

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2016

Jonathan C. Curtis	Mayor
Michael T. Davitt	Mayor Pro Tem
Leonard Pieroni	Council Member
David A. Spence	Council Member
Teresa Walker	Council Member



CITY OF LA CAÑADA FLINTRIDGE, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



Prepared by the City of La Cañada Flintridge Finance Department

Mark R. Alexander, City Manager



CITY OF LA CAÑADA FLINTRIDGE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

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INTRODUCTORY SECTION







CITY COUNCIL

Jonathan C. Curtis, Mayor
Michael T. Davitt, Mayor Pro Tem
Leonard Pieroni
David A. Spence
Terry Walker

January 27, 2017

Honorable Mayor, Members of the City Council and Citizens of the
City of La Cañada Flintridge, California:

The Comprehensive Annual Financial Report (CAFR) of the City of La Cañada Flintridge, California, for the fiscal year ended June 30, 2016 is submitted herewith. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in pronouncements of the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the City of La Cañada Flintridge. Consequently, management assumes full responsibility for completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control framework is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. We assert that, to the best of our knowledge and belief, this report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

Moss, Levy & Hartzheim LLP, a firm of licensed certified public accountants, has audited the City's basic financial statements. The goal of the independent audit is to provide reasonable assurance that the basic financial statements for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Moss, Levy & Hartzheim LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of La Cañada Flintridge's financial statements, for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of "Management's Discussion and Analysis" (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The City of La Cañada Flintridge's MD&A can be found immediately following the independent auditor's report.

The financial reporting entity (the City) includes all of the funds of the City of La Cañada Flintridge, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Profile of the City of La Cañada Flintridge

The City of La Cañada Flintridge was incorporated on November 30, 1976 as a “General Law” city with a Council-Manager form of government. A five-member City Council is elected at-large to serve staggered four-year terms. In March of each year, the City Council selects one of its members to serve as Mayor, and one to serve as Mayor Pro Tem. The City Council is responsible for, among other things, establishing the City’s policies and priorities, passing ordinances, and adopting the budget, as well as appointing the City Manager, City Treasurer, City Attorney, and the members of City commissions and committees. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City.

The City provides a full range of services including land use and zoning review; the construction and maintenance of streets, parks, and other infrastructure; recreational activities and cultural events; oversees contractual services provided by Los Angeles County or other private vendors including law enforcement, fire protection, animal control, road maintenance, traffic signal maintenance, legal services, building and safety inspection, recreation programs, human services, parks and landscape maintenance.

The annual budget serves as the foundation of the City of La Cañada Flintridge’s financial planning and control. All departments and contractors submit requests for appropriations to the City Manager. These requests, in conjunction with revenue trend analysis, are the starting point for developing a preliminary budget, which is presented to the City Council for consideration and review. Budget hearings are held and the City Council adopts the final fiscal year budget effective July 1. Budget appropriations are prepared by fund, department, and program. Budget to actual comparisons are provided in this report for each individual governmental fund type. In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. The City Council approves operating appropriations at the department and fund level and may amend or supplement the budget during the fiscal year by motion. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed appropriated amounts) is at the fund level. Operating appropriations lapse at the end of each fiscal year unless they are encumbered at year-end or are re-appropriated through the formal budget process.

The voters of California, during a special election in 1979, approved Article XIII-B of the California State Constitution. Informally known as the “Gann Initiative,” Article XIII-B provides limits regarding the total amount of appropriations in any fiscal year from the “proceeds of taxes.”

The State Legislature, in 1980, added Section 9710 to the Government Code providing that the governing body of each local jurisdiction must establish, by resolution, an appropriations limit for the following year. The appropriations limit for any fiscal year is equal to the previous year’s limit, adjusted for city or county population changes, whichever is greater, and the change in California per capita income or the growth in non-residential assessed valuation due to new construction within the City, whichever is greater.

The Appropriations Limit and the City’s Appropriations Subject to the Limit for the FY 2015-16 amounted to \$18,510,472 and \$9,808,800 respectively. The City’s appropriations consistently remain far below the appropriations limit and are not expected to approach it in the near future.

Factors Affecting Financial Condition

Information presented is perhaps best understood when considered from the broader perspective of the environment within which the City of La Cañada Flintridge operates.

Local economy

The City is located in the northern portion of the Los Angeles County basin, nestled against the foothills of the San Gabriel Mountains, approximately 13 miles north of downtown Los Angeles. The City encompasses 8.5 square miles. Neighboring cities include Glendale, Pasadena, and the unincorporated communities of La Crescenta and Altadena. In addition, the northern City boundary borders the Angeles National Forest.

The City prides itself on being a semi-rural community with tree-lined streets, custom residential estate development, abundant streams, waterways, and undeveloped hillside properties acquired by the City to remain as permanent open-space dedicated as recreational trails and wildlife nature preserves.

The State of California estimated the City's population to be 20,556 as of 2015, a slight (0.06%) increase over the previous year and less than 2006 population of 21,231. Per capita personal income in 2015 was \$71,482, a decrease of 6.0% over 2014. The median age of La Cañada Flintridge residents in 2015 was 45.1, compared to 44.6 in 2014.

The City has approximately 7,000 housing units. The median sales price of a single family residential home in 2015 was \$1,500,000, an increase of 15.7% over the median sales price of \$1,297,000 in 2013.

The local economy remains stable despite the uncertain regional and statewide economic climate. The unemployment rate among the City's residents was estimated at 3.5% in 2015, which is higher than the 1.8% estimated in 2006 but lower than the average rate during the years following the "Great Recession" of 2007 and 2008. Major employers located in this City's largely residential community include: NASA's Jet Propulsion Laboratory, the La Cañada Unified School District, La Cañada Flintridge Country Club, Ross Stores, Inc., Trader Joe's, and Gelsons. The City's largest private employer is Ralph's Grocery Company.

Property tax, local retail sales tax, and development-related fees continue to be among the City's major revenue sources. The economic outlook for the community is one of cautious optimism given the uncertainty of California's economy and the real estate market. While the City is somewhat dependent on a strong economy and stable fiscal situation at the State level, it has avoided an over-dependence on State or Federal subventions. This, combined with the City's history of maintaining strong reserves and a conservative approach toward spending, has provided a measure of stability in the City's fiscal environment.

Long-term financial planning

During FY 2015-16, the City performed a 5-year General Fund financial projection as a planning tool to assist in guiding the annual budget process. In addition, the City adopted a Five-Year Capital Improvement Plan (CIP) to serve as a primary long-term financial planning tool to assist in guiding future capital investments in roads, parks, trails, and other capital assets and infrastructure. Specific projects included within the CIP, which spans the timeframe from FY 2015-16 to FY 2019-20, include the annual Citywide Street Resurfacing Program, the Woodleigh Lane Improvement project, the Foothill "Link" (which includes a bikeway and wall landscaping) project, and the construction of Soundwalls along the Route 210 Freeway.

Cash and investment management policies and practices

In accordance with State Government Code and the City's Investment Policy, which is adopted annually by the City Council, the City Treasurer is responsible for investing available cash. The cash management system of the City is designed to invest public funds in a manner that provides an optimal combination of security and investment return while meeting the City's daily cash flow demands. The criteria for selecting investments are, in order of priority: (a) safety (b) liquidity and (c) yield. The City Treasurer presents a monthly report of investments to the City Council. All interest income is apportioned to the City's individual funds on a pro rata

basis. The yield on the entire investment portfolio for the year was 1.17%.

Idle cash during the year is invested in two investment pools: (1) the California Local Agency Investment Fund (LAIF) pool, administered by the State Treasurer; and (2) the California Asset Management Program (CAMP), which is a California Joint Powers Authority that provides investment services to California public agencies. The average yield for the year in LAIF was 0.44%; in CAMP, the average yield was 0.31%.

The City's longer-term investments include securities; specifically, corporate notes, obligations of agencies of the U.S. Government, and obligations of U.S. Government sponsored enterprises. These investments are laddered with maturities up to five years. For the year, the yield on the City's securities holdings was 1.19%.

Investment returns, as measured in the financial statements, include changes in the fair market value of the City's securities. Increases and decreases in the fair market value of investments do not necessarily represent trends that will continue. While the City of La Cañada Flintridge intends to hold these investments to maturity, the sale of individual securities prior to maturity, for purposes of portfolio optimization, may be appropriate from time-to-time.

Risk management

The City is a member of the California Joint Powers Insurance Authority (CJPIA). The CJPIA is a consortium of approximately 120 cities and other public agencies throughout California established under the provisions of the California Government Code Section 6500. The CJPIA provides risk coverage for its members through self-insurance, the pooling of risks, and purchase of excess insurance. This coverage extends to workers compensation, property, general liability, errors and omissions and vehicle liability. The CJPIA is governed by a Board consisting of one representative appointed by each member agency. The Board elects officers that meet monthly to supervise and conduct affairs. The City is well-represented with one of its Council Members serving on the CJPIA Executive Board. The Board maintains a staff, headed by a general manager, to implement the policies of the Board. The City continues to participate in the voluntary CJPIA Risk Management Evaluation program, ADA Transition Plan Implementation, reviewing all facilities and operational policies for safety and compliance with applicable laws.

Major initiatives, current year projects

Planning and Development

The number of discretionary Planning cases reviewed continued its upward trend since the 2009 low point of 215 cases, and reached 286 cases during FY 2015-16. The commercial vacancy rate continues to display a steady decline from July 2015 to June 2016. The trend showed slightly increased numbers during the initial months of each year. However, these vacant spaces tended to fill by mid-year with the rate experiencing a corresponding drop by the end of the cycle. The adjusted commercial vacancy rate for July 2015 was at 3.1% which gradually fell to 2.3% as of June 2016.

The City continued its efforts to enhance customer service. During FY 2015-16, this included continued expansion of Building & Safety counter hours to provide residents and others additional opportunities to complete their required permitting and plan checks as efficiently as possible. In addition, a part-time contract Permit Technician was hired to help expedite permits at the counter.

The City continued its "Mills Act" program for residents interested in preserving their historic residences. The Mills Act reduces the amount of property taxes collected on contracted properties in return for preserving the properties in accordance with state and federal regulations. Houses are considered on an individual basis and must meet standards established by the Federal Government. Two houses were approved for contracts during

FY 2015-16. In 2015, the City Council increased the limit for foregone property taxes from \$10,000 to \$20,000, and, in so doing, increased potential project participation.

The City's Community Development Block Grant program continued during the year. The amount of overall funding declined as the federal government continues to reduce the CDBG's program's budget. The City has two program areas: residential rehabilitation and sewer connection subsidies. Both programs provide grants to lower income households of up to \$15,000 and \$12,000, respectively. During FY 2015-16, the program was able to help two households with rehabilitation and three households with sewer connections. In total, over \$60,000 was spent locally on the program.

The department has worked closely with a consultant in the completion of a first draft of a Zoning Code update and has held two study sessions with the Planning Commission to obtain policy direction on certain issues. Staff anticipates that the update will be complete in 2017. In addition, a Climate Action Plan was completed and adopted by the City Council in June 2016. Finally, in an effort to further monitor unpermitted construction taking place in the City, the City Council adopted a Contractor Permit ordinance requiring vehicle decals and construction placards when conducting business in the City.

Infrastructure Improvements/Public Works

The City's Public Works Department was very active during the fiscal year in carrying out its responsibilities for the maintenance, planning, design, and construction of capital projects. Among the notable construction projects completed during FY 2015-16 included the Cerro Negro Trail Repair, traffic signal improvements at the intersection of Foothill Blvd. and Cornishon Ave., storm drain repairs at Knight Way and Crown Ave., and reconstruction of approximately one-half mile of street on Woodleigh Lane. Additionally, multiple projects addressing annual infrastructure maintenance needs were completed as well, including 2.2 lane miles of streets resurfaced, concrete sidewalk and curb/gutter repairs citywide, and storm drain refurbishments.

Public Safety

The City Council continued to emphasize public safety services as a major priority. Through contract services with the Los Angeles County Sheriff's Department, the City maintained its safe and low-crime environment through sustained levels of service delivery as well as increased burglary suppression patrols. In addition, the City has continued to work with both the County of Los Angeles Fire Department and Sheriff's Department to maintain residential and commercial evacuation plans and notification of brush and vegetation clearance requirements. In addition, the City hosted a "State of the Stations" workshop to increase communication with residents, and continued to emphasize its disaster-preparedness activities by maintaining the City's mass notification system "Alert LCF." The City also created a Public Service Announcement video showing how to assemble an emergency kit. This PSA is being broadcast on the City's cable channel and is available on the City's website. Finally, the City continues to recruit and train individuals for the City's Volunteer Emergency Response Team (VERT). Looking ahead to FY 2016-17, the City will continue to partner with the Fire Department to train additional volunteers.

Transportation

During FY 2015-16, the City continued to work closely with the cities of Burbank, Glendale, Pasadena, and South Pasadena through the five-member Arroyo Verdugo Subregion, primarily on transportation issues. Three of those cities (Burbank, Glendale and La Cañada Flintridge), along with the unincorporated area of the County (La Crescenta-Montrose) share the Metro "Arroyo Verdugo Cities" Subregional Measure R Highway Operational Improvement Funds on a per capita basis.

The City of La Cañada Flintridge has spent and will continue to spend its allocation of Measure R funds on the design and construction of soundwalls along the I-210 freeway. The City's initial 5-year allocation of these funds was \$4.588 million, which was fully committed to the design and construction of soundwalls. Construction began in FY 2013-14 and was completed in October, 2014. During FY2014-15, the City requested that the Los Angeles County Metropolitan Transportation Authority (Metro) also allocate additional, accelerated Measure R funds so that the City could continue the soundwall project. An additional \$1.8 million was programmed by Metro for this project. The City and Metro entered into a formal funding agreement for these funds on April 5, 2016. Construction is expected to be completed by 2019.

In addition, members of the City Council and City staff continue to attend many regional transportation meetings regarding the proposed extension of the SR-710 Freeway. The City Council, in Resolution 10-12, has opposed this extension. The Draft Environmental Impact Report (DEIR/DEIS) for the proposed SR-710 Freeway extension project was released by Metro and Caltrans in February of 2015. The "5-Cities Alliance" (comprised of the cities of Glendale, Pasadena, Sierra Madre, South Pasadena and La Cañada Flintridge) jointly hired an attorney and consultants for the analysis of and comments on the DEIR/DEIS. The City also wrote its own comment letter using its special legal counsel regarding issues particular to La Cañada Flintridge. Also, a policy group was formed in FY2014-15, called the "C-3" (Connected Cities and Communities). This group enables the elected officials of the 5-City Alliance, along with additional cities and non-profits, to advocate our opposition to the proposed SR-710 "tunnel" alternative as well as research ideas for a better solution to regional traffic congestion.

Also during FY 2015-16, the City continued to operate fixed route transit shuttle services under contract with the City of Glendale. The City extended its contractual arrangement for Dial-A-Ride service for seniors and the disabled. The "Summer Beach Bus," a recreational transit program with daily trips to the Santa Monica Pier, has significantly grown in popularity. The City continued to operate the "LCF Express Shuttle (Route 33)" and its fixed-route line "Routes 33/34", which has allowed for better service during peak usage times. The Route 34 schedule was aligned with the hours for both JPL and La Cañada High School during arrival, departure times, and the lunch hour. The increased service during the lunch hour allows shuttle users easier access to the shops and restaurants along Foothill Blvd.

Finally, the City installed its first electric vehicle charging station at the City's Park and Ride Lot. The station is dual-port and allows for two vehicles to charge at the same time. The City was able to use AQMD funding for the purchase and installation of the unit.

Recreation and Open Space

The City continued its efforts to enhance recreational opportunities for the residents and families of the community. La Cañada Flintridge is attractive to families seeking to take advantage of the excellent public school system and safe neighborhoods. In order to accommodate the demand from families for recreational facilities and sports play fields, the City Council has actively pursued the acquisition of open space and the identification of potential sites for parks, sports play fields, and trails.

With the focus on providing improved recreational facilities, the City continued to maintain and/or improve the LCHS Tennis Courts, FIS Tennis Courts, and City Skate Park. The City's remotely operated "CalSense System" was upgraded into a cloud based module. With this module, staff is able to control field lights and irrigation remotely using any internet enabled device. This will allow the City to be more responsive to the scheduling needs of users while being better able to manage the field's usage during down times.

With respect to trails, the City continued to improve and maintain the trail system for recreational use. A centerpiece of this effort during FY 2015-16 was the Cherry Canyon Trail Signs Project. This project makes Cherry Canyon more accessible to a greater number of users by providing updated "way-finding" signage that

clarifies the direction of routes and intersections within the complex web of trails in the canyon. Further, the City laid the groundwork for the physical repair of several trail segments, including segments on the Owl Trail and the Cerro Negro trail, to address structural issues arising from recent erosion.

Lanerman Auditorium

The City continued to manage the Lanerman Auditorium through a Joint Use Agreement with the La Cañada Unified School District. The Lanerman Auditorium has been a successful joint use venture providing local community groups with the opportunity to utilize this significant, school district-owned community resource under the City's management and operation. The City continued its efforts to renovate the Auditorium in order to improve the overall experience for users. Use of the facility has expanded greatly. During FY 2015-16, the City continued the installation of an LED lighting system adding capacity to remotely control the lighting installed in the previous fiscal year. The newly automated lighting greatly enhances the stage effects available for productions held in the Auditorium while reducing staff costs to users by automating the process.

Youth Council

In FY 2015-16, the Youth Council provided youth in the community with opportunities to address bullying through a speaking engagement at the City's hosted Cyber Crime Public Safety Forum, where the Youth Council sponsored a segment on cyber-bullying to equip families with the tools they needed to combat online attacks. In addition, the Youth Council created a guide for future events to integrate anti-bullying efforts. The Youth Council kicked off this project with a 5K charity run to raise awareness for LGBTQ youth. The Youth Council finalized the Youth Master Plan to help future members better understand their roles. The Master Plan included an event guide to share best practices for successful events.

OTHER INFORMATION

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated services of the entire City staff. I would like to express my appreciation to all of the employees who assisted and contributed to the preparation of this report, particularly to the members of the Finance Department. Due credit should also be given to the Mayor and members of the City Council for their support and direction to staff in the planning and conducting of the operations of the City to ensure that services and programs continue to be provided to residents in a manner that is responsive, efficient, and in the best interests of the citizens of La Cañada Flintridge.

Respectfully submitted,



Mark R. Alexander
City Manager

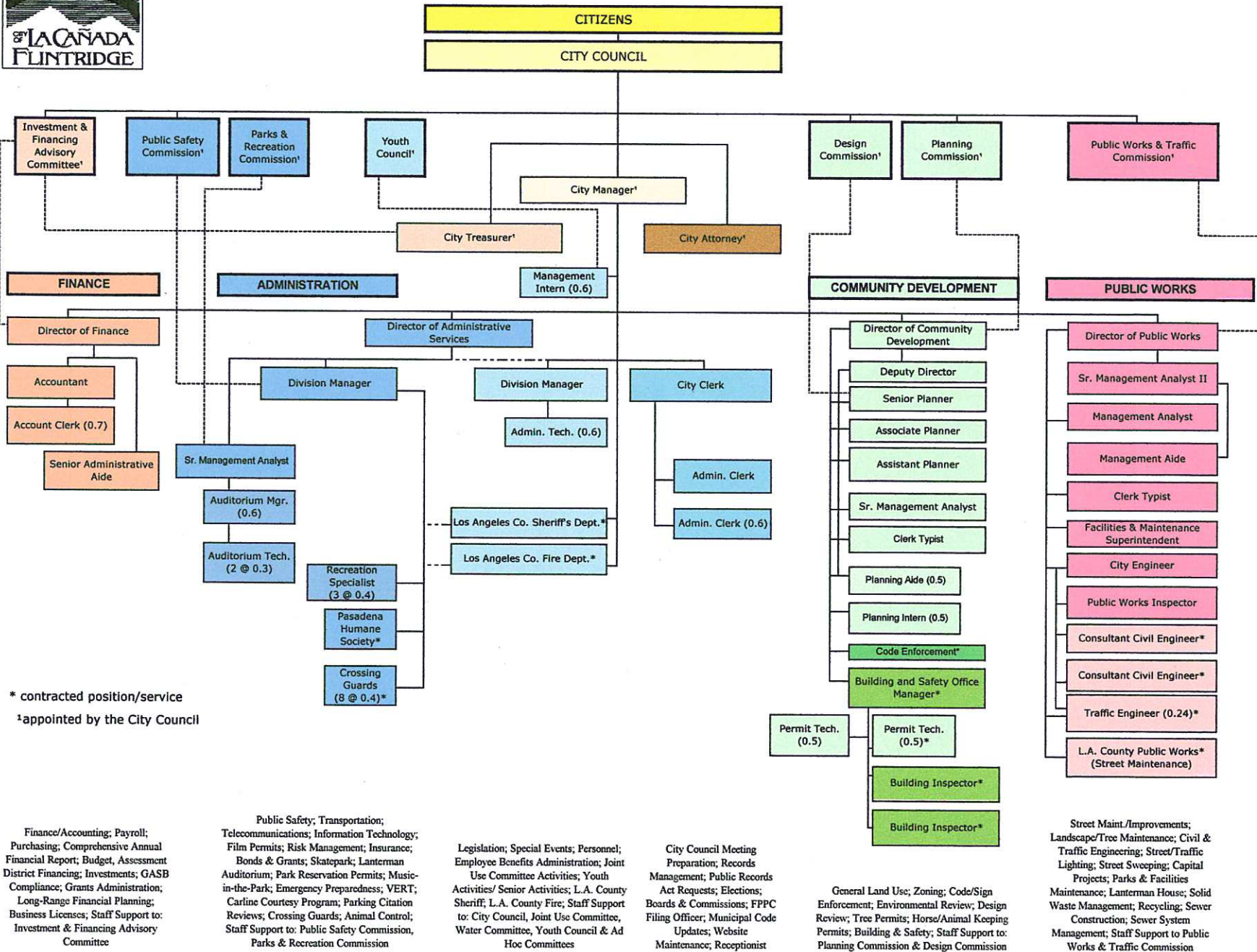
DIRECTORY OF CITY OFFICIALS

CITY COUNCIL

Jonathan C. Curtis, Mayor
Michael T. Davitt, Mayor Pro Tem
Leonard Pieroni, Councilmember
David A. Spence, Councilmember
Terry Walker, Councilmember

CITY MANAGEMENT STAFF

Mark R. Alexander, City Manager
Mark W. Steres, City Attorney
Jeffrey Wang, City Treasurer
Tania Moreno, City Clerk
Carl Alameda, Director of Administrative Services
Edward Hitti, Director of Public Works
Daniel Jordan, Director of Finance
Robert J. Stanley, Director of Community Development[®]



Location Map





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of La Canada Flintridge
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION







MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of La Cañada Flintridge
La Cañada Flintridge, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of La Cañada Flintridge, California (City), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principles

As discussed in Note 1 to the financial statements effective July 1, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Applications*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the City's proportionate share of the net pension liability, schedule of pension contributions, schedule of funding progress-other postemployment benefits, and budgetary comparison information on pages 4 through 12 and 47 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

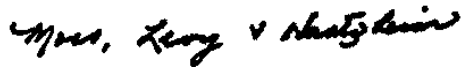
The combining and individual nonmajor fund financial statements and schedules, and major capital projects and debt service fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules, and major capital projects and debt service fund budgetary comparison schedules are fairly stated in

all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 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 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.



Moss, Levy & Hartzheim, LLP
Culver City, California
January 27, 2017



Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016 (Unaudited)

As management, we offer this overview and analysis of the City of La Cañada Flintridge's (City) financial activities for the fiscal year ended June 30, 2016. Please consider the narrative presented here in conjunction with information furnished in our letter of transmittal as well as the accompanying basic financial statements.

Financial Highlights

The City's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$84,838,445 (*net position*) at the close of this fiscal year. Of this amount, \$54,616,632, 64.4%, is net invested in capital assets, \$16,362,080, 19.3%, is restricted for projects and programs, with \$13,859,733, 16.3%, being unrestricted (*unrestricted net position*), which is available and may be used to meet ongoing obligations.

- The City's total net position increased by \$2,745,782, 3.3%; this increase resulted from positive operating results, which consisted in a combination of a \$1,180,043, 1.1%, increase in assets and deferred outflows and a decrease of \$1,567,193, 4.2%, in liabilities and deferred inflows.
- For the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,511,455, an increase of \$1,157,303, 3.6%, from the previous fiscal year.
- The General Fund balance at the end of the fiscal year is \$18,105,029, an increase of \$954,940, 5.6%, over the previous fiscal year. The unassigned portion of that fund balance is \$15,528,725, which is 85.8% of total fund balance and 132.1% of FY 2015-16 General Fund expenditures. Of the remaining fund balance, \$1,531,938, 8.5%, of total fund balance is nonspendable, \$4,244, 0.02%, is Restricted, and \$1,040,122, 5.7%, is assigned.

Overview of the Financial Statements

The City's basic financial statements comprise three components: 1) government-wide financial statements: the *statement of net position* and the *statement of activities*; 2) individual fund financial statements; and 3) notes to the financial statements. In addition, this report also contains other supplementary information.

Government-wide Financial Statements. These statements include only the City itself (*known as the primary government*) that are presented using the *accrual basis of accounting*, in a manner similar to a private-sector business. The City has two component units; however, those entities did not have any activity during the current fiscal year.

The *statement of net position* presents *all* assets and liabilities of the City, with the difference between the two reported as *net position*. Over time, changes in net position may serve as a useful indicator of the City's financial position. However, other factors will need to be considered (e.g., changes in revenue base and the condition of infrastructure) in order to assess the City's overall financial health.

The *statement of activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some

items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The *statement of activities* presents the City functions that are principally supported by taxes and intergovernmental revenues (*government activities*). The City does not engage in other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City's governmental activities include general government, community development, public safety, and public works. Public works includes highways and streets as well as parks and facilities maintenance.

Fund Financial Statements. A *fund* is a grouping of related accounts used to account for resources, which are segregated for specific activities. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City uses only governmental funds.

Governmental funds. These funds are used to account for, essentially, the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in the comparison between *governmental funds* and *government-wide statements*. The basic financial statements and related notes can be found on pages 13-46 of this report.

The City maintains twenty-two individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances (deficits) for the General Fund, Sewer Debt Service Fund for AD04-1, City Capital Projects Fund, and the Sewer Improvement Capital Projects Fund for AD02-1, all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining and individual fund statements and schedules* elsewhere in this report. The combining statements and schedules are on pages 56-65.

Reconciliation of the differences between the *government-wide statements* and the information presented for *governmental funds* is provided, which describes the relationship between the two presentations. See pages 17 and 20 for detail.

The City adopts an annual appropriated budget for its General Fund and all other major funds. Budgetary comparison schedules have been provided to demonstrate compliance with this budget. See pages 50-51 and 52-53 for detail.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-46 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s schedule of proportionate share of the net pension liability, schedule of contributions, schedule of funding progress for OPEB and budgetary comparison schedule for its General Fund. Required supplementary information can be found on pages 47-51 of this report.

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 56-83 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. At June 30, 2016, the City’s assets and deferred outflows exceeded liabilities and deferred inflows by \$84,838,445.

	Net Position			
	2016	2015	Increase/ (Decrease)	Percentage Change (%)
Current and other assets	\$ 39,375,823	\$ 37,311,932	\$ 2,063,891	5.5%
Capital assets, net of depreciation	81,034,434	81,925,750	(891,316)	(1.1%)
Total Assets	120,410,257	119,237,682	1,172,575	1.0%
Deferred Outflows	363,961	356,493	7,468	2.1%
Long-term liabilities outstanding	27,132,302	29,357,226	(2,224,924)	(7.6%)
Other liabilities	8,393,379	7,499,868	893,511	11.9%
Total Liabilities	35,525,681	36,857,094	(1,331,413)	(3.6%)
Deferred inflows	410,092	645,872	(235,780)	(36.5%)
Net Position:				
Net Investment in capital assets	54,616,632	53,125,809	1,490,823	2.8%
Restricted	16,362,080	15,871,777	490,303	3.1%
Unrestricted	13,859,733	13,093,623	766,110	5.9%
Total Net Position	\$ 84,838,445	\$ 82,091,209	\$ 2,747,236	3.3%

As shown in Table 1, net position from governmental activities increased \$2,747,236, 3.3%. On the asset side, the significant increase overall (\$1,172,575, 1.0%) was due to primarily to an increase in the “Current and other assets” category, the result of a significant increase (1.6 million, 4.5%) in cash and investments compared to the prior fiscal year.

Total liabilities decreased \$1,331,413 (3.6%) from 2015, the result of a \$2,224,924 (7.6%) decrease in long-term liabilities and an increase of \$893,511 (11.9%) in “other” (i.e., current) liabilities. As in past years, the primary driver of the decrease in long-term liabilities is the ongoing payment of the principal for three loans from the State Water Resource Control Board for Sewer Assessment Districts AD98-1, AD02-1 and AD04-1. The increase in “other” (i.e., current) liabilities resulted from increases in accounts and deposits payable.

Governmental Activities. The City’s overall governmental activities, as reflected on the government-wide Statement of Activities, had positive operating results in 2016, with revenues exceeding expenses, and thus increasing net position, by \$2,745,782. Table 2 summarizes 2016 revenues and expenses, compares these revenue and expenses to 2015, and shows the year-over-year change in net position.

Revenues in 2016 totaled \$21,056,395, a decrease of \$424,312, 2.0%, from 2015. That decrease was driven by lower revenues from both capital and operating grants, which together dropped \$1,297,343 from the previous year. Lower capital grant reimbursement payments for the City’s 210 Freeway Soundwall project was the primary causes of lower 2016 revenue overall. Outside of the capital and operating grant categories, however, revenues were higher in 2016 in several General Revenue categories, including property taxes, which increased \$232,483, 5.2%, over the previous year.

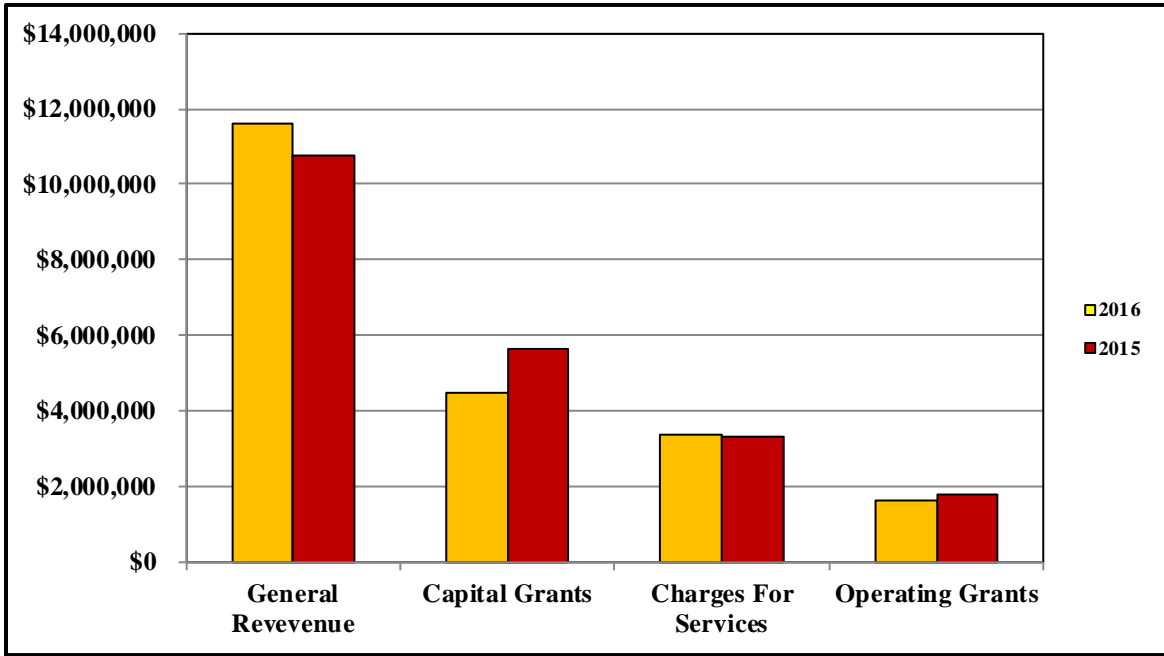
Overall expenses in 2016 totaled \$18,310,613, an increase of \$1,750,804, 10.6%, from 2015. While expenses increased across several program areas, the largest increase, both in absolute (\$1,210,095) and percentage (16.3%) terms, was in the public works category. The increase in expenses was driven primarily by higher outlays for the City’s ongoing street maintenance and resurfacing, for which approximately \$1 million more was spent in 2016 compared to 2015.

Table 2
Change in Net Position

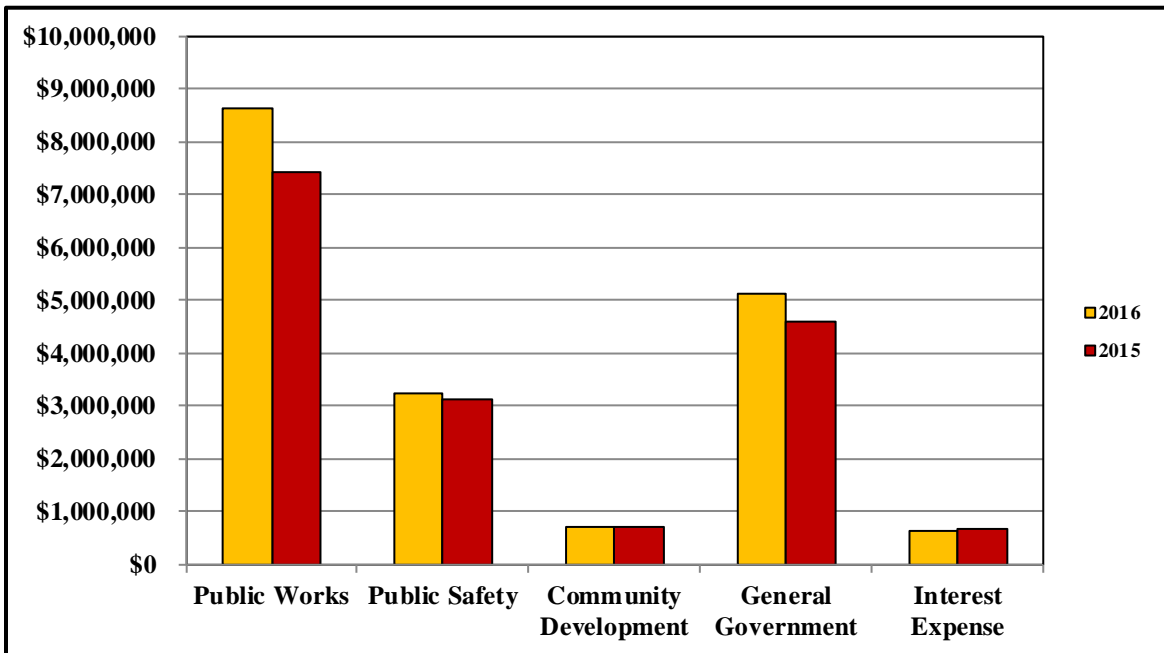
	2016	2015	Increase/ (Decrease)	Percentage Change
Program Revenues:				
Charges for services	\$ 3,351,314	\$ 3,299,721	\$ 51,593	1.6%
Operating grants and contributions	1,644,405	1,780,052	(135,647)	-7.6%
Capital grants and contributions	4,462,995	5,624,691	(1,161,696)	-20.7%
General Revenues:				
Property taxes	4,661,834	4,429,351	232,483	5.2%
Property tax-in-lieu	2,238,357	2,118,515	119,842	5.7%
Other taxes	1,163,405	1,193,951	(30,546)	-2.6%
State shared revenues - unrestricted:				
Sales tax	2,922,948	2,707,738	215,210	7.9%
Motor vehicle	8,308	8,855	(547)	-6.2%
Use of money and property	384,346	81,254	303,092	373.0%
Other	218,483	236,579	(18,096)	-7.6%
Total Revenues	<u>21,056,395</u>	<u>21,480,707</u>	<u>(424,312)</u>	-2.0%
Expenses:				
General government	5,106,198	4,609,131	497,067	10.8%
Public safety	3,235,107	3,124,207	110,900	3.5%
Community development	709,933	725,922	(15,989)	-2.2%
Public works	8,629,125	7,419,030	1,210,095	16.3%
Interest expense	630,250	681,519	(51,269)	-7.5%
Total Expenses	<u>18,310,613</u>	<u>16,559,809</u>	<u>1,750,804</u>	10.6%
Change in Net Position	2,745,782	4,920,898	<u>\$ (2,175,116)</u>	-44.2%
Net Position, Beginning of Fiscal Year	<u>82,091,209</u>	<u>79,608,652</u>		
Prior period adjustments	<u>1,454</u>	<u>(2,438,341)</u>		
Net Position, Beginning of Fiscal Year, as Restated	<u>82,092,663</u>	<u>77,170,311</u>		
Net Position, End of Fiscal Year	<u>\$ 84,838,445</u>	<u>\$ 82,091,209</u>		

Figure 1 and Figure 2 below illustrate program and general revenues by source and expenses by category, respectively, for governmental activities.

**Figure 1
Revenue by Source**



**Figure 2
Expenses by Category**



Financial Analysis of the City's Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's *governmental funds* is to provide information on near-term sources, uses, and balances of *spendable* resources. This information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a measure of the net resources available for spending.

At June 30, 2016, the City's *governmental funds* reported combined fund balances of \$33,511,455, an increase of \$1,157,303, 3.6%, from the prior fiscal year. The fund balance in the General Fund, at nearly \$18.1 million, accounted for 54.0% of the combined fund balances across all governmental funds. The fund with the next largest amount of ending fund balance was the Sewer AD04-1 Debt Service Fund of approximately \$6.7 million, all of which is for loan repayments to the State Water Resources Control Board (SWRCB).

Total revenue in all governmental funds for the fiscal year ended June 30, 2016, was \$21,017,184, which is lower (\$1,584,042, 7.0%) than the \$22,601,226 received in 2015. Decreases in the "From other agencies" category, specifically from lower capital grant receipts, were the primary driver reducing revenue from 2015. Revenue from "Taxes" was also somewhat lower, although this was offset from increases in revenue from the "Use of money and property" category.

Expenditures across all governmental funds in 2016 totaled \$19,859,881, which is \$946,345, or 5.0%, higher than 2015 expenditures. Increased expenditures for General government and for Capital outlay drove the year-over-year increase in expenditures, as City outlays increased for general liability insurance and a major street reconstruction project at Woodleigh Lane.

General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. At June 30, 2016, the fund balance reported in the General Fund was \$18,105,029, which is \$954,940, 5.6%, higher than in 2015. The unassigned portion of that fund balance was \$15,528,725, accounting for 85.8% of total fund balance. As a measure of liquidity, it is useful to compare total and unassigned fund balance to annual General Fund expenditures. In 2016, total ending fund balance represented 154.0% of 2016 expenditures, and unassigned fund balance represented 132.1% of expenditures.

General fund revenue for the fiscal year totaled \$14,657,633, which exceeded the final revenue budget of \$13,356,600 by \$1,301,033. Actual revenue exceeded the budgeted amount in each revenue category with the exception of the "From other agencies" category. Particularly favorable budget-to-actual results occurred with respect to Property Tax (within the "Taxes" category) and Building Permit and Plan Check (within the "Charges for services" category) revenues. General Fund expenditures totaled \$11,756,879, which was less than the \$12,059,100 final expenditure budget by \$302,221. Moderate savings relative to budgeted expectations across nearly all categories – public safety, community development, public works, and capital outlay – accounted for these favorable budget-to-actual results.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2016, the City's investment in capital assets for its governmental activities totaled \$81,034,434 (net of accumulated depreciation). Capital assets include land and easements, buildings, equipment and vehicles, park facilities, infrastructure and sewer improvements. Overall, capital assets decreased slightly, (891,316, 1.1%), from 2015, with the total increase in assets of \$1.4 million being offset by accumulated depreciation of \$2.3 million. The increase in assets was driven

by a \$1.2 million increase in Infrastructure. More information about capital asset activity can be found on page 33. Table 3 compares the capital asset balances in each category for this and the previous fiscal year.

Capital Assets

Asset Type	2016	2015	Increase/ (Decrease)	Percentage of Change (%)
Land and easements	\$ 10,192,144	\$ 10,192,144	\$ -	0.0%
Buildings and improvements	2,905,033	2,890,731	14,302	0.5%
Equipment and vehicles	1,628,010	1,583,248	44,762	2.8%
Infrastructure	86,287,207	85,111,021	1,176,186	1.4%
Construction in progress	<u>373,947</u>	<u>215,469</u>	<u>158,478</u>	73.6%
 Total Capital Assets	 101,386,341	 99,992,613	 1,393,728	 1.4%
 Accumulated Depreciation	 <u>(20,351,907)</u>	 <u>(18,066,863)</u>	 <u>(2,285,044)</u>	 12.6%
 Capital Assets, Net of Depreciation	 <u>\$ 81,034,434</u>	 <u>\$ 81,925,750</u>	 <u>\$ (891,316)</u>	 -1.1%

Long-term Liabilities. At fiscal year-end, the City’s outstanding long-term liabilities totaled \$29,818,002, a decrease of \$2,174,376, 6.8%, from 2015. As in past fiscal years, this decrease stemmed primarily from ongoing principal payments to repay loans from the State Water Resources Control Board (SWRCB) that financed the construction of sewers in Assessment Districts (AD) 98-1, 02-1 and 04-1, which decreased the City’s outstanding debt by a combined \$2.3 million. (The City will continue to make debt service payments through FY 2019-20 on the AD 98-1 loan; through FY 2024-25 on the AD 02-1 loan; and through FY 2027-28 on the AD 04-1 loan.)

The City’s other long-term liabilities – for employee leave benefits, as well as net OPEB obligations (which for the City consist solely of obligations for current and future retiree health benefits) – offset to some degree the reduction in principal on the SWRCB loans. The liability for employee leave benefits decreased slightly (by \$14,723), while the OPEB liability increased by \$146,997 and the net pension liability by \$75,489. More detailed information on long-term liabilities can be found on pages 34-36. Table 4 below provides a summary of the changes in the City’s long-term liabilities.

Table 4
Long-term Liabilities

	<u>2016</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change (%)</u>
SWRCB Loan AD 98-1	\$ 1,671,167	\$ 2,088,958	\$ (417,791)	-20.0%
SWRCB Loan AD 02-1	7,114,562	7,815,357	(700,795)	-9.0%
SWRCB Loan AD 04-1	17,632,073	18,895,626	(1,263,553)	-6.7%
Employee Leave Benefits	403,711	418,434	(14,723)	-3.5%
OPEB	999,028	852,031	146,997	17.3%
Net Pension Liability	<u>1,997,461</u>	<u>1,921,972</u>	<u>75,489</u>	3.9%
Long-term Obligations	<u>\$ 29,818,002</u>	<u>\$ 31,992,378</u>	<u>\$ (2,174,376)</u>	-6.8%

Economic Factors and Next Year’s Budgets and Rates

The City’s fiscal year 2016-17 budget takes into account historical trends to project revenues. Expenditures were estimated based upon program and project needs. Given the continuing economic uncertainty, the City has continued to budget conservatively. As of June 30, 2016, the General Fund balance was \$18,105,029, which totaled 154.0% of FY 2015-16 expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Daniel R. Jordan, Director of Finance, 1327 Foothill Boulevard, La Cañada Flintridge, California 91011-2137.

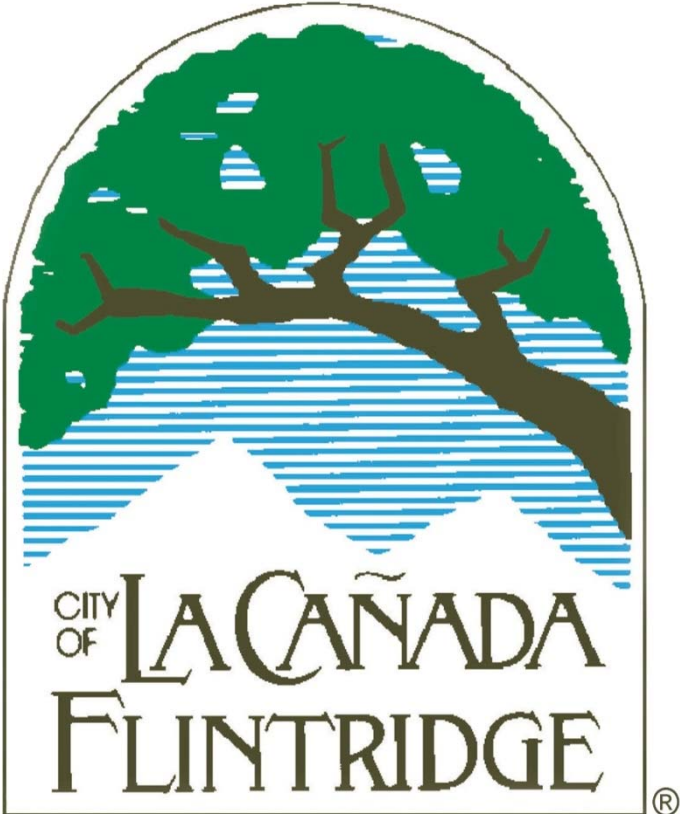


BASIC FINANCIAL STATEMENTS





GOVERNMENT-WIDE FINANCIAL STATEMENTS





CITY OF LA CAÑADA FLINTRIDGE
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets:	
Current assets:	
Cash and investments	\$ 37,464,919
Accounts receivable	1,617,039
Interest receivable	99,353
Prepays	19,698
Total current assets	39,201,009
Noncurrent assets:	
Loans receivable	174,814
Capital assets:	
Not being depreciated	10,566,091
Being depreciated (net of accumulated depreciation)	70,468,343
Total noncurrent assets	81,209,248
Total assets	120,410,257
Deferred outflow of resources:	
Deferred outflows related to pension	363,961
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	3,053,376
Deposits payable	2,237,231
Unearned revenue	105,251
Interest payable	311,821
Long-term liabilities, due within one year	2,685,700
Total current liabilities	8,393,379
Noncurrent liabilities:	
Long-term liabilities, due in more than one year	27,132,302
Total liabilities	35,525,681
Deferred inflow of resources:	
Deferred inflows related to pension	410,092
Net position:	
Net investment in capital assets	54,616,632
Restricted for:	
Transit	1,366,432
Public safety	38,060
Air quality improvements	726,275
DAE expenses	4,244
Sewer improvements and sanitation	5,922,952
Debt service reserve	6,386,988
Future capital projects	1,917,129
Unrestricted	13,859,733
Total net position	\$ 84,838,445

See Accompanying Notes to Financial Statements.

CITY OF LA CAÑADA FLINTRIDGE
Statement of Activities
For the Fiscal Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
					<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 5,106,198	\$ 56,361	\$ 2,000	\$ -	\$ (5,047,837)
Public safety	3,235,107	178,573	116,491	-	(2,940,043)
Community development	709,933	184,916	-	-	(525,017)
Public works	8,629,125	2,931,464	1,525,914	4,462,995	291,248
Interest	630,250	-	-	-	(630,250)
Total governmental activities	\$ 18,310,613	\$ 3,351,314	\$ 1,644,405	\$ 4,462,995	(8,851,899)
General revenue:					
Taxes:					
Property					4,661,834
Property tax in-lieu					2,238,357
Franchise					648,503
Real property transfer					310,544
Business operations					204,358
State shared revenues - unrestricted:					
Sales tax					2,922,948
Motor vehicle					8,308
Use of money and property					384,346
Other					218,483
Total general revenue					11,597,681
Change in net position					2,745,782
Net position, beginning of fiscal year					82,091,209
Prior period adjustment					1,454
Net position, beginning of fiscal year, as restated					82,092,663
Net position, end of fiscal year					\$ 84,838,445

See Accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS





CITY OF LA CAÑADA FLINTRIDGE

**Balance Sheet
Governmental Funds
June 30, 2015**

Assets:	General	Sewer AD04-1 Debt Service	City Capital Projects	Sewer Improvement AD02-1 Capital Projects
Cash and investments	\$ 19,323,131	\$ 6,698,809	\$ 2,860,262	\$ -
Receivables:				
Accounts	1,246,947	-	268,127	-
Interest	99,353	-	-	-
Loans receivable	174,814	-	-	-
Due from other funds	79,172	-	-	-
Advances to other funds	1,337,426	-	-	-
Prepaid items	19,698	-	-	-
	<u>\$ 22,280,541</u>	<u>\$ 6,698,809</u>	<u>\$ 3,128,389</u>	<u>\$ -</u>
Total assets				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,632,647	\$ -	\$ 1,248,405	\$ -
Deposits payable	2,237,231	-	-	-
Due to other funds	-	-	-	995,104
Unearned revenue	105,251	-	-	-
Advances from other funds	-	-	-	-
	<u>3,975,129</u>	<u>-</u>	<u>1,248,405</u>	<u>995,104</u>
Total liabilities				
Deferred inflows of resources:				
Unavailable revenues	200,383	-	268,127	-
	<u>200,383</u>	<u>-</u>	<u>268,127</u>	<u>-</u>
Total deferred inflows of resources				
Fund balances:				
Nonspendable:				
Prepays	19,698	-	-	-
Advances to other funds	1,337,426	-	-	-
Loans	174,814	-	-	-
Restricted:				
Transit	-	-	-	-
Public safety	-	-	-	-
Air quality improvements	-	-	-	-
DAE expenditures	4,244	-	-	-
Sewer improvements	-	-	-	-
Capital projects	-	-	-	-
Debt service reserve	-	6,698,809	-	-
Future capital projects	-	-	1,611,857	-
Assigned:				
Tree Fund	131,772	-	-	-
Potential SR-710 expenditures	500,000	-	-	-
Other postemployment benefits	408,350	-	-	-
Unassigned	15,528,725	-	-	(995,104)
	<u>18,105,029</u>	<u>6,698,809</u>	<u>1,611,857</u>	<u>(995,104)</u>
Total fund balances (deficits)				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,280,541</u>	<u>\$ 6,698,809</u>	<u>\$ 3,128,389</u>	<u>\$ -</u>

(Continued)

See Accompanying Notes to Financial Statements.

CITY OF LA CAÑADA FLINTRIDGE

**Balance Sheet
Governmental Funds
June 30, 2016
(Continued)**

	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 8,582,717	\$ 37,464,919
Receivables:		
Accounts	101,965	1,617,039
Interest	-	99,353
Loans receivable	-	174,814
Due from other funds	-	79,172
Advances to other funds	-	1,337,426
Prepaid items	-	19,698
	<hr/>	<hr/>
Total assets	<u>\$ 8,684,682</u>	<u>\$ 40,792,421</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 172,324	\$ 3,053,376
Deposits payable	-	2,237,231
Due to other funds	77,906	1,073,010
Unearned revenue	-	105,251
Advances from other funds	343,588	343,588
	<hr/>	<hr/>
Total liabilities	<u>593,818</u>	<u>6,812,456</u>
Deferred inflows of resources:		
Unavailable revenues	-	468,510
	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>468,510</u>
Fund balances:		
Nonspendable:		
Prepays	-	19,698
Advances to other funds	-	1,337,426
Loans	-	174,814
Restricted:		
Transit	1,366,432	1,366,432
Public safety	38,060	38,060
Air quality improvements	726,275	726,275
DAE expenditures	-	4,244
Sewer improvements	5,922,952	5,922,952
Capital projects	9	9
Debt service reserve	-	6,698,809
Future capital projects	37,136	1,648,993
Assigned:		
Tree Fund	-	131,772
Potential SR-710 expenditures	-	500,000
Other postemployment benefits	-	408,350
Unassigned	-	14,533,621
	<hr/>	<hr/>
Total fund balances (deficits)	<u>8,090,864</u>	<u>33,511,455</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,684,682</u>	<u>\$ 40,792,421</u>

See Accompanying Notes to Financial Statements.

CITY OF LA CAÑADA FLINTRIDGE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Fund balances for governmental funds \$ 33,511,455

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds balance sheet.

Capital assets	\$ 101,386,341	
Accumulated depreciation	(20,351,907)	81,034,434

Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period. It is recorded as deferred inflow of resources. Under accrual accounting, revenue must be recognized as soon as it is earned, regardless of its availability.

Grant reimbursements	\$ 273,668	
Investment income	56,395	
Sales taxes	138,447	468,510

Interest payable and long-term liabilities, including, loans, employee leave benefits, and net OPEB obligation, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.

Loans payable	\$ (26,417,802)	
Employee leave benefits	(403,711)	
Net OPEB obligation	(999,028)	
Interest payable	(311,821)	
Net pension liability	(1,997,461)	(30,129,823)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

City's pension contributions subsequent to measurement date	\$ 285,477	
Differences between expected and actual experience	17,139	
Changes in employer's proportion	61,345	
Changes of assumptions	(162,149)	
Differences between projected and actual earnings on pension plan investments	(81,287)	
Differences between employer's contributions and employer's proportionate share of contributions	(64,280)	
Changes in employer's proportion	(102,376)	(46,131)

Net position of governmental activities		<u>\$ 84,838,445</u>
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See Accompanying Notes to Financial Statements.



CITY OF LA CAÑADA FLINTRIDGE
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
of Governmental Funds
For the Fiscal Year Ended June 30, 2016

	<u>General</u>	<u>Sewer AD04-1 Debt Service</u>	<u>City Capital Projects</u>	<u>Sewer Improvement AD02-1 Capital Projects</u>
Revenues:				
Taxes	\$ 10,777,438	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines, forfeitures and penalties	92,943	-	-	-
From other agencies	27,793	-	593,692	-
Charges for services	3,147,132	-	-	-
Use of money and property	387,844	98,055	-	-
Other revenue	224,483	-	-	-
Total revenues	<u>14,657,633</u>	<u>98,055</u>	<u>593,692</u>	<u>-</u>
Expenditures:				
Current:				
General government	4,970,335	-	-	-
Public safety	3,059,724	-	-	-
Community development	635,681	-	-	-
Public works	3,006,399	1,250	-	-
Capital outlay	84,740	-	3,579,175	-
Debt service:				
Principal retirement	-	1,263,553	-	-
Interest and other charges	-	434,598	-	-
Total expenditures	<u>11,756,879</u>	<u>1,699,401</u>	<u>3,579,175</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,900,754</u>	<u>(1,601,346)</u>	<u>(2,985,483)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	209,411	1,864,378	2,469,395	-
Transfers out	<u>(2,155,225)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,945,814)</u>	<u>1,864,378</u>	<u>2,469,395</u>	<u>-</u>
Net change in fund balances	954,940	263,032	(516,088)	-
Fund balances (deficits), beginning of fiscal year	<u>17,148,635</u>	<u>6,435,777</u>	<u>2,127,945</u>	<u>(995,104)</u>
Prior period adjustments	<u>1,454</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), beginning of fiscal year, as restated	<u>17,150,089</u>	<u>6,435,777</u>	<u>2,127,945</u>	<u>(995,104)</u>
Fund balances (deficits), end of fiscal year	<u>\$ 18,105,029</u>	<u>\$ 6,698,809</u>	<u>\$ 1,611,857</u>	<u>\$ (995,104)</u>

(Continued)

See Accompanying Notes to Financial Statements.

CITY OF LA CAÑADA FLINTRIDGE
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
of Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	Total Nonmajor Governmental Funds	Total Governmental Funds	
	<u> </u>	<u> </u>	
Revenues:			
Taxes	\$ 101,900	\$ 10,879,338	
Assessments	3,604,045	3,604,045	
Fines, forfeitures and penalties	98,799	191,742	
From other agencies	1,623,934	2,245,419	
Charges for services	101,175	3,248,307	
Use of money and property	137,951	623,850	
Other revenue	-	224,483	
	<u> </u>	<u> </u>	
Total revenues	<u>5,667,804</u>	<u>21,017,184</u>	
Expenditures:			
Current:			
General government	-	4,970,335	
Public safety	173,115	3,232,839	
Community development	66,880	702,561	
Public works	923,562	3,931,211	
Capital outlay	323,671	3,987,586	
Debt service:			
Principal retirement	1,118,586	2,382,139	
Interest and other charges	218,612	653,210	
	<u> </u>	<u> </u>	
Total expenditures	<u>2,824,426</u>	<u>19,859,881</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>2,843,378</u>	<u>1,157,303</u>	
Other financing sources (uses):			
Transfers in	1,574,558	6,117,742	
Transfers out	(3,962,517)	(6,117,742)	
	<u> </u>	<u> </u>	
Total other financing sources (uses)	<u>(2,387,959)</u>	<u>-</u>	
Net change in fund balances	455,419	1,157,303	
Fund balances (deficits), beginning of fiscal year	<u>7,635,445</u>	<u>32,352,698</u>	
Prior period adjustments	<u>-</u>	<u>1,454</u>	
Fund balances (deficits), beginning of fiscal year, as restated	<u>7,635,445</u>	<u>32,354,152</u>	
Fund balances (deficits), end of fiscal year	<u>\$ 8,090,864</u>	<u>\$ 33,511,455</u>	

See Accompanying Notes to Financial Statements.

CITY OF LA CAÑADA FLINTRIDGE
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficits) of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds: \$ 1,157,303

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlay in the current fiscal year is as follows:

Capital outlay	\$ 1,440,386	
Depreciation expense	<u>(2,323,211)</u>	(882,825)

If a planned capital project is cancelled and will not be completed, costs previously capitalized must be written off to expense. Costs written off for cancelled projects were: (8,491)

Governmental funds report interest in the fiscal year it is paid; however, in the statement of activities interest is recorded in the fiscal year it is incurred.

Prior year accrual	\$ 334,781	
Current year accrual	<u>(311,821)</u>	22,960

Certain revenues in the governmental fund are deferred inflows of resources because they are not collected within the prescribed time after fiscal year-end. However the revenues are recorded on the accrual basis used in government-wide statements.

Grant reimbursements	\$ (60,397)	
Investment income	(9,498)	
Sales taxes	<u>109,106</u>	39,211

The issuance of long-term debt provides current financial resources to governmental funds while repayment of principal consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report employee leave and other postemployment benefits in the period taken; however, in the statement of activities, such benefits are recorded in the fiscal year incurred.

Loan principal payments	\$ 2,382,139	
Change in employee leave benefits, net	14,723	
Change in OPEB obligation, net	<u>(146,997)</u>	2,249,865

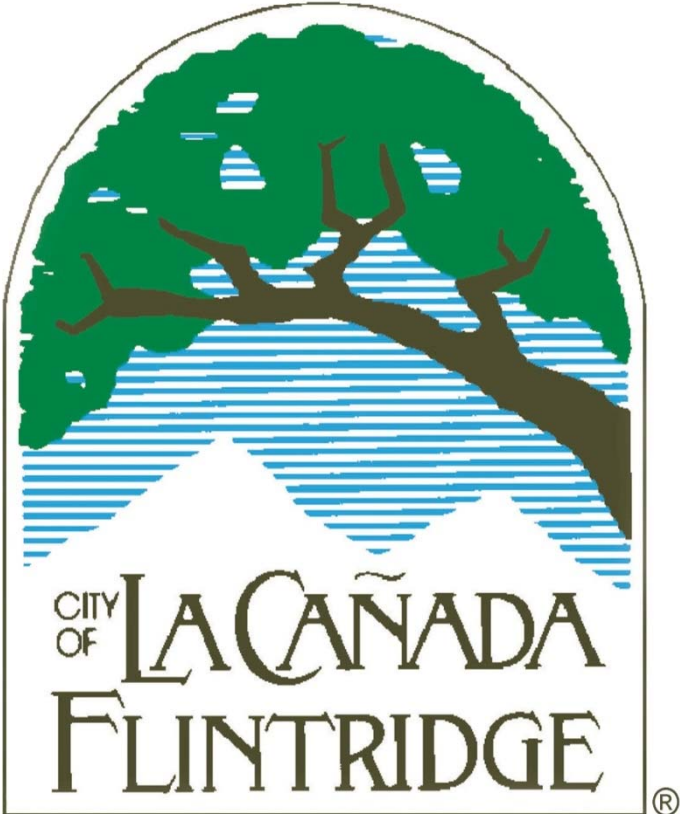
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 167,759

Change in net position of governmental activities \$ 2,745,782

See Accompanying Notes to Financial Statements.



NOTES TO FINANCIAL STATEMENTS





CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements
June 30, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The City of La Cañada Flintridge (City) was incorporated December 8, 1976 under the general laws of the State of California and enjoys all rights and privileges pertaining to such "general law" cities. The City operates under a Council-Manager form of government and provides or contracts for the following services: public safety (police and fire), highway and streets, cultural and recreation, public improvements, planning and zoning, and general administrative services.

The City of La Cañada Flintridge and the La Cañada Flintridge Public Improvement Corporation (Corporation) comprise the reporting entity. Although part of the City, the Corporation is a legally separate entity, the City Council of La Cañada Flintridge acts as the governing body of the Corporation, and has a continuing accountability for fiscal matters. Fiscal dependency was considered on the basis of budget adoption, taxing authority, and funding. The Corporation is, in substance, part of the City's operations and so its financial data is blended in the accompanying financial statements.

Blended Component Units

The La Cañada Flintridge Public Improvement Corporation was incorporated on October 25, 1991 to finance the acquisition of public facilities by issuing Certificates of Participation. The Corporation's financial data and transactions are blended in the debt service funds. There was no activity for the Corporation during the fiscal year ended June 30, 2016. The Corporation did not issue separate financial statements.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that 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.

The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Sewer AD04-1 Debt Service Fund – This fund is to account for the payment of interest and principal on the debt of Assessment District 04-1.

City Capital Projects Fund – This fund is to account for City capital improvements.

Sewer Improvement AD02-1 Capital Projects Fund – This fund is to account for sewer capital improvements under Assessment District 02-1.

Additionally, the City reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the revenues derived from specific revenue sources, which are restricted by law or administrative regulation for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term liabilities, including principal, interest and related costs.

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

(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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year for which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments and employee leave benefits, which are recognized as expenditures when they are due and payable.

Property taxes, franchise taxes, licenses, intergovernmental revenue, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. 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.

(d) Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

1. Cash and Investments

All investments are stated at fair value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income, which has been assigned to and recorded as revenue of the General Fund, as provided by California Government Code Section 53647.

2. Interfund 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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Capital Assets

Capital assets, which include land, intangible assets (e.g., easements and rights of way), buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. Assets are recorded at actual historical cost or estimated historical cost. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Vehicles	7 – 15 years
Equipment	5 – 30 years
Buildings and building improvements	10 – 50 years
Infrastructure	20 – 60 years

Intangible assets are not depreciated as they have indefinite useful lives.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

4. Employee Leave Benefits

Full-time City employees earn twelve sick days per year and, depending on length of employment, ten to twenty vacation days per year. In addition, full-time, FLSA “exempt” employees earn, depending on their classification, eight to twelve and one-half administrative leave days per year. Employees can accumulate up to a maximum of twice their normal entitlement of earned but unused vacation, up to twenty days of administrative leave, and an unlimited number of sick leave days. Upon termination, the City is obligated to compensate employees for all earned but unused vacation and administrative leave time. Employees are not compensated for sick leave earned but unused upon termination. The balance of unpaid vacation and administrative leave time at June 30, 2016 is recorded as a long-term liability. Payments for employee leave benefits are made from the General Fund.

5. Deferred Inflows and Outflows of Resources

Pursuant to GASB Statement No. 65 the City recognizes deferred inflows and outflows of resources. A deferred inflow or outflow of resources is defined as a resource or consumption of net position by the government that is applicable to a future reporting period. Refer to Note 3(d) for a detailed listing of the deferred inflows and outflows of resources that the City has recognized.

6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) Plans 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 as fair value.

7. Claims and Judgments

The City records a liability for claims, judgments and litigation when it is probable that a liability has been incurred at fiscal year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Claims and judgments are paid out of the General Fund.

8. Net Position and Fund Balances

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

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

Unrestricted Net Position: This component of net position represents the net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental funds are classified in the following categories:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution).

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management (City Wide Leadership team, which consists of City Manager and Executive Department Heads)) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance – the residual classification for the General Fund and includes all amounts not contained in the other classifications. Governmental funds report residual negative balances as unassigned fund balance.

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.

9. Property Taxes

Under California law, the property tax rate is limited to 1% of full cash value as defined by law plus other increases approved by the voters. Property taxes are levied by the County Tax Assessor and shared among local taxing authorities. The County of Los Angeles collects and distributes property taxes on the basis of each taxing authority's tax rate percentage.

As a “No Property Tax City,” La Cañada Flintridge’s city tax rate is zero. However, under state legislation (AB 1197), the City began receiving a share of property tax revenue in 1990.

Property taxes are levied during July of each fiscal year and are due on November 1 and February 1. Property taxes become delinquent after December 10 and April 10 for the first and second installments, respectively. The lien date is January 1. The City accrues as property tax revenue only those taxes which are received within 60 days after fiscal year- end in the fund financial statements.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

10. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 72

GASB has issued Statement No. 72, "Fair Value Measurement and Applications." This Statement is effective for periods beginning after June 15, 2015. The objective of this Statement is to improve financial reporting by clarifying the definition of fair market value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. Implementation of GASB Statement No. 68 did have an impact on the City's financial statements for the fiscal year ended June 30, 2016, see Note 3.

11. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements.

Statement No. 74	"Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 75	"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 77	"Tax Abatement Disclosures"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 78	"Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 79	"Certain External Investment Pools and Pool Participants"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 80	"Blending Requirements for Certain Component Units-in amendment of GASB Statement No. 14"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 81	"Irrevocable Split-Interest Agreements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 82	"Pension Issues-in amendment of GASB Statements No. 67, No. 68, and No. 73"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Excess of Expenditures over Appropriations

The following funds had expenditures in excess of appropriations for the fiscal year ended June 30, 2016:

<u>Fund</u>	<u>Type of Fund</u>	<u>Amount over Budget</u>
Nonmajor Funds:		
TDA	Special Revenue	\$ 3
Sewer AD02-1 Debt Service	Special Revenue	\$ 1

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

The City has instituted a Monthly Financial Report and all line items nearing budgeted amounts are highlighted and discussed over the course of the fiscal year in order to reduce the magnitude and number of budget overages each fiscal year. The City did not adopt a budget for the Sewer Improvement AD02-1 Capital Projects Fund. Accordingly, such budgetary information is not included as supplementary information.

(b) Deficit Fund Balances

The following funds had deficit fund balances as of June 30, 2016:

<u>Fund</u>	<u>Type of Fund</u>	<u>Deficit Amount</u>
Major Fund:		
Sewer Improvement AD02-1	Capital Projects	\$ (995,104)

The Sewer Improvement AD02-1 Capital Projects Fund deficit will be eliminated through future sewer assessment revenue.

(3) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	<u>\$ 37,464,919</u>
Total cash and investments	<u><u>\$ 37,464,919</u></u>

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	863,793
Investments	<u>36,600,626</u>
Total cash and investments	<u><u>\$ 37,464,919</u></u>

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

The City's Investment Policy is reviewed and adopted by the City Council each year. The table below identifies the allowable investment types authorized by the California Government Code and the City's adopted Investment Policy (the "Investment Policy"). The table also identifies certain restrictions related to interest rate risk and concentration of credit risk. The Investment Policy restricts the Treasurer to invest in only the types of investments listed herein, which is more restrictive than the Government Code.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

Investment Types Authorized Investment	Authorized by Investment	Maximum Percentages					
		Maximum Maturity		of Portfolio		Maximum Investment	
		CGC	City	CGC	City	CGC	City
Local Agency Bonds	No	5 years	5 years	None	None	None	None
Federal Agency and U.S- Government Sponsored Enterprise Obligations	Yes	5 years	5 years	None	None	None	35%**
U.S. Treasury Securities	Yes	5 years	5 years	None	None	None	None
Certificates of Deposit	Yes	5 years	5 years	30%	15%	None	None
Time Deposits	Yes	5 years	1 year	None	15%	None	None
Bankers' Acceptances	Yes	180 days	180 days	40%	20%	30%	10%
Commercial Paper	Yes	270 days	270 days	25%	25%	10%	\$1 million*
Medium Term Notes	Yes	5 years	5 years	30%	30%	None	\$1 million*
Mutual Funds	Yes	N/A	N/A	20%	20%	10%	10%
Money Market							
Mutual Funds	Yes	N/A	N/A	20%	20%	None	None
Mortgage Pass- Through Securities	No	5 years	5 years	20%	None	None	None
County Pooled							
Investment Funds	No	N/A	N/A	None	None	None	None
JPA Pools (other investment pools)	Yes	N/A	N/A	None	25%	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	N/A	None	50%	None	\$50 million
Repurchase Agreements	Yes	1 year	30 days	None	10%	None	None
Reverse Repurchase Agreements	No	92 days	92 days	20% of base value	20% of base value	None	None

* Total par value of a single issuer.

** Maximum investment limit of 35% for Federal Agency Issues in one issuer applies if obligations are not backed by the full faith and credit of the U.S. Government at time of acquisition.

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 City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

Information about the sensitivity of the fair values of the City investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Remaining Maturity (in Months)		
		12 Months or Less	13 - 24 Months	25 - 60 Months
Money market funds	\$ 3,501,134	\$ 3,501,134	\$ -	\$ -
LAIF	13,700,000	13,700,000	-	-
Federal agency securities	13,219,371	4,098,046	2,029,826	7,091,499
Corporate medium term notes	6,180,121	500,931	3,600,403	2,078,787
Total	\$ 36,600,626	\$ 21,800,111	\$ 5,630,229	\$ 9,170,286

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 or the City's investment policy, and the actual rating as of year end for each investment type (Standard & Poors). LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Investment Type	Fair Value	Minimum Legal Rating	Ratings as of Year End			
			AAA	AA+	AA, AA-, A+, A-	Not Rated
Money market funds	\$ 3,501,134	N / A	\$ 3,501,134	\$ -	\$ -	\$ -
LAIF	13,700,000	N / A	-	-	-	13,700,000
Federal agency securities	13,219,371	N / A	-	13,219,371	-	-
Corporate medium term notes	6,180,121	A	534,173	1,030,951	4,614,997	-
Total	\$ 36,600,626		\$ 4,035,307	\$ 14,250,322	\$ 4,614,997	\$ 13,700,000

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments (other than external investment pools) in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount	Maturity	Interest Rate
Federal Home Loan Mortgage	Federal agency securities	\$ 2,094,706	2016-2018	4.88%-5.13%
Federal National Mortgage Association	Federal agency securities	3,045,265	2018-2020	1.13%-1.50%
Federal Home Loan Bank	Federal agency securities	2,003,340	2017-2018	1.00%-1.00%
Federal Farm Credit Bank	Federal agency securities	3,009,817	2020-2021	1.62%-1.90%

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

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.

As of June 30, 2016, \$947,458 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and
- Level 3: Investments reflect prices based on unobservable sources.

The City has the following fair value measurements as of June 30, 2016:

Investments by Fair Value	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Federal Agency Securities	\$ 13,219,371	\$ -	\$ 13,219,371	\$ -
Corporate Medium-Term Notes	6,180,121	-	6,180,121	-
Total investments measured at fair value	19,399,492	\$ -	\$ 19,399,492	\$ -
Investments measured at amortized cost				
Money Market Funds	3,501,134			
LAIF	13,700,000			
Total pooled and directed investments	\$ 36,600,626			

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

Investment in State Investment Pool

The City is a voluntary participant 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 the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's LAIF balance at June 30, 2016 was \$13,700,000.

The total amount invested by all public agencies in LAIF as of June 30, 2016 was \$22.7 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2016 has a balance of \$75.4 billion (44.92% was invested in government securities). The average maturity of PMIA investments was 167 days as of June 30, 2016.

(b) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/Due from other funds:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<u>Major Funds:</u>		
General Fund	\$ 79,172	\$ -
Sewer Improvement AD02-1 Capital Projects Fund	-	1,266
<u>Nonmajor Special Revenue Funds:</u>		
Traffic Safety Fund	-	1,336
TDA Fund	-	13,503
Community Development Block Grant Fund	-	4,970
Sewer Redemption AD98-1 Fund	-	11,004
Sewer Redemption AD02-1 Fund	-	14,392
Sewer Redemption AD04-1 Fund	-	32,701
Total	<u>\$ 79,172</u>	<u>\$ 79,172</u>

The purpose of Due to/Due from is to eliminate negative cash balances at fiscal year-end in various funds.

Advances to/from other funds:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
<u>Major Funds:</u>		
General Fund	\$ 1,337,426	\$ -
Sewer Improvement AD02-1 Capital Projects Fund	-	993,838
<u>Nonmajor Fund:</u>		
Sewer Improvement AD98-1 Debt Service Fund	-	343,588
Total	<u>\$ 1,337,426</u>	<u>\$ 1,337,426</u>

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

The State of California loaned funds to the City for the purpose of constructing sewer lines in Assessment District 98-1. During construction, the General Fund advanced funds to Sewer AD 98-1 Debt Service Fund, which was the City's matching share according to the agreement with the State. The advances are payable at an annual interest rate of 7%. At June 30, 2016, the outstanding balance is \$343,588.

The General Fund advanced funds to the Sewer Improvement AD02-1 Capital Projects Fund to eliminate negative cash balances at fiscal year-end. There are no current repayment terms and the outstanding balance is \$993,838 at June 30, 2016.

Transfers In/Transfers Out:

Transfers In	Transfers Out		
	General Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 209,411	\$ 209,411
City Capital Projects Fund	2,094,000	375,395	2,469,395
Sewer AD04-1 Debt Service Fund	-	1,864,378	1,864,378
Nonmajor Funds	61,225	1,513,333	1,574,558
Total	<u>\$ 2,155,225</u>	<u>\$ 3,962,517</u>	<u>\$ 6,117,742</u>

Interfund transfers were primarily used to fund debt service payments in the Sewer AD98-1, Sewer AD02-1 and Sewer AD04-1. Transfers to the General Fund were primarily used to partially reimburse personnel costs for employees providing services to non-General Fund activities. Transfers from the General Fund were primarily used to assist or fully fund major capital or maintenance projects (i.e., street resurfacing, road and catch basin repairs, trail projects).

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CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

Capital Assets

A summary of changes in capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land and easements	\$ 10,192,144	\$ -	\$ -	\$ -	\$ 10,192,144
Construction in progress	215,469	1,317,928	(8,491)	(1,150,959)	373,947
Total capital assets, not being depreciated	<u>10,407,613</u>	<u>1,317,928</u>	<u>(8,491)</u>	<u>(1,150,959)</u>	<u>10,566,091</u>
Capital assets, being depreciated:					
Buildings	2,584,120	14,302	-	-	2,598,422
Improvements other than Buildings	306,611	-	-	-	306,611
Equipment	1,105,012	46,719	-	-	1,151,731
Vehicles	478,236	36,209	(38,166)	-	476,279
Infrastructure	85,111,020	25,228	-	1,150,959	86,287,207
Total capital assets, being depreciated	<u>89,584,999</u>	<u>122,458</u>	<u>(38,166)</u>	<u>1,150,959</u>	<u>90,820,250</u>
Less accumulated depreciation:					
Buildings	(2,007,316)	(39,281)	-	-	(2,046,597)
Improvements other than Buildings	(102,204)	(102,204)	-	-	(204,408)
Equipment	(945,263)	(44,684)	-	-	(989,947)
Vehicles	(318,707)	(45,917)	38,166	-	(326,458)
Infrastructure	(14,693,372)	(2,091,125)	-	-	(16,784,497)
Total accumulated depreciation	<u>(18,066,862)</u>	<u>(2,323,211)</u>	<u>38,166</u>	<u>-</u>	<u>(20,351,907)</u>
Total capital assets, being depreciated, net	<u>71,518,137</u>	<u>(2,200,753)</u>	<u>-</u>	<u>1,150,959</u>	<u>70,468,343</u>
Governmental activities capital assets, net	<u>\$ 81,925,750</u>	<u>\$ (882,825)</u>	<u>\$ (8,491)</u>	<u>\$ -</u>	<u>\$ 81,034,434</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 171,348
Public safety	2,268
Community development	7,372
Public works	<u>2,142,223</u>
Total	<u>\$ 2,323,211</u>

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

(c) Deferred Inflows/Outflows of Resources

Unavailable revenues are deferred in accordance with GASB Statements No. 23 and No. 65. The City has unavailable revenues relating to investment accrued interest income on bonds, sales tax receivable, and intergovernmental receivables. The balance of unavailable revenues reported as deferred inflows of resources at June 30, 2016, was \$468,510. For information about deferred inflows and outflows related to pensions, see note 4(b)2.

(d) Long-term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Loans Payable	\$ 28,799,941	\$ -	\$ 2,382,139	\$ 26,417,802	\$ 2,428,019
Employee Leave Benefits	418,434	252,355	267,078	403,711	257,681
OPEB (Note 4(c))	852,031	233,000	86,003	999,028	-
Net Pension Liability	1,921,972	337,901	262,412	1,997,461	-
Total	<u>\$ 31,992,378</u>	<u>\$ 823,256</u>	<u>\$ 2,997,632</u>	<u>\$ 29,818,002</u>	<u>\$ 2,685,700</u>

Loans Payable

The State of California has loaned funds, through its State Revolving Fund, to the City for the purpose of constructing sewer lines in Assessment District 98-1. These funds have been advanced to the Sewer Improvement Capital Projects Fund. The loan amount \$8,355,829, which bears interest at zero percent, is comprised of a federal share (83.333% or \$6,963,163) and a state share (16.667% or \$1,392,666). During construction, the City paid the matching share, which is the City's contribution in order to participate in the zero interest loan programs. Repayment of the loan in equal annual installments of \$417,791 over 20 years commenced during FY 2000-01, upon completion of construction.

\$ 1,671,167

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

The annual requirements to amortize the outstanding State Loan for Sewer Assessment District 98-1 as of June 30, 2016, are as follows:

Fiscal year ending June 30,	Principal
2017	\$ 417,791
2018	417,792
2019	417,792
2020	417,792
Totals	<u>\$ 1,671,167</u>

The State of California made an obligation to loan the City up to \$13,596,030 for the purpose of constructing sewer lines in Assessment District 02-1. During fiscal year 2008-2009, the interest rate was reduced from 2.4% to 1.4% and a 1% service charge was added to the loan. To date, the City has drawn \$13,970,937 (which includes accretion of \$374,907) on this loan, and no further draws will be made. Repayment of the loan in installments ranging from \$535,928 to \$867,554 over 20 years commenced during FY 2005-2006, upon completion of construction. Principal and interest payments are due March 31 of each year.

\$7,114,562

The annual requirements to amortize the outstanding State Loan for Sewer Assessment District 02-1 as of June 30, 2016, are as follows:

Fiscal year ending June 30,	Principal	Interest
2017	\$ 717,614	\$ 170,749
2018	734,837	153,527
2019	752,473	135,890
2020	770,533	117,831
2021	789,025	99,339
2022-2025	3,350,080	203,388
Totals	<u>\$ 7,114,562</u>	<u>\$ 880,724</u>

The State of California made an obligation to loan the City up to \$26,447,628 for the purpose of constructing sewer lines in Assessment District 04-1 and to advance refund \$18,930,000 of 2004A Revenue Bonds. During fiscal year 2008-2009, the interest rate was reduced from 2.3% to 1.3% and a 1% service charge was added to the loan. To date, the City has drawn \$26,937,047 (which includes accretion of \$489,419) on this loan, and no further draws will be made. Repayment of the loan in installments ranging from \$996,775 to \$1,659,973 over 20 years commenced during FY 2008-2009, upon completion of construction. Principal and interest payments are due October 31 of each year.

\$17,632,073

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

The annual requirements to amortize the outstanding State Loan for Sewer Assessment District 04-1 as of June 30, 2016, are as follows:

Fiscal year ending June 30,	Principal	Interest
2017	\$ 1,292,614	\$ 405,538
2018	1,322,344	375,807
2019	1,352,758	345,394
2020	1,383,872	314,280
2021	1,415,701	282,451
2022-2026	7,582,160	908,600
2027-2028	3,282,624	113,679
Totals	<u>\$ 17,632,073</u>	<u>\$ 2,745,749</u>

Total Loans Payable \$26,417,802

Employee Leave Benefits

Employee leave benefits are payable to employees upon termination. The City's policies relating to the payment of these benefits are discussed in Note (1). (d).4.

\$ 403,711

(e) Fund Balances for Governmental Funds

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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. Fund balances at June 30, 2016, for the governmental funds are nonspendable, restricted, assigned, and unassigned for the following purposes:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. At June 30, 2016, the City had nonspendable fund balance of a prepaid amount of \$19,698, advances to other funds of \$1,337,426, and loans of \$174,814.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. At June 30, 2016, the City had restricted fund balances of: \$1,366,432 for transit related activities, \$38,060 for public safety, \$726,275 for air quality improvements, \$4,244 for State Disability Access and Education (DAE) expenditures, \$5,922,952 for sewer improvements, \$6,698,809 for debt service reserve, and \$1,648,993 for future capital projects.

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or management (City Wide Leadership team, which consists of City Manager and Executive Department Heads)) to which the assigned amounts are to be used for

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as nonspendable, restricted, or committed. At June 30, 2016, the City had assigned fund balances of: \$131,772 for the Tree Fund, \$500,000 for potential SR-710 expenditures, and \$408,350 for OPEB.

Unassigned Fund Balance – the residual classification for the General Fund and includes all amounts not contained in the other classifications. Governmental funds report residual negative balances as unassigned fund balance. At June 30, 2016, the City had an unassigned fund balance of \$14,533,995.

(4) OTHER INFORMATION

(a) Risk Management

The City is a member of the California Joint Powers Insurance Authority (CJPIA). The following disclosures are regarding the risk pool:

Liability, Property, and Workers' Compensation Protection

1. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

2. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

Liability – In the liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the authority.

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

Workers' Compensation – In the workers' compensation program, claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layer

For 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

3. Purchased Insurance

Pollution Legal Liability Insurance - The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of La Cañada Flintridge. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance – The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of La Cañada Flintridge property is currently insured according to a schedule of covered property submitted by the City of La Cañada Flintridge to the Authority. City of La Cañada Flintridge property currently has all-risk property insurance protection in the amount of \$7,668,039. There is a \$5,000 deductible per occurrence except for non-emergency vehicle

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance – The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of La Cañada Flintridge property currently has earthquake protection in the amount of \$0. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance - The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

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

4. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2015-16.

(b) Employee Retirement System Pension Plans

1. General Information about the Pension Plans

Plan Description

All qualified employees are eligible to participate in the City's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available report that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous - Classic	Miscellaneous - PEPRA
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.512%	6.237%

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees 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 Plan are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal 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.

For the fiscal year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were as follow:

Contributions - employer	Miscellaneous \$ 262,412
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2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

Miscellaneous	Proportionate Share of Net Pension Liability \$ 1,997,461
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The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportion – June 30, 2014	Miscellaneous 0.077766%
Proportion – June 30, 2015	0.072808%
Change - Decrease	(0.004958%)

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$119,056. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 285,477	\$ -
Changes of assumptions		(162,149)
Net differences between projected and actual earnings on plan investments		(81,287)
Differences between the employer's contributions and the employer's proportionate share of contributions		(64,280)
Differences between expected and actual experience	17,139	
Changes in employer's proportion	61,345	(102,376)
Total	\$ 363,961	\$ (410,092)

\$285,477 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal year ending June 30,	Deferred Outflows (Inflows) of Resources
2017	\$ (138,959)
2018	(145,776)
2019	(150,778)
2020	103,905
Totals	\$ (331,608)

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	Entry age normal cost method
Actuarial assumptions	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	3.30 % - 14.2% (1)
Investment rate of return	7.50% (2)
Mortality	Data for all Funds (3)

- (1) Depending on age, service, and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2015 experience study report.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

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

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

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.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	(0.55%)	(1.05%)
Total	<u>100.00%</u>		

- (a) An expected inflation of 2.50% used for this period.
(b) An expected inflation of 3.00% used for this period.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	<u>Miscellaneous</u>
1.0% Decrease Net Pension Liability	6.65% \$ 3,646,083
Current Discount Rate Net Pension Liability	7.65% \$ 1,997,461
1.0% Increase Net Pension Liability	8.65% \$ 636,332

Pension Plan Fiduciary Net Position

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

(c) Other Postemployment Benefits

Plan Description

The City administers a single-employer defined benefit postemployment healthcare plan (Plan). The Plan provides healthcare benefits to all eligible retirees who retire from the City. Benefit provisions are established and may be amended by the City Council. Under the program, the City pays 100% of the health insurance premium for eligible retirees hired on or after July 1, 1998. The employee-retiree may elect to receive spouse and/or dependent coverage with premiums paid by the employee-retiree. For employees hired prior to July 1, 1998, the retiree, as well as the

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

retiree’s spouse and dependents, are eligible for coverage with all premiums paid by the City. As of June 30, 2016, the City was providing retiree health benefits to thirteen (13) retirees. Generally, the General Fund is used to pay the retiree health contributions.

Funding Policy

Contribution requirements for the City are established and may be amended by the City Council. The City pays for retiree health benefits on a “pay-as-you-go” basis. Employees are not required to make contributions for retiree health benefits. For fiscal year 2015-16, the City contributed \$86,003, or 36.9% of the annual OPEB cost, to the Plan.

Annual OPEB Cost and Net OPEB Obligation

Based on an actuarial study of the City’s retiree health liabilities as of July 1, 2015, the City’s Annual Required Contribution (ARC) for fiscal year 2015-16 is \$237,039. The ARC, as determined in accordance with the parameter of GASB Statement 45, 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 (or fund excess) over a period not to exceed thirty (30) years.

The following table shows the components of the City’s annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and changes in the City’s net OPEB obligation to the Plan:

Annual required contribution	\$	237,039
Interest on net OPEB obligation		40,813
Adjustment to annual required contribution		<u>(44,852)</u>
 Annual OPEB Cost		 233,000
Contribution made		<u>(86,003)</u>
 Increase in net OPEB obligation		 146,997
Net OPEB obligation – beginning of fiscal year		<u>852,031</u>
Net OPEB obligation – end of fiscal year	\$	<u><u>999,028</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2015, and 2016, are as follows:

Fiscal Year	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2014	\$ 251,656	29.6%	\$ 750,210
June 30, 2015	178,763	43.0%	852,031
June 30, 2016	233,000	36.9%	999,028

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the funded status of the Plan was as follows:

Actuarial accrued liability (AAL)	\$	3,563,309
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	<u><u>(3,563,309)</u></u>
Funded ratio (actuarial value of plan assets/AAL)		0.0%
Annual covered payroll (active plan members)	\$	2,467,539
UAAL as a percentage of annual covered payroll		144.41%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include 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.

In the July 1, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.50% investment rate of return; an inflation rate of 2.75%; a payroll increase of 2.75%, an annual healthcare cost trend rate of 4.0%; and a 0% allowance of retirees who will waive benefits at retirement (it is assumed that 100% of retirees will elect to receive the City's retiree benefits). The Plan's unfunded actuarial accrued liability is being amortized as a level of percentage of expected payroll over 30 years and the amortization period is closed.

(5) RESTATEMENT OF NET POSITION/FUND BALANCE

The accompanying financial statements reflect adjustments that resulted in the restatement of beginning Fund Balance of \$1,454 on the Governmental Activities Statement of Activities and the Governmental Funds General Fund. This included an overstatement of expenditures of \$1,454.

CITY OF LA CAÑADA FLINTRIDGE
Notes to the Financial Statements (Continued)
June 30, 2016

(6) COMMITMENTS AND CONTINGENCIES

The City is occasionally a defendant in lawsuits which have arisen in the normal course of business. Damages are alleged in some of these actions and their outcome cannot be predicted with certainty. However, in the opinion of the City Attorney, the outcome of these actions will not have a material adverse effect on the financial position of the City.

The City participates in several federal and state grant programs. The programs are subject to examination by the granters and the amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION





CITY OF LA CAÑADA FLINTRIDGE
Required Supplementary Information
June 30, 2016

Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years (*)

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year End	06/30/2016	06/30/2015
Measurement Date	06/30/2015	06/30/2014
Plan's proportion of the net pension liability	0.029101%	0.03089%
Plan's proportionate share of the net pension liability	\$ 1,997,461	\$ 1,921,972
Plan's covered – employee payroll	\$ 2,358,312	\$ 2,318,764
Plan's proportionate share of the net pension liability as a percentage of it's covered – employee payroll	84.70%	82.89%
Plan's fiduciary net position	\$24,907,305,871	\$24,607,502,515
Plan's total pension liability	\$31,771,217,402	\$30,829,966,631
Plan's fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: Discount rate was changed from 7.50% to 7.65%.

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

CITY OF LA CAÑADA FLINTRIDGE
Required Supplementary Information
June 30, 2016

Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years (*)

SCHEDULE OF PENSION CONTRIBUTIONS

	Fiscal Year End June 30, 2016 Miscellaneous	Fiscal Year End June 30, 2015 Miscellaneous
Actuarially determined contribution (a)	\$ 285,477	\$ 262,412
Contributions in relation to the actuarially determined contribution (b)	(285,477)	(262,412)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll (c)	\$ 2,467,539	\$ 2,358,312
Contributions as a percentage of covered-employee payroll	11.57%	11.13%

- (a) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (b) Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.
- (c) Covered-employee payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employee's pension plan. Accordingly, if pensionable earnings are different that total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal year 2015-16 were from June 30, 2012 public agency valuations.

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Average remaining period	19 years as of the valuation date
Asset valuation method	15 year smoother market
Actuarial assumptions	
Discount rate	7.65%
Inflation	2.75%
Projected salary increases	3.30% to 14.20% depending on age, service and type of employment
Payroll growth	3.00%
Individual salary growth	A merit scale varying in duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS experience study for the period 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS experience study for the period 1997 to 2007. Pre-retirement and post-retirement mortality rates included 5 years of projected mortality improvement using scale AA published by the Society of Actuaries.

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

CITY OF LA CAÑADA FLINTRIDGE
Required Supplementary Information
June 30, 2016

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
11/20/2008	\$ -	\$2,233,842	\$ 2,233,842	0.0%	\$2,102,156	106.26%
11/01/2011	-	\$2,851,039	\$ 2,851,039	0.0%	\$2,114,308	134.85%
07/01/2015	-	\$3,563,309	\$ 3,563,309	0.0%	\$2,467,539	144.41%

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 10,026,000	\$ 10,071,325	\$ 10,777,438	\$ 706,113
Fines, forfeitures and penalties	102,400	89,900	92,943	3,043
From other agencies	38,850	38,850	27,793	(11,057)
Charges for services	2,653,125	2,748,125	3,147,132	399,007
Use of money and property	320,825	320,825	387,844	67,019
Other revenue	63,750	87,575	224,483	136,908
Total revenues	<u>13,204,950</u>	<u>13,356,600</u>	<u>14,657,633</u>	<u>1,301,033</u>
Expenditures:				
Current:				
General government	4,886,800	4,923,550	4,970,335	(46,785)
Public safety	3,211,000	3,213,250	3,059,724	153,526
Community development	674,525	662,100	635,681	26,419
Public works	3,070,825	3,118,700	3,006,399	112,301
Capital outlay	139,800	141,500	84,740	56,760
Total expenditures	<u>11,982,950</u>	<u>12,059,100</u>	<u>11,756,879</u>	<u>302,221</u>
Excess of revenues over expenditures	<u>1,222,000</u>	<u>1,297,500</u>	<u>2,900,754</u>	<u>1,603,254</u>
Other financing sources (uses):				
Transfers in	193,575	193,575	209,411	15,836
Transfers out	<u>(2,044,475)</u>	<u>(2,155,225)</u>	<u>(2,155,225)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,850,900)</u>	<u>(1,961,650)</u>	<u>(1,945,814)</u>	<u>15,836</u>
Net change in fund balances	(628,900)	(664,150)	954,940	1,619,090
Fund balance, beginning of fiscal year	<u>17,148,635</u>	<u>17,148,635</u>	<u>17,148,635</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>1,454</u>	<u>1,454</u>
Fund balance, beginning of fiscal year, as restated	<u>17,148,635</u>	<u>17,148,635</u>	<u>17,150,089</u>	<u>1,454</u>
Fund balance, end of fiscal year	<u><u>\$ 16,519,735</u></u>	<u><u>\$ 16,484,485</u></u>	<u><u>\$ 18,105,029</u></u>	<u><u>\$ 1,620,544</u></u>

See Accompanying Note to Required Supplementary Information.

CITY OF LA CAÑADA FLINTRIDGE
Note to Required Supplementary Information
June 30, 2016

(1) BUDGETARY INFORMATION

(a) General Budget Policies:

The City adopts an annual budget prepared on the modified accrual basis of accounting for the General Fund and Special Revenue Funds. The budget is adopted on a basis which does not differ materially from generally accepted accounting principles (GAAP). The City Manager prepares and submits to the City Council the annual budget of the City and administers it after adoption. The City Manager is authorized to transfer budgeted amounts between the accounts of any department within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The level of budgetary control is the fund level.



OTHER SUPPLEMENTARY INFORMATION





CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Sewer AD04-1 Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 102,300	\$ 102,300	\$ 98,055	\$ (4,245)
Expenditures:				
Current:				
Public works	1,250	1,250	1,250	-
Debt service:				
Principal retirement	1,263,550	1,263,550	1,263,553	(3)
Interest and other charges	434,600	434,600	434,598	2
Total expenditures	1,699,400	1,699,400	1,699,401	(1)
(Deficiency) of revenues (under) expenditures	(1,597,100)	(1,597,100)	(1,601,346)	(4,246)
Other financing sources:				
Transfers in	1,839,000	1,839,000	1,864,378	25,378
Net change in fund balance	241,900	241,900	263,032	21,132
Fund balance, beginning of fiscal year	6,435,777	6,435,777	6,435,777	-
Fund balance, end of fiscal year	<u>\$ 6,677,677</u>	<u>\$ 6,677,677</u>	<u>\$ 6,698,809</u>	<u>\$ 21,132</u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
City Capital Projects Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From other agencies	\$ 1,000,875	\$ 1,470,875	\$ 593,692	\$ (877,183)
Expenditures:				
Capital outlay	5,524,100	6,071,575	3,579,175	2,492,400
(Deficiency) of revenues (under) expenditures	(4,523,225)	(4,600,700)	(2,985,483)	1,615,217
Other financing sources (uses):				
Transfers in	2,303,750	2,359,500	2,469,395	109,895
Net change in fund balance	(2,219,475)	(2,241,200)	(516,088)	1,725,112
Fund balance, beginning of fiscal year	2,127,945	2,127,945	2,127,945	-
Fund balance (deficit), end of fiscal year	<u>\$ (91,530)</u>	<u>\$ (113,255)</u>	<u>\$ 1,611,857</u>	<u>\$ 1,725,112</u>

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

Traffic Safety Fund - To account for the revenues received and expenditures made for traffic safety enforcement.

State Gasoline Tax Fund - To account for revenues received and expenditures made for general street improvement and maintenance. The revenues consist of the City's share of state gasoline taxes collected under Sections 2103, 2105, 2106, 2107, 2107.5 of the Street and Highway Code.

State Park Bonds and Grants Fund - To account for monies received from the State of California for park improvements and maintenance of community trails.

TDA Fund - To account for funds received from the State, under SB821, for bikeways and pedestrian facilities.

Proposition C Transit Tax Fund - To account for receipt and disbursement of funds derived from the 1990-91 one-half cent sales tax imposed by Proposition C to finance transit or transit-related projects in Los Angeles County.

Proposition A Transit Tax Fund - To account for the receipt and disbursement of funds from the Los Angeles Metropolitan Transportation Authority derived from the one-half cent sales tax imposed by the Proposition A to finance public transportation projects.

Community Development Block Grant Fund - To account for revenues received and expenditures made for the federal Community Development Block Grant. Funds are used to assist low and moderate income residents and to remove blight.

State/ Federal Law Enforcement Supplemental Funds - To account for monies received from the State of California and/ or the federal government to be used for policing activities in accordance with law enforcement activities.

Air Quality Improvement (AQMD Trust) Fund - To account for the revenues and expenditures made for air quality improvements projects. The revenues consist of funds received from the South Coast Air Quality Management District (SCAQMD) in accordance with AB2766.

Property Acquisition Fund - To account for monies set aside for the future acquisition of property. Revenues may be derived from various sources, including donations.

Sanitation Fund - To account for activities of Sanitation Districts #28 and #34 related to the acquisition and installation of a community sewer system.

Sewer Redemption AD98-1 Fund - To account for funds related to Assessment District 98-1 for sewer assessment.

Sewer Redemption AD02-1 Fund - To account for funds related to Assessment District 02-1 for sewer assessment.

Sewer Redemption AD04-1 Fund – To account for funds related to Assessment District 04-1 for sewer assessment.

Measure R Fund – To account for receipt and disbursement of funds derived from the 2008 one-half cent sales tax imposed by Measure to finance transportation-related projects and improvements in Los Angeles County.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term liabilities, including principal, interest and related costs.

Sewer AD98-1 Debt Service Fund – To account for payment of interest and principal on the debt of Assessment District 98-1.

Sewer AD02-1 Debt Service Fund – To account for payment of interest and principal on the debt of Assessment District 02-1.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities financed by governmental funds.

Sewer Improvement AD04-1 Capital Projects Fund – To account for sewer capital improvements under Assessment District 04-1.



**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**





CITY OF LA CAÑADA FLINTRIDGE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Traffic Safety	State Gasoline Tax	State Park Bonds and Grants	TDA
Assets:				
Cash and investments	\$ -	\$ 59,996	\$ 37,136	\$ -
Accounts receivable	5,620	-	-	13,503
Total assets	\$ 5,620	\$ 59,996	\$ 37,136	\$ 13,503
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 59,996	\$ -	\$ -
Due to other funds	1,336	-	-	13,503
Advances from other funds	-	-	-	-
Total liabilities	1,336	59,996	-	13,503
Fund balances:				
Restricted:				
Transit	-	-	-	-
Public safety	4,284	-	-	-
Air quality improvements	-	-	-	-
Sewer improvements	-	-	-	-
Capital projects	-	-	-	-
Future capital projects	-	-	37,136	-
Unassigned	-	-	-	-
Total fund balances	4,284	-	37,136	-
Total liabilities and fund balances	\$ 5,620	\$ 59,996	\$ 37,136	\$ 13,503

(Continued)

CITY OF LA CAÑADA FLINTRIDGE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(Continued)

	Special Revenue Funds			
	Proposition C Transit Tax	Proposition A Transit Tax	Community Development Block Grant	State/ Federal Law Enforcement Supplemental Funds
Assets:				
Cash and investments	\$ 513,204	\$ 266,518	\$ -	\$ 62,629
Accounts receivable	-	-	14,207	-
Total assets	\$ 513,204	\$ 266,518	\$ 14,207	\$ 62,629
Liabilities:				
Accounts payable and accrued liabilities	\$ 24,279	\$ 44,285	\$ 9,228	\$ 28,853
Due to other funds	-	-	4,970	-
Advances from other funds	-	-	-	-
Total liabilities	24,279	44,285	14,198	28,853
Fund balances:				
Restricted:				
Transit	488,925	222,233	-	-
Public safety	-	-	-	33,776
Air quality improvements	-	-	-	-
Sewer improvements	-	-	-	-
Capital projects	-	-	9	-
Future capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	488,925	222,233	9	33,776
Total liabilities and fund balances	\$ 513,204	\$ 266,518	\$ 14,207	\$ 62,629

(Continued)

CITY OF LA CAÑADA FLINTRIDGE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(Continued)

	Special Revenue Funds			
	AQMD Trust	Property Acquisition	Sanitation	Sewer Redemption AD98-1
Assets:				
Cash and investments	\$ 221,206	\$ 500,000	\$ -	\$ -
Accounts receivable	7,045	-	-	11,004
Total assets	\$ 228,251	\$ 500,000	\$ -	\$ 11,004
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,976	\$ -	\$ -	\$ -
Due to other funds	-	-	-	11,004
Advances from other funds	-	-	-	-
Total liabilities	1,976	-	-	11,004
Fund balances:				
Restricted:				
Transit	-	-	-	-
Public safety	-	-	-	-
Air quality improvements	226,275	500,000	-	-
Sewer improvements	-	-	-	-
Capital projects	-	-	-	-
Future capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	226,275	500,000	-	-
Total liabilities and fund balances	\$ 228,251	\$ 500,000	\$ -	\$ 11,004

(Continued)

CITY OF LA CAÑADA FLINTRIDGE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(Continued)

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>Sewer Redemption AD02-1</u>	<u>Sewer Redemption AD04-1</u>	<u>Measure R</u>	<u>Sewer AD98-1</u>
Assets:				
Cash and investments	\$ -	\$ -	\$ 655,274	\$ 1,117,110
Accounts receivable	14,392	32,701	-	-
Total assets	<u>\$ 14,392</u>	<u>\$ 32,701</u>	<u>\$ 655,274</u>	<u>\$ 1,117,110</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	14,392	32,701	-	-
Advances from other funds	-	-	-	343,588
Total liabilities	<u>14,392</u>	<u>32,701</u>	<u>-</u>	<u>343,588</u>
Fund balances:				
Restricted:				
Transit	-	-	655,274	-
Public safety	-	-	-	-
Air quality improvements	-	-	-	-
Sewer improvements	-	-	-	773,522
Capital projects	-	-	-	-
Future capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>655,274</u>	<u>773,522</u>
Total liabilities and fund balances	<u>\$ 14,392</u>	<u>\$ 32,701</u>	<u>\$ 655,274</u>	<u>\$ 1,117,110</u>

(Continued)

CITY OF LA CAÑADA FLINTRIDGE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(Continued)

	Debt Service Fund	Capital Projects Fund	
	Sewer AD02-1	Sewer Improvement AD04-1	Nonmajor Governmental Funds
Assets:			
Cash and investments	\$ 3,970,868	\$ 1,178,776	\$ 8,582,717
Accounts receivable	-	3,493	101,965
Total assets	\$ 3,970,868	\$ 1,182,269	\$ 8,684,682
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 3,707	\$ 172,324
Due to other funds	-	-	77,906
Advances from other funds	-	-	343,588
Total liabilities	-	3,707	593,818
Fund balances:			
Restricted:			
Transit	-	-	1,366,432
Public safety	-	-	38,060
Air quality improvements	-	-	726,275
Sewer improvements	3,970,868	1,178,562	5,922,952
Capital projects	-	-	9
Future capital projects	-	-	37,136
Unassigned	-	-	-
Total fund balances	3,970,868	1,178,562	8,090,864
Total liabilities and fund balances	\$ 3,970,868	\$ 1,182,269	\$ 8,684,682

CITY OF LA CAÑADA FLINTRIDGE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds			
	Traffic Safety	State Gasoline Tax	State Park Bonds and Grants	TDA
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines, forfeitures and penalties	93,754	-	-	-
From other agencies	-	449,540	41,276	13,503
Charges for services	-	-	-	-
Use of money and property	-	3,049	-	-
	<u>93,754</u>	<u>452,589</u>	<u>41,276</u>	<u>13,503</u>
Total revenues				
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	424,865	33,150	-
Community development	-	-	-	-
Capital outlay	-	-	8,126	13,503
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
	<u>-</u>	<u>424,865</u>	<u>41,276</u>	<u>13,503</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>93,754</u>	<u>27,724</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(120,000)	(225,500)	(20,000)	-
	<u>(120,000)</u>	<u>(225,500)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)				
Net changes in fund balances	<u>(26,246)</u>	<u>(197,776)</u>	<u>(20,000)</u>	<u>-</u>
Fund balances (deficits), beginning of fiscal year	30,530	197,776	57,136	-
Fund balances (deficits), end of fiscal year	<u>\$ 4,284</u>	<u>\$ -</u>	<u>\$ 37,136</u>	<u>\$ -</u>

(Continued)

CITY OF LA CAÑADA FLINTRIDGE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	Special Revenue Funds			
	Proposition C Transit Tax	Proposition A Transit Tax	Community Development Block Grant	State/ Federal Law Enforcement Supplemental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
From other agencies	308,174	370,662	66,880	115,368
Charges for services	-	-	-	-
Use of money and property	9,393	5,024	-	1,123
	<u>317,567</u>	<u>375,686</u>	<u>66,880</u>	<u>116,491</u>
Total revenues				
Expenditures:				
Current:				
Public safety	-	-	-	173,115
Public works	151,025	262,472	-	-
Community development	-	-	66,880	-
Capital outlay	-	1,517	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
	<u>151,025</u>	<u>263,989</u>	<u>66,880</u>	<u>173,115</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>166,542</u>	<u>111,697</u>	<u>-</u>	<u>(56,624)</u>
Other financing sources (uses):				
Transfers in	-	-	100	61,125
Transfers out	(95,422)	(31,785)	-	-
	<u>(95,422)</u>	<u>(31,785)</u>	<u>100</u>	<u>61,125</u>
Total other financing sources (uses)				
Net changes in fund balances	71,120	79,912	100	4,501
Fund balances (deficits), beginning of fiscal year	<u>417,805</u>	<u>142,321</u>	<u>(91)</u>	<u>29,275</u>
Fund balances (deficits), end of fiscal year	<u>\$ 488,925</u>	<u>\$ 222,233</u>	<u>\$ 9</u>	<u>\$ 33,776</u>

(Continued)

CITY OF LA CAÑADA FLINTRIDGE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	Special Revenue Funds			
	AQMD Trust	Property Acquisition	Sanitation	Sewer Redemption AD98-1
Revenues:				
Taxes	\$ -	\$ 100,000	\$ 1,900	\$ -
Assessments	-	-	-	542,440
Fines, forfeitures and penalties	-	-	-	399
From other agencies	27,801	-	-	-
Charges for services	-	-	-	25,980
Use of money and property	3,758	-	-	396
	<u>31,559</u>	<u>100,000</u>	<u>1,900</u>	<u>569,215</u>
Total revenues				
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	1,900	11,519
Community development	-	-	-	-
Capital outlay	48,289	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
	<u>48,289</u>	<u>-</u>	<u>1,900</u>	<u>11,519</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(16,730)</u>	<u>100,000</u>	<u>-</u>	<u>557,696</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(557,696)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(557,696)</u>
Total other financing sources (uses)				
Net changes in fund balances	<u>(16,730)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), beginning of fiscal year	<u>243,005</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of fiscal year	<u>\$ 226,275</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF LA CAÑADA FLINTRIDGE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>Sewer Redemption AD02-1</u>	<u>Sewer Redemption AD04-1</u>	<u>Measure R</u>	<u>Sewer AD98-1</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	968,977	1,863,603	-	-
Fines, forfeitures and penalties	317	4,329	-	-
From other agencies	-	-	230,730	-
Charges for services	36,780	38,415	-	-
Use of money and property	805	1,446	9,627	16,527
	<u>1,006,879</u>	<u>1,907,793</u>	<u>240,357</u>	<u>16,527</u>
Total revenues				
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	15,122	16,909	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	417,791
Interest and other charges	-	-	-	31,043
	<u>15,122</u>	<u>16,909</u>	<u>-</u>	<u>448,834</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>991,757</u>	<u>1,890,884</u>	<u>240,357</u>	<u>(432,307)</u>
Other financing sources (uses):				
Transfers in	-	-	-	543,234
Transfers out	(991,757)	(1,885,884)	(34,473)	-
	<u>(991,757)</u>	<u>(1,885,884)</u>	<u>(34,473)</u>	<u>543,234</u>
Total other financing sources (uses)				
Net changes in fund balances	-	5,000	205,884	110,927
Fund balances (deficits), beginning of fiscal year	<u>-</u>	<u>(5,000)</u>	<u>449,390</u>	<u>662,595</u>
Fund balances (deficits), end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,274</u>	<u>\$ 773,522</u>

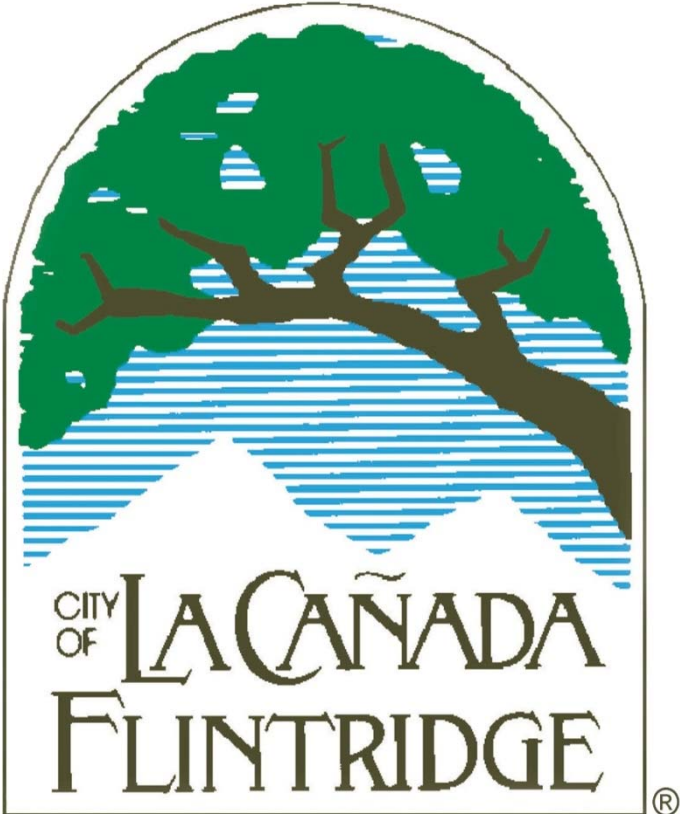
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CITY OF LA CAÑADA FLINTRIDGE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
	<u>Sewer AD02-1</u>	<u>Sewer Improvement AD04-1</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 101,900
Assessments	-	229,025	3,604,045
Fines, forfeitures and penalties	-	-	98,799
From other agencies	-	-	1,623,934
Charges for services	-	-	101,175
Use of money and property	65,344	21,459	137,951
	<u>65,344</u>	<u>21,459</u>	<u>137,951</u>
Total revenues	<u>65,344</u>	<u>250,484</u>	<u>5,667,804</u>
Expenditures:			
Current:			
Public safety	-	-	173,115
Public works	-	6,600	923,562
Community development	-	-	66,880
Capital outlay	-	252,236	323,671
Debt service:			
Principal retirement	700,795	-	1,118,586
Interest and other charges	187,569	-	218,612
	<u>888,364</u>	<u>258,836</u>	<u>2,824,426</u>
Total expenditures	<u>888,364</u>	<u>258,836</u>	<u>2,824,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(823,020)</u>	<u>(8,352)</u>	<u>2,843,378</u>
Other financing sources (uses):			
Transfers in	970,099	-	1,574,558
Transfers out	-	-	(3,962,517)
	<u>970,099</u>	<u>-</u>	<u>(2,387,959)</u>
Total other financing sources (uses)	<u>970,099</u>	<u>-</u>	<u>(2,387,959)</u>
Net changes in fund balances	147,079	(8,352)	455,419
Fund balances (deficits), beginning of fiscal year	<u>3,823,789</u>	<u>1,186,914</u>	<u>7,635,445</u>
Fund balances (deficits), end of fiscal year	<u>\$ 3,970,868</u>	<u>\$ 1,178,562</u>	<u>\$ 8,090,864</u>



NON MAJOR FUND BUDGETARY COMPARISON SCHEDULE



CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Traffic Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Fines, forfeitures and penalties	\$ 120,000	\$ 93,754	\$ (26,246)
Other financing (uses):			
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Net change in fund balance	-	(26,246)	(26,246)
Fund balance (deficit), beginning of fiscal year	<u>30,530</u>	<u>30,530</u>	<u>-</u>
Fund balance (deficit), end of fiscal year	<u><u>\$ 30,530</u></u>	<u><u>\$ 4,284</u></u>	<u><u>\$ (26,246)</u></u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor State Gasoline Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
From other agencies	\$ 463,575	\$ 449,540	\$ (14,035)
Use of money and property	1,000	3,049	2,049
	<u>464,575</u>	<u>452,589</u>	<u>(11,986)</u>
Expenditures:			
Current:			
Public works	<u>586,375</u>	<u>424,865</u>	<u>161,510</u>
Excess (deficiency) of revenues over (under) expenditures	(121,800)	27,724	149,524
Other financing (uses):			
Transfers out	<u>(225,500)</u>	<u>(225,500)</u>	<u>-</u>
Net change in fund balance	(347,300)	(197,776)	149,524
Fund balance, beginning of fiscal year	<u>197,776</u>	<u>197,776</u>	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ (149,524)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 149,524</u></u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor State Park Bonds and Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
From other agencies	\$ 38,900	\$ 41,276	\$ 2,376
Expenditures:			
Current:			
Public works	33,150	33,150	-
Capital outlay	33,750	8,126	25,624
Total expenditures	66,900	41,276	25,624
Excess (deficiency) of revenues over (under) expenditures	(28,000)	-	28,000
Other financing (uses):			
Transfers out	(20,000)	(20,000)	-
Net change in fund balance	(48,000)	(20,000)	28,000
Fund balance, beginning of fiscal year	57,136	57,136	-
Fund balance, end of fiscal year	\$ 9,136	\$ 37,136	\$ 28,000

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor TDA Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
From other agencies	\$ 13,500	\$ 13,503	\$ 3
Expenditures:			
Capital outlay	13,500	13,503	(3)
Net change in fund balance	-	-	-
Fund balance, beginning of fiscal year	-	-	-
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Proposition C Transit Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
From other agencies	\$ 293,400	\$ 308,174	\$ 14,774
Use of money and property	6,350	9,393	3,043
	<u>299,750</u>	<u>317,567</u>	<u>17,817</u>
Expenditures:			
Current:			
Public works	127,100	151,025	(23,925)
Capital outlay	131,300	-	131,300
	<u>258,400</u>	<u>151,025</u>	<u>107,375</u>
Excess of revenues over expenditures	41,350	166,542	125,192
Other financing (uses):			
Transfers out	-	(95,422)	(95,422)
Net change in fund balance	41,350	71,120	29,770
Fund balance, beginning of fiscal year	<u>417,805</u>	<u>417,805</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 459,155</u>	<u>\$ 488,925</u>	<u>\$ 29,770</u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Proposition A Transit Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
From other agencies	\$ 351,375	\$ 370,662	\$ 19,287
Use of money and property	5,275	5,024	(251)
Total revenues	<u>356,650</u>	<u>375,686</u>	<u>19,036</u>
Expenditures:			
Current:			
Public works	296,225	262,472	33,753
Capital outlay	<u>142,850</u>	<u>1,517</u>	<u>141,333</u>
Total expenditures	<u>439,075</u>	<u>263,989</u>	<u>175,086</u>
Excess (deficiency) of revenues over (under) expenditures	(82,425)	111,697	194,122
Other financing sources (uses):			
Transfers out	<u>(21,925)</u>	<u>(31,785)</u>	<u>(9,860)</u>
Net change in fund balance	(104,350)	79,912	184,262
Fund balance, beginning of fiscal year	<u>142,321</u>	<u>142,321</u>	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ 37,971</u></u>	<u><u>\$ 222,233</u></u>	<u><u>\$ 184,262</u></u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Community Development Block Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
From other agencies	\$ 79,300	\$ 66,880	\$ (12,420)
Expenditures:			
Current:			
Community development	79,300	66,880	12,420
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources:			
Transfers in	100	100	-
Net change in fund balance	100	100	-
Fund balance (deficit), beginning of fiscal year	(91)	(91)	-
Fund balance, end of fiscal year	\$ 9	\$ 9	\$ -

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor State/ Federal Law Enforcement Supplemental Funds Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
From other agencies	\$ 100,000	\$ 115,368	\$ 15,368
Use of money and property	500	1,123	623
	<u>100,500</u>	<u>116,491</u>	<u>15,991</u>
Expenditures:			
Current:			
Public safety	<u>173,250</u>	<u>173,115</u>	<u>135</u>
(Deficiency) of revenues (under) expenditures	(72,750)	(56,624)	16,126
Other financing sources:			
Transfers in	<u>61,125</u>	<u>61,125</u>	<u>-</u>
Net change in fund balance	(11,625)	4,501	16,126
Fund balance, beginning of fiscal year	<u>29,275</u>	<u>29,275</u>	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ 17,650</u></u>	<u><u>\$ 33,776</u></u>	<u><u>\$ 16,126</u></u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor AQMD Trust Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
From other agencies	\$ 45,175	\$ 27,801	\$ (17,374)
Use of money and property	2,125	3,758	1,633
Total revenues	<u>47,300</u>	<u>31,559</u>	<u>(15,741)</u>
Expenditures:			
Current:			
Public works	35,725	-	35,725
Capital outlay	50,150	48,289	1,861
Total expenditures	<u>85,875</u>	<u>48,289</u>	<u>37,586</u>
Net change in fund balance	(38,575)	(16,730)	21,845
Fund balance, beginning of fiscal year	<u>243,005</u>	<u>243,005</u>	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ 204,430</u></u>	<u><u>\$ 226,275</u></u>	<u><u>\$ 21,845</u></u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Property Acquisition Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 100,000	\$ 100,000	\$ -
Other financing sources:			
Transfers in	-	-	-
Net change in fund balance	100,000	100,000	-
Fund balance, beginning of fiscal year	400,000	400,000	-
Fund balance, end of fiscal year	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Sanitation Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 2,000	\$ 1,900	\$ (100)
Expenditures:			
Current:			
Public works	2,000	1,900	100
Net change in fund balance	-	-	-
Fund balance, beginning of fiscal year	-	-	-
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Sewer Redemption AD98-1 Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Assessments	\$ 541,500	\$ 542,440	\$ 940
Fines, forfeitures, and penalties	1,000	399	(601)
Charges for services	26,000	25,980	(20)
Use of money and property	50	396	346
	<u>568,550</u>	<u>569,215</u>	<u>665</u>
Expenditures:			
Current:			
Public works	<u>13,000</u>	<u>11,519</u>	<u>1,481</u>
Excess of revenues over expenditures	555,550	557,696	2,146
Other financing (uses):			
Transfers out	<u>(555,550)</u>	<u>(557,696)</u>	<u>(2,146)</u>
Net change in fund balance	-	-	-
Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Sewer Redemption AD02-1 Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Assessments	\$ 949,000	\$ 968,977	\$ 19,977
Fines, forfeitures and penalties	1,300	317	(983)
Charges for services	36,275	36,780	505
Use of money and property	200	805	605
	<u>986,775</u>	<u>1,006,879</u>	<u>20,104</u>
Expenditures:			
Current:			
Public works	<u>16,500</u>	<u>15,122</u>	<u>1,378</u>
Excess of revenues over expenditures	970,275	991,757	21,482
Other financing (uses):			
Transfers out	<u>(970,275)</u>	<u>(991,757)</u>	<u>(21,482)</u>
Net change in fund balance	-	-	-
Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Sewer Redemption AD04-1 Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Assessments	\$ 1,835,000	\$ 1,863,603	\$ 28,603
Fines, forfeitures and penalties	3,500	4,329	829
Charges for services	38,050	38,415	365
Use of money and property	500	1,446	946
	<u>1,877,050</u>	<u>1,907,793</u>	<u>30,743</u>
Expenditures:			
Current:			
Public works	<u>19,175</u>	<u>16,909</u>	<u>2,266</u>
Excess of revenues over expenditures	1,857,875	1,890,884	33,009
Other financing (uses):			
Transfers out	<u>(1,857,875)</u>	<u>(1,885,884)</u>	<u>(28,009)</u>
Net change in fund balance	-	5,000	5,000
Fund balance (deficit), beginning of fiscal year	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Fund balance (deficit), end of fiscal year	<u><u>\$ (5,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,000</u></u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Measure R Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
From other agencies	\$ 217,900	\$ 230,730	\$ 12,830
Use of money and property	5,750	9,627	3,877
	<u>223,650</u>	<u>240,357</u>	<u>16,707</u>
Other financing (uses):			
Transfers out	<u>(20,000)</u>	<u>(34,473)</u>	<u>(14,473)</u>
Net change in fund balance	203,650	205,884	2,234
Fund balance, beginning of fiscal year	<u>449,390</u>	<u>449,390</u>	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ 653,040</u></u>	<u><u>\$ 655,274</u></u>	<u><u>\$ 2,234</u></u>

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Sewer AD98-1 Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 17,775	\$ 16,527	\$ (1,248)
Expenditures:			
Debt service:			
Principal retirement	417,800	417,791	9
Interest and other charges	31,050	31,043	7
Total expenditures	448,850	448,834	16
(Deficiency) of revenues (under) expenditures	(431,075)	(432,307)	(1,232)
Other financing sources:			
Transfers in	542,550	543,234	684
Net change in fund balance	111,475	110,927	(548)
Fund balance, beginning of fiscal year	662,595	662,595	-
Fund balance, end of fiscal year	\$ 774,070	\$ 773,522	\$ (548)

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Sewer AD02-1 Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 71,000	\$ 65,344	\$ (5,656)
Expenditures:			
Debt service:			
Principal retirement	700,800	700,795	5
Interest and other charges	187,575	187,569	6
Total expenditures	888,375	888,364	11
(Deficiency) of revenues (under) expenditures	(817,375)	(823,020)	(5,645)
Other financing sources:			
Transfers in	950,500	970,099	19,599
Net change in fund balance	133,125	147,079	13,954
Fund balance, beginning of fiscal year	3,823,789	3,823,789	-
Fund balance, end of fiscal year	\$ 3,956,914	\$ 3,970,868	\$ 13,954

CITY OF LA CAÑADA FLINTRIDGE
Budgetary Comparison Schedule
Nonmajor Sewer Improvement AD04-1 Capital Projects Fund
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Assessments	\$ 209,000	\$ 229,025	\$ 20,025
Use of money and property	18,000	21,459	3,459
	<u>227,000</u>	<u>250,484</u>	<u>23,484</u>
Expenditures:			
Current:			
Public works	9,500	6,600	2,900
Capital outlay	296,200	252,236	43,964
	<u>305,700</u>	<u>258,836</u>	<u>46,864</u>
Net change in fund balance	(78,700)	(8,352)	70,348
Fund balance, beginning of fiscal year	<u>1,186,914</u>	<u>1,186,914</u>	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ 1,108,214</u></u>	<u><u>\$ 1,178,562</u></u>	<u><u>\$ 70,348</u></u>



STATISTICAL SECTION





CITY OF LA CAÑADA FLINTRIDGE
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016

STATISTICAL SECTION

This part of the City of La Canada Flintridge comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

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Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time</i>	84-87
Revenue Capacity	
<i>These schedules contain trend information to help the reader assess the government’s most significant current local revenue source, the property tax</i>	88-91
Debt Capacity	
<i>These schedules contain present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.....</i>	92-95
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place</i>	96-97
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs</i>	98-100

CITY OF LA CAÑADA FLINTRIDGE
Net Position by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012*	2013	2014*	2015	2016
Governmental Activities:					
Net Investment in capital assets	\$ 44,923,413	\$ 47,058,948	\$ 50,863,970	\$ 53,125,809	\$ 54,616,632
Restricted	2,776,665	12,370,867	13,075,427	15,871,777	16,362,080
Unrestricted	19,977,083	12,094,832	13,230,914	13,093,623	13,859,733
Total Primary Government Net Position	<u>\$ 67,677,161</u>	<u>\$ 71,524,647</u>	<u>\$ 77,170,311</u>	<u>\$ 82,091,209</u>	<u>\$ 84,838,445</u>

*As restated

The City of La Cañada Flintridge has elected to show only five years of data for this schedule.

CITY OF LA CAÑADA FLINTRIDGE
Changes in Net Position
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental activities:					
General government	\$ 4,562,241	\$ 4,503,048	\$ 2,353,045	\$ 4,609,131	\$ 5,106,198
Public safety	2,751,585	2,930,154	3,055,234	3,124,207	3,235,107
Community development	703,459	626,181	2,471,285	725,922	709,933
Public works	8,139,289	7,143,608	6,622,919	7,419,030	8,629,125
Interest	828,662	779,056	732,084	681,519	630,250
Total Governmental Activities Expenses	<u>16,985,236</u>	<u>15,982,047</u>	<u>15,234,567</u>	<u>16,559,809</u>	<u>18,310,613</u>
Program Revenues:					
Governmental activities:					
Charges for services:					
Public Works	2,334,541	2,226,595	2,632,444	2,820,796	2,931,464
Other activities	326,581	414,562	482,132	478,925	419,850
Operating grants and contributions	281,051	1,611,041	2,134,470	1,780,052	1,644,405
Capital grants and contributions	<u>5,708,601</u>	<u>6,063,026</u>	<u>7,846,376</u>	<u>5,624,691</u>	<u>4,462,995</u>
Total Governmental Activities	<u>8,650,774</u>	<u>10,315,224</u>	<u>13,095,422</u>	<u>10,704,464</u>	<u>9,458,714</u>
Program Revenues	<u>8,650,774</u>	<u>10,315,224</u>	<u>13,095,422</u>	<u>10,704,464</u>	<u>9,458,714</u>
Net Revenues (Expenses):					
Governmental activities	(8,334,462)	(5,666,823)	(2,139,145)	(5,855,345)	(8,851,899)
General Revenues and Other Changes in Net Position:					
Governmental activities:					
Taxes:					
Property taxes	3,815,640	3,992,151	4,229,162	4,429,351	4,661,834
Other taxes	2,856,157	2,950,944	3,084,333	3,312,466	3,401,762
State shared revenues - unrestricted:					
Sales tax	2,245,895	2,539,880	2,669,216	2,707,738	2,922,948
Motor vehicle	10,690	11,077	9,167	8,855	8,308
Use of money and property	647,624	(49,207)	111,490	81,254	384,346
Other	46,639	69,464	119,782	236,579	218,483
Total Primary Government	<u>9,622,645</u>	<u>9,514,309</u>	<u>10,223,150</u>	<u>10,776,243</u>	<u>11,597,681</u>
Changes in Net Position					
Governmental Activities	<u>\$ 1,288,183</u>	<u>\$ 3,847,486</u>	<u>\$ 8,084,005</u>	<u>\$ 4,920,898</u>	<u>\$ 2,745,782</u>

The City of La Cañada Flintridge has elected to show only five years of data for this schedule.

CITY OF LA CAÑADA FLINTRIDGE
Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2012*	2013	2014*	2015	2016
General Fund:					
Nonspendable	\$ 2,092,915	\$ 1,965,471	\$ 1,880,376	\$ 1,660,587	\$ 1,531,938
Restricted	-		1,734	2,300	4,244
Assigned	240,674	301,575	880,605	915,025	1,040,122
Unassigned	12,336,577	11,629,691	13,539,816	14,570,723	15,528,725
Total General Fund	<u>\$ 14,670,166</u>	<u>\$ 13,896,737</u>	<u>\$ 16,302,531</u>	<u>\$ 17,148,635</u>	<u>\$ 18,105,029</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	12,067,715	12,751,117	13,365,027	16,204,258	16,401,530
Assigned	-	-	-	-	-
Unassigned	(995,104)	(1,304,344)	(1,002,600)	(1,000,195)	(995,104)
Total All Other Governmental Funds	<u>\$ 11,072,611</u>	<u>\$ 11,446,773</u>	<u>\$ 12,362,427</u>	<u>\$ 15,204,063</u>	<u>\$ 15,406,426</u>

*As restated

The City of La Cañada Flintridge has elected to show only five years of data for this schedule.

CITY OF LA CAÑADA FLINTRIDGE
Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2012*	2013	2014*	2015	2016
Revenues:					
Taxes	\$ 8,917,692	\$ 9,409,326	\$ 9,988,959	\$ 10,493,566	\$ 10,879,338
Assessments	3,615,874	3,542,856	3,599,761	3,624,741	3,604,045
Fines, forfeitures and penalties	192,844	217,886	284,375	276,650	191,742
From other agencies	2,589,411	3,413,166	4,909,647	4,566,257	2,245,419
Charges for services	2,468,283	2,500,380	2,914,147	3,109,570	3,248,307
Use of money and property	638,100	138,042	380,624	325,730	623,850
Other	46,639	74,689	157,973	204,712	224,483
Total Revenues	<u>18,468,843</u>	<u>19,296,345</u>	<u>22,235,486</u>	<u>22,601,226</u>	<u>21,017,184</u>
Expenditures					
Current:					
General government	4,284,650	4,963,199	2,124,153	4,505,532	4,970,335
Public safety	2,742,367	2,925,247	3,050,327	3,121,322	3,232,839
Community development	689,057	617,924	2,465,201	724,584	702,561
Public works	4,548,065	4,126,559	4,107,535	4,021,412	3,931,211
Capital outlay	3,243,691	4,008,934	4,118,831	3,498,753	3,987,586
Debt service:					
Principal retirement	2,208,855	2,250,687	2,293,497	2,337,305	2,382,139
Interest and fiscal charges	850,177	803,012	754,494	704,578	653,210
Total Expenditures	<u>18,566,862</u>	<u>19,695,562</u>	<u>18,914,038</u>	<u>18,913,486</u>	<u>19,859,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(98,019)</u>	<u>(399,217)</u>	<u>3,321,448</u>	<u>3,687,740</u>	<u>1,157,303</u>
Other financing sources (uses):					
Transfers in	6,104,229	5,230,113	5,126,058	6,677,868	6,117,742
Transfers out	<u>(6,104,229)</u>	<u>(5,230,113)</u>	<u>(5,126,058)</u>	<u>(6,677,868)</u>	<u>(6,117,742)</u>
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	<u>\$ (98,019)</u>	<u>\$ (399,217)</u>	<u>\$ 3,321,448</u>	<u>\$ 3,687,740</u>	<u>\$ 1,157,303</u>
Debt service as a percentage of noncapital expenditures	20.0%	19.5%	20.6%	19.7%	19.1%

*As restated

The City of La Cañada Flintridge has elected to show only five years of data for this schedule.

CITY OF LA CAÑADA FLINTRIDGE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City		Taxable Assessed Value	Total Direct Rate
	Secured	Unsecured		
2007	4,601,674,282	27,983,110	4,629,657,392	0.06686
2008	4,960,513,489	28,112,991	4,988,626,480	0.06686
2009	5,284,600,979	31,850,140	5,316,451,119	0.06687
2010	5,447,575,235	32,880,486	5,480,455,721	0.07936
2011	5,434,019,882	32,324,640	5,466,344,522	0.06688
2012	5,605,686,121	35,940,867	5,641,626,988	0.06689
2013	5,828,710,840	37,005,753	5,865,716,593	0.06689
2014	6,092,337,982	36,564,674	6,128,902,656	0.06690
2015	6,414,320,719	36,486,841	6,450,807,560	0.06690
2016	6,776,711,070	39,013,224	6,815,724,294	0.06691

NOTE:

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

Source: HdL Coren & Cone

CITY OF LA CAÑADA FLINTRIDGE
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rates:	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000
Overlapping Rates:										
Los Angeles County	0.0007	-	-	-	-	-	-	-	-	-
Glendale Unified	0.0521	0.0474	0.0456	0.0460	0.0354	0.0455	0.0440	0.0392	0.0597	0.0506
Glendale Community College	0.0221	0.0241	0.0212	0.0237	0.0234	0.0245	0.0247	0.0234	0.0222	0.0212
Pasadena Unified	0.1172	0.0549	0.0638	0.1084	0.1020	0.1112	0.1140	0.1035	0.1060	0.1117
Pasadena Cod Ds 2002, 2006 Ser D	-	-	-	-	-	-	0.0023	-	-	-
Pasadena Community College	0.0208	0.0197	0.0174	0.0230	0.0199	0.0196	0.0183	0.0190	0.0103	0.0087
La Cañada Unified	0.0592	0.0563	0.0647	0.0704	0.0733	0.0709	0.0697	0.0672	0.0648	0.0617
Los Angeles County Flood Control District	0.0001	-	-	-	-	-	-	-	-	-
Metropolitan Water District	0.0047	0.0045	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035
Total Direct & Overlapping Tax Rate	\$ 1.2768	\$ 1.2069	\$ 1.2170	\$ 1.2758	\$ 1.2577	\$ 1.2754	\$ 1.2764	\$ 1.2558	\$ 1.2665	\$ 1.2575
City's Share of 1% Levy Per Prop 13	0.06705	0.06705	0.06705	0.06705	0.06705	0.06705	0.06705	0.06705	0.06705	0.06705
Total Direct Rate	0.06686	0.06686	0.06687	0.07936	0.06688	0.06689	0.06689	0.06690	0.06690	0.06691

NOTES:

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

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

City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city.

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

Source: HdL Coren & Cone

CITY OF LA CAÑADA FLINTRIDGE
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2016		2007	
	Assessed Value	Percent of Total Assessed Value	Assessed Value	Percent of Total Assessed Value
La Cañada Retail LLC	\$ 42,222,149	0.62%	\$	
ROIC California LLC	31,423,848	0.46%		
B K La Cañada Property LLC	17,056,075	0.25%		
Valley Water Company	16,616,824	0.24%	7,913,000	0.26%
Von's Companies Inc.			7,607,000	0.25%
GTR Realty LLC	11,406,244	0.17%		
Vincent Dundee III Company Trust	11,256,986	0.17%		
Frankel Family Trust			5,630,000	0.18%
University of Southern California	10,934,184	0.16%		
Caltech Employees Federal Credit Union			3,405,000	0.11%
La Canada Holdings	9,510,432	0.14%		
Seung Choon Lim Company Trust	9,329,121	0.14%		
Gordon & Dona Crawford Trust	9,067,493	0.13%	4,133,000	0.13%
La Cañada Properties Inc.			7,475,000	0.24%
Dundee Family Trust			5,683,000	0.18%
Dollinger La Cañada Associates			5,014,000	0.16%
Bradford Cornell & Mary D. Serles			4,814,000	0.16%
Zentmyer Properties			4,752,000	0.15%
Yung J & Soon H Park			4,154,000	0.13%
Ban Oan Limited			3,326,000	0.11%
La Cañada Associates			3,080,000	0.10%
UDI Development & Investment Company			2,909,000	0.09%
Total	<u>\$ 168,823,356</u>	<u>2.48%</u>	<u>\$ 69,895,000</u>	<u>2.25%</u>

NOTE: The amounts shown above include assessed value data for the City only

Source: HdL Coren & Cone

CITY OF LA CAÑADA FLINTRIDGE
Property Tax Levies and Collections
Last Five Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	4,065,825	3,538,118	87.02%	277,522	3,815,640	93.85%
2013	4,015,699	3,896,529	97.03%	95,622	3,992,151	99.41%
2014	4,204,925	4,093,050	97.34%	136,112	4,229,162	100.58%
2015	4,466,959	4,334,164	97.03%	95,187	4,429,351	99.16%
2016	4,742,086	4,567,142	96.31%	94,692	4,661,834	98.31%

NOTE: The amounts presented include City property taxes only. Also, the City does not receive property tax data distinguishing amounts collected that were levied in a previous year.

Source: Los Angeles County Auditor Controller's Office

CITY OF LA CAÑADA FLINTRIDGE
Ratios of Outstanding Debt by Type
Last Five Fiscal Years

Governmental Activities							
Fiscal Year Ended June 30	Certificates of Participation	Revenue Bonds	Loans Payable	Capital Lease Obligation	Total Governmental Activities	Percentage of Personal Income	Debt Per Capita
2012	-	-	35,681,429	-	35,681,429	0.024	1,746
2013	-	-	33,430,743	-	33,430,743	0.022	1,628
2014	-	-	31,137,246	-	31,137,246	0.020	1,516
2015	-	-	28,799,941	-	28,799,941	0.020	1,401
2016	-	-	26,417,802	-	26,417,802	0.017	1,280

The City of La Cañada Flintridge has elected to show only five years of data for this schedule.

NOTE:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF LA CAÑADA FLINTRIDGE

Direct and Overlapping Debt

June 30, 2016

City Assessed Valuation		\$ 6,815,724,294	
	Percentage	Gross	Estimated
	Applicable	Outstanding	Share of
		Debt 6/30/16	Overlapping
			Debt ¹
Foothill MWD 1113 DS	0.662%	\$ 44,916,916	\$ 297,475
Glendale CCD DS 2002 Series C	1.844%	7,719,757	142,347
Glendale CCD DS Refunding Bond 02, 05 S-A	1.844%	1,501,542	27,687
Glendale CCD DS 2002 Series 2006	1.844%	1,015,000	18,716
Glendale CCD DS 2002 Series 2011 & 2013	1.844%	17,974,760	331,443
Glendale CCD DS 2014 Refunding Bonds	1.844%	25,980,000	479,054
Pasadena CCD DS 2006 Series B	8.344%	1,740,000	145,179
Pasadena CCD DS 2002, 2006 Series D	8.344%	6,870,000	573,206
Pasadena CCD DS 2002, 2009 Series E (BABS)	8.344%	25,295,000	2,110,515
Pasadena CCD DS 2014 Refunding Series A	8.344%	50,725,000	4,232,293
Glendale USD DS 2009 Ref Bonds	1.844%	14,615,000	269,491
Glendale USD DS 2010 Ref Bonds	1.844%	22,000,000	405,666
Glendale USD DS 2010 Ref Bonds Series B	1.844%	18,645,000	343,802
Glendale USD DS 2011 Refunding Bonds	1.844%	2,413,601	44,505
Glendale USD DS 2011 SR A 1 CREB	1.844%	4,300,000	79,289
Glendale USD DS 2012 Ref Bonds	1.844%	188,955,563	3,484,217
La Cañada Unified SD 1995 SD	97.015%	2,438,871	2,366,082
La Cañada Unified SD DS 1999 Series A	97.015%	1,830,000	1,775,383
La Cañada USD DS 2004 Series A	97.015%	570,000	552,988
La Cañada USD DS 2004 Series B	97.015%	3,865,000	3,749,647
La Cañada USD DS 2004 Series C	97.015%	4,125,000	4,001,887
La Cañada USD DS 2011 Refund Bond	97.015%	11,490,000	11,147,075
Total overlapping debt		<u>\$ 458,986,010</u>	<u>\$ 36,577,947</u>
City direct debt		26,417,802	26,417,802
Total direct and overlapping debt		<u>\$ 485,403,812</u>	<u>\$ 62,995,749</u>

1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: HdL Coren & Cone

CITY OF LA CAÑADA FLINTRIDGE
 Legal Debt Margin Information
 Last Five Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed valuation	\$ 5,641,626,988	\$ 5,865,716,593	\$ 6,128,902,656	\$ 6,450,807,560	\$ 6,815,724,294
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	846,244,048	879,857,489	919,335,398	967,621,134	1,022,358,644
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 846,244,048</u>	<u>\$ 879,857,489</u>	<u>\$ 919,335,398</u>	<u>\$ 967,621,134</u>	<u>\$ 1,022,358,644</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

The City of La Cañada Flintridge has elected to show only five years of data for this schedule.

Source: City Finance Department
 Los Angeles County Tax Assessor's Office

CITY OF LA CAÑADA FLINTRIDGE
Pledged-Revenue Coverage
Last Five Fiscal Years

Fiscal Year Ended June 30	Revenue Bonds Series 2004A			
	Assessments Revenue	Debt Service		Coverage
		Principal	Interest	
2012	1,895,189	-	-	-
2013	1,827,502	-	-	-
2014	1,857,939	-	-	-
2015	1,849,036	-	-	-
2016	1,863,603	-	-	-

NOTE:

The City paid off Revenue Bonds Series 2004A in September 2008.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF LA CAÑADA FLINTRIDGE
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2007	21,147	\$ 1,265,211	\$ 59,829	1.9%
2008	21,121	1,269,322	60,098	2.8%
2009	21,139	1,252,639	59,257	4.5%
2010	21,261	1,512,019	71,117	4.9%
2011	20,335	1,522,278	74,860	4.8%
2012	20,441	1,505,561	73,654	3.5%
2013	20,535	1,529,632	74,489	2.9%
2014	20,544	1,562,227	76,043	4.4%
2015	20,556	1,469,384	71,482	3.5%
2016*	20,638	1,550,200	75,113	3.4%

* estimates based on data from California State Department of Finance, and State of California Employment Development Department.

Source: HdL Coren & Cone

CITY OF LA CAÑADA FLINTRIDGE
Principal Employers
Current Year and Nine Years Ago

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Ralph's Grocery Co.	96	2.81%	115	9.97%
Dilbeck Realtors G M A C	92	2.69%	106	9.19%
Ross Dress for Less Inc	91	2.66%	65	5.64%
Allen Lund Company Inc	84	2.46%	66	5.72%
Sprouts Farmers Market	83	2.43%		
La Cañada Flintridge Country Club	81	2.37%	69	5.98%
Trader Joe's	73	2.13%	61	5.29%
T J Maxx	72	2.10%	49	4.25%
Gelson's Market	68	1.99%		
Panera Bread	51	1.49%		
Sport Chalet Inc			216	18.73%
Von's			54	4.68%
Coldwell Banker			50	4.34%
United Artists Theater D B A UA			46	3.99%
Total Employees	3,421		1153	

(1) Private sector employers only

"Total Employment" as used above represents the total employment of all private employers located within City limits.

Only readily available data presented

"N/A": Data Not Available

Source: City of La Cañada Flintridge Business License Division

CITY OF LA CAÑADA FLINTRIDGE
 Full-time and Part-time City Employees
 by Function
 Last Ten Fiscal Years

Full-Time and Part-time Employees as of June 30										
Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	23	26	25	24	24	23	25	24	24	27
Public safety	11	1	1	1	1	1	1	1	1	1
Community development	8	7	7	9	9	9	8	9	8	7
Public works	9	10	10	8	9	9	9	9	9	8
Total	51	44	43	42	43	42	43	43	42	43

Source: City of La Cañada Flintridge

CITY OF LA CAÑADA FLINTRIDGE
 Operating Indicators
 by Function
 Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Arrests	345	402	375	279	248	228	276	387	292	344
Parking citations issued	1,736	1,967	1,898	1,138	1,143	1,262	1,235	451	1,159	602
Fire:										
Number of emergency calls	1,136	1,139	1,185	1,227	1,206	1,172	1,237	1,211	1,396	2,115
Inspections	1,659	1,366	1,457	1,456	1,661	1,353	963	226	254	361
Public works:										
Street resurfacing (miles)		3.00	3.02	6.27	1.50	5.36	2.60	2.67	2.73	2.81
Parks and recreation:										
Number of facility rentals	12	13	13	13	14	14	14	15	15	15

Only readily available data presented

Source: City of La Cañada Flintridge

CITY OF LA CAÑADA FLINTRIDGE
 Capital Asset Statistics
 by Function
 Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations (1)	0	0	0	0	0	0	0	0	0	0
Fire:										
Fire stations (1)	0	0	0	0	0	0	0	0	0	0
Public works:										
Streets (miles)		111	111	111	111	111	111	111	111	111
Streetlights		70	70	70	81	82	84	84	84	84
Traffic signals		18	18	18	18	18	18	18	18	18
Parks and recreation:										
Parks	4	4	4	4	5	5	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1

(1) The City contracts for both fire and police services, and thus does not own any fire or police stations

Only readily available data presented

Source: City of La Cañada Flintridge