)					
Low- and moderate-income housing (DPRLP)	200,000	(200,000)	—	—	—
Low- and moderate-income housing (DPRLP)	200,000	(200,000)	_	_	_
Ocean Park Community Center	800,000	(800,000)	_	_	_
Step Up	1,300,000	(1,300,000)	—	_	—
MERL Program	4,317,800	(4,317,800)			
Total Miscellaneous Grants Fund	6,817,800	(6,817,800)			
Other Nonmajor Governmental Funds					
Low- and moderate-income housing (DPRLP) (v)		200,000	—	—	200,000
Low- and moderate-income housing (DPRLP) (v)	_	200,000	_	_	200,000
Ocean Park Community Center (w)	_	800,000	_	_	800,000
Step Up (x)	_	1,300,000	_	_	1,300,000
MERL Program (y)		4,317,800	_	80,600	4,237,200
Community Corporation of Santa Monica (z)	669,456	_	_		669,456
Community Corporation of Santa Monica (aa)	1,691,965	_	_	_	1,691,965
Low- and moderate-income housing (bb)	907,659	_	_	68,325	839,334
Ocean Park Community Center (cc)	400,000	_	_		400,000
Community Corporation of Santa Monica (dd)	6,345,807	_	_	_	6,345,807
Community Corporation of Santa Monica (dd)	841,600	_	_	_	841,600
MERL Program (ff)	6,330,323	_	_	121,534	6,208,789
Total nonmajor governmental funds	17,186,810	6,817,800		270,459	23,734,151
Total notes receivable	\$ 123,193,429	0,017,000		1,365,256	121,828,173
	φ 123,173,τ27			1,305,230	121,020,175

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Special Revenue Source Fund

- a. A revised promissory note dated March 9, 2005 in the amount of \$6,774,763 was executed with Pacific Court Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 2209 Main Street. Forty-four low- and very low-income housing units were constructed on the site. This is a 55-year loan with 1% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$6,774,763 had been disbursed to the borrower.
- b. A revised promissory note dated October 26, 2004 in the amount of \$3,350,000 was executed with 1424 Broadway Apartments Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1424 Broadway/1512 15th Street. This is a 55-year loan with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$3,350,000 had been disbursed to the borrower.
- c. A promissory note dated January 12, 2009 in the amount of \$6,223,333 was executed with Community Corporation of Santa Monica for an affordable housing project located at 430-508 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated January 26, 2012, which increased the note to \$10,947,475, changed the interest rate to 3% and the term to 55 years. As of June 30, 2017, \$2,779,734 had been disbursed to the borrower. This note was transferred from General Fund to Special Revenue Fund, and together with item "e" below, the Special Revenue Fund balance for this address is \$7,114,401. See item "p" below for amounts disbursed from Low and Moderate Income Housing Asset Fund.
- d. A promissory note dated February 1, 2011 in the amount of \$9,407,103 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2602 Broadway. This is a 55-year loan with an interest rate of 3% per annum. As of June 30, 2017, \$448,280 had been disbursed to the borrower (Note was transferred from General Fund to Special Revenue Fund). See item "q" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.
- e. A promissory note dated January 12, 2009 in the amount of \$6,223,333 was executed with Community Corporation of Santa Monica for an affordable housing project located at 430-508 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated January 26, 2012, which increased the note to \$10,947,475, changed the interest rate to 3% and the term to 55 years. As of June 30, 2017, \$4,334,667 had been disbursed to the borrower. Together with item "c" above, the Special Revenue Fund balance for this address is \$7,114,401. See item "p" below for amounts disbursed from Low and Moderate Income Housing Asset Fund.
- f. A promissory note dated February 2, 2009 in the amount of \$5,595,897 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2802 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated November 29, 2011, which increased the note to \$9,207,402, changed the interest rate to 3% and the term to 55 years. As of June 30, 2017, \$4,420,698 had been disbursed to

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

the borrower (Note was transferred from General Fund to Special Revenue Fund). See item "r" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

- g. A promissory note dated June 16, 2009 in the amount of \$4,424,711 was executed with FAME Santa Monica Senior Apartments, L.P. for an affordable housing project located at 1754 19th Street. This loan was superseded by a loan in the amount of \$11,475,000 dated November 17, 2011. It is a 0% interest loan for 55 years. As of June 30, 2017, \$7,416,347 had been disbursed to the borrower (Note was transferred from General Fund to Special Revenue Fund). See item "s" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.
- h. A promissory note dated December 15, 2010 in the amount of \$3,645,422 was executed with Step Up on Second Street, Inc. for an affordable housing project at 520 Colorado Avenue. The loan is for the acquisition and predevelopment of the site. This loan was superseded by a loan in the amount of \$5,041,255 dated January 25, 2012. It is a 3% interest loan for 55 years. As of June 30, 2017, \$2,029,437 had been disbursed to the borrower (Note was transferred from General Fund to Special Revenue Fund). See item "t" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.
- i. A promissory note dated December 8, 2011 in the amount of \$19,400,000, was executed with Santa Monica Housing Partners for the acquisition and predevelopment expenses for an affordable housing project located at 1725 Ocean Ave. This is a 0% interest loan with the principal amount due and payable after the 55-year anniversary of conversion to permanent financing. As of June 30, 2017, \$19,400,000 had been disbursed to the borrower.
- j. A shared appreciation promissory note dated October 18, 2012 in the amount of \$87,830 was executed with residents for a unit purchase in Mountain View Mobile Home Park at 1930 Stewart Street. This is a 55-year loan with a 0% interest rate. As of June 30, 2017, \$87,830 had been loaned to the borrower (Note was transferred from General Fund to Special Revenue Fund).

Low and Moderate Income Housing Asset Fund

- k. A revised promissory note dated October 26, 2004 in the amount of \$2,900,000 was executed with 1424 Broadway Apartments Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1424 Broadway/1512 15th Street. This is a 55-year loan with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$2,900,000 had been disbursed to the borrower.
- 1. Promissory notes dated October 26, 2004, October 26, 2004 and June 12, 2007 in the amount of \$4,458,035, \$1,691,965 and \$950,000, respectively for a total of \$7,100,000 were executed with 26th and Santa Monica Family Housing Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1349 26th Street. Forty-four low- and very low-income housing units were constructed on the site. They are 55-year loans with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$5,408,035 had been disbursed to the borrower. See item "aa" below for the amount disbursed from the nonmajor governmental fund.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

- m. Two promissory notes dated February 13, 2007, one in the amount of \$5,870,000 and one for \$1,300,000 for a total of \$7,170,000 were executed with Step Up on Fifth, L.P. for an affordable housing project located at 1548 Fifth Street. These loans are for the acquisition and construction of the site. This is a 55-year loan with a simple interest rate of 5% per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$5,870,000 had been disbursed to the borrower. See item "x" below for the amount disbursed from the Miscellaneous Grants Fund (re-categorized from a major governmental fund to a nonmajor governmental fund).
- n. A promissory note dated July 24, 2006 in the amount of \$4,234,506 was executed with The Tahiti, L.P. c/o Community Corporation of Santa Monica for an affordable housing project located at 2411-2423 Centinela Avenue. The loan was for the construction of 36 affordable rental housing units. This is a 55-year loan with a simple interest rate of 3% per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$4,234,506 had been disbursed to the borrower.
- o. An amended promissory note dated February 22, 2008, in the amount of \$5,207,314 and a promissory note dated March 15, 2011 for \$477,141 were executed with the Santa Monica Housing Partners, L.P. for the development of 20 units of affordable senior housing at 1458 14th Street. The loans represent land acquisition financing that achieves site control. These are 55-year loans with an interest rate of 3% per annum on the \$5,207,314 loan and 4.36% on the \$477,141 loan. As of June 30, 2017, the outstanding balance is \$5,684,455.
- p. A promissory note dated January 12, 2009 in the amount of \$6,223,333 was executed with Community Corporation of Santa Monica for an affordable housing project located at 430-508 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated January 26, 2012, which increased the note to \$10,947,475, changed the interest rate to 3% and the term to 55 years. As of June 30, 2017, \$2,738,277 had been disbursed to the borrower. See items "c" and "e" above for amounts disbursed from the Special Revenue Source Fund.
- q. A promissory note dated February 1, 2011 in the amount of \$9,407,103 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2602 Broadway. This is a 55year loan with an interest rate of 3% per annum. As of June 30, 2017, the outstanding balance is \$7,979,656. See item "d" above for the amount disbursed from the Special Revenue Source Fund.
- r. A promissory note dated February 2, 2009 in the amount of \$5,595,897 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2802 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated November 29, 2011, which increased the note to \$9,207,402, changed the interest rate to 3% and the term to 55 years. As of June 30, 2017, the outstanding balance is \$4,437,001. See item "f" above for the amount disbursed from the Special Revenue Source Fund.
- s. A promissory note dated June 16, 2009 in the amount of \$4,424,711 was executed with FAME Santa Monica Senior Apartments, L.P. for an affordable housing project located at 1754 19th Street. This loan was superseded by a loan in the amount of \$11,475,000 dated November 17, 2011. It is a 0% interest

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

loan for 55 years. As of June 30, 2017, \$4,058,652 had been disbursed to the borrower. See item "g" above for the amount disbursed from the Special Revenue Source Fund.

- t. A promissory note dated December 15, 2010 in the amount of \$3,645,422 was executed with Step Up on Second Street, Inc. for an affordable housing project at 520 Colorado Avenue. The loan is for the acquisition and predevelopment of the site. This loan was superseded by a loan in the amount of \$5,041,255 dated January 25, 2012. It is a 3% interest loan for 55 year. As of June 30, 2017, \$3,011,818 had been disbursed to the borrower. See item "h" above for the amount disbursed from the Special Revenue Source Fund.
- A promissory note dated October 21, 1987 in the amount of \$778,603 was executed with Community Corporation of Santa Monica for affordable housing projects located at 504 Ashland, 518 Pier, 536 Ashland, 642 Marine, and 3005 Highland. The overall project is called Ocean Park 43 (OP43). This is a 40 year loan with an interest rate of 5% per annum. As of June 30, 2017, \$729,866 had been disbursed to the borrower.

Nonmajor Governmental Funds

- v. Two promissory notes dated December 22, 1988 and December 29, 1989, for \$200,000 each, one for 3 Vicente Terrace and one for 2020/30 Cloverfield Boulevard, were executed with the owners of certain rental properties. The first note was for five years at 3% interest per year, and could be renewed for five additional five-year terms as long as the rental properties are maintained for low-and moderate-income households. The first note was due December 22, 1993, and has been extended for the fifth time to December 22, 2018; the second note was due December 29, 1994, and has been extended to December 29, 2019 under the same interest rate and similar terms and conditions. The promissory notes are payable in full upon sale or transfer of the property (whichever occurs first) or upon expiration of the term of the promissory notes. Upon payment to the City, proceeds must be paid to the State of California as repayment for two \$200,000 State Department of Housing and Urban Development Deferred Payment Rehabilitation Loan Program (DPRLP) loans. There were no changes in the loan balances during the fiscal year ended June 30, 2017. These notes were transferred from the Miscellaneous Grants Funds major governmental fund category.
- w. A promissory note dated September 30, 2003 in the amount of \$1,200,000 was executed with Ocean Park Community Center for congregate housing and emergency shelter for very low-income use, located at 1751 Cloverfield Boulevard. This loan is for the acquisition and rehabilitation of the site. This is a 55year loan with 5.98% interest rate per annum with a two-year deferral period. Payments are to be made from residual receipts. As of June 30, 2017, \$800,000 had been disbursed to the borrower. This note was transferred from Miscellaneous Grants Fund major governmental fund category. See item "cc" below for the amount disbursed from the other nonmajor governmental fund.
- x. Two promissory notes dated February 13, 2007, one in the amount of \$5,870,000 and one for \$1,300,000 for a total of \$7,170,000 were executed with Step Up on Fifth, L.P. for an affordable housing project located at 1548 Fifth Street. These loans are for the acquisition and construction of the site. This is a 55-

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

year loan with a simple interest rate of 5% per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$1,300,000 had been disbursed to the borrower. This note was transferred from the Miscellaneous Grants Fund major governmental fund category. See item "m" above for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

- y. The January 17, 1994 Northridge Earthquake resulted in damaged multifamily residences in the City. To facilitate repair of damaged multifamily residences, the U.S. Department of Housing and Urban Development awarded the City a total of \$33,388,000 in emergency funds to finance the City's Multifamily Earthquake Repair Loan (MERL) Program. The funds were allocated as follows: \$2,027,000 HOME Program Emergency Supplemental Fund, \$6,361,000 HOME Program Presidential Contingency Fund, and \$25,000,000 CDBG Program Emergency Supplemental Fund. Loans were made between 1995 and 2001. As of June 30, 2017, the Miscellaneous Grants Fund outstanding balance is \$4,237,200. This note was transferred from the Miscellaneous Grants Fund major governmental fund category. See item "ff" below for the amount disbursed from the CDBG fund.
- z. On October 22, 1998, the City executed a promissory note with Community Corporation of Santa Monica for the construction of a twenty unit, large family, affordable housing complex located at 708 Pico Boulevard. \$579,000 was funded from the City's Pico Neighborhood Trust Fund but now known as CDBG Housing Trust Fund, while \$221,000 is funded from the Community Development Block Grant (CDBG) Fund. This note is a 0% interest loan to be repaid from residual receipts of the project and is due on October 22, 2053. As of June 30, 2017, the outstanding balance is \$669,456.
- aa. Promissory notes dated October 26, 2004, October 26, 2004 and June 12, 2007 in the amount of \$4,458,035, \$1,691,965 and \$950,000, respectively for a total of \$7,100,000 were executed with 26th and Santa Monica Family Housing Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1349 26th Street. Forty-four low- and very low-income housing units are to be constructed on the site. They are 55-year loans with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2017, \$1,691,965 had been disbursed to the borrower. See item "1" above for the amount disbursed from the Low and Moderate Income Housing Asset Fund.
- bb. These represent non-interest bearing, limited appreciation and shared appreciation loans made between 1991 and 2001 pursuant to Tenant Ownership Rights Charter Amendment (TORCA) Program guidelines to assist low- and moderate-income households to purchase their rental units. The loans are due the earlier of 20 years or 30 years as applicable or upon resale, transfer or default. As of June 30, 2017, the outstanding balances of such loans total \$839,334.
- cc. A promissory note dated September 30, 2003 in the amount of \$1,200,000 was executed with Ocean Park Community Center for congregate housing and emergency shelter for very low-income use, located at 1751 Cloverfield Boulevard. This loan is for the acquisition and rehabilitation of the site. This is a 55year loan with 5.98% interest rate per annum with a two-year deferral period. Payments are to be made from residual receipts. As of June 30, 2017, \$400,000 had been disbursed to the borrower. See item "w" above for the amount disbursed from the Miscellaneous Grants Fund.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

- dd. A revised promissory note dated February 8, 2006 in the amount of \$6,745,807 was executed with Community Corporation of Santa Monica for an affordable housing project located at 3021-3031 Santa Monica Boulevard. This loan was for the acquisition, predevelopment expenses and construction of low-and very low-income housing. This is a 3% interest loan with the principal amount due and payable February 8, 2061, 55-years from February 8, 2006. As of June 30, 2017, \$6,345,807 had been disbursed to the borrower.
- ee. A promissory note dated December 22, 1988 in the amount of \$841,600 was executed with Community Corporation of Santa Monica for low- and very low-income housing at 2020-2030 Cloverfield Boulevard. This is a 35-year loan with 10.44% interest rate per annum. As of June 30, 2017, \$841,600 had been disbursed to the borrower.
- ff. The January 17, 1994 Northridge Earthquake resulted in damaged multifamily residences in the City. To facilitate repair of damaged multifamily residences, the U.S. Department of Housing and Urban Development awarded the City a total of \$33,388,000 in emergency funds to finance the City's Multifamily Earthquake Repair Loan (MERL) Program. The funds were allocated as follows: \$2,027,000 HOME Program Emergency Supplemental Fund, \$6,361,000 HOME Program Presidential Contingency Fund, and \$25,000,000 CDBG Program Emergency Supplemental Fund. Loans were made between 1995 and 2001. As of June 30, 2017, the CDBG Program Emergency Supplemental Fund outstanding balance is \$6,208,789. See item "y" above for the amount disbursed from the Miscellaneous Grants Fund.

The following summarizes the total loan amount authorized, amount disbursed since inception of the loan program, the amounts repaid by the borrowers, and the loan balances:

Fund	Loan amount	Loan amount	Amounts	Loan balance at
	authorized	disbursed	repaid/forgiven	June 30, 2017
Miscellaneous Grants (y)	\$ 7,790,695	7,790,695	3,553,495	4,237,200
CDBG (ff)	21,739.088	21,727,929	15,519,140	6,208,789
Total	\$ 29,529,783	29,518,624	19,072,635	10,445,989

Due to the length of the repayment plan and uncertainty of collection of housing loans, the City's policy is not to record interest until received.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(7) CAPITAL ASSETS

Capital assets activity for the primary government for fiscal year ended June 30, 2017 is as follows:

	alance at ly 1, 2016	Increases	Decreases	Transfers	Balance at June 30, 2017
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 206,448,024	_	_	_	206,448,024
Land held under easement	72,237,823	_	_	_	72,237,823
Construction in progress	33,732,959	22,981,943	_	(37,504,733)	19,210,169
Total capital assets, not being depreciated	 312,418,806	22,981,943		(37,504,733)	297,896,016
Capital assets, being depreciated:					
Buildings	343,036,415	_	_	1,112,605	344,149,020
Improvements other than buildings	169,376,947	691,036	_	7,069,341	177,137,324
Utility systems	1,742,913	_	_	_	1,742,913
Machinery and equipment	39,405,561	832,477	(172,279)	8,828,259	48,894,018
Infrastructure	347,674,355	117,810	(247,935)	20,494,528	368,038,758
Intangibles	695,710	_	_	_	695,710
Total capital assets being depreciated	 901,931,901	1,641,323	(420,214)	37,504,733	940,657,743
Less accumulated depreciation for:					
Buildings	(103,412,140)	(8,311,181)	—	—	(111,723,321)
Improvements other than buildings	(65,779,844)	(6,333,404)	_	—	(72,113,248)
Utility systems	(743,892)	(87,146)	—	—	(831,038)
Machinery and equipment	(27,957,684)	(1,986,993)	172,279	_	(29,772,398)
Infrastructure	(211,157,935)	(10,684,696)	159,900	_	(221,682,731)
Intangibles	(89,863)	(34,786)	_	_	(124,649)
Total accumulated depreciation	(409,141,358)	(27,438,206)	332,179		(436,247,385)
Total capital assets, being depreciated, net	492,790,543	(25,796,883)	(88,035)	37,504,733	504,410,358
Subtotal governmental activities	 805,209,349	(2,814,940)	(88,035)	_	802,306,374
Business-type activities:					
Capital assets, not being depreciated:					
Land	53,380,750	—	—	—	53,380,750
Construction in progress	 3,863,112	2,588,910	_	(4,453,169)	1,998,853
Total capital assets, not being depreciated	 57,243,862	2,588,910		(4,453,169)	55,379,603
Capital assets, being depreciated:					
Buildings	147,870,482	—	—	—	147,870,482
Improvements other than buildings	34,324,025	233,971	(74,005)	—	34,483,991
Machinery and equipment	194,591,458	23,045,676	(13,406,961)	3,998,379	208,228,552
Infrastructure	231,110,776	4,209,032	_	454,790	235,774,598
Intangibles	 99,860,237	3,625,674			103,485,911
Total capital assets being depreciated	 707,756,978	31,114,353	(13,480,966)	4,453,169	729,843,534
Less accumulated depreciation for:					
Buildings	(53,507,667)	(4,027,546)	_	—	(57,535,213)
Improvements other than buildings	(21,650,960)	(1,464,198)	74,005	—	(23,041,153)
Machinery and equipment	(121,399,552)	(14,862,251)	12,994,644	_	(123,267,159)
Infrastructure	(87,266,791)	(5,848,322)	_	_	(93,115,113)
Intangibles	(30,508,045)	(2,458,862)			(32,966,907)
Total accumulated depreciation	 (314,333,015)	(28,661,179)	13,068,649		(329,925,545)
Total capital assets, being depreciated, net	 393,423,963	2,453,174	(412,317)	4,453,169	399,917,989
Subtotal business-type activities	 450,667,825	5,042,084	(412,317)		455,297,592
Total	\$ 1,255,877,174	2,227,144	(500,352)		1,257,603,966

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 686,214
Public safety	2,553,919
General services	14,461,898
Cultural and recreation services	4,168,461
Library	1,297,034
Housing and community development	4,212,514
Capital assets held by the government's internal service funds are	
charged to the various functions based on their assets' usage	58,166
Total depreciation and amortization expense - governmental activities	\$ 27,438,206
Business-type activities:	
Water	\$ 1,323,963
Resource Recovery and Recycling	49,168
Broadband	5,064
Pier	687,231
Wastewater	6,734,213
Airport	651,911
Stormwater management	301,816
Cemetery	43,073
Big Blue Bus	16,126,144
Parking authority	15,827
Capital assets held by the government's internal service funds are	
charged to the various programs based on their assets' usage	 2,722,769
Total depreciation and amortization expense - business-type activities	\$ 28,661,179

The City's infrastructure assets are recorded at historical cost and estimated historical cost in the governmentwide statements as required by GASB Statement No. 34.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(8) UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and enterprise funds also report a liability in connection with resources that have been received as of year-end, but not yet earned (unearned revenue).

The interest on advances reported in the General Fund represents interest on advances to the Successor Agency and the Airport Fund and is recognized in the government-wide financial statements. This interest is earned and included in promissory note balances at year-end. GASB Statement No. 34 requires the City to recognize and present interfund activity between governmental and business-type funds on the government-wide financial statements.

The components of unearned revenue are as follows:

Governmental funds:	
General Fund:	
Unearned user fees	\$ 811,642
Business license tax	5,953,060
Unearned sponsorship fees	231,750
Total General Fund	6,996,452
Special Revenue Source Fund: Civic Center Village advanced lease	
payments	18,305,890
Total Special Revenue Source Fund	18,305,890
Nonmajor governmental funds:	
Unearned user fees	357,901
Total nonmajor governmental funds:	357,901
Total governmental funds	25,660,243
Enterprise funds:	
Big Blue Bus Fund:	25 000
Unearned developer fees	25,000
LACMTA funds received prior to	1 401 001
meeting all eligibility requirements	1,401,231
Total Big Blue Bus Fund	1,426,231
Wastewater Fund:	
Unearned permit fees	10,746
Nonmajor enterprise fund:	
Unearned rent	340,241
Total enterprise funds	1,777,218
Total unearned revenue	\$ 27,437,461

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

The components of deferred inflows of resources are as follows:

	Fund financial statements	Recognized in government- wide financials	Government- wide financial statements
Governmental funds:			
General Fund:			
Interest on advances	\$ 5,374,466	(5,374,466)	
Settlement proceeds	36,534,600	(36,534,600)	
Total General Fund	41,909,066	(41,909,066)	
Nonmajor governmental funds:			
Grants receivable	5,802,664	(5,802,664)	
Total deferred inflows of resources	\$ 47,711,730	(47,711,730)	

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(9) LONG-TERM LIABILITIES

Changes in long-term liabilities:

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

		Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Due within one year	Due beyond one vear
Governmental Activities:							
Loans payable	\$	400,000	_	_	400,000	_	400,000
Lease Revenue bonds		65,650,000	_	5,120,000	60,530,000	4,170,000	56,360,000
General obligation bonds		7,725,000	_	1,135,000	6,590,000	1,130,000	5,460,000
Less deferred amounts:							
For issuance premiums		5,123,784	_	487,970	4,635,814	_	4,635,814
Total loans and bonds	-						
payable		78,898,784	_	6,742,970	72,155,814	5,300,000	66,855,814
Compensated absences (1)		12,222,112	8,256,561	8,208,514	12,270,159	8,211,600	4,058,559
Claims payable		46,525,032	16,574,552	10,134,930	52,964,654	13,713,476	39,251,178
Subtotal governmental							
activities		137,645,928	24,831,113	25,086,414	137,390,627	27,225,076	110,165,551
Business-type activities:							
Loans payable		1,213,411	_	291,776	921,635	299,362	622,273
Revenue bonds		8,955,000	_	_	8,955,000	_	8,955,000
Less deferred amounts:							
For issuance premiums		549,426	_	99,895	449,531	_	449,531
Total loans and bonds							
payable		10,717,837	_	391,671	10,326,166	299,362	10,026,804
Compensated absences		3,518,912	2,610,628	2,706,327	3,423,213	2,659,047	764,166
Claims payable		5,961,272	4,221,596	3,045,574	7,137,294	4,123,283	3,014,011
Subtotal business-type							
activities		20,198,021	6,832,224	6,143,572	20,886,673	7,081,692	13,804,981
Total	\$	157,843,949	31,663,337	31,229,986	158,277,300	34,306,768	123,970,532

(1) Compensated absences are predominantly liquidated by General Fund resources.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

A summary of long-term bonds and loans outstanding at year-end is as follows:

	Date of issue	Original issue	Final maturity date	Interest rate	Balance at June 30, 2017
Governmental activities:	Dure of loode			1000	
Lease Revenue bonds (1):					
Public Finance Authority 2011 (Series A)	Nov 16, 2011	32,065,000	June 1, 2031	4.00-5.00%	\$ 26,895,000
Public Finance Authority Refunding 2009	Dec 16, 2009	9,155,000	July 1, 2021	2.00-5.00%	4,335,000
Public Finance Authority					
Refunding 2011 (Series B)	Nov 16, 2011	8,625,000	Dec 1, 2020	2.00-4.00%	3,935,000
Public Finance Authority Refunding 2015	Jul 9, 2015	26,360,000	July 1, 2033	3.00-5.00%	25,365,000
Subtotal lease revenue bonds -					
governmental activities					60,530,000
General obligation bonds (1):					
Main Library Improvements 2012	May 30, 2012	11,325,000	July 1, 2022	0.20-4.00%	6,590,000
Subtotal general obligation	· j - · j -	,- ,	, , , , , , , , , , , , , , , , , , ,		
bonds - governmental					
activities					6,590,000
Loans payable:					
State Dept. of Housing and					
Community Development loan (2)	Dec 22, 1988	200,000	Dec 22, 2018	0.00%	200,000
State Dept. of Housing and					
Community Development loan (2)	Dec 29, 1989	200,000	Dec 29, 2019	0.00%	200,000
Subtotal loans payable					400,000
Subtotal governmental activities					67,520,000
·					<u> </u>
Business-type activities (3):					
Revenue bonds:					
Hyperion Project Revenue Refunding 2012	May 30, 2012	8,955,000	Feb 1, 2022	2.00-4.00%	8,955,000
Subtotal revenue bonds -					
business-type activities					8,955,000
Loans:					
State Water Resources Control					
Board loan	Jan 29, 1999	5.000.000	July 1, 2019	2.60%	921.635
Subtotal business-type activities	,		, , , , ,		9,876,635
Total					\$ 77,396,635

For construction of City facilities.
 To fund promissory note receivable from the owner of certain rental property.
 To fund capital contribution towards wastewater treatment facility.

Management believes it is in compliance with all debt covenants. See Note 17.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Annual debt service requirements to maturity are as follows:

Fiscal year								
ending	Lease Reven	ue bonds	General oblig	ation bonds	Loans pa	yable	Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	4,170,000	2,542,775	1,130,000	230,050		_	5,300,000	2,772,825
2019	4,350,000	2,365,750	1,120,000	185,050	200,000	_	5,670,000	2,550,800
2020	4,515,000	2,187,100	1,110,000	140,450	200,000	_	5,825,000	2,327,550
2021	4,710,000	1,994,675	1,095,000	101,825	—	—	5,805,000	2,096,500
2022	3,840,000	1,797,250	2,135,000	85,100	—	—	5,975,000	1,882,350
2023-2027	16,820,000	6,593,626	_	_	_	_	16,820,000	6,593,626
2028-2032	18,220,000	2,585,457	_	_	_	_	18,220,000	2,585,457
2033-2037	3,905,000	132,888					3,905,000	132,888
	\$ 60,530,000	20,199,521	6,590,000	742,475	400,000	_	67,520,000	20,941,996

Business-type activities								
Fiscal year ending		Revenue	bonds	Loans p	ayable	Total		
June 30,		Principal	Interest	Principal	Interest	Principal	Interest	
2018		_	266,550	299,362	23,963	299,362	290,513	
2019		2,130,000	266,550	307,143	16,179	2,437,143	282,729	
2020		2,210,000	181,350	315,130	8,193	2,525,130	189,543	
2021		2,275,000	115,050	_	_	2,275,000	115,050	
2022		2,340,000	46,800	_	_	2,340,000	46,800	
2023-2027		_	_	_	_	_	_	
	\$	8,955,000	876,300	921,635	48,335	9,876,635	924,635	

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Pledged Revenue

The City has a number of debt issues that involve the pledging of revenues. The amounts and terms of the remainder of these commitments and the purposes for which the proceeds of the debt issuances are utilized are indicated in the summary of long-term bonds and loans and notes outstanding at year-end presented in this note. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so specified in debt covenants) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

	rev exp	nual amount of pledged enue (net of enses, where required)	Annual debt service payments (of all debt secured by this revenue)	Debt service as a percentage of pledged revenue	Future amount of pledged revenue
Description of pledged revenue/debt:					
Base rental payments					
Public Finance Authority Refunding 2011, Refunding 2009	\$	2,033,550	2,033,550	100%	8,126,600
Public Finance Authority 2011		2,668,931	2,668,931	100%	37,356,762
Public Finance Authority Refunding 2015		2,050,943	2,050,943	100%	32,830,312
Library bond tax revenue					
Main Library Improvements Refunding 2012		1,286,421	1,382,650	107%	6,076,150
Wastewater charges for services					
Hyperion Project Revenue Refunding 2012		11,290,456	266,550	2%	9,831,300

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(10) FUND DEFICITS

Internal Service Funds. A net deficit of \$392,281 exists in the Self-Insurance Risk Management Administration Fund. This fund deficit is a result of the City's implementation of GASB Statement No. 68 which required reporting of the fund's proportionate share of the City's net pension liability. This net pension liability and corresponding net deficit will be reduced by continued pension contributions in future years.

A net deficit of \$4,592,621 exists in the Self-Insurance Workers' Compensation Fund. However, the City's September 2017 actuarial study confirmed that the fund is in very stable financial condition (i.e., it is funded at a 90% confidence level).

A net deficit of \$3,392,130 exists in the Self-Insurance Bus Fund due to the adverse development of new and existing claims. Management intends to eliminate the deficit over the next two years through increased contributions to the fund in both FY 2017-18 and FY 2018-19.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(11) INTERFUND TRANSACTIONS

The following tables summarize the due to/from other funds, interfund advances to/from, and transfers in/out as of and for the fiscal year ended June 30, 2017.

Advances to/from

Advances to/from other funds at June 30, 2017 are as follows:

Advances to	Advances from			
(receivable fund)	(payable fund)	 Amount		
General Fund	Nonmajor governmental funds	\$ 3,842,973		
	Nonmajor enterprise funds	8,748,971		
	Total General Fund	 12,591,944		
Wastewater Fund	Nonmajor enterprise funds	 56,560		
	Total advances to/from	\$ 12,648,504		

Advances represent loans made to cover operating shortfalls or to provide financing resources for capital projects. These amounts are expected to be repaid in future years, subject to the various loan terms.

Due from/to

Balances due to/from other funds at June 30, 2017 are as follows:

Due From	Due to		
(receivable fund)	(payable fund)	Amount	
General Fund	Nonmajor governmental funds	\$	5,961,882
	Nonmajor enterprise funds		584,184
	Total General Fund		6,546,066
Special Revenue Source Fund	General Fund		1,056,350
	Total Special Revenue Source Fund		1,056,350
	Total due to/from	\$	7,602,416

Due to/from other funds are primarily short-term loans made to eliminate negative cash balances at year-end. These amounts are expected to be repaid in one year.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Transfers

Transfers to/from other funds for the fiscal year ended June 30, 2017 are as follows:

Transfer in (receivable fund)	Transfer out (payable fund)	Amount	
General Fund	Special Revenue Source Fund	\$ 1,272,982 (
	Nonmajor governmental funds	2,337,509 (2	
	Water Fund	2,073,229 (3	
	Big Blue Bus Fund	570,736 (4	
	Wastewater Fund	908,562 (3	
	Resource Recovery and Recycling Fund	703,694 (3	
	Nonmajor enterprise funds	1,085,578 (5	
	Internal service funds	148,843 (6	
	Total General Fund	9,101,133	
Special Revenue Source Fund	General Fund	20,255,852 (
	Nonmajor enterprise funds	2,960,000 (7	
	Total Special Revenue Source Fund	23,215,852	
Low/Moderate Housing Fund	General Fund	68,300 (7	
	Special Revenue Source Fund	176,196 (*	
	Nonmajor enterprise funds	740,000 (1	
	Total Low/Moderate Housing Fund	984,496	
Nonmajor governmental funds	General Fund	8,959,428 (8	
	Nonmajor governmental funds	6,567,499 (9	
	Total nonmajor governmental funds	15,526,927	
Water Fund	General Fund	89,868 (10	
	Total Water Fund	89,868	
Resource Recovery and Recycling Fund	General Fund	1,907,399 (1)	
	Nonmajor governmental funds	2,573 (12	
	Total Resource Recovery and Recycling Fund	1,909,972	
Wastewater Fund	General Fund	33,565 (10	
	Nonmajor enterprise funds	1,262,007 (13	
	Total Wastewater Fund	1,295,572	
Big Blue Bus Fund	Nonmajor governmental funds	1,016,574 (14	
	Total Big Blue Bus Fund	1,016,574	
Nonmajor enterprise funds	General Fund	435,458 (15	
	Water Fund	12,075 (10	
	Nonmajor governmental funds	461,892 (17	
	Total nonmajor enterprise funds	909,425	
Internal service funds	Internal service funds	2,365,487 (6	
	Total Internal service funds	2,365,487	
	Total transfers	\$ 56,415,306	

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

- (1) Transfer of monies to subsidize cultural arts, inclusionary housing, transportation management, affordable housing program expenditures and payments for property used in CityTV operations.
- (2) Transfer of monies to subsidize environmental, literacy, nutrition, housing, transportation and street program expenditures.
- (3) Transfer of monies to subsidize infrastructure improvements and environmental program expenditures.
- (4) Transfer of monies to subsidize finance, human resources, and transit mall maintenance expenditures.
- (5) Transfer of monies to subsidize infrastructure improvements, environmental, economic development program expenditures and transfer of capital assets funded by Parking Authority.
- (6) Transfer of monies to subsidize risk management program expenditures
- (7) Transfer of monies to subsidize affordable housing program expenditures.
- (8) Transfer of monies to subsidize rental assistance program expenditures and payment of debt service.
- (9) Transfer of monies to subsidize housing program expenditures and establish Local Return fund.
- (10) Transfer of monies to subsidize utility rates for low income families.
- (11) Transfer of monies to subsidize storm water and urban runoff discharge program expenditures.
- (12) Transfer of monies to subsidize environmental program expenditures.
- (13) Transfer of monies to subsidize operating and maintenance expenditures associated with the Santa Monica Urban Runoff Recycling Facility.
- (14) Transfer of monies to subsidize transportation program expenditures.
- (15) Transfer of monies to subsidize Pier operations.
- (16) Transfer of monies received from Metropolitan Water District Recycled Water Rebate program
- (17) Transfer of monies to subsidize cemetery operation and maintenance expenditures.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(12) RESTRICTED NET POSITION

In the government-wide financial statements and proprietary fund financial statements, restricted net position is reported when constraints on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or imposed by law through constitutional provisions or enabling legislation. See note 1 for a detailed explanation of the City's net position policies.

Restricted net position for governmental activities at June 30, 2017 is as follows:

Housing and community development	
Low and moderate income housing funds	\$ 54,587,773
Special revenue source funds	40,113,742
Tenant Ownership Rights Charter Amendment (TORCA) funds	13,603,670
Community Development Block Grant (CDBG) funds	9,998,111
Miscellaneous grant funds	6,953,141
Rent control funds	1,256,129
Housing authority funds	85,618
Total housing and community development	126,598,184
Culture and recreation services	
Beach recreation funds	11,400,638
Special revenue source funds	2,246,786
Parks and recreation funds	187,012
Miscellaneous grant funds	12,743
Total culture and recreation services	13,847,179
Transportation	
Special revenue source funds - traffic	2,241,830
Special revenue source funds - parking	3,398,012
Special revenue source funds - roads	1,243,594
Special revenue source funds - transit	6,851,308
Local return funds	6,318,531
Gas tax funds	76,886
Total transportation	20,130,161
Clean beaches and ocean parcel tax	9,129,838
Debt service	3,672,918
Miscellaneous	13,239,095
Perpetual care - nonexpendable	12,102,637
Total governmental restricted net position	\$198,720,012

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Restricted net position for business-type activities at June 30, 2017 is as follows:

Housing and community development -		
Low and moderate income housing funds	\$	9,796,877
Rail reserve		1,791,018
Prop 1B	_	7,247,602
Total business-type restricted net position	\$	18,835,497

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(13) FUND BALANCES

In the fund financial statements fund balance is displayed in categories that describe the nature and extent of constraints on resources that the City is bound to observe. See note 1 for a detailed explanation of the City's fund balance policies.

Fund balance reported on the governmental funds balance sheet as of June 30, 2017 includes the following:

Nonspendable fund balance

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid and advances to other funds, or are required to be maintained intact, such as funds held by the City associated with the perpetual care of the City's cemetery and mausoleum.

Nonspendable fund balances are presented as a component of fund balances as follows:

	General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
<u>Nonspendable</u>					
Prepaids	\$ 3,031,020	—	_	46,445	3,077,465
Advances	12,388,233	—	_	—	12,388,233
Perpetual care				12,102,637	12,102,637
Total nonspendable	\$ 15,419,253			12,149,082	27,568,335

Restricted fund balance

Restricted fund balance represents amounts that can only be spent for the specific purposes stipulated by either external resource providers or by enabling legislation that created the revenue source and restricted its use. These restrictions may be changed or lifted only with the consent of the resource providers.

The largest component of restricted fund balance is affordable housing, which represents funds received from grants, taxes, and fees that are all dedicated to ensuring the affordability of housing in the City. Other significant categories include transit, traffic, and parking, which are all dedicated to improving the City's transportation systems for its citizens and visitors. Additionally, childcare programs are designed to assist eligible residents with childcare needs, as well as for the construction of new childcare facilities. Funds for overnight accommodations are restricted for the promotion of affordable lodging facilities. Finally, debt service represents amounts held by trustees for the future repayment of outstanding City obligations.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Restricted fund balances are presented as a component of fund balances as follows:

	G	eneral Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
Restricted						
Continuing capital projects	\$	—	_	—	9,655,786	9,655,786
Affordable housing		811,700	40,113,742	53,776,073	31,810,048	126,511,563
Childcare programs		—	4,203,316	—	—	4,203,316
Cultural and recreation services		—	2,391,786	—	7,394,023	9,785,809
Clean beaches and ocean parcel tax		—	—	—	3,826,824	3,826,824
Traffic		—	2,241,830	—	—	2,241,830
Parking		—	3,398,012	—	—	3,398,012
Roads		—	1,243,594	—	—	1,243,594
Transit		—	6,851,308	—	6,318,531	13,169,839
Overnight accommodations		—	3,079,218	—	—	3,079,218
Miscellaneous		1,164,876	1,848,848	—	1,751,281	4,765,005
Debt service		_			4,848,648	4,848,648
Total restricted	\$	1,976,576	65,371,654	53,776,073	65,605,141	186,729,444

Committed fund balance

Committed fund balance represents amounts that can only be used for the specific purposes determined by a formal action of the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that originally imposed the constraint.

The largest component of committed fund balance is affordable housing, which includes funds received from settlement proceeds, the sale of City-owned properties, funds received from the Successor Agency, and half of the Measure GSH 0.5% transaction and use tax, which are all committed to ensuring the affordability of housing in the City. Fund balance committed to schools represents the other half of the Measure GSH 0.5% transaction and use tax that is committed to maintaining and improving local public schools.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

	G	eneral Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	T otal governmental funds
<u>Committed</u>						
Affordable housing	\$	3,246,800	44,021,082	—	—	47,267,882
Schools		1,513,609				1,513,609
Total committed	\$	4,760,409	44,021,082			48,781,491

Committed fund balances are presented as a component of fund balances as follows:

Assigned fund balance

Assigned fund balance represents amounts intended to be used by the City for specific purposes expressed by the City Council or by an official to which the City Council has delegated the authority.

The largest components of assigned fund balance are continuing and future capital projects, which represent funds that are dedicated to completing capital improvement projects throughout the City, including the City Services Building, Fire Station #1, City Yards, and the Civic Center Sports Field. The next largest component is future project equity, which represents unrestricted settlement funds to be used as equity in future infrastructure financings. One new category established this year is one-time funds set aside to pilot new initiatives to address homelessness in the City. Other funds are assigned for existing encumbrances, litigation costs, an upcoming defeasance, and other key projects necessary to advance the City's strategic initiatives and framework outcomes.

Assigned fund balances are presented as a component of fund balances as follows:

	 eneral Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
Assigned					
Continuing capital projects	\$ 70,847,984	—			70,847,984
Future capital projects	87,188,462	—			87,188,462
Expenditure control budget account	6,136,460	—	—	—	6,136,460
Compensated absenses	9,357,823	—			9,357,823
Future project equity	56,944,585	—	—	—	56,944,585
Workers' compensation	3,600,000	—			3,600,000
Homeless programs	1,400,000	—			1,400,000
Other purposes	 20,584,319	414,544			20,998,863
Total assigned	\$ 256,059,633	414,544			256,474,177

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Unassigned fund balance

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in other classifications. Other governmental funds may report negative unassigned fund balance if expenditures incurred for a specific purpose exceed the resources that are restricted, committed, or assigned to that purpose. This occurs when reimbursements are received after expenditures are incurred and the deficit will be eliminated as reimbursements for eligible grant expenditures are received from grantors.

The largest component of unassigned fund balance is operating and capital contingency, which represents funds for unforeseen events and circumstances. Similarly, economic uncertainty represents funds for unforeseen changes in economic conditions. The unrealized gain (loss) represents the portion of fund balance related to investments that is not available for appropriation.

Unassigned fund balances are presented as a component of fund balances as follows:

	General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
Unassigned					
Operating and capital contingency	\$ 57,030,351		—	_	57,030,351
Unrealized gain (loss)	(1,647,677)		—	_	(1,647,677)
Economic uncertainty	9,700,000	—	—		9,700,000
Other unassigned	2,999,977			(4,785,448)	(1,785,471)
Total unassigned	\$ 68,082,651			(4,785,448)	63,297,203

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(14) COMMITMENTS AND CONTINGENCIES

Litigation

The City is regularly subject to certain legal proceedings and claims that arise in the normal course of City operations. Many of these have not yet been fully adjudicated. In the opinion of the City Attorney, there are adequate legal defenses to these actions and it is not anticipated that there will be any adverse material effect on the financial position of the City.

Airport

On October 31, 2013, the City filed suit against the Federal Aviation Administration (FAA) regarding the City's desire to cease aviation activity at the airport.

In dispute was whether a reverter clause in an Instrument of Transfer from 1948 obligated the City to use the land as an airport in perpetuity and if the City attempted to change its use, the land would revert to the federal government.

Additionally, the City accepted several federal grants to fund improvements at the Airport and outside aviation interests contended that the City's grant obligations required the Airport to operate until 2023, instead of 2014, which was twenty years after the acceptance of the City's last federal grant, and this too resulted in a federal court lawsuit.

On January 28, 2017, the City reached an agreement with the FAA which included the following:

- Closure of the Santa Monica Airport to all aeronautical use forever can occur after December 31, 2028
- Reduction of the operational runway length to 3,500 feet
- U.S. Government acknowledgement that the City has the right to establish its own proprietary fixed base operation services
- Airport property released from all federal grant assurance obligations
- Consent decree
- Settles all legal disputes between the City and the federal government about the Airport

The City has begun action on the runway shortening project in FY 17-18.

Grants

The City recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the City's Federal grant programs have been audited through June 30, 2016 in accordance with the Uniform Guidance requirements issued by the U.S. Office of Management and Budget, these programs may be subject to financial and compliance audits by the reimbursing agencies. The amount, if any, of expenditures, which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Construction Commitments

The City has a number of construction projects currently underway. Purchase orders, contracts and other commitments for these projects are recorded in order to reserve the portion of the applicable appropriation and are segregated at year-end as an unavailable fund balance. Approximately \$80.5 million will be payable upon future performance under these contracts.

Other Commitments

In 1999 the City entered into a thirty year agreement with the City of Los Angeles for the conveyance, treatment, and disposal of wastewater. The Amalgamated System Sewerage System Charge (ASSSC) from this agreement is based on the City of Los Angeles' estimated costs and actual flows and strengths of wastewater in 2014-15. The City estimates that its liability for FY 2017-18 will be between \$8.1 million and \$11.0 million.

Encumbrances

The City uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled. Commitments for such expenditures are encumbered to reserve applicable appropriations. As of June 30, 2017 total encumbrances for the governmental funds are reported as follows:

General Fund	\$ 2,388,906
Special Revenue Fund	330,426
Low and Moderate Income Housing Asset Fund	
Nonmajor governmental funds	502,758
Total	\$ 3,222,090

Operating Lease Revenue/Expenses

The City has entered into operating lease arrangements as lessor for property. The following schedule is an analysis of the City's investment in property under operating leases by major classes as of June 30, 2017:

Land	\$ 177,596,969
Buildings	37,466,130
Improvements other than buildings	10,021,096
Machinery and equipment	1,782,774
Infrastructure	 8,213,438
	235,080,407
Less: Accumulated depreciation	 (41,292,267)
Total	\$ 193,788,140

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

The following is a schedule of both future minimum lease rental revenue to be received by the City as lessor and lease payments to be made by the City as lessee under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2017:

Fiscal year ending June 30	Rental revenue		Lease payments
2018	\$	8,179,637	1,833,543
2019		7,698,596	1,883,580
2020		7,087,069	1,608,944
2021		6,623,730	1,207,376
2022		6,529,444	80,564
2023 - 2027		17,829,897	-
2028 - 2032		14,077,485	-
2033 - 2037		9,241,007	-
2038 - 2042		7,062,556	-
2043 - 2047		6,131,841	-
2048 - 2052		4,359,214	-
2053 - 2057		4,359,214	-
2058 - 2062		4,359,214	-
2063 - 2067		3,169,489	-
2068 - 2072		960,000	-
2073 - 2077		960,000	-
2078 - 2082		96,000	-
Total	\$	108,724,393	6,614,007

The total long-term lease annual rental revenues and expenditures/expenses for the year ended June 30, 2017, were \$8,004,413.86 and \$1,833,543 respectively.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(15) SELF-INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The City has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with such risks of loss up to certain limits and has obtained excess liability coverage through the Authority for California Cities Excess Liability (ACCEL), a joint powers authority of twelve medium-size California municipalities. ACCEL is a member of the California State Association of Counties Excess Insurance Authority for the purpose of providing access to excess workers' compensation coverage for major employee injury risks through a program of pooled self-insurance/re-insurance and insurance on a risk sharing basis.

The City retains self-insurance up to \$1,000,000 for general liability, automobile liability, and bus operations liability. The ACCEL pool covers all general liability losses between \$1,000,000 and \$5,000,000, and purchases excess liability insurance to cover losses over \$5,000,000 and up to \$200,000,000. The City shares limits with two other cities within ACCEL to cover losses between \$100,000,000 and \$150,000,000 and one other city within ACCEL to cover losses over \$150,000,000 to \$200,000,000. The City retains self-insurance up to \$750,000 for workers' compensation. California State Association of Counties Excess Insurance Authority covers up to an additional \$4,250,000 for workers' compensation and arranges for excess of workers' compensation over \$5,000,000 and up to statutory limits. No claim settlements have exceeded insurance coverage in any of the past three years.

In order to provide funds to pay claims, ACCEL collects premiums from each member. The premiums paid are credited with investment income at the rate earning on the Authority's investments. Based on ACCEL's June 30, 2017 audited financial statements, the net reserves amounts related to the City were \$5,702,092 (17% of ACCEL's total net reserves and incurred but not reported). Total assets of ACCEL at June 30, 2017 were \$50,801,134. ACCEL has no capital contributions.

The City's unpaid claims liabilities are based on the results of actuarial studies. The unpaid claims liabilities are compiled by the Risk Manager of the City and include amounts for claims incurred but not reported as of year-end. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Net present values of the unpaid claims liabilities are estimated for the year ended June 30, 2017, based on interest rates of 2.0% for general, automobile, and transit and 5.0% for workers' compensation. Revenues of the risk management funds, together with funds to be provided in the future, are expected to provide adequate resources to meet liabilities as they come due. Nonincremental claims expenses have not been included as part of the liability for claims.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Changes in the liability for claims during the past two fiscal years for the self-insurance funds follow:

Fund (by fiscal year)	B	eginning of year	Current-year claims and changes in estimates	Claims payments (net)	End of year	Due within one year
June 30, 2016:						
General Liability and Automobile	\$	6,056,935	2,772,291	(2,378,566)	6,450,660	2,697,180
Bus		4,690,260	2,645,381	(1,374,369)	5,961,272	2,986,570
Workers' Compensation		35,261,246	13,302,899	(8,489,773)	40,074,372	8,587,019
	\$	46,008,441	18,720,571	(12,242,708)	52,486,304	14,270,769
June 30, 2017:						
General Liability and Automobile	\$	6,450,660	5,047,546	(1,862,627)	9,635,579	4,414,434
Bus		5,961,272	4,221,596	(3,045,574)	7,137,294	4,123,283
Workers' Compensation		40,074,372	11,527,006	(8,272,303)	43,329,075	9,299,042
	\$	52,486,304	20,796,148	(13,180,504)	60,101,948	17,836,759

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(16) EMPLOYEE BENEFIT PROGRAMS

Santa Monica Public Employees' Retirement Plan

General Information about the Pension Plan

The City's defined benefit pension plan, Santa Monica Public Employees' Retirement Plan (Plan) provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. CalPERS issues a separate comprehensive annual financial report available from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Plan Description

All full-time employees of the City and part-time employees who have worked over 1,000 hours during a fiscal year are eligible to participate in either one of the Safety Plans (Police and Fire) or the Miscellaneous Plan (all others). The City is authorized by statute to establish and amend all plan provisions. Related benefits vest after five years of service. Upon five years of service, employees who retire are entitled to receive an annual retirement benefit according to the following Plan provision chart for each employee group:

		Miscellaneous	
		Between	
	Prior to	July 1, 2012 and	On or after
Hire Date	July 1, 2012	December 31, 2012	January 1, 2013
Benefit formula	2.70% @ 55	2.00% @ 55	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-62	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.43% to 2.42%	1.00% to 2.50%
Cost of living adjustment	2.00%	2.00%	2.00%
Required employee contribution rate	8.00%	7.00%	6.25%
Required employer contribution rate	20.73%	20.73%	20.73%

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

	Police		
	Prior to	On or after	
Hire Date	December 31, 2012	January 1, 2013	
Benefit formula	3.00% @ 50	2.70% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefits payments	monthly for life	monthly for life	
Retirement age	50	50-57	
Monthly benefits, as a % of eligible compensation	3.00%	2.00% - 2.70%	
Cost of living adjustment	2.00%	2.00%	
Required employee contribution rate	9.00%	12.75%	
Required employer contribution rate	46.03%	46.03%	

	Fire		
	Prior to	On or after	
Hire Date	December 31, 2012	January 1, 2013	
Benefit formula	3.00% @ 55	2.70% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefits payments	monthly for life	monthly for life	
Retirement age	50-55	50-57	
Monthly benefits, as a % of eligible compensation	2.40% - 3.00%	2.00% - 2.70%	
Cost of living adjustment	2.00%	2.00%	
Required employee contribution rate	9.00%	11.25%	
Required employer contribution rate	35.32%	35.32%	

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Funding Policy

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS.

Active full-time members in the Plan are required to contribute 6.25% to 8.00% (for miscellaneous employees), 9.00% to 12.75% (for Police safety employees), and 9.00% to 11.25% (for Fire safety employees), of their annual covered salary. The City makes such employee contributions on behalf and for employees hired before January 1, 2013 for police safety and before July 1, 2012 for miscellaneous employees. Beginning July 1, 2017, the City will no longer pay the employee contribution for Police safety members. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members earned 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 actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Miscellaneous members reimburse the City for the cost of an enhanced benefit at a rate of 6.70%. Police safety employees reimburse the City for the cost of an enhanced benefit at a rate of 6.50% and fire safety employees reimburse the City at a rate of 4.0%. In addition, starting July 1, 2014, Fire plan members began paying the employee contribution at a rate of 9.00%. Beginning July 1, 2017, Police plan members are required to pay the employee contribution of 9%. Employee reimbursements totaled \$13,162,309 in 2016-17.

Employees Covered

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

		Public S	Safety
Employees	Miscellaneous	Police	Fire
Inactive employees or their beneficiaries currently			
receiving benefits	1,177	304	144
Inactive employees entitled to but not yet receiving benefits	576	56	22
Active members	1,860	200	108
Total	3,613	560	274

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined using the following actuarial methods and assumptions:

	Miscellaneous	Safety - Police	Safety - Fire	
Valuation date	June 30, 2015	June 30, 2015	June 30, 2015	
Measurement date	June 30, 2016	June 30, 2016	June 30, 2016	
Actuarial cost method	Entry-Age Normal			
Actuarial assumptions:				
Discount rate	7.65%	7.65%	7.65%	
Inflation	2.75%	2.75%	2.75%	
Projected salary increase	Varie	es by entry age and se	rvice	
Investment rate of return ¹	7.65%	7.65%	7.65%	
Mortality ²	Derived using Cal	PERS' membership da	ta for all funds	
Post retirement benefit increase	Contract COLA u	p to 2.75% until Purch	nasing Power	
	Protections Allows	ance Floor on Purchas	ing Power applies,	
	2.75% thereafter			

¹ Net of pension plan investment expenses, including inflation.

² The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under "Forms and Publications."

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

long-term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, both short- and long-term market return expectations were considered by CalPERS as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

At the December 21, 2016 meeting, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumptions, the long-term rate of return from 7.50% to 7.00% over the next three years.

The phase-in of the discount rate change approved be the Board for the next three Fiscal Years is as follows:

	Fiscal Year for Required	
Valuation Date	Contribution	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250%
June 30, 2018	2020-21	7.000%

Lowering the discount rate means the plans will see increases in both normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities. These increases will result in higher employer contributions.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

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

	New Strategic	Real Return %	Real Return %
Asset Class	Allocation %	Years 1 - 10 ¹	Years $11+^2$
Global Equity	47.00	5.25	5.71
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)
Total	100.00		

¹ An expected inflation of 2.50% used for this period

² An expected inflation of 3.00% used for this period

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives of all members that are provided benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on members' probability of decrementing due to an event other than receiving a cash refund.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Changes in Net Pension Liability

The following tables display the changes in net pension liability recognized over the measurement period for each of the City's Plans:

Increase (Decrease)

Miscellaneous:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at 6/30/2015 (VD) ¹	\$ 938,165,779	716,228,388	221,937,391
Changes recognized for the measurement period			
Service cost	24,044,347	_	24,044,347
Interest on total pension liability	70,686,179	_	70,686,179
Differences between expected and actual experience	(7,701,743)	_	(7,701,743)
Plan to plan resource movement	_	(767)	767
Contribution - employer	—	28,154,218	(28,154,218)
Contribution - employee	—	11,256,065	(11,256,065)
Net investment income	—	3,759,440	(3,759,440)
Benefit payments, includes employee contribution refunds	(36,967,774)	(36,967,774)	_
Administrative expense	_	(436,504)	436,504
Net changes	\$ 50,061,009	5,764,678	44,296,331
Balance at 6/30/2016 (MD) ²	\$ 988,226,788	721,993,066	266,233,722

¹ VD = Valuation Date

² MD = Measurement Date

Public Safety - Police:	Т	otal Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at 6/30/2015 (VD) ¹	\$	397,171,629	291,927,389	105,244,240
Changes recognized for the measurement period				-
Service cost		8,471,379	_	8,471,379
Interest on total pension liability		29,901,653	_	29,901,653
Differences between expected and actual experience		(1,152,112)	_	(1,152,112)
Plan to plan resource movement		_	767	(767)
Contribution - employer		_	12,697,470	(12,697,470)
Contribution - employee		_	2,753,594	(2,753,594)
Net investment income		_	1,516,091	(1,516,091)
Benefit payments, includes employee contribution refunds		(18,767,835)	(18,767,835)	-
Administrative expense		_	(177,915)	177,915
Net changes	\$	18,453,085	(1,977,828)	20,430,913
Balance at 6/30/2016 (MD) ²	\$	415,624,714	289,949,561	125,675,153

¹ VD = Valuation Date

² MD = Measurement Date

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Public Safety - Fire:	Increase (Decrease)				
	Total Pension	Plan Fiduciary	Net Pension		
	Liability	Net Position	Liability/(Asset)		
	(a)	(b)	(c)=(a)-(b)		
Balance at $6/30/2015 (VD)^{1}$	\$ 212,359,879	152,781,387	59,578,492		
Changes recognized for the measurement period					
Service cost	3,778,677	_	3,778,677		
Interest on total pension liability	15,730,320	_	15,730,320		
Differences between expected and actual experience	(2,919,523)	_	(2,919,523)		
Contribution - employer	_	5,320,402	(5,320,402)		
Contribution - employee	_	1,479,400	(1,479,400)		
Net investment income	_	706,789	(706,789)		
Benefit payments, includes employee contribution refunds	(11,409,171)	(11,409,171)	—		
Administrative expense	_	(93,112)	93,112		
Net changes	\$ 5,180,303	(3,995,692)	9,175,995		
Balance at 6/30/2016 (MD) ²	\$ 217,540,182	148,785,695	68,754,487		
¹ $VD = Valuation Date$					

² MD = Measurement Date

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plans as of the Measurement Date, calculated using the discount rate of 7.65 percent, as well as the net pension liability if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Discount Rate	Plan					
	Ν	Miscellaneous Safety - F		afety - Police	S	Safety - Fire
1% Decrease		6.65%		6.65%		6.65%
Net Pension Liability	\$	400,394,411	\$	182,401,482	\$	96,702,705
Current Discount Rate		7.65%		7.65%		7.65%
Net Pension Liability	\$	266,233,722	\$	125,675,153	\$	68,754,487
1% Increase		8.65%		8.65%		8.65%
Net Pension Liability	\$	155,143,494	\$	79,126,707	\$	45,629,097

Pension Plan Fiduciary Net Position

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

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense as follows:

Plan	Pension
	Expense
Miscellaneous	\$ 25,216,274
Safety - Police	13,373,977
Safety - Fire	6,418,543
Total	\$ 45,008,794

As of June 30, 2017, the City had deferred outflows and deferred inflows of resources related to pensions as follows:

	Misc Deferred	cellaneous	Safety	- Police	Safety - Fire Deferred		
	Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Outflows of Resources	Deferred Inflows of Resources	
	Resources	Resources	of Resources	Resources	Resources	of Resources	
Changes of assumptions	\$ —	(8,149,025)		(3,177,927)		(2,324,932)	
Difference between expected and actual experience	_	(11,900,873)	_	(1,045,638)	_	(2,735,558)	
Net difference between projected and actual earnings on pension plan investments	38,809,293	_	15,652,389	_	8,077,567	_	
Employer contributions subsequent							
to the measurement date	56,216,407		26,112,687		9,761,433		
Total	\$ 95,025,700	(20,049,898)	41,765,076	(4,223,565)	17,839,000	(5,060,490)	

The amounts above are net of outflows and inflows recognized in the pension expense for the fiscal year ended June 30, 2017.

Contributions of \$92,090,527 that were made by the City subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. On June 13, 2017, City Council unanimously approved an additional employer contribution of \$45,000,000 to reduce the unfunded liability which is included in the \$92,090,527 above. The additional payment is expected to reduce future annual contributions by approximately \$3.8 million annually. Other amounts reported as deferred outflows and inflows of resources will be recognized in future pension expense as follows:

Measurement Periods		Deferred Outflows / (Inflows) of Resources							
ended June 30	Miscellaneous		Safety - Police		Sa	fety - Fire			
2017	\$	(4,019,663)	\$	(284,543)	\$	(202,811)			
2018		(3,265,826)		565,612		(202,812)			
2019		15,861,613		7,023,360		2,513,544			
2020		10,183,271		4,124,395		1,267,694			
2021						(358,538)			

No amounts were due CalPERS as of June 30, 2017.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Deferred Compensation Plans

The City offers to its employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. For the fiscal year ended June 30, 2017 the total employee contributions were \$10,101,308.

The City offers an employer discretionary, defined contribution plan established and governed under Internal Revenue Code Section 401(a). Employee-only contributions are calculated based upon a percentage of employee compensation under agreements with employee bargaining groups and unions. For the fiscal year ended June 30, 2017 the total employee contributions were \$541,744.

The City offers to its as-needed employees a separate Section 457 deferred compensation plan under the Omnibus Budget Reconciliation Act (OBRA). This plan is available to all as-needed employees who are not eligible to participate in CalPERS. This plan requires equal employer and employee contributions based on a percentage of earnings. For the fiscal year ended June 30, 2017 the combined employee/employer contributions were \$392,700.

These plans are administered through third-party administrators. The City does not perform the investing function and has no fiduciary accountability for the plans. Thus, plan assets and any related liabilities to plan participants have been excluded from the City's basic financial statements.

Other Postemployment Benefits

In addition to providing pension benefits through CalPERS, the City, in accordance with agreements with various bargaining units and groups, provides medical insurance benefits that are considered other postemployment benefits (OPEB) to certain retired employees under a single employer benefit plan. These benefits are subject to negotiations between the City and each bargaining unit and the related memorandum of understanding (MOU) is approved by the City Council. Employees of the Executive Pay Plan group and management employees of the Rent Control Board are eligible for a City paid medical insurance benefit if their combined retirement age and years of City service equals or exceeds 70. Under the terms of a MOU between the City and a coalition of the various non-sworn bargaining units (Coalition), all non-sworn permanent retirees are allowed to continue participating in one of the City's health plans at the same rate as active employees. As with other MOU's, this benefit is subject to bargaining between the City and the Coalition. The City also maintains minimum benefits for public safety employees provided by the City's contract with its healthcare provider. The City pays for OPEB through employer only contributions to a qualified OPEB trust, with no contribution required from employees. The Plan does not issue a stand-alone financial statement.

Annual OPEB Cost and Net OPEB Obligation

The City's OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB Statement No. 45, *Accounting*

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years utilizing the level percentage of projected payroll method. The amortization period is open. The City has begun prefunding its OPEB obligation utilizing the CalPERS Employer's Retirement Benefit Trust. The City's annual required contribution for FY 2016-17 was 1.6% of covered payroll.

The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's OPEB obligation to the plan.

Net OPEB Obligation and Annual OPEB Cost

Annual required contribution	\$ 2,686,113
Interest on OPEB obligation	702,046
Adjustment to annual required contribution	(593,111)
Annual OPEB expense	2,795,048
Contributions made	(2,686,113)
Increase in net OPEB obligation	108,935
Net OPEB obligation - beginning of the year	10,431,582
Net OPEB obligation - end of the year	\$ 10,540,517

Schedule of Employer Contributions

Fiscal Year									
Ended		Annual		Annual		Percentage		Net OPEB	
June 30	O	PEB Costs	Co	Contribution		Contribution		Obligation	
2017	\$	2,795,048	\$	2,686,113		96.1 %	\$	10,540,517	
2016		2,743,196		2,635,387		96.1		10,431,582	
2015		2,622,260		2,506,782		95.6		10,323,773	

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was 4.28% funded. The actuarial accrued liability for benefits was \$29,094,591 and the actuarial value of assets was \$1,246,460, resulting in an unfunded actuarial accrued liability (UAAL) of \$27,848,131. The covered payroll (annual payroll of active employees covered by the plan) was \$164,870,694, and the ratio of the UAAL to the covered payroll was 16.89%.

Historical data for the funding progress of the Plan is presented as required supplementary information following the notes to the financial statements. This schedule presents multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the City and its employees and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan member at that point.

In the July 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.73% rate of return, which is a blended rate of expected long-term return on plan assets on the City's own investments calculated based on the funded level of the plan at the valuation date, and an annual health care cost trend of 7.50% initially, reduced by decrements to an ultimate rate of 4.50% by 2023. Both rates include a 2.75% inflation assumption. The remaining amortization period (the amortization period is open) at July 1, 2015 was thirty years. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Medical Trusts

The City contributes, consistent with bargaining unit agreements, monies to medical trusts, defined contribution plan, that provide postemployment medical benefits to employees. The amount of benefits provided to employees under these plans is limited solely to the amount contributed (determined by negotiations between the various bargaining groups and the City) related investment earnings, and forfeitures. For the fiscal year ended June 30, 2017 the City contributed \$3,933,230 towards the retiree medical trusts. These are administered through third-party administrators and the City does not perform the investing function or have other significant responsibility relating to the management of plan assets. Thus, plan assets and any related liabilities have been excluded from the City's basic financial statements.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(17) SUCCESSOR AGENCY TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld AB 1X26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Monica that previously reported a redevelopment agency as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency (RDA), either the sponsoring city or another unit of local government will agree to serve as the "successor agency" to hold the former RDA's non-housing assets until they are distributed to other units of state and local government and all enforceable obligations have been paid. In accordance with the Bill, the successor agency is a separate legal entity from the sponsoring city or other local government unit. The Bill also provides for the transfer of the former RDA's housing assets to the City, acting in its municipal capacity.

On January 10, 2012, the City Council elected to become the Successor Agency for the Redevelopment Agency of the City of Santa Monica in accordance with the Bill as part of City resolution number 10647.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. The assets and activities of the dissolved redevelopment agency are reported in a private-purpose trust fund in the financial statements of the City.

Cash and Investments

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:	
Restricted cash and investments	\$ 27,807,972
Restricted cash and investments with fiscal agent	 6,880,613
Total cash and investments	\$ 34,688,585

Investments of the Successor Agency are governed by Government Code Section 53601 and the City's Investment Policy, which restrict the term and types of investments that can be made. See Note 5.

Fair Value Hierarchy

The Successor Agency 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2017, the Successor Agency had \$6,880,613 (invested in money market mutual funds) classified in Level 1 of the fair value hierarchy valued using prices quoted in active markets for those securities.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Investments Not Measured at Fair Value

The Successor Agency holds \$13,315,166 in the Local Agency Investment Fund which is not measured at fair value.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Successor Agency's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S Treasury Obligations	None	None	None
Federal Housing Administration Debentures	None	None	None
U.S. Agency Securities	None	None	None
Time Deposits	None	None	None
Unsecured Certificates of Deposit	180 days	None	None
Banker's Acceptances	180 days	None	None
State Obligations	None	None	None
Repurchase Agreements	1 year	None	None
Pre-refunded Municipal Obligations	None	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Successor Agency manages its exposure to interest rate risk is 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 the cash flow and liquidity needed for operations.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Information about the sensitivity of the fair values of the Successor Agency's investments held by bond trustee to market interest rate fluctuations is provided by the following table that shows the distribution of these investments by maturity.

12 Months			
 or less			
\$ 13,315,166			
 6,880,613			
\$ 20,195,779			

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is 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.

		Minimum Legal		
	Total	Rating	AAAm	Not rated
_				
\$	13,315,166	N/A	-	13,315,166
	6,880,613	AAAm	6,880,613	
\$	20,195,779		6,880,613	13,315,166
		\$ 13,315,166 6,880,613	Legal Rating \$ 13,315,166 N/A 	Legal <u>Total</u> <u>Rating</u> <u>AAAm</u> \$ 13,315,166 N/A - <u>6,880,613</u> AAAm <u>6,880,613</u>

Concentration of Credit Risk

No investments in any one issuer (other than U.S. Treasury securities, mutual funds, and investment pools) represent 5% or more of total investments.

Custodial Credit Risk

The Successor Agency does not have significant separate certificates of deposit or demand accounts held by bond trustee that have disclosable custodial credit risk (as defined by GASB Statement No. 40). For the investments held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

SUCCESSOR AGENCY LONG-TERM LIABILITIES

Changes in long-term liabilities:

Long-term liability activity for the fiscal year ended June 30, 2017 was as follows:

	 Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Due within one year	Due beyond one year
Loans and notes payable	\$ 57,432,234	_	4,838,815	52,593,419	9,162,239	43,431,180
Term loan	37,878,788	_	3,030,306	34,848,482	3,030,303	31,818,179
Tax allocation bonds	86,335,000	_	2,415,000	83,920,000	2,520,000	81,400,000
Notes payable to the City of						
Santa Monica (1)	39,712,127	_	4,041,500	35,670,626	9,960,405	25,710,221
Less deferred amounts:						
For issuance discounts	(105,084)	_	(8,083)	(97,001)	_	(97,001)
For issuance premiums	341,395	_	13,651	327,744	_	327,744
Total loans, notes and						
bonds payable	\$ 221,594,460		14,331,189	207,263,270	24,672,947	182,590,323

(1) The original note agreements called for any accrued interest to be added to the principal balance to create a new principal balance. SB 107 requires that interest be calculated at a simple 3% and is not included in the principal balance. The restatement removes the accrued interest from this table.

A summary of long-term bonds and loans outstanding at year-end is as follows:

	Date of issue	Original issue	Final maturity date	Interest rate	Balance at June 30, 2017
Tax allocation bonds:					
Earthquake Recovery Project 2011 *	June 7, 2011	41,050,000	July 1, 2042	5.00-5.875%	\$ 41,050,000
Earthquake Recovery Project Refunding 2006 *	April 1, 2006	64,720,000	July 1, 2029	4.00-5.50%	42,870,000
Subtotal tax allocation bonds					83,920,000
Loans and notes:					
Wells Fargo Bank (1) *	Mar 11, 2011	60,000,000	Jan 1, 2018	70.00% LIBOR plus 1.50%	12,857,143
Bank of America Term Loan (2) *	May 1, 2008	50,000,000	July 15, 2028	LIBOR plus 1.25%	34,848,482
Promissory note to the City of Santa Monica (3)	Oct 24, 1978	4,400,000	June 29, 2028	3.00%	4,058,500
Promissory note to the City of Santa Monica (5)	Jan 9, 2003	38,930,000	Jan 1, 2021	3.00 %	20,952,726
Promissory note to the City of Santa Monica (5)	Jan 9, 2003	21,070,000	Jan 1, 2022	3.00 %	10,659,400
Promissory notes payable to others(4)*	Nov 1, 2010	42,500,000	Jan 1, 2042	6.82%	39,736,276
Subtotal loans and notes					123,112,527
Total					\$ 207,032,527

*Final and conclusive determination received from the Department of Finance

(1) To fund various capital projects

(2) To fund low moderate income housing projects

(3) For project area costs including the purchase of land and other capital assets. Revisions to the Health and Safety Code changed the interest rate on all City Agency Loans to a simple 3%

(4) For purchase of real estate

(5) updated

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

Fiscal Year Ending	Tax allocati	on bonds	Loans and n	otes payable	Promissory notes payable City of Santa Monica		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018 2019	\$ 2,520,000 2.625,000	4,141,949 4,033,248	16,478,250 3,661,393	3,439,685 3,309,958	9,960,405 14,205,694	_	28,958,655 20,492,087	7,581,634 7,343,206
2020	2,730,000	3,918,771	3,704,421	3,204,377	4,052,725	6,100,000	10,487,146	13,223,148
2021	2,855,000	3,797,623	3,750,381	3,097,319	6,284,963	7,204,303	12,890,344	14,099,245
2022	2,975,000	3,669,720	3,799,476	2,984,214	1,166,839	10,613,713	7,941,315	17,267,647
2023-2027	16,995,000	16,176,463	19,859,270	13,121,641	_	_	36,854,270	29,298,104
2028-2032	16,790,000	11,967,979	11,413,257	10,025,855	_	_	28,203,257	21,993,834
2033-2037	13,875,000	6,307,200	10,123,762	7,176,237	_	_	23,998,762	13,483,437
2038-2042	18,275,000	3,789,319	14,651,691	3,148,308	_	_	32,926,691	6,937,627
2043	4,280,000	117,456					4,280,000	117,456
	\$ 83,920,000	57,919,728	87,441,901	49,507,594	35,670,626	23,918,016	207,032,527	131,345,338

Annual debt service requirements to maturity are as follows:

Pledged Revenue

The Former Redevelopment Agency had a number of debt issues that were assumed by the Successor Agency that involve the pledging of revenues. The amounts and terms of the remainder of these commitments and the purposes for which the proceeds of the debt issuances are utilized are indicated in the summary of long-term bonds and loans and notes outstanding at year-end presented in this note. AB1X26 only allows sufficient tax revenues to be allocated to the Successor Agency in an amount equal to pay debt service that is deemed to be an enforceable obligation and debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so specified in debt covenants) will always be 100%. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

	Annual amount of pledged revenue (net of expenses, where required)		Annual debt service payments (of all debt secured by this revenue)	Debt service as a percentage of pledged revenue	Future amount of pledged revenue	
Description of pledged revenue/debt:						
Tax increment						
Earthquake Recovery Project Refunding 2006	\$	4,452,456	4,452,456	100%	\$	53,381,586
Earthquake Recovery Project 2011		2,262,413	2,262,413	100%		85,840,706
Loan Payable Wells Fargo Bank		8,887,467	8,887,467	100%		13,072,499
Note Payable to Others		3,300,000	3,300,000	100%		84,900,000
Bank of America Term Loan		3,900,978	3,900,978	100%		37,293,593

State Controller Asset Transfer Review

The Governor and Legislature directed the State Controller's Office (SCO) to review all Redevelopment Agency (RDA) asset transfers made to a city, county or other local agency after January 1, 2011. Any asset transferred to a public agency that was not contractually committed to a third party by June 28, 2011 must be sent to the RDA's successor agency and be used to retire debt or support local services.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

On June 30, 2015 the SCO issued its final findings on its review of asset transfers. The findings identified two transfers that purportedly did not comply with the redevelopment dissolution statue. One of these transfers was comprised of unspent Wells Fargo loan proceeds in the amount of \$12,249,173. Although the City disagreed with the findings, the Successor Agency had recorded a receivable from the City in the amount of \$19,149,678 as of June 30, 2015 and payment was made in March 2016. As part of the Last and Final ROPS submission, the Successor Agency intends to prepay the Wells Fargo Loan with the unspent loan proceeds and will await direction from the DOF for the final disposition of the remaining funds.

Last and final ROPS

On November 16, 2016, the Successor Agency submitted its Last and Final ROPS schedule for approval by the Department of Finance (DOF). On January 6, 2017 the DOF responded by denying approval for the ROPS purporting that the Successor Agency had utilized the proceeds from the 2011 Earthquake Bonds not in compliance with 34191.4 of Senate Bill 107. In a subsequent meeting, the DOF stated they would continue to approve funding of debt service with each annual ROPS submission and have done so for the 2017-18 annual ROPS.

Subsequent event

On July 3, 2017, the Successor Agency paid off the Wells Fargo loan.

Notes to Basic Financial Statements For the fiscal year ended June 30, 2017

(18) SPECIAL ITEMS

Special items are unusual and infrequent in nature but within the control of management.

The following transactions are reported as special items:

- The General Fund forgave notes receivable from the Airport Fund of \$1,103,146. This is reported in both the fund and Citywide statements.
- The City made an additional \$45,000,000 payment to CalPERS to pay down the unfunded pension liability. \$36,317,543 is the governmental funds' share of the payment. This is reported as an expenditure in the fund statements, whereas on the Citywide statements it is reported as deferred outflow.

(19) SUBSEQUENT EVENTS

On July 3, the Successor Agency paid off the Wells Fargo loan.

On July 20, 2017, the City and Gillette renegotiated their agreement. The new agreement calls for a one-time payment of \$10,415,000 to be made in exchange for Gillette being released from any future obligations to the City. The payment was received on July 27, 2017.

On August 22, 2017, the Santa Monica Public Financing Authority (Public Financing Authority) issued \$68,565,000 (par value) in Lease Revenue Bonds, Series 2017 (City Services Building Project Bonds) (Green Bonds) to fund construction of the administrative building behind City Hall. The bonds were sold at a premium of \$8,754,002 with a final maturity date in 2047.

On September 21, 2017, the City entered into a Construction Installment Sale agreement with the State Water Resources Control Board to fund certain water recycling and conservation projects. The agreement provides funding in the amount of \$56.9 million and is payable with interest at 1.8% over a period of 30 years beginning June 11, 2021.

City of Santa Monica, California Year Ended June 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

For the fiscal year ended June 30, 2017

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
Revenues:						
Property taxes	\$ 52,611,717	56,173,376	56,423,890	—	56,423,890	250,514
Sales and use taxes	54,629,049	55,191,000	54,505,239	—	54,505,239	(685,761)
Other taxes	132,921,411	133,236,000	137,944,687	—	137,944,687	4,708,687
Licenses and permits	44,159,837	44,875,283	43,030,564	—	43,030,564	(1,844,719)
Intergovernmental	1,361,898	1,361,898	1,428,595	_	1,428,595	66,697
Charges for services	39,628,425	40,716,964	44,843,264	_	44,843,264	4,126,300
Fines and forfeitures	16,300,000	16,245,000	15,461,662	_	15,461,662	(783,338)
Investment income	4,900,000	3,700,000	1,599,570	_	1,599,570	(2,100,430)
Rental income	7,992,206	7,854,909	7,995,682	_	7,995,682	140,773
Settlement income	6,103,175	6,103,175	6,103,175	_	6,103,175	_
Other revenue	4,185,165	4,774,371	7,480,204	_	7,480,204	2,705,833
Total revenues	364,792,883	370,231,976	376,816,532		376,816,532	6,584,556
Expenditures:						
General government:						
City council	947,051	1,458,512	853,161	—	853,161	605,351
City manager	10,501,062	7,607,074	6,399,638	304,673	6,704,311	902,763
Record and election services	3,035,235	3,076,854	2,998,237	34,000	3,032,237	44,617
Finance	13,515,857	13,930,798	13,068,057	14,150	13,082,207	848,591
City attorney	10,921,265	13,620,598	13,270,352	—	13,270,352	350,246
Human resources	4,504,004	4,642,849	4,453,331	5,730	4,459,061	183,788
Information systems	7,545,222	8,030,970	7,874,321	—	7,874,321	156,649
Planning and community development	—	—	—	—	_	—
Community and cultural services	703,432	696,920	687,205	—	687,205	9,715
Public Works	—	4,312,422	3,853,820	101,563	3,955,383	357,039
Other	5,785,645	5,463,744	4,576,426	356,594	4,933,020	530,724
Capital improvement	22,036,496	43,168,861	11,898,383	10,017,261	21,915,644	21,253,217
Total general government	79,495,269	106,009,602	69,932,931	10,833,971	80,766,902	25,242,700
Public safety:						
City Manager	5,339,324	5,685,443	5,307,121		5,307,121	378,322
Police	85,207,234	86,226,002	84,685,681	355,730	85,041,411	1,184,591
Fire	39,669,180	40,437,641	38,874,570		38,874,570	1,563,071
Capital improvement	6,177,536	16,781,472	3,443,261	9,249,588	12,692,849	4,088,623
Total public safety	136,393,274	149,130,558	132,310,633	9,605,318	141,915,951	7,214,607

See accompanying notes to basic financial statements.

(Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

For the fiscal year ended June 30, 2017

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
General services:						
Planning and community development	\$ 14,803,547	14,811,337	13,970,822	86,000	14,056,822	754,515
Public works	44,365,025	47,244,481	44,422,626	36,729	44,459,355	2,785,126
Other	_	2,035,762	1,162,783	17,177	1,179,960	855,802
Capital improvement	9,626,143	35,620,496	9,596,413	9,614,911	19,211,324	16,409,172
Total general services	68,794,715	99,712,076	69,152,644	9,754,817	78,907,461	20,804,615
Cultural and recreation services:						
Community and cultural services	27,287,902	27,503,164	26,127,049	128,550	26,255,599	1,247,565
Other	17,103,701	18,326,766	16,452,510		16,452,510	1,874,256
Capital improvement	3,949,090	12,286,788	2,840,619	948,881	3,789,500	8,497,288
Total cultural and recreation services	48,340,693	58,116,718	45,420,178	1,077,431	46,497,609	11,619,109
Library:						
Library	12,852,539	13,202,607	12,307,797	252,559	12,560,356	642,251
Other	50,000	156,925	119,725		119,725	37,200
Capital improvement	_	306,015	12,634	33,882	46,516	259,499
Total library	12,902,539	13,665,547	12,440,156	286,441	12,726,597	938,950
Housing and community development:						
Planning and community development	21,607,931	23,440,548	20,598,297	992,338	21,590,635	1,849,913
Housing and economic development	5,897,555	6,639,878	5,175,425	—	5,175,425	1,464,453
Other	2,643,022	3,169,625	2,692,070	930	2,693,000	476,625
Capital improvement		1,534,038	482,222	141,350	623,572	910,466
Total housing and community development	30,148,508	34,784,089	28,948,014	1,134,618	30,082,632	4,701,457
Total expenditures	376,074,998	461,418,590	358,204,556	32,692,596	390,897,152	70,521,438
Excess (deficiency) of revenues over expenditures	(11,282,115)	(91,186,614)	18,611,976	(32,692,596)	(14,080,620)	77,105,994
Other financing sources (uses):						
Transfers in	9,139,406	9,965,654	9,101,133	—	9,101,133	864,521
Transfers out	(10,490,926)	(31,799,246)	(31,749,870)		(31,749,870)	(49,376)
Total other financing sources (uses)	(1,351,520)	(21,833,592)	(22,648,737)		(22,648,737)	815,145
Special item	(1,000,000)	(36,739,436)	(36,739,436)		(36,739,436)	
Total special item	(1,000,000)	(36,739,436)	(36,739,436)			
Net change in fund balance	(13,633,635)	(149,759,642)	(40,776,197)	(32,692,596)	(73,468,793)	(76,290,849)
Fund balance at beginning of year	387,074,719	387,074,719	387,074,719		387,074,719	
Fund balance at end of year	\$ 373,441,084	237,315,077	346,298,522	(32,692,596)	313,605,926	(76,290,849)

See accompanying notes to basic financial statements.

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Special Revenue Source Fund

For the fiscal year ended June 30, 2017

Revenue: <t< th=""><th></th><th>Original budget</th><th>Final budget</th><th>Actual, GAAP basis</th><th>Encumbrance</th><th>Actual, budgetary basis</th><th>Variance with final budget</th></t<>		Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget		
Investment income 3,000 3,000 229,068 - 229,068 226,068 Other 5,063,394 3,000,300 229,068 - 259,068 226,068 Total revenues 5,631,848 3,771,848 9,474,575 - 9,474,575 5,702,727 Expenditures: General government 1,364,045 2,438,262 220,052 2,218,218 2,438,270 (8) Total general government 1,364,045 2,438,262 220,052 2,218,218 2,438,270 (8) Public safety - 7,361 7,361 - - - - 7,361 - - - - 7,361 - - - - - - - 7,361 - <		 	<u> </u>						
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	6	\$,	· · · · · · · · · · · · · · · · · · ·		_				
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $					—				
Expendiures: Capital provement Capital provement <t< td=""><td>Other</td><td> 5,065,394</td><td>, , ,</td><td></td><td></td><td></td><td></td></t<>	Other	 5,065,394	, , ,						
General government 1.364.045 2.218.218 2.438.270 (8) Total government 1.364.045 2.218.218 2.438.270 (8) Total government 1.364.045 2.218.218 2.438.270 (8) Police 7.361 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 - 7.361 <th -<="" colspan="2" td="" th<=""><td>Total revenues</td><td> 5,631,848</td><td>3,771,848</td><td>9,474,575</td><td></td><td>9,474,575</td><td>5,702,727</td></th>	<td>Total revenues</td> <td> 5,631,848</td> <td>3,771,848</td> <td>9,474,575</td> <td></td> <td>9,474,575</td> <td>5,702,727</td>		Total revenues	 5,631,848	3,771,848	9,474,575		9,474,575	5,702,727
$ \begin{array}{c} \mbox{Control in provement} & 1.364.045 & 2.438.262 & 220.052 & 2.218.218 & 2.438.270 & (8) \\ \mbox{Public safety} & 1.364.045 & 2.438.262 & 220.052 & 2.218.218 & 2.438.270 & (8) \\ \mbox{Public safety} & - & 7.361 & 7.361 & - & 7.361 & - & \\ \mbox{Toal public safety} & - & 7.361 & 7.361 & - & 7.361 & - & \\ \mbox{Toal public safety} & - & 7.361 & 7.361 & - & 7.361 & - & \\ \mbox{Computations} & 220.000 & 1.762.388 & 887.646 & 227.256 & 1.114.902 & 647.486 & \\ \mbox{Toal gueral services:} & 220.000 & 1.762.388 & 887.646 & 227.256 & 1.114.902 & 647.486 & \\ \mbox{Cultural and recreation services:} & & & & & & & & \\ \mbox{Planing and community development} & 220.000 & 641.129 & 310.703 & 30.426 & 641.129 & - & \\ \mbox{Community and cultural services:} & & & & & & & & & & & & & \\ \mbox{Planing and community development} & & & & & & & & & & & & & & & & & & &$									
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$									
Pablic safety:									
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Total general government	1,364,045	2,438,262	220,052	2,218,218	2,438,270	(8)		
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $									
	Police	 	7,361	7,361		7,361			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$			7,361	7,361	—	7,361	—		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		220.000	1 762 388	887 646	227 256	1 114 902	647 486		
Cultural and recreation services: Planning and community development 250,000 641,129 310,703 330,426 641,129 - Community and cultural services 97,796 97,796 91,078 - 91,078 6,718 Capital improvement 1,198,598 1,206,735 5,104 - 5,104 1,201,631 Total cultural and recreation services 1,546,394 1,945,660 406,885 330,426 737,311 1,208,349 Housing and community development: 24,921 - - 24,921 - - 300,000 Capital improvement 24,921 24,921 - - - 300,000 Capital improvement 8,479,950 42,660,187 1,491,861 1,184,268 2,676,129 39,984,058 Total outpart 8,774,871 42,995,108 1,516,782 1,184,268 2,701,050 40,284,058 Library - 100,000 - - - 100,000 Total laxpenditures 11,905,310 49,238,779 3,038,726									
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	ę	220,000	1,702,500	007,010	227,230	1,111,902	017,100		
$\begin{array}{cccccccccccccccccccccccccccccccccccc$									
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Planning and community development				330,426				
Total cultural and recreation services1,546,3941,945,660406,885330,426737,3111,208,349Housing and community development: Planning and community development24,92124,921 $-$ 24,921 $-$ 24,921 $-$ Housing and community development300,000300,000 $ -$ 24,921 $-$ 300,000Capital improvement8,449,95042,660,1871,491,8611,184,2682,676,12939,984,058Total housing and community development8,774,87142,985,1081,516,7821,184,2682,701,05040,284,058Library $-$ 100,000 $ -$ 100,000Total housing and community development11,905,31049,238,7793,038,7263,960,1686,998,89442,239,885Library $-$ 100,000 $ -$ 100,000 $ -$ 100,000Total expenditures11,905,31049,238,7793,038,7263,960,1686,998,89442,239,885over expenditures(6,273,462)(45,466,931)6,435,849(3,960,168)2,475,681(47,942,612)Other financing uses:1,193,204)(1,427,656)(1,449,178) $-$ (1,449,178)21,522Transfers in4,433,20023,215,85223,215,852 $-$ 23,215,852 $-$ 21,766,67421,522Net change in fund balance(3,033,466)(23,678,735)28,202,523(3,960,168)24,242,355(47,921,090)Fund b		,	,		—		,		
Housing and community development: 24.921 24.921 24.921 - - 300.000 Planning and community development 300,000 300,000 - - - 300.000 Capital improvement 8,749,950 42,660,187 1,491,861 1,184,268 2,676,129 39,984,058 Library - - 100,000 - - - 100,000 Total housing and community development 8,774,871 42,985,108 1,516,782 1,184,268 2,676,129 39,984,058 Library - - 100,000 - - - 100,000 Total brary - 100,000 - - - 100,000 Total expenditures 11.905,310 49,238,779 3,038,726 3,960,168 6,998,894 42,239,885 Excess (deficiency) of revenues over expenditures (6,273,462) (45,466,931) 6,435,849 (3,960,168) 2,475,681 (47,942,612) Other financing uses: - - - 21,766,674 - 21,722 - Tansfers in 4,433,200 23,21									
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Total cultural and recreation services	1,546,394	1,945,660	406,885	330,426	/3/,311	1,208,349		
Housing and economic development $300,000$ $300,000$ $300,000$ $ 300,000$ Capital improvement $8,449,950$ $42,660,187$ $1,491,861$ $1,184,268$ $2,676,129$ $39,984,058$ Total housing and community development $8,774,871$ $42,985,108$ $1,516,782$ $1,184,268$ $2,701,050$ $40,284,058$ Library $ 00,000$ $ 100,000$ Total housing value $ 100,000$ Total expenditures $11,905,310$ $49,238,779$ $3.038,726$ $3,960,168$ $6,998,894$ $42,239,885$ Excess (deficiency) of revenues over expenditures $(6,273,462)$ $(45,466,931)$ $6,435,849$ $(3,960,168)$ $2,475,681$ $(47,942,612)$ Other financing uses: Transfers in Transfers out Transfers out $4,433,200$ $23,215,852$ $ 23,215,852$ $ 23,215,852$ $-$ Total other financing uses $3,239,996$ $21,788,196$ $21,766,674$ $ 21,766,674$ $21,522$ Net change in fund balance $(3,033,466)$ $(23,678,735)$ $28,202,523$ $(3,960,168)$ $24,242,355$ $(47,921,090)$ Fund balance at beginning of year $81,604,757$ $81,604,757$ $ 81,604,757$ $ 81,604,757$ $-$	Housing and community development:								
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Planning and community development	24,921	24,921	24,921	_	24,921	_		
Total housing and community development 8,774,871 42,985,108 1,516,782 1,184,268 2,701,050 40,284,058 Library	Housing and economic development	300,000	300,000	_	—	_	300,000		
Library Library Total library									
Library Total library — 100,000 — — — — 100,000 Total library — 100,000 — — — 100,000 — — 100,000 Total expenditures Excess (deficiency) of revenues over expenditures 11,905,310 49,238,779 3,038,726 3,960,168 6,998,894 42,239,885 Other financing uses: Transfers in Transfers out (6,273,462) (45,466,931) 6,435,849 (3,960,168) 2,475,681 (47,942,612) Other financing uses: Transfers out (1,193,204) (1,427,656) (1,449,178) — 21,522 — Total other financing uses 3,239,996 21,788,196 21,766,674 — 21,766,674 21,522 Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 81,604,757 — 81,604,757 —	Total housing and community development	 8,774,871	42,985,108	1,516,782	1,184,268	2,701,050	40,284,058		
Total library — 100,000 — — — 100,000 Total expenditures Excess (deficiency) of revenues over expenditures 11,905,310 49,238,779 3,038,726 3,960,168 6,998,894 42,239,885 Other financing uses: Transfers in Transfers out (6,273,462) (45,466,931) 6,435,849 (3,960,168) 2,475,681 (47,942,612) Other financing uses: Transfers out (1,193,204) (1,427,656) (1,449,178) — 23,215,852 — 23,215,852 — 23,215,852 — 23,215,852 — 21,522 — 11,902,904 21,522 — 21,722,723 21,728,178 — (1,449,178) 21,522 — 21,726,674 — 21,766,674 21,522 — 21,726,674 21,522 — 21,726,674 21,522 — 21,726,674 21,522 — 21,726,674 21,522 — 21,726,674 21,522 — 21,726,674 21,522 _ _ 21,522 _ _ 21,522 _ _ 21,522 <									
Total expenditures 11,905,310 49,238,779 3,038,726 3,960,168 6,998,894 42,239,885 Excess (deficiency) of revenues over expenditures (6,273,462) (45,466,931) 6,435,849 (3,960,168) 2,475,681 (47,942,612) Other financing uses: Transfers in Transfers out 4,433,200 23,215,852 23,215,852 - 23,215,852 - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 23,215,852 - - 21,752 - - 21,522 - - 11,522 - - 11,522 - - 21,766,674 21,522 - 21,766,674 21,522 - 21,766,674 21,522 - - 21,766,674 21,522 - - 21,766,674 21,522		 		<u> </u>					
Excess (deficiency) of revenues over expenditures 1/2 1/2 1/2 Other financing uses: Transfers in Transfers out (6,273,462) (45,466,931) 6,435,849 (3,960,168) 2,475,681 (47,942,612) Other financing uses: Transfers out (1,193,204) (1,427,656) (1,449,178) - 23,215,852 - - Total other financing uses 3,239,996 21,788,196 21,766,674 - 21,766,674 21,522 Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 81,604,757 - 81,604,757 -	Total library	_	100,000	—	—	—	100,000		
over expenditures (6,273,462) (45,466,931) 6,435,849 (3,960,168) 2,475,681 (47,942,612) Other financing uses: Transfers in 4,433,200 23,215,852 23,215,852 — 23,215,852 — Transfers out (1,193,204) (1,427,656) (1,449,178) — (1,449,178) 21,522 Total other financing uses 3,239,996 21,788,196 21,766,674 — 21,766,674 21,522 Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 — 81,604,757 —		 11,905,310	49,238,779	3,038,726	3,960,168	6,998,894	42,239,885		
Other financing uses: Transfers in 4,433,200 23,215,852 23,215,852 — 23,215,852 — Transfers out (1,193,204) (1,427,656) (1,449,178) — (1,449,178) 21,522 Total other financing uses 3,239,996 21,788,196 21,766,674 — 21,766,674 21,522 Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 81,604,757 — 81,604,757 —									
Transfers in Transfers out 4,433,200 23,215,852 23,215,852 - 23,215,852 - Transfers out (1,193,204) (1,427,656) (1,449,178) - (1,449,178) 21,522 Total other financing uses 3,239,996 21,788,196 21,766,674 - 21,766,674 21,522 Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 81,604,757 - 81,604,757 -	over expenditures	(6,273,462)	(45,466,931)	6,435,849	(3,960,168)	2,475,681	(47,942,612)		
Transfers out (1,193,204) (1,427,656) (1,449,178) (1,449,178) 21,522 Total other financing uses 3,239,996 21,788,196 21,766,674 21,766,674 21,522 Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 81,604,757 81,604,757	Other financing uses:								
Total other financing uses 3,239,996 21,788,196 21,766,674 — 21,766,674 21,522 Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 81,604,757 — 81,604,757 —	Transfers in	4,433,200	23,215,852	23,215,852	_	23,215,852	_		
Net change in fund balance (3,033,466) (23,678,735) 28,202,523 (3,960,168) 24,242,355 (47,921,090) Fund balance at beginning of year 81,604,757 81,604,757 81,604,757 — 81,604,757 —	Transfers out	(1,193,204)	(1,427,656)	(1,449,178)	_	(1,449,178)	21,522		
Fund balance at beginning of year 81,604,757 81,604,757 — 81,604,757 —	Total other financing uses	 3,239,996	21,788,196	21,766,674		21,766,674	21,522		
	Net change in fund balance	(3,033,466)	(23,678,735)	28,202,523	(3,960,168)	24,242,355	(47,921,090)		
Fund balance at end of year \$ 78,571,291 57,926,022 109,807,280 (3,960,168) 105,847,112 (47,921,090)	Fund balance at beginning of year	 81,604,757	81,604,757	81,604,757		81,604,757			
	Fund balance at end of year	\$ 78,571,291	57,926,022	109,807,280	(3,960,168)	105,847,112	(47,921,090)		

See accompanying notes to basic financial statements.

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Low and Moderate Income Housing Asset Special Revenue Fund

For the fiscal year ended June 30, 2017

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:						
Investment income	\$ 30,000	30,000	36,829	_	36,829	6,829
Other revenue and special assessments	550,000	550,000	889,138		889,138	339,138
Total revenues	580,000	580,000	925,967		925,967	345,967
Expenditures:						
Housing and community development: Other			753		753	(753)
Capital improvements	2,058,004	6,216,184				6,216,184
Total housing and community development	2,058,004	6,216,184	753		753	6,215,431
Total expenditures	2,058,004	6,216,184	753		753	6,215,431
Excess (deficiency) of revenues over (under) expenditures	(1,478,004)	(5,636,184)	925,214	_	925,214	6,561,398
Other financing sources (uses):						
Transfers in	808,300	808,300	984,496		984,496	176,196
Transfers out	(247,642)	_			_	_
Total other financing sources (uses)	560,658	808,300	984,496		984,496	176,196
Net change in fund balance	(917,346)	(4,827,884)	1,909,710	—	1,909,710	6,737,594
Fund balance at beginning of year	51,866,363	51,866,363	51,866,363		51,866,363	
Fund balance at end of year	\$ 50,949,017	47,038,479	53,776,073		53,776,073	6,737,594

Required Supplementary Information Schedule of Changes in the Net Pension Liability and Related Ratios Miscellaneous Plan Last Three Fiscal Years (Unaudited)¹

Total Pension Liability 2017 2016 2015 \$ 24,044,347 Service Cost 23,584,538 24,972,667 Interest on the total pension liability 70,686,179 67,091,447 63,926,580 Changes in assumptions (16,726,947) (7,701,743) Difference between expected and actual experience (12,672,814) -Benefit payments, including refunds of employee contributions (36,967,774) (32,834,279) (35,460,612) Net change in total pension liability 50.061.009 25.815.612 56.064.968 Total pension liability - beginning 938,165,779 912,350,167 856,285,199 912,350,167 Total pension liability - ending (a) \$ 988,226,788 938,165,779 Plan fiduciary net position Contribution - employer \$ 28,154,218 28,349,184 27,433,064 Contribution - employee 11,256,065 10,754,206 11,418,160 Net investment income² 3,759,440 15,956,734 104.724.175 Benefit payments (32, 834, 279)(36, 967, 774)(35, 460, 612)Plan to plan resource movement (767) (909) Administrative expense (436,504) (806,463) -Net change in plan fiduciary - net position 5,764,678 18,792,140 110,741,120 Plan fiduciary net position - beginning 716,228,388 697,436,244 586,695,124 Plan fiduciary net position - ending (b) 721,993,066 716,228,384 697,436,244 Net pension liability - ending (a)-(b) 266,233,722 221,937,395 214,913,922 Plan fiduciary net position as a percentage of the total pension liability 73.06% 76.34% 76.44% 139,449,349 134,606,146 131,384,667 Covered payroll \$ Net pension liability as a percentage of coveredemployee payroll 190.92% 164.88% 163.58%

¹Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

²Net of administrative expenses of \$888,896 in 2015

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In fiscal year 2017, there were no changes. In fiscal year 2016, amounts reported reflect and adjustment of the discount rate was changed from 7.5 percent (net of administration expenses) to 7.65 percent in 2016. In fiscal 2015, amounts reported were based in the 7.5% discount rate.

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios Police Safety Plan

Last Three Fiscal Years (Unaudited)¹

		2017	2016	2015
Total Pension Liability				
Service Cost	\$	8,471,379	8,324,522	8,493,146
Interest on the total pension liability		29,901,653	28,537,027	27,132,667
Changes in assumptions		-	(7,150,335)	-
Difference between expected and actual experience		(1,152,112)	(501,077)	-
Benefit payments, including refunds of employee				
contributions		(18,767,835)	(17,121,429)	(16,130,411)
Net change in total pension liability		18,453,085	12,088,708	19,495,402
Total pension liability - beginning		397,171,629	385,082,921	365,587,519
Total pension liability - ending (a)	\$	415,624,714	397,171,629	385,082,921
Plan fiduciary net position				
Contribution - employer	\$	12,697,470	13,033,273	12,515,162
Contribution - employee		2,753,594	2,695,506	3,372,358
Net investment income ²		1,516,091	6,513,781	43,315,499
Benefit payments		(18,767,835)	(17,121,429)	(16,130,411)
Plan to plan resource movement		767	(17,121,427)	(10,130,411)
Administrative expense		(177,915)	(328,610)	_
Net change in plan fiduciary - net position		(1,977,828)	4,792,521	43,072,608
Plan fiduciary net position - beginning		291,927,389	287,134,868	244,062,260
Plan fiduciary net position - ending (b)		289,949,561	291,927,389	287,134,868
Net pension liability - ending (a)-(b)	\$	125,675,153	105,244,240	97,948,053
······································	+			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Plan fiduciary net position as a percentage of the				
total pension liability		69.76%	73.50%	74.56%
······ F ·······				
Covered payroll	\$	29,940,893	29,213,137	28,375,509
Net pension liability as a percentage of covered-				
employee payroll		419.74%	360.26%	345.19%

¹Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown. ²Net of administrative expenses of \$361,114 in 2015

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In fiscal year 2017, there were no changes. In fiscal year 2016, amounts reported reflect and adjustment of the discount rate was changed from 7.5 percent (net of administration expenses) to 7.65 percent in 2016. In fiscal 2015, amounts reported were based in the 7.5% discount rate.

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios Fire Safety Plan

Last Three Fiscal Years (Unaudited)¹

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 3,778,677	3,766,398	3,975,757
Interest on the total pension liability	15,730,320	15,338,448	14,735,448
Changes in assumptions	-	(3,653,466)	-
Difference between expected and actual experience	(2,919,523)	(515,792)	-
Benefit payments, including refunds of employee			
contributions	(11,409,171)	(10,728,684)	(10,085,994)
Net change in total pension liability	5,180,303	4,206,904	8,625,211
Total pension liability - beginning	 212,359,879	208,152,975	199,527,764
Total pension liability - ending (a)	\$ 217,540,182	212,359,879	208,152,975
Plan fiduciary net position			
Contribution - employer	\$ 5,320,402	5,142,818	4,954,271
Contribution - employee	1,479,400	1,375,301	1,421,733
Net investment income ²	706,789	3,458,100	23,479,329
Benefit payments	(11,409,171)	(10,728,684)	(10,085,994)
Plan to plan resource movement	-	-	-
Administrative expense	(93,112)	(171,948)	-
Net change in plan fiduciary - net position	 (3,995,692)	(924,413)	19,769,339
Plan fiduciary net position - beginning	152,781,387	153,705,800	133,936,461
Plan fiduciary net position - ending (b)	 148,785,695	152,781,387	153,705,800
Net pension liability - ending (a)-(b)	\$ 68,754,487	59,578,492	54,447,175
Plan fiduciary net position as a percentage of the			
total pension liability	68.39%	71.94%	73.84%
Covered payroll	\$ 16,307,173	15,272,985	15,475,954
Net pension liability as a percentage of covered- employee payroll	421.62%	390.09%	351.82%

¹Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown. ²Net of administrative expenses of \$194,446 in 2015

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: In fiscal year 2017, there were no changes. In fiscal year 2016, amounts reported reflect and adjustment of the discount rate was changed from 7.5 percent (net of administration expenses) to 7.65 percent in 2016. In fiscal 2015, amounts reported were based in the 7.5% discount rate.

Required Supplementary Information Schedule of Contributions - Miscellaneous Pension Plan Last Three Fiscal Years (Unaudited)

	2017			2016	2015		
Actuarially determined contribution Contributions in relation to actuarially	\$	29,097,156	\$	27,377,582	\$	25,320,840	
determined contributions		(56,352,251)		(28,152,578)		(28,349,184)	
Contribution excess	\$	(27,255,095)	\$	(774,996)	\$	(3,028,344)	
Covered payroll	\$	142,073,394	\$	139,449,349	\$	134,606,146	
Contributions as a percentage of covered- payroll		39.66%		20.19%		21.06%	
Notes to Schedule							
Valuation date	Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.						
Actuarial Cost Method	Entr	ry Age Normal					
Amortization Method	Leve	el Percentage of P	ayroll	l			
Asset Valuation Method	Mar	ket Value					
Inflation	2.75	5%					
Salary increases	assu	nerit scale varying med annual inflat luction growth of	ion gi	rowth of 2.75% a		<u> </u>	
Payroll Growth	3.00)%					
Investments Rate of Return	7.65	5%					
Retirement Age		probabilities of R erience Study for					
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retire and Post-retirement mortality rates include 5 years of projecte mortality improvement using Scale AA published by the Soci Actuaries.					7. Pre-retirement of projected	

Required Supplementary Information Schedule of Contributions - Safety Police Pension Plan Last Three Fiscal Years (Unaudited)

	2017	2016	2015				
Actuarially determined contribution Contributions in relation to actuarially	\$ 13,559,983	\$ 12,327,896	\$ 11,589,142				
determined contributions	(26,557,166)	(12,697,470)	(13,033,273)				
Contribution excess	\$ (12,997,183)	\$ (369,574)	\$ (1,444,131)				
Covered payroll	\$ 33,219,255	\$ 29,940,893	\$ 29,213,137				
Contributions as a percentage of covered- payroll	79.95%	42.41%	44.61%				
Notes to Schedule							
Valuation date	Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.						
Actuarial Cost Method	Entry Age Normal						
Amortization Method	Level Percentage of F	Payroll					
Asset Valuation Method	Market Value						
Inflation	2.75%						
Salary increases	•••	by duration of employ tion growth of 2.75% a 0.25%.	*				
Payroll Growth	3.00%						
Investments Rate of Return	7.65%						
Retirement Age	*	Retirement are based on the period from 1997 t					
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society Actuaries.						

Required Supplementary Information Schedule of Contributions - Safety Fire Pension Plan Last Three Fiscal Years (Unaudited)

	2017	2016	2015						
Actuarially determined contribution Contributions in relation to actuarially	\$ 5,624,625	\$ 5,185,401	\$ 4,615,293						
determined contributions	(10,372,347)	(5,320,402)	(5,142,818)						
Contribution excess	\$ (4,747,722)	\$ (135,001)	\$ (527,525)						
Covered payroll	\$ 16,015,291	\$ 16,307,173	\$ 15,272,985						
Contributions as a percentage of covered payroll	64.77%	32.63%	33.67%						
Notes to Schedule									
Valuation date	Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.								
Actuarial Cost Method	Entry Age Normal								
Amortization Method	Level Percentage of	Payroll							
Asset Valuation Method	Market Value								
Inflation	2.75%								
Salary increases		g by duration of employ ation growth of 2.75% a	ment coupled with an and an annual production						
Payroll Growth	3.00%								
Investments Rate of Return	7.65%								
Retirement Age	-	Retirement are based or							
	Experience Study for	or the period from 1997 t	to 2007						
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirer and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Socie Actuaries.								

OPEB FUNDING INFORMATION:

				Unfu	nded actuarial				UAAL as a
Valuation date (July 1)	 uarial value of assets	Actu	arial accrued liability	acc	erued liability (UAAL)	Funded ratio	Annual covered payroll		percentage of payroll
2015	\$ 1,246,460	\$	29,094,591	\$	27,848,131	4.28%	\$	164,870,694	16.89%
2013	-		28,292,513		28,292,513	0%		154,531,776	18.31%
2011	-		23,841,000		23,841,000	0%		167,724,000	14.21%

The schedule of funding progress, presents multi-year trend information, which shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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City of Santa Monica, California Year Ended June 30, 2017

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Fund Financial Statements

Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for particular purposes. The nonmajor special revenue funds used in this report are listed below:

Beach Recreation Fund – To account for beach parking and concession revenues restricted or committed for expenditures related to beach maintenance and recreation activities.

Housing Authority Fund – To account for the receipt and expenditure of Federal and State funds related to housing programs.

Tenant Ownership Rights Charter Amendment (TORCA) Fund – To account for filing fee and conversion tax revenues and expenditures related to various housing programs authorized by Chapter XX of the City Charter.

Asset Seizure Fund – To account for the receipt and expenditure of equitable sharing program funds.

Citizens Option for Public Safety Fund – To account for the receipt and expenditure of the Citizens Option for Public Safety program established by AB3229 of 1996.

Rent Control Fund – To account for revenues and expenditures that are restricted or committed for rent control activities.

Gas Tax Fund – To account for State and County gasoline tax allocations and any Federal funds provided to the City for street-related purposes.

Local Return Fund – To account for State Grant activities including Proposition A and C.

Capital Projects Funds are used to account for the accumulation of resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities of the City other than those financed by proprietary funds and trust funds. The nonmajor capital projects funds used in this report are listed below:

Clean Beaches and Ocean Parcel Tax Fund – To account for activity related to implementation of Watershed Management Plan and the passage of Measure V in November 2006.

Community Development Block Grant (CDBG) Fund – To account for Federal entitlements under the Housing and Community Development Act of 1974, as amended. The City Council annually allocates CDBG funds to various programs.

Miscellaneous Grants Fund (Capital Projects Fund Type) – To account for the receipt and expenditure of Federal, State and County awarded grants and special allocations provided to the City.

South Coast Air Quality Management District (SCAQMD) Fund – To account for the receipt and expenditure of Air Quality Management District funds.

Parks and Recreation Fund – To account for funds collected under the City's Unit Dwelling Tax. These funds are to be used for the acquisition, improvement and expansion of public parks, playgrounds and recreational facilities.

Debt Service Funds are used to accumulate resources that are restricted, committed, or assigned for, and the payment of, general long-term debt principal, interest and related costs. The debt service funds used by the City in this report are listed below:

Debt Service Fund – To account for accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs for public facilities.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for restricted purposes. The specific permanent funds used by the City in this report are listed below:

Cemetery Perpetual Care Fund – To account for all funds received by the City from cemetery users for the perpetual care of the cemetery grounds.

Mausoleum Perpetual Care Fund – To account for all funds designated for perpetual care of the mausoleum located at the City cemetery.

CITY OF SANTA MONICA, CALIFORNIA Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

				Special Reve	nue Funds		
		Beach Recreation	Housing Authority	TORCA	Asset Seizure	Citizens Option for Public Safety	Rent Control
Assets							
Cash and investments	\$	16,822,194	3,908	6,003,118	832,966	329,625	1,309,524
Restricted cash and investments		73,509	223,958	-	-	-	-
Receivables (net, where applicable, of allowances for uncollectibles):							
Accounts		185,580	1,734	-	2,814	5,084	57,157
Notes		-	-	7,585,141	-	-	-
Interest		54,009	-	16,039	1,683	774	7,426
Other governments		-	701,113	-	-	-	-
Deposits		-	-	-	-	-	-
Prepaids		-	15,965	-	-	-	30,395
Restricted cash and investments with fiscal agent		-	-	-	-	-	-
Total assets	\$	17,135,292	946,678	13,604,298	837,463	335,483	1,404,502
Liabilities, Deferred Inflows of Resources, and Fund Balances Liabilities							
Accounts payable	\$	1,290,504	134,371	628	_	_	56,569
Accrued liabilities	Ψ	144,243	37,930	020		_	91,408
Contracts payable (retained percentage)		23,920	51,750	_	_	_	,400
Due to other funds			688,759	-	-	_	-
Due to other governments		-	-	-	-	_	-
Unearned revenue		357,505	-	-	-	-	396
Deposits pavable		75,509	-	-	-	-	-
Advances from other funds		3,842,973	-	-	-	-	-
Total liabilities		5,734,654	861,060	628	-		148,373
Deferred inflows of resources		-					-
Fund balances							
Nonspendable		-	15,965	-	-	-	30,395
Restricted		11,400,638	69,653	13,603,670	837,463	335,483	1,225,734
Unassigned			-		-	-	-,,
Total fund balances		11,400,638	85,618	13,603,670	837,463	335,483	1,256,129
Total liabilities and fund balances	\$	17,135,292	946,678	13,604,298	837,463	335,483	1,404,502
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continued

CITY OF SANTA MONICA, CALIFORNIA Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

	Special Revenue Funds			Capital Projects Funds				
		Gas Tax	Local Return	Clean Beaches and Ocean Parcel Tax	Community Development Block Grant	Miscellaneous Grants	SCAQMD	
Assets								
Cash and investments	\$	77,031	-	9,181,994	-	-	682,725	
Restricted cash and investments		-	6,368,748	-	492,722	-	-	
Receivables (net, where applicable, of allowances for uncollectibles):								
Accounts		-	-	78,568	539,517	-	-	
Notes		-	-	-	9,411,810	6,737,200	-	
Interest		849	22,045	27,104	1,565	1,317	2,598	
Other governments		-	9,988	-	-	6,518,354	30,397	
Deposits		-	-	-	3,257	-	-	
Prepaids		-	-	-	-	85	-	
Restricted cash and investments with fiscal agent	¢	77,880	6,400,781	9,287,666	10,448,871	13,256,956	715 720	
Total assets	\$	//,880	0,400,781	9,287,000	10,448,871	13,230,930	715,720	
Liabilities, Deferred Inflows of Resources, and Fund Balances Liabilities								
Accounts payable	\$	57	76,645	78,793	127,952	268,881	55,126	
Accrued liabilities		-	-	52	-	13,671	-	
Contracts payable (retained percentage)		937	5,605	78,983	37,797	52,792	-	
Due to other funds		-	-	-	285,011	4,988,112	-	
Due to other governments		-	-	-	-	3,319	-	
Unearned revenue		-	-	-	-	-	-	
Deposits payable		-	-	-	-	-	-	
Advances from other funds		-	-		-		-	
Total liabilities		994	82,250	157,828	450,760	5,326,775	55,126	
Deferred inflows of resources		-	-		37,797	5,764,867	-	
Fund balances								
Nonspendable		-	-	-	-	85	-	
Restricted		76,886	6,318,531	9,129,838	9,960,314	6,950,677	660,594	
Unassigned		-	-		-	(4,785,448)	-	
Total fund balances		76,886	6,318,531	9,129,838	9,960,314	2,165,314	660,594	
Total liabilities and fund balances	\$	77,880	6,400,781	9,287,666	10,448,871	13,256,956	715,720	

continued

CITY OF SANTA MONICA, CALIFORNIA Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

	Capital Projects Funds		Debt Service Fund	Permanen		
		Parks and Recreation	Debt Service	Cemetery Perpetual Care	Mausoleum Perpetual Care	Total nonmajor governmental funds
Assets						
Cash and investments Restricted cash and investments	\$	186,524	-	59,355	9,474	35,498,438 7,158,937
Receivables (net, where applicable, of allowances for uncollectibles):				16 745	462	007 ((1
Accounts Notes		-	-	16,745	462	887,661
Interest		488	-	62,560	7,591	23,734,151 206,048
Other governments		400	-	02,500	7,391	7,259,852
Deposits					_	3,257
Prepaids		-				46,445
Restricted cash and investments with fiscal agent		_	4,848,648	10,685,031	1,261,419	16,795,098
Total assets	\$	187,012	4,848,648	10,823,691	1,278,946	91,589,887
			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,,	, ,	
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities	<u>^</u>					
Accounts payable	\$	-	-	-	-	2,089,526
Accrued liabilities		-	-	-	-	287,304
Contracts payable (retained percentage)		-	-	-	-	200,034
Due to other funds		-	-	-	-	5,961,882
Due to other governments		-	-	-	-	3,319
Unearned revenue		-	-	-	-	357,901
Deposits payable Advances from other funds		-	-	-	-	75,509
		-		-		3,842,973
Total liabilities		-				12,818,448
Deferred inflows of resources		-				5,802,664
Fund balances						
Nonspendable		-	-	10,823,691	1,278,946	12,149,082
Restricted		187,012	4,848,648	-	-	65,605,141
Unassigned						(4,785,448)
Total fund balances		187,012	4,848,648	10,823,691	1,278,946	72,968,775
Total liabilities and fund balances	\$	187,012	4,848,648	10,823,691	1,278,946	91,589,887

CITY OF SANTA MONICA, CALIFORNIA Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the fiscal year ended June 30, 2017

			Special Rever	ue Funds		
	Beach Recreation	Housing Authority	TORCA	Asset Seizure	Citizens Option for Public Safety	Rent Control
Revenues:						
Other taxes	\$-	-	140,072	-	-	-
Licenses and permits	104,292	-	-	-	-	-
Intergovernmental	50,890	16,540,524	-	380,718	188,563	-
Charges for services	13,477,729	-	-	-	-	4,671,436
Investment income (loss)	59,073	1,190	18,647	3,130	698	18,053
Rental income	1,051,564	-	-	-	-	-
Other revenue	1,305,980	-	446,823	-	1	2,989
Total revenues	16,049,528	16,541,714	605,542	383,848	189,262	4,692,478
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	2,037	-	-
General services	5,577,554	-	-	-	-	-
Cultural and recreation services	10,381,632	-	-	-	-	-
Library	-	-	-	-	-	-
Housing and community development	-	17,306,969	93,860	-	-	4,903,888
Debt service expenditures:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	15,959,186	17,306,969	93,860	2,037	-	4,903,888
Excess (deficiency) of revenues over (under) expenditures	90,342	(765,255)	511,682	381,811	189,262	(211,410)
Other financing sources (uses)		<u>, , , , , , , , , , , , , , , , , </u>	·		·	<u>, , , , , , , , , , , , , , , , , </u>
Transfers in	-	877,234	-	-	-	-
Transfers out	-	-	(51,910)	-	-	-
Total other financing sources (uses)		877,234	(51,910)	-		-
Special item (note 18)	(474,645)	(206,608)	-	-	-	-
Net change in fund balances	(384,303)	(94,629)	459,772	381,811	189,262	(211,410)
Fund balances at the beginning of year	11,784,941	180,247	13,143,898	455,652	146,221	1,467,539
Fund balances at end of year	\$ 11,400,638	85,618	13,603,670	837,463	335,483	1,256,129

continued

CITY OF SANTA MONICA, CALIFORNIA Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the fiscal year ended June 30, 2017

	Special Revenue Funds			Capital Projects Funds				
		Gas Tax	Local Return	Clean Beaches and Ocean Parcel Tax	Community Development Block Grant	Miscellaneous Grants	SCAQMD	
Revenues:								
Other taxes	\$	-	-	3,001,232	-	-	-	
Licenses and permits		-	-	-	-	-	-	
Intergovernmental		1,762,332	3,072,767	-	994,895	15,073,775	119,578	
Charges for services		-	-	-	-	-	-	
Investment income (loss)		2,482	52,269	22,542	2,528	(51,003)	6,151	
Rental income		-	-	-	-	-	-	
Other revenue		1	-		4	3,002	1	
Total revenues		1,764,815	3,125,036	3,023,774	997,427	15,025,774	125,730	
Expenditures:								
Current:								
General government		-	-	-	4,568	-	6,760	
Public safety		-	-	-	-	3,946,879	-	
General services		3,822	2,198,028	2,414,943	2,692	3,532,476	142,580	
Cultural and recreation services		-	-	-	201,268	440,899	-	
Library		-	-	-	-	35,971	-	
Housing and community development		-	102,291	-	669,846	281,998	-	
Debt service expenditures:								
Principal		-	-	-	-	-	-	
Interest		-	-	-	-		-	
Total expenditures		3,822	2,300,319	2,414,943	878,374	8,238,223	149,340	
Excess (deficiency) of revenues over (under) expenditures		1,760,993	824,717	608,831	119,053	6,787,551	(23,610)	
Other financing sources (uses)								
Transfers in		-	6,513,817	-	-	-	-	
Transfers out		(1,762,332)	(1,020,003)	(219,677)	(174,128)	(6,696,105)	-	
Total other financing sources (uses)		(1,762,332)	5,493,814	(219,677)	(174,128)	(6,696,105)	-	
Special item (note 18)		-	-	-	-	-	-	
Net change in fund balances		(1,339)	6,318,531	389,154	(55,075)	91,446	(23,610)	
Fund balances at the beginning of year		78,225	-	8,740,684	10,015,389	2,073,868	684,204	
Fund balances at end of year	\$	76,886	6,318,531	9,129,838	9,960,314	2,165,314	660,594	

continued

CITY OF SANTA MONICA, CALIFORNIA Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

	C	apital Projects Funds	Debt Service Fund	Permanen		
		Parks and Recreation	Debt Service	Cemetery Perpetual Care	Mausoleum Perpetual Care	Total nonmajor governmental funds
Revenues:						
Other taxes	\$	35,600	-	-	-	3,176,904
Licenses and permits		-	-	-	-	104,292
Intergovernmental		-	-	-	-	38,184,042
Charges for services		-	-	234,631	38,263	18,422,059
Investment income (loss)		335	51,985	649,648	72,667	910,395
Rental income		-	-	-	-	1,051,564
Other revenue		-	-	-		1,758,801
Total revenues		35,935	51,985	884,279	110,930	63,608,057
Expenditures:						
Current:						
General government		-	-	-	-	11,328
Public safety		-	-	-	-	3,948,916
General services		-	-	-	-	13,872,095
Cultural and recreation services		7	-	-	-	11,023,806
Library		-	-	-	-	35,971
Housing and community development		-	-	-	-	23,358,852
Debt service expenditures:						
Principal		-	6,255,000	-	-	6,255,000
Interest		-	3,014,688	-	-	3,014,688
Total expenditures		7	9,269,688	-	-	61,520,656
Excess (deficiency) of revenues over (under) expenditures		35,928	(9,217,703)	884,279	110,930	2,087,401
Other financing sources (uses)			()))))))			
Transfers in		_	8,135,876	_	_	15,526,927
Transfers out		_	0,155,070	(413,059)	(48,833)	(10,386,047)
Total other financing sources (uses)		-	8,135,876	(413,059)	(48,833)	5,140,880
Special item (note 18)		-	6,155,870	(415,057)	(40,033)	(681,253)
Net change in fund balances		35,928	(1,081,827)	471,220	62,097	6,547,028
e		,		· · · · · · · · · · · · · · · · · · ·		<i>, ,</i>
Fund balances at the beginning of year		151,084	5,930,475	10,352,471	1,216,849	66,421,747
Fund balances at end of year	\$	187,012	4,848,648	10,823,691	1,278,946	72,968,775

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Beach Recreation Special Revenue Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Licenses and permits	\$ 143,000	104,292	—	104,292	(38,708)
Intergovernmental	30,000	50,890	—	50,890	20,890
Charges for services	12,064,166	13,477,729	—	13,477,729	1,413,563
Investment income	200,000	59,073	—	59,073	(140,927)
Rental income	1,451,072	1,051,564	—	1,051,564	(399,508)
Other revenue	883,076	1,305,980		1,305,980	422,904
Total revenues	14,771,314	16,049,528		16,049,528	1,278,214
Expenditures: General services:					
Public Works	5,634,549	5,298,960	42,675	5,341,635	292,914
Capital improvement	650,211	278,594	160,000	438,594	211,617
Total general services	6,284,760	5,577,554	202,675	5,780,229	504,531
Cultural and recreation services:					
Community and cultural services	9,220,398	9,158,888	16,900	9,175,788	44,610
Other	23,502	23,502	—	23,502	—
Capital improvement	4,859,242	1,199,242	931,373	2,130,615	2,728,627
Total cultural and recreation services	14,103,142	10,381,632	948,273	11,329,905	2,773,237
Total expenditures	20,387,902	15,959,186	1,150,948	17,110,134	3,277,768
Excess (deficiency) of revenues					
over expenditures	(5,616,588)	90,342	(1,150,948)	(1,060,606)	(4,555,982)
Special Items	(474,645)	(474,645)		(474,645)	
Net change in fund balance	(6,091,233)	(384,303)	(1,150,948)	(1,535,251)	(4,555,982)
Fund balance at beginning of year	11,784,941	11,784,941		11,784,941	
Fund balance at end of year	\$ 5,693,708	11,400,638	(1,150,948)	10,249,690	(4,555,982)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Housing Authority Special Revenue Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental	\$ 17,167,504	16,540,524		16,540,524	(626,980)
Investment income		1,190		1,190	1,190
Total revenues	17,167,504	16,541,714		16,541,714	(625,790)
Expenditures:					
Housing and community development:					
Housing and economic development	17,963,876	17,294,598	—	17,294,598	669,278
Capital improvement	12,371	12,371		12,371	
Total housing and community development	17,976,247	17,306,969		17,306,969	669,278
Total expenditures	17,976,247	17,306,969		17,306,969	669,278
Deficiency of revenues over expenditures	(808,743)	(765,255)	_	(765,255)	(43,488)
Other financing sources:					
Transfers in	877,234	877,234		877,234	
Total other financing sources	877,234	877,234		877,234	
Special item	(206,608)	(206,608)		(206,608)	
Net change in fund balance	(138,117)	(94,629)	_	(94,629)	(43,488)
Fund balance at beginning of year	180,247	180,247		180,247	
Fund balance at end of year	\$ 42,130	85,618		85,618	(43,488)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Tenant Ownership Rights Charter Amendment (TORCA) Special Revenue Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Other taxes	\$ 40,000	140,072	—	140,072	100,072
Investment income	50,000	18,647		18,647	(31,353)
Other revenue	104,475	446,823		446,823	342,348
Total revenues	194,475	605,542		605,542	411,067
Expenditures:					
Housing and community development:					
Capital improvement	5,489,447	93,860	2,908,964	3,002,824	2,486,623
Total housing and community development	5,489,447	93,860	2,908,964	3,002,824	2,486,623
Total expenditures	5,489,447	93,860	2,908,964	3,002,824	2,486,623
Excess (deficiency) of revenues over					
(under) expenditures	(5,294,972)	511,682	(2,908,964)	(2,397,282)	(2,897,690)
Other financing uses:					
Transfers out	(74,843)	(51,910)		(51,910)	(22,933)
Net change in fund balance	(5,369,815)	459,772	(2,908,964)	(2,449,192)	(2,920,623)
Fund balance at beginning of year	13,143,898	13,143,898		13,143,898	
Fund balance at end of year	\$ 7,774,083	13,603,670	(2,908,964)	10,694,706	(2,920,623)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Citizens Option for Public Safety Special Revenue Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental	\$ 100,000	188,564	—	188,564	88,564
Investment income	1,300	698		698	(602)
Total revenues	101,300	189,262		189,262	87,962
Expenditures: Public safety:					
Police	100,000				100,000
Total public safety	100,000				100,000
Total expenditures	100,000				100,000
Net change in fund balance	1,300	189,262		189,262	187,962
Fund balance at beginning of year	146,221	146,221		146,221	
Fund balance at end of year	\$ 147,521	335,483		335,483	187,962

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Gas Tax Special Revenue Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental	\$ 1,899,336	1,762,333	—	1,762,333	(137,003)
Investment income	7,000	2,482		2,482	(4,518)
Total revenues	1,906,336	1,764,815		1,764,815	(141,521)
Expenditures:					
General services:					
Capital improvements	354,900	3,822		3,822	351,078
Total general services	354,900	3,822		3,822	351,078
Total expenditures	354,900	3,822		3,822	351,078
Excess of revenues over expenditures	1,551,436	1,760,993	_	1,760,993	(209,557)
Other financing uses:					
Transfers out	(1,762,332)	(1,762,332)		(1,762,332)	
Net change in fund balance	(210,896)	(1,339)	—	(1,339)	(209,557)
Fund balance at beginning of year	78,225	78,225		78,225	
Fund balance at end of year	\$ (132,671)	76,886		76,886	(209,557)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Local Return Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental Investment income	\$ 2,696,593 66,000	3,072,767 52,269	—	3,072,767 52,269	376,174 (13,731)
Total revenues	2,762,593	3,125,036		3,125,036	362,443
Expenditures: General services:					
Big Blue Bus	387,538	377,627	_	377,627	9,911
Capital improvement	6,137,192	1,820,401	397,350	2,217,751	3,919,441
Total general services	6,524,730	2,198,028	397,350	2,595,378	3,929,352
Housing and community development:					
Big Blue Bus	96,000	96,000	_	96,000	_
Capital improvement	49,958	6,291		6,291	43,667
Total housing and community development	145,958	102,291		102,291	43,667
Total expenditures	6,670,688	2,300,319	397,350	2,697,669	3,973,019
Excess (Deficiency) of revenues					
over expenditures	(3,908,095)	824,717	(397,350)	427,367	(4,335,462)
Other Financing sources (uses):					
Transfers in	5,803,817	6,513,817	—	6,513,817	(710,000)
Transfers out	(466,495)	(1,020,003)		(1,020,003)	553,508
Total other financing sources (uses)	5,337,322	5,493,814		5,493,814	(156,492)
Net change in fund balance	1,429,227	6,318,531	(397,350)	5,921,181	(4,491,954)
Fund balance at beginning of year					
Fund balance at end of year	\$ 1,429,227	6,318,531	(397,350)	5,921,181	(4,491,954)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Clean Beaches and Ocean Parcel Tax Capital Projects Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Other taxes	\$ 3,126,543	3,001,232	_	3,001,232	(125,311)
Investment income	100,000	22,542		22,542	(77,458)
Total revenues	3,226,543	3,023,774		3,023,774	(202,769)
Expenditures: General services:					
Public works	847,167	294,842	_	294,842	552,325
Capital improvement	7,423,112	2,120,101	4,784,067	6,904,168	518,944
Total general services	8,270,279	2,414,943	4,784,067	7,199,010	1,071,269
Total expenditures	8,270,279	2,414,943	4,784,067	7,199,010	1,071,269
Excess (deficiency) of revenues over (under) expenditures	(5,043,736)	608,831	(4,784,067)	(4,175,236)	(868,500)
Other financing uses:					
Transfers out	(241,202)	(219,677)		(219,677)	(21,525)
Net change in fund balance	(5,284,938)	389,154	(4,784,067)	(4,394,913)	(890,025)
Fund balance at beginning of year	8,740,684	8,740,684		8,740,684	
Fund balance at end of year	\$ 3,455,746	9,129,838	(4,784,067)	4,345,771	(890,025)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Community Development Block Grant (CDBG) Capital Projects Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental	\$ 1,807,7	60 994,899	_	994,899	(812,861)
Investment income	3,0	00 2,528		2,528	(472)
Total revenues	1,810,7	997,427		997,427	(813,333)
Expenditures:					
General government:					
Other	6,8	4,568		4,568	2,331
Total general government	6,8	4,568	—	4,568	2,331
General services:					
Capital improvement	313,8	2,692	190,895	193,587	120,228
Total general government	313,8	2,692	190,895	193,587	120,228
Cultural and recreation services:					
Community and cultural services	201,2	68 201,268		201,268	
Total cultural and recreation services	201,2	201,268		201,268	_
Housing and community development:					
Housing and community development:	120,8	120,836	_	120,836	1
Other	22,6		_	,	22,600
Capital improvement	1,750,3	549,010	1,159,924	1,708,934	41,438
Total housing and community development	1,893,8	669,846	1,159,924	1,829,770	64,039
Total expenditures	2,415,7	878,374	1,350,819	2,229,193	186,598
Excess (deficiency) of revenues over expenditures	(605,0	31) 119,053	(1,350,819)	(1,231,766)	626,735
Other financing uses:					
Transfers out	(193,4	52) (174,128)		(174,128)	(19,324)
Net change in fund balance	(798,4	83) (55,075)	(1,350,819)	(1,405,894)	607,411
Fund balance at beginning of year	10,015,3	89 10,015,389		10,015,389	
Fund balance at end of year	\$ 9,216,9	9,960,314	(1,350,819)	8,609,495	607,411

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Miscellaneous Grants Capital Projects Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental	\$ 35,742,096	15,073,775	_	15,073,775	(20,668,321)
Investment income		(51,003)		(51,003)	(51,003)
Other	1,000	3,002	_	3,002	2,002
Total revenues	35,743,096	15,025,774		15,025,774	(20,717,322)
Expenditures:					
General government:					
Capital improvement	1,487,609	_	1,487,609	1,487,609	_
Total general government	1,487,609		1,487,609	1,487,609	
Public safety:					
Police	1,019,501	404,889	412,633	817,522	201,979
Fire	909,879	361,004	—	361,004	548,875
Capital improvement	3,207,543	3,180,986	26,557	3,207,543	
Total public safety	5,136,923	3,946,879	439,190	4,386,069	750,854
General services:					
City manager	290,916	_	25,000	25,000	265,916
Public works	470,728	288,101	—	288,101	182,627
Capital improvement	18,542,356	3,244,375	6,707,906	9,952,281	8,590,075
Total general services	19,304,000	3,532,476	6,732,906	10,265,382	9,038,618
Cultural and recreation services:					
Community and cultural services	436,563	440,899	5,550	446,449	(9,886)
Total cultural and recreation services	436,563	440,899	5,550	446,449	(9,886)
Library					
Library	43,500	35,971	_	35,971	7,529
Total library	43,500	35,971		35,971	7,529
Housing and community development:					
Planning and community development	610,265	92,982		92,982	517,283
Housing and economic development	481,792	177,832	_	177,832	303,960
Capital improvement	375,776	11,184	_	11,184	364,592
Total housing and community development	1,467,833	281,998		281,998	1,185,835
Total expenditures	27,876,428	8,238,223	8,665,255	16,903,478	10,972,950
Excess (Deficiency) of revenues		· · · · ·		· · · · ·	
over expenditures	7,866,668	6,787,551	(8,665,255)	(1,877,704)	(9,744,372)
Other financing uses:					
Transfers out	(6,751,953)	(6,696,105)	_	(6,696,105)	(55,848)
Net change in fund balance	1,114,715	91,446	(8,665,255)	(8,573,809)	9,688,524
Fund balance at beginning of year	2,073,868	2,073,868		2,073,868	· · ·
			(9.665.255)		0 699 524
Fund balance at end of year	\$ 3,188,583	2,165,314	(8,665,255)	(6,499,941)	9,688,524

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual South Coast Air Quality Management District (SCAQMD) Capital Projects Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental	\$ 660,000	119,579	—	119,579	(540,421)
Investment income	5,300	6,151		6,151	851
Total revenues	665,300	125,730		125,730	(539,570)
Expenditures:					
General government:					
Other	6,760	6,760		6,760	
Total general government	6,760	6,760		6,760	
General services:					
Capital improvement	301,725	142,580	132,305	274,885	26,840
Total general services	301,725	142,580	132,305	274,885	26,840
Total expenditures	308,485	149,340	132,305	281,645	26,840
Excess (Deficiency) of revenues					
over expenditures	356,815	(23,610)	(132,305)	(155,915)	512,730
Net change in fund balance	356,815	(23,610)	(132,305)	(155,915)	512,730
Fund balance at beginning of year	684,204	684,204		684,204	
Fund balance at end of year	\$ 1,041,019	660,594	(132,305)	528,289	512,730

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Parks and Recreation Capital Projects Fund

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Other taxes	\$	35,600	—	35,600	35,600
Investment income	1,000	335		335	(665)
Total revenues	1,000	35,935		35,935	34,935
Expenditures:					
Cultural and recreation services:					
Capital improvement	238,598	7	42,620	42,627	195,971
Total cultural and recreation services	238,598	7	42,620	42,627	195,971
Total expenditures	238,598	7	42,620	42,627	195,971
Excess (Deficiency) of revenues					
over expenditures	(237,598)	35,928	(42,620)	(6,692)	(230,906)
Net change in fund balance	(237,598)	35,928	(42,620)	(6,692)	(230,906)
Fund balance at beginning of year	151,084	151,084		151,084	
Fund balance at end of year	\$ (86,514)	187,012	(42,620)	144,392	(230,906)

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Nonmajor Enterprise Fund Financial Statements

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met: (a) The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit – even if that government is not expected to make any payments – is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.) (b) Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Community Broadband Fund – To account for the activity of leasing the City's dark and lit fiber networks known as "CityNet".

Airport Fund – To account for revenues and expenses connected with management of the Santa Monica Municipal Airport.

Pier Fund – To account for revenues and expenses connected with management and development of the Santa Monica Pier.

Stormwater Management Fund – To account for revenues and expenses associated with storm water management.

Cemetery Fund – To account for revenues and expenses associated with operation of Woodlawn Cemetery and Mausoleum.

Parking Authority Fund – To account for acquisition of parking lots or contributing to the construction of parking structures by the City Parking Authority.

CITY OF SANTA MONICA, CALIFORNIA Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2017

	Business-Type Activities - Enterprise Funds							
		Community Broadband	Airport	Pier	Stormwater Management	Cemetery	Parking Authority	Total nonmajor enterprise funds
Assets								
Current assets:	¢		12 250 4/7	4 901 020	112.064		2 504 (77	10.050.027
Cash and investments Restricted cash and investments	\$	-	12,350,467 984,336	4,801,929 280,957	112,864 4,873,151	-	2,594,677	19,859,937 6,138,444
Receivables (net, where applicable, of		-	984,550	280,937	4,8/5,151	-	-	0,158,444
allowances for uncollectibles):								
Accounts		223,282	338,703	38,203	28,718	302,331		931.237
Notes receivable Successor Agency		-	556,705	56,205	20,710	502,551	9,000,000	9,000,000
Interest		-	28,838	9,533	15,514	-	19,628	73,513
Prepaids		16,025	-	-	-	-	-	16,025
Total current assets		239.307	13,702,344	5,130,622	5.030.247	302,331	11,614,305	36,019,156
Noncurrent assets:								
Notes receivable Successor Agency noncurrent		-	-	-	-	-	22,612,125	22,612,125
Accrued interest non current		-	-	-	-	-	17,372,260	17,372,260
Capital assets:								
Land		-	8	-	-	4	1,362,700	1,362,712
Construction in progress		-	214,459	-	-	-	-	214,459
Buildings		-	7,769,091	5,916,024	-	1,723,603	946,242	16,354,960
Improvements other than buildings		-	13,450,365	4,456,986	147,299	782,158	142,591	18,979,399
Machinery and equipment		52,086	121,268	289,426	35,750	379,554	7,237	885,321
Infrastructure		-	-	17,382,609	10,739,803	-	-	28,122,412
Less: accumulated depreciation		(5,064)	(17,225,976)	(13,480,926)	(4,460,394)	(2,158,231)	(489,052)	(37,819,643)
Net capital assets		47,022	4,329,215	14,564,119	6,462,458	727,088	1,969,718	28,099,620
Total noncurrent assets		47,022	4,329,215	14,564,119	6,462,458	727,088	41,954,103	68,084,005
Total assets		286,329	18,031,559	19,694,741	11,492,705	1,029,419	53,568,408	104,103,161
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows from pensions		178,548	883,897	902,924	-	355,115	-	2,320,484
Liabilities								
Current liabilities:								
Accounts payable		30,138	673,796	206,714	42	84,330	-	995,020
Accrued liabilities		34,760	61,740	70,337	-	23,022	-	189,859
Contracts payable (retained percentage)		-	16,394	-	-	-	-	16,394
Compensated absences due within one year		26,344	64,418	83,171	-	32,334	-	206,267
Unearned revenue (note 8)		-	340,241	-	-	-	-	340,241
Accrued interest payable		-	-	-	7,987	-	-	7,987
Loans and bonds payable due within one year		-	-	-	299,362	-	-	299,362
Due to other funds		344,280	· · · · · · · · ·		-	239,904	-	584,184
Liabilities payable from restricted assets - deposits			984,336	280,957	-	-	<u> </u>	1,265,293
Total current liabilities		435,522	2,140,925	641,179	307,391	379,590		3,904,607
Long-term liabilities:		11.040	24.077	07.540		5 000		120 500
Compensated absences due in more than one year		11,040	26,977	87,548	-	5,033	-	130,598
Advances from other funds		-	8,748,971	-	56,560	-	-	8,805,531
Loans and bonds payable due in more than one year		-	31,872	40,596	622,273	39,682	-	622,273 112,150
Net OPEB obligation Net pension liability		-	1,766,191	2,506,091	-	39,082 824,737	-	5,097,019
Total long-term liabilities		11.040	10,574,011	2,634,235	678.833	869,452		14,767,571
Total liabilities		446,562	12,714,936	3,275,414	986,224	1,249,042	·	18,672,178
		0,302	12,/14,730	5,275,414	200,224	1,247,042	<u> </u>	10,072,170
DEFERRED INFLOWS OF RESOURCES			100 (10	102.070		(0.022		207.402
Deferred inflows from pensions			123,612	193,868		69,923	<u> </u>	387,403
Net position		47.022	4 220 215	14 564 110	5 540 922	727.000	1.0(0.719	27 177 095
Net investment in capital assets Restricted for housing		47,022	4,329,215	14,564,119	5,540,823	727,088	1,969,718	27,177,985
Unrestricted		(28,707)	1,747,693	2,564,264	4,965,658	(661,519)	9,796,877 41,801,813	9,796,877 50,389,202
		· · · · · · ·	· · · · · · · · · · · · · · · · · · ·					
Total net position	\$	18,315	6,076,908	17,128,383	10,506,481	65,569	53,568,408	87,364,064

CITY OF SANTA MONICA, CALIFORNIA Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

	 Business-Type Activities - Enterprise Funds						
	 Community Broadband	Airport	Pier	Stormwater Management	Cemetery	Parking Authority	Total nonmajor enterprise funds
Operating revenues							
Charges for services	\$ 1,924,777	12,435,111	8,021,371	1,869,476	1,713,188	-	25,963,923
Total operating revenues	 1,924,777	12,435,111	8,021,371	1,869,476	1,713,188	-	25,963,923
Operating expenses							
Personnel services	714,461	1,442,613	2,358,815	-	889,151	351	5,405,391
Administrative indirect	215,704	719,035	498,195	-	291,801	-	1,724,735
Contractual services	483,090	1,841,142	1,473,524	-	346,167	-	4,143,923
Repairs and maintenance	158,662	465,510	715,786	-	15,245	-	1,355,203
Materials and supplies	323,172	1,877,810	237,916	-	435,122	-	2,874,020
Utilities	4,137	364,195	195,452	-	147,783	-	711,567
Casualty property and liability costs	1,138	163,830	327,637	-	70,392	-	562,997
Depreciation and amortization	5,064	651,911	687,231	301,816	43,073	15,827	1,704,922
Other	1,034	846,417	846,328	14,677	45,036	-	1,753,492
Total operating expenses	 1,906,462	8,372,463	7,340,884	316,493	2,283,770	16,178	20,236,250
Operating income (loss)	 18,315	4,062,648	680,487	1,552,983	(570,582)	(16,178)	5,727,673
Nonoperating revenues (expenses)							
Investment income (loss)	-	45,824	12,521	28,994	(122)	926,936	1,014,153
Interest expense	-	(76,731)	-	(30,704)	-	-	(107,435)
Gain on disposal of capital assets	-	(51,196)	-	-	-	-	(51,196)
Other nonoperating revenues	 -	935,397	180,706	1,417,161	73,542	-	2,606,806
Total nonoperating revenues (expenses) net	 	853,294	193,227	1,415,451	73,420	926,936	3,462,328
Income (loss) before transfers and special item	18,315	4,915,942	873,714	2,968,434	(497,162)	910,758	9,190,001
Transfers in (note 11)	_	-	435,458	12,075	461,892	-	909,425
Transfers out (note 11)	-	(137,652)	(137,776)	(1,875,895)	-	(3,896,262)	(6,047,585)
Special item	-	1,103,146	-	-	-	-	1,103,146
Change in net position	 18,315	5,881,436	1,171,396	1,104,614	(35,270)	(2,985,504)	5,154,987
Net position at beginning of year	 <u> </u>	195,472	15,956,987	9,401,867	100,839	56,553,912	82,209,077
Net position at end of year	\$ 18,315	6,076,908	17,128,383	10,506,481	65,569	53,568,408	87,364,064

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the fiscal year ended June 30, 2017

	Business-Type Activities - Enterprise Funds							
	Community Broadband	Airport	Pier	Stormwater Management	Cemetery	Parking Authority	Total nonmajor enterprise funds	
Cash flows from operating activities:								
Cash received from customers	\$ 1,701,495	13,179,190	7,746,621	1,855,741	1,562,295	_	26,045,342	
Cash payments for materials and services	(1,172,824)	(5,995,694)	(4,407,973)	(14,669)	(1,341,999)	(23,869)	(12,957,028)	
Cash payments to employees for services	(820,865)	(1,928,835)	(2,633,818)		(995,802)	(651)	(6,379,971)	
Net cash provided by (used in)								
operating activities	(292,194)	5,254,661	704,830	1,841,072	(775,506)	(24,520)	6,708,343	
Cash flows from noncapital financing activities:								
Repayment of advances to/(from) other funds	—	—	—	(55,725)	—	3,700,000	3,644,275	
Advances from other funds	344,280				239,904	_	584,184	
Other Transfers in	—	935,397	180,706 435,458	1,417,161 12,075	73,542 461,892		2,606,806 909,425	
Transfers out		(137,652)	(137,776)	(1,875,895)	401,892	(3,896,262)	(6,047,585)	
Net cash provided by (used in)	<u> </u>	(157,052)	(137,770)	(1,075,075)		(3,0)0,202)	(0,047,505)	
noncapital financing activities	344,280	797,745	478,388	(502,384)	775,338	(196,262)	1,697,105	
Cash flows from capital and related financing activities:						<u>.</u>		
Acquisition and construction of capital assets	(52,086)	(448,429)	_	_	_	_	(500,515)	
Reduction in long-term obligations	—	_	—	(291,776)	_	—	(291,776)	
Interest paid on long-term obligations		(76,731)		(33,232)			(109,963)	
Net cash used in capital and related								
financing activities	(52,086)	(525,160)	_	(325,008)	_	_	(902,254)	
Cash flows from investing activities:								
Interest received on investments		33,842	10,278	21,406			65,526	
Net cash provided by investing activities		33,842	10,278	21,406			65,526	
Net increase (decrease) in cash								
and cash equivalents	_	5,561,088	1,193,496	1,035,086	(168)	(220,782)	7,568,720	
Cash and cash equivalents at beginning of year		7,773,715	3,889,390	3,950,929	168	2,815,459	18,429,661	
Cash and cash equivalents at end of year	\$	13,334,803	5,082,886	4,986,015	_	2,594,677	25,998,381	
Cash and investments	\$	12,350,467	4,801,929	112,864		2,594,677	19,859,937	
Restricted cash and investments	÷	984,336	280,957	4,873,151	_		6,138,444	
Total cash and cash equivalents	\$	13,334,803	5,082,886	4,986,015		2,594,677	25,998,381	
*		<u> </u>	· ·					

(Continued)

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

	Business-Type Activities - Enterprise Funds						
	Community Broadband	Airport	Pier	Stormwater Management	Cemetery	Parking Authority	Total nonmajor enterprise funds
Reconciliation of operating income (loss) to net							
cash provided by (used in) operating activities:							
Operating income (loss)	\$ 18,315	4,062,648	680,487	1,552,983	(570,650)	(39,979)	5,703,804
Adjustments to reconcile operating income							
(loss) to net cash provided by (used in)							
operating activities:							
Add depreciation	5,064	651,911	687,231	301,816	43,073	15,827	1,704,922
Changes in assets and liabilities and deferred outflows							
and inflows of resources:							
Increase in accounts receivable	(223,282)	(46,560)	(274,750)	(13,735)	(150,893)	_	(709,220)
(Increase) decrease in prepaids	(16,025)	_	5,115	_	_	_	(10,910)
Increase (decrease) in accounts payable	30,138	265,851	(92,897)	8	9,615	(68)	212,647
Increase in unearned revenue	—	340,241	_	_	_	_	340,241
Increase (decrease) in accrued liabilities	34,760	(7,635)	(15,769)	_	(13,449)	(300)	(2,393)
Increase (decrease) in contracts payable	—	16,394	(25,353)	_	_	_	(8,959)
Increase in deposits payable from restricted assets	—	450,398	_	_	_	_	450,398
Increase in compensated absences payable	37,384	14,031	1,915	_	10,184	_	63,514
Net OPEB obligation	_	291	381	_	277	_	949
Net pension liability and related changes in deferred							
outflows and inflows of resources	(178,548)	(492,909)	(261,530)	_	(103,663)	_	(1,036,650)
Total adjustments	(310,509)	1,192,013	24,343	288,089	(204,856)	15,459	1,004,539
Net cash provided by (used in)							
operating activities	\$ (292,194)	5,254,661	704,830	1,841,072	(775,506)	(24,520)	6,708,343

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Internal Service Fund Financial Statements

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other governments, on a cost-reimbursement basis.

Vehicle Management Fund – To account for user charges from other funds and expenses related to the replacement, maintenance and the fueling of various City vehicles, including specialized mechanical equipment.

Information Technology Replacement and Services Fund – To account for user charges from other funds and expenses related to replacement of computer equipment.

Self-Insurance, General Liability and Auto Fund – To account for user charges from other funds and expenses related to the administration and payment of general liability and auto claims.

Self-Insurance, Bus Fund – To account for user charges from the Big Blue Bus Fund and expenses related to the administration and payment of municipal bus lines liability claims.

Self-Insurance, Risk Management Administration Fund – To account for user charges from other funds and expenses related to the administration of the risk management division.

Self-Insurance, Workers' Compensation Fund – To account for user charges from other funds and expenses related to the administration and payment of workers' compensation claims.

CITY OF SANTA MONICA, CALIFORNIA Combining Statement of Net Position Internal Service Funds June 30, 2017

	Vehicle Management	Information Technology Replacement and Services	Self - Insurance General Liability / Auto	Self - Insurance Bus	Self - Insurance Risk Management Admin	Self - Insurance Workers' Compensation	Total internal service funds
Assets							
Current assets:							
Cash and investments	\$ 27,472,858	5,392,439	13,262,237	3,789,631	1,255,097	38,665,672	89,837,934
Receivables:							
Accounts	33,131	-	-	-	25,661	-	58,792
Interest	66,033	18,264	40,611	11,850	-	108,122	244,880
Inventory	42,289	-	-	-	-	-	42,289
Prepaids		-	-	-	9,876	-	9,876
Total current assets	27,614,311	5,410,703	13,302,848	3,801,481	1,290,634	38,773,794	90,193,771
Noncurrent assets:							
Capital assets:							
Machinery and equipment	36,970,594	1,517,857	2,849	7,386	919	10,065	38,509,670
Less: accumulated depreciation	(25,006,807)	(1,067,568)	(2,849)	(7,386)	(919)	(10,065)	(26,095,594)
Net capital assets	11,963,787	450,289	-	-	-	-	12,414,076
Total assets	39,578,098	5,860,992	13,302,848	3,801,481	1,290,634	38,773,794	102,607,847
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows from pensions	1,416,263	-	-	-	822,518	-	2,238,781
Liabilities					· · · · · ·		<u> </u>
Current liabilities:							
Accounts payable	342,223	46,937	89,731	56,317	5,295	37,340	577,843
Accrued liabilities	94,234	-	-	-	73,517	-	167,751
Compensated absences due within one year	111,230	-	-	-	66,989	-	178,219
Claims payable due within one year	-	-	4,414,434	4,123,283	-	9,299,042	17,836,759
Total current liabilities	547,687	46,937	4,504,165	4,179,600	145,801	9,336,382	18,760,572
Long-term liabilities:		· · · · ·		· · · · · ·	· · · · · ·		, <u>, , ,</u>
Compensated absences due in more than one year	70,047	-	-	-	52,436	-	122,483
Claims payable due in more than one year	-	-	5,221,145	3,014,011	-	34,030,033	42,265,189
Net OPEB obligation	115,854	-	-	-	83,853	-	199,707
Net pension liability	3,911,481	-	-	-	2,057,065	-	5,968,546
Total long-term liabilities	4,097,382	-	5,221,145	3,014,011	2,193,354	34,030,033	48,555,925
Total liabilties	4,645,069	46,937	9,725,310	7,193,611	2,339,155	43,366,415	67,316,497
DEFERRED INFLOWS OF RESOURCES			· · · · · ·				
Deferred inflows from pensions	295,539	-	-	-	166,278	-	461,817
Net position							· ,· · ·
Investment in capital assets	11,963,787	450,289	-	-	-	-	12,414,076
Unrestricted	24,089,966	5,363,766	3,577,538	(3,392,130)	(392,281)	(4,592,621)	24,654,238
Total net position	\$ 36,053,753	5,814,055	3,577,538	(3,392,130)	(392,281)	(4,592,621)	37,068,314

CITY OF SANTA MONICA, CALIFORNIA Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the fiscal year ended June 30, 2017

		Vehicle Management	Information Technology Replacement and Services	Self - Insurance General Liability / Auto	Self - Insurance Bus	Self - Insurance Risk Management Admin	Self - Insurance Workers' Compensation	Total internal service funds
Operating revenues								
Charges for services	\$	10,787,338	2,029,507	3,173,068	2,510,404	3,037,698	13,688,189	35,226,204
Total operating revenues		10,787,338	2,029,507	3,173,068	2,510,404	3,037,698	13,688,189	35,226,204
Operating expenses								
Personnel services		3,440,813	-	-	-	1,781,961	-	5,222,774
Administrative indirect		893,741	-	-	-	328,344	-	1,222,085
Contractual services		87,653	-	37,638	14,936	86,350	477,671	704,248
Repairs and maintenance		1,650,881	-	-	-	2,180	-	1,653,061
Materials and supplies		3,076,207	3,379,922	-	-	41,619	-	6,497,748
Utilities		64,150	-	-	-	1,456	-	65,606
Casualty property and liability costs		101,459	-	-	-	10,214	-	111,673
Claims expense net of claims reserve adjustment		-	-	5,324,307	4,231,597	-	11,527,006	21,082,910
Insurance and bonds		-	-	855,718	845,248	2,598,372	747,799	5,047,137
Miscellaneous fees and costs		317,710	-	793,748	433,210	118,135	373,449	2,036,252
Depreciation and amortization		2,722,769	58,166	-	-	-	-	2,780,935
Total operating expenses		12,355,383	3,438,088	7,011,411	5,524,991	4,968,631	13,125,925	46,424,429
Operating income (loss)		(1,568,045)	(1,408,581)	(3,838,343)	(3,014,587)	(1,930,933)	562,264	(11,198,225)
Nonoperating revenues (expenses)								
Investment income (loss)		80,415	12,118	31,788	(6,439)	-	142,237	260,119
Gain on disposal of capital assets		30,084	-	-	-	-	-	30,084
Other nonoperating revenues		753,947	36,873	3	9,999	792	3,169	804,783
Total nonoperating revenues (expenses)		864,446	48,991	31,791	3,560	792	145,406	1,094,986
Income (loss) before transfers		(703,599)	(1,359,590)	(3,806,552)	(3,011,027)	(1,930,141)	707,670	(10,103,239)
Transfers in (note 11)		-	-	-	-	2,365,487	-	2,365,487
Transfers out (note 11)		-	-	(503,666)	(354,823)	-	(1,655,841)	(2,514,330)
Change in net position		(703,599)	(1,359,590)	(4,310,218)	(3,365,850)	435,346	(948,171)	(10,252,082)
Net position at beginning of year	_	36,757,352	7,173,645	7,887,756	(26,280)	(827,627)	(3,644,450)	47,320,396
Net position at end of year (note 10)	\$	36,053,753	5,814,055	3,577,538	(3,392,130)	(392,281)	(4,592,621)	37,068,314
			· · ·		, <u> </u>		· · · · · ·	

Combining Statement of Cash Flows Internal Service Funds For the fiscal year ended June 30, 2017

	Vehicle Management	Information Technology Replacement and Services	Self-Insurance General Liability / Auto	Self-Insurance Bus	Self-Insurance Risk Management Administration	Self-Insurance Workers' Compensation	Total internal service funds
Cash flows from operating activities: Cash received from customers Cash payments for materials and services Cash payments to employees for services Cash payments for claims and related expenses	\$ 10,770,4 (6,201,2 (3,922,4	(3,885,734)	3,173,068 (1,669,613) (2,139,388)	2,510,404 (1,259,943) 	3,033,602 (3,183,943) (2,025,842) —	13,688,189 (1,614,844) (8,272,303)	35,205,203 (17,815,337) (5,948,270) (13,467,266)
Net cash provided by (used in) operating activities	646,7	(1,856,227)	(635,933)	(1,805,114)	(2,176,183)	3,801,042	(2,025,670)
Cash flows from noncapital financing activities: Other Transfers in Transfers out	753,9		(503,666)	9,999 (354,823)	792 2,365,487 —	3,169 	804,783 2,365,487 (2,514,330)
Net cash used in noncapital financing activities	753,94	7 36,873	(503,663)	(344,824)	2,366,279	(1,652,672)	655,940
Cash flows from capital and related financing activities: Acquisition and construction of capital assets Proceeds from sale of capital assets	(4,543,4 391,2						(5,005,298) 391,202
Net cash used in capital and related financing activities	(4,152,2	(461,842)					(4,614,096)
Cash flows from investing activities - interest received on investments	75,5	11,919	25,546			107,301	220,289
Net increase (decrease) in cash and cash equivalents	(2,676,0	(2,269,277)	(1,114,050)	(2,149,938)	190,096	2,255,671	(5,763,537)
Cash and cash equivalents at beginning of year	30,148,8	7,661,716	14,376,287	5,939,569	1,065,001	36,410,001	95,601,471
Cash and cash equivalents at end of year	\$ 27,472,8	5,392,439	13,262,237	3,789,631	1,255,097	38,665,672	89,837,934
Reconciliation of operating income (loss) to net cash provided by (used in) operating income (loss): Operating income (loss)	\$ (1,568,0	(1,408,581)	(3,838,343)	(3,020,496)	(1,930,933)	562,264	(11,204,134)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: Add depreciation Changes in assets and liabilities and deferred outflows and inflows of resources:	2,722,7	69 58,166	_	_	_	_	2,780,935
and inflows of resources: Increase in accounts receivable Increase in prepaids Increase (decrease) in accounts payable Decrease in accrued liabilities Increase (decrease) in compensated absences payable Increase in claims payable	(16,5 - (9,1 (3 (40,3 (6,1)	 06) 553) (505,812) 446)	 17,491 3,184,919		(4,096) (194) 	(15,925) (15	(21,001) (194) (9,106) (462,318) (52,964) 3,569 7,615,644
Net OPEB obligation	1,2		_		627	_	1,863
Net pension liability and related changes in deferred outflows and inflows of resources	(436,3		_	_	(241,653)	_	(677,964)
Total adjustments	2,214,7		3,202,410	1,215,382	(245,250)	3,238,778	9,178,464
Net cash provided by (used in) operating activities	\$ 646,7		(635,933)	(1,805,114)	(2,176,183)	3,801,042	(2,025,670)

Fiduciary Fund Financial Statements

Agency Funds are custodial in nature and used to receive and disburse funds for an entity/individual, which is not part of the City.

General Trust Fund - To account for funds given to the City for restricted purposes whereby the City is only acting as a pass-through agent.

Street Light Fund - To account for all receipts and disbursements associated with 1911 Act Street Light Assessment Bonds.

Combining Statement of Fiduciary Net Position Agency Funds June 30, 2017

	General Trust	Street Light	Total Agency Funds
Assets			
Restricted cash and investments Accounts receivable	\$ 4,291,992 72,598	7,992	4,299,984 72,598
Total assets	4,364,590	7,992	4,372,582
Liabilities			
Accounts payable and accrued liabilities	4,364,590	7,992	4,372,582
Total liabilities	\$ 4,364,590	7,992	4,372,582

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the fiscal year ended June 30, 2017

	June 30, 2016	Additions	Reductions	June 30, 2017
Fiduciary Funds Agency Funds:				
General Trust				
Assets:				
Restricted cash and investments	\$ 5,522,295	75,499,138	76,729,441	4,291,992
Accounts receivable	80,483	217,113	224,998	72,598
Total assets	\$ 5,602,778	75,716,251	76,954,439	4,364,590
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,602,778	72,278,008	73,516,196	4,364,590
Total liabilities	\$ 5,602,778	72,278,008	73,516,196	4,364,590
Street Light				
Assets:				
Restricted cash and investments	\$ 7,693	17,301	17,002	7,992
Total assets	\$ 7,693	17,301	17,002	7,992
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,693	17,301	17,002	7,992
Total liabilities	\$ 7,693	17,301	17,002	7,992
Total Fiduciary Funds Total Agency Funds Assets:				
Restricted cash and investments Accounts receivable	\$ 5,529,988 80,483	75,516,439 217,113	76,746,443 224,998	4,299,984 72,598
Total assets	\$ 5,610,471	75,733,552	76,971,441	4,372,582
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,610,471	72,295,309	73,533,198	4,372,582
Total liabilities	\$ 5,610,471	72,295,309	73,533,198	4,372,582

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City of Santa Monica, California Year Ended June 30, 2017

STATISTICAL SECTION

For the fiscal year ended June 30, 2017

STATISTICAL SECTION (unaudited)

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For the fiscal year ended June 30, 2017

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Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting)

		2016-17	2015-16	2014-15 (1)	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Governmental activities	_										
Net investment in capital assets	\$	731,842,870	728,041,792	705,144,194	698,223,620	702,392,065	708,564,360	565,402,905	561,308,717	579,367,093	573,971,975
Restricted		198,720,012	196,524,874	178,624,757	136,510,661	126,827,943	171,964,389	198,990,741	190,302,568	187,103,831	232,281,102
Unrestricted		44,676,618	19,956,676	24,292,525	376,983,696	372,285,005	379,302,789	248,977,209	238,856,963	242,542,375	209,438,522
Total governmental activities net position	-	975,239,500	944,523,342	908,061,476	1,211,717,977	1,201,505,013	1,259,831,538	1,013,370,855	990,468,248	1,009,013,299	1,015,691,599
Business-type activities											
Net investment in capital assets		445,314,626	440,369,455	447,257,495	472,808,694	450,345,204	448,028,200	442,305,322	426,367,876	418,157,537	389,409,515
Restricted		18,835,497	12,797,570	15,102,480	11,665,453	13,739,411	16,024,235	13,527,238	10,855,611	1,661,758	1,625,057
Unrestricted	_	127,841,169	130,752,666	50,488,321	115,636,742	126,804,668	104,588,473	102,753,866	107,670,491	112,067,386	104,955,422
Total business-type activities net position	-	591,991,292	583,919,691	512,848,296	600,110,889	590,889,283	568,640,908	558,586,426	544,893,978	531,886,681	495,989,994
Primary government											
Net investment in capital assets		1,177,157,496	1,168,411,247	1,152,401,689	1,171,032,314	1,152,737,269	1,156,592,560	1,007,708,227	987,676,593	997,524,630	963,381,490
Restricted		217,555,509	209,322,444	193,727,237	148,176,114	140,567,354	187,988,624	212,517,979	201,158,179	188,765,589	233,906,159
Unrestricted	_	172,517,787	150,709,342	74,780,846	492,620,438	499,089,673	483,891,262	351,731,075	346,527,454	354,609,761	314,393,944
Total primary government net position	\$	1,567,230,792	1,528,443,033	1,420,909,772	1,811,828,866	1,792,394,296	1,828,472,446	1,571,957,281	1,535,362,226	1,540,899,980	1,511,681,593

(1) reduction in 2014-15 unrestricted net position due primarily to the implementation of GASB 68

Changes in Net Position Last Ten Fiscal Years

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Expenses										
Governmental activities:										
General government	\$ 69,476,662	56,728,329	74,025,357	73,188,788	56,319,178	65,640,271	61,586,151	61,396,079	46,670,826	38,849,626
Public safety	133,497,286	128,149,081	112,278,370	113,899,354	103,594,567	108,205,471	99,949,848	97,744,567	100,709,990	91,862,403
General services	84,190,176	84,178,175	71,906,263	69,637,595	64,654,131	55,341,929	43,762,251	74,233,708	161,224,085	111,168,586
Cultural and recreation services	57,709,552	58,427,336	53,694,823	54,339,022	94,635,112	62,145,219	57,163,928	40,891,483	44,031,895	33,776,210
Library	12,945,988	14,338,093	12,678,896	13,286,929	16,179,779	11,899,948	11,803,735	11,324,327	11,422,789	11,458,259
Housing and community development	54,613,906	59,633,639	53,831,747	53,652,994	54,539,141	181,970,013	89,321,590	110,251,868	115,827,555	91,966,369
Interest on long-term debt	2,490,698	2,668,433	3,521,630	3,915,313	3,898,325	6,585,618	10,461,700	7,075,187	7,252,197	7,628,437
Total governmental activities	414,924,268	404,123,086	381,937,086	381,919,995	393,820,233	491,788,469	374,049,203	402,917,219	487,139,337	386,709,890
Business-type activities:										
Water	23,583,279	23,259,781	21,356,497	24,750,234	20,244,099	19,665,696	16,430,207	16,419,201	15,958,328	15,489,230
Resource recovery and recycling	25,512,992	25,419,861	23,819,237	24,115,496	22,743,427	25,065,338	21,338,133	20,293,510	19,219,079	16,277,710
Community broadband	1,907,535	_	_	_	_	_	_	_	_	_
Pier	7,597,438	6,935,901	6,909,632	6,310,236	6,145,567	5,803,944	5,299,875	5,122,011	5,200,065	4,867,415
Wastewater	17,855,472	16,485,444	17,335,625	20,479,514	16,853,861	18,186,844	16,546,844	16,844,271	19,603,411	20,063,420
Civic auditorium (1)	_	_	_	_	4,691,051	3,239,999	3,638,257	3,663,427	3,933,159	3,718,652
Airport	8,595,011	5,335,556	5,293,714	5,440,949	5,188,707	5,270,688	5,970,916	4,640,782	5,737,927	5,199,701
Storm water management	347,197	2,447,698	2,172,116	651,361	406,721	411,985	422,048	424,122	721,728	474,683
Cemetery	2,340,685	2,184,834	2,154,147	2,077,486	1,852,839	1,812,098	2,431,791	2,633,893	1,956,609	1,715,605
Big Blue Bus	93,652,844	90,560,535	83,106,447	79,215,680	79,238,668	79,835,156	75,219,425	70,899,277	70,855,809	65,185,007
Special aviation	_	_	_	_	_		_	_	28,904	18,333
Parking authority	16,178	17,742	403,822	369,367	295,651	315,736	474,629	554,117	1,598,765	349,576
Total business-type activities	181,408,631	172,647,352	162,551,237	163,410,323	157,660,591	159,607,484	147,772,125	141,494,611	144,813,784	133,359,332
Total primary governmental activities expenses	\$ 596,332,899	576,770,438	544,488,323	545,330,318	551,480,824	651,395,953	521,821,328	544,411,830	631,953,121	520,069,222
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 18,447,588	19,279,411	56,875,636	55,834,348	51,075,759	48,239,920	42,771,812	34,681,601	19,198,345	17,188,876
Public safety	22,452,698	24,285,947	22,601,990	22,736,167	21,329,504	22,033,156	21,456,284	22,759,704	17,064,322	17,298,741
General services	44,701,036	49,336,541	2,144,800	2,236,781	2,463,402	2,429,537	2,004,958	3,067,408	20,291,439	19,650,237
Cultural and recreation services	20,835,717	22,466,168	21,359,942	20,448,165	17,921,711	16,083,451	13,523,507	14,219,229	10,608,948	9,492,174
Library	388,273	487,809	601,618	614,715	486,204	465,891	488,279	468,385	410,908	363,987
Housing and community development	29,898,563	42,858,129	26,957,697	19,276,227	28,217,736	16,712,921	14,304,279	16,224,777	12,416,654	14,430,326
Operating grants and contributions	27,933,580	24,647,506	26,332,256	27,773,525	25,798,880	26,739,187	29,111,918	27,556,715	30,164,300	34,803,655
Capital grants and contributions	9,756,158	12,616,479	5,381,978	12,583,594	5,082,847	3,369,221	3,997,076	6,506,765	20,379,864	4,862,387
Total governmental activities program revenues	174,413,613	195,977,990	162,255,917	161,503,522	152,376,043	136,073,284	127,658,113	125,484,584	130,534,780	118,090,383

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Changes in Net Position Last Ten Fiscal Years

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
(continues from previous page)		<u> </u>								
Business-type activities:										
Charges for services:										
Water	24,280,023 25,953,777	22,311,686 26,831,010	22,664,712 24,425,879	22,902,640 23,271,775	22,254,867 23,526,423	19,897,464 22,253,758	17,507,315 21,870,554	15,771,081	15,774,047 21,631,313	16,130,044 18,842,702
Resource recovery and recycling Community broadband	1,924,777	20,851,010	24,425,879	25,271,775	25,520,425	22,255,758	21,870,554	21,514,219	21,031,313	18,842,702
Pier	8,202,073	7,443,351	6.813.625	5.953.173	4,589,503	6.004.005	4,729,725	3,777,219	3,518,145	3,107,349
Wastewater	20,221,930	19,316,170	20,162,516	21,033,699	21,126,054	20,007,219	17,820,805	15,198,022	13,751,588	12,797,786
Civic auditorium (1)	—	· · · -	—	· · · -	1,468,300	1,667,172	2,603,146	2,620,897	2,975,749	3,117,033
Airport	13,149,493	8,679,711	5,897,240	5,396,797	4,185,172	3,891,716	3,748,674	3,768,426	3,989,851	4,279,268
Storm water management	1,869,476	1,500,877	1,458,352	1,395,628	1,439,522	1,419,980	1,167,073	1,613,426	1,885,142	1,301,350
Cemetery Big Blue Bus	1,713,212 19,202,854	1,501,371 19,895,338	1,604,607 16,664,916	1,325,778 17,060,923	1,315,119 16,869,809	1,133,990 16,614,711	856,141 16,370,290	952,972 14,160,133	1,009,595 14,391,300	1,080,532 13,898,980
Parking authority	19,202,854	19,895,558	10,004,910	17,060,925	10,809,809	16,614,711	152,200	14,160,133	14,391,300	13,898,980
Tarking autionty			_		_	101,504	152,200	152,200	149,200	145,000
Operating grants and contributions	48,313,010	48,652,428	47,098,487	40,691,095	38,229,718	38,424,357	36,001,870	38,843,722	34,203,607	32,188,569
Capital grants and contributions	23,062,625	23,924,743	10,333,281	28,431,734	21,489,216	25,609,158	32,046,978	29,299,894	53,209,039	20,030,403
Business-type activities program revenues	187,893,250	180,056,685	157,123,615	167,463,242	156,493,703	157,085,034	154,874,771	147,672,211	166,488,576	126,919,616
Total primary government program revenues	362,306,863	376,034,675	319,379,532	328,966,764	308,869,746	293,158,318	282,532,884	273,156,795	297,023,356	245,009,999
Net (expense):										
Governmental activities	(240,510,655)	(208,145,096)	(219,681,169)	(220,416,473)	(241,444,190)	(355,715,185)	(246,391,090)	(277,432,635)	(356,604,557)	(268,619,507)
Business-type activities	6,484,619	7,409,333	(5,427,622)	4,052,919	(1,166,888)	(2,522,450)	7,102,646	6,177,600	21,674,792	(6,439,716)
Total primary government net expense	(234,026,036)	(200,735,763)	(225,108,791)	(216,363,554)	(242,611,078)	(358,237,635)	(239,288,444)	(271,255,035)	(334,929,765)	(275,059,223)
General revenues and other changes										
in net position										
Governmental activities:										
Taxes:										
Business	30,711,579	30,799,020	31,468,959	30,847,105	28,467,477	27,382,495	26,531,627	27,582,398	28,821,688	26,211,226
Property	56,423,891	50,452,377	52,771,401	47,729,105	43,477,118	59,161,313	108,995,358	110,188,615	107,255,345	101,323,706
Transient occupancy (2)	55,532,325	51,021,050	_	_	_	_	_	_	—	_
Sales and use	54,505,239	54,802,839	51,089,716	49,210,039	47,880,634	45,831,961	31,689,531	26,636,653	28,296,696	32,356,941
Utility users (2)	29,437,753	30,772,815	—	—	—	—	—	—	—	—
Real property transfer (2)	10,951,756	7,850,960	_	_	_	_	_	_	—	_
Parking facility (2)	11,231,324	10,718,156	_	_	_	_	_	_	—	_
Other	3,256,799	3,111,764	101,677,478	95,604,341	91,384,006	84,935,499	80,376,978	75,397,844	76,146,388	81,762,203
Settlement income	_	_	_	_	9,608,247	3,750,000	_	_	89,910,872	1,012,863
Other revenues	11,724,228	15,572,745	11,518,022	18,092,058	19,917,250	120,208,757	12,173,094	9,043,114	9,128,899	8,428,266
Investment earnings	3,105,772	7,049,816	4,084,621	6,613,322	1,431,317	5,791,811	7,995,401	10,062,739	16,198,386	22,021,977
Special Item	(1,103,146)	(11,893,876)	_	_	_	_	_	—	—	_
Extraordinary gain (loss)	_	(12,620,539)	(5,106,828)	(19,149,679)	(48,185,126)	261,255,080	_	—	—	_
Transfers	5,449,293	6,969,835	2,341,674	1,683,146	(10,863,258)	(6,141,048)	1,531,708	(23,779)	(5,832,017)	(2,815,040)
Total governmental activities	271,226,813	244,606,962	249,845,043	230,629,437	183,117,665	602,175,868	269,293,697	258,887,584	349,926,257	270,302,142

(continues next page)

TABLE 2

Changes in Net Position Last Ten Fiscal Years

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
(continues from previous page)										
Business-type activities:										
Other revenues	4,312,287	3,723,521	6,230,537	5,207,445	12,540,746	5,310,643	6,767,730	3,912,725	4,162,283	3,421,837
Investment earnings	1,620,842	3,489,865	1,408,083	1,644,388	11,259	1,125,241	1,353,780	2,893,193	4,227,595	4,489,611
Special Item	1,103,146	10,617,561	_	_	_	_	_	_	_	_
Extraordinary gain (loss)	_	4,837,753	_	_	_	_	_	_	_	_
Transfers	(5,449,293)	(6,969,835)	(2,341,674)	(1,683,146)	10,863,258	6,141,048	(1,531,708)	23,779	5,832,017	2,815,040
Total business-type activities	1,586,982	15,698,865	5,296,946	5,168,687	23,415,263	12,576,932	6,589,802	6,829,697	14,221,895	10,726,488
Total primary government	272,813,795	260,305,827	255,141,989	235,798,124	206,532,928	614,752,800	275,883,499	265,717,281	364,148,152	281,028,630
Changes in net position										
Governmental activities	30,716,158	36,461,866	30,163,874	10,212,964	(58,326,525)	246,460,683	22,902,607	(18,545,051)	(6,678,300)	1,682,635
Business-type activities	8,071,601	23,108,198	(130,676)	9,221,606	22,248,375	10,054,482	13,692,448	13,007,297	35,896,687	4,286,772
Total primary government	\$ 38,787,759	59,570,064	30,033,198	19,434,570	(36,078,150)	256,515,165	36,595,055	(5,537,754)	29,218,387	5,969,407

(1) Civic auditorium merged with General services in FY 13-14.

(2) Included in "Other" in prior fiscal years.

Fund Balance of Governmental Funds Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
General Fund										
Reserved	\$	_	_	_	_	_	_	36,257,776	41,432,273	81,056,800
Unreserved	_	_	_	_	_	_	_	179,212,920	155,521,957	67,745,079
* Nonspendable	15,419,253	21,062,205	23,725,864	22,257,819	22,179,119	22,181,490	26,249,121	_	_	_
* Restricted	1,976,576	18,330,042	17,951,299	12,371,619	23,808,940	43,056,449	503,645	—	_	_
* Committed	4,760,409	31,365	520,574	519,937	519,506	640,000	710,000	—	_	_
* Assigned	256,059,633	280,303,334	218,630,183	212,669,876	220,409,168	233,153,471	159,430,759	—	_	_
* Unassigned	68,082,651	67,347,773	114,196,108	118,192,052	117,324,362	117,225,871	108,382,191			
Total General Fund	346,298,522	387,074,719	375,024,028	366,011,303	384,241,095	416,257,281	295,275,716	215,470,696	196,954,230	148,801,879
All other governmental funds										
Reserved	_	—	—	_	_	_	_	138,504,430	134,770,865	217,888,723
Unreserved, reported in:										
Special revenue funds	_	_	—	_	_	_	_	37,657,180	42,902,430	67,387,055
Capital project funds	_	_	—	_	_	_	_	50,427,715	66,021,140	(7,937,337)
* Nonspendable	12,149,082	11,618,768	11,463,849	30,932,430	31,524,610	23,331,591	10,788,188	—	_	—
* Restricted	184,752,868	167,750,111	144,902,038	128,610,718	124,852,862	123,658,262	170,449,269	_	_	_
* Committed	44,021,082	26,876,316	17,877,709	4,404,491	4,372,829	872,830	51,975	_	_	_
* Assigned	414,544	927,562	9,649,617	18,033,673	15,057,474	32,550,023	125,697,278	_	_	_
* Unassigned	(4,785,448)	(7,279,890)	(814,287)	(966,157)	(1,148,932)	(187,396)	(16,868,340)	_	_	_
Total all other governmental funds	\$ 236,552,128	199,892,867	183,078,926	181,015,155	174,658,843	180,225,310	290,118,370	226,589,325	243,694,435	277,338,441

* Fund Balance descriptions changed due to GASB Statement No. 54 implementation effective July 1, 2010.

TABLE 4

Changes in Fund Balance of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Revenues										
Property taxes	\$56,423,891	50,452,377	55,044,307	50,113,693	44,392,416	40,226,124	36,048,260	37,419,658	36,763,026	36,067,632
Incremental property taxes (1)	_	_	_	_	_	19,794,851	73,735,955	73,526,738	71,289,749	66,148,046
Sales & use taxes	54,505,239	54,802,839	51,089,716	49,210,039	47,880,634	45,831,961	31,689,531	26,636,653	28,296,696	32,356,941
Transient occupancy taxes (3)	55,532,325	51,021,050	_	_	_	_	_		_	—
Utility user taxes (3)	29,437,753	30,772,815	_	_	_	_	_		_	—
Business license taxes (3)	30,118,555	29,893,341	_	_	_	_	_		_	—
Other taxes	26,032,957	22,586,559	132,075,022	126,836,936	118,983,521	111,350,245	107,289,588	104,012,543	105,639,635	109,556,310
License and permits	43,134,856	41,367,924	39,490,688	36,967,493	33,777,567	30,608,592	27,564,660	20,658,582	20,398,191	20,203,085
Intergovernmental	39,612,637	39,612,770	31,013,327	33,068,906	26,420,260	28,277,049	30,887,064	30,132,263	36,408,496	33,007,061
Charges for services	63,821,708	61,667,576	56,381,352	55,976,703	50,767,945	52,613,331	45,248,472	46,975,370	39,238,389	36,226,643
Fines and forfeitures	15,461,662	15,904,736	16,287,290	16,253,546	15,303,990	15,651,820	15,952,957	17,492,928	14,113,906	14,567,262
Investment earnings	2,835,151	6,721,207	4,002,879	6,697,552	1,519,576	4,989,972	9,376,656	9,218,863	15,455,332	21,450,071
Rental income	9,047,246	11,683,408	10,602,671	10,311,967	9,843,633	9,619,254	8,541,702	7,026,380	5,467,946	7,006,972
Settlement income	6,103,175	2,433,175	2,433,175	2,433,175	52,287,404	33,277,271	—	40,196,472	4,429,738	1,012,863
Other	18,757,976	34,384,558	21,058,609	19,309,109	25,518,965	119,494,012	10,306,512	10,833,352	28,651,201	16,691,497
Total revenue	450,825,131	453,304,335	419,479,036	407,179,119	426,695,911	511,734,482	396,641,357	424,129,802	406,152,305	394,294,383
Expenditures										
Current										
General government	70,164,311	61,354,272	74,741,301	68,308,134	62,250,475	63,819,021	61,134,533	58,843,432	45,242,680	38,595,140
Public safety	136,266,910	132,629,455	117,186,887	111,737,328	104,466,191	106,215,553	99,416,830	99,142,700	96,985,086	89,074,863
General services	83,912,385	88,130,346	71,370,399	57,755,687	58,014,505	77,196,770	34,401,503	97,766,993	70,963,814	116,628,339
Cultural and recreation services	56,868,240	54,742,936	50,430,614	50,386,583	64,104,725	60,322,014	58,557,389	38,707,842	53,045,810	46,035,625
Library	12,476,127	12,667,433	12,025,143	17,158,001	14,880,934	11,323,906	10,594,925	10,067,865	10,099,063	10,245,110
Housing and community development	53,807,030	67,085,802	53,711,340	72,037,131	107,699,039	197,257,796	139,291,179	108,277,261	113,730,249	118,452,727
Other					_	_				2,749,086
Debt service										, ,
Principal	6,255,000	8,788,463	6,075,000	5,920,000	3,365,000	13,180,714	9,241,980	7,530,000	8,375,000	8,075,000
Interest	3,014,688	3,392,287	3,785,591	3,966,495	3,942,925	12,312,625	10,059,522	10,079,799	8,386,518	8,941,832
Bond issuance costs	_	535,048		_	_	441,993	440,308	219,405	_	_
Total expenditures	422,764,691	429,326,042	389,326,275	387,269,359	418,723,794	542,070,392	423,138,169	430,635,297	406,828,220	438,797,722
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Changes in Fund Balance of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
(continues from previous page)										
Excess (deficiency) of revenues										
over (under) expenditures	28,060,440	23,978,293	30,152,761	19,909,760	7,972,117	(30,335,910)	(26,496,812)	(6,505,495)	(675,915)	(44,503,339)
Other financing sources (uses)										
Transfers in	48,828,408	24,241,261	19,778,209	26,210,910	21,906,283	98,800,641	108,200,623	53,644,396	91,332,304	46,495,411
Transfers out	(43,585,095)	(17,271,426)	(17,289,889)	(24,648,414)	(32,010,088)	(105,257,875)	(106,957,815)	(53,948,675)	(91,633,368)	(49,574,857)
Line of credit proceeds	_	_	_	_	_	_	26,528,395	7,986,281	15,485,324	_
Long-term debt issued	_	_	_	_	_	32,178,250	_	_	_	_
Refunding bonds issued	—	26,360,000	—	—	—	19,950,000	41,050,000	9,155,000	—	
Premium on bonds issued	—	2,020,710	—	—	—	4,339,840	409,674	558,699	—	_
Payments to refunded bond escrow agent	—	(27,826,666)	—	—	—	(22,289,654)	(1,900,000)	(9,478,850)	—	_
Proceeds from loans payable							102,500,000			
Total other financing sources (uses)	5,243,313	7,523,879	2,488,320	1,562,496	(10,103,805)	27,721,202	169,830,877	7,916,851	15,184,260	(3,079,446)
Special item	(37,420,689)	(4,462,166)	—	—	(21,254,908)	—	—	—	—	—
Extraordinary gain (loss)	—	324,615	(21,564,585)	(33,345,736)	(14,196,057)	13,703,213	—	—	—	—
Net change in fund balance	\$ (4,116,936)	27,364,621	11,076,496	(11,873,480)	(37,582,653)	11,088,505	143,334,065	1,411,356	14,508,345	(47,582,785)
Debt service as a percentage of noncapital expenditures (2)	2.33%	3.16%	2.65%	2.76%	2.07%	5.23%	5.34%	4.25%	4.54%	4.52%

(1) Incremental property tax was received by the redevelopment agency which was dissolved in FY 2011-12

(2) Calculation includes only the principal and interest components of debt service expenditures when calculating this ratio for all years.

(3) Included in "Other taxes" in prior fiscal years.

General Fund Tax Revenues by Source (1) Last Ten Fiscal Years (In Thousands)

Source	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Sales taxes	\$ 54,505	54,803	51,090	49,210	47,881	45,832	31,690	26,637	28,297	32,357
Utility user's tax	29,438	30,773	32,066	32,817	31,450	31,296	31,625	31,620	31,579	31,622
Transient occupancy tax	55,532	51,021	47,629	44,396	40,997	36,143	32,747	29,804	31,265	34,969
Property taxes (2)	56,424	50,452	55,044	50,114	44,392	40,226	36,048	37,420	37,763	36,068
Business license taxes	30,712	30,799	30,354	29,783	27,518	26,325	25,480	26,553	27,216	24,654
Parking facility tax	11,231	10,718	11,072	10,598	9,954	9,394	8,786	7,848	7,980	7,826
Documentary Transfer Tax	10,952	7,851	7,903	6,273	6,027	5,192	3,954	3,432	2,653	4,739
Vehicle license fees	42	38	38	39	48	46	492	273	263	390
Condominium taxes	38	73	45	14	18	37	21	19	35	50
Total	\$ 248,874	236,528	235,241	223,244	208,285	194,491	170,843	163,606	167,051	172,675

Does not include Highway Users Taxes, which are recorded in the Gas Tax Fund, Unit Dwelling Taxes, which are recorded in the Parks and Recreation Facilities Fund, or TORCA Conversion Taxes, which are recorded in the TORCA Fund.
 Includes ad valorem property taxes for purposes of paying debt service on general obligation bonds. Does not include tax increment received by redevelopment area.

Source: City of Santa Monica Finance Department

CITY OF SANTA MONICA, CALIFORNIA

Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years (In Thousands)

Fiscal			Personal						Net assessed	Total Direct
year	Land	Improvements	property	Public utilities	Secured gross	Exemptions (1)	Secured net	Net unsecured	valuations	Tax Rate (2)
2016-17 \$	19,308,450	\$ 13,550,065	\$ 48,643	\$-	\$ 32,907,158	\$ 653,548	\$ 32,253,610	\$ 906,371	\$ 33,159,981	1.00%
2015-16	17,890,583	12,932,934	472,362	-	31,295,879	1,042,924	30,252,955	902,502	31,155,457	1.00%
2014-15	16,867,678	12,433,379	437,194	742	29,738,993	1,609,033	28,129,960	916,381	29,046,341	1.00%
2013-14	16,046,789	11,701,427	402,171	742	28,151,130	1,573,052	26,578,078	936,031	27,514,109	1.00%
2012-13	14,828,199	10,846,677	370,673	742	26,046,292	1,222,722	24,823,570	942,035	25,765,605	1.00%
2011-12	14,235,295	10,349,621	228,784	742	24,814,442	1,073,027	23,741,415	902,707	24,644,122	1.00%
2010-11	13,795,191	10,070,986	230,387	742	24,097,305	1,095,461	23,001,845	880,331	23,882,176	1.00%
2009-10	13,972,767	9,978,675	234,194	742	24,186,379	1,134,967	23,051,412	969,009	24,020,421	1.00%
2008-09	13,460,087	9,640,425	228,271	742	23,329,524	904,661	22,424,864	987,849	23,412,713	1.00%
2007-08	12,279,875	8,581,600	230,362	742	21,092,580	847,012	20,245,568	877,156	21,122,724	1.00%

(1) Includes Homeowner Exemption. City is reimbursed by State for taxes lost because of these exemptions.

(2) Excludes Direct and Overlapping Rates. See Table 7 for Direct and Overlapping Rates.

Source: Los Angeles County Auditor-Controller

CITY OF SANTA MONICA, CALIFORNIA

Direct and Overlapping Property Tax Rates* Last Ten Fiscal Years

Fiscal year	City General Fund	County General Fund	School districts	Miscellaneous special districts	Total
2016-17	\$ 0.01	\$ 1.00	\$ 0.13	_	\$ 1.14
2015-16	0.01	1.00	0.13	_	1.14
2014-15	0.01	1.00	0.13	_	1.14
2013-14	0.01	1.00	0.13	_	1.14
2012-13	0.01	1.00	0.13	_	1.14
2011-12	0.01	1.00	0.13		1.14
2010-11	0.01	1.00	0.13		1.14
2009-10	0.01	1.00	0.13		1.14
2008-09	0.01	1.00	0.13	0.01	1.15
2007-08	0.01	1.00	0.10	0.01	1.12

* Property tax rate is per \$100 of assessed value. Since 1978-79, the maximum allowable rate is levied by the County, property taxes are collected by the County, and the County allocates the City's share in accordance with distribution formulas established by law. Effective 1981-82, Proposition 13 allowed jurisdictions to impose rates over the \$1.00 base rate only for bonded debt approved by the voters prior to 1978. However, in 1986, the State Constitution was amended to allow rates over the \$1.00 base rate for voter approved general obligation bonds.

City General Fund is allocated approximately \$.14 of each \$1.00 of the County General Fund amount.

Source: Los Angeles County Auditor-Controller

CITY OF SANTA MONICA, CALIFORNIA

Principal Property Taxpayers Current Fiscal Year and Nine Years Ago

			2016-17			2007-08	
Taxpayer		Taxable assessed value	Rank	Percentage of total City taxable assessed value	Taxable assessed value	Rank	Percentage of total City taxable assessed value
California Colorado Center LLC	\$	511,857,228	1	1.57 %	\$ 452,157,840	1	2.14 %
Water Garden Realty Holding LLC		496,367,726	2	1.53	438,216,533	2	2.07
SC Enterprises SMBP LLC		377,446,814	3	1.16	226,701,857	5	1.07
Macerich Santa Monica Place LP		335,584,174	4	1.03	124,986,550	9	0.59
Douglas Emmett		332,654,098	5	1.02	261,224,120	4	1.24
Jamestown Lantana North LP		324,847,228	6	1.00			—
2700 Colorado LLC		246,806,713	7	0.76			—
Prudential Insurance		191,938,217	8	0.59			—
Hart Arboretum LLC		174,499,591	9	0.54			—
Equity Office Properties Trust		156,816,411	10	0.48			
Sisters of Charity/St. John's Hospital					345,742,592	3	1.64
Barrington Pacific LLC					134,791,748	6	0.64
New Santa Monica Beach Hotel					132,795,598	7	0.63
RAND Corporation					129,700,673	8	0.61
CLPF Arboretum		_		_	100,814,760	10	0.48
Total principal property taxpayers							
assessed value	\$	3,148,818,200		9.68	\$ 2,347,132,271	=	11.11
Total City net taxable assessed value	\$ 3	32,537,691,255		100.00 %	\$ 21,122,723,929	=	100.00 %

Source: City of Santa Monica Finance Department; Hdl, Coren and Cone; Los Angeles County Auditor-Controller

CITY OF SANTA MONICA, CALIFORNIA

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal year	secured tax levy	 rrent secured x collections	Delinquent at of levy secured tax lected collections (1)		Total tax collections		Total secured tax collections as percent of total tax levy		tstanding quent taxes (2)	delinque percen	anding nt taxes as t of total tax levy	
2016-17	\$ 30,859,806	\$ 30,545,235	99.0 %	\$	489,991	\$	31,035,226	100.0	5 %	\$ 375,288		1.2 %
2015-16	25,198,360	27,662,256	109.8		512,080		28,174,336	111.5	3	358,568		1.4
2014-15	26,567,114	26,190,114	98.6		600,642		26,790,756	100.3	3	438,248		1.6
2013-14	25,173,273	24,689,372	98.1		570,037		25,259,409	100.	3	512,940		2.0
2012-13	23,446,717	23,428,590	99.9		713,956		24,142,546	103.0)	585,417		2.5
2011-12	23,211,627	22,641,826	97.5		645,927		23,287,753	100.3	3	661,315		2.8
2010-11	22,293,648	21,759,685	97.6		937,340		22,697,025	101.3	3	669,232		3.0
2009-10	22,585,685	21,724,105	96.2		1,262,484		22,986,589	101.3	3	690,928		3.1
2008-09	22,439,401	21,195,066	94.5		1,237,357		22,432,423	100.0)	662,983		3.0
2007-08	20,654,045	19,309,774	93.5		528,207		19,837,981	96.0)	442,105		2.1

(1) Exclusive of penalties and collections related to tax overrides for debt service on general obligation bonds.

(2) Reflects City of Santa Monica proportionate share of county-wide outstanding delinquencies. The Los Angeles County property tax system does not provide City of Santa Monica specific statistics related to delinquencies. Should the County change their system to include specific city data, the table will be updated to adjust delinquent taxes by year.

Source: County of Los Angeles

Taxable Transactions by Type of Business (1) Last Ten Calendar Years (In Thousands)

	Calendar Year									
Business	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Apparel stores	\$ 403,869	395,773	403,129	413,794	403,566	381,960	307,409	278,980	316,993	337,956
General merchandise	89,604	99,658	102,419	107,483	114,375	111,962	66,521	28,349	50,545	62,504
Food stores	89,972	99,055	98,709	92,794	86,213	84,007	80,779	82,841	87,586	85,500
Eating & drinking places	685,037	653,626	594,556	490,165	541,432	503,540	456,846	431,011	457,549	459,403
Building materials	111,257	115,150	115,313	104,249	90,255	92,249	88,913	88,971	119,095	130,025
Auto dealers & auto suppliers	770,640	750,069	738,361	699,105	640,142	632,304	600,140	609,517	647,526	714,128
Service stations	87,195	108,224	120,557	131,887	137,246	134,962	151,952	106,193	146,276	137,306
Other retail stores	679,227	694,454	623,367	623,225	643,207	638,691	527,688	518,096	620,078	680,459
Retail stores total	2,916,801	2,916,009	2,796,411	2,662,702	2,656,436	2,579,675	2,280,248	2,143,958	2,445,648	2,607,281
All other outlets	323,144	371,143	355,662	392,160	289,380	284,577	276,099	270,337	317,818	336,863
Total all outlets	\$ 3,239,945	3,287,152	3,152,073	3,054,862	2,945,816	2,864,252	2,556,347	2,414,295	2,763,466	2,944,144

(1) Amounts have been revised to reflect prior year adjustments; Amounts do not include allocations from State or County Pools.

CITY OF SANTA MONICA, CALIFORNIA Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	Governmental activities						Business-ty	pe activities					
Fiscal year	General obligation bonds	Tax allocation bonds (2)	Lease revenue bonds	Term loans payable (2)	Line of credit (2)	Wastewater bonds	Certificates of participation	Term loans payable	Capital leases	Total primary government	Percentage of net assessed valuation (1)	Per c	capita
2016-17	\$ 7,281,181	\$ —	\$ 64,474,634	\$ 400,000	\$ _	\$ 9,404,529	\$	\$ 921,636	\$	\$ 82,481,980	0.25%	\$	879
2015-16	8,554,417	_	69,944,367	400,000	_	9,504,426	_	1,213,411	_	89,616,621	0.29%		957
2014-15	9,857,652	_	77,431,209	400,000	_	9,604,321	_	1,497,792	_	98,790,974	0.34%		1,059
2013-14	11,205,890	_	82,503,548	400,000	_	9,704,216	_	1,774,966	_	105,588,620	0.38%		1,145
2012-13	12,518,284	_	87,039,302	400,000	_	17,763,125	_	2,045,117	_	119,765,828	0.46%		1,316
2011-12	12,650,793	_	90,574,837	400,000	_	19,319,815	_	2,308,422	_	125,253,867	0.51%		1,388
2010-11	15,044,398	103,546,185	61,882,893	101,468,020	50,000,000	20,727,517	_	2,565,054	_	355,234,067	1.49%		3,939
2009-10	16,793,432	66,727,384	65,049,340	400,000	23,471,605	22,107,109	_	2,837,400	_	197,386,270	0.82%		2,129
2008-09	18,507,466	69,348,470	67,835,516	400,000	15,485,324	23,431,702	_	3,103,408	_	198,111,886	0.85%		2,142
2007-08	20,196,498	71,839,556	71,836,328	_	_	24,711,294	_	3,363,238	_	191,946,914	0.91%		2,168

Note: Details regarding the City's outstanding debt can be found in the Note 9 fo the Financial Statements.

All bonds amounts are updated to reflect net of related premiums, discounts, and adjustments.

(1) Net assessed property valuations have been used because personal income is not available. See Table 6 for net assessed valuations.

(2) Redevelopment debt was transferred to the Successor Agency on February 1, 2012.

CITY OF SANTA MONICA, CALIFORNIA

Ratios of General Bonded Debt Last Ten Fiscal Years

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
General bonded debt outstanding										
General obligation bonds	\$ 7,281,181	8,554,417	9,857,652	11,205,890	12,518,284	12,650,793	15,044,398	16,793,432	18,507,466	20,196,499
Tax allocation bonds (3)	_	_	_	_	_	_	103,546,185	66,727,384	69,348,470	71,839,555
Total	\$ 7,281,181	8,554,417	9,857,652	11,205,890	12,518,284	12,650,793	118,590,583	83,520,816	87,855,936	92,036,054
Assessed value (in thousands) (1)	\$ 33,159,981	31,155,457	29,046,341	27,514,109	25,765,605	24,644,122	23,882,176	24,096,850	23,488,853	21,122,724
Percentage of assessed Property value	0.02%	0.03%	0.03%	0.04%	0.05%	0.05%	0.50%	0.35%	0.37%	0.44%
Population (2)	93,834	93,640	93,283	92,185	91,040	90,223	90,174	92,703	92,494	91,439
Per capita	\$ 78	91	106	122	138	140	1,315	901	950	1,007

(1) See Table 6 for Assessed Value Data

(2) See Table 16 for Population Data

(3) Redevelopment debt was transferred to the Successor Agency on February 1, 2012.

All bonds amounts are net of related premiums, discounts, and adjustments.

Direct and Overlapping Governmental Activities Debt As of June 30, 2017

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated share of Overlapping Debt
Overlapping debt:			
Los Angeles County General Fund Obligations	\$ 1,996,576,065	2.466%	\$ 49,235,566
Los Angeles County Superintendent of Schools Certificates of Participation	7,204,988	2.466%	177,675
Metropolitan Water District	74,905,000	1.284%	961,780
Santa Monica Community College District	474,764,922	66.384%	315,167,946
Los Angeles Unified School District	9,815,110,000	0.0002%	19,630
Santa Monica-Malibu Unified School District	383,670,710	66.437%	254,899,310
Los Angeles County Regional Park and Open Space Assessment District	38,895,000	2.466%	959,151
Santa Monica Community College District Certificates of Participation	13,310,000	66.384%	8,835,710
Los Angeles Unified School District Certificates of Participation	239,440,000	0.0002%	479
Los Angeles Community College District	3,847,880,000	0.0110%	423,267
Santa Monica-Malibu Unified School District Certificates of Participation	8,066,501	66.437%	5,359,141
Overlapping Tax Increment Debt			83,920,000
Subtotal, overlapping debt			719,959,655
City direct governmental debt			
City of Santa Monica Parking Authority Lease Revenue Bonds (2002 Refunding)			-
City of Santa Monica General Obligation Bonds Main Library Improvements (2012	2)		7,281,181
City of Santa Monica Public Safety Lease Revenue Bonds (2009)			4,529,330
City of Santa Monica Public Safety Lease Revenue Bonds (2011)			4,209,681
City of Santa Monica Civic Parking Structure Lease Revenue Bonds (2015)			27,161,187
City of Santa Monica Parking Structure 6 Lease Revenue Bonds (2011)			28,574,435
State Dept of Housing and Community Development			400,000
Subtotal, direct debt (2)			72,155,814
Total direct and overlapping governmental debt (3)			\$ 792,115,469
(1) Descenters of supleming accessed velocities leasted within housdaries of the site			

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Net of issuance discounts and premiums.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bond and non-bonded capital lease obligations.

Source for overlapping debt information: California Municipal Statistics, Inc.

CITY OF SANTA MONICA, CALIFORNIA Computation of Legal Debt Margin

Last Ten Fiscal Years

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Total net debt applicable to limit	\$ 62,271,351	67,444,525	74,876,302	80,994,650	87,000,048	91,804,168	151,252,964	133,493,200	141,302,416	148,656,800
Debt limit	3,381,352,900	3,219,838,100	3,065,537,400	2,908,716,082	2,720,223,142	2,594,319,674	2,531,305,352	2,545,129,908	2,449,428,970	2,214,502,370
Legal debt margin	3,319,081,549	3,152,393,575	2,990,661,098	2,827,721,432	2,633,223,094	2,502,515,506	2,380,052,388	2,411,636,708	2,308,126,554	2,065,845,570
Total net debt applicable to the limit as a percentage of debt limit	1.84%	2.09%	2.44%	2.78%	3.20%	3.54%	5.98%	5.25%	5.77%	6.71%

33,159,981,000 653,548,000 \$33,813,529,000		Net assessed value Add: exempt property Total gross assessed value
3,381,352,900	essed value (1)	Debt limit - 10% of total assessed v
-	67,120,000 nds	Amount of debt applicable to debt Total bonded debt Less: Assets in debt service funds available for payment of bonds
62,271,351	ble to debt limit	Total amount of debt applicable to
\$ 3,319,081,549		Legal debt margin

(1) Per Section 607 of the City Charter, bonded indebtedness of the City may not exceed 10% of total assessed valuation

of property within the City, exclusive of any indebtedness incurred for the purpose of water supply or sewers or storm drains.

Source: City of Santa Monica Finance Department

Wastewater Enterprise Revenue Bonds Coverage Last Ten Fiscal Years

Fiscal	Gross	Direct operating	Net revenue available for	Deb	ot service requirer	nent	
year	revenues (1)	expense (2)	debt service	Principal	Interest	Total	Coverage (3)
2016-17	\$ 20,069,691	\$ 8,779,235	\$ 11,290,456	\$ —	\$ 266,550	\$ 266,550	42.36
2015-16	19,680,491	9,573,340	10,107,151	_	266,550	266,550	37.92
2014-15	20,166,164	10,535,135	9,631,029	—	266,550	266,550	36.13
2013-14	22,556,413	12,823,959	9,732,454	1,785,000	575,698	2,360,698	4.12
2012-13	22,490,999	9,853,573	12,637,426	1,700,000	674,700	2,374,700	5.32
2011-12	21,307,472	10,993,468	10,314,004	1,650,000	846,141	2,496,141	4.13
2010-11	19,117,006	9,547,632	9,569,374	1,600,000	972,738	2,572,738	3.72
2009-10	17,036,277	9,449,739	7,586,538	1,545,000	1,026,812	2,571,812	2.95
2008-09	15,978,030	8,305,013	7,673,017	1,500,000	1,071,812	2,571,812	2.98
2007-08	17,359,852	12,711,059	4,648,793	1,455,000	1,115,463	2,570,463	1.81

CUSIP 802475

(1) Gross revenues included operating revenues plus nonoperating revenues and net interfund transfers through FY 2007-08. Starting in FY 2008-09 gross revenues included operating revenues plus operating transfers specifically related to wastewater operations.

(2) Excludes depreciation expense, write-off of disposed assets, and capital-related expenditures.

(3) Bond covenant requires a coverage ratio of 1.20

The Hyperion Project, Wastewater Enterprise Revenue Bonds were issued November 26, 1991 at an interest rate of 6.25% with ratings of A1 from Moody's Investors Service, Inc. and A+ from Standard & Poor's Corporation. Debt service began in FY 1992-93. These bonds were refunded by the issuance of insured Wastewater Enterprise Revenue Bonds, 1993 Refunding Series on December 22, 1993 with an interest rate of 5.3084% with ratings of Aaa and AAA by Moody's Investors Services, Inc. and Standard & Poor's Corporation, respectively. The Refunding Bonds were insured by AMBAC Indemnity.

On October 13, 2005 the City issued \$20,305,000 of Wastewater Enterprise Refunding Revenue Bonds bearing interest from 3.00% to 5.00% to defease \$21,535,000 of the outstanding 1993 Wastewater Enterprise Revenue Bonds, 1993 Refunding Series with ratings from Moody's Investor Services, Inc. of A1, Standard & Poor's Corporation of AA and Fitch Ratings of AAA. The Refunding Bonds are insured by Financial Guaranty Insurance Company.

On April 16, 2010 Moody's upgraded the underlying rating on the Refunding bond to Aa2 and on November 17, 2008 Standard & Poor's Corporation upgraded the underlying rating to AAA.

On May 30, 2012 the City issued \$8,955,000 Wastewater Refunding Revenue Bonds Series 2012A at interest from 2.00% to 4.00% to defease \$9,670,000 of the outstanding 1993 Wastewater Enterprise Revenue Bonds. Standard & Poor's Corporation rated AAA on the 2012A Refunding bond.

On December 16, 2013 Moody's upgraded the underlying rating of the 2005 bonds to Aa1 from Aa2.

On June 1, 2014, the City redeemed remaining balance \$7,810,000 of Wastewater Enterprise Refunding Revenue Bonds 2005.

Source: City of Santa Monica Finance Department

CITY OF SANTA MONICA, CALIFORNIA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar year	Population (1)	Per	Personal income (2) (millions)		Per capita sonal income (3)	Unemploym rate (4)	ent
2017	93,834		*		*	3.4	%
2016	93,640	\$	727,377	\$	54,526	3.6	
2015	93,283		673,074		50,751	6.3	
2014	92,185		635,892		48,425	7.1	
2013	91,040		604,832		46,337	8.4	
2012	90,223		575,044		44,423	8.4	
2011	90,174		561,142		43,688	10.5	
2010	92,703		565,365		42,784	10.3	
2009	92,494		551,271		42,818	9.5	
2008	91,439		552,450		42,916	5.5	

* No data is available for 2017 as of publication date of CAFR

Note: Data shown is the Metropolitan Statistical Area of Los Angeles-Long Beach-Santa Ana, CA. Data by City is not available.

Source: (1) California Department of Finance

(2) and (3) Bureau of Economic Analysis

(4) State of California, Employment Development Department, Labor Market Information Division

Principal Employers Current Year and Nine Years Ago

		2016-1	7	2007-08						
			Percentage of		Percentage of					
	Number of		total City	Number of		total City				
Employers	employees	Rank	employment	employees	Rank	employment				
UCLA Medical Center, Santa Monica	2,356	1	2.65 %	1,652	3	2.10 %				
City of Santa Monica	2,167	2	2.44	2,118	2	2.69				
Santa Monica College	1,977	3	2.23	2,525	1	3.20				
Providence Saint John's Health Center	1,750	4	1.97	1,612	5	2.05				
Santa Monica-Malibu Unified School District	1,550	5	1.74	1,650	4	2.09				
RAND Corporation	901	6	1.01	862	7	1.09				
Lion's Gate Entertainment Corp (Including Artisan Home Entertainment Inc, Artisan Releasing LLC)	873	7	0.98	_	_	_				
Activision Publishing (Including Beachhead Studios, Treyarch Corp	827	8	0.93	800	8	1.01				
Universal Music Group	796	9	0.90	603	10	0.77				
ET Whitehall, Inc. (Casa del Mar, Shutters on the Beach)	629	10	0.71	715	9	0.91				
MTV Networks	_	_	_	1,200	6	1.52				
Total jobs provided by principal employers	13,826			13,737						
Average total jobs in Santa Monica	88,848			78,822						
Principal employers as percent of total jobs	15.56%			17.43%						

Source: City of Santa Monica Economic Development Division, Housing and Economic Development Department

CITY OF SANTA MONICA, CALIFORNIA

Full-Time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

Function/Program	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
General government	269.7	281.5	265.7	232.9	230.7	238.6	221.7	222.7	217.0	191.6
Public safety										
Police										
Sworn	224.0	221.0	221.0	216.0	216.0	209.0	216.0	216.0	216.0	216.0
Non-sworn	202.4	202.4	197.4	217.4	220.4	225.4	221.4	227.4	223.4	246.9
Fire										
Sworn	120.0	114.0	114.0	108.0	108.0	108.0	105.0	109.0	106.0	107.0
Non-sworn	16.0	15.8	15.8	21.0	21.0	21.0	22.0	19.0	11.0	27.3
General services	281.6	257.3	257.3	256.1	184.3	184.3	261.9	261.3	260.1	268.9
Cultural and recreation services	152.7	153.0	153.7	151.9	231.1	231.1	151.9	152.8	148.5	145.4
Library	112.5	111.0	111.0	114.8	106.1	106.1	107.1	107.3	107.3	107.1
Housing and community development	161.5	159.5	149.8	138.8	144.4	144.4	146.4	148.4	158.4	139.9
Beach recreation	50.5	50.3	48.9	49.9	46.6	46.6	46.6	47.6	46.5	24.8
Water	46.0	46.0	46.0	46.0	46.0	46.0	47.0	47.0	47.0	52.2
Resource Recovery & Recycling	90.7	89.7	87.7	86.7	75.2	84.2	84.2	84.0	84.0	83.1
Pier	20.3	19.3	17.8	17.8	17.2	15.8	16.2	16.2	16.2	16.5
Wastewater	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	39.6
Civic Auditorium	_	_			11.0	30.3	34.4	34.4	34.4	35.0
Airport	37.9	12.9	12.4	12.5	12.2	4.0	12.2	12.2	12.2	12.4
Cemetery	8.1	7.1	7.1	7.1	12.1	12.1	12.1	11.1	10.1	10.2
Big Blue Bus	462.9	464.5	436.0	435.5	419.0	419.0	413.7	418.7	417.7	441.9
Vehicle management	29.0	29.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.8
Self insurance - workers' compensation	13.0	13.0	12.0	12.0	14.0	14.0	12.0	12.0	12.0	12.1
Community Broadband	4.0	—	—	_			_	_		
Total all funds	2,325.0	2,269.5	2,203.8	2,174.6	2,165.5	2,190.1	2,182.0	2,197.3	2,178.0	2,206.7

Note: Includes permanent and temporary employees (2,080 hours = 1 full-time position).

Source: City of Santa Monica Budget

CITY OF SANTA MONICA, CALIFORNIA Operating Indicators by Function/Program Last Ten Fiscal Years

Function / program	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
General government:										
Electronic requests for government information	13,811,858	12,558,833	13,410,283	12,420,770	12,175,143	16,000,000	16,000,000	15,900,000	15,700,000	24,631,223
Hours of live public meeting coverage	220	275	319	284	330	300	300	300	216	444
Public safety:										
Number of emergency response incidents	16,384	15,963	14,629	13,637	13,540	12,842	12,000	12,005	11,690	11,553
Number of inspections	10,592	10,202	8,119	9,031	8,706	9,549	8,549	7,235	8,918	7,053
Calls to Police Department for service	129,524	130,016	133,516	128,323	120,320	105,642	104,097	109,045	107,604	106,497
Police reports issued	14,467	14,358	13,984	13,983	13,708	13,086	13,377	13,995	14,373	14,346
Number of crimes recorded	8,988	8,774	8,500	8,744	8,986	8,579	8,581	8,793	9,561	9,604
General services:										
Number of square feet of sidewalks repaired	99,907 (1) 14,001	10,359	6,025	3,279	40,000	40,000	33,670	190,000	140,000
Number of graffiti removals performed	43,535	38,311	37,940	37,948	34,289	20,000	20,000	19,500	18,481	25,251
Feet of sewer mains cleaned	1,988,287	1,985,816	2,200,810	1,933,560	2,328,874	2,316,757	1,751,717	1,768,024	1,532,184	783,932
Cultural and recreation services:										
Number of cars parked in beach lots	2,829,771 (2	2) 2,580,752	2,580,225	2,568,733	2,163,186	1,500,000	1,500,000	1,798,000	1,450,000	1,640,733
Senior services meals served	64,406	52,917	48,253	43,020	64,711	56,232	52,440	49,786	42,459	30,917
Number of low income persons receiving primary health care	4,458	4,137	3,089	3,519	3,568	4,164	4,453	3,942	4,344	3,650
Number of youth regularly attending homework assistance programs	641	745	624	583	469	466	458	423	558	547
Library:										
Library visitors	1,257,746	1,184,130	1,262,708	1,265,286	1,373,663	1,500,000	1,500,000	1,500,000	1,300,000	1,328,614
Materials used	1,882,878	1,888,473	1,998,869	2,021,936	2,225,571	2,100,000	2,100,000	2,100,000	1,900,000	1,795,844
Public access computer sessions	173,702	164,318	182,655	215,907	271,680	300,000	300,000	300,000	290,000	286,077
Housing and community development:										
Building and Safety plan checks completed	4,749 (3	3) 2,823	3,080	2,366	1,998	1,500	1,500	1,712	1,798	1,786
Building inspections performed	24,080	23,858	20,690	20,732	21,576	16,000	16,000	13,608	18,103	17,671
Transportation Managements plan checks completed	640	632	748	839	465	500	500	444	750	531
Resident parking passes sold	51,325	48,962	56,356	51,674	76,000	73,000	70,000	60,000	39,000	45,657
Number of traffic signs installed, replaced, repaired, or removed	2,858	1,659	2,079	2,417	2,859	5,600	5,600	4,600	5,600	5,633
Number of parking meters installed, replaced, repaired, or removed	14,843	13,844	5,875	5,874	6,100	23,000	23,000	49,000	45,257	45,532
Water:										
Number of direct customer accounts	17,976	17,842	17,798	17,760	17,705	17,902	17,823	17,709	17,356	17,272
Water sold to direct customers in whole acre feet	11,552	11,242	12,323	13,344	15,147	11,996	11,779	12,629	12,879	12,975
Airport:										
Number of tenant aircraft	310	309	325	274	420	420	420	420	420	420
Noise ordinance violations issued	148	162	118	153	160	142	148	154	210	244
Big Blue Bus:										
Revenue Miles	4,969,546	4,862,782	4,734,209	4,870,655	5,019,965	5,278,856	5,267,809	5,352,321	5,316,228	5,114,167
Farebox revenue (in millions)	11.80	12.84	13.36	13.68	14.09	11.86	11.74	11.63	11.51	10.91
Total passenger trips (in millions)	13.3	16.5	18.7	18.8	19.3	22.0	22.0	22.0	22.0	21.0
Number of customer relations phone calls	37,187	38,705	56,995	64,525	69,075	73,586	73,447	69,738	71,868	74,131
Total number of charters	0	0	0	3	3	90	349	202	224	554

(1) This count was adjusted to include permanent, temporary, and hot-patch repairs.

(2) Excludes Beach House summer reservations and private event parking.

(3) Includes plan check projects at the public counter (OTC reviews) that were left out last fiscal year.

Sources: Various City departments.

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function / program	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Public safety:										
Number of police vehicles	235 (1)	232	220	223	241	239	215	215	244	232
Number of fire vehicles	67	71	68	64	56	52	54	57	58	58
Number of fire stations	4	4	4	4	5	5	5	5	5	5
Number of police substations including Public Safety Facility	3	3	3	3	4	4	4	4	4	4
General services:										
Square footage of asphalt paved streets	30,170,740	30,170,740	30,403,785	30,403,785	30,403,785	30,403,785	30,385,115	30,585,115	30,385,115	30,421,841
Square footage of concrete paved streets	1,177,981	1,177,981	1,128,034	1,128,034	1,106,834	1,106,834	1,125,504	1,125,504	1,125,504	1,088,778
Square footage of sidewalks	8,451,871	8,451,871	8,403,428	8,403,428	8,386,998	8,386,998	8,386,998	8,386,998	8,386,998	8,386,183
Square footage of curbs and gutters	1,938,420 (2)	1,938,420	1,930,214	1,930,214	1,927,564	1,917,714	1,883,714	1,834,166	1,776,089	1,702,071
Cultural and recreation services:										
Number of beach parking lots	16 (3)	16	16	17	17	17	17	17	16	16
Number of parks	30	29	29	29	29	27	27	26	26	26
Number of swim centers	2	2	2	2	2	2	2	2	2	1
Library:										
Number of facilities: main and branches	5	5	5	5	4	4	4	4	4	4
Housing and community development:										
Downtown structure visitors	5,753,204 (4)	6,722,688	6,405,636	6,455,602	6,790,058	6,659,246	5,958,593	4,078,062	3,928,900	3,768,746
Water:										
Number of feet of water main installed	2,269 (5)	2,495	10,465	9,510	9,510	12,384	—	—	—	22,660
Water main system (in miles)	205	205	205	205	205	205	205	205	205	205
Reclaimed water main system (in miles)	5	5	5	5	4	4	4	4	4	4
Wastewater:										
City sewage flow in million gallons/day	14.2	13.9	13.9	12.2	11.4	11.4	11.3	10.6	13.3	10.4
Sewer main system (in miles)	151	151	151	151	151	151	152	152	152	152
Stormwater:										
Daily gallons treated for recycling by SMURRF	159,740	160,059	170,000	108,000	123,000	122,890	330,000	275,000	275,000	330,000
Storm drain system (in miles)	59	59	59	59	59	59	58	58	58	58
Airport:										
Aircraft operations (departures and arrivals)	83,471	89,217	84,633	85,052	102,109	105,026	106,521	112,212	117,250	136,485
Big Blue Bus:										
Number of buses	200	200	188	201	192	200	214	199	197	202

(1) Includes police patrol boat, Mobile Command Center, and SUVs (to eventually replace old Crown Victorias)

(2) Per Engineers, curbs and gutters are in linear feet. Thus, use approximate factor of 2 to convert from linear feet to square feet.

(3) 1650 Appian is residental parking only and has been removed from count.

(4) 2017 Downtown Community Plan (DCP) Downtown perimeter: Wilshire Blvd (north), Lincoln Blvd (east), I-10 Freeway (south), Ocean Avenue (west)

- includes Parking Structures 1-8, Main Library Parking Structure, Ken Edwards Center

- excludes Parking Structure 9, Civic Center Parking Lot, Civic Center Parking Structure

(5) Per Engineers, this total is lower compared to prior years because no water main CIP was started this year.

Sources: Various City departments.

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