

CITY OF TORRANCE

2ND QUARTER (MID-YEAR) BUDGET REVIEW



2015-16

AGENDA

FINANCE AND GOVERNMENTAL OPERATIONS COMMITTEE

Date: Tuesday, March 22, 2016
Time: 5:00 PM
Place: Council Chambers
Committee Members: Councilman Gene Barnett, Chair
Councilman Tim Goodrich, Member
Councilman Geoff Rizzo, Member
Subject: 2015-16 Second Quarter Budget Review

OPENING REMARKS	Chair, Gene Barnett
INTRODUCTION	Mary K. Giordano Assistant City Manager
2 nd QUARTER PRESENTATION	Eric E. Tsao Finance Director
PROGRAM MODIFICATIONS/ OTHER INFORMATION	Eric E. Tsao Finance Director
INVESTMENT STATUS	Dana Cortez City Treasurer
QUESTIONS & DISCUSSION	Committee/Audience
SUMMARY	Mary K. Giordano
CLOSING REMARKS	Chair, Gene Barnett

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Executive Summary

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

Subject: 2nd Quarter (Mid-Year) 2015-16 Budget Review

RECOMMENDATION

The City Manager and the Finance Director recommend that the following items be approved by the Finance and Governmental Operations Committee and recommended to City Council for action:

- Accept the 2nd Quarter (Mid-Year) 2015-16 Budget Review Report
- Accept the City Treasurer's Investment Report
- Approve the departmental program modifications for:
 - Community Services
 - Fire
 - Transit
- Approve the selection of an outside auditor

EXECUTIVE SUMMARY

The General Fund expenditures for each department is 57.8%, with 58.7% of the fiscal year expired. From July 1, 2015 through January 31, 2016, the 57.8% spending rate is comparable to the prior year expenditure trends of 58.0% and 57.8% in the prior two fiscal years. As of January 31, 2016 all departments are within budget. Based on mid-year results, it is estimated that there will be General Fund expenditure savings of 2.5% to 3.0% of the total budget.

General Fund revenues collected through January 31, 2016, are \$87.8 million, compared to \$85.1 million and \$87.8 million in the prior two years. Revenues received as a percent of budget through January 31, 2016 is 46.4%, compared to 48.1% and 49.5% in the prior two fiscal years. Currently, revenues are tracking below budget by approximately 2% to 3% compared to the prior two fiscal years.

The five largest revenue sources of the General Fund (Sales Tax, Property Tax, Utility Users Tax, Occupancy Tax and Business License Tax) represent about 80% of General Fund revenues.

Sales Tax: The revenue forecast includes additional sales tax due to the renovation of the Del Amo Fashion Center that held a grand opening in October 2015. As reported in the First Quarter 2016 Budget Review, close to 90 stores opened for commerce through late November. More businesses

A Snapshot of Torrance

Population: 147,706
Area: 21 Square Miles
1,322 Full-time Employees
6 Fire Stations
1 Police Station &
1 Police Community Center
228 Sworn Police Employees
145 Sworn Fire Employees
6 Public Libraries
47,000 Street Trees
550 Miles of Sidewalks
49 Parks & Recreation Amenities

are under construction and/or scheduled to open in the following months.) While sales tax receipts are consistent with prior year levels any new activity from the new stores have yet to be realized. Data for the sales tax activity for the 4th calendar quarter (October thru December) will not be known until late April. Based on receipts to date and the advances from the State, staff is projecting sales tax to be in line with budget projections.

Utility Users Tax: As reported in the First Quarter 2016 Budget Review, the major incident at Exxon-Mobil last February has significantly impacted the receipt of Utility Users Tax (UUT) revenue. Exxon/Mobil is the largest user of electricity and natural gas, which generates Utility Users Tax to the City. This incident has reduced UUT revenues in the neighborhood of approximately \$250,000 - \$300,000 a month, with an estimated adverse annual impact of approximately \$3.5 to \$4.0 million. During the May 2015 budget workshops, staff recommended relying on expenditure savings to offset the shortfall in UUT revenues and should those savings not be sufficient, staff recommended using funds from the Economic Anomaly Reserve. At this time, staff is projecting that funding from the Reserve would not be required.

The General Fund's second largest revenue source, Property Tax is in line with projections. Occupancy Tax is tracking better than by about 5-8% while Business License Tax has just started the annual renewal process in January.

Overall General Fund Revenues are projected to meet budget estimates by fiscal year-end.

Enterprise Fund:

Overall, the budget for enterprise funds remains balanced. Both the Water Enterprise Fund and the Sewer Enterprise Fund are impacted by the State mandated water conservation efforts. Revenue for both funds are projected to be below budget by fiscal year end. The Water Fund will realize lower costs for water purchases, along with other expenditure savings, and should be within budget at fiscal year-end. The Sewer Fund will also have other expenditure savings and should be within budget by fiscal year-end.

ECONOMIC OUTLOOK

The economy continues to grow, albeit slowly, and the current expansion has exceeded 80 months. The Gross Domestic Product (GDP) for the United States for the calendar year 2015 is 2.4% above prior year. The 4th quarter (Oct - Dec) increased at an annual rate of 1.0% over the 3rd quarter. The economy continues to expand. With continued growth, revenue streams to the City improve and, therefore, the budgetary outlook for the City is somewhat optimistic.

There are many economic indicators (Consumer Price Index, unemployment, consumer confidence, stock indexes, business inventories and gasoline prices) that are positive. However, world events continue to dampen the growth of the U.S. economy.

The Consumer Price Index are indicators of the growth of the economy and of wages paid to wage earners.

Consumer Price Index - Urban Wage Earners												
12-Month Percent Change												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	2.0%	2.6%	3.5%	3.9%	3.7%	3.3+/100	2.7%	2.7%	3.5%	3.1%	3.2%	2.2%
2012	2.1	2.1	2.0	1.3	1.5	1.5	1.9	2.5	2.2	3.2	2.1	2.0
2013	1.9	2.4	1.3	0.9	1.0	1.5	1.6	0.9	0.7	-0.3	0.5	1.2
2014	0.8	0.4	1.0	1.6	1.8	1.9	2.1	1.8	1.6	1.4	1.0	0.3
2015	-0.7	-0.4	0.2	0.0	0.9	0.4	1.2	1.0	0.4	0.7	1.4	1.9
2016	3.3	2.3										

The unemployment rate for the State has continued to decline, which is a positive factor for the economy. The unemployment rate is a major economic indicator that signals the economy is growing at a steady rate. The Federal and State unemployment rates are improving; the January 2016 rates were 4.9% and 5.7%, respectively, compared to 5.7% and 6.9% in January 2015. The ideal goal for U.S. unemployment is around 4% and, at that number, the country would be considered fully employed; however, this is of little consolation for those who are seeking employment. The unemployment rate for Torrance is currently at 4.1%, which is up 0.5% from January 2015 and is well below the National, State, and County of Los Angeles averages, as well as some of our neighboring cities.

January Unemployment Rate	2016	2015
Federal Government	4.9%	5.7%
State of California	5.7	6.9
Los Angeles County	5.8	7.9
Carson	7.7	7.5
Gardena	5.9	7.0
Glendale	5.8	6.5
Hawthorne	5.3	9.8
Inglewood	7.9	9.4
Santa Monica	5.0	6.1
Torrance	4.1	3.6

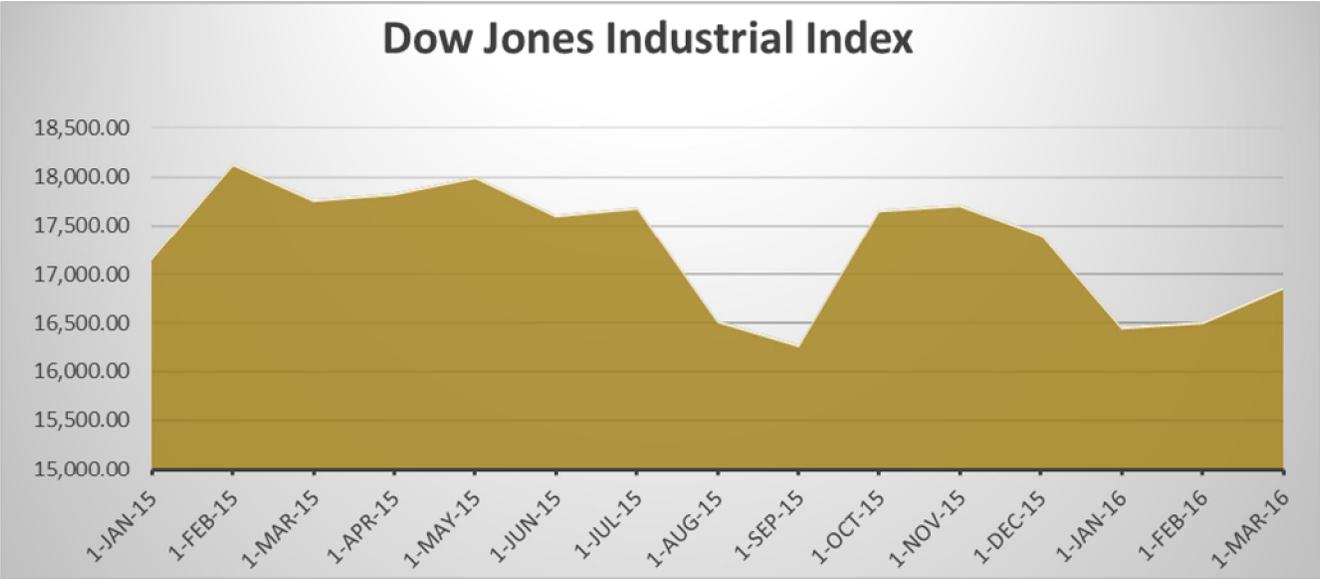
The following table with data from January 2016, shows the total workforce by agency and the amount of unemployed workers. Included in the unemployed statistics are those workers who are seeking employment, those who are unable to work for various reasons (e.g. disabled etc.) and those who are eligible to work but are not actively seeking employment.

Agency	Labor Force	Employment	Unemployed	Unemployment Rate
Los Angeles County	4,988,00	4,697,000	291,000	5.8%
Carson	46,600	43,100	3,600	7.7%
Gardena	29,900	28,100	1,800	5.9%
Glendale	99,,200	93,400	5,700	5.8%
Hawthorne	43,300	41,000	2,300	5.3%
Inglewood	53,600	49,400	4,200	7.9%
Santa Monica	55,400	52,600	2,800	5.0%
Torrance	77,600	74,400	3,200	4.1%

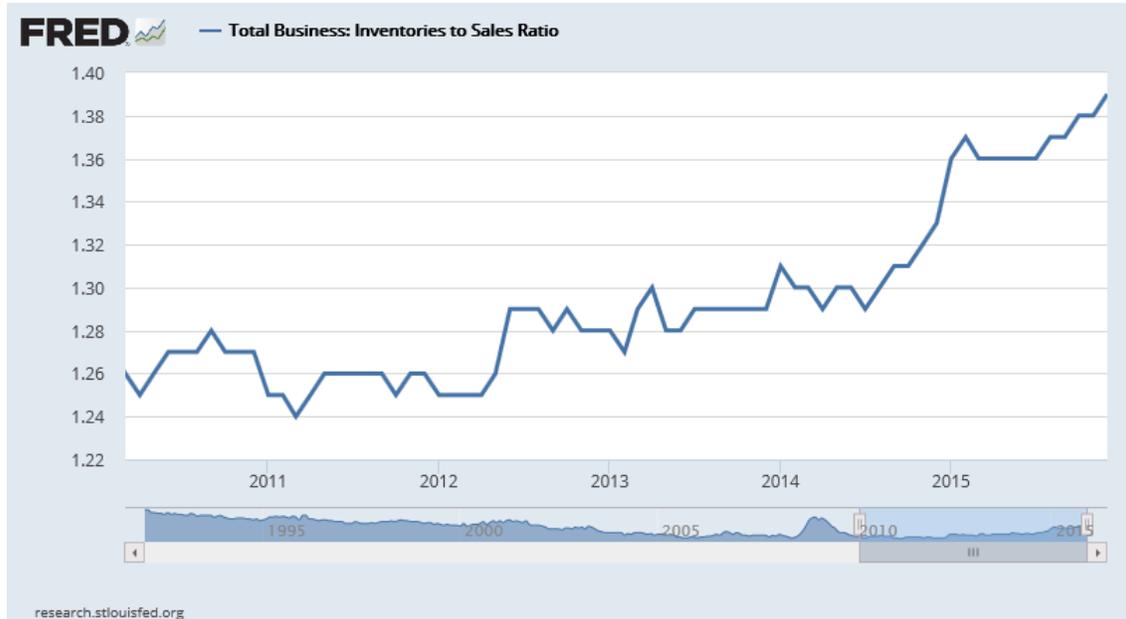
The consumer spending confidence remains relatively strong, hovering around 92.0



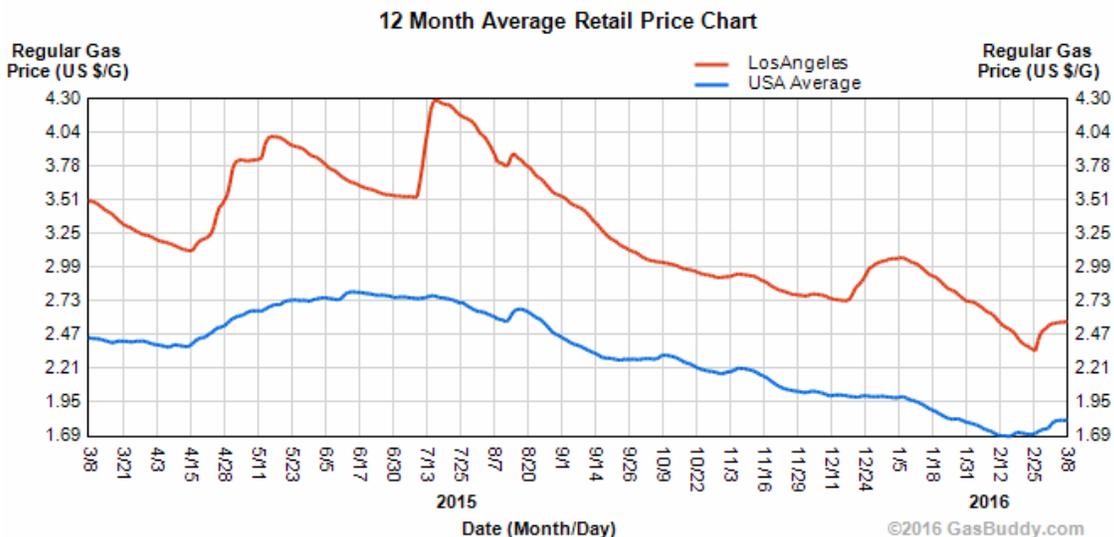
The Dow Jones Industrial Average (DJIA) is trading above 17,000 which is about 1% from the 52 week high, compared to 6,547 in 2009.



Business inventories at December 2015 are holding at 1.39 inventories to sales ratio, which is slightly higher than the 1.30 one year ago. From an economist perspective, a downward trend reflects that sales are outpacing production to replenish inventories, generally indicating a more healthy economy because companies will increase production by adding work hours to the existing work force or hire additional workers to maintain inventory levels. During the recession, inventory levels rose quickly and peaked at ratio 1.48.



Even though not an economic indicator, the cost per gallon of gasoline does affect discretionary income to middle class families. Over the last two years, the average cost of retail regular unleaded fuel for the Los Angeles area declined from \$3.51 per gallon to \$2.57 per gallon. Nationally, the average ranged from \$2.47 per gallon to a low of \$1.75 per gallon. As seen in the chart below, retail gas prices have significantly declined over the last two years. In recent months, prices have begun to increase as gas producers begin to reduce the availability. In March, the gas price for the Los Angeles County area continues to reflect higher prices than the U.S. national average.



BUDGETARY HIGHLIGHTS AND CONCERNS

Water and Waste Water Rates

- In 2011, the City Council approved the implementation of a five year rate plan at a public hearing in accordance with Proposition 218. Under Proposition 218, municipal utility rates and waste water (sewer) rate structures must be reevaluated at least every five years. A comprehensive rate study is in process and is currently undergoing revisions. Torrance water rates are generally significantly lower than those of neighboring agencies and it is expected that the findings and recommendations will be presented to Council in late summer 2016.
- Currently, the wastewater function is operating at a deficit due to increases in operating costs, more stringent regulatory requirements, additional monitoring and reporting mandates and the financial impact of a number of recent sewer spills. The current waste water (sewer) rate structure has been in place for approximately 25 years. A rate study is in the process of being finalized and will be presented to City Council for consideration in the spring of 2016.

Work Force

- The City is experiencing an increase in employee retirements and staff turnover as the current workforce ages and other agencies are hiring throughout the region. The departure of tenured and experienced employees may have an adverse impact on City operations since it takes time to hire and train employees new to the City. The retention and transfer of institutional knowledge is essential for employee development and continuity of service delivery. With the overall economy improving, many cities are aggressively hiring and seeking to attract tenured professionals within the public sector. During the past year, several recruitments had to be extended or re-advertised, and some exams were run more frequently. The overall experience with recruitments over the prior year indicates a shortage of viable qualified candidates to fill vacancies. On-going vacancies create the need for constant recruitment and training with added costs for the City.
- Since the California Public Employees' Pension Reform Act (PEPRA) took effect in January 2013, many changes have impacted CalPERS retirement and health benefits for future employees. As a result of PEPRA, tenured employees at other public sector agencies are reluctant to leave in order to avoid a reduction in pension formula, lower vacation accruals and higher employee contribution rates for new hires.

Cultural Arts Center

- As discussed at the 2015-16 First Quarter Budget Review, staff has continued to monitor the discounted rate program at the Cultural Arts Center. Growth in the program has been observed, yet overall revenues throughout the Center have not shown the same development. Although revenue totals are projected not to meet budget by year-end, the discounted rate program for non-prime hours at the Cultural Arts Center has shown steady growth since its inception on July 1, 2014. Staff recommends to continue the discounted rate program, and to focus marketing efforts towards prime rental hours.

PROGRAM MODIFICATIONS/OTHER INFORMATION

The Community Services Department:

Recommendation of the Community Services Director that the Finance and Governmental Operations Committee upgrade 1.0 Senior Business Manager to 1.0 Administrative Services Manager position at an annual cost of \$33,500 and forward the Committee's recommendation to the City Council for implementation.

The Fire Department:

Recommendation of the Fire Chief that the Finance and Governmental Operations Committee approve the allocation of 1.0 40-hour Battalion Chief position from the Fire Department General Fund to the EMS Enterprise Fund. Expenditure: N/A

The Transit Department:

Recommendation of the Transit Director that the Finance and Governmental Operations Committee approve the addition of 1.0 Human Resources Technician and 1.0 Staff Assistant position. Expenditure \$165,300.

The Finance Department:

Recommendation of the Finance Director that the Finance and Governmental Operations Committee approve a contract with White Nelson Diehl Evans LLP of Irvine, CA to provide external auditing services for three fiscal years ending 2016, 2017 and 2018 with the option to extend for two (2) one-year terms. The aggregate cost of the three year contract totals \$180,660.

Overall, the City's operating budget remains balanced. The economy continues to grow at a slow and steady pace.

In May, the City Manager will present his proposed modifications for the 2nd year of the City's 2015-17 Operating Budget. Included in the budget will be scenarios addressing the concerns mentioned above. The 1st budget workshop/public hearing is scheduled for May 10 and the 2nd budget workshop/public hearing is scheduled for May 17.

Respectfully submitted,



Eric E. Tsao
Finance Director

CONCUR:



LeRoy J. Jackson
City Manager

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Revenue Overview

2015-16 BUDGET ANALYSIS
January 31, 2016
GENERAL FUND REVENUE STATUS
(Schedule A)

The General Fund fiscal year 2015-16 budget estimate for revenues is \$189,074,401 of which \$87,751,348 or 46.4% was received through January 31, 2016, compared to \$85,085,842 or 48.1% of the prior year budget and 49.1% of the prior year-end actual. The financial statements below present budgeted revenues on both an annual and seasonal basis. The annual budget represents the entire amount expected to be received by year-end. The seasonal budget renders an additional perspective as it informs the reader monthly of the anticipated amount expected to be received each month based on prior year trends. As of January 31, 2016, total actual revenues received are at the same level as last year's collection rate after adjusting for the one-time transfers of \$3.0 million from the Boundary Mitigation Fund reserves for pension liability.

There are many General Fund revenues that are not realized until after December, such as business license tax, franchise fees, triple flip monies from the State, etc. Timing issues and other factors resulted in budget variances that are discussed in more detail in the revenue categories listed below.

The following schedules present the City's key revenue sources with comments as to their realization potential and a projection of under or over-realization compared to budget by fiscal year-end.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Tax Revenues:							
Property Taxes	\$ 33,756,673	\$17,388,951	\$ 17,028,976	50.4%	97.9%	\$ 16,478,817	51.8%
VLF Swap & Repayment	12,600,859	6,300,429	6,333,617	50.3%	100.5%	6,116,922	50.0%
Real Prop. Transfer Tax	674,732	340,739	384,709	57.0%	112.9%	395,061	53.3%
Sales and Use Taxes	39,473,499	14,763,088	13,644,953	34.6%	92.4%	13,492,369	40.7%
Sales Tax Flip	9,213,857	4,606,928	1,652,489	17.9%	35.9%	5,277,787	50.0%
PSAF ½ Sales Tax	1,575,712	628,710	626,540	39.8%	99.7%	640,097	42.0%
Utility Users' Tax	34,251,919	18,208,978	15,371,913	44.9%	84.4%	17,594,911	54.9%
Business License Tax	9,548,663	4,377,924	5,201,079	54.5%	118.8%	4,509,009	51.3%
Franchise Tax	5,726,483	912,982	857,966	15.0%	127.3%	796,319	15.1%
Occupancy Tax	10,612,000	5,087,556	5,478,350	51.6%	107.7%	4,975,160	47.3%
Construction Tax	848,966	466,931	1,046,451	123.3%	224.1%	1,031,779	58.8%
Other Taxes	10,000	5,000	2,677	26.8%	53.5%	5,803	45.6%
Totals	\$158,293,363	\$73,088,216	\$67,629,720	42.7%	92.5%	\$71,314,034	48.0%

Property Tax: As of January 31, 2016, actual property tax received totaled \$17,028,976 or 50.4% of the annual budget compared to \$16,478,817 or 51.8% last year. Actual property taxes received through January 31, 2016 is 3.3% better than last year. The seasonal budget is always projected at 100%. Any amount received over or below the seasonal percentage would result in a variance. Property Tax revenues are primarily received in December and April of each year. As mentioned, actual revenues received are slightly above last year's collection rate but still slightly below budget expectations. There are signs in the local economy that reflect positive changes in median home prices in the South Bay area. This revenue source is expected to equate budget.

Also included in this section of the budget is the Vehicle License Fee revenue source, with an annual budget of \$12.6 million, and the sales tax "Triple Flip" revenue source, with an annual budget of \$9.2 million. Both of these revenue sources are received from the County of Los Angeles in January and May of each year. Fiscal year 2015-16 will be the end of the Triple Flip resulting in a timing difference for this revenue stream. It is anticipated the annual combined amounts for these revenue sources are expected to meet budget estimates

Sales Tax: Sales Tax is the City's first largest revenue source in the General Fund, inclusive of the sales tax "flip". Sales Tax revenues are derived from multiple sources.

The following segment information is being provided as a tool to assist Council in understanding the source of the City's Sales Tax revenues.

**Sales Tax by Economic Segment
July 2015 – September 2015**

Category	Percentage
Auto Sales - New	20.7%
Department Stores	11.4
Restaurants	10.8
Miscellaneous Retail	7.7
Leasing	6.6
Service Stations	5.4
Apparel Stores	5.2
Furniture/Appliance	4.8
Bldg. Materials - Retail	4.1
Auto Parts/Repair	3.2
Food Markets	3.0
All Others	17.1
TOTAL	100.0%

Top 5 Sales Tax Producers by Economic Segment

Description	Y.E. 09/30/15	Y.E. 09/30/14	Variance	Percentage
Auto Sales New	\$ 8,148,810	\$ 7,689,325	\$ 459,485	6.0%
Department Stores	\$ 4,480,356	\$ 4,528,810	\$ (48,454)	-1.1
Restaurants	\$ 4,270,558	\$ 4,084,815	\$ 185,743	4.5
Misc Retail	\$ 3,021,014	\$ 3,103,422	\$ (82,408)	-2.6
Leasing	\$ 2,597,632	\$ 2,363,472	\$ 234,160	9.9

The 2015-16 seasonal sales tax budget for the first half of the year is \$14,763,088, with actual revenues received for the same period totaling \$13,644,953 compared to \$13,492,369 last year. Approximately 92.4% of the seasonal budget has been received. As mentioned above, seasonal budget receipts should be 100%. Any variance above or below this level raises concerns. Specifically, the large volume items such as automobile sales are highly sensitive to the California economy, which is currently reflecting an increase in sales activity compared to last year. Other retail areas that are being closely monitored are department store sales, with the grand opening of the new two-level Nordstrom store on October 7, 2015 along with over a 100 new stores and restaurants in the Del Amo Fashion Center.

The annual budget for Sales Tax revenues is \$39.5 million, of which 34.6% has been received compared to 40.7% last fiscal year. Actual sales tax received through January 31, 2016 is 1.1% better than last year, representing collections for the first five months of the fiscal year. These figures do not include the final 2016 holiday shopping season, which staff is projecting a third quarter year-over-year increase of 7.9%, consumers have more disposable income and are willing to spend on bigger ticket items. This revenue source is highly sensitive to the economy, so much so that it is monitored daily. Due to the timing of the Triple flip receipts and Sales Tax revenue generated by the opening of the new retail space at Del Amo Fashion Center, it is difficult to project this revenue source at this time; therefore, staff will provide an update during the budget review. Staff is anticipating the sales tax budget to be met or be slightly below budget at fiscal year-end.

Utility Users' Tax: Utility Users' Tax (UUT) is the City's second largest revenue source in the General Fund. UUT is a tax applied on consumption of utilities such as gas, electric, water, etc. Due to the volatility of the use of the various utilities, the Finance Department has included a more detailed perspective of this revenue source to better inform the readers of this report.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Utility Users' Tax:							
Electricity	\$ 16,425,000	\$9,576,097	\$7,939,872	48.3%	82.9%	\$9,267,323	59.6%
Gas:							
Refineries	3,364,419	1,567,818	1,009,725	30.0%	64.4%	1,522,682	54.4%
Other	2,372,500	1,024,305	936,587	39.5%	91.4%	1,012,532	43.3%
Water	2,760,000	1,514,820	1,292,643	46.8%	85.3%	1,462,661	54.0%
Cable	1,110,000	542,013	688,462	62.0%	127.0%	529,535	48.8%
Telecom/Cellular	8,220,000	3,983,925	3,504,624	42.6%	88.0%	3,800,178	50.3%
Totals	\$ 34,251,919	\$18,208,978	\$15,371,913	44.9%	84.4%	\$17,594,911	54.9%

The fiscal year 2015-16 annual budget estimate of \$34,251,919 is 4.9% higher than the 2014-15 budget. On January 31, 2016, actual receipts totaled \$15,371,913 or 84.4% of the seasonal budget compared to \$17,594,911 during the same period last year. The individual component elements are highly sensitive to consumer utility user habits, which fluctuate throughout the year and, as such, the component items vary from their respective budget levels. This year, UUT receipts have fluctuated in most of the major categories such as electric, gas and cellular phones. A positive revenue generator for cellular phones will happen at the end of fiscal year 2015-16. This past August, Council passed a resolution

allowing the State to collect UUT on the City's behalf for prepaid wireless services. The law became effective on January 1, 2016 with the first payment being anticipated early next summer. Staff estimates that prepaid wireless service is about 15% of the mobile telephone market and is projecting \$550,000 to \$600,000 annually.

Last year on February 18, 2015 a major incident occurred at the local Exxon-Mobil Oil refinery. The financial impact of the shut-down and the operations of the refinery since the incident has been material and is still having a negative impact on revenues for electric, gas and water. The shut-down is estimated to reduce UUT revenues to the City by an annual amount between \$3.50 to \$4.0 million.

Business License Tax: The January 31, 2016 seasonal budget estimate is \$4,377,924. Actual revenues received through January 31, 2016 totaled \$5,201,079 or 118.8%, compared to \$4,509,009 last year. A new software system was implemented in January of 2013 for the Business License Division. Community Development's permit section went "live" with the new system in March 2014. The One Stop Center is now using the same software system to improve the customer service experience for local business and residential walk-in traffic. Business License renewals are billed in mid-December, due on January 1, and delinquent on February 1. The annual budget for the Business License Tax is \$9.5 million and is projected that the receipts will equate budget.

Franchise Payments: The majority of all franchise payments are received in the fourth quarter. The franchise annual budget is \$5.7 million. Staff is monitoring this category closely and is projecting the annual franchise revenues to meet or be slightly below budget projections.

Occupancy Tax: As of January 31, 2016, \$5,478,350 in actual revenues has been received, or 107.7% of the seasonal budget estimate, compared to \$4,975,160 in the prior year. At present, actual revenues for the year are expected to be above budget projections.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Licenses and Permits:	\$ 2,464,408	\$ 1,365,363	\$ 1,785,484	72.5%	130.8%	\$1,603,887	55.2%

Licenses and Permits: The fiscal year 2015-16 annual budget estimate of \$2,464,408 represents a 1.9% increase from last year's budget. As of January 31, 2016, \$1,785,484 has been received compared to \$1,603,887 last year. This revenue source is expected to exceed budget projections.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Revenues from Other Agencies:							
State Motor Vehicle Licenses	\$ -	\$ -	\$ 59,888	0.0%	0.0%	\$ 61,477	100.0%
Other Revenues from Agencies	370,000	200,000	474,716	128.3%	237.4%	379,064	20.3%
	\$ 370,000	\$ 200,000	\$ 534,604	144.5%	267.3%	\$ 440,541	22.8%

Motor Vehicle-In-Lieu: The January 31, 2016 annual and seasonal budget is zero, with total actual revenues of \$59,888 received compared to \$61,477 in the prior year. The

revenue source was eliminated by the State through budgetary actions; however, an annual settlement payment is received in the early fall each year for the prior fiscal year.

Other Revenues from Agencies: This revenue consists of subventions from the State for the homeowners' property tax exemption, budgeted at \$250,000, and Other State Revenue is budgeted at \$120,000. A portion of the Other State revenue budget was the State mandated cost reimbursement program. The State stopped funding this program as part of the State's budget cuts a few years ago and, as a result, the City's budget for this program has been zero. The City has received one time payments of \$327,757 from the State for the mandated cost reimbursement program. The budgeted revenues will exceed the budget projections.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Fines and Forfeitures:	\$ 1,330,000	\$ 629,020	\$ 687,131	51.7%	109.2%	\$ 573,343	46.0%

Fines and Forfeitures: This revenue source is an estimate of general court, traffic fines, and parking citation income the City will receive. As of January 1, 2016, \$687,131 has been received compared to \$573,343 last year. At present, projected revenues are expected to meet budget projections.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Use of Money and Property:							
Investment Earnings	\$ 1,254,340	\$ 678,670	\$ 554,499	44.2%	81.7%	\$ 483,290	60.1%
Other	<u>2,273,937</u>	<u>1,326,477</u>	<u>1,207,359</u>	<u>53.1%</u>	<u>91.0%</u>	<u>1,200,816</u>	<u>57.8%</u>
	<u>\$ 3,528,277</u>	<u>\$ 2,005,147</u>	<u>\$ 1,761,858</u>	<u>49.9%</u>	<u>87.9%</u>	<u>\$ 1,684,106</u>	<u>58.4%</u>

Investment Earnings: The actual receipt rate through the first seven months of fiscal year 2015-16 is 44.2%. The annual budget for this group of accounts is \$3.5 million. It is projected the investment earnings to be under budget by \$250,000 due to lower cash balances and low interest rates. Staff is monitoring this revenue source closely to determine the shortfall for fiscal year 2015-16. The other category is made mostly up of rental income for various properties located in the City, this revenue source is expected to meet budget.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Charges for Current Services:							
Construction/ Engineering & Other Charges for Svcs	\$ 5,756,198	\$ 2,797,324	\$ 3,201,380	55.6%	114.4%	\$ 2,890,307	56.7%

Other Charges: This category summarizes construction-related fees, engineering fees, library fines, fire fees, etc. Actual revenues as of January 31, 2016 are at 114.4% of the seasonal budget. At present, projected revenues are expected to meet budget.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Other Revenues:	\$ 17,332,155	\$ 11,907,511	\$ 12,151,171	70.1%	102.0%	\$ 6,579,624	61.4%

Other Revenues: This category represents miscellaneous revenues to the City, including operating transfers not categorized into specific revenue types. At present, the annual budget of \$17.4 million is expected to be realized.

	Annual Budget	Seasonal Budget 2015-16	Actual 01/31/2016	Actual % Of Annual Budget	Actual % Of Seasonal Budget	Actual 2014-15	% of Year-end Actual 2014-15
Total General Fund Revenues:	\$ 189,074,401	\$ 91,992,581	\$ 87,751,348	46.4%	95.4%	\$ 85,085,842	49.1%

Expenditure Overview

EXPENDITURE OVERVIEW

All General Fund departments are within their overall budget as of January 31, 2016.

The General, Internal Service, and Enterprise Fund Financial Statement Summaries (revenues and expenditures budget to actual) as of January 31, 2016 compared to last fiscal year 2014-15 are shown below.

GENERAL FUND EXPENDITURES

The General Fund budget expenditures, including prior year encumbrances for the fiscal year is \$197,724,535 of which \$114,345,693 has been expended as of January 31, 2016. Expenditures are 57.8% of budget estimate at January 31, 2016, compared to 58.0% and 57.8% in the prior two years. The category of expenditure levels are as follows:

	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>	Fiscal Year <u>2013-14</u>
Salaries and Benefits	56.7%	57.8%	58.5%
Materials, Supplies, Services	60.8%	58.4%	55.9%
Total	57.8%	58.0%	57.8%

General Fund expenditures by department are presented in Schedules B-B2 of the 2nd Quarter 2015-16 tab.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one City department to other departments of the City and to other governmental units on a cost-reimbursement basis. The City currently has two Internal Service Funds: Self-Insurance and Fleet Services. The Self Insurance Fund is use to finance and account for the City's risk management, liability claims and self insurance programs. The Fleet Services Fund is use to finance and account for the City's vehicular equipment. The following summary compares January 31, 2016 results to budget estimates. Financial statements for each Internal Service Fund are presented in Schedules D through E-2.

SELF INSURANCE FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>
Revenues	\$2,434,153	\$1,445,900	59.4%	67.3%
Expenses	(5,504,679)	(3,194,330)	58.0%	67.5%
Operating income (loss)	(3,070,526)	(1,748,430)		
Operating transfers in	5,560,000	3,841,920	69.1%	76.5%
Operating transfers out	(3,207)	(1,950)	60.8%	99.8%
Net income (loss)	<u>\$ 2,486,267</u>	<u>\$ 2,091,540</u>		

Actual revenues are consistent with budget estimates as of January 31, 2016. The revenues are lower this year compared to last year due to a liability claim reimbursement received last year from insurance companies. Expenses are within budget and below last year levels. The 2014-15 year included a large settlement claim that was paid in July 2014.

The Self Insurance Fund received subsidy from the General Fund of \$2,441,920 which is reflected in the operating transfers in. The budget for subsidy this year increased by \$2.0 million. In addition, the fund received an additional one time transfer of \$1,400,000 from the boundary modification funds.

The Operating transfers out represents transfers to PC Replacement Fund and Data Communications Replacement Fund. The transfers out this year is much lower than last year because there was no transfer to capital project this year. Last year, \$466,000 was used to fund the Workers Compensation System Replacement project.

FLEET SERVICES FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>
Revenues	\$6,164,262	\$3,651,833	59.2%	60.9%
Expenses	(6,149,476)	(3,080,126)	50.1%	52.1%
Operating income (loss)	14,786	571,707		
Interest Income	258,000	197,749	76.6%	59.8%
Gain (loss) from Sale of Fixed Assets	80,464	11,310	14.1%	113.3%
Income (Loss) Before Transfers	353,250	780,766		
Non-operating expenses	(140,000)	(30,989)	22.1%	24.8%
Operating transfers in	254,825	154,140	60.5%	59.3%
Operating transfers out	(95,354)	(89,506)	93.9%	93.7%
Vehicle Acquisitions	(2,648,529)	(564,880)	21.3%	5.0%
Add: Depreciation	2,080,000	939,250	45.2%	44.9%
Change in cash available after vehicle acq/depreciation	<u>\$(195,808)</u>	<u>\$1,188,781</u>		

Fleet Services operating revenues and expenses are within budget as of January 31, 2016. The proceeds from the sale of fixed assets this year is \$11,310 compared to \$91,140 last year. Fleet sold five vehicles this year compared to twenty five vehicles last year.

Vehicle acquisitions are at 21.3% of budget but there are outstanding encumbrances for vehicle acquisitions of \$825,938 as of January 31, 2016. The encumbrances include the cost of one street sweeper, three chipper dump trucks, seven police vehicles and one service crane truck. It is expected that all of these vehicles will be delivered by end of April 2016 so these expenses will be recorded by fiscal year-end. The actual expenses this year is higher because of the purchase of eight vehicles and one street sweeper compared to last year were Fleet purchased only three vehicles as of the second quarter.

Operating transfers in account includes \$154,140 transfers from General Fund to fund operations. Operating transfers out account includes transfers to various replacement funds and a transfer of \$76,666 to fund FEAP852 City Yard roof replacement project.

ENTERPRISE FUNDS

Enterprise Funds are used to account for fee-supported businesses operated by the City. Net earnings of these funds provide working capital for maintenance and betterment of the equipment and fixed assets of the business. The following summary compares January 31, 2016 results to budget estimates. Financial statements such as the Balance Sheet, Statement of Revenues and Expenses and Cash Flow Statement for each Enterprise Fund are presented in Schedules F through M-4.

AIRPORT FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Airport Fund				
Revenues	\$12,737,000	\$7,197,113	56.5%	55.4%
Expenses	(3,746,125)	(1,902,639)	50.8%	53.2%
Operating income (loss)	8,990,875	5,294,474		
Interest Income	78,000	54,626	70.0%	56.2%
Interest Expense	(11,059)	(6,514)	58.9%	58.9%
Operating transfers out	(12,118,918)	(7,144,272)	59.0%	58.9%
From Fund Balance	3,061,102	1,796,867	58.7%	0.0%
Net income (loss)	<u>\$ -</u>	<u>\$ (4,819)</u>		

The Airport Fund has two sub-funds, aeronautical and non-aeronautical. The aeronautical sub-fund reflects airfield operations and the non-aeronautical sub-fund reflects the leasing of commercial property outside of the airfield boundary. The percent of actual revenues to budget is lower due to timing of second quarter gross receipts in the amount of \$82,965 which were posted in February.

The expenses are within budget as of January 31, 2016.

The amount of interest income received this year is comparable to last year, however, the budget for this line item was decreased for the current fiscal year which resulted in a higher year to date percentage.

Operating transfers out represent transfers to the General Fund, and to various replacement funds.

TRANSIT FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year</u> 2015-16	<u>Fiscal Year</u> 2014-15
Revenues	\$24,078,790	\$11,102,682	46.1%	52.3%
Expenses	(31,731,941)	(14,034,637)	44.2%	47.0%
Income (loss)	(7,653,151)	(2,931,955)		
Operating transfers in	3,788,323	1,739,402	45.9%	58.9%
Operating transfers out	(62,127)	(44,004)	70.8%	72.6%
Add: Depreciation	3,789,089	1,536,411	40.5%	40.5%
From Fund Balance	137,866	-		
Net income (loss) before capital acq	-	299,854		
Federal Grant & Local Match-Capital	699,485	699,485	0.0%	0.0%
Less: Capital Acquisition	(699,485)	(699,485)	0.0%	0.0%
Net income (loss)	\$ -	\$ 299,854		

Transit revenues for the current year are lower than budget due to timing of receipts of revenues. Revenue for capital maintenance, which is budgeted at \$2,250,000, will be received towards the end of the fiscal year. Additionally Transportation Development Act (TDA) revenues in the amount of \$494,937 were received in the third quarter while last year these revenues were received in the second quarter.

Expenses are within budget as of January 31, 2016.

Operating transfers in account is from Proposition A funding. As of the second quarter, there were no transfers from Proposition C that is why the transfers in account is lower this year compared to the previous year. These transfers will be

recorded in the third quarter. Operating transfers out represents transfers to the Data Communications, Radio, Telephone and PC Replacement Funds.

The total capital acquisition of \$699,485 are expenses as of the second quarter from the following Facility, Equipment Automation Plan (FEAP) projects: Rapid Bus Signal Priority Project (FEAP801), Transit Facility Roof Replacement (FEAP895), Transit Keyless Access Security System (FEAP878), Renovation of Transit Maintenance Area and Training Room (FEAP716) and the Transit Department Remodel (FEAP581).

WATER FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>
Revenues	\$38,699,000	\$17,266,726	44.6%	52.3%
Expenses	<u>(36,917,432)</u>	<u>(17,752,094)</u>	48.1%	56.3%
Operating income (loss)	1,781,568	(485,368)		
Interest Income	200,000	196,561	98.3%	93.0%
Interest Expense	(354,893)	(148,054)	41.7%	45.9%
Operating transfers out	(885,661)	(881,688)	99.6%	99.9%
From Fund Balance	-	-	0.0%	58.9%
Net income (loss)	<u>\$ 741,014</u>	<u>\$(1,318,549)</u>		

Water billing to commercial customers occur monthly and residential customers are billed every two months. Revenues are lower than budget as of January 31, 2016 due mainly from lower residential water sales. In order to meet the State's mandate of 30% reduction the Council approved conservation programs. In addition the receipt of ExxonMobil potable and recycled water sales of \$493,000 which was received in the third quarter and the incident at ExxonMobil last year also affected the potable and recycled water sales. It is projected that Water fund will not meet revenue budget this year. However, there are expenditure savings this year primarily due to a decrease in cost of water which will offset the majority of the decrease in revenues.

Interest income this year is higher due to a higher cash balance.

Transfers out account include the annual transfer to the various replacements funds and to the following capital projects: \$750,000 for I-153 Miscellaneous Water Main Replacement Project and \$43,511 for I-102 Storm water Basin Project.

EMERGENCY MEDICAL SERVICES FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>
Revenues	\$993,000	\$607,874	61.2%	21.1%
Expenses	<u>(12,030,398)</u>	<u>(6,977,352)</u>	58.0%	57.7%
Operating income (loss)	(11,037,398)	(6,369,478)		
Operating transfers in	10,972,927	6,372,390	58.1%	58.9%
Operating transfers out	<u>(4,997)</u>	<u>(2,912)</u>	58.3%	14.9%
Net income (loss)	<u>\$ (69,468)</u>	<u>\$ -</u>		

The revenue sources of the Emergency Medical Services Fund (EMS) are the Fire Advanced Life Support Response (ALS), Transport fees with and without paramedic, the medical re-supply fee, the ALS assessment fees, and the paramedic medical facility fees. The revenues as of January 31, 2016 are within budget but the percent of actual to budget is higher than last year due to an adjustment in revenue budget this year to be more in line with actual revenues. It is projected that the EMS Fund is going to meet its revenue budget at year-end

Expenses are within budget as of January 31, 2016.

Operating transfers in of \$6,372,390 represents the General Fund subsidy to the EMS Fund as of the second quarter. The Operating transfers out of \$2,912 represents transfers to the PC Replacement Fund.

SANITATION FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>
Revenues	\$11,737,092	\$ 5,677,700	48.4%	51.0%
Expenses	<u>(11,805,180)</u>	<u>(6,375,782)</u>	54.0%	56.2%
Operating income (loss)	(68,088)	(698,082)		
Interest Income (expense)	-	(1,335)	0.0%	9.8%
Operating transfers in	175,468	102,361	58.3%	58.3%
Operating transfers out	<u>(123,147)</u>	<u>(74,086)</u>	60.2%	63.2%
From Fund Balance	-	-	0.0%	58.9%
Net income (loss)	<u>\$ (15,767)</u>	<u>\$ (671,142)</u>		

The Sanitation Fund accounts for the refuse, recycling, and waste management AB 939. The percent of budget to actual is lower due to the timing of the receipts of revenues and the billing cycle. The revenue budget this fiscal year was adjusted higher to be more in line with the actual revenues. Included in the budget is the Consumer Price Index (CPI) rate of 0.9166%.

Expenses are within budget as of January 13, 2016.

Operating transfers in represent the transfer from General Fund for the senior discount subsidy. Operating transfers out represents the transfers to various replacement funds. This is lower than last year because \$11,200 was transferred in the prior year to FEAP434-Work Management system project.

CULTURAL ARTS CENTER FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Revenues	\$1,044,136	\$466,002	44.6%	45.8%
Expenses	(2,295,428)	(1,269,894)	55.3%	56.4%
Operating income (loss)	(1,251,292)	(803,892)		
Non-operating revenues	109,440	49,542	45.3%	52.3%
Interest Expense	(5,000)	(4,060)	81.2%	94.8%
Operating transfers in	1,205,521	762,620	63.3%	61.7%
Operating transfers out	(61,814)	(45,668)	73.9%	42.2%
From Fund Balance-Capital	50,000	37,220	74.4%	34.5%
Over (under) subsidy	<u>\$ 46,855</u>	<u>\$ (4,238)</u>		

The Cultural Arts Center (CAC) revenue sources come from rental of meeting rooms, classrooms and theater. As discussed at the 2015-16 first quarter budget review, staff has continued to monitor the discounted rate program at the Cultural Arts Center. Growth in the program has been observed, yet overall revenues throughout the Center have not shown the same development. Although revenue totals in the past has not met budget projections by year end, the discounted rate program for non-prime hours at the Cultural Arts Center has shown steady growth since its inception on July 1, 2014. Staff recommends to continue the discounted rate program, and to focus marketing efforts towards prime rental hours. Further review and analysis is shown on Program Modifications/Other Info tab.

Expenses are within budget as of January 31, 2016. It is projected that savings in CAC expense budget will offset the shortfall of revenue at year-end.

Operating transfers in of \$762,620 represents the General Fund subsidy to CAC. The subsidy budget increased this year (one-time) by \$400,000 to assist CAC's cash position.

Operating transfers out includes a \$37,220 transfer made at the beginning of this fiscal year to replenish the CAC facility repairs and equipment project. Operating transfers out this year is higher because the replenishment amount last year was for \$17,273.

SEWER FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>
Revenues	\$3,312,500	\$1,315,570	39.7%	51.8%
Expenses	(5,365,176)	(2,570,830)	47.9%	54.8%
Operating income (loss)	(2,052,676)	(1,255,260)		
Interest Income	105,000	37,273	35.5%	33.9%
Operating transfers out	(420,993)	(420,993)	100.0%	99.7%
From Fund Balance	2,368,669	1,390,409	58.7%	58.9%
Net income (loss)	<u>\$ -</u>	<u>\$(248,571)</u>		

The Sewer Fund accounts for sewer discharge fees received for capital improvements to the City's sewer system. Contributing to the lower revenues is the enhanced water conservation program which causes lower water usage and therefore affects the sewer revenues. It is projected that the Sewer Fund is not going to meet the budgeted revenues at year-end.

Expenses are within budget as of January 31, 2016. The budget was adjusted this year to include a \$400,000 ongoing cost for the Contaminated Sediment Management Plan (CSMP) and Total Maximum Daily Loads (TMDL) monitoring.

The Operating transfers out includes a transfer of \$200,000 for I-149 FY2014-18 Sewer Repairs and \$134,477 for I102 Storm water Basin project.

PARKS AND RECREATION FUND:

	<u>Budget</u>	<u>Actual</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2014-15</u>
Revenues	\$5,049,132	\$3,277,801	64.9%	64.0%
Expenses	(7,773,318)	(4,156,258)	53.5%	52.0%
Operating income (loss)	(2,724,186)	(878,457)		
Interest income	1,250	4,150	0.0%	0.0%
Operating transfers in	2,622,481	1,539,396	58.7%	58.9%
Operating transfers out	(157,150)	(30,017)	19.1%	22.1%
Over (under) subsidy	<u>\$ (257,605)</u>	<u>\$ 635,072</u>		

The Parks and Recreation Enterprise Fund account for fee-related activities of the Community Services Department. The Fund is supported by user fees and operating transfers from the General Fund. Revenues are at 64.9% of budget as of January 31, 2016 primarily due to higher revenues from the Farmer's Market and Toyota Sports Complex. Most of the revenues from special events, camps and youth swim classes are recognized towards the first half of the fiscal year. This also contributes to the higher percent of budgeted revenues to actual at the second quarter.

However, even though the percent of budget to actual is higher at the second quarter, this fund is still projected not to meet budget at year-end. There are some revenue accounts that are not meeting budget that may need to be aligned to correspond with the actual revenues that are received on an annual basis per program area. As an example, one of these revenue shortfalls is the skateboard park revenues, and due to the closing of the skateboard facility there are no revenues for skateboard operations. Staff will be working with the Finance Department to review aligning these revenue projections.

Expenses are within budget as of the second quarter. If current spending is maintained throughout the rest of the fiscal year, it is projected that savings from the expense budget could offset the shortage in revenues.

Operating transfers in of \$1,539,396 represents subsidy from the General Fund as of the second quarter.

Operating transfers out include transfers to the various replacement funds.

ANIMAL CONTROL FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Revenues	\$260,000	\$110,135	42.4%	55.8%
Expenses	(505,686)	(216,333)	42.8%	48.2%
Operating income (loss)	(245,686)	(106,198)		
Operating transfers in	245,686	103,556	42.1%	38.8%
Net Income (Loss)	<u>\$ -</u>	<u>\$ (2,642)</u>		

The Animal Control Fund accounts for animal licenses, permits, and operations of the Animal Control program. Revenues are lower than budget due to fewer licenses being issued. It is projected that this fund will not meet their budgeted revenues by year-end by approximately \$10,000.

Expenses are lower than budget due to salary savings from the vacant Animal Control Officer position. The timing of receipt of invoices from the County of Los Angeles also caused the expenses to be lower. As of January 31, 2016, invoices received and paid were through November 2015. The budget savings from expenses will help offset the revenue shortfall this year.

Operating transfers in of \$103,556 represents subsidy from the General Fund.

RIDESHARE FUNDS:

The Air Quality Management District Fund (AQMD) and Vanpool/Rideshare Fund are the two funds that are used to account for the City's rideshare program. The AQMD Fund accounts for the City's compliance with air quality management regulations and the Vanpool/Rideshare Fund is used to account for rideshare revenues from Proposition C and fares.

AIR QUALITY MANAGEMENT DISTRICT FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Revenues	\$172,000	\$49,209	28.6%	27.4%
Expenses	(194,878)	(84,455)	43.3%	44.1%
Operating income (loss)	(22,878)	(35,246)		
From fund balance	22,878	13,429	58.7%	58.9%
Net Income (Loss)	<u>\$ -</u>	<u>(\$21,817)</u>		

The Air Quality Management District Fund (AQMD) revenues are lower than budget because the second quarter revenue of \$42,102 was received on March 15, 2016. It is projected that this fund will meet its' revenue budget by year-end.

Expenses are within budget as of the second quarter. Redemption of incentive program has been low as of the second quarter.

VANPOOL RIDESHARE FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Revenues	\$57,500	\$37,566	65.3%	68.2%
Expenses	(260,184)	(135,697)	52.2%	43.4%
Operating income (loss)	(202,684)	(98,131)		
Other Grants	25,500	33,675	132.1%	45.1%
Transfers In	177,184	64,456	36.4%	58.3%
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>		

Vanpool revenues are within budget as of January 31, 2016. The grant revenues from Metro is higher this year compared to last year due to vanpools maintaining the seventy percent occupancy and meeting the thirty mile round trip requirement.

Expenses are within budget but higher than last year due to the payment of an invoice to the leasing company in the second quarter compared to last year when it was paid in the third quarter.

Operating transfers in of \$64,456 are from Proposition C funds.

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Schedules: Schedule A -- General Fund Revenue Summary -- Annual Budget to Actual for Seven Months Ended January 31, 2016.

Schedule B -- Expenditures Summary by Fund -- Budget to Actual-All Funds With Annually Adopted Budgets for Seven Months Ended January 31, 2016.

Schedule B-1 -- Expenditures Detail By Fund- Budget to Actual-All Funds With Annually Adopted Budgets-Salaries and Benefits Expenditures for Seven Months Ended January 31, 2016.

Schedule B-2 -- Expenditures Detail By Fund- Budget to Actual-All Funds With Annually Adopted Budgets- Materials, Services, and Other Expenditures for Seven Months Ended January 31, 2016.

Schedule B-3 -- Expenditures Summary-Budget to Actual-General Fund by Classification for Seven Months Ended January 31, 2016.

Schedule B-4 -- Adopted Budget and Amendments by Fund for Seven Months Ended January 31, 2016.

Schedule C -- Internal Service and Enterprise Fund Revenue Summary- Budget to Actual for Seven Months Ended January 31, 2016.

Schedule D -- Fleet Services-Combined Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule D-1 -- Fleet Services Combined Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule D-2 -- Fleet Services Combined Fund Statement of Cash Flows for Seven Months Ended January 31, 2016

Schedule D-3 -- Fleet-Operations and Maintenance Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule D-4 -- Fleet-Operations and Maintenance Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule D-5 -- Fleet-Vehicle Replacement Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule D-6 -- Fleet-Vehicle Replacement Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule E -- Self-Insurance Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule E-1 -- Self-Insurance Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule E-2 -- Self-Insurance Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule F -- Airport Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule F-1 -- Airport Combined Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule F-2 -- Airport Fund-Aeronautical Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule F-3 -- Airport Fund Non-Aeronautical Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule F-4 -- Airport Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule G -- Transit Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule G-1 -- Transit Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule G-2 -- Transit Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule H -- Water Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule H-1 -- Water Fund Operations Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule H-2 -- Water Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule I -- Emergency Medical Services Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule I-1 -- Emergency Medical Services Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016

Schedule I-2 -- Emergency Medical Services Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule J -- Sanitation Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule J-1 -- Sanitation Enterprise Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule J-2 -- Sanitation Enterprise Fund Statement of Cash Flows for Seven Months Ended June 30, 2008.

Schedule K -- Cultural Arts Center Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule K-1 -- Cultural Arts Center Enterprise Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule K-2 -- Cultural Arts Center Enterprise Fund Budget to Actual by Programs for Seven Months Ended January 31, 2016.

Schedule K-3 -- Cultural Arts Center Enterprise Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule L -- Sewer Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule L-1 -- Sewer Enterprise Fund Operations Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule L-2 -- Sewer Enterprise Fund Operations Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule M -- Parks and Recreation Enterprise Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule M-1 -- Parks and Recreation Enterprise Combined Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule M-2 -- Parks and Recreation -- Recreation Services Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule M-3 -- Parks and Recreation – Cultural Services Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016

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Schedule N – Capital Improvements Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule N-1 -- Capital Improvements Fund Statement of Revenues, Expenditures and Changes in Fund Balance for Seven Months Ended January 31, 2016.

Schedule O – Prop A Local Return/Grants and Discretionary Funds Balance Sheet for Seven Months Ended January 31, 2016.

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Schedule U-5 -- Public Education Government Access (PEG) Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

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Schedule V-1 -- Animal Control Fund Statement of Revenues and Expenses --Budget to Actual for Seven Months Ended January 31, 2016.

Schedule V-2 -- Animal Control Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule W-- Air Quality Management District Fund Balance Sheet for Seven Months Ended January 31, 2016.

Schedule W-1 -- Air Quality Management District Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule W-2 -- Air Quality Management District Fund Statement of Cash Flows for Seven Months Ended January 31, 2016

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Schedule X-1 -- Vanpool/Rideshare Fund Statement of Revenues and Expenses-Budget to Actual for Seven Months Ended January 31, 2016.

Schedule X-2 -- Vanpool/Rideshare Fund Statement of Cash Flows for Seven Months Ended January 31, 2016.

Schedule A

GENERAL FUND REVENUE SUMMARY-ANNUAL BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-To-Date Actual	Budget %	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual	FY 2015 Actual %	FY 2015 Prior Year Total
TAXES							
Property taxes	\$ 33,756,673	\$ 17,028,976	50.4%	\$ 32,451,054	\$ 16,478,817	51.8%	\$ 31,819,688
VLF Swap and repayment	12,600,859	6,333,617	50.3%	12,121,843	6,116,922	50.0%	12,233,844
Sales and use taxes	39,473,499	13,644,953	34.6%	36,236,747	13,492,369	40.7%	33,185,057
Sales tax flip	9,213,857	1,652,489	17.9%	11,556,600	5,277,787	50.0%	10,555,574
Utility users tax:							
Electricity	16,425,000	7,939,872	48.3%	14,770,000	9,267,323	59.6%	15,553,201
Gas:							
Refineries	3,364,419	1,009,725	30.0%	3,369,447	1,522,682	54.4%	2,800,752
Other	2,372,500	936,587	39.5%	2,386,000	1,012,532	43.3%	2,336,420
Water	2,760,000	1,292,643	46.8%	2,960,000	1,462,661	54.0%	2,709,260
Cable	1,110,000	688,462	62.0%	1,060,000	529,535	48.8%	1,084,505
Telecommunication/Cellular	8,220,000	3,504,624	42.6%	8,096,000	3,800,178	50.3%	7,553,975
Sub Total - Utility users tax	34,251,919	15,371,913	44.9%	32,641,447	17,594,911	54.9%	32,038,113
Business license tax/permit tax	9,548,663	5,201,079	54.5%	9,285,891	4,509,009	51.3%	8,796,808
Franchise tax	5,726,483	857,966	15.0%	5,516,160	796,319	15.1%	5,257,990
Occupancy tax	10,612,000	5,478,350	51.6%	9,320,842	4,975,160	47.3%	10,529,084
PSAF	1,575,712	626,540	39.8%	1,529,818	640,097	42.0%	1,525,064
Construction tax	848,966	1,046,451	123.3%	832,320	1,031,779	58.8%	1,754,593
Real property transfer tax	674,732	384,709	57.0%	655,080	395,061	53.3%	741,530
Oil severance tax	10,000	2,677	26.8%	10,000	5,803	45.6%	12,719
TOTAL TAXES	158,293,363	67,629,720	42.7%	152,157,802	71,314,034	48.0%	148,450,064
LICENSES AND PERMITS							
Construction permits/other license fee/permits	2,464,408	1,785,484	72.5%	2,417,469	1,603,887	55.2%	2,903,418
TOTAL LICENSES/ FEES	2,464,408	1,785,484	72.5%	2,417,469	1,603,887	55.2%	2,903,418
FINES AND FORFEITURES							
General court fines	350,000	63,086	18.0%	350,000	122,200	63.4%	192,704
Traffic fines/parking citations	980,000	624,045	63.7%	980,000	451,143	42.9%	1,052,358
TOTAL FINES/FORFEITURES	1,330,000	687,131	51.7%	1,330,000	573,343	46.0%	1,245,062
REV-USE OF MONEY/PROPERTY							
Investment earnings	1,254,340	554,499	44.2%	1,254,340	483,290	60.1%	804,185
Rents, royalties and leases	2,273,937	1,207,359	53.1%	2,209,162	1,200,816	57.8%	2,079,260
TOTAL USE OF MONEY/PROPERTY	3,528,277	1,761,858	49.9%	3,463,502	1,684,106	58.4%	2,883,445
REVENUES FROM OTHER AGENCIES							
State motor vehicle licenses	-	59,888	N/A	-	61,477	100.0%	61,477
State homeowners' property tax	250,000	104,432	41.8%	250,000	102,539	47.4%	216,169
Other State revenues	120,000	370,284	308.6%	120,000	276,525	16.7%	1,651,871
TOTAL OTHER AGENCIES	370,000	534,604	144.5%	370,000	440,541	22.8%	1,929,517
CHARGES FOR CURRENT SERVICES							
City Clerk	5,700	2,151	37.7%	9,500	4,021	74.2%	5,417
Community Development	2,654,898	1,418,312	53.4%	2,694,277	1,072,204	50.9%	2,104,532
Community Services	696,100	325,357	46.7%	638,900	343,718	51.3%	669,395
Non-Departmental	16,000	10,604	66.3%	16,100	9,054	58.7%	15,416
Police	489,600	225,602	46.1%	486,300	280,859	60.6%	463,666
Fire	1,703,900	1,045,871	61.4%	1,623,800	999,683	60.5%	1,651,964
Public Works	190,000	173,483	91.3%	186,400	180,768	98.1%	184,312
TOTAL CURRENT SERVICE CHARGES	5,756,198	3,201,380	55.6%	5,655,277	2,890,307	56.7%	5,094,702
OTHER REVENUES							
Other revenues	648,243	824,450	127.2%	487,928	528,961	77.0%	686,606
Operating transfers in	16,683,912	11,326,721	67.9%	10,883,733	6,050,663	60.3%	10,033,733
TOTAL OTHER REVENUES	17,332,155	12,151,171	70.1%	11,371,661	6,579,624	61.4%	10,720,339
Total General Fund Revenues	\$ 189,074,401	\$ 87,751,348	46.4%	\$ 176,765,711	\$ 85,085,842	49.1%	\$ 173,226,547

Schedule B

EXPENDITURES SUMMARY BY FUND - BUDGET TO ACTUAL - ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	FY 15-16					FY 14-15			
	REVISED BUDGET	EXPEND WITHOUT ENCUMBR	% OF BUDGET TO ACTUAL W/O ENC	PROJECTED ACTUALS 6/30/16	% OF BUDGET PROJ TO ACTUAL	REVISED BUDGET	EXPEND WITHOUT ENCUMBR	% OF ACTUAL TO ACTUAL	ANNUAL EXPEND WITHOUT ENCUMBR
GENERAL FUND									
BY DEPARTMENT:									
Council/Commissions	\$ 500,647	\$ 288,156	57.6%	\$ 446,338	89.2%	507,560	304,800	65.5%	465,445
City Manager	2,898,922	1,489,725	51.4%	2,681,161	92.5%	2,746,188	1,350,348	55.1%	2,452,104
City Attorney	2,527,969	1,446,345	57.2%	2,527,969	100.0%	2,374,851	1,320,343	56.6%	2,332,440
City Clerk	1,215,530	574,832	47.3%	1,035,424	85.2%	1,081,147	550,584	55.8%	986,043
City Treasurer	908,072	469,800	51.7%	790,373	87.0%	882,737	435,661	57.2%	761,653
Finance	4,993,504	2,163,221	43.3%	3,949,234	79.1%	4,627,424	2,451,281	58.8%	4,166,193
Human Resources	2,395,080	1,120,718	46.8%	2,008,642	83.9%	2,325,922	907,440	58.0%	1,785,831
Civil Service	548,725	323,905	59.0%	498,530	90.9%	552,929	265,176	59.5%	445,458
Community Development	7,712,644	4,032,075	52.3%	7,116,816	92.3%	7,345,093	3,963,072	57.4%	6,906,257
Comm & Info Tech	4,817,705	2,687,396	55.8%	4,541,202	94.3%	4,641,533	2,590,017	59.8%	4,333,845
General Services	4,314,599	2,426,115	56.2%	3,993,445	92.6%	4,044,011	1,782,652	49.9%	3,570,668
Police	75,166,318	42,501,557	56.5%	74,692,328	99.4%	70,713,522	41,229,560	58.8%	70,079,388
Fire	29,090,681	17,093,212	58.8%	29,089,066	100.0%	27,886,483	16,227,609	58.7%	27,638,352
Public Works	12,507,115	6,484,489	51.8%	11,738,553	93.9%	11,918,599	6,852,410	60.2%	11,373,769
Community Services	16,142,267	8,931,224	55.3%	15,659,929	97.0%	15,617,765	8,743,655	58.5%	14,954,630
Non-Departmental (1001 only):									
Non-Departmental	1,965,650	618,541	31.5%	1,431,137	72.8%	1,998,270	622,688	57.9%	1,075,709
Leaseback	3,585,084	1,568,840	43.8%	3,581,601	99.9%	3,591,158	1,784,609	49.8%	3,581,495
Indirect Costs Reim.	(6,474,144)	(3,568,981)	55.1%	(6,151,239)	95.0%	(6,133,308)	(3,367,306)	60.2%	(5,590,979)
Transfers	32,908,167	23,694,523	72.0%	32,563,215	99.0%	25,365,551	17,555,022	70.8%	24,790,615
Total General Fund	197,724,535	114,345,693	57.8%	192,193,724	97.2%	182,087,435	105,569,621	59.9%	176,108,916
Fleet Svcs	6,384,830	3,200,621	50.1%	5,704,479	89.3%	5,998,363	3,123,883	58.9%	5,305,622
Self - Insurance	5,507,886	3,196,280	58.0%	5,763,133	104.6%	7,697,783	5,348,373	78.1%	6,851,197
Total Internal Service	11,892,716	6,396,901	53.8%	11,467,612	96.4%	13,696,146	8,472,256	69.7%	12,156,819
Airport	15,876,102	9,053,427	57.0%	15,491,491	97.6%	12,186,155	6,977,211	58.9%	11,845,898
Cultural Arts	2,362,242	1,319,621	55.9%	2,150,760	91.0%	2,274,827	1,275,222	60.8%	2,096,301
Emergency Medical Services	12,035,395	6,980,264	58.0%	11,999,125	99.7%	12,234,898	6,700,980	60.6%	11,060,403
Parks & Recreation	7,930,468	4,186,274	52.8%	7,476,532	94.3%	7,683,368	3,945,576	56.2%	7,022,961
Sanitation	11,958,327	6,480,162	54.2%	11,549,643	96.6%	11,231,551	6,324,206	57.5%	10,989,723
Sewer	5,786,169	2,991,822	51.7%	5,128,232	88.6%	5,806,145	3,669,989	64.9%	5,652,874
Transit	31,794,068	14,078,641	44.3%	26,199,173	82.4%	30,627,572	14,402,481	57.6%	24,987,079
Water	38,157,986	18,781,835	49.2%	30,616,391	80.2%	42,947,934	26,410,026	61.4%	43,012,686
Total Enterprise	125,900,757	63,872,046	50.7%	110,611,347	87.9%	124,992,450	69,705,691	59.7%	116,667,925
Air Quality Mgmt District	194,878	84,455	43.3%	149,025	76.5%	192,145	84,737	57.8%	146,649
Animal Control Fund	505,686	216,332	42.8%	386,604	76.5%	471,286	227,356	59.8%	380,050
Cable & Comm Relations	2,125,901	1,258,315	59.2%	2,026,937	95.3%	1,900,018	1,139,701	67.4%	1,690,370
Cable TV Public Access	403,287	222,574	55.2%	386,448	95.8%	392,950	204,232	54.5%	375,025
Cable Public Edu Gov Access	347,722	268,465	77.2%	293,892	84.5%	310,000	253,650	100.0%	253,650
Section 8 Rental Assistance	6,537,942	3,647,189	55.8%	6,220,000	95.1%	6,958,542	3,625,098	58.4%	6,202,469
Van Pool/Ride Share	260,184	135,697	52.2%	236,117	90.8%	262,228	113,890	54.1%	210,549
Gas Tax (Transfers Only)	1,040,000	610,480	58.7%	1,040,000	100.0%	1,040,000	612,560	58.9%	1,040,000
Street Lighting District	3,220,539	1,627,293	50.5%	3,015,484	93.6%	3,197,160	1,566,665	54.1%	2,897,726
Torrance Debt Service	3,723,488	1,662,844	44.7%	3,723,488	100.0%	3,739,866	1,880,318	50.3%	3,739,864
Total External Funds	18,359,627	9,733,644	53.0%	17,494,373	95.3%	18,464,195	9,708,207	57.3%	16,936,352
GRAND TOTAL	\$ 353,877,635	\$ 194,348,284	54.9%	\$ 331,767,056	93.8%	\$ 339,240,226	\$ 193,455,775	60.1%	\$ 321,870,012

Schedule B-1

EXPENDITURES DETAIL BY FUND - BUDGET TO ACTUAL - ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS
SALARIES AND BENEFITS EXPENDITURES
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	FY 15-16					FY 14-15			
	SALARIES AND BENEFITS BUDGET	SALARIES AND BENEFITS ACTUAL	% OF BUDGET TO ACTUAL	PROJECTED ACTUALS 6/30/16	% OF BUDGET PROJ TO ACTUAL	REVISED BUDGET	SALARIES & BENEFITS ACTUAL	% OF ACTUAL TO ACTUAL	ANNUAL SALARIES AND BENEFITS ACTUAL
GENERAL FUND									
BY DEPARTMENT:									
Council/Commissions	\$ 71,500	\$ 36,686	51.3%	\$ 70,872	99.1%	\$ 106,000	\$ 48,073	56.5%	\$ 85,087
City Manager	2,263,009	1,306,756	57.7%	2,248,161	99.3%	2,117,609	1,161,961	57.6%	2,018,494
City Attorney	2,203,185	1,269,321	57.6%	2,203,185	100.0%	2,006,468	1,187,101	58.2%	2,040,624
City Clerk	896,044	462,213	51.6%	792,365	88.4%	862,644	448,028	56.7%	789,522
City Treasurer	679,603	360,150	53.0%	602,400	88.6%	651,383	342,360	58.3%	587,705
Finance	4,118,847	1,860,570	45.2%	3,354,234	81.4%	3,792,237	2,089,036	59.1%	3,533,178
Human Resources	1,603,181	822,557	51.3%	1,424,236	88.8%	1,565,420	660,101	54.1%	1,221,265
Civil Service	350,214	207,100	59.1%	344,766	98.4%	378,418	222,191	62.7%	354,432
Community Development	6,459,996	3,575,487	55.3%	6,294,983	97.4%	6,122,070	3,464,264	57.3%	6,042,882
Comm & Info Tech	3,891,208	2,155,671	55.4%	3,791,202	97.4%	3,734,521	2,097,238	57.9%	3,620,818
General Services	2,959,660	1,823,074	61.6%	2,959,660	100.0%	2,739,072	1,484,384	52.7%	2,815,466
Police	69,296,723	39,267,474	56.7%	68,898,398	99.4%	65,173,170	38,064,894	59.1%	64,411,196
Fire	26,991,701	16,081,092	59.6%	27,100,086	100.4%	25,868,138	15,236,172	58.9%	25,865,846
Public Works	7,733,578	4,108,650	53.1%	7,346,899	95.0%	7,367,590	4,223,548	61.3%	6,886,928
Community Services	12,126,566	6,692,549	55.2%	11,762,769	97.0%	11,599,771	6,366,092	58.4%	10,905,066
Non-Departmental (1001 only):									
Non-Departmental	(413,495)	(12,176)	2.9%	(47,000)	11.4%	(757,139)	(5,730)	13.5%	(42,366)
Total General Fund	141,231,520	80,017,174	56.7%	139,147,216	98.5%	133,327,372	77,089,713	58.8%	131,136,143
Fleet Svcs	3,502,496	1,858,698	53.1%	3,218,498	91.9%	3,144,679	1,790,334	60.4%	2,965,816
Self - Insurance	768,200	363,529	47.3%	615,016	80.1%	728,400	414,930	59.4%	698,882
Total Internal Service	4,270,696	2,222,227	52.0%	3,833,514	89.8%	3,873,079	2,205,264	60.2%	3,664,698
Airport	1,687,789	925,413	54.8%	1,539,681	91.2%	1,618,464	861,885	58.5%	1,473,820
Cultural Arts	1,634,155	897,852	54.9%	1,498,583	91.7%	1,531,240	869,484	59.9%	1,451,235
Emergency Medical Services	11,509,277	6,744,541	58.6%	11,527,697	100.2%	10,978,677	6,370,982	59.7%	10,665,541
Parks & Recreation	4,649,304	2,738,056	58.9%	4,573,462	98.4%	4,434,897	2,514,673	60.1%	4,186,427
Sanitation	4,618,214	2,495,087	54.0%	4,100,821	88.8%	4,407,257	2,467,671	61.1%	4,040,218
Sewer	2,099,909	1,142,551	54.4%	1,820,490	86.7%	1,982,441	1,070,015	63.2%	1,693,479
Transit	16,782,383	8,204,435	48.9%	14,306,528	85.2%	15,303,816	8,043,384	60.2%	13,354,007
Water	6,150,655	3,273,277	53.2%	5,475,367	89.0%	5,718,937	2,978,391	59.8%	4,977,606
Total Enterprise	49,131,686	26,421,212	53.8%	44,842,629	91.3%	45,975,729	25,176,485	60.2%	41,842,333
Air Quality Mgmt District	48,496	28,467	58.7%	48,496	100.0%	45,763	26,588	58.1%	45,763
Animal Control Fund	381,500	163,234	42.8%	278,082	72.9%	347,100	181,416	61.6%	294,469
Cable & Comm Relations	1,110,223	677,331	61.0%	1,150,223	103.6%	909,822	514,164	55.7%	923,463
Cable TV Public Access	316,248	185,127	58.5%	316,248	100.0%	306,311	168,444	54.6%	308,430
Cable Public Edu Gov Access	-	-	N/A	-	N/A	-	-	N/A	-
Section 8 Rental Assistance	542,200	328,228	60.5%	547,000	100.9%	542,800	315,092	57.7%	545,822
Van Pool/Ride Share	83,824	36,854	44.0%	61,289	73.1%	85,868	32,963	60.2%	54,722
Street Lighting District	704,289	426,392	60.5%	714,567	101.5%	672,156	364,924	57.4%	635,321
Total External Funds	3,186,780	1,845,633	57.9%	3,115,905	97.8%	2,909,820	1,603,591	57.1%	2,807,990
GRAND TOTAL	\$ 197,820,682	\$ 110,506,246	55.9%	\$ 190,939,264	96.5%	\$ 186,086,000	\$ 106,075,053	59.1%	\$ 179,451,164

Schedule B-2

**EXPENDITURES DETAIL BY FUND - BUDGET TO ACTUAL-ALL FUNDS WITH ANNUALLY ADOPTED BUDGETS
MATERIALS, SERVICES AND OTHER EXPENDITURES
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED**

	FY 15-16						FY 14-15				
	MATERIALS, SERVICES, OTHERS						MATERIALS, SERVICES, OTHERS				
	REVISED BUDGET	ACTUAL EXP WITHOUT ENC	ACTUAL REIMB	ACTUAL EXPENSE NET OF REIMB	% OF BUDGET TO ACTUAL W/O ENC	PROJECTED ACTUALS 6/30/16	% OF BUDGET PROJ TO ACTUAL	REVISED BUDGET	EXPENDITURES WITHOUT ENCUMBRANCES	% OF ACTUAL TO ACTUAL W/O ENC	ANNUAL EXPEND WITHOUT ENCUMBR
GENERAL FUND											
BY DEPARTMENT:											
Council/Commissions	\$ 429,147	\$ 251,470	\$ -	\$ 251,470	58.6%	\$ 375,466	87.5%	\$ 401,560	\$ 256,727	67.5%	\$ 380,358
City Manager	635,913	182,969	-	182,969	28.8%	433,000	68.1%	628,579	188,387	43.4%	433,610
City Attorney	324,784	177,024	-	177,024	54.5%	324,784	100.0%	368,383	133,242	45.7%	291,816
City Clerk	319,486	112,619	-	112,619	35.3%	243,059	76.1%	218,503	102,556	52.2%	196,521
City Treasurer	228,469	136,272	(26,622)	109,650	48.0%	187,973	82.3%	231,354	93,301	53.6%	173,948
Finance	874,657	302,651	-	302,651	34.6%	595,000	68.0%	835,187	362,245	57.2%	633,015
Human Resources	791,899	301,706	(3,545)	298,161	37.7%	584,406	73.8%	760,502	247,339	43.8%	564,566
Civil Service	198,511	116,805	-	116,805	58.8%	153,764	77.5%	174,511	42,985	47.2%	91,026
Community Development	1,252,648	456,588	-	456,588	36.4%	821,833	65.6%	1,223,023	498,808	57.8%	863,375
Comm & Info Tech	926,497	1,157,700	(625,975)	531,725	57.4%	750,000	81.0%	907,012	492,779	69.1%	713,027
General Services	1,354,939	1,212,720	(609,679)	603,041	44.5%	1,033,785	76.3%	1,304,939	298,268	39.5%	755,202
Police	5,869,595	3,234,083	-	3,234,083	55.1%	5,793,930	98.7%	5,540,352	3,164,666	55.8%	5,668,192
Fire	2,098,980	1,189,204	(177,084)	1,012,120	48.2%	1,988,980	94.8%	2,018,345	991,437	55.9%	1,772,506
Public Works	4,773,537	2,722,237	(346,398)	2,375,839	49.8%	4,391,654	92.0%	4,551,009	2,628,862	58.6%	4,486,861
Community Services	4,015,701	2,344,402	(105,727)	2,238,675	55.7%	3,897,160	97.0%	4,017,994	2,377,563	58.7%	4,049,564
Non-Departmental (1001 only):											
Non-Departmental	2,379,145	638,878	(8,161)	630,717	26.5%	1,478,137	62.1%	2,755,409	628,418	56.2%	1,118,075
Leaseback	3,585,084	1,568,840	-	1,568,840	43.8%	3,581,601	99.9%	3,591,158	1,784,609	49.8%	3,581,495
Indirect Costs Reim.	(6,474,144)	(3,568,981)	-	(3,568,981)	55.1%	(6,151,239)	95.0%	(6,133,308)	(3,367,306)	60.2%	(5,590,979)
Transfers	32,908,167	23,694,523	-	23,694,523	72.0%	32,563,215	99.0%	25,365,551	17,555,022	70.8%	24,790,615
Total General Fund	56,493,015	36,231,710	(1,903,191)	34,328,519	60.8%	53,046,508	93.9%	48,760,063	28,479,908	63.3%	44,972,773
Fleet Svcs	2,882,334	1,341,923	-	1,341,923	46.6%	2,485,981	86.2%	2,853,684	1,333,549	57.0%	2,339,806
Self - Insurance	4,739,686	2,832,751	-	2,832,751	59.8%	5,148,117	108.6%	6,969,383	4,933,443	80.2%	6,152,315
Total Internal Service	7,622,020	4,174,674	-	4,174,674	54.8%	7,634,098	100.2%	9,823,067	6,266,992	73.8%	8,492,121
Airport	14,188,313	8,128,014	-	8,128,014	57.3%	13,951,810	98.3%	10,567,691	6,115,326	59.0%	10,372,078
Cultural Arts	728,087	421,769	-	421,769	57.9%	652,177	89.6%	743,587	405,738	62.9%	645,066
Emergency Medical Services	526,118	235,723	-	235,723	44.8%	471,428	89.6%	1,256,221	329,998	83.6%	394,862
Parks & Recreation	3,281,164	1,448,218	-	1,448,218	44.1%	2,903,070	88.5%	3,248,471	1,430,903	50.4%	2,836,534
Sanitation	7,340,113	4,013,583	(28,508)	3,985,075	54.3%	7,448,822	101.5%	6,824,294	3,856,535	55.5%	6,949,595
Sewer	3,686,260	1,849,271	-	1,849,271	50.2%	3,307,742	89.7%	3,823,704	2,599,974	65.7%	3,959,395
Transit	15,011,685	5,874,206	-	5,874,206	39.1%	11,892,645	79.2%	15,323,756	6,359,097	54.7%	11,633,072
Water	32,007,331	15,508,660	(102)	15,508,558	48.5%	25,141,024	78.5%	37,228,997	23,431,635	61.6%	38,035,080
Total Enterprise	76,769,071	37,479,444	(28,610)	37,450,834	48.8%	65,768,718	85.7%	79,016,721	44,529,206	59.5%	74,825,592
Air Quality Mgmt District	146,382	55,988	-	55,988	38.2%	100,529	68.7%	146,382	58,149	57.6%	100,886
Animal Control Fund	124,186	53,098	-	53,098	42.8%	108,522	87.4%	124,186	45,940	53.7%	85,581
Cable & Comm Relations	1,015,678	593,934	(12,950)	580,984	57.2%	876,714	86.3%	990,196	625,537	81.6%	766,907
Cable TV Public Access	87,039	37,447	-	37,447	43.0%	70,200	80.7%	86,639	35,788	53.7%	66,595
Cable Public Edu Gov Access	347,722	268,465	-	268,465	77.2%	293,892	84.5%	310,000	253,650	100.0%	253,650
Section 8 Rental Assistance	5,995,742	3,318,961	-	3,318,961	55.4%	5,673,000	94.6%	6,415,742	3,310,006	58.5%	5,656,647
Van Pool/Ride Share	176,360	98,843	-	98,843	56.0%	174,828	99.1%	176,360	80,927	51.9%	155,827
Gas Tax (Transfers Only)	1,040,000	610,480	-	610,480	58.7%	1,040,000	100.0%	1,040,000	612,560	58.9%	1,040,000
Street Lighting District	2,516,250	1,200,901	-	1,200,901	47.7%	2,300,917	91.4%	2,525,004	1,201,741	53.1%	2,262,405
Torrance Debt Service	3,723,488	1,662,844	-	1,662,844	44.7%	3,723,488	100.0%	3,739,866	1,880,318	50.3%	3,739,864
Total External Funds	15,172,847	7,900,961	(12,950)	7,888,011	52.0%	14,378,468	94.8%	15,554,375	8,104,616	57.4%	14,128,362
GRAND TOTAL	\$ 156,056,953	\$ 85,786,789	\$ (1,944,751)	\$ 83,842,038	53.7%	\$ 140,827,792	90.2%	\$ 153,154,226	\$ 87,380,722	61.4%	\$ 142,418,848

EXPENDITURES SUMMARY - BUDGET TO ACTUAL - GENERAL FUND (1001) BY CLASSIFICATION
 FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

Schedule B-3

	REVISED BUDGET FY 15-16	EXPENDITURES WITHOUT ENCUMBRANCES	% OF ANNUAL BUDGET TO ACTUAL WITHOUT ENC.	ENCUMB.	% OF ANNUAL BUDGET TO ACTUAL WITH ENC.
Salaries and Benefits	\$ 153,730,012	\$ 86,337,387	56.2%	\$ 59,708	56.2%
Salaries and Benefits Reimb	(12,498,492)	(6,320,213)	50.6%	-	50.6%
Subtotal Salaries and Benefits	141,231,520	80,017,174	56.7%	59,708	56.7%
Materials and Supplies	12,143,995	6,048,390	49.8%	2,099,473	67.1%
Reimb from Other Funds	(3,309,007)	(1,903,192)	57.5%	-	57.5%
Prof Services/Contracts/Utilities	8,976,190	3,930,326	43.8%	1,787,574	63.7%
Travel, Training & Membership Dues	1,098,813	496,236	45.2%	80,467	52.5%
Depreciation and Amortization	2,878	1,880	65.3%	-	65.3%
Liabilities and Other Insurance	1,588,157	748,252	47.1%	-	47.1%
Interdepartmental Charges	4,153,766	2,425,997	58.4%	-	58.4%
Debt Service	4,209,017	1,630,340	38.7%	-	38.7%
Capital Acquisition	307,799	96,276	31.3%	12,073	35.2%
Other Expenditures	109,440	49,542	45.3%	-	45.3%
Reimb - Indirect Costs	(6,474,144)	(3,568,981)	55.1%	-	55.1%
Operating Transfers Out	33,686,111	24,373,453	72.4%	-	72.4%
Subtotal Materials, Supplies, & Services	56,493,015	34,328,519	60.8%	3,979,587	67.8%
Total General Fund - 1001	\$ 197,724,535	\$ 114,345,693	57.8%	\$ 4,039,295	59.9%

**ADOPTED BUDGET AND AMENDMENTS BY FUND
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED**

Schedule B-4

	ANNUAL ADOPTED BUDGET FY 15-16	PRIOR YEAR ENCUMBRANCE BUDGET	ANNUAL BUDGET AMENDMENTS FY 15-16	ANNUAL REVISED BUDGET FY 15-16
GENERAL FUND				
BY DEPARTMENT:				
Council/Commissions	\$ 487,740	\$ -	\$ 12,907	\$ 500,647
City Manager	2,790,204	60,018	48,700	2,898,922
City Attorney	2,505,144	-	22,825	2,527,969
City Clerk	1,205,730	9,800	-	1,215,530
City Treasurer	883,072	-	25,000	908,072
Finance	4,763,504	230,000	-	4,993,504
Human Resources	2,296,180	47,500	51,400	2,395,080
Civil Service	526,641	53,484	(31,400)	548,725
Community Development	7,524,056	188,588	-	7,712,644
Comm & Info Tech	4,760,005	12,700	45,000	4,817,705
General Services	4,265,099	33,500	16,000	4,314,599
Police	74,975,380	-	190,938	75,166,318
Fire	29,024,060	-	66,621	29,090,681
Public Works	12,424,480	22,635	60,000	12,507,115
Community Services	16,104,467	1,245	36,555	16,142,267
Non-Departmental (1001 only):				
Non-Departmental	1,409,456	-	556,194	1,965,650
Leaseback	3,585,084	-	-	3,585,084
Indirect Costs Reim.	(6,474,144)	-	-	(6,474,144)
Transfers	22,408,484	-	10,499,683	32,908,167
Total General Fund	185,464,642	659,470	11,600,423	197,724,535
Fleet Svcs	6,308,164	-	76,666	6,384,830
Self - Insurance	5,141,886	-	366,000	5,507,886
Total Internal Service	11,450,050	-	442,666	11,892,716
Airport	15,879,288	4,000	(7,186)	15,876,102
Cultural Arts	2,362,242	-	-	2,362,242
Emergency Medical Services	11,976,907	-	58,488	12,035,395
Parks & Recreation	7,920,597	4,871	5,000	7,930,468
Sanitation	11,935,874	22,453	-	11,958,327
Sewer	5,088,217	5,343	692,609	5,786,169
Transit	31,496,565	3,015	294,488	31,794,068
Water	37,213,552	95,458	848,976	38,157,986
Total Enterprise	123,873,242	135,140	1,892,375	125,900,757
Air Quality Mgmt District	194,878	-	-	194,878
Animal Control Fund	505,686	-	-	505,686
Cable & Comm Relations	2,016,901	-	109,000	2,125,901
Cable TV Public Access	403,287	-	-	403,287
Cable Public Edu Gov Access	60,000	53,722	234,000	347,722
Section 8 Rental Assistance	6,537,942	-	-	6,537,942
Van Pool/Ride Share	260,184	-	-	260,184
Gas Tax (Transfers Only)	1,040,000	-	-	1,040,000
Street Lighting District	3,189,005	-	31,534	3,220,539
Torrance Debt Service	3,723,488	-	-	3,723,488
Total External Funds	17,931,371	53,722	374,534	18,359,627
GRAND TOTAL	\$ 338,719,305	\$ 848,332	\$ 14,309,998	\$ 353,877,635

Schedule C

INTERNAL SERVICE & ENTERPRISE FUND REVENUE SUMMARY-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	FY 15-16						FY 14-15				
	Revised Budget	Budgeted Use of Fund Bal	Total Budget	Year-To-Date Actual	% of Budget to Actual	Projected 6/30/16	% of Budget to Proj Actual	Revised Budget	Year-To-Date Actual	% of Actual to Actual	Annual Actual
Fleet Services	\$ 6,757,551	\$ -	\$ 6,757,551	\$ 4,015,031	59.4%	\$ 6,764,107	100.1%	\$ 6,477,228	\$ 3,977,732	59.1%	\$ 6,730,881
Self-insurance	7,994,153	-	7,994,153	5,287,820	66.1%	8,000,497	100.1%	6,219,115	4,533,534	69.8%	6,492,000
Total Internal Service	14,751,704	-	14,751,704	9,302,851	63.1%	14,764,604	100.1%	12,696,343	8,511,266	64.4%	13,222,881
Airport	12,815,000	3,061,102	15,876,102	9,048,604	57.0%	15,491,491	97.6%	12,605,000	6,986,347	55.9%	12,489,245
Cultural Arts	2,359,097	50,000	2,409,097	1,315,384	54.6%	2,258,954	93.8%	2,099,597	1,091,600	58.3%	1,871,024
Emergency Medical Svcs	11,965,927	-	11,965,927	6,980,264	58.3%	11,999,125	100.3%	12,208,290	6,448,981	57.8%	11,164,963
Parks & Recreation	7,672,863	-	7,672,863	4,821,347	62.8%	7,399,971	96.4%	7,577,963	4,784,458	66.6%	7,184,818
Sanitation	11,942,560	-	11,942,560	5,809,019	48.6%	11,907,932	99.7%	11,231,551	5,764,783	49.8%	11,579,576
Sewer	3,417,500	2,368,669	5,786,169	2,743,252	47.4%	4,765,121	82.4%	5,806,145	3,171,783	56.1%	5,652,874
Transit	27,867,113	137,866	28,004,979	12,842,084	45.9%	26,083,186	93.1%	26,838,483	13,980,466	56.7%	24,666,963
Water	38,899,000	-	38,899,000	17,463,287	44.9%	31,242,103	80.3%	42,947,934	22,810,042	53.0%	43,037,630
Total Enterprise	\$ 116,939,060	\$ 5,617,637	\$ 122,556,697	\$ 61,023,241	49.8%	\$ 111,147,883	90.7%	\$ 121,414,963	\$ 65,038,460	55.3%	\$ 117,647,093

Schedule D

FLEET SERVICES - COMBINED

**BALANCE SHEET
JANUARY 31, 2016**

	<u>Operations and Maintenance</u>	<u>Vehicle Replacement</u>	<u>Shop Equipment Replacement</u>	<u>Total</u>
ASSETS				
Pooled cash and investments-operating	\$ (2,121,533)	\$ 22,834,225	\$ 144,811	\$ 20,857,503
Pooled cash and investments-capital projects	112,263	-	-	112,263
Total pooled cash and investments	<u>(2,009,270)</u>	<u>22,834,225</u>	<u>144,811</u>	<u>20,969,766</u>
Accrued interest receivable	-	61,566	-	61,566
Inventories	911,160	-	-	911,160
Total Current Assets	<u>(1,098,110)</u>	<u>22,895,791</u>	<u>144,811</u>	<u>21,942,492</u>
Property, plant and equipment, net	484,993	6,355,851	229	6,841,073
Deferred outflows	295,381	-	-	295,381
Total Assets	\$ (317,736)	\$ 29,251,642	\$ 145,040	\$ 29,078,946
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ 8,349	\$ -	\$ -	\$ 8,349
Capital lease payable	-	65,541	-	65,541
Accrued salaries and benefits	325,193	817	-	326,010
Total Current Liabilities	<u>333,542</u>	<u>66,358</u>	<u>-</u>	<u>399,900</u>
Long Term Liabilities				
Net pension	2,730,267	-	-	2,730,267
Deferred inflows	1,028,542	-	-	1,028,542
Total Current Liabilities	<u>3,758,809</u>	<u>-</u>	<u>-</u>	<u>3,758,809</u>
Fund Equity (Deficit)				
Retained earnings - reserved	-	29,185,284	-	29,185,284
Retained earnings (deficit) - unreserved	(4,410,087)	-	145,040	(4,265,047)
Total Liabilities and Fund Equity (Deficit)	\$ (317,736)	\$ 29,251,642	\$ 145,040	\$ 29,078,946

Schedule D-1

FLEET SERVICES - COMBINED FUNDS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	FY 2016 Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 6,164,262	\$ 3,651,833	59.2%	\$ 6,201,282	\$ 5,666,896	\$ 3,452,762	57.5%	\$ 6,009,695
Total Operating Revenues	6,164,262	3,651,833	59.2%	6,201,282	5,666,896	3,452,762	57.5%	6,009,695
OPERATING EXPENSES:								
Salaries and employee benefits	3,502,496	1,858,698	53.1%	3,218,498	3,144,679	1,790,334	60.4%	2,965,816
Materials and supplies	346,119	170,311	49.2%	331,962	326,119	164,744	52.9%	311,263
Other Professional Services	62,016	39,294	63.4%	49,000	62,016	46,722	95.3%	49,048
Depreciation	2,080,000	939,250	45.2%	1,792,766	2,080,000	933,129	54.0%	1,728,017
Interdepartmental charges	114,602	66,843	58.3%	114,588	113,302	66,080	58.3%	113,302
Liability and claims	23,943	4,410	18.4%	7,555	23,943	4,410	58.4%	7,555
Other	20,300	1,320	6.5%	3,000	20,300	1,259	37.1%	3,394
Total Operating Expenses	6,149,476	3,080,126	50.1%	5,517,369	5,770,359	3,006,678	58.1%	5,178,395
OPERATING INCOME (LOSS)	14,786	571,707	3866.5%	683,913	(103,463)	446,084	53.7%	831,300
NON-OPERATING REVENUES (LOSS)								
Interest income	258,000	197,749	76.6%	258,000	258,000	154,218	74.0%	208,282
Change in Fair Market Value	-	-	N/A	-	-	-	0.0%	(50,974)
Gain from sale of fixed assets	80,464	11,310	14.1%	50,000	80,464	91,140	99.1%	92,010
Total Non-Operating Revenues (Loss)	338,464	209,059	61.8%	308,000	338,464	245,358	98.4%	249,318
NON-OPERATING EXPENSES								
Interest expense	40,000	30,989	77.5%	31,756	40,000	31,204	87.4%	35,708
Purch under \$5k	100,000	-	0.0%	60,000	100,000	3,560	100.0%	3,560
Income (Loss) before transfers	213,250	749,777	351.6%	900,157	95,001	656,678	63.1%	1,041,350
TRANSFERS IN	254,825	154,140	60.5%	254,825	471,868	279,612	59.3%	471,868
TRANSFERS OUT	(95,354)	(89,506)	93.9%	(95,354)	(88,004)	(82,441)	93.7%	(87,960)
NET INCOME (LOSS) BEFORE VEHICLE ACQUISITIONS	372,721	814,411	218.5%	1,059,628	478,865	853,849	59.9%	1,425,258
VEHICLE ACQUISITIONS	(2,648,529)	(564,880)	21.3%	(2,648,529)	(2,123,186)	(105,691)	8.3%	(1,267,722)
ADD: DEPRECIATION	2,080,000	939,250	45.2%	1,792,766	2,080,000	933,129	54.0%	1,728,017
CHANGE IN CASH AVAILABLE AFTER VEHICLE ACQUISITIONS AND ADDITION OF DEPRECIATION	\$ (195,808)	\$ 1,188,781	707.1%	\$ 203,865	435,679	1,681,287	89.2%	1,885,553
FUEL AND PARTS INVENTORY								
Parts Inventory Purchases	\$ 1,170,000	\$ 832,732	71.2%	\$ 1,170,000	\$ 1,170,000	\$ 719,083	47.4%	\$ 1,515,569
Fuel Inventory Purchases	1,600,000	478,864	29.9%	1,600,000	1,600,000	672,413	59.0%	1,140,065
Total Parts & Fuel Inventory Purchases	\$ 2,770,000	\$ 1,311,596	47.4%	\$ 2,770,000	2,770,000	1,391,496	52.4%	\$ 2,655,634

FLEET SERVICES FUND - COMBINED
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016

Cash flows from operating activities	
Operating income (loss)	\$ 571,707
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation and amortization	939,250
Decrease (Increase) in inventory	193,591
(Decrease) Increase in accounts payable	(172,772)
(Decrease) Increase in accrued liabilities	<u>(68,036)</u>
Net cash provided by operating activities	\$ 1,463,740
Cash flows from capital and related financing activities	
Capital lease payment	(89,758)
Capital expenditures	(564,880)
Proceeds from sale of fixed assets	11,310
Transfer from operations to capital	<u>76,666</u>
Net cash used by capital and related financing activities	(566,662)
Cash flows from noncapital financing activities	
Operating transfers in	154,140
Operating transfers out	<u>(89,506)</u>
Net cash provided by noncapital financing activities	64,634
Cash flows from investing activities, net	
Interest on investments, net	178,516
Interest on capital lease payment	<u>(11,756)</u>
Net cash provided by investing activities	<u>166,760</u>
Net change in cash	1,128,472
Cash, and cash equivalents, July 1, 2015	<u>19,841,294</u>
Cash and cash equivalents, January 31, 2016	<u><u>\$ 20,969,766</u></u>

Schedule D-3

FLEET - OPERATIONS AND MAINTENANCE STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	FY 2016 Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 2,792,980	\$ 1,703,541	61.0%	\$ 2,850,000	\$ 2,792,980	\$ 1,598,117	57.2%	2,796,220
Total Operating Revenues	2,792,980	1,703,541	61.0%	2,850,000	2,792,980	1,598,117	57.2%	2,796,220
OPERATING EXPENSES:								
Salaries and employee benefits	3,197,596	1,714,182	53.6%	2,913,598	3,144,679	1,790,334	60.4%	2,965,816
Materials and supplies	346,119	170,311	49.2%	331,962	326,119	164,744	52.9%	311,263
Professional Services	62,016	39,294	63.4%	49,000	62,016	46,722	95.3%	49,048
Interdepartmental charges	114,602	66,843	58.3%	114,588	113,302	66,080	58.3%	113,302
Liability and claims	23,943	4,410	18.4%	7,555	23,943	4,410	58.4%	7,555
Other- Training & Travel	20,300	1,320	6.5%	3,000	20,300	1,259	37.1%	3,394
Total Operating Expenses	3,764,576	1,996,360	53.0%	3,419,703	3,690,359	2,073,549	60.1%	3,450,378
OPERATING INCOME (LOSS)	(971,596)	(292,819)	30.1%	(569,703)	(897,379)	(475,432)	72.7%	(654,158)
NON-OPERATING EXPENSES								
Interest expense	20,000	19,233	96.2%	20,000	20,000	13,974	75.6%	18,478
Total Non-Operating Expenses	20,000	19,233	96.2%	20,000	20,000	13,974	75.6%	18,478
Income (Loss) before transfers	(991,596)	(312,052)	31.5%	(589,703)	(917,379)	(489,406)	72.8%	(672,636)
TRANSFERS IN	244,976	144,291	58.9%	244,976	467,776	275,520	58.9%	467,776
TRANSFERS OUT	(95,354)	(89,506)	93.9%	(95,354)	(18,004)	(12,441)	69.1%	(18,004)
NET INCOME (LOSS) AFTER TRANSFERS	\$ (841,974)	\$ (257,267)	30.6%	\$ (440,081)	\$ (467,607)	\$ (226,327)	101.6%	\$ (222,864)
FUEL AND PARTS INVENTORY								
Parts Inventory Purchases	\$ 1,170,000	\$ 832,732	71.2%	1,170,000	\$ 1,170,000	\$ 719,083	47.4%	\$ 1,515,569
Fuel Inventory Purchases	1,600,000	478,864	29.9%	1,600,000	1,600,000	672,413	59.0%	1,140,065
Total Parts & Fuel Inventory Purchases	\$ 2,770,000	\$ 1,311,596	47.4%	\$ 2,770,000	\$ 2,770,000	\$ 1,391,496	52.4%	\$ 2,655,634

FLEET - OPERATIONS AND MAINTENANCE
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016

<i>Cash flows from operating activities</i>	
Operating loss	\$ (292,819)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease (Increase) in inventory	193,591
(Decrease) Increase in accounts payable	(172,772)
(Decrease) Increase in accrued liabilities	<u>(68,854)</u>
<i>Net cash used by operating activities</i>	\$ (340,854)
 <i>Cash flows from capital and related financing activities</i>	
Transfer from operations to capital	<u>76,666</u>
<i>Net cash provided by capital and related financing activities</i>	76,666
 <i>Cash flows from noncapital financing activities</i>	
Operating transfers in	144,291
Operating transfers out	<u>(89,506)</u>
<i>Net cash provided by noncapital financing activities</i>	54,785
 <i>Cash flows from investing activities</i>	
Interest expense	<u>(19,233)</u>
<i>Net cash used by investing activities</i>	<u>(19,233)</u>
<i>Net change in cash</i>	(228,636)
Cash, and cash equivalents, July 1, 2015	<u>(1,780,634)</u>
Cash and cash equivalents, January 31, 2016	<u><u>\$ (2,009,270)</u></u>

Schedule D-5

FLEET - VEHICLE REPLACEMENT FUND
STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	FY 2016 Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 3,371,282	\$ 1,948,292	57.8%	\$ 3,351,282	\$ 2,873,916	\$ 1,854,645	57.7%	\$ 3,213,475
Total Operating Revenues	3,371,282	1,948,292	57.8%	3,351,282	2,873,916	1,854,645	57.7%	3,213,475
OPERATING EXPENSES:								
Salaries and employee benefits	304,900	144,516	47.4%	304,900	-	-	N/A	-
Depreciation	2,080,000	939,250	45.2%	1,792,766	2,080,000	933,129	54.0%	1,726,645
Total Operating Expenses	2,384,900	1,083,766	45.4%	2,097,666	2,080,000	933,129	54.0%	1,726,645
OPERATING INCOME (LOSS)	986,382	864,526	87.6%	1,253,616	793,916	921,516	62.0%	1,486,830
NON-OPERATING REVENUES (LOSS)								
Interest income	258,000	197,749	76.6%	258,000	258,000	154,218	74.0%	208,282
Change in Fair Market Value	-	-	N/A	-	-	-	0.0%	(50,974)
Gain from sale of fixed assets	80,464	11,310	14.1%	50,000	80,464	91,140	99.1%	92,010
Total Non-Operating Revenues (Loss)	338,464	209,059	61.8%	308,000	338,464	245,358	98.4%	249,318
NON-OPERATING EXPENSES								
Interest expense	20,000	11,756	58.8%	11,756	20,000	17,230	100.0%	17,230
Other-Purchase under \$5k	100,000	-	0.0%	60,000	100,000	3,560	100.0%	3,560
Income (Loss) before transfers	1,204,846	1,061,829	88.1%	1,489,860	1,012,380	1,146,084	66.8%	1,715,358
TRANSFERS IN	9,849	9,849	100.0%	9,849	4,092	4,092	100.0%	4,092
TRANSFERS OUT	-	-	N/A	-	(70,000)	(70,000)	100.1%	(69,956)
NET INCOME (LOSS) BEFORE VEHICLE ACQUISITIONS	1,214,695	1,071,678	88.2%	1,499,709	946,472	1,080,176	65.5%	1,649,494
VEHICLE ACQUISITIONS	(2,648,529)	(564,880)	21.3%	(2,648,529)	(2,123,186)	(105,691)	8.3%	(1,267,722)
ADD: DEPRECIATION	2,080,000	939,250	45.2%	1,792,766	2,080,000	933,129	54.0%	1,726,645
CHANGE IN CASH AVAILABLE AFTER VEHICLE ACQUISITIONS AND ADDITION OF DEPRECIATION	\$ 646,166	\$ 1,446,048	223.8%	\$ 643,946	\$ 903,286	\$ 1,907,614	90.5%	\$ 2,108,417

FLEET - VEHICLE REPLACEMENT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016

<i>Cash flows from operating activities</i>		
Operating income	\$	864,526
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		939,250
(Decrease) Increase in accrued liabilities		<u>818</u>
<i>Net cash provided by operating activities</i>	\$	1,804,594
<i>Cash flows from capital and related financing activities</i>		
Capital lease payment		(89,758)
Capital expenditures		(564,880)
Proceeds from sale of fixed assets		<u>11,310</u>
<i>Net cash used by capital and related financing activities</i>		(643,328)
<i>Cash flows from noncapital financing activities</i>		
Operating transfers in		<u>9,849</u>
<i>Net cash provided by noncapital financing activities</i>		9,849
<i>Cash flows from investing activities</i>		
Interest on investments		197,749
Interest on capital lease payment		<u>(11,756)</u>
<i>Net cash provided by investing activities</i>		<u>185,993</u>
<i>Net change in cash</i>		1,357,108
Cash, and cash equivalents, July 1, 2015		<u>21,477,117</u>
Cash and cash equivalents, January 31, 2016	\$	<u><u>22,834,225</u></u>

SELF-INSURANCE FUND**BALANCE SHEET
January 31, 2016**

ASSETS	<u>January 31, 2016</u>
Current Assets	
Pooled Cash and Investments	\$ 5,982,806
Restricted cash	5,926
Total Current Assets	5,988,732
Equipment, Net	3,534
Total Assets	\$ 5,992,266
 LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 52,897
Accrued Payroll	6,661
Accrued-Workers' Compensation Claims-Current	5,068,546
Accrued-Liability Claims-Current	2,000,000
Total Current Liabilities	7,128,104
Accrued-Workers' Compensation Claims-Long Term	28,088,997
Accrued-Liability Claims-Long Term	4,732,761
Total Long-Term Liabilities	32,821,758
Total Liabilities	39,949,862
Fund Equity (Deficit)	
Retained Earnings (Deficit)	(33,957,596)
Total Fund Equity (Deficit)	(33,957,596)
Total Liabilities and Fund Equity (Deficit)	\$ 5,992,266

Schedule E-1

SELF-INSURANCE FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	FY2016		FY2016	Projected	FY2015		FY2015	FY2015
	FY2016	Year-To-Date	Budget	Actual	FY2015	Year-To-Date	Actual to	FY2015
	Annual	Actual	%	Actual	Annual	Actual	Actual %	Prior Year
	Budget	Without Enc.	Without Enc.	06/30/2016	Budget	Without Enc.	Without Enc.	Total
OPERATING REVENUES								
Charges for services	\$ 2,434,153	\$ 1,445,900	59.4%	\$ 2,440,497	\$ 2,438,778	\$ 1,640,957	60.5%	\$ 2,711,663
Total Operating Revenues	2,434,153	1,445,900	59.4%	2,440,497	2,438,778	1,640,957	60.5%	2,711,663
OPERATING EXPENSES								
Salaries and employee benefits	768,200	363,529	47.3%	615,016	728,400	414,930	59.4%	698,882
Materials and supplies	20,995	7,666	36.5%	11,114	20,995	11,694	84.2%	13,893
Other Professional Services	163,379	23,468	14.4%	51,489	344,383	156,457	91.2%	171,629
Depreciation and Amortization	2,400	1,375	57.3%	2,356	2,400	1,375	58.4%	2,356
Insurance and claims	4,517,779	2,782,206	61.6%	5,051,622	6,101,779	4,280,661	78.3%	5,468,240
Interdepartmental charges	25,126	14,658	58.3%	25,126	25,126	14,658	58.3%	25,126
Other	6,800	1,428	21.0%	3,203	6,800	1,411	44.5%	3,171
Total Operating Expenses	5,504,679	3,194,330	58.0%	5,759,926	7,229,883	4,881,186	76.5%	6,383,297
OPERATING INCOME(LOSS)	(3,070,526)	(1,748,430)	56.9%	(3,319,429)	(4,791,105)	(3,240,229)	88.3%	(3,671,634)
TRANSFERS IN	5,560,000	3,841,920	69.1%	5,560,000	3,780,337	2,892,577	76.5%	3,780,337
TRANSFERS OUT	(3,207)	(1,950)	60.8%	(3,207)	(467,900)	(467,187)	99.8%	(467,900)
NET INCOME (LOSS)	\$ 2,486,267	\$ 2,091,540	84.1%	\$ 2,237,364	\$ (1,478,668)	\$ (814,839)	226.9%	\$ (359,197)

SELF-INSURANCE FUND**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016****Cash flows from operating activities**

Operating income (loss)	\$ (1,748,430)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
Depreciation and Amortization	1,375
Increase (decrease) in accounts payable	(91,087)
Increase (decrease) in accrued payroll	(4,565)
	<hr/>

Net cash used by operating activities \$ (1,842,707)

Cash flows from noncapital financing activities

Operating transfers in	3,841,920
Operating transfers out	(1,950)
	<hr/>

Net cash provided by noncapital activities

3,839,970

Net change in cash 1,997,263

Cash, and cash equivalents, July 1, 2015

3,991,469

Cash, and cash equivalents, January 31, 2016

\$ 5,988,732

AIRPORT FUND**BALANCE SHEET
JANUARY 31, 2016**

	<u>January 31, 2016</u>
ASSETS	
Current Assets	
Pooled Cash and Investments- Operating	\$ 3,959,938
Pooled Cash and Investments- Capital Projects	1,150,237
Total Pooled Cash and Investments	<u>5,110,175</u>
Interest Receivable	20,442
Total Current Assets	<u>5,130,617</u>
Property, Plant and Equipment, net	6,699,895
Deferred outflows	82,091
Total Assets	\$ 11,912,603
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 82,484
Deferred Liabilities	188,465
Accrued Salaries and Benefits	83,300
Total Current Liabilities	<u>354,249</u>
Long Term Liabilities	
Net pension	736,395
Deferred inflows	288,279
Total Long Term Liabilities	<u>1,024,674</u>
Total Liabilities	<u>1,378,923</u>
Fund Equity	
Retained Earnings- Unreserved	7,472,578
Retained Earnings- Reserved	3,061,102
Total Fund Equity	<u>10,533,680</u>
Total Liabilities and Fund Equity	\$ 11,912,603

Schedule F-1

AIRPORT FUND - COMBINED STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/16	FY 2015 Annual Budget	FY 2015 Year-to-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Leased land area rentals	\$ 9,900,000	\$ 5,587,119	56.4%	\$ 9,880,913	\$ 9,685,000	\$ 5,333,649	55.0%	\$ 9,699,815
Hangar and building rentals	2,647,000	1,502,621	56.8%	2,573,080	2,631,000	1,494,383	58.4%	2,557,527
Airfield fees and charges	160,000	88,785	55.5%	150,000	173,000	87,861	60.0%	146,314
Other	30,000	18,588	62.0%	30,000	21,000	17,062	59.2%	28,818
Total Operating Revenues	12,737,000	7,197,113	56.5%	12,633,993	12,510,000	6,932,955	55.8%	12,432,474
OPERATING EXPENSES								
Salaries and employee benefits	1,687,789	925,413	54.8%	1,539,681	1,618,464	861,885	58.5%	1,473,820
Materials and supplies	390,994	183,159	46.8%	320,008	359,994	188,900	57.9%	326,304
Other professional services	597,484	268,961	45.0%	523,137	539,351	288,132	59.4%	484,837
Depreciation and amortization	360,814	140,263	38.9%	320,000	375,000	199,537	60.4%	330,240
Insurance and Claims	28,169	8,204	29.1%	14,000	43,169	8,930	60.3%	14,815
Inter- Departmental charges	629,175	370,721	58.9%	624,165	586,321	339,327	58.6%	579,456
Bad Debt Expense	25,000	1,745	7.0%	10,000	25,000	4,717	49.7%	9,492
Other	26,700	4,173	15.6%	10,523	31,493	11,919	60.9%	19,570
Total Operating Expenses	3,746,125	1,902,639	50.8%	3,361,514	3,578,792	1,903,347	58.8%	3,238,534
OPERATING INCOME (LOSS)	8,990,875	5,294,474	58.9%	9,272,479	8,931,208	5,029,608	54.7%	9,193,940
NON-OPERATING REVENUES								
Interest income - Operations	78,000	54,626	70.0%	78,000	95,000	53,392	77.9%	68,520
Change in Fair Market Value	-	-	N/A	-	-	-	0.0%	(11,750)
Total Non-Operating Revenues	78,000	54,626	70.0%	78,000	95,000	53,392	94.0%	56,770
NON-OPERATING EXPENSES								
Interest expense	11,059	6,514	58.9%	11,059	21,418	12,615	58.9%	21,418
Income (Loss) Before Transfers	9,057,816	5,342,586	59.0%	9,339,420	9,004,790	5,070,385	54.9%	9,229,292
TRANSFERS OUT	(12,118,918)	(7,144,272)	59.0%	(12,118,918)	(8,585,945)	(5,061,249)	58.9%	(8,585,945)
FROM FUND BALANCE	3,061,102	1,796,867	58.7%	2,779,498	-	-	N/A	-
NET INCOME (LOSS)	\$ -	\$ (4,819)	N/A	\$ -	\$ 418,845	\$ 9,136	1.4%	\$ 643,347

Schedule F-2

AIRPORT - AERONAUTICAL STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/16	FY 2015 Annual Budget	FY 2015		FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
						Year-to-Date Actual Without Enc.	% Without Enc.		
OPERATING REVENUES									
Leased land area rentals	\$ 1,586,000	\$ 919,450	58.0%	\$ 1,566,913	\$ 1,555,000	\$ 874,582	56.9%	\$ 1,536,286	
Hangar and building rentals	2,647,000	1,502,621	56.8%	2,573,080	2,631,000	1,494,383	58.4%	2,557,527	
Airfield fees and charges	160,000	88,785	55.5%	150,000	173,000	87,861	60.0%	146,314	
Other Revenues	30,000	18,588	62.0%	30,000	21,000	17,062	59.2%	28,818	
Total Operating Revenues	4,423,000	2,529,444	57.2%	4,319,993	4,380,000	2,473,888	58.0%	4,268,945	
OPERATING EXPENSES									
Salaries and employee benefits	1,516,949	822,793	54.2%	1,364,941	1,457,209	773,558	59.0%	1,311,187	
Materials and supplies	390,994	183,159	46.8%	320,008	359,994	188,900	57.9%	326,304	
Other Professional services	488,472	223,229	45.7%	446,666	430,339	242,459	59.2%	409,366	
Depreciation and amortization	360,814	140,263	38.9%	320,000	375,000	199,537	60.4%	330,240	
Insurance and claims	28,169	8,204	29.1%	14,000	43,169	8,930	60.3%	14,815	
Inter-Departmental charges	592,289	347,108	58.6%	583,879	551,954	319,718	58.8%	544,117	
Bad Debt Expense	25,000	1,745	7.0%	10,000	25,000	4,717	49.7%	9,492	
Other	10,500	830	7.9%	2,500	9,500	2,197	68.1%	3,228	
Total Operating Expenses	3,413,187	1,727,331	50.6%	3,061,994	3,252,165	1,740,016	59.0%	2,948,749	
OPERATING INCOME (LOSS)	1,009,813	802,113	79.4%	1,257,999	1,127,835	733,872	55.6%	1,320,196	
NON-OPERATING EXPENSES									
Interest expense	11,059	6,514	58.9%	11,059	21,418	12,615	58.9%	21,418	
Total Non-Operating Expenses	11,059	6,514	58.9%	11,059	21,418	12,615	58.9%	21,418	
Income (Loss) Before Transfers	998,754	795,599	79.7%	1,246,940	1,106,417	721,257	55.5%	1,298,778	
TRANSFERS OUT	(361,903)	(217,180)	60.0%	(361,903)	(316,358)	(189,547)	59.9%	(316,358)	
NET INCOME (LOSS)	\$ 636,851	\$ 578,419	90.8%	\$ 885,037	\$ 790,059	\$ 531,710	54.1%	\$ 982,420	

Schedule F-3

AIRPORT - NON-AERONAUTICAL
STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/16	FY 2015 Annual Budget	FY 2015 Year-to-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Leased land area rentals	\$ 8,314,000	\$ 4,667,669	56.1%	\$ 8,314,000	\$ 8,130,000	\$ 4,459,067	54.6%	\$ 8,163,529
Total Operating Revenues	8,314,000	4,667,669	56.1%	8,314,000	8,130,000	4,459,067	54.6%	8,163,529
OPERATING EXPENSES								
Salaries and employee benefits	170,840	102,620	60.1%	174,740	161,255	88,327	54.3%	162,633
Other Professional services	109,012	45,732	42.0%	76,471	109,012	45,673	60.5%	75,471
Inter-Departmental charges	36,886	23,613	64.0%	40,286	34,367	19,609	55.5%	35,339
Other	16,200	3,343	20.6%	8,023	21,993	9,722	59.5%	16,342
Total Operating Expenses	332,938	175,308	52.7%	299,520	326,627	163,331	56.4%	289,785
OPERATING INCOME (LOSS)	7,981,062	4,492,361	56.3%	8,014,480	7,803,373	4,295,736	54.6%	7,873,744
NON-OPERATING REVENUES								
Interest income - Operations	78,000	54,626	70.0%	78,000	95,000	53,392	77.9%	68,520
Change in Fair Market Value	-	-	N/A	-	-	-	0.0%	(11,750)
Total Non-Operating Revenues	78,000	54,626	70.0%	78,000	95,000	53,392	94.0%	56,770
Income (Loss) Before Transfers	8,059,062	4,546,987	56.4%	8,092,480	7,898,373	4,349,128	54.8%	7,930,514
TRANSFERS OUT	(11,757,015)	(6,927,092)	58.9%	(11,757,015)	(8,269,587)	(4,871,702)	58.9%	(8,269,587)
FROM FUND BALANCE	3,697,953	2,170,698	58.7%	3,664,535	371,214	218,645	64.5%	339,073
NET INCOME (LOSS)	\$ -	\$ (209,407)	N/A	\$ -	\$ -	\$ (303,929)	N/A	\$ -

AIRPORT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016

Cash flows from operating activities		
Operating income	\$ 5,294,474	
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	140,263	
(Increase) Decrease in accounts receivable	497,335	
Increase (Decrease) in accounts payable	(10,712)	
Increase (Decrease) in accrued liabilities	(29,619)	
Net cash provided by operating activities	<u>5,891,741</u>	\$ 5,891,741
Cash flows from capital and related financing activities		
Capital project expenditures	(228,666)	
Interest expense	(6,514)	
Net cash used by capital and related financing	<u>(235,180)</u>	(235,180)
Cash flows from noncapital financing activities		
Operating transfer out	(7,144,272)	
Net cash used by noncapital financing activities	<u>(7,144,272)</u>	(7,144,272)
Cash flows from investing activities		
Interest on investments	54,626	
Net cash provided by investing activities	<u>54,626</u>	54,626
Net change in cash		<u>(1,433,085)</u>
Cash and cash equivalents, July 1, 2015		<u>6,543,260</u>
Cash and cash equivalents, January 31, 2016		<u>\$ 5,110,175</u>

TRANSIT FUND**BALANCE SHEET
JANUARY 31, 2016**

	<u>January 31, 2016</u>
ASSETS	
Current Assets	
Pooled Cash and Investments - Operating	\$ 9,189,849
Pooled Cash and Investments - Capital Projects	8,762,720
Total Pooled Cash and Investments	<u>17,952,569</u>
Accounts Receivables	18,694
Accrued interest receivable	53,570
Inventory	1,291,764
Total Current Assets	19,316,597
Property, Plant and Equipment, net	22,358,821
Deferred Outflows	1,031,128
Total Assets	\$ 42,706,546
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 24,462
Accrued Payroll	133,454
Accrued Salaries and Benefits	1,115,452
Total Current Liabilities	1,273,368
Deferred Liability	7,503,009
Net Pension Liability-Misc	9,618,463
Deferred Inflows	3,660,758
Total Liabilities	22,055,598
Fund Equity	
Retained Earnings - Reserved	2,291,208
Retained Earnings - Unreserved	18,359,740
Total Fund Equity	20,650,948
Total Liabilities and Fund Equity	\$ 42,706,546

Schedule G-1

TRANSIT FUND
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	FY 2016 Annual Budget (A)	FY 2016 Year-to-date Actual Without Enc.	FY 2016 Budget % Without Enc.	Projected Actual 06/30/2016	FY 2015 Annual Budget	FY 2015 Year-to-date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Passenger cash fares	\$ 3,471,200	\$ 1,677,430	48.3%	\$ 3,086,600	\$ 3,471,200	\$ 1,791,844	56.7%	\$ 3,162,790
Advertising	160,000	106,994	66.9%	195,000	150,000	47,268	25.2%	187,835
Proceeds from sale of capital assets	-	-	N/A	-	-	3,200	100.0%	3,200
Miscellaneous	830	108,009	13013.1%	108,009	830	5,736	88.8%	6,456
Total Operating Revenues	3,632,030	1,892,433	52.1%	3,389,609	3,622,030	1,848,048	55.0%	3,360,281
NON-OPERATING REVENUES								
Transportation Development Act (TDA)	5,939,241	2,969,621	50.0%	5,939,241	6,135,999	3,579,334	58.3%	6,135,999
Prop C 5% Security	237,056	138,283	58.3%	150,000	245,255	143,065	107.2%	133,499
Prop A 40% Discretionary	4,038,292	2,296,754	56.9%	3,937,292	3,882,247	2,264,644	59.9%	3,781,247
AQMD Revenues	-	166,250	N/A	166,250	-	-	N/A	-
Cap and Trade Revenue	80,000	-	0.0%	80,000	-	-	N/A	-
Rapid Bus	630,450	221,398	35.1%	233,983	375,000	255,784	48.8%	524,566
Express Lane	-	-	N/A	-	-	145,394	47.1%	308,784
Federal Grant	-	80,382	N/A	80,382	-	17,330	24.1%	71,966
Prop C 40% Disc. - Svc Exp (TSE)	781,224	455,714	58.3%	781,224	766,132	446,910	58.3%	766,132
Prop C 40% Disc. - Foothill Transit Mitigation	178,742	104,266	58.3%	178,742	172,628	100,700	58.3%	172,628
Prop C 40% Disc. - Base Restructuring	699,785	408,208	58.3%	699,785	686,266	400,322	58.3%	686,266
Prop C 40% - BSIP Bus System Improvement Plan	232,265	135,488	58.3%	232,265	227,778	132,871	58.3%	227,778
Measure R	3,182,878	1,410,429	44.3%	2,417,878	2,495,458	1,455,684	58.3%	2,495,458
State Transit Assistance Fund	930,966	-	0.0%	930,966	770,110	192,528	25.0%	770,110
From Other Cities-Dial A Taxi	-	-	N/A	-	65,000	-	N/A	-
Municipal Operators Service Improvement	1,182,361	692,246	58.5%	692,246	1,149,916	670,784	99.0%	677,855
Capital Maintenance Revenues	2,250,000	-	0.0%	2,250,000	2,250,000	-	0.0%	2,250,000
Interest	83,500	131,210	157.1%	135,000	83,500	91,981	75.3%	122,199
Change in Fair Market Value	-	-	N/A	-	-	-	0.0%	(10,805)
Total Non-Operating Revenues	20,446,760	9,210,249	45.0%	18,905,254	19,305,289	9,897,331	51.8%	19,113,682
Total Revenues / Resources	24,078,790	11,102,682	46.1%	22,294,863	22,927,319	11,745,379	52.3%	22,473,963
OPERATING EXPENSES								
Salaries and employee benefits	16,782,383	8,204,435	48.9%	14,306,528	15,303,816	8,043,384	60.2%	13,354,007
Services and supplies	3,882,418	1,182,877	30.5%	3,057,510	4,524,792	1,800,186	53.4%	3,370,940
Other professional services	2,894,435	868,855	30.0%	1,700,000	2,689,556	799,283	47.7%	1,674,907
Depreciation and amortization	3,789,089	1,536,411	40.5%	3,055,015	3,789,089	1,535,285	58.2%	2,640,114
Insurance and Claims	605,740	243,910	40.3%	605,000	661,252	219,617	34.1%	644,197
Interdepartmental charges	3,650,876	1,964,520	53.8%	3,347,993	3,477,667	1,901,796	60.1%	3,163,076
Other	127,000	33,629	26.5%	65,000	127,000	63,434	74.7%	84,945
Total Expenses	31,731,941	14,034,637	44.2%	26,137,046	30,573,172	14,362,985	57.6%	24,932,186
Income (Loss) before transfers	(7,653,151)	(2,931,955)	38.3%	(3,842,183)	(7,645,853)	(2,617,606)	106.5%	(2,458,223)
OPERATING TRANSFERS IN - Prop A	2,874,323	1,739,402	60.5%	2,874,323	2,771,612	1,696,741	77.4%	2,193,000
OPERATING TRANSFERS IN - Prop C	914,000	-	0.0%	914,000	914,000	538,346	N/A	-
OPERATING TRANSFERS OUT	(62,127)	(44,004)	70.8%	(62,127)	(54,400)	(39,496)	72.0%	(54,893)
Income (Loss) after Operating Transfers	(3,926,955)	(1,236,557)	31.5%	(115,987)	(4,014,641)	(422,015)	131.8%	(320,116)
ADD: DEPRECIATION	3,789,089	1,536,411	40.5%	3,055,015	3,789,089	1,535,285	58.2%	2,640,114
From Fund Balance	137,866	-	0.0%	-	225,552	-	N/A	-
NET INCOME (LOSS) BEFORE CAPITAL ACQUISITIONS	\$ -	\$ 299,854	N/A	\$ 2,939,028	\$ -	\$ 1,113,270	48.0%	\$ 2,319,998
ADD: Contributed Capital Received for Capital Acquisitions	262,562	262,562	100.0%	262,562	2,510,151	1,279,283	N/A	2,510,151
LESS: Capital Acquisitions	(699,485)	(699,485)	100.0%	(699,485)	(2,944,108)	(1,774,268)	N/A	(2,944,108)
ADD: MTA Grants - Pending	393,446	393,446	100.0%	393,446	-	258,280	N/A	-
ADD: Prop 1B-Security	12,764	12,764	100.0%	12,764	66,446	66,446	N/A	66,446
ADD: Prop A Discretionary from reserves	-	-	N/A	-	144,342	-	N/A	144,342
ADD: Municipal Operators Service Program	1,801	1,801	100.0%	1,801	54,696	54,696	N/A	54,696
ADD: Municipal Operators Service Program from reserves	28,912	28,912	100.0%	28,912	60,332	37,452	N/A	60,332
ADD: Local Match State Transit Assist. From reserves	-	-	N/A	-	108,141	78,111	N/A	108,141
NET INCOME (LOSS) AFTER CAPITAL ACQUISITIONS	\$ -	\$ 299,854	N/A	\$ 2,939,028	\$ -	\$ 1,113,270	48.0%	\$ 2,319,998
PARTS AND FUEL INVENTORY PURCHASES								
Parts Inventory Purchases	605,724	314,011	51.8%	800,000	905,724	452,700	49.7%	911,570
Fuel Inventory Purchases	2,500,000	301,514	12.1%	900,000	3,200,000	532,552	61.1%	871,055
Lubricants Inventory Purchases	61,440	33,992	55.3%	61,000	61,440	30,403	52.8%	57,546
Total Parts & Fuel Inventory Purchases	3,167,164	649,517	20.5%	1,761,000	4,167,164	1,015,655	55.2%	1,840,171

TRANSIT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2016

Cash flows from operating activities	
Operating loss	\$ (12,142,204)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation and amortization	1,536,411
Decrease (Increase) in receivables-employee advances	(18,249)
Decrease (Increase) in misc. receivables	65,365
Decrease (Increase) in inventory	50,545
Decrease (Increase) in due from governments	2,902,886
Decrease (Increase) in prepayments	23,176
Increase (Decrease) in accounts payable	(584,572)
Increase (Decrease) in accrued liabilities	(502,028)
Increase (Decrease) in deferred liability	425,726
	<hr/>
Net cash used by operating activities	\$ (8,242,944)
Cash flows from capital and related financing activities	
Capital expenditures	(714,217)
Contributed capital received - Grants	262,562
Contributed capital received - MOSIP	1,801
Contributed capital received - Prop 1B Security	12,764
	<hr/>
Net cash used by capital and related financing	(437,090)
Cash flows from noncapital financing activities	
Operating transfers in (out)	1,695,398
Operating grants received	9,210,249
	<hr/>
Net cash provided by noncapital financing activities	10,905,647
Net change in cash	2,225,613
Cash, restricted cash and cash equivalents, July 1, 2015	15,726,956
	<hr/>
Cash, restricted cash and cash equivalents, January 31, 2016	\$ 17,952,569
	<hr/> <hr/>

WATER FUND**BALANCE SHEET**
January 31, 2016

	<u>January 31, 2016</u>
ASSETS	
Pooled Cash and Investments - Operating	\$ 2,587,949
Pooled Cash and Investments - Capital Projects	19,934,893
<i>Total Pooled Cash and Investments</i>	<u>22,522,842</u>
Accounts Receivable	2,372,871
Accrued Interest Receivable	63,190
Inventories	660,861
Total Current Assets	<u>25,619,764</u>
Utility plant in service, net	70,414,878
Advances to other funds	1,210,889
Deferred Outflows	461,841
Total Noncurrent Assets	<u>72,087,608</u>
Total Assets	<u>\$ 97,707,372</u>
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 2,677,561
Accrued Liabilities	703,545
Deposits Payable	44,570
Due to Other Funds General Fund	95,386
Total Current Liabilities	<u>3,521,062</u>
Advances from Other Funds	6,364,201
Easement Payable	1,452,900
Net Pension Liability-Misc	4,438,971
Deferred Inflows	1,494,839
Total Noncurrent Liabilities	<u>13,750,911</u>
Total Liabilities	<u>17,271,973</u>
Fund Equity	
Retained Earnings - Unreserved	80,435,399
Total Fund Equity	<u>80,435,399</u>
Total Liabilities and Fund Equity	<u>\$ 97,707,372</u>

Schedule H-1

WATER FUND OPERATIONS

**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED**

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/16	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Water Sales	\$ 37,325,000	\$ 16,264,501	43.6%	\$ 29,447,294	\$ 37,105,000	\$ 19,323,245	55.8%	\$ 34,643,875
Other	1,374,000	1,002,225	72.9%	1,561,168	1,378,000	802,390	59.1%	1,357,537
Total Operating Revenues	38,699,000	17,266,726	44.6%	31,008,462	38,483,000	20,125,635	55.9%	36,001,412
OPERATING EXPENSES:								
Salaries and employee benefits	6,150,655	3,273,277	53.2%	5,475,367	5,718,937	2,978,391	59.8%	4,977,606
Services and supplies	2,467,472	1,213,252	49.2%	2,150,230	2,585,972	1,255,056	58.2%	2,156,902
Other professional services	1,322,418	654,528	49.5%	1,237,387	1,148,162	617,749	54.9%	1,124,897
Depreciation and amortization	1,450,000	851,150	58.7%	1,978,058	1,300,000	765,700	39.1%	1,958,473
Insurance and claims	92,109	39,060	42.4%	75,518	92,109	33,908	53.9%	62,932
Interdepartmental charges	1,382,503	778,573	56.3%	1,302,310	1,296,581	698,069	59.4%	1,174,907
Cost of water	23,930,000	10,919,834	45.6%	17,244,491	25,074,000	14,611,675	65.2%	22,395,443
Others	122,275	22,420	18.3%	96,476	72,275	15,296	20.6%	74,212
Total Operating Expenses	36,917,432	17,752,094	48.1%	29,559,837	37,288,036	20,975,844	61.8%	33,925,372
OPERATING INCOME (LOSS)	1,781,568	(485,368)	-27.2%	1,448,625	1,194,964	(850,209)	-41.0%	2,076,040
NON-OPERATING REVENUES								
Interest income	200,000	196,561	98.3%	233,641	160,000	148,801	79.6%	186,913
Total Non-Operating Revenues	200,000	196,561	98.3%	233,641	160,000	148,801	79.6%	186,913
NON-OPERATING EXPENSES								
Interest expense	354,893	148,054	41.7%	170,893	407,340	186,824	88.2%	211,857
Total Non-Operating Expenses	354,893	148,054	41.7%	170,893	407,340	186,824	88.2%	211,857
Income (Loss) before transfers	1,626,675	(436,861)	-26.9%	1,511,373	947,624	(888,232)	-43.3%	2,051,096
TRANSFERS OUT FROM FUND BALANCE	(885,661)	(881,688)	99.6%	(885,661)	(5,252,558)	(5,247,359)	59.1%	(8,875,457)
			N/A		4,304,934	2,535,606	37.2%	6,824,361
NET INCOME (LOSS)	\$ 741,014	\$ (1,318,549)	-177.9%	\$ 625,712	\$ -	\$ (3,599,985)	N/A	\$ -

EMERGENCY MEDICAL SERVICES FUND**BALANCE SHEET
JANUARY 31, 2016****January 31, 2016****ASSETS****Current Assets**

Pooled Cash and Investments \$ (60,542)

Total Current Assets (60,542)Property, Plant and Equipment, net 17,457
Deferred Outflows 2,347,368**Total Assets** \$ 2,304,283**LIABILITIES AND FUND EQUITY****Current Liabilities**

Accounts Payable \$ 3,042

Accrued Payroll 108,156

Total Current Liabilities 111,198

Net Pension Liability 27,921,313

Deferred Inflows 4,728,363

Total Liabilities 32,760,874**Fund Equity (Deficit)**

Retained Earnings (Deficit) (30,456,591)

Total Fund Equity (Deficit) (30,456,591)**Total Liabilities and Fund Equity (Deficit)** \$ 2,304,283

Schedule I-1

EMERGENCY MEDICAL SERVICES FUND

**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED**

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/16	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual to % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
PM ALS Resp and Transport Fees	\$ 430,158	\$ 300,858	69.9%	\$ 481,776	\$ 850,000	\$ 143,398	39.4%	\$ 364,380
PM ALS Assess/Transport w/o Paramedic	254,842	152,218	59.7%	267,753	850,000	126,816	55.4%	228,784
Medical Resupply Fee	163,000	80,063	49.1%	183,300	160,000	58,374	34.5%	169,395
Paramedic Medical Facility Fee	145,000	74,735	51.5%	129,506	100,000	84,150	60.9%	138,114
Total Operating Revenues	993,000	607,874	61.2%	1,062,335	1,960,000	412,738	45.8%	900,673
OPERATING EXPENSES:								
Salaries and employee benefits	11,509,277	6,744,541	58.6%	11,527,697	10,978,677	6,370,982	59.7%	10,665,541
Services and supplies	344,582	183,264	53.2%	338,582	344,582	174,293	51.7%	336,907
Other professional services	147,559	43,323	29.4%	109,071	17,031	2,751	12.8%	21,434
Depreciation and amortization	10,980	2,254	20.5%	5,119	12,235	5,112	63.8%	8,012
Capital Outlay	-	-	NA	-	14,373	14,373	92.2%	15,588
Others	18,000	3,970	22.1%	13,659	18,000	6,653	51.5%	12,920
Total Operating Expenses	12,030,398	6,977,352	58.0%	11,994,128	11,384,898	6,574,164	59.4%	11,060,402
OPERATING INCOME (LOSS)	(11,037,398)	(6,369,478)	57.7%	(10,931,793)	(9,424,898)	(6,161,426)	60.6%	(10,159,729)
Income (Loss) before transfers	(11,037,398)	(6,369,478)	57.7%	(10,931,793)	(9,424,898)	(6,161,426)	60.6%	(10,159,729)
OPERATING TRANSFERS IN	10,972,927	6,372,390	58.1%	10,936,790	10,248,290	6,036,243	58.8%	10,264,290
OPERATING TRANSFERS OUT	(4,997)	(2,912)	58.3%	(4,997)	(850,000)	(126,816)	N/A	-
NET INCOME (LOSS)	\$ (69,468)	\$ -	0.0%	\$ -	\$ (26,608)	\$ (251,999)	-341.0%	\$ 104,561

EMERGENCY MEDICAL SERVICES FUND**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016**

Cash flows from operating activities	
Operating loss	\$ (6,369,478)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation and amortization	2,254
(Increase) Decrease in accounts receivable	50,591
Increase (Decrease) in accounts payable	(8,097)
Increase (Decrease) in to due to other funds	(8,914)
Increase (Decrease) in accrued payroll	(96,376)
Net cash used by operating activities	<u>\$ (6,430,020)</u>
Cash flows from noncapital financing activities	
Operating transfers in	6,372,390
Operating transfers out	(2,912)
Net cash provided by noncapital financing activities	<u>6,369,478</u>
Net change in cash	(60,542)
Cash, restricted cash and cash equivalents, July 1, 2015	<u>-</u>
Cash, restricted cash and cash equivalents, January 31, 2016	<u><u>(60,542)</u></u>

SANITATION ENTERPRISE FUND**BALANCE SHEET**
January 31, 2016**January 31, 2016****ASSETS****Current Assets**

Pooled Cash and Investments-Operating	\$	(210,663)
Pooled Cash and Investments-Capital Projects		600,848
<i>Total Pooled Cash and Investments</i>		390,185

Accounts Receivable		989,323
Accrued Interest Receivable		9,079
Total Current Assets		1,388,587

Deferred Outflows Contributions		363,175
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Total Assets	\$	1,751,762
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LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts Payable	\$	17,262
Accrued Salaries and Benefits		381,814
Interest Payable		10,401
Retainage Payable		1,210
Total Current Liabilities		410,687

Long Term Liabilities

Net Pension Liability-Misc		3,366,524
Deferred Inflows Actuarial		1,254,775
Total Long Term Liabilities		4,621,299

Total Liabilities		5,031,986
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Fund Equity (Deficit)

Retained Earnings (Deficit)		(3,280,224)
Total Fund Equity (Deficit)		(3,280,224)

Total Liabilities and Fund Equity (Deficit)	\$	1,751,762
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Schedule J-1

SANITATION ENTERPRISE FUND

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/16	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Refuse fee revenue	\$ 9,057,168	\$ 4,334,650	47.9%	\$ 9,053,744	\$ 8,473,668	\$ 4,312,141	49.2%	\$ 8,771,511
Recycling fee revenue	1,878,213	948,075	50.5%	1,822,338	1,799,213	953,510	52.8%	1,805,786
AB 939 fee revenue	801,711	394,975	49.3%	814,388	746,711	356,222	44.1%	806,991
Total Operating Revenues	11,737,092	5,677,700	48.4%	11,690,470	11,019,592	5,621,873	49.4%	11,384,288
OPERATING EXPENSES:								
Salaries and employee benefits	4,618,214	2,495,087	54.0%	4,100,821	4,407,257	2,467,671	61.1%	4,040,218
Services and supplies	3,765,304	2,380,255	63.2%	4,171,399	3,325,104	2,193,268	57.3%	3,826,972
Other professional services	2,386,799	960,233	40.2%	2,202,086	2,349,668	1,042,235	49.7%	2,097,225
Insurance and claims	157,374	51,532	32.7%	88,705	157,374	43,855	58.3%	75,174
Interdepartmental charges	821,774	468,065	57.0%	772,609	787,286	449,062	61.0%	735,818
Others	55,715	20,610	37.0%	49,656	30,515	20,348	41.6%	48,922
Total Operating Expenses	11,805,180	6,375,782	54.0%	11,385,276	11,057,204	6,216,439	57.4%	10,824,329
OPERATING INCOME (LOSS)	(68,088)	(698,082)	1025.3%	305,194	(37,612)	(594,566)	-106.2%	559,959
NON-OPERATING REV (EXP)								
Interest income	30,000	28,958	96.5%	41,994	-	19,008	67.9%	27,996
Interest expense	(30,000)	(30,293)	101.0%	(41,220)	(40,000)	(22,920)	72.3%	(31,708)
Total Non-Operating Revenues (Expense)	-	(1,335)	N/A	774	(40,000)	(3,912)	105.4%	(3,712)
Income (Loss) before transfers	(68,088)	(699,417)	1027.2%	305,968	(77,612)	(598,478)	-107.6%	556,247
TRANSFERS IN	175,468	102,361	58.3%	175,468	167,293	97,594	58.3%	167,293
TRANSFERS OUT	(123,147)	(74,086)	60.2%	(123,147)	(134,347)	(84,848)	63.5%	(133,686)
FROM FUND BALANCE	-	-	N/A	-	44,666	26,308	N/A	-
NET INCOME (LOSS)	\$ (15,767)	\$ (671,142)	4256.62%	\$ 358,289	\$ -	\$ (559,424)	-94.84%	\$ 589,854

CULTURAL ARTS CENTER ENTERPRISE FUND**BALANCE SHEET
JANUARY 31, 2016**

	<u>January 31, 2016</u>
ASSETS	
Pooled Cash and Investments- Operating	\$ (428,487)
Pooled Cash and Investments- Capital Projects	45,569
Total Pooled Cash and Investments	<u>(382,918)</u>
Accounts Receivable	40,530
Total Current Assets	<u>(342,388)</u>
Machinery and Equipment, net	415,500
Deferred Outflows	144,587
Total Assets	\$ 217,699
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 6,050
Interest Payable	1,202
Accrued salaries and benefits	96,554
Deposits Payable	157,939
Total Current Liabilities	<u>261,745</u>
Long Term Liabilities	
Net Pension	1,362,558
Deferred Inflows	543,626
Total Long Term Liabilities	<u>1,906,184</u>
Fund Equity (Deficit)	
Reserved Retained Earnings	50,000
Unreserved Retained Earnings (Deficit)	(2,000,230)
Total Fund Equity (Deficit)	<u>(1,950,230)</u>
Total Liabilities and Fund Equity (Deficit)	\$ 217,699

Schedule K-1

CULTURAL ARTS CENTER ENTERPRISE FUND
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 06/30/16	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Charges for rental	\$ 644,736	\$ 297,824	46.2%	597,500	\$ 719,736	\$ 340,538	56.0%	\$ 608,201
Charges for services	399,400	168,178	42.1%	330,000	404,400	174,032	52.2%	333,471
Total Operating Revenues	1,044,136	466,002	44.6%	927,500	1,124,136	514,570	54.6%	941,672
OPERATING EXPENSES:								
Salaries and employee benefits	1,634,155	897,852	54.9%	1,498,583	1,531,240	869,484	59.9%	1,451,235
Materials and supplies	140,258	38,884	27.7%	71,276	158,858	55,110	54.6%	101,019
Other professional services	362,476	246,821	68.1%	362,476	361,825	232,994	64.4%	361,670
Depreciation and amortization	29,000	14,044	48.4%	23,756	29,000	14,506	59.1%	24,538
Interdepartmental charges	122,139	71,253	58.3%	122,130	117,139	68,341	58.3%	117,139
Other	7,400	1,040	14.1%	3,625	12,400	6,612	92.5%	7,151
Total Operating Expenses	2,295,428	1,269,894	55.3%	2,081,846	2,210,462	1,247,047	60.5%	2,062,752
OPERATING INCOME (LOSS)	(1,251,292)	(803,892)	64.2%	(1,154,346)	(1,086,326)	(732,477)	65.3%	(1,121,080)
NON-OPERATING REVENUES								
Other - Grants	73,200	24,513	33.5%	52,473	73,200	26,187	46.7%	56,056
TCA Foundation - Grants	36,240	25,029	69.1%	36,240	36,240	26,029	65.1%	40,000
Donations	-	-	N/A	-	10,500	10,500	100.0%	10,500
Total Non-Operating Revenues	109,440	49,542	45.3%	88,713	119,940	62,716	58.9%	106,556
NON-OPERATING EXPENSES								
Interest Expense	5,000	4,060	81.2%	7,100	1,900	1,802	47.3%	3,811
Total Non-Operating Expenses	5,000	4,060	81.2%	7,100	1,900	1,802	47.3%	3,811
Income (Loss) before transfers	(1,146,852)	(758,410)	66.1%	(1,072,733)	(968,286)	(671,563)	65.9%	(1,018,335)
TRANSFERS IN	1,205,521	762,620	63.3%	1,205,521	805,521	497,040	61.7%	805,521
TRANSFERS OUT	(61,814)	(45,668)	73.9%	(61,814)	(62,465)	(26,372)	88.7%	(29,738)
FROM FUND BALANCE FOR CAPITAL EXP.	50,000	37,220	74.4%	37,220	50,000	17,273	100.0%	17,273
OVER (UNDER) SUBSIDY	\$ 46,855	\$ (4,238)	-109.0%	\$ 108,194	\$ (175,230)	\$ (183,622)	81.5%	\$ (225,279)

CULTURAL ARTS CENTER ENTERPRISE FUND
BUDGET TO ACTUAL BY PROGRAMS
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Meeting Rooms			Classrooms			Theaters			Non-Departmental			Total		
	Annual Budget FY 2016	YTD Actual 1/31/2016	% of Budget To Actual	Annual Budget FY 2016	YTD Actual 1/31/2016	% of Budget To Actual	Annual Budget FY 2016	YTD Actual 1/31/2016	% of Budget To Actual	Annual Budget FY 2016	YTD Actual 1/31/2016	% of Budget To Actual	Annual Budget FY 2016	YTD Actual 1/31/2016	% of Budget To Actual
Rental	\$ 256,323	\$ 116,004	45.3%	\$ 241,090	\$ 99,418	41.2%	\$ 147,323	\$ 82,402	55.9%	\$ 644,736	\$ 297,824	46.2%	\$ 399,400	\$ 168,178	42.1%
Labor	120,000	60,552	50.5%	-	-	NA	279,400	107,626	38.5%	105,845	109,440	45.3%	109,440	49,542	45.3%
Grant-Gen. Fund	73,200	24,513	33.5%	-	-	NA	36,240	25,029	69.1%	26,029	-	NA	-	-	NA
Donations	-	-	NA	-	-	NA	-	-	NA	10,500	-	NA	-	-	NA
Total Revenues	449,523	201,069	44.7%	241,090	99,418	41.2%	462,963	215,057	46.5%	229,438	515,544	44.7%	1,153,576	515,544	44.7%
Less: Expenses															
Salaries and benefits	474,297	227,076	47.9%	381,199	202,737	53.2%	778,659	468,039	60.1%	441,150	897,852	54.9%	1,634,155	897,852	54.9%
Materials and supplies	57,687	15,955	27.7%	25,522	926	3.6%	57,049	22,003	38.6%	27,345	38,684	27.7%	140,258	38,684	27.7%
Other professional services	113,214	59,609	52.7%	78,100	35,084	44.9%	171,162	152,128	88.9%	131,834	246,821	66.1%	362,476	246,821	66.1%
Depreciation and amortization	17,000	10,019	58.9%	-	-	NA	12,000	4,025	33.5%	4,487	14,044	48.4%	29,000	14,044	48.4%
Interdepartmental charges	40,065	23,380	58.4%	36,875	21,511	58.3%	45,199	26,362	58.3%	23,450	71,253	58.3%	122,139	71,253	58.3%
Other	300	92	30.7%	5,200	-	0.0%	1,900	48	2.5%	-	1,040	14.1%	7,400	1,040	14.1%
Total expenses	702,563	337,031	48.0%	526,896	260,258	49.4%	1,065,969	672,605	63.1%	628,266	1,269,894	55.3%	2,295,428	1,269,894	55.3%
Income (loss) from operations	(253,040)	(135,962)	53.7%	(85,730)	(160,840)	56.3%	(603,006)	(457,548)	75.9%	(398,828)	(754,350)	66.1%	(1,141,852)	(754,350)	66.1%
Non-operating Expense															
Interest Expense	5,000	4,060	81.2%	-	-	NA	-	-	NA	-	5,000	81.2%	5,000	4,060	81.2%
Total Non-operating Expense	5,000	4,060	81.2%	-	-	NA	-	-	NA	-	5,000	81.2%	5,000	4,060	81.2%
Income (loss) before transfers	(258,040)	(140,022)	54.3%	(85,730)	(160,840)	56.3%	(603,006)	(457,548)	75.9%	(398,828)	(758,410)	66.1%	(1,146,852)	(758,410)	66.1%
Transfers In															
Transfers Out	251,125	136,978	55.3%	299,906	162,872	54.3%	654,480	460,770	70.4%	279,080	762,620	63.3%	1,205,521	762,620	63.3%
From Fund Balance for capital exp.	(2,622)	(2,033)	77.5%	(2,622)	(2,033)	77.5%	(6,570)	(4,382)	66.7%	(4,382)	(45,668)	73.9%	(61,814)	(45,668)	73.9%
Over (under) subsidy	(8,537)	(3,077)	32.3%	11,476	(1)	0.0%	44,914	(1,160)	-2.6%	(124,130)	(4,236)	-109.0%	46,855	(4,236)	-109.0%

CULTURAL ARTS CENTER ENTERPRISE FUND**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016****Cash flows from operating activities**

Operating loss	\$ (803,892)	
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	14,044	
Decrease (Increase) in accounts receivable	18,344	
Increase (Decrease) in accounts payable	(50,517)	
Increase (Decrease) in deposits payable	20,410	
Increase (Decrease) in accrued liabilities	<u>(12,578)</u>	
Net cash used by operating activities		\$ (814,189)

Cash flows from capital and related financing activities

Transfer-in from operations to capital projects and capital expenditures, net	<u>29,500</u>	
Net cash provided by capital and related financing activities		29,500

Cash flows from noncapital financing activities

Operating transfers in	762,620	
Operating transfers out	(45,668)	
Grants and donations received	<u>49,542</u>	
Net cash provided by noncapital financing activities		766,494

Cash flows from investing activities

Interest expense	<u>(4,060)</u>	
Net cash used by investing activities		<u>(4,060)</u>
Net change in cash		(22,255)
Cash and cash equivalents, July 1, 2015		<u>(360,663)</u>
Cash and cash equivalents, January 31, 2016		<u><u>\$ (382,918)</u></u>

SEWER ENTERPRISE FUND**BALANCE SHEET**
January 31, 2016

	<u>January 31, 2016</u>
ASSETS	
Pooled Cash and Investments-Operating	\$ 1,822,294
Pooled Cash and Investments-Capital Projects	1,987,219
<i>Total Pooled Cash and Investments</i>	<u>3,809,513</u>
Accounts Receivable	224,428
Accrued Interest Receivable	16,414
Total Current Assets	4,050,355
Property, Plant and Equipment, net	41,508,725
Advances to other funds	419,028
Deferred Outflows Contributions	201,620
Total Noncurrent Assets	42,129,373
Total Assets	\$ 46,179,728
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$ 14,783
Accrued Salaries and Benefits	224,547
Retainage Payable	33,755
Total Current Liabilities	273,085
Long Term Liabilities	
Net Pension Liability-Misc	1,948,952
Deferred Inflows Actuarial	650,532
Total Long Term Liabilities	2,599,484
Total Liabilities	2,872,569
Fund Equity	
Retained Earnings - Reserved	2,168,669
Retained Earnings - Unreserved	41,138,490
Total Fund Equity	43,307,159
Total Liabilities and Fund Equity	\$ 46,179,728

Schedule L-1

SEWER ENTERPRISE FUND OPERATIONS
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/2016	FY 2015 Annual Budget	FY 2015 Year-to-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Sewer charges	\$ 3,304,500	\$ 1,315,472	39.8%	\$ 2,346,919	\$ 2,955,000	\$ 1,534,479	56.2%	\$ 2,728,976
Other	8,000	98	1.2%	1,536	8,000	1,477	95.2%	1,552
Total Operating Revenues	3,312,500	1,315,570	39.7%	2,348,455	2,963,000	1,535,956	56.3%	2,730,528
OPERATING EXPENSES								
Salaries and employee benefits	2,099,909	1,142,551	54.4%	1,820,490	1,982,441	1,070,015	63.2%	1,693,479
Services and supplies	407,458	209,025	51.3%	407,044	347,770	223,981	51.2%	437,682
Other professional services	1,071,256	297,200	27.7%	738,962	596,112	235,841	47.9%	492,641
Depreciation	1,056,479	620,154	58.7%	1,056,479	1,006,480	592,817	56.5%	1,049,089
Insurance and claims	258,826	36,927	14.3%	258,826	342,604	219,185	43.3%	505,863
Interdepartmental charges	449,316	256,960	57.2%	409,428	423,473	237,543	63.3%	375,483
Other	21,932	8,013	36.5%	16,010	21,932	8,822	52.3%	16,853
Total Operating Expenses	5,365,176	2,570,830	47.9%	4,707,239	4,720,812	2,588,204	56.6%	4,571,090
OPERATING INCOME (Loss)	(2,052,676)	(1,255,260)	61.2%	(2,358,784)	(1,757,812)	(1,052,248)	57.2%	(1,840,562)
NON-OPERATING REVENUES								
Interest income - Operations	105,000	37,273	35.5%	47,997	155,000	52,509	120.3%	43,634
Total Non-Operating Revenues	105,000	37,273	35.5%	47,997	155,000	52,509	120.3%	43,634
Income (loss) before transfers	(1,947,676)	(1,217,987)	62.5%	(2,310,787)	(1,602,812)	(999,739)	55.6%	(1,796,928)
TRANSFERS OUT	(420,993)	(420,993)	100.0%	(420,993)	(1,085,333)	(1,081,784)	100.0%	(1,081,784)
FROM FUND BALANCE	2,368,669	1,390,409	58.7%	2,368,669	2,688,145	1,583,317	55.0%	2,878,712
NET INCOME (LOSS)	\$ -	\$ (248,571)	N/A	\$ (363,111)	\$ -	\$ (498,206)	N/A	\$ -

PARKS AND RECREATION ENTERPRISE FUND**BALANCE SHEET**
January 31, 2016

ASSETS	January 31, 2016	
Current Assets		
Pooled Cash and Investments	\$	531,334
Accounts Receivable		60
Interest Receivable		2,104
Total Current Assets		533,498
Fixed Assets - Net		14,041
Deferred Outflows		234,260
Total Assets	\$	781,799
 LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$	14,622
Accrued Liabilities		48,909
Total Current Liabilities		63,531
 Long Term Liabilities		
Net Pension Liability		2,164,062
Deferred Inflows		863,407
Total Long Term Liabilities		3,027,469
Total Liabilities		3,091,000
 Fund Equity (Deficit)		
Retained Earnings (Deficit)		(2,309,201)
Total Fund Equity (Deficit)		(2,309,201)
Total Liabilities and Fund Equity (Deficit)	\$	781,799

Schedule M-1

PARKS AND RECREATION ENTERPRISE FUND-COMBINED

**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED**

	FY2016	FY2016	FY2016	Projected	FY2015	FY2015	FY2015	FY2015
	Annual	Year-To-Date	Budget	Actual	Annual	Year-To-Date	Actual to	FY2015
	Budget	Actual	%	Actual	Budget	Actual	Actual %	Prior Year
		Without Enc.	Without Enc.	06/30/2016		Without Enc.	Without Enc.	Total
OPERATING REVENUES								
Charges for services	\$ 5,042,932	\$ 3,270,570	64.9%	\$ 4,756,615	\$ 5,042,682	\$ 3,222,157	68.9%	\$ 4,675,659
Other	6,200	7,231	116.6%	15,000	12,800	13,962	71.9%	19,415
Total Operating Revenues	5,049,132	3,277,801	64.9%	4,771,615	5,055,482	3,236,119	68.9%	4,695,074
OPERATING EXPENSES								
Salaries and employee benefits	4,649,304	2,738,056	58.9%	4,573,462	4,434,897	2,514,673	60.1%	4,186,427
Services and supplies	1,087,827	525,122	48.3%	859,733	1,083,839	556,493	61.2%	909,246
Other professional services	1,222,500	431,202	35.3%	847,097	1,206,418	381,556	51.1%	746,976
Interdepartmental charges	788,622	460,026	58.3%	788,622	776,722	453,089	58.3%	776,722
Depreciation	500	292	58.4%	500	500	292	58.4%	500
Other	24,565	1,560	6.4%	15,446	17,820	3,426	19.2%	17,861
Total Operating Expenses	7,773,318	4,156,258	53.5%	7,084,860	7,520,196	3,909,529	58.9%	6,637,732
OPERATING INCOME(LOSS)	(2,724,186)	(878,457)	32.2%	(2,313,245)	(2,464,714)	(673,410)	34.7%	(1,942,658)
NON-OPERATING REVENUES								
Interest income	1,250	4,150	332.0%	5,875	-	3,699	145.9%	2,535
Total Non-Operating Revenues	1,250	4,150	332.0%	5,875	-	3,699	145.9%	2,535
Income (Loss) before transfers	(2,722,936)	(874,307)	32.1%	(2,307,370)	(2,464,714)	(669,711)	27.2%	(1,940,123)
OPERATING TRANSFERS IN	2,622,481	1,539,396	58.7%	2,622,481	2,622,481	1,544,641	62.1%	2,487,209
OPERATING TRANSFERS OUT	(157,150)	(30,017)	19.1%	(391,672)	(163,172)	(36,048)	9.4%	(385,228)
OVER (UNDER) SUBSIDY	\$ (257,605)	\$ 635,072	-246.5%	\$ (76,561)	\$ (5,405)	\$ 838,882	518.3%	\$ 161,858

Schedule M-2

PARKS AND RECREATION - RECREATION SERVICES

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	FY2016 Annual Budget	FY2016 Year-To-Date Actual Without Enc.	FY2016 Budget % Without Enc.	Projected Actual 06/30/2016	FY2015 Annual Budget	FY2015 Year-To-Date Actual Without Enc.	FY2015 Actual to Actual % Without Enc.	FY2015 Prior Year Total
OPERATING REVENUES								
Charges for services	\$ 3,069,929	\$ 2,071,235	67.5%	2,993,608	\$ 3,069,929	\$ 2,073,816	69.2%	\$ 2,996,605
Other	1,200	2,231	185.9%	10,000	8,750	9,912	66.5%	14,915
Total Operating Revenues	3,071,129	2,073,466	67.5%	3,003,608	3,078,679	2,083,728	69.2%	3,011,520
OPERATING EXPENSES								
Salaries and employee benefits	3,485,604	2,094,602	60.1%	3,445,269	3,325,897	1,923,980	60.9%	3,160,797
Services and supplies	838,765	338,854	40.4%	573,846	838,173	349,559	59.1%	591,594
Other Professional Services	407,658	164,899	40.5%	310,010	406,877	165,049	53.2%	310,320
Interdepartmental charges	713,822	416,395	58.3%	713,822	702,822	409,983	58.3%	702,822
Depreciation	500	292	58.4%	500	500	292	58.4%	500
Other	13,700	1,165	8.5%	4,241	13,700	594	15.4%	3,855
Total Operating Expenses	5,460,049	3,016,207	55.2%	5,047,688	5,287,969	2,849,457	59.7%	4,769,888
OPERATING INCOME(LOSS)	(2,388,920)	(942,741)	39.5%	(2,044,080)	(2,209,290)	(765,729)	43.5%	(1,758,368)
NON-OPERATING REVENUES								
Interest income	750	1,620	216.0%	2,415	-	2,456	305.1%	805
Total Non-Operating Revenues	750	1,620	216.0%	2,415	-	2,456	305.1%	805
Income (Loss) before transfers	(2,388,170)	(941,121)	39.4%	(2,041,665)	(2,209,290)	(763,273)	34.5%	(1,757,563)
OPERATING TRANSFERS IN	2,171,646	1,274,756	58.7%	2,171,646	2,171,646	1,279,099	58.9%	2,171,646
OPERATING TRANSFERS OUT	(152,650)	(27,375)	17.9%	(387,172)	(156,702)	(31,427)	8.3%	(378,758)
OVER (UNDER) SUBSIDY	\$ (369,174)	\$ 306,260	-83.0%	\$ (257,191)	\$ (194,346)	\$ 484,399	1371.3%	\$ 35,325

PARKS AND RECREATION - CULTURAL SERVICES

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	FY2016		FY2016			FY2015		FY2015	
	FY2016	Year-To-Date	Budget	%	Projected	FY2015	Year-To-Date	Actual to	FY2015
	Annual	Actual	Without Enc.		Actual	Annual	Actual	Actual %	Prior Year
	Budget	Without Enc.			06/30/2016	Budget	Without Enc.	Without Enc.	Total
OPERATING REVENUES									
Charges for services	\$ 1,973,003	\$ 1,199,335	60.8%	\$ 1,763,007	\$ 1,972,753	\$ 1,148,341	68.4%	\$ 1,679,054	
Other	5,000	5,000	100.0%	5,000	4,050	4,050	90.0%	4,500	
Total Operating Revenues	1,978,003	1,204,335	60.9%	1,768,007	1,976,803	1,152,391	68.4%	1,683,554	
OPERATING EXPENSES									
Salaries and employee benefits	1,163,700	643,454	55.3%	1,128,193	1,109,000	590,693	57.6%	1,025,630	
Services and supplies	249,062	186,268	74.8%	285,887	245,666	206,934	65.1%	317,652	
Other professional services	814,842	266,303	32.7%	537,087	799,541	216,507	49.6%	436,656	
Interdepartmental charges	74,800	43,631	58.3%	74,800	73,900	43,106	58.3%	73,900	
Other	10,865	395	3.6%	11,205	4,120	2,832	20.2%	14,006	
Total Operating Expenses	2,313,269	1,140,051	49.3%	2,037,171	2,232,227	1,060,072	56.8%	1,867,844	
OPERATING INCOME(LOSS)	(335,266)	64,284	-19.2%	(269,165)	(255,424)	92,319	-50.1%	(184,290)	
NON-OPERATING REVENUES									
Interest income	500	2,530	506.0%	3,460	-	1,243	71.8%	1,730	
Total Non-Operating Revenues	500	2,530	506.0%	3,460	-	1,243	71.8%	1,730	
Income (Loss) before transfers	(334,766)	66,814	-20.0%	(265,705)	(255,424)	93,562	-51.3%	(182,560)	
OPERATING TRANSFERS IN	450,835	264,640	58.7%	450,835	450,835	265,542	84.1%	315,563	
OPERATING TRANSFERS OUT	(4,500)	(2,642)	58.7%	(4,500)	(6,470)	(4,621)	71.4%	(6,470)	
OVER (UNDER) SUBSIDY	\$ 111,569	\$ 328,812	294.7%	\$ 180,630	\$ 188,941	\$ 354,483	280.2%	\$ 126,533	

CAPITAL IMPROVEMENTS FUND
BALANCE SHEET
JANUARY 31, 2016

ASSETS

Pooled cash and investments	\$ 18,733,405
Total Assets	\$ 18,733,405

LIABILITIES AND FUND EQUITY**Current Liabilities**

Accounts payable	\$ 8,823
Accrued liabilities	2,041
Deposits payable	158,056
Retainage payable	90,008
Total Liabilities	258,928

Fund Equity

Retained earnings - reserved	18,474,477
Total Fund Equity	18,474,477

Total Liabilities and Fund Equity	\$ 18,733,405
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CAPITAL IMPROVEMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016

	Actual
Revenues:	
Other	\$ 23,961
Total revenues	23,961
Expenditures:	
Current:	
Salaries & Benefits	48,834
Materials, supplies and services	49,077
Professional and Technical	1,443,111
Capital outlay	9,805
Other	11,945
Total expenditures	1,562,772
Excess (deficiency) of revenues over expenditures	(1,538,811)
Operating transfers in	5,399,883
Operating transfers out	(35,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 3,826,072
Fund balance, July 1, 2015	14,648,405
Fund balance, January 31, 2016	\$ 18,474,477

Note 1: This fund is managed by a multi-year project budget, and therefore a budget to actual comparison has not been presented.

Schedule O

PROP A LOCAL RETURN/GRANTS AND DISCRETIONARY FUNDS
BALANCE SHEET
JANUARY 31, 2016

ASSETS

Pooled Cash and Investments	\$	1,476,706
Total Assets	\$	1,476,706

LIABILITIES AND FUND EQUITY

Accounts Payable	\$	-
Total Liabilities		-

Fund Equity

Retained Earnings - Unreserved		1,476,706
Total Fund Equity		1,476,706

Total Liabilities and Fund Equity	\$	1,476,706
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PROP A LOCAL RETURN/GRANTS AND DISCRETIONARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

		Actual
Revenues:		
Use of money and property	\$	11,732
Charges for Services		1,739,402
Total revenues		1,751,134
Operating transfers out		(1,739,402)
Excess of revenues over other financing uses	\$	11,732
Fund balance, July 1, 2015		1,464,974
Fund balance, January 31, 2016	\$	1,476,706

PROP C LOCAL RETURN/GRANTS AND DISCRETIONARY FUNDS
BALANCE SHEET
JANUARY 31, 2016

ASSETS

Pooled Cash and Investments	\$ 3,648,663
Total Assets	\$ 3,648,663

LIABILITIES AND FUND EQUITY**Current Liabilities**

Accrued Payroll	\$ 5,053
Total Liabilities	5,053

Fund Equity

Retained Earnings - Unreserved	3,643,610
Total Fund Equity	3,643,610

Total Liabilities and Fund Equity	\$ 3,648,663
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PROP C LOCAL RETURN/GRANTS AND DISCRETIONARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	<u>Actual</u>
Revenues:	
Use of money and property	\$ 18,170
Charges for Services	1,273,471
Total revenues	1,291,641
Expenditures:	
Charges from Other Departments	399,795
Professional /Contract Services	851,622
Total expenditures	1,251,417
Excess (deficiency) of revenues over expenditures	40,224
Operating transfers out	(234,455)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (194,231)
Fund balance, July 1, 2015	3,837,841
Fund balance, January 31, 2016	\$ 3,643,610

**MEASURE R LOCAL RETURN AND HIGHWAY PROGRAM/GRANTS AND DISCRETIONARY FUNDS
BALANCE SHEET
JANUARY 31, 2016**

	Measure R Local Return	Measure R Highway Program	TOTAL
ASSETS			
Pooled Cash and Investments	\$ 4,352,460	\$ (965,341)	\$ 3,387,119
Total Assets	\$ 4,352,460	\$ (965,341)	\$ 3,387,119
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts Payable	\$ -	\$ 2,561	\$ 2,561
Accrued Liabilities	2,442	229,564	232,006
Total Liabilities	2,442	232,125	234,567
Fund Equity (Deficit)			
Retained Earnings (Deficit)	4,350,018	(1,197,466)	3,152,552
Total Fund Equity (Deficit)	4,350,018	(1,197,466)	3,152,552
Total Liabilities and Fund Equity (Deficit)	\$ 4,352,460	\$ (965,341)	\$ 3,387,119

Schedule Q-1

**MEASURE R LOCAL RETURN AND HIGHWAY PROGRAM/GRANTS AND DISCRETIONARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED**

	<u>Measure R Local Return</u>	<u>Measure R Highway Program</u>	<u>TOTAL</u>
Revenues:			
Use of money and property	\$ 23,216	\$ -	\$ 23,216
Charges for Services	958,477	(645,103)	313,374
Total revenues	981,693	(645,103)	336,590
Expenditures:			
Charges from Other Departments	92,795	251,903	344,698
Professional /Contract Services	3,062,804	278,376	3,341,180
Capital Outlay	-	22,084	22,084
Total expenditures	3,155,599	552,363	3,707,962
Excess (deficiency) of revenues over expenditures	(2,173,906)	(1,197,466)	(3,371,372)
Fund balance (Deficit), July 1, 2015	6,523,924	-	6,523,924
Fund balance (Deficit), January 31, 2016	\$ 4,350,018	\$ (1,197,466)	\$ 3,152,552

Schedule R

**TORRANCE DEBT SERVICE FUNDS - TORRANCE PUBLIC FINANCING AUTHORITY (TPFA) AND
PUBLIC PROPERTY FINANCING CORP. (PPFC)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016**

	TPFA	PPFC	
	2009 COP \$18,880,000 Refunding	2014 COP \$40,445,000 Refunding	Total
Revenues:			
Use of money and property:			
Investment Earnings	\$ 13	\$ 1,867	\$ 1,880
Rental Income	811,797	850,091	1,661,888
Total revenues	811,810	851,958	1,663,768
Expenditures:			
Bond and other loan principal	360,000	-	360,000
Bond and other loan interest	451,797	851,047	1,302,844
Total expenditures	811,797	851,047	1,662,844
Excess (deficiency) of revenues over expenditures	13	911	924
Fund balances, July 1, 2015	\$ 1,258,019	2,479,175	\$ 3,737,194
Fund balance, January 31, 2016	\$ 1,258,032	\$ 2,480,086	\$ 3,738,118

HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA)**BALANCE SHEET
JANUARY 31, 2016**

	<u>JANUARY 31, 2016</u>
ASSETS	
Pooled Cash and Investments	\$ 368,195
<i>Total Current Assets</i>	<u>368,195</u>
Total Assets	\$ 368,195
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accrued Payroll	\$ 5,420
<i>Total Current Liabilities</i>	<u>5,420</u>
Total Liabilities	\$ 5,420
FUND EQUITY	
Administration Fund Balance	\$ 354,436
Housing Assistance Fund Balance	8,339
<i>Total Fund Equity</i>	<u>362,775</u>
Total Liabilities and Fund Equity	\$ 368,195

Schedule S-1

**HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA) - COMBINED
STATEMENT OF REVENUE AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED**

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-to-date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
Revenues:								
Use of money and property	\$ 5,000	\$ 3,281	65.6%	\$ 4,000	\$ 9,500	\$ 3,167	78.3%	\$ 4,047
Section 8 Fraud Recovery	4,000	5,400	135.0%	7,000	2,000	15,296	88.2%	17,348
Section 8 Voucher Program - HAP	5,760,000	3,178,458	55.2%	5,478,000	5,760,000	3,112,382	57.4%	5,421,197
Section 8 Voucher Program - Admin fees	600,000	394,922	65.8%	662,000	576,000	378,105	58.5%	646,385
Section 8 Admin Fee Earned - Port In	30,000	13,488	45.0%	28,000	30,000	19,960	60.9%	32,795
Total revenues	6,399,000	3,595,549	56.2%	6,179,000	6,377,500	3,528,910	57.6%	6,121,772
Expenditures:								
Salaries & Benefits	542,200	328,228	60.5%	547,000	542,800	315,092	57.7%	545,822
Materials & Supplies	14,115	967	6.9%	3,500	14,115	1,342	38.7%	3,465
Housing Assistance Payments (HAP)	5,760,000	3,227,290	56.0%	5,527,000	6,180,000	3,223,019	58.7%	5,490,182
Professional/Technical Services	43,027	16,502	38.4%	18,000	43,027	15,694	37.5%	41,828
Inter-departmental Charges	123,600	73,853	59.8%	124,000	123,600	69,951	57.7%	121,172
Others	5,000	349	7.0%	500	5,000	-	N/A	-
Capital outlay	50,000	-	0.0%	-	50,000	-	N/A	-
Total expenditures	6,537,942	3,647,189	56.0%	6,220,000	6,958,542	3,625,098	58.4%	6,202,469
Operating Income (Loss)	(138,942)	(51,640)	37.2%	(41,000)	\$ (581,042)	\$ (96,188)	119.2%	\$ (80,697)
Fund balances - July 1, 2015	413,215	413,215	100.0%	413,215				
Prior Period Adjustment	-	1,200	N/A	1,200				
Fund balances - January 31, 2016	\$ 274,273	\$ 362,775	132.3%	\$ 373,415				

Schedule S-2

HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA)
 STATEMENT OF REVENUE AND EXPENSES - HOUSING ASSISTANCE PAYMENTS (HAP) - BUDGET TO ACTUAL
 FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-to-date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
Revenues:								
Use of money and property	\$ -	\$ -	N/A	\$ -	\$ 3,500	\$ -	N/A	\$ -
Section 8 Fraud Recovery - 1/2 HAP	2,000	2,700	135.0%	3,500	1,000	7,648	88.2%	8,674
Section 8 Voucher Program - HAP	5,760,000	3,178,458	55.2%	5,478,000	5,760,000	3,112,382	57.4%	5,421,197
Total revenues	5,762,000	3,181,158	55.0%	5,481,500	5,764,500	3,120,030	57.5%	5,429,871
Expenditures:								
Housing Assistance Payments (HAP)	5,760,000	3,227,290	56.0%	5,527,000	6,180,000	3,223,019	58.7%	5,490,182
Total expenditures	5,760,000	3,227,290	56.0%	5,527,000	6,180,000	3,223,019	58.7%	5,490,182
Operating Income (Loss)	2,000	(46,132)	2406.6%	(45,500)	\$ (415,500)	\$ (102,989)	170.8%	\$ (60,311)
Fund balances - July 1, 2015	54,471	54,471	100.0%	54,471				
Fund balances - January 31, 2016	\$ 56,471	\$ 8,339	15.0%	\$ 8,971				

Schedule S-3

**HOUSING AUTHORITY OF THE CITY OF TORRANCE (HA)
STATEMENT OF REVENUE AND EXPENSES - ADMINISTRATION - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED**

	<i>Annual Budget</i>	<i>Year-to-Date Actual Without Enc.</i>	<i>Budget % Without Enc.</i>	<i>Projected Actual 6/30/2016</i>	<i>FY 2015 Annual Budget</i>	<i>FY 2015 Year-to-date Actual Without Enc.</i>	<i>FY 2015 Actual to Actual % Without Enc.</i>	<i>FY 2015 Prior Year Total</i>
Revenues:								
Use of money and property	\$ 5,000	\$ 3,281	65.6%	\$ 4,000	\$ 6,000	\$ 3,167	78.3%	\$ 4,047
Section 8 Fraud Recovery - 1/2 Admin	2,000	2,700	135.0%	3,500	1,000	7,648	88.2%	8,674
Section 8 Voucher Program - Admin fees	600,000	394,922	65.8%	662,000	576,000	378,105	58.5%	646,385
Section 8 Admin Fee Earned - Port In	30,000	13,488	45.0%	28,000	30,000	19,960	60.9%	32,795
Total revenues	637,000	414,391	65.1%	697,500	613,000	408,880	59.1%	691,901
Expenditures:								
Salaries & Benefits	542,200	328,228	60.5%	547,000	542,800	315,092	57.7%	545,822
Materials & Supplies	14,115	967	6.9%	3,500	14,115	1,342	38.7%	3,465
Professional/Technical Services	43,027	16,502	38.4%	18,000	43,027	15,694	37.5%	41,828
Inter-departmental Charges	123,600	73,853	59.8%	124,000	123,600	69,951	57.7%	121,172
Others	5,000	349	7.0%	500	5,000	-	N/A	-
Capital outlay	50,000	-	0.0%	-	50,000	-	N/A	-
Total expenditures	777,942	419,899	54.0%	693,000	778,542	402,079	56.4%	712,287
Operating Income (Loss)	(140,942)	(5,508)	3.9%	4,500	\$ (165,542)	\$ 6,801	133.4%	\$ (20,386)
Fund balances - July 1, 2015	358,744	358,744	100.0%	358,744				
Prior Period Adjustment	-	1,200	N/A	1,200				
Fund balances - January 31, 2016	\$ 217,802	\$ 354,436	162.7%	\$ 364,444				

Schedule T

Selected Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)

For Seven Months Ended, January 31, 2016 - 58.7% Expired

	Parks and Recreation Facilities Fund	Seismic Education Fund	Street Lighting Assessment Fund	Drainage Improvement Fund
Revenues:				
Taxes	\$ -	\$ -	\$ 656,269	\$ -
License Fees and Permits	1,100	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	2,483	1,215	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Total revenues	<u>3,583</u>	<u>1,215</u>	<u>656,269</u>	<u>-</u>
Expenditures:				
Current:				
Salaries & Benefits	-	-	426,392	-
Materials & Services	-	-	313,312	-
Professional Technical	-	-	37,050	-
City Charges	-	-	-	-
Other	-	-	850,539	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,627,293</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	3,583	1,215	(971,024)	-
Other financing sources (uses):				
Transfers in	-	-	930,179	-
Transfers out	-	-	-	-
Net change in fund balance	<u>3,583</u>	<u>1,215</u>	<u>(40,845)</u>	<u>-</u>
Fund balances, July 1, 2015	1,033,513	42,407	40,845	19,444
Fund Balances (deficits), January 31, 2016	<u>\$ 1,037,096</u>	<u>\$ 43,622</u>	<u>\$ -</u>	<u>\$ 19,444</u>

Schedule T-Continued

Parks, Rehabilitation and Open Space Fund	Bicycle Transportation Fund	Development Impact Fund	Geologic Hazard Abatement Fund	State Gas Tax Street Improvement Fund
\$ -	\$ -	\$ -	\$ -	\$ -
39,675	-	198,799	-	-
-	-	-	-	-
22,351	502	16,365	-	83,722
-	96,908	-	-	1,643,139
-	-	-	-	-
62,026	97,410	215,164	-	1,726,861
-	-	-	-	162,775
-	-	-	-	-
113,328	-	20,050	-	1,658,605
-	-	-	-	-
-	-	-	-	-
120,131	-	-	-	-
233,459	-	20,050	-	1,821,380
(171,433)	97,410	195,114	-	(94,519)
-	-	-	-	-
-	-	-	-	(610,480)
(171,433)	97,410	195,114	-	(704,999)
1,779,595	-	269,392	14,317	15,566,488
\$ 1,608,162	\$ 97,410	\$ 464,506	\$ 14,317	\$ 14,861,489

Schedule T-Continued

Selected Special Revenue Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits)

For Seven Months Ended, January 31, 2016 - 58.7% Expired
(continued)

	Meadow Park Parking Lot District Fund	Police Inmate Welfare Fund	Grants and Donations Fund	Federal Housing and Community Development Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
License Fees and Permits	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	12,030	297	6,769	-
Intergovernmental	-	-	314,301	-
Other	-	4,583	42,342	-
Total revenues	<u>12,030</u>	<u>4,880</u>	<u>363,412</u>	<u>-</u>
Expenditures:				
Current:				
Salaries & Benefits	-	-	310,427	-
Materials & Services	-	-	60,844	-
Professional Technical	9,625	-	345,235	-
City Charges	-	-	-	-
Other	-	-	1,996	-
Capital outlay	-	-	247,215	-
Total expenditures	<u>9,625</u>	<u>-</u>	<u>965,717</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	2,405	4,880	(602,305)	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(8,659)	-
Net change in fund balance	2,405	4,880	(610,964)	-
Fund balances, July 1, 2015	80,929	51,329	1,089,788	777,556
Fund Balances (deficits), January 31, 2016	<u>\$ 83,334</u>	<u>\$ 56,209</u>	<u>\$ 478,824</u>	<u>\$ 777,556</u>

Schedule T-Continued

Asset Forfeiture Fund	El Camino Training Fund	Proposition 1B Fund	DNA Sampling Fund	Total Nonmajor Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ 656,269
-	-	-	-	239,574
129,897	-	-	-	129,897
27,027	-	-	-	172,761
-	-	-	-	2,054,348
3,000	-	-	4,110	54,035
159,924	-	-	4,110	3,306,884
-	-	4,224	-	903,818
45,929	-	-	-	420,085
353	16,662	-	-	2,200,908
-	-	-	-	-
1,780	-	-	-	854,315
23,489	-	-	-	390,835
71,551	16,662	4,224	-	4,769,961
88,373	(16,662)	(4,224)	4,110	(1,463,077)
-	-	-	-	930,179
-	-	-	-	(619,139)
88,373	(16,662)	(4,224)	4,110	(1,152,037)
3,461,151	63,075	44,976	19,898	24,354,703
\$ 3,549,524	\$ 46,413	\$ 40,752	\$ 24,008	\$ 23,202,666

Schedule U

CABLE & COMMUNITY RELATIONS/PUBLIC ACCESS/PEG

**BALANCE SHEET
JANUARY 31, 2016**

	Cable & Community Relations January 31, 2016	Public Access January 31, 2016	Public Education Government January 31, 2016	Total
ASSETS				
Current assets:				
Pooled cash and investments – operating	\$ 2,540,989	\$ 3,864	\$ 435,052	\$ 2,979,905
Pooled cash and investments – capital projects	240,542	-	1,322,340	1,562,882
Total pooled cash and investments	2,781,531	3,864	1,757,392	4,542,787
Accrued interest receivable	15,993	-	-	15,993
Total Assets	\$ 2,797,524	\$ 3,864	\$ 1,757,392	\$ 4,558,780
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ 10,000	\$ -	\$ -	\$ 10,000
Accrued salaries and benefits	11,606	3,864	-	15,470
Total Liabilities	21,606	3,864	-	25,470
Fund Balance				
Unreserved	2,775,918	-	1,757,392	4,533,310
Total Fund Balance	2,775,918	-	1,757,392	4,533,310
Total Liabilities and Fund Equity	\$ 2,797,524	\$ 3,864	\$ 1,757,392	\$ 4,558,780

Schedule U-1

CABLE & COMMUNITY RELATIONS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	FY 2016 Annual Budget	FY 2016 Year-To-Date Actual Without Enc.	FY 2016 Budget % Without Enc.	Projected Actual at 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Franchise fees	\$ 1,860,000	\$ 618,849	33.3%	\$ 1,992,505	\$ 1,750,000	\$ 473,407	26.8%	\$ 1,767,983
Miscellaneous	4,000	133	3.3%	2,000	4,000	875	62.4%	1,403
Total Operating Revenues	1,864,000	618,982	33.2%	1,994,505	1,754,000	474,282	26.8%	1,769,386
OPERATING EXPENSES:								
Salaries and employee benefits	1,110,223	677,331	61.0%	1,150,223	909,822	514,164	55.7%	923,463
Materials and supplies	47,263	22,792	48.2%	32,854	47,363	15,006	47.0%	31,921
Other professional services	325,953	166,244	51.0%	210,000	215,953	109,179	55.4%	197,052
Interdepartmental charges	82,540	48,160	58.3%	82,540	80,940	47,215	58.3%	80,940
Capital acquisitions	-	-	N/A	-	3,115	2,319	100.0%	2,319
Litigation and claims	8,594	2,548	29.6%	5,000	8,594	2,548	58.4%	4,365
Other	7,500	1,744	23.3%	2,492	8,500	1,950	69.1%	2,824
Total Operating Expenses	1,582,073	918,819	58.1%	1,483,109	1,274,287	692,381	55.7%	1,242,884
OPERATING INCOME (LOSS)	281,927	(299,837)	-206.4%	511,396	479,713	(218,099)	-41.4%	526,502
NON-OPERATING REVENUES								
Interest income - Operations	55,800	41,583	74.5%	51,000	55,800	36,320	73.8%	49,193
Change in Fair Market Value	-	-	N/A	-	-	-	0.0%	(13,595)
Total Non-Operating Revenues	55,800	41,583	74.5%	51,000	55,800	36,320	102.0%	35,598
Income (Loss) before transfers	337,727	(258,254)	-176.5%	562,396	535,513	(181,779)	-32.3%	562,100
TRANSFERS OUT	(543,828)	(339,497)	62.4%	(543,828)	(625,731)	(447,319)	100.0%	(447,486)
From Fund Balance	206,101	120,981	58.7%	-	90,218	90,218	N/A	-
NET INCOME (LOSS)	\$ -	\$ (476,770)	N/A	\$ 18,568	\$ -	\$ (538,880)	-470%	\$ 114,614

CABLE & COMMUNITY RELATIONS**STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2016**

Cash flows from operating activities		
Operating income (loss)	\$	(299,837)
Adjustments to reconcile operating income (loss) to net cash used by operating activities		
(Increase) Decrease in accounts receivable		345,466
(Increase) Decrease in prepayments		11,000
Increase (Decrease) in accounts payable		(215,968)
Increase (Decrease) in accrued liabilities		<u>(7,842)</u>
Net cash used by operating activities	\$	(167,181)
Cash flows from capital and related financing activities		
Capital expenditures		<u>(2,009)</u>
Net cash used by capital and related financing activities		(2,009)
Cash flows from investing activities		
Interest on investments		<u>41,583</u>
Net cash provided by investing activities		41,583
Cash flows from non-capital financing activities		
Operating transfers out		<u>(339,497)</u>
Net cash used by non-capital financing activities		<u>(339,497)</u>
Net change in cash		(467,104)
Cash and cash equivalents, July 1, 2015		<u>3,248,635</u>
Cash and cash equivalents, January 31, 2016	\$	<u><u>2,781,531</u></u>

Schedule U-3

CABLE TV - PUBLIC ACCESS

STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	FY 2016 Annual Budget	FY 2016 Year-To-Date Actual Without Enc.	FY 2016 Budget % Without Enc.	Projected Actual at 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
TCTV workshops	\$ 412	\$ 460	111.7%	\$ 500	\$ 412	\$ 20	4.7%	\$ 425
Miscellaneous	2,500	-	0.0%	100	2,500	63	100.0%	63
Total Operating Revenues	2,912	460	15.8%	600	2,912	83	17.0%	488
OPERATING EXPENSES:								
Salaries and employee benefits	316,248	185,127	58.5%	316,248	306,311	168,444	54.6%	308,430
Materials and supplies	20,011	2,276	11.4%	6,902	20,011	1,781	31.9%	5,588
Other professional services	19,500	8,988	46.1%	19,000	19,500	8,863	47.8%	18,537
Interdepartmental charges	35,925	20,958	58.3%	35,925	35,525	20,727	58.3%	35,525
Litigation and claims	4,427	1,316	29.7%	2,500	4,427	1,316	58.5%	2,249
Other	3,100	1,048	33.8%	1,797	3,100	240	38.6%	621
Total Operating Expenses	399,211	219,713	55.0%	382,372	388,874	201,371	54.3%	370,950
OPERATING INCOME (LOSS)	(396,299)	(219,253)	55.3%	(381,772)	(385,962)	(201,288)	54.3%	(370,462)
TRANSFERS IN	421,400	222,114	52.7%	421,400	421,400	72,767	29.9%	243,155
TRANSFERS OUT	(4,076)	(2,861)	70.2%	(4,076)	(4,076)	(2,861)	70.2%	(4,076)
NET INCOME (LOSS)	\$ 21,025	\$ -	0.0%	\$ 35,552	\$ 31,362	\$ (131,382)	100.0%	\$ (131,383)

CABLE TV - PUBLIC ACCESS
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2016

Cash flows from operating activities	
Operating income (loss)	\$ (219,253)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Increase (Decrease) in accrued payroll	(1,938)
Increase (Decrease) in accounts payable	<u>(4,791)</u>
Net cash used by operating activities	\$ (225,982)
 Cash flows from non-capital financing activities	
Operating transfers in	222,114
Operating transfers out	<u>(2,861)</u>
Net cash provided by non-capital financing activities	<u>219,253</u>
Net change in cash	(6,729)
Cash and cash equivalents, July 1, 2015	<u>10,593</u>
Cash and cash equivalents, January 31, 2016	<u><u>\$ 3,864</u></u>

Schedule U-5

PUBLIC EDUCATION GOVERNMENT ACCESS (PEG) FUND
STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	FY 2016 Annual Budget	FY 2016 Year-To-Date Actual Without Enc.	FY 2016 Budget % Without Enc.	Projected Actual at 6/30/2016	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Public Education Government Fees	\$ 370,000	\$ 123,769	33.5%	\$ 366,300	\$ 360,000	\$ 94,682	26.7%	\$ 354,457
Total Operating Revenues	370,000	123,769	33.5%	366,300	360,000	94,682	26.7%	354,457
OPERATING EXPENSES:								
Capital Outlay	113,722	34,465	30.3%	59,892	60,000	3,650	100.0%	3,650
Total Operating Expenses	113,722	34,465	30.3%	59,892	60,000	3,650	100.0%	3,650
OPERATING INCOME (LOSS)	256,278	89,304	34.8%	306,408	300,000	91,032	25.9%	350,807
OPERATING TRANSFERS OUT	(234,000)	(234,000)	100.0%	(234,000)	(250,000)	(250,000)	100.0%	(250,000)
NET INCOME (LOSS)	\$ 22,278	\$ (144,696)	-649.5%	\$ 72,408	\$ 50,000	\$ (158,968)	-158%	\$ 100,807

PUBLIC EDUCATION GOVERNMENT ACCESS (PEG) FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2016

<i>Cash flows from operating activities</i>	
Operating income (loss)	\$ 89,304
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
(Increase) Decrease in accounts receivable	69,092
Increase (Decrease) in accounts payable	(152,682)
Increase (Decrease) in accrued liabilities	<u>(83,799)</u>
<i>Net cash used by operating activities</i>	\$ (78,085)
 <i>Cash flows from capital and related financing activities</i>	
Capital expenditures	(30,692)
Transfers from operating to capital	<u>234,000</u>
<i>Net cash provided by capital and related financing activities</i>	203,308
 <i>Cash flows from noncapital financing activities</i>	
Operating transfers out	<u>(234,000)</u>
<i>Net cash used by noncapital financing activities</i>	<u>(234,000)</u>
 <i>Net change in cash</i>	 (108,777)
 Cash and cash equivalents, July 1, 2015	 <u>1,866,169</u>
Cash and cash equivalents, January 31, 2016	<u><u>\$ 1,757,392</u></u>

ANIMAL CONTROL FUND**BALANCE SHEET
JANUARY 31, 2016**January 31, 2016**ASSETS****Current Assets**

Pooled Cash and Investments

\$ -

Total Current Assets

-

Total Assets

\$ -

LIABILITIES AND FUND EQUITY (DEFICIT)**Current Liabilities**

Accounts Payable

\$ 21

Accrued Payroll

2,621

Total Liabilities

2,642

Fund Equity (Deficit)

Retained Earnings (Deficit)

(2,642)

Total Fund Equity (Deficit)

(2,642)

Total Liabilities and Fund Equity (Deficit)

\$ -

Schedule V-1

ANIMAL CONTROL FUND

**STATEMENT OF REVENUES AND EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016 - 58.7% EXPIRED**

	Annual Budget	Year-To-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/16	FY 2015 Annual Budget	FY 2015 Year-To-Date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Animal licenses/permits	\$ 260,000	\$ 109,873	42.3%	\$ 249,075	\$ 222,000	\$ 121,279	44.7%	\$ 271,490
Other Revenues	-	262	N/A	1,478	-	2,559	76.0%	3,366
Total Operating Revenues	260,000	110,135	42.4%	250,553	222,000	123,838	45.1%	274,856
OPERATING EXPENSES:								
Salaries and employee benefits	381,500	163,234	42.8%	278,082	347,100	181,416	61.6%	294,469
Services and supplies	9,000	1,898	21.1%	6,540	9,000	3,025	40.6%	7,454
Other professional services	95,000	40,675	42.8%	83,556	95,000	32,891	54.3%	60,523
Training, travel and membership dues	3,000	502	16.7%	1,240	3,000	-	0.0%	417
Others-interdepartmental charges	17,186	10,024	58.3%	17,186	17,186	10,024	58.3%	17,186
Total Operating Expenses	505,686	216,333	42.8%	386,604	471,286	227,356	59.8%	380,049
OPERATING INCOME (LOSS)	(245,686)	(106,198)	43.2%	(136,051)	(249,286)	(103,518)	98.4%	(105,193)
OPERATING TRANSFERS IN	245,686	103,556	42.1%	136,051	253,833	98,479	93.6%	105,193
NET INCOME (LOSS)	\$ -	\$ (2,642)	N/A	\$ -	\$ 4,547	\$ (5,039)	N/A	\$ -

ANIMAL CONTROL FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED, JANUARY 31, 2016

Cash flows from operating activities	
Operating income (loss)	\$ (106,198)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
Decrease in accounts receivable	12,427
(Decrease) in accounts payable	(18,461)
(Decrease) in accrued payroll	(2,969)
Net cash used by operating activities	<u>\$ (115,201)</u>
Cash flows from noncapital financing activities	
Operating transfers in	<u>103,556</u>
Net cash provided by noncapital financing activities	<u>103,556</u>
Net change in cash	(11,645)
Cash, restricted cash and cash equivalents, July 1, 2015	<u>11,645</u>
Cash, restricted cash and cash equivalents, January 31, 2016	<u><u>\$ -</u></u>

AIR QUALITY MANAGEMENT DISTRICT FUND**BALANCE SHEET
JANUARY 31, 2016**

	<u>January 31, 2016</u>	
ASSETS		
Pooled Cash and Investments-Operating	\$	182,479
Pooled Cash and Investments-Capital Projects		6,361
Total Pooled Cash and Investments		<u>188,840</u>
Interest Receivable		541
Total Assets	\$	189,381
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accrued Salaries & Benefits	\$	668
Total Liabilities		<u>668</u>
Fund Equity		
Retained Earnings - Reserved		22,878
Retained Earnings - Unreserved		165,835
Total Fund Equity		<u>188,713</u>
Total Liabilities and Fund Equity	\$	189,381

Schedule W-1

AIR QUALITY MANAGEMENT DISTRICT FUND
STATEMENT OF REVENUES & EXPENSES-BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-to-date Actual Without Enc.	% of Budget	Projected Actual at 06/30/16	FY 2015 Annual Budget	FY 2015 Year-to-date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
Revenues:								
Use of money and property	\$ 2,000	\$ 1,567	78.4%	\$ 2,325	\$ 2,000	\$ 1,069	69.0%	1,550
Intergovernmental	170,000	47,642	28.0%	184,086	170,000	46,135	25.2%	183,261
Total revenues	172,000	49,209	28.6%	186,411	172,000	47,204	25.5%	184,811
Expenditures:								
Current:								
Salaries & benefits	48,496	28,467	58.7%	48,496	45,763	26,588	58.1%	45,763
Materials & supplies	78,662	22,288	28.3%	35,329	78,662	24,448	68.5%	35,686
Professional technical	67,720	33,700	49.8%	65,200	67,720	33,700	51.7%	65,200
Total expenditures	194,878	84,455	43.3%	149,025	192,145	84,736	57.8%	146,649
Excess (deficiency) of revenues over expenditures	(22,878)	(35,246)	154.1%	37,386	(20,145)	(37,532)	-98.3%	38,162
From Fund Balance -Operations	22,878	13,429	58.7%	-	20,145	11,865	N/A	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ (21,817)	N/A	\$ 37,386	\$ -	\$ (25,667)	-67.3%	38,162

AIR QUALITY MANAGEMENT DISTRICT FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2016

Cash flows from operating activities	
Operating income (loss)	\$ (35,246)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
(Increase) Decrease in due from other governments	48,087
Increase (Decrease) in accounts payable	(5,522)
Increase (Decrease) in accrued liabilities	(50,028)
Net cash used by operating activities	<u>\$ (42,709)</u>
 Net change in cash	 (42,709)
 Cash and cash equivalents, July 1, 2015	 <u>231,549</u>
 Cash and cash equivalents, January 31, 2016	 <u><u>\$ 188,840</u></u>

VAN POOL/RIDESHARE FUND
BALANCE SHEET
JANUARY 31, 2016

	January 31, 2016	
ASSETS		
Pooled Cash and Investments	\$	4,842
Total Assets	\$	4,842
 LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable	\$	4,400
Accrued Salaries & Benefits		442
Total Current Liabilities		4,842
 Fund Equity		
Retained Earnings - Unreserved		-
Total Fund Equity		-
Total Liabilities and Fund Equity	\$	4,842

Schedule X-1

VANPOOL/RIDESHARE FUND
STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL
FOR SEVEN MONTHS ENDED JANUARY 31, 2016 - 58.7% EXPIRED

	Annual Budget	Year-to-Date Actual Without Enc.	Budget % Without Enc.	Projected Actual at 06/30/16	FY 2015 Annual Budget	FY 2015 Year-to-date Actual Without Enc.	FY 2015 Actual to Actual % Without Enc.	FY 2015 Prior Year Total
OPERATING REVENUES								
Passenger Cash Fares	\$ 57,500	\$ 37,566	65.3%	\$ 63,961	\$ 50,000	\$ 34,081	56.5%	\$ 60,341
Other Grants	25,500	33,675	132.1%	51,600	39,000	17,577	39.7%	44,289
Total Operating Revenues	83,000	71,241	85.8%	115,561	89,000	51,658	49.4%	104,630
OPERATING EXPENSES								
Salaries and employee benefits	83,824	36,854	44.0%	61,289	85,868	32,963	60.2%	54,722
Services and supplies	170,510	96,148	56.4%	170,211	170,510	78,522	51.9%	151,299
Professional services	5,600	2,695	48.1%	4,427	5,600	2,380	54.8%	4,340
Other- Training & Travel	250	-	0.0%	190	250	25	13.3%	188
Total Operating Expenses	260,184	135,697	52.2%	236,117	262,228	113,890	54.1%	210,549
OPERATING INCOME (LOSS)	(177,184)	(64,456)	36.4%	(120,556)	(173,228)	(62,232)	58.8%	(105,919)
Transfer In	177,184	64,456	36.4%	120,556	167,930	97,959	92.5%	105,919
NET INCOME (LOSS)	\$ -	\$ -	N/A	\$ -	\$ (5,298)	\$ 35,727	N/A	\$ -

VANPOOL/RIDESHARE FUND
STATEMENT OF CASH FLOWS
FOR SEVEN MONTHS ENDED JANUARY 31, 2016

Cash flows from operating activities		
Operating income (loss)	\$	(64,456)
Adjustments to reconcile operating income (loss) to net cash used by operating activities		
Increase (Decrease) in accounts payable		4,129
Increase (Decrease) in accrued liabilities		(1,201)
Net cash used by operating activities		<u>\$</u> (61,528)
Cash flows from non-capital financing activities		
Operating transfers in		<u>64,456</u>
Net cash provided by non-capital financing activities		64,456
Net change in cash		<u>2,928</u>
Cash and cash equivalents, July 1, 2015		<u>1,914</u>
Cash and cash equivalents, January 31, 2016		<u><u>\$</u> 4,842</u>

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Honorable Chair and Members
of the Finance and Government Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: Community Services – Upgrade Senior Business Manager to
Administrative Services Manager. Expenditure: \$33,500

RECOMMENDATION

Recommendation of the Community Services Director that the Finance and Government Operations Committee upgrade 1.0 Senior Business Manager to 1.0 Administrative Services Manager position at an annual cost of \$33,500 and forward the Committee's recommendation to the City Council for implementation.

Funding

Funding is available from the Toyota Sports Complex excess revenue.

BACKGROUND

Over the past three years, the Community Services Department has completed re-organizations for the Cultural, Library, Parks and Recreation Services Divisions. The Administrative Services Division is the last division to conclude their re-organization and will serve as the oversight for all the business practices within the department. This division provides on-going evaluation of the Department's business practices and the implementation of policies & procedures for effective management, including the provision of financial checks and balances and consistency throughout the Department.

The Administrative Services Division is currently managed by a Senior Business Manager. Over the years this position has evolved with additional programs, assignments and responsibilities, increased staffing and budget responsibilities, and direct oversight of the Department's \$23 million budget. The duties of this position are now consistent with that of an Administrative Services Manager position.

ANALYSIS

The re-organized Administrative Services Division is responsible for the following:

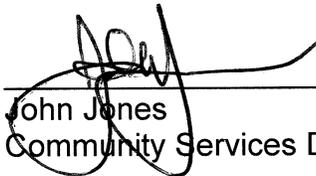
- Management of all the Department's business functions
 - Accounts payable
 - Auditing
 - Budget Preparation
 - Part-time payroll
 - Petty Cash
 - Scholarships

- Supervise programs including
 - Registration Desk
 - Facility Booking Office
 - Park Rangers
 - Home Improvement Program
 - Toyota Sports Complex
- Provides oversight of lease agreements
 - Youth baseball organizations
 - Torrance Batting Cages
 - Las Canchas Tennis Center
- Provides oversight for the Department's capital projects

In addition to the division's growth, the position has taken on additional responsibilities and has been engaged with various City committees and teams, including the Economic Development and SMART Teams. The current Senior Business Manager also serves on the Airport Noise Board and provides oversight for the Special Events/Filming Office of the City Manager's Office.

The funding gap of \$33,500 can initially be funded from revenue generated from the Toyota Sports Complex, with this funding transitioning to the labor budget. Upgrading the Senior Business Manager to Administrative Services Manager supports the goal of the Community Services Department Succession Plan, creates upward mobility in the Division, and addresses potential employee retention challenges for the future.

Respectfully submitted,



John Jones
Community Services Director

CONCUR:

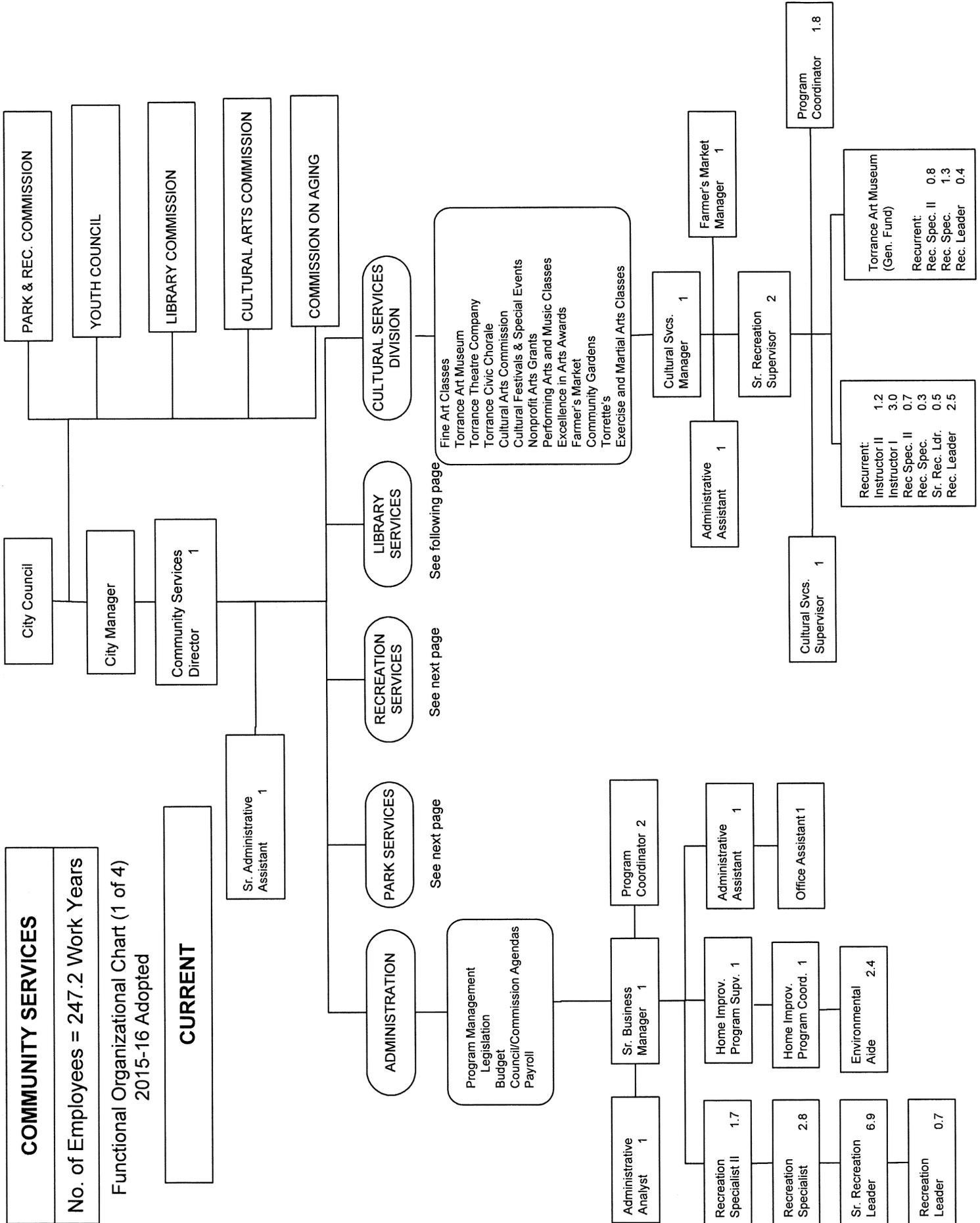


LeRoy J. Jackson
City Manager

Attachment:

- Organizational Chart - Current
- Organizational Chart - Proposed

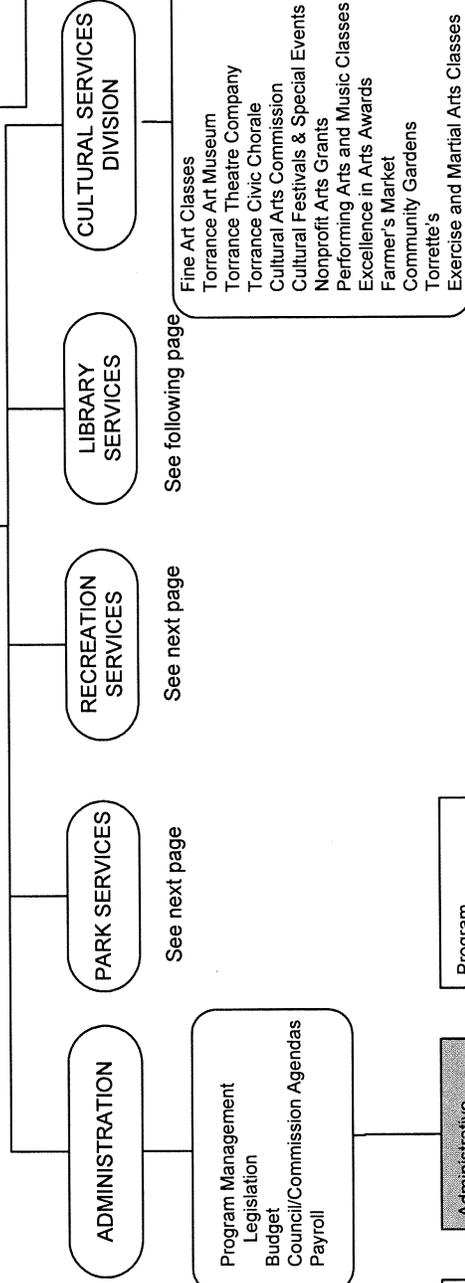
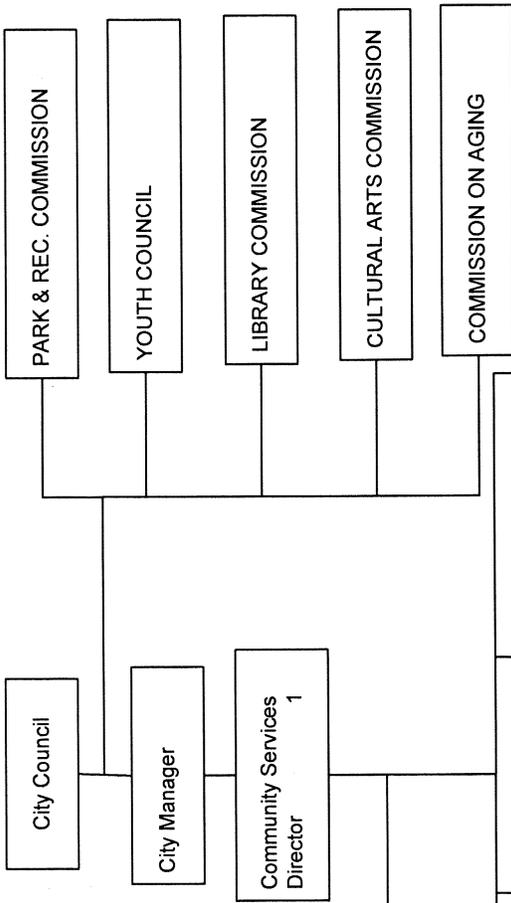
COMMUNITY SERVICES
 No. of Employees = 247.2 Work Years
 Functional Organizational Chart (1 of 4)
 2015-16 Adopted
CURRENT



COMMUNITY SERVICES
 No. of Employees = 247.2 Work Years

Functional Organizational Chart (1 of 4)
 2015-16 Adopted

PROPOSED



See next page

See next page

See next page

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

**SUBJECT: Fire – Reallocation of 1.0 40-hour Battalion Chief position
Expenditure: \$0 (delete the position from the General Fund and add it to
the Emergency Medical Service Enterprise Fund)**

RECOMMENDATION

Recommendation of the Fire Chief that the Finance and Governmental Operations Committee approve the reallocation of 1.0 40-hour Battalion Chief position from the Fire Department General Fund to the EMS Enterprise Fund.

Funding

No additional funding is needed.

BACKGROUND / ANALYSIS

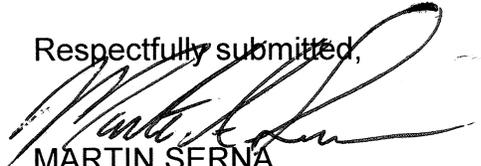
The Fire Department currently has three Battalion Chiefs/Platoon Commanders that oversee the Operations Division and one 40-hour Battalion Chief/Fire Marshal who oversees the Fire Prevention and Hazardous Materials Divisions.

Emergency Medical Services (EMS) represent about 73% of all Torrance Fire Department emergency responses. EMS calls have been increasing over the last decade and are projected to increase in the future.

The growing share of the Emergency Medical Services that the Fire Department provides necessitates additional staffing and quality oversight to ensure a high level of service. Currently, the only full-time 40-hour positions budgeted in the EMS Fund are an EMS Coordinator Captain and an EMS Nurse. Having a 40-hour Battalion Chief directly oversee the EMS Division is needed. The Fire Marshal's duties will be reassigned to one of the Department's three BC/Platoon Commanders with day-to-day oversight from the Fire Prevention Manager.

The reallocation of the 40-hour Battalion Chief from the General Fund to the EMS Fund will have minimal impact to the budget because the EMS Fund is primarily General Fund funded. While the salaries of the General Fund will decrease, the transfer out of the General Fund to the EMS Fund will increase.

Respectfully submitted,



MARTIN SERNA
Fire Chief

CONCUR:



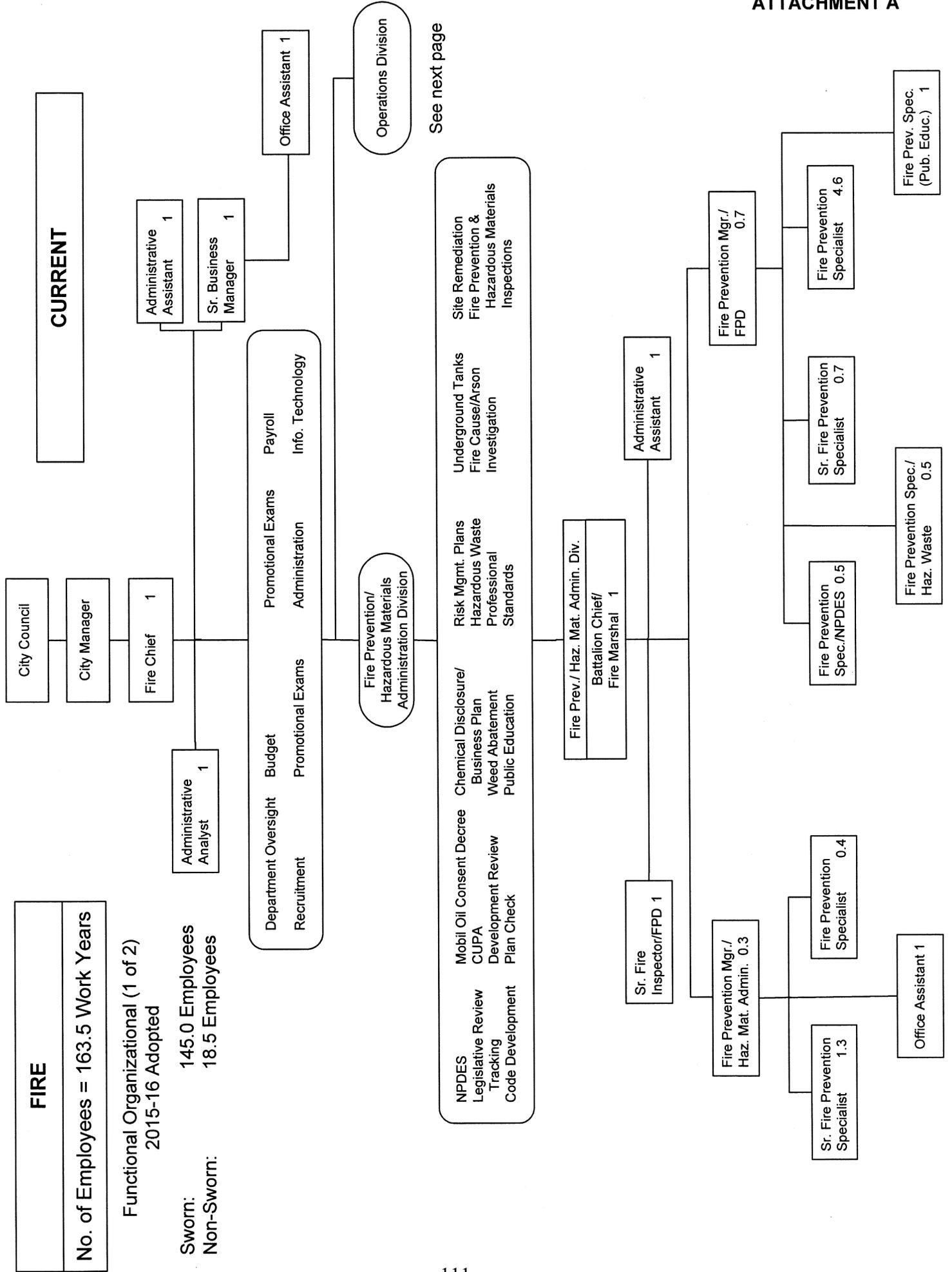
LeRoy J. Jackson
City Manager

Attachments: A: Current organizational chart
 B: Proposed organizational chart

FIRE
 No. of Employees = 163.5 Work Years

Functional Organizational (1 of 2)
 2015-16 Adopted

Sworn: 145.0 Employees
 Non-Sworn: 18.5 Employees



See next page

CURRENT

City Council
 City Manager
 Fire Chief

OPERATIONS DIVISION

Procurement
 Equipment Maintenance
 Pre-Incident Planning
 Vehicle Facility Management
 Mutual Aid Coordination

Facility/Equipment Inspections
 Hazardous Materials Inspections
 Communications

Fire Prevention
 Vehicle Maintenance
 Incident Reporting/
 Documentation

Emergency Responses
 Emergency Scene Management
 Hazardous Materials

Specialty/Miscellaneous Suppression
 Emergency Medical
 Training/Coordinating/Planning

Technical Rescue

FIRE
 No. of Employees = 163.5 Work Years

Functional Organizational (2 of 2)
 2015-16 Adopted

Sworn: 145.0 Employees
 Non-Sworn: 18.5 Employees

OPERATIONS DIVISION
 Deputy Fire Chief 1

Training Officer
 (Fire Capt.) 1

EMS Coord.
 (Fire Captain) 1

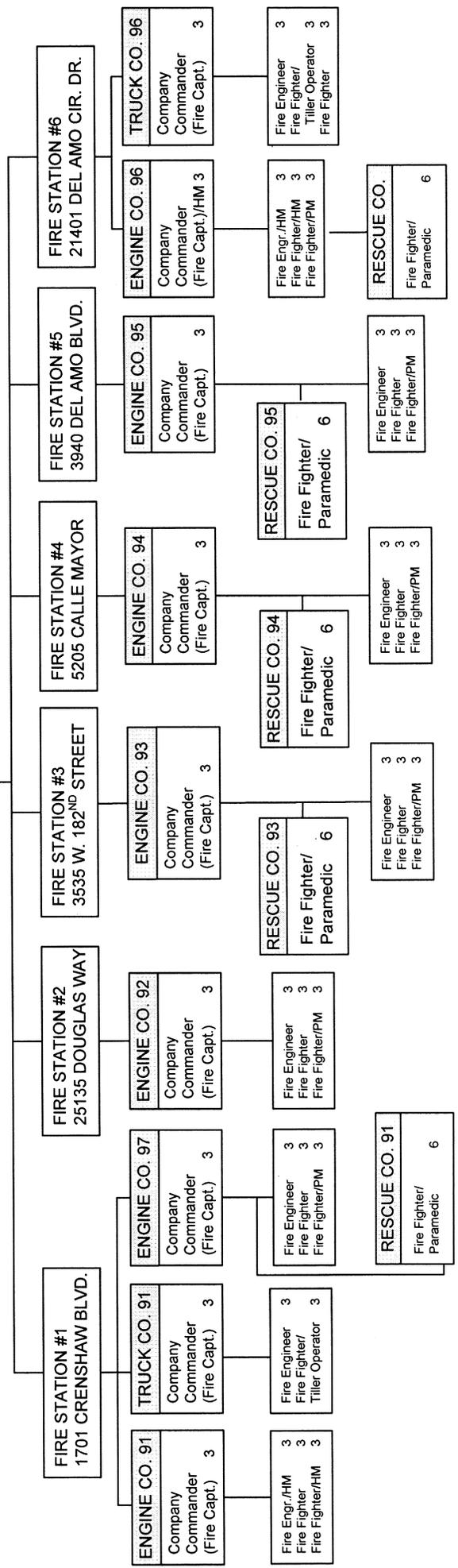
EMS Nurse 1

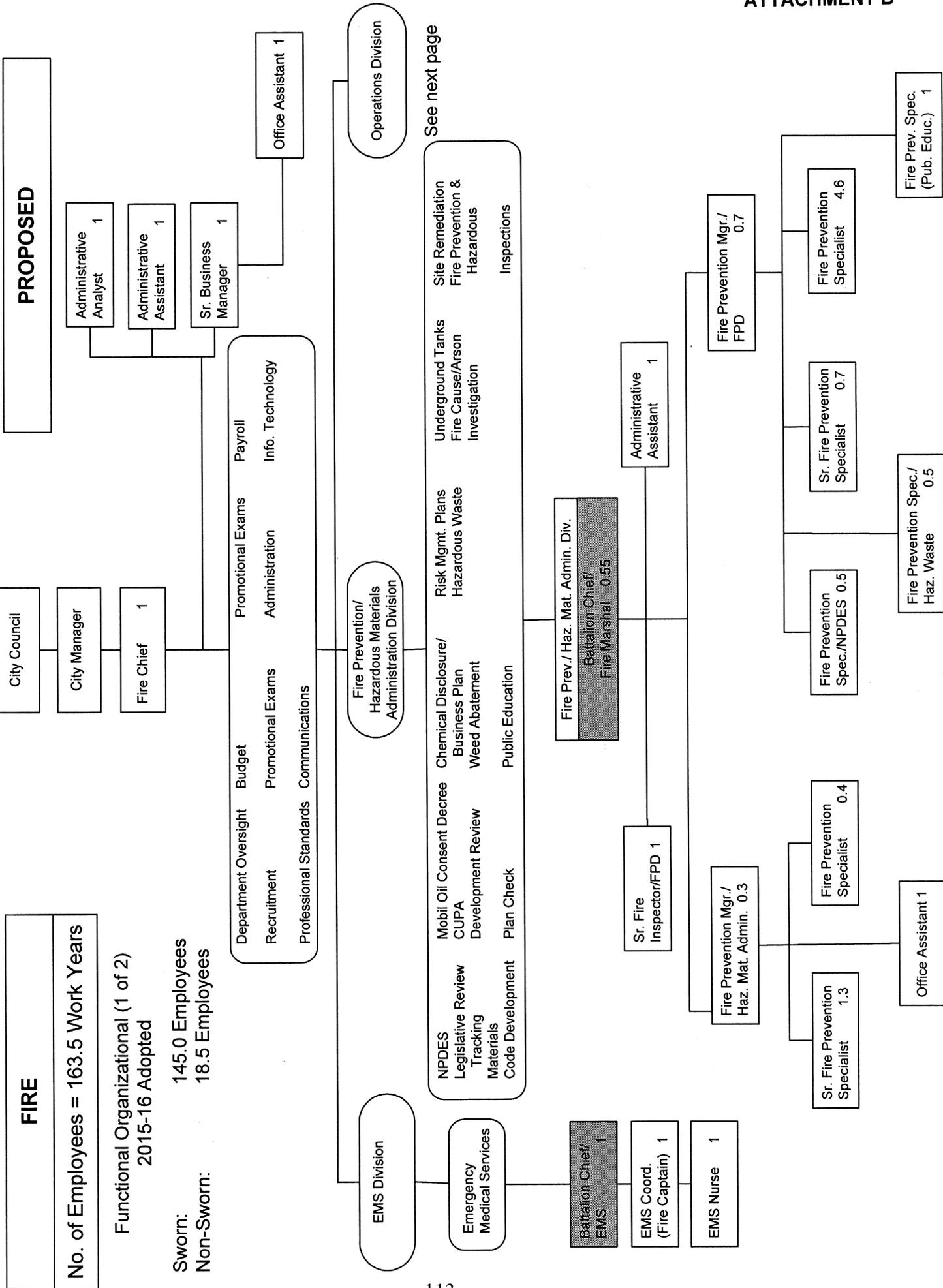
Special Services
 (Fire Captain) 1

Administrative Assistant 1

Intern II 0.5

Platoon Commander
 Battalion Chief 3





FIRE

No. of Employees = 163.5 Work Years

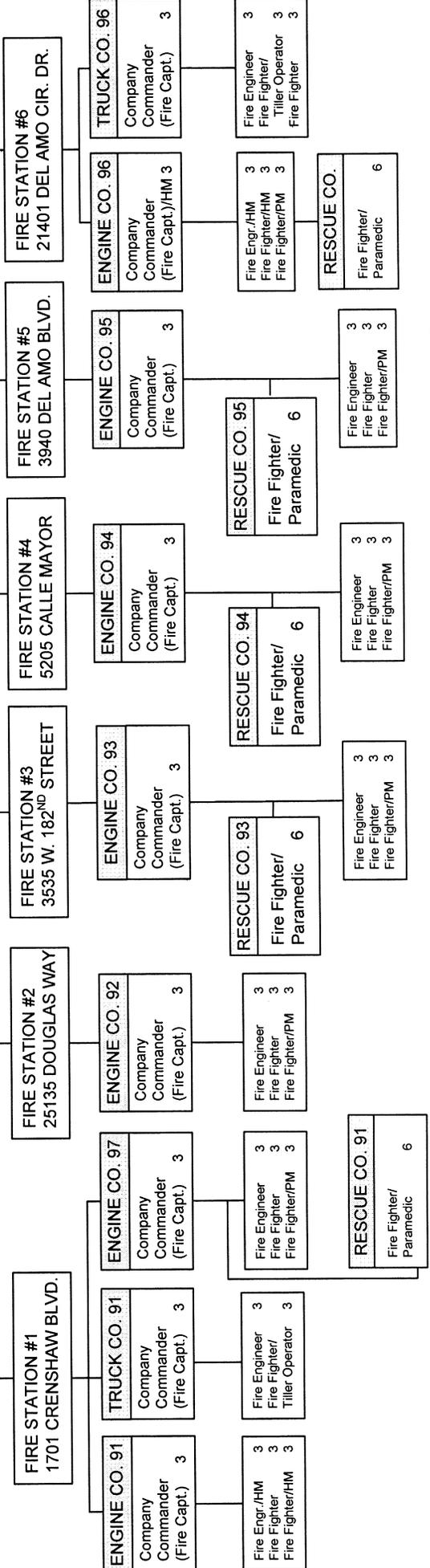
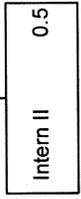
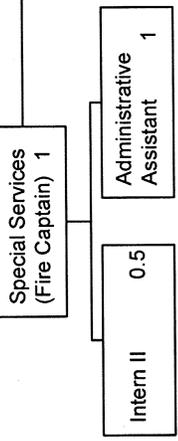
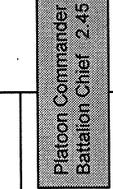
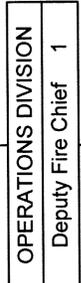
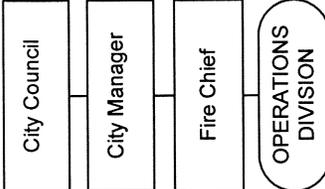
Functional Organizational (2 of 2)
2015-16 Adopted

Sworn: 145.0 Employees
Non-Sworn: 18.5 Employees

Emergency Responses Specialty/Miscellaneous Suppression
Emergency Scene Management Technical Rescue
Hazardous Materials Training/Coordinating/Planning

Procurement Equipment Maintenance Pre-Incident Planning Vehicle Facility Management Mutual Aid Coordination
Facility/Equipment Inspections Hazardous Materials Inspections
Fire Prevention Vehicle Maintenance Incident Reporting/Documentation

PROPOSED



Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

SUBJECT: Transit – Addition of 1.0 Human Resources Technician position and 1.0 Staff Assistant position

Expenditure: \$165,300 (Fully funded by Measure R Transit 20% Bus Operations Revenue)

RECOMMENDATION

Recommendation of the Transit Director that the Finance and Governmental Operations Committee approve the addition of one (1) Human Resources Technician and one (1) Staff Assistant position.

Funding

Funding is available in Measure R Transit 20% Bus Operations Revenue.

BACKGROUND / ANALYSIS

The addition of 1.0 Human Resources Technician and 1.0 Staff Assistant position was originally proposed as part of an approved program modification request in the proposed 2015-17 budget with pending funding availability. The Transit Department has determined that sufficient funding remains in the current fiscal year's Measure R fund to fund these two positions. Both positions are needed for the planned service expansion related to the Torrance Transit Park and Ride Regional Terminal.

Respectfully submitted,



Kim Turner
Transit Director

CONCUR:



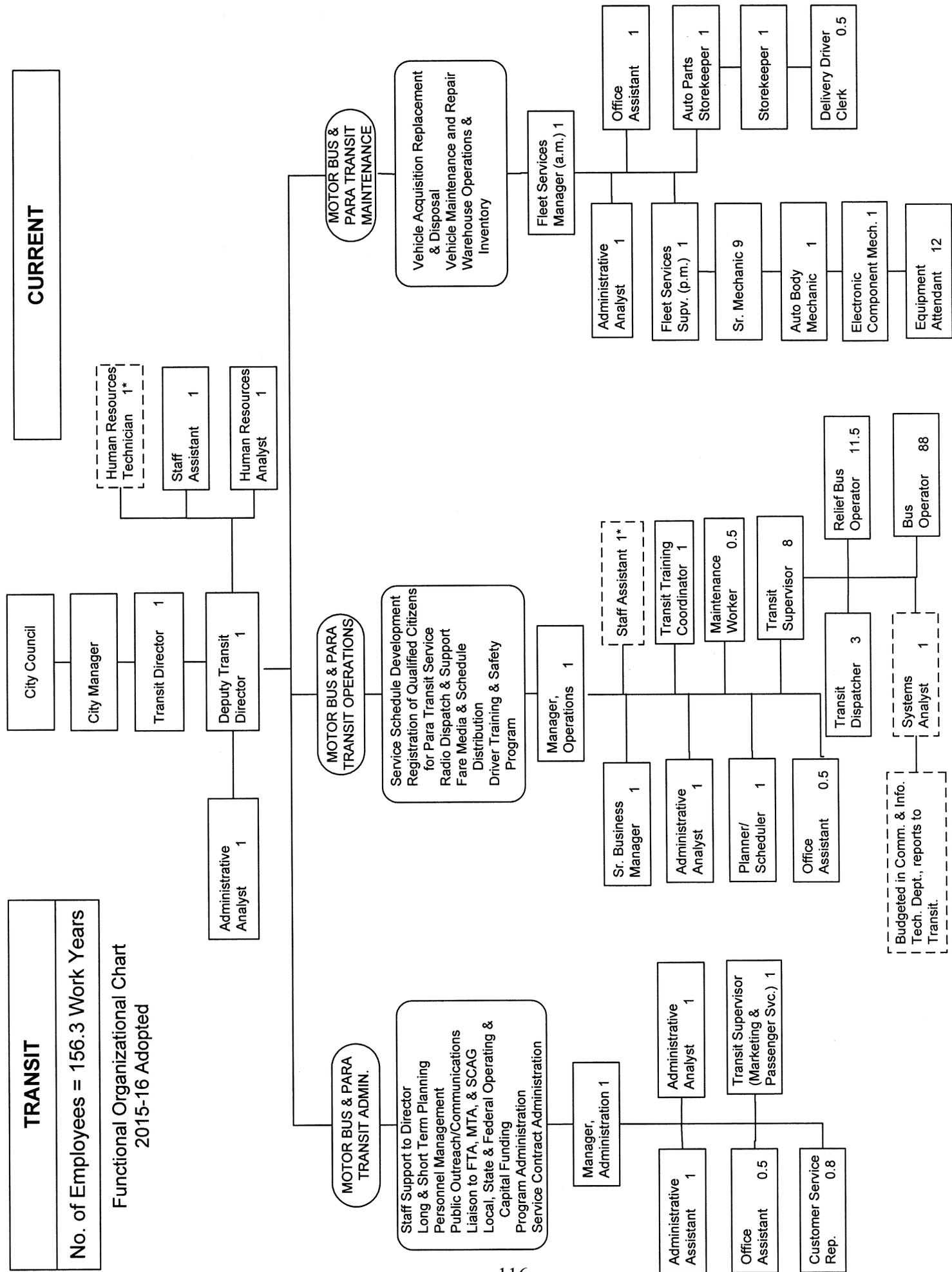
LeRoy J. Jackson
City Manager

Attachments: A: Current organizational chart
B: Proposed organizational chart

TRANSIT

No. of Employees = 156.3 Work Years

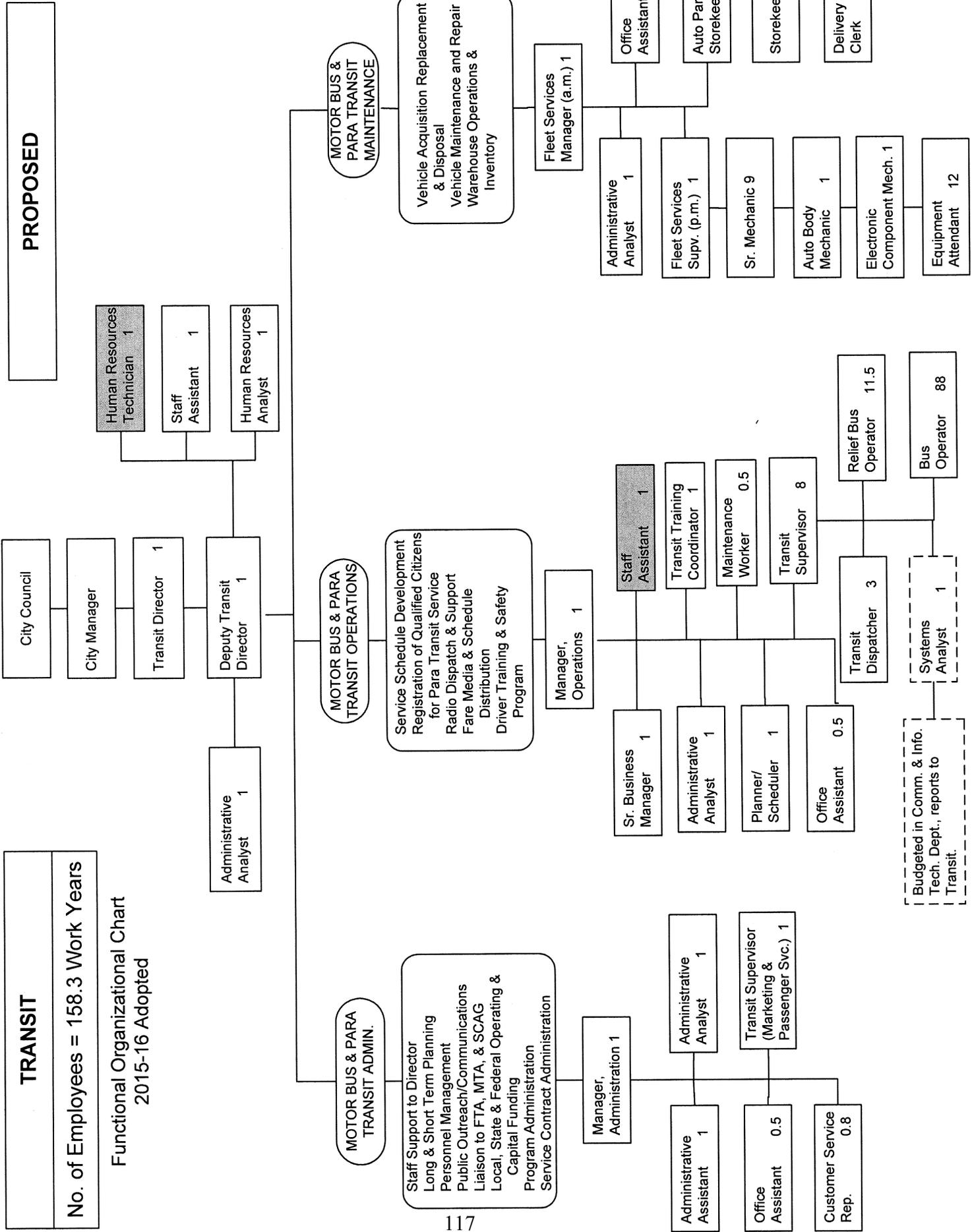
Functional Organizational Chart
2015-16 Adopted



* Pending Funding for HR Tech. & Staff Assistant positions.

TRANSIT
 No. of Employees = 158.3 Work Years

Functional Organizational Chart
 2015-16 Adopted



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CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: March 15, 2016

TO: Eric Tsao
FROM: Sheryl Ballew, General Services Director
SUBJECT: Cultural Arts Center Discounted Rate Program

As discussed at the 2015-16 first quarter budget review, staff has continued to monitor the discounted rate program at the Cultural Arts Center. Growth in the program has been observed, yet overall revenues throughout the Center have not shown the same development. This is partly due to a shift in recurring rentals from prime hours to discounted periods. The following is a history of revenues, including a projection by year end:

	TCAC Revenues					
	FY 2013-14		FY 2014-15		FY 2015-16	
	Adopted	Actual	Adopted	Actual	Adopted	Projected
Rent	\$738,890.00	\$558,569.84	\$701,536.00	\$586,813.81	\$626,536.00	\$575,000.00
Labor	\$404,400.00	\$310,596.29	\$404,400.00	\$333,471.63	\$399,400.00	\$330,000.00
Misc	\$18,200.00	\$42,916.18	\$18,200.00	\$21,387.90	\$18,200.00	\$22,500.00
	<u>\$1,161,490.00</u>	<u>\$912,082.31</u>	<u>\$1,124,136.00</u>	<u>\$941,673.34</u>	<u>\$1,044,136.00</u>	<u>\$927,500.00</u>

Although revenue totals have not met budget by year end, the discounted rate program for non-prime hours at the Cultural Arts Center has shown steady growth since its inception on July 1, 2014. Hourly use of the facilities increased by 13% during the first year, which translated to an additional \$20,609 in revenue. It is anticipated that this trend will continue for FY 2015-16.

**TCAC Rate Program
Subject to Discount**

<u>Total Discounted Rate Revenues</u>	<u>Total Discounted Rate Prime Hour Revenues</u>	<u>Total Discounted Rate Non-Prime Hour Revenues</u>
FY 2013-14	FY 2013-14	FY 2013-14
Total \$300,008	Total \$226,695	Total \$73,313
 FY 2014-15	 FY 2014-15	 FY 2014-15
Total \$332,066	Total \$238,144	Total \$93,922
 FY 2015-16 (Projected)	 FY 2015-16 (Projected)	 FY 2015-16 (Projected)
Total \$325,293	Total \$228,393	Total \$96,900

<u>Total Discounted Rate Hours</u>	<u>Total Discounted Rate Prime Hours</u>	<u>Total Discounted Rate Non-Prime Hours</u>
FY 2013-14	FY 2013-14	FY 2013-14
Total 2,709	Total 2,097	Total 612
 FY 2014-15	 FY 2014-15	 FY 2014-15
Total 3,051	Total 2,158	Total 893
 FY 2015-16 (Projected)	 FY 2015-16 (Projected)	 FY 2015-16 (Projected)
Total 2,950	Total 2,000	Total 950

Staff recommends to continue the discounted rate program, and to focus marketing efforts towards prime rental hours. A new online marketing plan focusing on display ads and search engine marketing will be initiated with a focus on prime hour rental activities. This will be done with time targeted advertisements and keyword focus on traditionally prime hour functions such as weddings, festivals, and other private events. In addition, City Council has approved over \$1.5 million in facility improvement projects with the anticipation of attracting new rentals and performances.

**CULTURAL ARTS CENTER
 FACILITIES, EQUIPMENT & AUTOMATION PROJECTS (FEAPS)
 BUDGET, EXPENSES AND REMAINING BALANCES AS OF MARCH 16, 2016**

FEAP #	Project Description	Year Started	Appropriation to Date	Total Expenses	Total Encumbrance	Remaining Appropriation	March Quarterly Update
FEAP901	Armstrong Theatre Green Room and Cast Restroom Remodel	2015	\$ 300,000	-	-	\$ 300,000	Staff to begin design of Green Room and Cast Restroom remodel
FEAP902	Nakano Theatre Restrooms	2015	150,000	-	-	150,000	Staff to begin design of restroom in Nakano lobby.
FEAP903	Armstrong Theatre Sound and Lighting Upgrade	2015	300,000	\$ 12,457	-	287,543	Additional sound equipment purchased. Specs continue to be developed for sound and lighting project for bid opening.
FEAP904	Carpet Replacement at Cultural Arts Center	2015	80,000	-	-	80,000	Award of contract anticipated 3rd quarter 2015-16. Installation in 4th quarter 2015-16.
FEAP905	Curtain Replacement for Cultural Arts Center	2015	50,000	29,244	\$ 6,960	13,796	Meeting hall curtain installation to be completed in 3rd quarter 2015-16
FEAP906	Sealing of External Walls at Cultural Arts Center	2015	100,000	-	-	100,000	Areas of deterioration have been identified and immediate attention is needed for small sections. Staff is working to complete this. Full scope of project to be determined after small repairs have
FEAP908	Replacement of Wall Baffling in Armstrong	2015	30,000	-	-	30,000	Staff has begun researching material for baffling replacement
FEAP919	Shade Canopy for Torino Plaza	2015	500,000	-	-	500,000	Community input will be gathered prior to beginning design of shade canopy. Anticipated meeting with community groups in 4th quarter 2015-16
TOTAL			\$ 1,510,000	\$ 41,701	\$ 6,960	\$ 1,461,339	

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CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: March 14, 2016

TO: Mary Giordano, Assistant City Manager
Eric E. Tsao, Finance Director

FROM: Robert Beste, Public Works Director

SUBJECT: Water and Wastewater Rates

This memorandum will the Public Works Department's current status of the studies to look at changes to the water and wastewater rates in the City. Public Works has engaged a rate consultant to prepare these studies to follow the Proposition 218 guidelines. The process calls for rates to be adjusted per the current recognized cost of service methodology and will involve a notice period to allow for protest votes and a public hearing. Each rate will be brought to City Council as a separate hearing.

Water

The City provides water service to approximately 75% of the residents and businesses in Torrance, with the remainder of the City being served by the California Water Service Company. As a self-sustaining enterprise function of the City, all operating, maintenance, capital costs and other financial obligations of the municipal water utility are derived from revenues generated by water rates and related charges.

In 2011 the City approved the implementation of five year rate plan at a public hearing in accordance with Proposition 218 requirements to adjust municipal water rates for the period of 2011 through 2015. A comprehensive water rate study is in process and is currently undergoing some revisions. Torrance Municipal Water rates are generally significantly lower than those of neighboring agencies are it expected to remain so after any adjustments. The study covers the five year period fiscal 2017 through 2021, and it is expected the findings and recommendations will be presented to Council in late summer 2016. If approved, the first proposed rate adjustment would not become effective until January 2017.

Wastewater

The City provides wastewater collection service to all almost all properties in Torrance. The wastewater is transferred by City sewer pipelines to the Sanitation Districts of Los Angeles County (LACSD) main trunk lines where it is transported to their facility in Carson for processing and treatment. Currently the City's wastewater collection charge is based on a customer's water use at a uniform rate of \$.334 per 100 cubic feet (CCF –equals 748gallon) of potable water use. The rate methodology was established approximately 24 years ago, and the rate itself has not been adjusted in several years. Torrance's wastewater rates are substantially below those of neighboring cities.

Currently the wastewater function is operating at a significant deficit due to increases in operating costs, more stringent regulatory requirements, additional monitoring and reporting mandates and the financial impact of a number of recent sewer spills. A Wastewater Rate Study is in the process of being finalized that assesses wastewater rate requirements over the next five years, and proposes a revision in the rate structure to conform to current recognized cost of service requirements. The Wastewater Rates Study findings are scheduled to be presented to City Council for consideration in the spring 2016.

Honorable Chair and Members
of the Finance and Government Operations Committee
City Hall
Torrance, California

SUBJECT: Finance-Award of contract with White Nelson Diehl Evans LLP of Irvine, CA for audit services for fiscal years ended 2016, 2017 and 2018 with two (2) one-year renewal option

Expenditure: \$180,660 for three fiscal years

RECOMMENDATION

Recommendation of the Finance Director that the Finance and Governmental Operations Committee approve a contract with White Nelson Diehl Evans LLP of Irvine CA to provide external auditing services for three fiscal years ending; 2016, 2017 and 2018 with the option to extend for two (2) one-year terms. The aggregate cost of the three year contract totals \$180,660.

Funding

Funding is available in the City's Operating Budget

BACKGROUND

The City Charter requires that "The accounts of the City shall be audited at least once in each fiscal year by a person (or persons) licensed by the State of California as a certified public accountant. Such accountant(s) shall be selected by the City Council and shall not be an employee of the City. (Ratified Spec. Mun. Elec. 11/5/74; Filed with Sec'y of State 1/9/75)"

On May 19, 2009, Council approved an agreement with the auditing firm Mayer Hoffman McCann (MHM) P.C./DavisFarr and has provided auditing services to the City for the fiscal years ending June 2009 through June 30, 2015.

The current auditing contract expired at the completion of the audit for the 2014-15 fiscal year.

ANALYSIS

The Finance Department compiled a list of eighteen prospective auditing firms that have experience auditing local municipalities similar to the City of Torrance. Information was gathered and a survey was developed by the Finance Department. Information provided by the California Society of Municipal Finance Officers Association was the primary source however additional firms were added to the list if they had expressed an interest in providing auditing services to the city. The Finance Department provided a list of the auditing firms to the City Clerk's office and a Request for Proposal (RFP) No. B2015-43 for auditing services was mailed to these firms on December 2, 2015.

On January 5, 2016, a mandatory pre-proposal conference was held in the West Annex Commission Room. Nine auditing firms attended the meeting. On January 25, 2016, the nine firms submitted their RFP's: The list of firms that submitted a proposal are as follow: The Pun Group, Vasquez & Co, White Nelson Diehl Evans, Simpson & Simpson, Lance, Soll & Lunghard, Vavrinek, Trine, Day & Co.; Rogers, Anderson, Malody & Scott, DavisFarr and Moss, Levy & Hartzheim.

The RFP's were evaluated by staff from the Finance Department and Communication and Information Technology Department. Several factors were considered in evaluating these firms such as number of years of business experience, qualifications, pricing, knowledge of governmental accounting and auditing principles and new Government Accounting Standards Board pronouncements, years of experience of the pledged auditing staff, and their experience auditing Cities that are similar to the City of Torrance. The top three auditing firms average evaluation scores totaled:

PROPOSERS	AVERAGE SCORE
White Nelson Diehl Evans	90
Lance, Soll & Lunghard	87
Simpson & Simpson	81

As a result of this evaluation process and based upon the above criteria, White Nelson Diehl Evans LLP is being recommended as the best qualified firm to provide auditing services to the City. White Nelson Diehl Evans LLP is a California Certified Public Accounting and Consulting Firm that specializes in providing services to the governmental industry for over 80 years and have extensive experience. This firm provided services to approximately 100 governmental organizations. This firm is enrolled in the American Institute of Certified Public Accountants (AICPA) Peer Review Program. Peer reviews are conducted because of the public interest in the quality of the accounting, auditing and attestation services provided by public accounting firms. This program requires firms to have a peer review once every three years by an independent evaluator known as the peer reviewer. The AICPA oversees the program and review is administered by an entity approved by the AICPA to perform that role. In July 2015, this firm underwent a quality review by an independent CPA firm and passed the systems and procedures review.

Staff recommends that the Finance and Government Operations Committee concur with Staff and recommend to the City Council awarding the City's auditing contract to White Nelson Diehl Evans LLP for the fiscal years ending June 30, 2016, 2017 and 2018 for a three year aggregate amount of \$180,660 with an option to extend to two (2) one year terms.

Respectfully submitted,

Eric E. Tsao
Finance Director

By 
Kenneth A. Flewellyn
Assistant Finance Director

CONCUR:



Eric E. Tsao
Finance Director



LeRoy J. Jackson
City Manager

Attachment A: Consulting Services Agreement

CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (“Agreement”) is made and entered into as of March 29, 2016 (the “Effective Date”), by and between the CITY OF TORRANCE, a municipal corporation (“CITY”), and White Nelson Diehl Evans, Limited Liability Partnership (“CONSULTANT”).

RECITALS:

- A. CITY wishes to retain the services of an experienced and qualified CONSULTANT to perform auditing services.
- B. In order to obtain the desired services, CITY has circulated its Request for Proposal for Auditing Services, RFP No. B2015-43 (the “RFP”).
- C. CONSULTANT has submitted a Proposal (the “Proposal”) in response to the RFP. In its Proposal CONSULTANT represents that it is qualified to perform those services requested in the RFP. Based upon its review of all proposals submitted in response to the RFP, CITY is willing to award this Agreement to CONSULTANT.

AGREEMENT:

1. SERVICES TO BE PERFORMED BY CONSULTANT

CONSULTANT will provide the services listed in CONSULTANT’s Proposal submitted in response to the RFP. A copy of the RFP is attached as Exhibit A. A copy of the Proposal is attached as Exhibit B. CONSULTANT warrants that all work and services set forth in the Proposal will be performed in a competent, professional and satisfactory manner.

2. TERM

Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect from the Effective Date through March 29, 2019. The City may, at its option, extend the Agreement for two additional one-year term (a total of two years). If CITY decides to exercise its first option to extend for fiscal year 2018-2019, CITY must notify CONSULTANT in writing by January 15, 2019. If CITY decides to exercise its second option for fiscal year 2019-2020, CITY must notify CONSULTANT in writing by January 15, 2020.

3. COMPENSATION

A. CONSULTANT’s Fee.

For services rendered pursuant to this Agreement, CONSULTANT will be paid in accordance with the Compensation Schedule set forth in the Proposal; provided, however, that in no event will the total amount of

money paid CONSULTANT, for services initially contemplated by this Agreement, exceed the sum of \$180,660 ("Agreement Sum"), unless otherwise first approved in writing by CITY.

B. Schedule of Payment.

Provided that CONSULTANT is not in default under the terms of this Agreement, upon presentation of an invoice, CONSULTANT will be paid the fees described in Paragraph 3.A. above, according to the Compensation Schedule. Payment will be due within 30 days after the date of the invoice.

Cost Breakdown to Provide the Auditing Services					
Task Description	Fiscal Year Audited 2015-16	Fiscal Year Audited 2016-17	Fiscal Year Audited 2017-18	Option Year 1 2018-19	Option Year 2 2019-20
General Audit/Single Audit *	\$41,100	\$42,330	\$43,600	\$44,905	\$46,255
Municipal Airport Fund	\$ 3,100	\$ 3,195	\$ 3,290	\$ 3,390	\$ 3,490
Water Enterprise Fund	\$ 3,100	\$ 3,195	\$ 3,290	\$ 3,390	\$ 3,490
Torrance Successor Agency	\$ 7,140	\$ 7,355	\$ 7,575	\$ 7,800	\$ 8,035
Torrance Public Financing Authority	\$ 1,560	\$ 1,605	\$ 1,655	\$ 1,705	\$ 1,755
Air Quality Management District	\$ 1,330	\$ 1,370	\$ 1,410	\$ 1,455	\$ 1,500
REAC Submission	\$ 580	\$ 595	\$ 615	\$ 635	\$ 655
Printing Single Audit Report	\$ 540	\$ 555	\$ 575	\$ 590	\$ 605
Total	\$58,450	\$60,200	\$62,010	\$63,870	\$65,785

Fiscal Year 2015-16, 2016-17 and 2017-18 Combined Total (3 years) \$180,660

*Single Audit fee includes auditing two (2) major programs. Additional major programs will be audited for an additional cost of \$2,500 each.

4. TERMINATION OF AGREEMENT

A. Termination by CITY for Convenience.

1. CITY may, at any time, terminate the Agreement for CITY's convenience and without cause.
2. Upon receipt of written notice from CITY of such termination for CITY's convenience, CONSULTANT will:
 - a. cease operations as directed by CITY in the notice;
 - b. take actions necessary, or that CITY may direct, for the protection and preservation of the work; and
 - c. except for work directed to be performed prior to the effective date of termination stated in the notice, terminate

all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

3. In case of termination for CITY's convenience, CONSULTANT will be entitled to receive payment for work executed, together with costs incurred by reason of the termination, along with reasonable overhead and profit on work not executed.

B. Termination for Cause.

1. If either party fails to perform any term, covenant or condition in this Agreement and that failure continues for 15 calendar days after the nondefaulting party gives the defaulting party written notice of the failure to perform, this Agreement may be terminated for cause; provided, however, that if during the notice period the defaulting party has promptly commenced and continues diligent efforts to remedy the default, the defaulting party will have such additional time as is reasonably necessary to remedy the default.
2. In the event this Agreement is terminated for cause by the default of CONSULTANT, CITY may, at the expense of CONSULTANT and its surety, complete this Agreement or cause it to be completed. Any check or bond delivered to the CITY in connection with this Agreement, and the money payable thereon, will be forfeited to and remain the property of the CITY. All moneys due CONSULTANT under the terms of this Agreement will be retained by CITY, but the retention will not release CONSULTANT and its surety from liability for the default. Under these circumstances, however, CONSULTANT and its surety will be credited with the amount of money retained, toward any amount by which the cost of completion exceeds the Agreement Sum and any amount authorized for extra services.
3. Termination for cause will not affect or terminate any of the rights of CITY as against CONSULTANT or its surety then existing, or that may thereafter accrue because of the default; this provision is in addition to all other rights and remedies available to the CITY under law.

C. Termination for Breach of Law.

In the event CONSULTANT or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen

property, or any other offense indicating a lack of business integrity or business honesty that currently, seriously, and directly affects responsibility as a public consultant or CONSULTANT; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraph 19 of this Agreement; or for any other cause CITY determines to be so serious and compelling as to affect CONSULTANT's responsibility as a public consultant or CONSULTANT, including but not limited to, debarment by another governmental agency, then CITY reserves the unilateral right to terminate this Agreement or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper. CITY will not take action until CONSULTANT has been given notice and an opportunity to present evidence in mitigation.

5. FORCE MAJEURE

If any party fails to perform its obligations because of strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental control, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, then that party's performance will be excused for a period equal to the period of that cause for failure to perform.

6. RETENTION OF FUNDS

CONSULTANT authorizes CITY to deduct from any amount payable to CONSULTANT (whether or not arising out of this Agreement) any amounts the payment of which may be in dispute or that are necessary to compensate CITY for any losses, costs, liabilities, or damages suffered by CITY, and all amounts for which CITY may be liable to third parties, by reason of CONSULTANT's acts or omissions in performing or failing to perform CONSULTANT's obligations under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by CONSULTANT, or any indebtedness exists that appears to be the basis for a claim of lien, CITY may withhold from any payment due, without liability for interest because of the withholding, an amount sufficient to cover the claim. The failure of CITY to exercise the right to deduct or to withhold will not, however, affect the obligations of CONSULTANT to insure, indemnify, and protect CITY as elsewhere provided in this Agreement.

7. CITY REPRESENTATIVE

Eric E. Tsao, Finance Director, is designated as the "City Representative," authorized to act in its behalf with respect to the work and services specified in this Agreement and to make all decisions in connection with this Agreement. Whenever approval, directions, or other actions are required by CITY under this Agreement, those actions will be taken by the City Representative, unless otherwise stated. The City Representative is authorized to exercise the options

to extend the TERM of this Agreement. The City Manager has the right to designate another City Representative at any time, by providing notice to CONSULTANT.

8. CONSULTANT REPRESENTATIVE(S)

The following principal(s) of CONSULTANT are designated as being the principal(s) and representative(s) of CONSULTANT authorized to act in its behalf with respect to the work specified in this Agreement and make all decisions in connection with this Agreement:

Daphnie Munoz, Partner

9. INDEPENDENT CONTRACTOR

CONSULTANT is, and at all times will remain as to CITY, a wholly independent contractor. Neither CITY nor any of its agents will have control over the conduct of CONSULTANT or any of CONSULTANT's employees, except as otherwise set forth in this Agreement. CONSULTANT's agents and employees are not and shall not be considered employees of CITY for any purpose. CONSULTANT may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY. CITY has no duty, obligation, or responsibility to CONSULTANT's agents or employees under the Affordable Care Act. CONSULTANT is solely responsible for any tax penalties associated with the failure to offer affordable coverage to its agents and employees under the Affordable Care Act and any other liabilities, claims and obligations regarding compliance with the Affordable Care Act with respect to CONSULTANT's agents and employees. CITY is not responsible and shall not be held liable for CONSULTANT's failure to comply with CONSULTANT's duties, obligations, and responsibilities under the Affordable Care Act. CONSULTANT agrees to defend, indemnify and hold CITY harmless for any and all taxes and penalties that may be assessed against CITY as a result of CONSULTANT's obligations under the Affordable Care Act relating to CONSULTANT's agents and employees.

10. BUSINESS LICENSE

CONSULTANT must obtain a City business license prior to the start of work under this Agreement, unless CONSULTANT is qualified for an exemption.

11. OTHER LICENSES AND PERMITS

CONSULTANT warrants that it has all professional, contracting and other permits and licenses required to undertake the work contemplated by this Agreement.

12. FAMILIARITY WITH WORK

By executing this Agreement, CONSULTANT warrants that CONSULTANT (a) has thoroughly investigated and considered the scope of services to be

performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services required under this Agreement. If the services involve work upon any site, CONSULTANT warrants that CONSULTANT has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of the services set forth in this Agreement. Should CONSULTANT discover any latent or unknown conditions that will materially affect the performance of the services set forth in this Agreement, CONSULTANT must immediately inform CITY of that fact and may not proceed except at CONSULTANT's risk until written instructions are received from CITY.

13. CARE OF WORK

CONSULTANT must adopt reasonable methods during the term of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and other components to prevent losses or damages, and will be responsible for all damages to persons or property, until acceptance of the work by CITY, except those losses or damages as may be caused by CITY's own negligence.

14. CONSULTANT'S ACCOUNTING RECORDS; OTHER PROJECT RECORDS

Records of CONSULTANT's time pertaining to the project, and records of accounts between CITY and CONSULTANT, will be kept on a generally recognized accounting basis. CONSULTANT will also maintain all other records, including without limitation, specifications, drawings, progress reports and the like, relating to the work and services identified in Exhibit A. All records will be available to CITY during normal working hours. CONSULTANT will maintain these records for three years after final payment.

15. INDEMNIFICATION

CONSULTANT will indemnify, defend, and hold harmless CITY, the Successor Agency to the Former Redevelopment Agency of the City of Torrance, the City Council, each member thereof, present and future, members of boards and commissions, their officers, agents, employees and volunteers (collectively "City Affiliates") from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of CONSULTANT, its officers, employees, agents, subCONSULTANTS or vendors. CONSULTANT's obligations to indemnify, defend and hold harmless will apply even in the event of concurrent negligence on the part of City Affiliates, except for liability resulting solely from the negligence or willful misconduct of City Affiliates. Payment by CITY is not a condition precedent to enforcement of this indemnity. In the event of any dispute between CONSULTANT and CITY, as to whether liability arises from the sole

negligence of City Affiliates, CONSULTANT will be obligated to pay for the defense of City Affiliates until such time as a final judgment has been entered adjudicating City Affiliates as solely negligent. CONSULTANT will not be entitled in the event of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

16. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES

No officer or employee of CITY will be personally liable to CONSULTANT, in the event of any default or breach by the CITY or for any amount that may become due to CONSULTANT.

17. INSURANCE

A. CONSULTANT and its subCONSULTANTs must maintain at their sole expense the following insurance, which will be full coverage, not subject to self insurance provisions:

1. Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability:
 - a. Primary Bodily Injury with limits of at least \$500,000 per person, \$1,000,000 per occurrence; and
 - b. Primary Property Damage of at least \$250,000 per occurrence; or
 - c. Combined single limits of \$1,000,000 per occurrence.
2. General Liability including coverage for premises, products and completed operations, independent CONSULTANTs/vendors, personal injury and contractual obligations with combined single limits of coverage of at least \$1,000,000 per occurrence.
3. Workers' Compensation with limits as required by the State of California and Employer's Liability with limits of at least \$1,000,000.

B. The insurance provided by CONSULTANT will be primary and non-contributory.

C. CITY, the Successor Agency to the Former Redevelopment Agency of the City of Torrance, the City Council and each member thereof, members of boards and commissions, every officer, agent, official, employee and volunteer must be named as additional insureds under the automobile and general liability policies.

D. CONSULTANT must provide certificates of insurance and/or endorsements indicating appropriate coverage, to the City Clerk of the City of Torrance before the commencement of work.

- E. Each insurance policy required by this Paragraph must contain a provision that no termination, cancellation or change of coverage can be made without thirty days notice to CITY.

18. SUFFICIENCY OF INSURERS

Insurance required by this Agreement will be satisfactory only if issued by companies admitted to do business in California, rated "B+" or better in the most recent edition of Best's Key Rating Guide, and only if they are of a financial category Class VII or better, unless these requirements are waived by the Risk Manager of CITY ("Risk Manager") due to unique circumstances. In the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to CITY, the CONSULTANT agrees that the minimum limits of any insurance policies or performance bonds required by this Agreement may be changed accordingly upon receipt of written notice from the Risk Manager; provided that CONSULTANT will have the right to appeal a determination of increased coverage by the Risk Manager to the City Council of CITY within 10 days of receipt of notice from the Risk Manager.

19. CONFLICT OF INTEREST

- A. No officer or employee of the CITY may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to the Agreement that effects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.
- B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

20. NOTICE

- A. All notices, requests, demands, or other communications under this Agreement will be in writing. Notice will be sufficiently given for all purposes as follows:
 - 1. Personal delivery. When personally delivered to the recipient, notice is effective on delivery.

2. First Class mail. When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three mail delivery days after deposit in an United States Postal Service office or mailbox.
3. Certified mail. When mailed certified mail, return receipt requested, notice is effective on receipt, if delivery is confirmed by a return receipt.
4. Overnight delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.
5. Facsimile transmission. When sent by fax to the last fax number of the recipient known to the party giving notice, notice is effective on receipt. Any notice given by fax will be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.
6. Addresses for purpose of giving notice are as follows:

CONTRACTOR: White Nelson Diehl Evans LLP2875
Michelle Drive, Suite 300
Irvine, CA. 92606
Fax: (714) 978-7893

CITY: City Clerk
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90509-2970
Fax: (310) 618-2931

- B. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified, will be deemed effective as of the first date the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- C. Either party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.

21. PROHIBITION AGAINST ASSIGNMENT AND SUBCONTRACTING

This Agreement and all exhibits are binding on the heirs, successors, and assigns of the parties. The Agreement may not be assigned or subcontracted by either CITY or CONSULTANT without the prior written consent of the other.

22. INTEGRATION; AMENDMENT

This Agreement represents the entire understanding of CITY and CONSULTANT as to those matters contained in it. No prior oral or written understanding will be of any force or effect with respect to the terms of this Agreement. The Agreement may not be modified or altered except in writing signed by both parties.

23. INTERPRETATION

The terms of this Agreement should be construed in accordance with the meaning of the language used and should not be construed for or against either party by reason of the authorship of this Agreement or by any other rule of construction that might otherwise apply.

24. SEVERABILITY

If any part of this Agreement is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Agreement will remain in full force and effect.

25. TIME OF ESSENCE

Time is of the essence in the performance of this Agreement.

26. GOVERNING LAW; JURISDICTION

This Agreement will be administered and interpreted under the laws of the State of California. Jurisdiction of any litigation arising from the Agreement will be in Los Angeles County, California.

27. COMPLIANCE WITH STATUTES AND REGULATIONS

CONSULTANT will be knowledgeable of and will comply with all applicable federal, state, county and city statutes, rules, regulations, ordinances and orders.

28. WAIVER OF BREACH

No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default will impair the right or remedy or be construed as a waiver. A party's consent or approval of any act by the other party requiring the first party's consent or approval will not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and will not be a waiver of any other default concerning the same or any other provision of this Agreement.

29. ATTORNEY'S FEES

Except as provided for in Paragraph 15, in any dispute, litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be awarded

reasonable attorney's fees, together with any costs and expenses, to resolve the dispute and to enforce any judgment.

30. EXHIBITS

All exhibits identified in this Agreement are incorporated into the Agreement by this reference.

31. CONSULTANT'S AUTHORITY TO EXECUTE

The persons executing this Agreement on behalf of CONSULTANT warrant that (i) CONSULTANT is duly organized and existing; (ii) they are duly authorized to execute this Agreement on behalf of CONSULTANT; (iii) by so executing this Agreement, CONSULTANT is formally bound to the provisions of this Agreement; and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which CONSULTANT is bound.

CITY OF TORRANCE,
a municipal corporation

White Nelson Diehl Evans
Limited Liability Partnership

Patrick J. Furey, Mayor

By: _____
Daphnie Munoz
Partner

ATTEST:

Rebecca Poirier, MMC
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: _____

Attachments: Exhibit A Request for Proposals
 Exhibit B Proposal

Revised: 7/15/2014



RFP No. B2015-43	RFP for Auditing Services
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RFP Submittal Information	
Proposals may be mailed or hand delivered. No faxed proposals will be accepted.	
Late proposals will not be accepted. No Exceptions	
Location:	Office of the City Clerk 3031 Torrance Blvd. Torrance, CA 90503
Date:	January 25, 2016
Time Deadline:	3:00 p.m. Local (Pacific) Time

Submittal Requirements
An original plus two (2) printed copies of your RFP submittal must be submitted in a sealed envelope and marked with the RFP number and titled RFP for Auditing Services by the deadline time and date listed above. Your submittal must include the following: Proposers that do not provide these items in their proposal will be disqualified and their proposal will not be evaluated.
<ul style="list-style-type: none"> • Vendor's Response (Section III of this document pages 9 through 13) on the forms provided. If additional space is required, please attach additional sheets/pages. • Proposer's Affidavit (Attachment 1) • Any other things required that are not within the pages listed above.
Prior to the award of a Contract
The successful vendor, must submit the following to the City of Torrance
<ul style="list-style-type: none"> • Proof of insurance and applicable bonds, as indicated in the terms and conditions of this RFP document. • Proof of a City of Torrance Business License, please contact the City of Torrance Business License Office at (310) 618-5923.

Notice of Mandatory Pre-Proposal Conference
The City will conduct a mandatory briefing session for prospective vendors. The pre-proposal conference will start promptly at the time and location listed below. You must arrive on time and stay for the entire conference.
Location: 3031 Torrance Blvd. Torrance, CA. 90503 West Annex Commission Room Date: January 5, 2016 Time: 2:00 PM

Questions Regarding this RFP Must be Submitted in the Form of an E-Mail
<ul style="list-style-type: none"> • Your E-mail must include the RFP number and RFP title in the subject heading. • Your questions should be directed to: • <p style="text-align: center;">Kenneth Flewellyn, Assistant Finance Director Email: kflewellyn@torranceca.gov and Joyce Reyes, Accounting Manager Email: jreyes@torranceca.gov</p>

RFP No. B2015-43

RFP for Auditing Services

SECTION I RFP INSTRUCTIONS AND INFORMATION

Notice is hereby given that sealed proposals will be received in the office of the City Clerk, City Hall, 3031 Torrance Boulevard, Torrance, CA, until 3:00 p.m. on January 25, 2016. An original and two (2) printed copies of each proposal must be submitted in a sealed envelope and clearly marked: **“RFP for Auditing Services, RFP No. B2015-43.”**

The City of Torrance:

The City of Torrance is situated on the western side of Los Angeles County. It is bordered by the Palos Verdes Peninsula on the south, the City of Gardena on the north, the City of Redondo Beach on the north and west boundaries, the City of Lomita on the east and the Pacific Ocean on the west. The City encompasses an area of approximately 21 square miles, 329 miles of Streets, 1870 intersections, 550 miles of sidewalks, 47,000 Street Trees, 6 Public Libraries, a Municipal Airport, 46 Parks & Recreation Amenities, 6 Fire Stations, 1 Police Station and 1 Police Community Center, and has an estimated population of approximately 148,427, which makes Torrance one of the top 10 cities in Los Angeles County in regards to population.

Background:

The City's contract with the current auditing firm will expire on December 31, 2015. The City is currently looking for an external auditing firm for a three year term with a two additional one-year term option.

Definitions:

Word	Definition as applied to this RFP
City	The City of Torrance, California
Vendor, Contractor, Auditor, Proposer, Firm or Consultant	The person, firm, company or corporation providing services to the City, or submitting a proposal in response to this RFP
Contract, Purchase Order, Agreement, Purchasing Agreement	The agreement between the awarded Vendor and the City as a result of this Request for Proposals

Proposal Submittal Form:

The proposal must be made on the form provided for that purpose, enclosed in a sealed envelope, and marked “RFP for Auditing Services, RFP No. B2015-43 and addressed to the City Clerk, City of Torrance, 3031 Torrance Blvd., Torrance, CA 90503. If an individual makes the proposal, it must be signed by that individual, and an address, telephone (and fax number if available) must be given. If made by a business entity, it must be signed by the person(s) authorized to execute agreements and bind the entity to contracts. A full business address, telephone (and fax number if available) must be given. No telegraphic, fax or telephonic proposal will be considered.

Blank spaces in the proposal form must be filled in; using ink, indelible pencil, or typewriter, and the text of the proposal form must not be changed. No additions to the form may be made. Any unauthorized conditions, limitations, or provisos attached to a proposal will render it informal and may cause its rejection. Alterations by erasure or interlineations must be explained or noted in the proposal form over the signature of the Proposer.

Mandatory Pre-Proposal Conference:

Vendors intending to submit a proposal on this requirement must ensure that a representative from their company is in attendance at the mandatory pre-proposal conference. Vendors submitting proposals without attending this conference will be disqualified and their submittal will not be evaluated. No exceptions will be

allowed. The pre-proposal conference will start at the location listed on page 1 of this Request for Proposals. Late arrivals will not be allowed to participate. Please take into account local traffic congestion to leave ample time to arrive on time. No Exceptions. No make-up walk-through will be scheduled and vendors may not contact individual City Departments to request tours. Individuals attending the walkthrough should be prepared to take adequate notes of their observations to assist them in preparation of their proposal submittal.

Questions:

Questions must be submitted in writing via email to Kenneth Flewellyn, Assistant Finance Director kflewellyn@torranceca.gov and Joyce Reyes, Accounting Manager jreyes@torranceca.gov. No questions will be answered by telephone. Written answers and any other changes to the RFP will be sent (via email or the US Postal Service) to all known perspective proposers as an addendum to the RFP.

Errors and Omissions:

The proposer will not be allowed to take advantage of any errors and/or omissions in these specifications or in the proposer's specifications submitted with its proposal. Full instruction will always be given when errors or omissions are discovered.

Proposers Examination of Requirements:

The Proposer is required to examine carefully the site, the instructions, information and specifications of this document, investigate the conditions to be encountered, the character, quality and quantities of work to be performed as required by this document. Submission of a proposal will be considered prima facie evidence that the Proposer has made such examination.

Reservation:

The City reserves the right to revise or amend these specifications prior to the date set for opening proposals. Revisions and amendments, if any, will be announced by an addendum to this RFP. If the revisions require additional time to enable vendors to respond, the City may postpone the opening date accordingly. In such case, the addendum will include an announcement of the new proposal submittal due date.

All addenda must be attached to the proposal. Failure to attach any addendum may render the proposal non-responsive and cause it to be rejected.

The City reserves the right to award a contract to a company solely on the basis of the initial proposal submitted. The City reserves the right to require more information and clarification on information submitted in the proposal to complete the evaluation.

The City Council reserves the right to reject any and all proposals received, to take all proposals under advisement for a period not to exceed ninety (90) days after the date of the opening, to waive any informality on any proposal, and to be the sole judge of the relative merits of the material and or service mentioned in the respective proposals received. The City reserves the right to reject any proposal not accompanied with all data or information required.

This Request for Proposals does not commit the City to award a contract or to pay any cost incurred in the preparation of a proposal. All responses to this RFP document become the property of the City of Torrance.

The City reserves the right to examine all factors bearing on a Proposer's ability to perform the services under the contract. The City reserves the right to reject any proposal not accompanied with all data or information required. The City reserves the right to cancel this solicitation, without penalty, at its sole discretion.

Affidavit:

An affidavit form is enclosed. It must be completed signifying that the proposal is genuine and not collusive or made in the interest or on behalf of any person not named in the proposal, that the proposer has not directly or indirectly induced or solicited any other proposer to put in a sham proposal or any other person, firm, or

corporation to refrain from proposing, and that the proposer has not in any manner sought by collusion to secure for itself an advantage over any other proposer. Any proposal submitted without an affidavit or in violation of this requirement will be rejected. (Attachment 1)

Evaluation of Proposals:

The City will be the sole determiner of suitability to the City's needs. Proposals will be rated according to their completeness and understanding of the City's needs, conformance to the requirements of the technical specifications, compatibility with the City's current technology and operations, prior experience with similar scope of work, financial capabilities, delivery, and cost. Cost including any ongoing maintenance and support cost will be reviewed to determining which proposal best meets the needs of the City.

The City's project evaluation team will evaluate proposals based on the evaluation criteria listed below. Points will be assigned to each criterion up to a maximum of 100 points. Proposals will be ranked and that ranking will be made public.

Subsequently, the City may interview a qualified Firm, prior to deciding whether or not to recommend the award of an Agreement.

Description of Evaluation Criteria	Possible Points
Technical experience	25
Qualifications	25
Proposal Amount	30
Experience in government audits	20
Maximum Total Points =	100

EVALUATION OF PROPOSALS: After receipt of proposals for this project, the City's project evaluation committee will evaluate proposals based on the criteria listed above. If needed, the City may interview a firm.

The Contract:

The vendor to whom the award is made will be required to enter into a written contract with the City of Torrance. Attached is a copy of the City's standardized contract (Attachment A), which will be modified to reflect the awarded RFP. A copy of this RFP and the accepted proposal will be attached to and become a part of the contract.

Contract Term:

The initial contract will be for a period of three years. This will be auditing services for fiscal years ended June 30, 2016, 2017 and 2018. The City may extend the contract to two (2) one-year option renewal. The Finance Director (and/or his designee) is and at all times during the term of the contract will be the City's representative with the authority to exercise the options.

Independent Contractor:

The successful proposer is, and will at all times remain as to the City, a wholly independent contractor. Neither the City nor any of its agents will have control over the conduct of the Contractor or any of the Contractor's employees, except as otherwise set forth in the awarded Agreement. The Contractor's agents and employees are not and will not be considered employees of the City for any purpose. The Contractor may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of the City. The City has no duty, obligation, or responsibility to the Contractor's agents or employees under the Affordable Care Act. The Contractor is solely responsible for any tax penalties associated with the failure to offer affordable coverage to its agents and employees under the Affordable Care Act and any other liabilities, claims and obligations regarding compliance with the Affordable Care Act with respect to the Contractor's

agents and employees. The City is not responsible and will not be held liable for the Contractor's failure to comply with the Contractor's duties, obligations, and responsibilities under the Affordable Care Act. The Contractor agrees to defend, indemnify and hold the City harmless for any and all taxes and penalties that may be assessed against the City as a result of the Contractor's obligations under the Affordable Care Act relating to the Contractor's agents and employees.

Payments:

Complete payment on the contract price will be made in approximately thirty (30) days from date of delivery, or completion and acceptance, unless otherwise provided for in Proposer's proposal or in these specifications. Payments will be made upon verification and acceptance by the City of contract services performed and upon the City's receipt of a correct invoice.

Suspension of Procurement:

The City may suspend, in writing all or a portion of the procurement of materials or services pursuant to this RFP and subsequent contract agreement, in the event unforeseen circumstances make such procurement impossible or infeasible, or in the event City should determine it to be in the best interest of City to cancel such procurement of services or materials.

In the event of termination, selected Proposer will perform such additional work as is necessary for the orderly filing of documents, and closing of project.

The selected Proposer will be compensated for the terminated procurement on the basis of materials or services actually furnished or performed prior to the effective date of termination, plus the work reasonably required for filing and closing.

Notice:

Whenever it will be necessary for either party to serve notice on the other respecting the Agreement, such notice will be served by personal delivery or by certified mail to the following addresses, unless and until different addresses may be furnished in writing by either party or the other, and such notice will be deemed to have been served within seventy-two (72) hours after the same has been deposited in a United States Post Office by certified mail or has been delivered personally, and will be valid and sufficient service of notice for all purposes:

CITY: City Clerk
 City of Torrance
 3031 Torrance Boulevard
 Torrance, CA 90503

VENDOR: Will be determined upon award of contract.

Notice of Intent to Award:

Approximately two (2) weeks prior to the anticipated City Council meeting awarding a contract as a result of the RFP, the City will notify all proposer's of its intent to award. Results will be posted on the City of Torrance Web site [http://www.torranceca.gov/PDF/Recommendation to Award Notification.pdf](http://www.torranceca.gov/PDF/Recommendation_to_Award_Notification.pdf)

City of Torrance Bid/RFP Protest Procedures:

The City of Torrance Bid/RFP Protest Procedures may be found on the City of Torrance Web site: [http://www.torranceca.gov/PDF/Bid-RFP Protest Procedures.pdf](http://www.torranceca.gov/PDF/Bid-RFP_Protest_Procedures.pdf)

SECTION II TECHNICAL REQUIREMENTS**Overview/Introduction:**

The City of Torrance is requesting proposals of qualified firms of certified public accountants to audit its financial statements for years ending June 30, 2016, 2017 and 2018 with a two additional one-year term option.

This RFP is intended to be as descriptive as possible. However, Proposers may not take advantage of omissions or oversights in this document. Proposers must render services that meet or exceed the requirements of this RFP. In the event of a dispute over performance, the needs of the City of Torrance will govern.

Scope of Work to be performed:

The City of Torrance desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual Financial Report (CAFR). However, the auditor is to provide an "in relation to" report on the supporting schedules based on the auditing procedures applied during the audit of the financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the statistical section of the report.

The City of Torrance Finance Department will draft and prepare all the financial schedules, notes to financial statement, introductory section, other supplementary information, and statistical section of the CAFR. Changes resulting from the review process of the draft report will be made by the Finance Department. The auditor will provide the Financial Section page of the CAFR. Upon receipt of the signed Independent Auditor's Report (Financial Section), the City's General Services Department will print the CAFR.

The City of Torrance also desires the auditor to perform a "Single Audit" of the City of Torrance. The City will provide to the auditors the Schedule of Federal Financial Assistance encompassing all direct and pass-through federal funds received by the City. The auditors will print and bind the Single Audit Report.

In addition to the audit of the City's CAFR and the Single Audit Report, the auditor will express an opinion on the fair presentation of the Municipal Airport Fund, Water Enterprise Fund, Air Quality Management District Fund (AQMD), Torrance Successor Agency and the Torrance Public Financing Authority. The City of Torrance Finance Department will draft and prepare the financial statement schedules and notes of the basic financial statements. Changes resulting from the review process of the draft report will be made by the Finance Department. Upon receipt of the signed independent Auditor's Report, The City's General Services Department will print the individual reports.

The auditor is also requested to perform agreed-upon procedures to test and report on the City's Gann Limit.

The auditors must keep the City abreast of new GASB pronouncements and will also advise City staff of new accounting developments for local government during the interim/planning stage of each year's audit. The auditor must be available to answer questions relating to the implementation of new GASB pronouncements.

The auditors will serve as advisors to the City of Torrance regarding generally accepted accounting principles. Throughout the year, Finance staff of the City must have access to the auditors to seek advice in the application of generally accepted accounting principles, the establishment and segregation of funds, advice regarding debt issuance, financial statement preparation and content, taxation issues and other matters relating to the City.

Auditing Standards to be followed:

To meet the requirements of this request for proposal, the audit must be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.

Reports to Be Issued:

Following the completion of the audit of the fiscal year's financial statements, the auditor must issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. This is to include the CAFR, Municipal Airport Fund, Water Enterprise Fund, Torrance Successor Agency and the Torrance Public Financing Authority.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. An "in relation-to" report on the schedule of Federal Financial Assistance.
4. A report on the internal control structure used in administering Federal Financial Assistance programs.
5. A report on compliance with laws and regulations related to major and non-major Federal Assistance programs. This report should include an opinion on compliance with specific requirements applicable to major Federal Financial Assistance programs, a report on compliance with general requirements applicable to major Federal Financial Assistance programs, and a report on compliance with laws and regulations applicable to non-major Federal Financial Assistance program transactions tested.

In the required report(s) on internal controls, the auditor must communicate any reportable conditions found during the audit. A reportable condition must be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses must be identified as such in the report.

Non-reportable conditions discovered by the auditors must be reported in a separate letter to management, which must be referred to in the report(s) on internal controls.

The report on compliance must include all material instances of noncompliance. All non-material instances of noncompliance must be reported in a separate management letter, which must be referred to in the report on compliance.

Irregularities and illegal acts. Auditors are required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts for which they become aware to the following parties: The City of Torrance Finance Director.

Work Plan:

Prior to the beginning of the work, the successful proposer must provide the City a schedule and work plan for approval. The plan must include the timeline and hours that will be incurred for planning, interim audit work, final audit work and issuance of audited reports.

Special Considerations

1. The City of Torrance will send its CAFR to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the City of Torrance to meet the requirements of this program.

2. The City of Torrance has determined that the State Controller's Office will function as the cognizant agency in accordance with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Government.
3. The schedule of Federal Financial Assistance and related auditor's report, as well as the reports on internal control structure and compliance are to be issued as part of the CAFR.
4. A list of findings and other weaknesses from the City of Torrance's most recent financial statement audit, as well as a list of findings from internal audits conducted during the most recent fiscal period will be provided upon request.

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of Torrance of the need to extend the retention period. In addition, the firm must respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to the matters of continuing accounting significance. The auditor is required to make working papers available, upon request, to the following parties or their designees:

- City of Torrance Finance Department
- Parties designated by the Federal or State governments or by the City of Torrance as part of an audit quality review process.
- Auditors of entities of which the City of Torrance is a sub-recipient of grant funds.

Fund Structure:

The City of Torrance uses the following fund types in its financial reporting;

Fund Type	Number of Individual Funds
General Fund	1
Special Revenue Funds	23
Debt Service Funds	2
Capital Project Fund	1
Enterprise Funds	8
Internal Service Funds	3
Fiduciary Fund	1
Agency Funds	5

RFP No. B2015-43

RFP for Auditing Services

SECTION III PROPOSAL SUBMITTAL

FAILURE TO COMPLETE ALL ITEMS IN THIS SECTION MAY INVALIDATE PROPOSAL.

In accordance with your "Request for Proposals (RFP)", the following proposal is submitted to the City of Torrance.

RFP Submitted By:

Name of Company		
_____	_____	_____
Street Address	City	Zip Code
_____	_____	
Telephone Number	Fax Number	
_____	_____	
Printed Name/Title	E-Mail Address	
_____	_____	
Signature	Date	

Form of Business Organization: Please indicate the following (check one);

Corporation Partnership Sole Proprietorship Other: _____

Do you have a Parent Company? No Yes, _____
(Name of Parent Company)

Do you have any Subsidiaries? No Yes, _____
(Name of Subsidiary Company)

Business History:

Years in business under your current name and form of business organization? _____ Years
If less than three (3) years and your company was in business under a different name, what was that name?

Contact for Additional Information:

Please provide the name of the individual at your company to contact for any additional information:

_____	_____
Printed Name	Title
_____	_____
Telephone	E-Mail Address

Proposal Submittal (continued):

Vendor Name: _____

Addenda Received: Please indicate addenda information you have received regarding this RFP:

Addendum No.	Date Received

Addendum No.	Date Received

No Addenda received regarding this RFP.

Project Start and Completion:

The City requires the project to start as soon as possible from the award of a contract and the project completed as soon as possible. Specific time frames that are mutually agreed upon will be established after award of a contract.

Project Manager:

Please provide the name of the individual at your company who will serve as Project Manager for this contract.

_____		_____	
Name		Title	
_____	_____	_____	
Telephone Number	Fax Number	Email Address	

Contract Representative:

Please provide the name of the individual at your company who will be responsible for administering this contract.

_____		_____	
Name		Title	
_____	_____	_____	
Telephone Number	Fax Number	Email Address	

Proposal Submittal (continued):

Background and Recent Experience with Similar Projects:

In the space below, please provide a narrative explaining your background and recent experience with similar projects as the scope of work identified in this RFP. (Please attach additional sheets if more space is needed.)

Proposal Submittal (continued):

Vendor Name: _____

RFP Submittal Requirement and Acknowledgement	
Vendors are required to answer each of the questions listed below. You must indicate below that you have provided this information in your proposal submittal. You must attach additional sheets to your RFP submittal describing in detail the service you are proposing.	
RFP Scope of Work Questions	Indicate what page in your proposal you have answered this question.
Did you include original and 2 copies of your RFP Submittal?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did you include a signed Affidavit Form with your RFP Submittal?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did you attach additional sheets to answer the Background and Recent Experience with Similar Projects information on page ____ of this RFP?	<input type="checkbox"/> Yes <input type="checkbox"/> No Page ____ of our submittal.
Did you include all addenda if any issued by the City?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did you include References?	<input type="checkbox"/> Yes <input type="checkbox"/> No Page ____ of our submittal

Price Proposal Cost Breakdown to Provide the Services Required in this RFP					
Task Description	Fiscal Year Audited 2015-16	Fiscal Year Audited 2016-17	Fiscal Year Audited 2017-18	Option Year 1 2018-19	Option Year 2 2019-20
General Audit/Single Audit	\$	\$	\$	\$	\$
Municipal Airport Fund	\$	\$	\$	\$	\$
Water Enterprise Fund	\$	\$	\$	\$	\$
Torrance Successor Agency	\$	\$	\$	\$	\$
Torrance Public Financing Authority	\$	\$	\$	\$	\$
Air Quality Management District	\$	\$	\$	\$	\$
REAC Submission	\$	\$	\$	\$	\$
Printing Single Audit Report	\$	\$	\$	\$	\$
Combined Annual Total By Fiscal Year	\$	\$	\$	\$	\$
FY 2015-16, FY 2016-17 and FY 2017-18 Combined Total (3 years)	\$				
FY 2015-16, FY 2016-17, FY 2017-18 and optional fiscal years (FY) 2018-19 and 2019-20 Combined Total (5 years)	\$				

Proposal Submittal (continued):

Vendor Name: _____

Additional Costs (please specify in the description area below):

Description	Cost
	\$
	\$
	\$
	\$
	\$

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

PROPOSER'S AFFIDAVIT

_____ being first duly sworn deposes and says:

1. That he/she is the _____ of _____
(Title of Office) (Name of Company)

Hereinafter called "proposer", who has submitted to the City of Torrance a proposal for

(Title of RFP)

- 2. That the proposal is genuine; that all statements of fact in the proposal are true;
- 3. That the proposal was not made in the interest or behalf of any person, partnership, company, association, organization or corporation not named or disclosed;
- 4. That the Proposer did not, directly or indirectly, induce solicit or agree with anyone else to submit a false or sham proposal, to refrain from proposing, or to withdraw his proposal, to raise or fix the proposal price of the Proposer or of anyone else, or to raise or fix any overhead, profit or cost element of the Proposer's price or the price of anyone else; and did not attempt to induce action prejudicial to the interest of the City of Torrance, or of any other Proposer, or anyone else interested in the proposed contract;
- 5. That the Proposer has not in any other manner sought by collusion to secure for itself an advantage over the other Proposer or to induce action prejudicial to the interests of the City of Torrance, or of any other Proposer or of anyone else interested in the proposed contract;
- 6. That the Proposer has not accepted any proposal from any subcontractor or materialman through any proposal depository, the bylaws, rules or regulations of which prohibit or prevent the Proposer from considering any proposal from any subcontractor or material man, which is not processed through that proposal depository, or which prevent any subcontractor or materialman from proposing to any contractor who does not use the facilities of or accept proposals from or through such proposal depository;
- 7. That the Proposer did not, directly or indirectly, submit the Proposer's proposal price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association, organization, proposal depository, or to any member or agent thereof, or to any individual or group of individuals, except to the City of Torrance, or to any person or persons who have a partnership or other financial interest with said Proposer in its business.
- 8. That the Proposer has not been debarred from participation in any State or Federal works project.

Dated this ____ day of _____, 20____.

(Proposer Signature)

(Title)

EXHIBIT A
REQUEST FOR PROPOSALS
[To be attached]

EXHIBIT B
PROPOSAL
[To be attached]

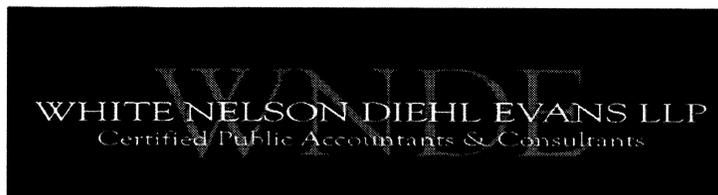
CITY OF TORRANCE
RFP NO. B2015-43
PROFESSIONAL AUDITING
SERVICES PROPOSAL

FOR THE THREE YEARS ENDING JUNE 30, 2018

**(WITH AN OPTION FOR EACH OF THE TWO YEARS
ENDING JUNE 30, 2019 AND JUNE 30, 2020)**



Submitted By:



TITLE PAGE

RFP Subject: Certified Audits on the City of Torrance
For the Three Years Ending June 30, 2018
(With an Option for Each of the Two Years
Ending June 30, 2019 and June 30, 2020)

Name of Proposer: White Nelson Diehl Evans LLP
Certified Public Accountants and Consultants

Local Address: 2875 Michelle Drive, Suite 300
Irvine, CA 92606-5165

Telephone: (714) 978-1300

Fax: (714) 978-7893

Federal Identification Number: 33-0686301

California CPA License Number: PAR 6123

Website: www.wndecpa.com

Email: dmunoz@wndecpa.com

Contact Persons: Daphnie Munoz, CPA
Engagement Partner

Nitin P. Patel, CPA
Technical Review Partner

Date: January 25, 2016



CITY OF TORRANCE

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CITY OF TORRANCE

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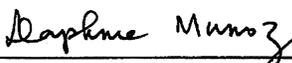
RFP No. B2015-43	RFP for Auditing Services
SECTION III PROPOSAL SUBMITTAL	

FAILURE TO COMPLETE ALL ITEMS IN THIS SECTION MAY INVALIDATE PROPOSAL.

In accordance with your "Request for Proposals (RFP)", the following proposal is submitted to the City of Torrance.

RFP Submitted By:

White Nelson Diehl Evans LLP

Name of Company		
2875 Michelle Drive, Suite 300	Irvine, CA	92606
Street Address	City	Zip Code
714-978-1300	714-978-7893	
Telephone Number	Fax Number	
Daphnie Munoz, Partner	dmunoz@wndecpa.com	
Printed Name/Title	E-Mail Address	
	January 25, 2016	
Signature	Date	

Form of Business Organization: Please indicate the following (check one);

Corporation Partnership Sole Proprietorship Other: _____

Do you have a Parent Company? No Yes, _____
 (Name of Parent Company)

Do you have any Subsidiaries? No Yes, _____
 (Name of Subsidiary Company)

Business History:

Years in business under your current name and form of business organization? over 80 Years
 If less than three (3) years and your company was in business under a different name, what was that name?

Contact for Additional Information:

Please provide the name of the individual at your company to contact for any additional information:

Daphnie Munoz	Partner
Printed Name	Title
714-978-1300	dmunoz@wndecpa.com
Telephone	E-Mail Address

Proposal Submittal (continued):

Vendor Name: White Nelson Diehl Evans LLP

Addenda Received: Please indicate addenda information you have received regarding this RFP:

Addendum No.	Date Received

Addendum No.	Date Received

No Addenda received regarding this RFP.

Project Start and Completion:

The City requires the project to start as soon as possible from the award of a contract and the project completed as soon as possible. Specific time frames that are mutually agreed upon will be established after award of a contract.

Project Manager:

Please provide the name of the individual at your company who will serve as Project Manager for this contract.

<u>Daphnie Munoz</u>	<u>Partner</u>
<u>714-978-1300</u> Name	<u>dmunoz@wndecpa.com</u> Title
Telephone Number	Email Address
<u>714-978-7893</u> Fax Number	

Contract Representative:

Please provide the name of the individual at your company who will be responsible for administering this contract.

<u>Daphnie Munoz</u>	<u>Partner</u>
<u>714-978-1300</u> Name	<u>dumnoz@wndecpa.com</u> Title
Telephone Number	Email Address
<u>714-978-7893</u> Fax Number	

Proposal Submittal (continued):

Background and Recent Experience with Similar Projects:

In the space below, please provide a narrative explaining your background and recent experience with similar projects as the scope of work identified in this RFP. (Please attach additional sheets if more space is needed.)

White Nelson Diehl Evans LLP is a California certified public accounting and consulting firm with offices in Irvine, Carlsbad

and Escondido. Our firm has specialized in providing services to the governmental industry for over 80 years. We have

extensive experience in providing auditing, accounting and consulting services in the governmental sector. A significant part of

our practice is devoted to providing professional services to the governmental industry and over the past year, the firm provided

services to approximately 100 governmental organizations. On an annual basis, over twenty thousand hours are devoted to this

area of our practice and our firm issues over 150 reports on audits of governmental agencies including, Citites, the Successor

Proposal Submittal (continued):

Vendor Name: White Nelson Diehl Evans LLP

Agency to Redevelopment Agencies, Special Districts and Joint Power Authorities. A complete listing of out current governmental city clients is included in Attachment I.

References:

Provide at least three references that have your proposed product in a production implementation similar in size and operation to the City of Torrance. California Municipal governments are preferable.

1. City of Alhambra

Company Name			
111 South First Street	Alhambra	CA	91801
Street Address	City	State	Zip Code
Paul Espinoza	626-570-5027		
Contact Name	Telephone Number		

2. City of Tustin

Company Name			
300 Centennial Way	Tustin	CA	92780
Street Address	City	State	Zip Code
Jenny Leisz	714-573-3079		
Contact Name	Telephone Number		

3. City of West Hollywood

Company Name			
8300 Santa Monica Boulevard	West Hollywood	CA	90069
Street Address	City	State	Zip Code
Lorena Quijano	323-848-6513		
Contact Name	Telephone Number		

Proposal Submittal (continued):

Vendor Name: White Nelson Diehl Evans LLP

RFP Submittal Requirement and Acknowledgement	
Vendors are required to answer each of the questions listed below. You must indicate below that you have provided this information in your proposal submittal. You must attach additional sheets to your RFP submittal describing in detail the service you are proposing.	
RFP Scope of Work Questions	Indicate what page in your proposal you have answered this question.
Did you include original and 2 copies of your RFP Submittal?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Did you include a signed Affidavit Form with your RFP Submittal?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Did you attach additional sheets to answer the Background and Recent Experience with Similar Projects information on page <u>10</u> of this RFP?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Page <u> </u> of our submittal.
Did you include all addenda if any issued by the City?	N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
Did you include References?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Page <u>15</u> of our submittal and Attachment I

Price Proposal Cost Breakdown to Provide the Services Required in this RFP					
Task Description	Fiscal Year Audited 2015-16	Fiscal Year Audited 2016-17	Fiscal Year Audited 2017-18	Option Year 1 2018-19	Option Year 2 2019-20
General Audit/Single Audit	\$ 41,100	\$ 42,330	\$ 43,600	\$ 44,905	\$ 46,255
Municipal Airport Fund	\$ 3,100	\$ 3,195	\$ 3,290	\$ 3,390	\$ 3,490
Water Enterprise Fund	\$ 3,100	\$ 3,195	\$ 3,290	\$ 3,390	\$ 3,490
Torrance Successor Agency	\$ 7,140	\$ 7,355	\$ 7,575	\$ 7,800	\$ 8,035
Torrance Public Financing Authority	\$ 1,560	\$ 1,605	\$ 1,655	\$ 1,705	\$ 1,755
Air Quality Management District	\$ 1,330	\$ 1,370	\$ 1,410	\$ 1,455	\$ 1,500
REAC Submission	\$ 580	\$ 595	\$ 615	\$ 635	\$ 655
Printing Single Audit Report	\$ 540	\$ 555	\$ 575	\$ 590	\$ 605
Combined Annual Total By Fiscal Year	\$ 58,450	\$ 60,200	\$ 62,010	\$ 63,870	\$ 65,785
FY 2015-16, FY 2016-17 and FY 2017-18 Combined Total (3 years)	\$ 180,660				
FY 2015-16, FY 2016-17, FY 2017-18 and optional fiscal years (FY) 2018-19 and 2019-20 Combined Total (5 years)	\$ 310,315				

Proposal Submittal (continued):

Vendor Name: White Nelson Diehl Evans LLP

Additional Costs (please specify in the description area below):

Description	Cost
The General Audit/Single Audit fee contemplates auditing two (2) major programs. Additional major programs will be audited for an additional cost of \$2,500 each.	\$ 2,500/per each additional major program
	\$
	\$
	\$
	\$

STATE OF CALIFORNIA

PROPOSER'S AFFIDAVIT

COUNTY OF ~~LOS ANGELES~~ ORANGE

Dephnie Munoz being first duly sworn deposes and says:

1. That he/she is the Partner of White Nelson Diehl Evans LLP
(Title of Office) (Name of Company)

Hereinafter called "proposer", who has submitted to the City of Torrance a proposal for

RFP No. B2015-43 RFP for Auditing Services
(Title of RFP)

- 2. That the proposal is genuine; that all statements of fact in the proposal are true;
- 3. That the proposal was not made in the interest or behalf of any person, partnership, company, association, organization or corporation not named or disclosed;
- 4. That the Proposer did not, directly or indirectly, induce solicit or agree with anyone else to submit a false or sham proposal, to refrain from proposing, or to withdraw his proposal, to raise or fix the proposal price of the Proposer or of anyone else, or to raise or fix any overhead, profit or cost element of the Proposer's price or the price of anyone else; and did not attempt to induce action prejudicial to the interest of the City of Torrance, or of any other Proposer, or anyone else interested in the proposed contract;
- 5. That the Proposer has not in any other manner sought by collusion to secure for itself an advantage over the other Proposer or to induce action prejudicial to the interests of the City of Torrance, or of any other Proposer or of anyone else interested in the proposed contract;
- 6. That the Proposer has not accepted any proposal from any subcontractor or materialman through any proposal depository, the bylaws, rules or regulations of which prohibit or prevent the Proposer from considering any proposal from any subcontractor or material man, which is not processed through that proposal depository, or which prevent any subcontractor or materialman from proposing to any contractor who does not use the facilities of or accept proposals from or through such proposal depository;
- 7. That the Proposer did not, directly or indirectly, submit the Proposer's proposal price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association, organization, proposal depository, or to any member or agent thereof, or to any individual or group of individuals, except to the City of Torrance, or to any person or persons who have a partnership or other financial interest with said Proposer in its business.
- 8. That the Proposer has not been debarred from participation in any State or Federal works project.

Dated this 25 day of January, 2016.

Dephnie Munoz
(Proposer Signature)

Partner
(Title)

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

January 25, 2016

Mr. Kenneth Flewellyn
Assistant Finance Director
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503

Dear Mr. Flewellyn:

We are pleased to present our proposal to serve as independent auditors for the City of Torrance. We have prepared this information in accordance with the guidelines set forth in your request for proposal.

Who We Are

White Nelson Diehl Evans LLP is a California certified public accounting and consulting firm with offices in Irvine, Carlsbad and Escondido. Our firm has specialized in providing services to the governmental industry for over 80 years and has no intentions of discontinuing these services.

Why We Are The Best Qualified Firm

We consider ourselves to be the best qualified firm to perform auditing and accounting services for the City of Torrance. Please consider these qualifications:

- A significant part of our practice is devoted to providing professional services to the governmental industry and over the past year, the firm provided services to approximately 100 governmental organizations and on an annual basis our firm issues over 150 reports on audits of governmental agencies including, Cities, the Successor Agency to Redevelopment Agencies, Special Districts and Joint Power Authorities.
- Our firm has devoted a substantial amount of time and resources in order to provide governmental agencies with quality audits. Our knowledge of the industry is best demonstrated by the fact that our clients who apply for the "Certificate of Achievement in Financial Reporting" issued by the Government Finance Officers Association (GFOA) consistently receive that award. A list of these clients is presented on page 7 of this proposal.
- We are in a professional alliance with BDO Seidman, a National Accounting Firm, and a network of accounting firms allowing us the ability to provide quality attestation services. The BDO Alliance provides us access to BDO's personnel and technical resources which allows White Nelson Diehl Evans LLP to deliver the range of services and capabilities of a large national firm, including the use of specialists to support the needs of our clients.
- We are a full service CPA firm. Our Consulting Services Department can provide the City with a variety of services, including investment policy compliance reviews, litigation support, dispute resolution services, and consulting on a wide array of governmental issues.
- Our audits include extensive use of information technology as described in detail on page 8 of this proposal.

1

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

Why We Are The Best Qualified Firm (Continued)

- We understand that we provide a service to the City. We are committed to providing an effective and efficient audit that will meet the proposed timing of the project deliverables by assigning experienced governmental auditors. Understanding the size of the City of Torrance and the scope of work requested in the proposal, we are proposing an engagement team with extensive governmental audit experience. The staffing plan includes Daphnie Munoz, CPA, the engagement partner with 18 years of experience, Robert Perl, CPA, with 10 years of experience who will manage the audit, and Jesse Pattison, CPA, a supervisor with 5 years of experience who will be on-site supervising and performing the audit fieldwork. We are confident that the proposed staffing plan with an engagement team experienced in governmental audits and who are familiar with municipal procedures will result in an effective and efficient audit that meets the project timing and deliverables requirements with minimum disruption to your staff.

The scope of our services for the three years ending June 30, 2018 would be as follows:

- A financial audit of the basic financial statements of the City of Torrance in accordance in with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, to be included in the Comprehensive Annual Financial Report (CAFR).
- A Single Audit of Federal Grants to be performed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance).
- Financial audit of the basic financial statements of the Municipal Airport Fund.
- Financial audit of the basic financial statements of the Water Enterprise Fund.
- Financial audit of the basic financial statements of Air Quality Management District Fund.
- Financial audit of the basic financial statements of the Torrance Successor Agency.
- Financial audit of the basic financial statements of the Torrance Public Financing Authority.
- An agreed-upon procedures review of the calculation of the City's GANN Appropriations Limit (GANN), as required by Section 1.5 of Article XIII B of the California Constitution.
- A management letter containing any comments or recommendations resulting from our review of the systems of internal controls in connection with the financial audits.
- A report communicating information related to the audit to those in charge of governance at the conclusion of the audits.

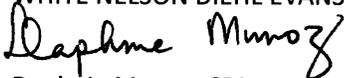
We make a commitment to deliver all necessary reports based on the timetable presented herein on page 19. Also, a more detailed discussion of our understanding of the work to be performed is set forth on pages 19 through 25.

Our goal is to provide the City with the highest quality of service, including a CAFR which meets all required reporting standards. We are confident that our service and experience will be of benefit to the City and will provide added value over and above the performance of the audit itself. Throughout the year, you should feel comfortable in calling us for advice regarding accounting and auditing matters, as we are never too busy to meet the needs of our clients.

We thank the City for the opportunity to present our proposal. Please feel free to contact me, or Mr. Nitin P. Patel, CPA, at (714) 978-1300 if you have any questions. This proposal constitutes a firm and irrevocable offer for 90 days from the date of this letter. Mr. Patel and I are authorized to represent our firm, and bind the firm to a contract.

Very truly yours,

WHITE NELSON DIEHL EVANS LLP

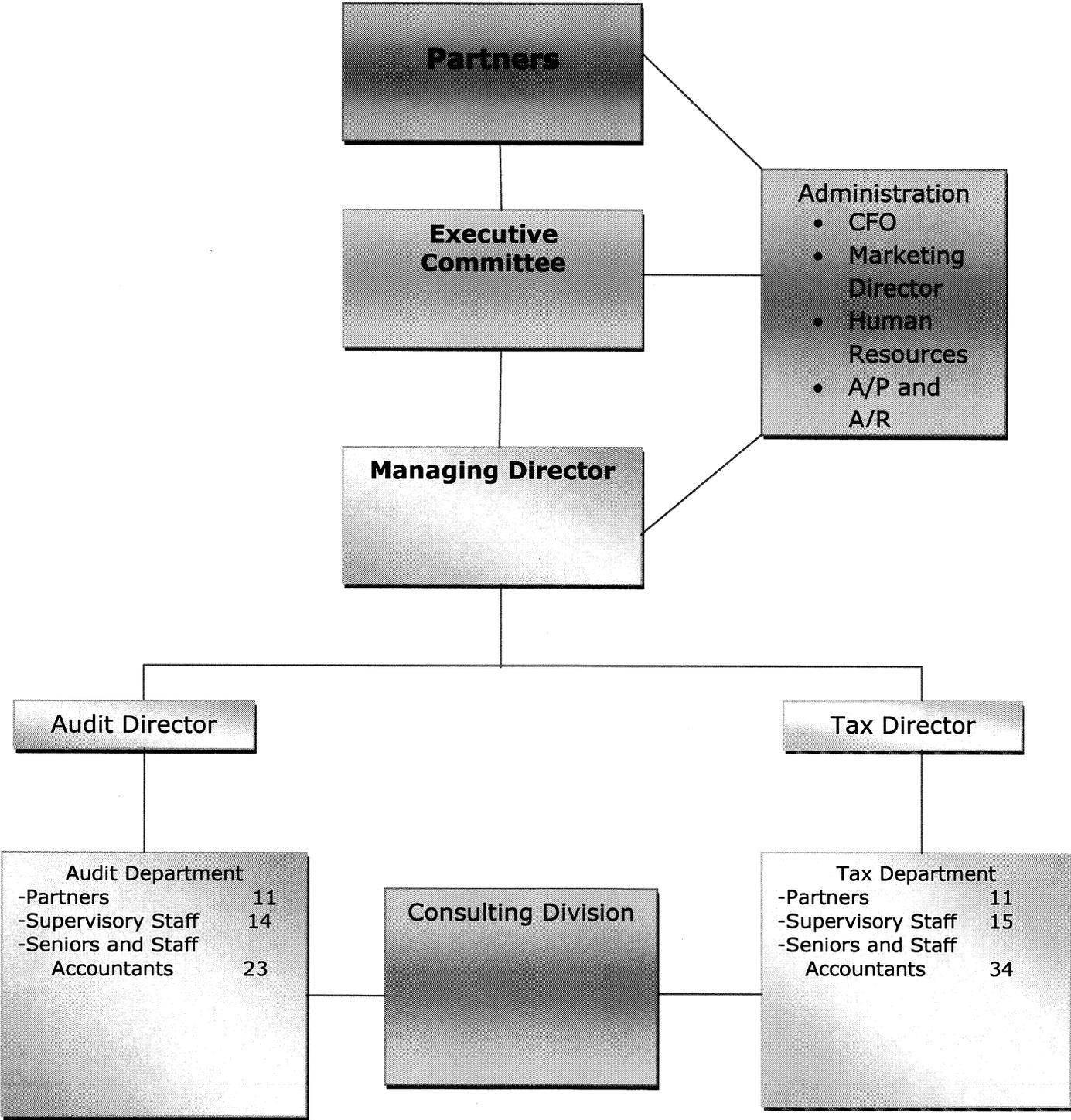


Daphnie Munoz, CPA
Engagement Partner



FIRM PROFILE AND QUALIFICATIONS

FIRM ORGANIZATION CHART



* The staffing levels described above have remained fairly constant for the past four years.



LICENSING AND INDEPENDENCE

Our firm, and all of our certified personnel, are properly licensed to practice public accounting in California.

Also, we meet the independence requirements of "Government Auditing Standards", as published by the U.S. General Accountability Office. We have no conflict of interest with the City and will provide written notice to the City of any professional relationships contemplated with the City during our term as auditors. We have not provided auditing or any other services to the City during the past five years.

SIZE AND LOCATION OF THE FIRM

White Nelson Diehl Evans LLP is a California accounting firm with offices in Irvine, Carlsbad and Escondido.



Our firm has approximately 140 employees, which includes 22 partners with separate assurance and tax departments. Your City would be served by the assurance department from our Irvine office, which has approximately 48 professional staff members, including 11 partners, and 14 managers and supervisors. The Irvine Office assurance department staff with governmental experience consists of four partners, four managers, seven supervisors, six seniors and twelve staff accountants.

White Nelson Diehl Evans LLP has extensive experience in providing auditing, accounting and consulting services in the governmental sector. Over twenty thousand hours per year are devoted to this area of our practice for over 100 governmental units including cities, successor agencies, special districts, nonprofit corporations and joint power authorities.

RANGE OF ACTIVITIES

White Nelson Diehl Evans LLP is a full service CPA firm. We offer a broad range of services, including:

Certified Audits
Compilations and Reviews
Agreed-Upon Procedure Reviews
Financial Services

Tax Planning and Consulting
Income Tax Preparation and Representation
Consulting Services
Litigation Support Services

Our specific services available to governmental agencies are more fully set forth in this proposal.



PARTICIPATION IN “QUALITY REVIEW” PROGRAMS

In July 2015, our firm underwent a quality review, by an independent CPA firm, under provisions of the AICPA Quality Review Program. This review is required every three years and covered our audits of governmental agencies. A final report dated July 22, 2015 with a pass rating on our systems and procedures was received. A copy of the independent CPA firm’s report is included herein at Attachment II. Accordingly, we are confident that our current auditing standards and techniques meet all existing requirements.

No regulatory action has ever been taken against any office of our firm due to substandard work. We had no significant deficiencies noted in any federal or state desk reviews over the past three years.

EDUCATION PROGRAMS

White Nelson Diehl Evans LLP has a formal continuing education program. All firm auditors are required to obtain 80 hours of continuing education every two years in the accounting and auditing area as required by Government Auditing Standards, and at least 24 hours of government related continuing education courses. Our staff is continually expanding their knowledge of the governmental industry through our in-house training programs, programs offered by the AICPA, GFOA, the California Society of Certified Public Accountants and other professional organizations, and through on-the-job training.

Noted below is a description of certain in-house education courses taken by our partners and staff to meet the governmental continuing education requirements. All personnel involved with governmental auditing are required to attend these courses.

- Understanding the Risk Assessment Standards
- Understanding of GASB Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments
- Understanding, and Auditing, Deposits and Investments of California Governmental Units
- Reviews of Internal Controls in Accordance With Statements on Auditing Standards
- Assessing Audit Risk and Materiality in Conducting An Audit
- Consideration of Fraud in a Financial Statement Audit
- Computer Auditing in the Governmental Environment
- The Single Audit - New Provisions under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance).
- Laws and Regulations in the Government Sector
- Understanding GASB Statement 54 related to Fund Balance Reporting and Governmental Fund Type Definitions
- Understanding GASB Statement 65 related to reporting of Deferred Outflows and Deferred Inflows of Resources
- Understanding the new GASB Pension Standards



PARTICIPATION IN PROFESSIONAL ORGANIZATIONS

Our partners and staff are actively involved in professional organizations in the governmental accounting field. Noted below is a summary of our participation in various national and California governmental organizations.

AICPA

Our firm is a member of the AICPA Governmental Audit Quality Center. The Center is a firm-based voluntary membership Center whose primary purpose is to promote the importance of quality governmental audits to purchasers of governmental audit services. The Center provides members with an online forum tool for sharing best practices, as well as discussions on audit, accounting, and regulatory issues. As a member of the Center, the firm receives updates on changes in auditing and accounting standards that effect governmental audits. The quality control partner is required to attend an annual web cast to discuss auditing and reporting issues effecting governmental audits. Our firm uses the resources of the Center to maintain the quality of our governmental audits.

GFOA, GASB and FASB

Our firm is an associate member of the Government Finance Officers Association of the United States and Canada (GFOA).

Also, we have web based access to the latest pronouncements issued by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standard Board (FASB), including Interpretations, Technical Pronouncements and Newsletters. We regularly analyze these pronouncements and advise our governmental clients of changes in accounting rules.

CSMFO

Our Irvine office partners and our Director of Consulting Services are associate members of the California Society of Municipal Finance Officers (CSMFO). Our personnel regularly attend local CSMFO chapter meetings throughout Southern California, and the annual statewide conference. We often provide public speakers for these meetings.

CSCPA

Several partners and principals of the firm have been members of the Governmental Accounting and Auditing (GAA) Committee of the Orange County Chapter of the California Society of Certified Public Accountants (CSCPA). Mr. Patel, Mr. Ludin and Mr. Morgan have each served as chairman of this committee. Firm personnel have been involved over the years in preparing position papers issued for professional organizations on governmental accounting matters. Currently, Mr. Patel and Mr. Callanan are members of the State Governmental Accounting and Auditing Committee.



GFOA AWARD PROGRAM

The partner and manager will be involved in all phases of report preparation or review. Reporting checklists will be used to assure compliance with all reporting requirements. In addition, another member of the firm, not associated with the audit, and with extensive governmental auditing and accounting experience, will review each financial statement audited and related reports. Based on the high quality of our review process, we have been able to assist various clients in obtaining the GFOA "Certificate of Achievement for Excellence in Financial Reporting". The recent clients that have received the award are:

Cities:

Alhambra
Bellflower
Beverly Hills
Burbank
Camarillo
Campbell
Colton
Costa Mesa
Cypress
Del Mar
Downey
Fountain Valley
Gilroy
Goleta
Hawaiian Gardens
Highland
Lake Forest
Lakewood
Lancaster
Newport Beach

Cities (Continued):

Palm Desert
Pico Rivera
Rancho Santa Margarita
San Buenaventura
San Gabriel
Sanger
Signal Hill
Stanton
Tustin
West Covina
West Hollywood
Westminster

Special Districts:

Costa Mesa Sanitary District
Inland Empire Utilities Agency
Las Virgenes Municipal Water District
Olivenhain Municipal Water District
Otay Water District
Rancho California Water District
Santa Ana Watershed Project Authority
Yorba Linda Water District



COMPUTER AUDITING CAPABILITIES

White Nelson Diehl Evans LLP uses technology to make the audit process more effective. We utilize a paperless audit software, ProSystem fx Engagement, which allows us to manage our audit documentation electronically. Some of the benefits of paperless audit are:

- Receive the City's schedules in either hard copy or electronic format.
- Import and integrate trial balance data from virtually any accounting system. We avoid the time and expense of keying in account numbers, descriptions and account balances. We simply take your electronic trial balance and import it directly into our audit software.
- Create our own lead sheets, which can include prior year balances. This helps us to easily identify significant fluctuations between fiscal years.
- CAFR schedules are linked to trial balances. CAFR is updated automatically for any last minute journal entries, if any.

Our approach includes using IDEA (Interactive Data Extraction and Analysis) which is a data analysis software that can be used to analyze large amounts of information. It allows the firm to extract data from the City's accounting records to tailor specific audit tests based on risk assessments. Some audit procedures that IDEA can be utilized for are:

- Mechanical accuracy of worksheets or general ledgers.
- Exception and gap/completeness testing for missing check numbers.
- Cross checking different data bases for common information such as employee names.
- Duplicate testing of invoice numbers.
- Completeness of general ledger balances.

The firm also has document management software which allows our clients to access our web portal. We utilize the web portal to transfer data files that are confidential or too large to be sent by e-mail.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

AUDIT TEAM

The audit team assembled consists of individuals who have extensive experience auditing governmental agencies and are familiar with municipal accounting. In addition, each team member's skill and experience developed working in other industries our firm serves can be applied to the individual requirements of the City of Torrance.

The personnel assigned to the engagement team are as follows:

The engagement partner will be Ms. Daphnie Munoz, CPA. Ms. Munoz has over 18 years of experience with audits of local governments. She will be involved with all phases of the audit including (a) the planning phase of the audit to assess risks related to the audit (b) a final review of all the work papers and financial reports, and (c) attending any meetings with City's management and City council at the conclusion of the audit. He will be responsible for assuring that all work for the City is performed in a complete and timely manner.

Mr. Nitin P. Patel, CPA, will be the Technical Review Partner and will perform a quality review of all reports issued in connection with the audit. Mr. Patel has over 30 years of experience with audits of local governments. He will also consult on the accounting treatment of unusual transactions or audit issues.

Mr. Robert Perl, CPA, will serve as the audit manager. Mr. Perl has over 10 years of experience with audits of local governments. He will be the primary contact for the City and related audits. He will (a) perform the initial review of the work papers including a review of the work completed related to internal controls, (b) supervise the completion of the financial reports and management letter and (c) assist in the audit of any complex or unusual audit areas.

The audit supervisor will be Mr. Jesse Pattison, CPA. Mr. Pattison has over 5 years of public accounting experience. He will be on-site supervising staff accountants and performing the fieldwork including performing tests of internal controls, substantive tests of account balances, and analytical tests.

Resumes for the above partners and personnel are included at pages 11 through 14.

COMMITMENT RELATED TO PERSONNEL

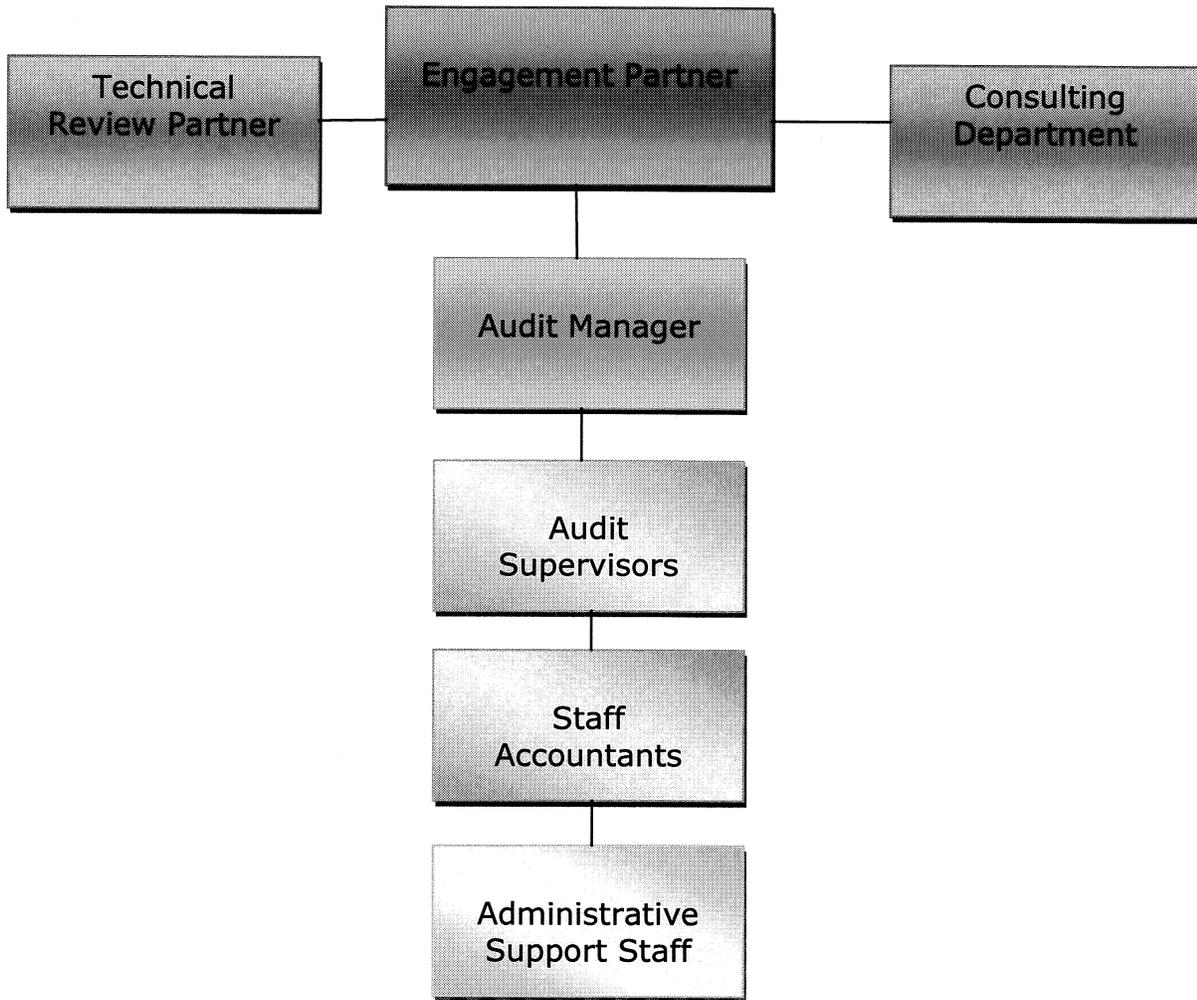
We make a commitment to retain the same personnel on the City from year to year, except where such personnel leave the firm, or where the change is approved by the City. If a staff member is replaced, we make a commitment to replace that person with staff of at least equal experience.

NONDISCRIMINATION POLICY

Our firm has a policy to provide equal employment opportunities to all qualified persons without regard to race, color, age, sex, religion, national origin or handicap.



AUDIT TEAM ORGANIZATION CHART



DAPHNIE MUNOZ, CPA



Position
Engagement Partner

Education
De La Salle University, Philippines
Bachelor of Science in Accounting, 1995

Licensing
Certified Public Accountant in California since 2001

Professional Organizations

American Institute of Certified Public Accountants
California Society of Certified Public Accountants
California Society of Municipal Finance Officers (CSMFO)

Range of Experience

Has been with the firm since 1998 with emphasis in governmental accounting and financial reporting.

Other experience includes providing consulting services for governmental agencies including special internal control reviews, and transient occupancy tax reviews of city hotels/motels.

CSMFO Report Reviewer for Award Program.

GFOA Report Reviewer for Award Program - Certificate of Achievement for Excellence in Financial Reporting.

Speaker on numerous presentations of accounting, auditing, tax and personnel topics at in-house training programs and instructor at firm's in-house governmental accounting and auditing seminars.

Experience includes of audits of various governmental agencies including cities, successor agencies/redevelopment agencies, water districts, other special districts, non-profit corporations and joint power authorities, including:

Cities:

Alhambra
Buena Park
Burbank
Colton
Diamond Bar
Downey
Goleta
Healdsburg
Highland
Huntington Beach
Irvine
Lake Elsinore
Lancaster
Mission Viejo
Newport Beach
Oceanside
Palm Desert
Pico Rivera
San Buenaventura
San Fernando
Sanger
Santa Clarita

Cities (Continued):

Tustin
West Covina
West Hollywood
Westminster

Special Districts:

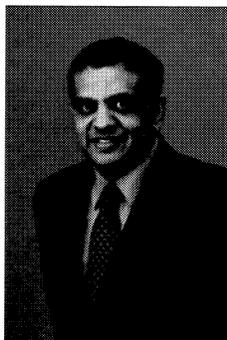
Chino Basin Desalter Authority
Coachella Valley Association of Governments
Downey Cemetery District
El Toro Water District
Inland Empire Regional Composting Authority
Inland Empire Utilities Agency
Laguna Beach County Water District
Las Virgenes Municipal Water District
Midway City Sanitary District
Municipal Water District of Orange County
Orange County Water District
Rancho California Water District
South Coast Water District
Ventura Port District
Yorba Linda Water District

Continuing Professional Education

Total hours were 199 in the last three years, of which 178 hours were for meeting the requirements of the Government Audit Standards.



NITIN P. PATEL, CPA



Position

Technical Review Partner

Education

University of California at Irvine
Bachelor of Arts in Economics
California State University at Long Beach
Masters of Accounting Program

Licensing

Certified Public Accountant in California since 1988

Professional Organizations

American Institute of Certified Public Accountants
California Society of Certified Public Accountants
California Society of Municipal Finance Officers (CSMFO) - Associate Member
Governmental Accounting and Auditing Committee of Orange County - Committee Chairman (2001-2002)
California Governmental Accounting and Auditing Committee Member

Range of Experience

Has been with the firm since 1986 with emphasis in governmental accounting and financial reporting and is responsible for firm's in-house governmental accounting and auditing training programs.

Experience includes supervision of over one hundred audits of governmental agencies including cities, successor agencies/redevelopment agencies, non-profit corporations, joint powers authorities and special districts.

CSMFO Report Reviewer for Award Program.

GFOA Report Reviewer for Award Program - Certificate of Achievement for Excellence in Financial Reporting.

Other experience includes providing consulting services for governmental agencies including special internal control reviews, cost allocation plans, cable television rate reviews, reviews of City Treasurer operations and transient occupancy tax reviews of city hotels/motels.

Mr. Patel was the engagement partner on the following local government audits:

Cities:

Alhambra
Artesia
Bellflower
Burbank
Colton
Costa Mesa
Cypress
Gilroy
Lake Forest
Newport Beach
Palm Desert
Port Hueneme
Rialto
San Gabriel
Stanton

Cities (Continued):

West Hollywood
Westminster

Special Districts:

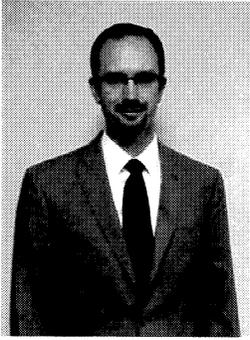
Chino Basin Desalter Authority
Costa Mesa Sanitary District
Cypress Recreation and Park District
Inland Empire Regional Composting Authority
Inland Empire Utilities Agency
La Habra Heights County Water District
La Puente Valley County Water District
Orchard Dale Water District
Rancho California Water District
South Coast Water District
Yorba Linda Water District

Continuing Professional Education

Total hours were 191 in the last three years, of which 168 hours were for meeting the requirements of the Government Audit Standards.



ROBERT PERL, CPA



Position

Audit Manager

Education

Brigham Young University - Hawaii, Laie, Hawaii
Bachelors of Accounting, 2006

Licensing

Certified Public Accountant in California since October 2010

Range of Experience

Mr. Perl has been with the firm since August 5, 2013. Mr. Perl has performed all phases of local governmental audits including cities, successor agencies/redevelopment agencies, single audit of federal grants, school districts, tribal councils, and compliance audits. As an audit manager, he is involved with planning the audit, performing fieldwork for all aspects of the audit, supervising staff accountants and preparation of financial statements. Mr. Perl served as the Audit Manager on the following local government audits:

City of Burbank
City of Gilroy

City of Lancaster
City of Rialto

In recent years, Mr. Perl has also been involved with the following governmental clients:

City of Downey

Prior to joining the firm, Mr. Perl was also involved with the following governmental clients:

City of Arvin
City of Delano
City of Oxnard
City of Tehachapi

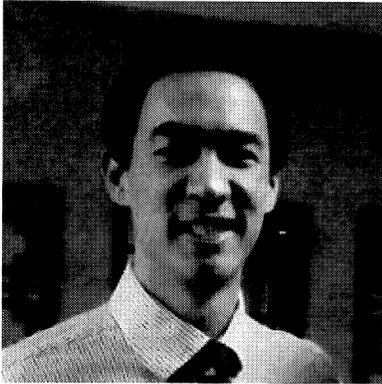
Kern High School District
Tule River Tribal Council

Continuing Professional Education

Total hours were 169 in the last three years, of which 114 hours were for meeting the requirements of the Government Audit Standards.



JESSE PATTISON, CPA



Position

Audit Supervisor

Education

University of Arizona
Masters of Accounting, 2011
Bachelors of Science, 2010

Licensing

Certified Public Accountant in California since December 2014

Range of Experience

Mr. Pattison has been with the firm since August 2012. Mr. Pattison has performed all phases of audits including Non-profit Corporations, Cities, Single Audit of Federal Grants, Special Districts, Compliance Audits, Business Entities, and Agreed-Upon Procedures engagements. He has been involved with planning the audit, performing fieldwork for all aspects of the audit and preparation of financial statements. Mr. Pattison has been involved with the following Non-profit, Governmental and Business clients:

Governmental:

City of Alhambra
City of Artesia
City of Beverly Hills
City of Burbank
City of Gilroy
City of Highland
City of Hawaiian Gardens
City of La Habra Heights
City of Lake Forest
City of Newport Beach
City of Sanger
California Joint Powers Insurance
Authority
Los Angeles Local Agency
Formation Commission
Orchard Dale Water District

Non-profit Corporations:

Boys and Girls Clubs of Garden Grove
Collwood Terrace
Human Options, Inc.

Business Entities:

Aubrey Group
Ganahl Lumber Company
Independent Capital Management
Ironman
LeVecke Corporation
Meridian Graphics
Pacific American Fish, Co.
Park West
Pool Water Products
Security Signal Devices, Inc.
Trussed, Inc.
Venus Textiles, Inc.

Prior to joining the firm, Mr. Pattison was a staff accountant and performed reviews, single audits, and financial audits for non-profit and business clients with Eide Bailly in Phoenix, Arizona.

Continuing Professional Education

Total hours were 96 in the last two years, of which 96 hours were for meeting the requirements of the Government Audit Standards.



FIRM EXPERIENCE WITH GOVERNMENTAL ENTITIES

SIMILAR ENGAGEMENTS WITH OTHER MUNICIPAL ENTITIES

Your request for proposal called for at least three similar engagements, ranked by total staff hours. These are set forth below:

<u>City</u>	<u>Engagement Partner</u>	<u>Total Staff Hours</u>	<u>Scope of Work</u>
Tustin	Munoz	615	City, RDA and Single Audits; State Controller's Report
West Hollywood	Patel	440	City and Single Audits; State Controller's Report
Alhambra	Munoz	390	City, RDA, Joint Powers Authority and Single Audits; State Controller's Report

Certified audits were performed on the financial statements of all of these cities and their component units for the past year.

Client references for these cities are included below.

City of Tustin
Ms. Jenny Leisz
Finance Manager
714-573-3079

City of West Hollywood
Ms. Lorena Quijano
Accounting Services Manager
323-848-6513

City of Alhambra
Mr. Paul Espinoza
Finance Director
626-570-5027

A complete list of similar engagements for the past five years is included in Attachment I of this proposal.

CITY CLIENT REFERENCES

One means of judging the high quality of our auditing and accounting services would be contact with some of our clients over the past year. We are including the names and phone numbers of the city clients as presented in Attachment I of this proposal. We encourage you to contact any of these individuals and verify our level of service.



ENTERPRISE FUND EXPERIENCE

Most cities audited by our firm have a water utility enterprise fund. Noted below is a partial listing of other enterprise funds audited by our firm in recent years:

<u>City</u>	<u>Enterprise</u>
Alhambra	Water, Sewer, Storm Drain, Sanitation, Golf Course
Artesia	Residential Refuse Service
Bellflower	Water
Beverly Hills	Water, Solidwaste, Wastewater, Stormwater
Burbank	Water Reclamation, Sewer, Golf, Electric Utility Water Utility, Refuse Collection and Disposal
Camarillo	Water, Sanitary, Solidwaste, Transit
Colton	Electric Utility, Water Utility, Wastewater Utility
Cypress	Sewer
Del Mar	Water, Wastewater, Cleanwater
Downey	Water, Sewer, Golf Course, Transit System
Fountain Valley	Water, Solidwaste
Gilroy	Water, Sewer
Hesperia	Water, Sewer
Laguna Hills	Property Leasing
Lakewood	Water
Lancaster	Power Authority
Newport Beach	Water, Sewer
Norco	Water, Sewer
Norwalk	Transit System, Water, Sewer, Golf Course
Palm Desert	Golf Course
Pico Rivera	Water, Sports Arena, Golf
Port Hueneme	Water, Wastewater, Solidwaste, Housing
Rialto	Airport, Cemetery, Recreation, Wastewater, Water
San Buenaventura	Water, Sewer
Sanger	Water, Sewer, Disposal, Ambulance
Signal Hill	Water
Stanton	Sewer
Tustin	Water
West Covina	Simulator, Computer
West Hollywood	Sewer District, Sewer Charge, Solid Waste, Landscape District and Street Maintenance
Westminster	Water



SINGLE AUDIT EXPERIENCE

We perform single audit services for most of our cities and special districts that receive federal funds as required by Uniform Guidance. In recent years, Single Audits were performed for the following cities and special districts.

Cities:

City of Alhambra	City of Lake Forest
City of Artesia	City of Lakewood
City of Bellflower	City of Lancaster
City of Beverly Hills	City of Newport Beach
City of Burbank	City of Norco
City of Camarillo	City of Norwalk
City of Campbell	City of Palm Desert
City of Colton	City of Pico Rivera
City of Costa Mesa	City of Port Hueneme
City of Cypress	City of Rancho Santa Margarita
City of Del Mar	City of Rialto
City of Downey	City of San Buenaventura
City of Fountain Valley	City of San Gabriel
City of Gilroy	City of Sanger
City of Goleta	City of Signal Hill
City of Hawaiian Gardens	City of Stanton
City of Hesperia	City of Tustin
City of Highland	City of West Covina
City of La Habra Heights	City of West Hollywood
City of Laguna Hills	City of Westminster
City of Laguna Woods	

Special Districts:

- Inland Empire Utilities Agency
- Las Virgenes Municipal Water District
- Olivenhain Municipal Water District
- Rancho California Water District
- Valley Wide Recreation and Park District

EXPERIENCE WITH PREPARATION OF STATE-MANDATED REPORTS

We have experience with the preparation of various state-mandated reports, such as the State Controller's Report and the Annual Street Report. Specifically, with regard to cities, we have prepared the state mandated reports, in recent years, for the Cities of Alhambra, Bellflower, Colton, Del Mar, Goleta, La Habra Heights, Laguna Hills, Lancaster, Norco, Norwalk, Pico Rivera, San Buenaventura, Sanger, Tustin and West Hollywood.



SPECIAL DISTRICTS

Noted below is a listing of special districts audited by our firm in recent years:

Borrego Water District	Orange County Development Authority - Eco-Rapid Transit
Calleguas Municipal Water District	Orange County Vector Control District
Chino Basin Desalter Authority	Orchard Dale Water District
Chino Basin Regional Financing Authority	Otay Water District
Costa Mesa Sanitary District	Padre Dam Municipal Water District
Cypress Recreation and Park District	Pico Water District
Downey Cemetery District	Placentia Library District
El Toro Water District	Rancho California Water District
Grossmont Healthcare District	Rincon del Diablo Municipal Water District
Heber Public Utilities District	Rowland Water District
Inland Empire Regional Composting Authority	Santa Ana Watershed Project Authority
Inland Empire Utilities Agency	South Coast Water District
La Habra Heights County Water District	South County Regional Wastewater Authority
La Puente Valley County Water District	Sunset Beach Sanitary District
Laguna Beach County Water District	Surfside Colony Stormwater Drainage District
Lake Elsinore and San Jacinto Joint Powers Authority	Surfside Community Services District
Las Virgenes Municipal Water District	Vallecitos Water District
Leucadia Wastewater District	Valley Wide Recreation and Park District
Midway City Sanitary District	Ventura Port District
Monterey Peninsula Regional Park District	Yorba Linda Water District
Olivenhain Municipal Water District	

NONPROFIT CORPORATIONS AND JOINT POWER AUTHORITIES

Noted below is a partial listing of nonprofit corporations and joint power authorities audited by our firm over the past year. Some of these entities are "component units" which are combined into the basic financial statements of governmental organizations which exercise oversight responsibility.

American Family Housing	Pomona-Walnut-Rowland Joint Water Line Commission
Anaheim District of the Churches of the Nazarene	Public Cable Television Authority
Cal State L.A. Metrolink Authority	The RARE Project
California Transplant	Trinity Children's Foundation
Casa de las Campanas	Trinity Youth Services
Casa Romantica Cultural Center	United Cerebral Palsy Association
Child Abuse Prevention Center	Valencia Heights Water Company
Palm Desert Recreational Facilities Corporation	Westview Services, Inc.



SCOPE OF WORK, TIMING AND AUDIT APPROACH

ENTITIES TO BE INCLUDED IN AUDIT

City of Torrance
 Torrance Successor Agency
 Torrance Public Financing Authority

REPORTS TO BE ISSUED AND DUE DATES

	<u>Final Due Dates</u>
City of Torrance:	
Independent Auditors' Report on the City's Comprehensive Annual Financial Report	December 15
Management Letter	December 15
Audit Committee Letter	December 15
Single Audit Reports:	December 29
<ul style="list-style-type: none"> • Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> • Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and on the Schedule of Expenditures of Federal Awards. 	
Independent Auditors' Reports on the:	
Municipal Airport Fund	December 22
Water Enterprise Fund	December 22
Air Quality Management District Fund	December 22
Torrance Successor Agency	December 22
Torrance Public Financing Authority	December 22
Report on Compliance with Article XIII B Appropriation Limit (GANN Limit Review)	December 15



AUDIT TIMING

Assuming that the City's books are closed and ready for examination and that all necessary schedules and documents are available for our use by the first week of September each year, the suggested time schedule for the various phases of the audit would be approximately as follows:

	<u>Completed By</u>
Entrance conference with key City staff. Discussion of any prior audit concerns and the performance of interim work.	April 15
Interim audit fieldwork and management review	April 30
Final audit fieldwork and management review	September 15
Exit conference to summarize the results of the fieldwork and to review significant findings	October 31
Deliver final reports	See page 19

COMMITMENT TO DELIVER REPORTS ON A TIMELY BASIS

If all books and records, schedules and documents are made available to us by the first week of September, we make a commitment to have audit team members available and to provide all reports by the due dates specified above.

AUDITS TO BE IN ACCORDANCE WITH GAAS AND OTHER REQUIREMENTS

We will audit the financial statements of the City and the component units noted on the preceding page. The financial statements of all entities where the City exercises oversight will be combined with the City's financial statements, in accordance with GASB requirements. Our audit will be in accordance with auditing standards generally accepted in the United States of America as set forth by the AICPA, and will include such auditing procedures as we consider necessary under the circumstances. We will apply certain limited procedures, which consist principally of inquiries of management regarding methods of measurement and presentation of required supplementary information. However, we do not audit such information and do not express an opinion on it. Any supplemental financial statements will be subjected to auditing procedures as we consider necessary in relation to the financial statements taken as a whole. The scope of our audit will not include any statistical information, and we will not express an opinion concerning it.

Our audits will conform with the guidelines set forth in the AICPA's Industry Audit Guide, Audits of State and Local Governmental Units. Also, each examination will comply with the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the U.S. General Accounting Office, the provisions of the Single Audit Act and the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance).

Also, we will perform an agreed-upon procedures review of the City's Gann Spending Limitation Computation as required by Section 1.5 of Article XIII B of the California Constitution. Our review will be performed in conformance with the provision of the "League of California Cities Uniform Guidelines".



AUDIT APPROACH

- Our audit approach is tailored to meet the technical requirements while maintaining professional skepticism without forgetting that we provide a service. The following aspects of our audit approach will add additional value to the audit services and minimize the amount of time spent by the City's staff in dealing with the audit.
- We will assign experienced staff auditors including the in-charge field auditor having at least 3 years of experience. For first year engagements, all other staff will have at least 1 year of experience. You will not spend time training our auditors.
- Whenever possible, we will use same format for audit supporting schedules used in prior years for the current year audit. This will reduce time spent by the City staff in dealing with the audit when a different audit firm is chosen.
- Throughout the year we are available as a resource to our clients in researching technical questions, dealing with new pronouncements, reviewing complex financial entries and helping with any other issues as they arise.
- The work papers will be reviewed by the manager or partner as field work is being completed to minimize additional questions after the fieldwork is completed.

Our firm uses a governmental audit program which will be modified to the City of Torrance's operations to accommodate specific client circumstances. Our audit programs are organized by the financial statement approach and general procedures. The requirements by the Standards for assessing risk are utilized to modify the audit programs to focus on the higher risk areas of the financial statements.

1. Audit Planning Procedures:

- Pre-audit conference with the City to establish process of communication between the audit team and City staff.
- Discuss any new accounting pronouncements to be implemented in the current year.
- Establish scope of work and timing of fieldwork.

2. Interim Fieldwork:

Gather information about the City and its environment, including internal control:

- Evaluate the design of internal controls that are relevant to the audit and determine whether the control, either individually or in combination is capable of effecting, preventing or detecting and correcting material misstatements.
- Determine that the controls have been implemented, that is, that the controls exist and that the City is using it.
- Specific areas to review include:
 - Accounts payable/cash disbursements
 - Accounts receivable/cash receipts
 - Payroll disbursements
 - Utility billing process
 - Investment compliance
 - Property and equipment
- Review of minutes of the City of Torrance.
- Review of important contracts and debt agreements.
- Interim exit conference with the City to review results of interim fieldwork, including any findings.



AUDIT APPROACH (CONTINUED)

3. Final Audit Work:

During the final audit work, we will assess “risk” of material misstatement based on understanding of the City’s audit environment, including its internal control, to identify account balances to audit that appear in the City’s financial statements. Our audit programs will be specifically tailored to address any significant risks identified. The Prepared by Client (PBC) list will be provided at least one month in advance of fieldwork. Our work may include:

- Confirmation of cash and investments balances and testing of bank reconciliations.
- Confirm significant receivable balances or review subsequent cash receipts to verify receivable balance.
- Search for unrecorded liabilities.
- Testing of interfund balances and transfers.
- Test capital asset additions and depreciation expense.
- Confirm long-term debt balances and review the accounting treatment of debt issued or refunded.
- Test support for other significant assets or liabilities.
- Analytical procedures on balance sheet and revenue and expenditure accounts, to evaluate and explain unusual fluctuations from prior year balances or current year budgeted amounts.
- Review of attorney letters for significant legal matters affecting the City’s financial position.
- An exit conference will be held to review any significant adjustments or findings.

The audit workpapers will be reviewed by our management team as the work is being performed in the field so that at the conclusion of the fieldwork we are able to report any adjustments or findings.

AUDIT APPROACH REDEVELOPMENT AGENCY/SUCCESSOR AGENCY

Recent legislation related to the dissolution of Redevelopment Agencies will impact our audit approach as detailed below.

Our procedures will include:

- Audit the balances reported for cash, investments, receivables, payables, capital assets and long term liabilities as of end of the year.
- Review the activity reported on ROPS.
- Review the activities of the Successor Agency to ensure compliance with AB 26, AB 1484 and other relevant legislation enacted.



APPROACH TO INTERNAL CONTROL

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Our understanding of the internal controls will be completed by completing narratives and checklists for various processes related to internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and Uniform Guidance.

SINGLE AUDIT APPROACH

The single audit will be performed in accordance with all the requirements of the Uniform Guidance and Government Auditing Standards issued by the GAO (the “Yellow Book”) for cities that expend greater than \$750,000 in federal awards in fiscal year 2015-20016 and subsequent years.

- We will identify the Major and Nonmajor Federal Programs of the City through the risk-based approach required by Uniform Guidance. This approach includes consideration of current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the federal program.
- We will review all federal and industry-specific publications and guidance and inform the City of any recent changes.
- We will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with applicable compliance requirements. If weaknesses in the internal controls are noted, we will modify our audit program as needed.
- Our audit will include tests of transactions related to major federal award programs for compliance with applicable compliance requirements and certain provisions of laws, regulations, contracts and grant agreements.



SINGLE AUDIT APPROACH (CONTINUED)

- Our procedures will consist of the applicable procedures described in the Uniform Guidance “Compliance Supplement” for the types of compliance requirements that could have a direct and material effect on each of the City’s major programs. The purpose of those procedures will be to express an opinion on the City’s compliance with requirements applicable to major programs in our report on compliance issued pursuant to Uniform Guidance.
- We will assist the City in completing and filing the Data Collection Form.

DETERMINING LAWS AND REGULATIONS SUBJECT TO AUDIT

Under provisions of AICPA Auditing Standards, management of the City is responsible for identifying to its outside auditors any laws and regulations which would have a significant effect on the audit. This would include federal laws (such as federal grant regulations), State laws (such as permitted investments under the California Government Code) and local laws (such as restrictions on special revenues levied by the City). After our selection as auditors, we will consult with City officials regarding these matters, to determine what laws and regulations need to be evaluated in connection with our audit. If a City is not able to identify specific laws and regulations that effect it, we have references (California Government Code and Health and Safety Code) to the more common laws, rules and regulations in our standard audit programs for the usual activities of a California City or Successor Agency to the Redevelopment Agency which will assist us in identifying laws and regulations to review in the audit.

METHOD OF SAMPLING

Our approach is to utilize random sampling based in our testing of the internal control systems related to cash receipts, cash disbursements, payroll and utility billings. Based on a statistical conclusion used by the firm our sample sizes can range from 25 to 60 transactions for each system. A random sample selection allows each item in the population of an equal chance of being selected. In addition, for disbursements, we may select a stratified sample of all transactions over a specified dollar amount for review.

ANALYTICAL PROCEDURES

Analytical procedures are used in the planning and final stages of the audit. In the planning phase, we use analytical procedures to identify unusual financial transactions and comparing relationships to expected results. We compare current year information to the prior years for balance sheet items, revenues and expenditures. In addition, revenues and expenditures are compared to budgets to identify unexpected results. In the final stages of the audit, the financial statements are reviewed to identify expected relationships such as comparing debt paid to expenditures recorded on governmental funds, transfers between funds, depreciation expense, etc. For all significant relationships identified, explanations are obtained as to why the situation occurred and additional audit procedures are applied to resolve any concerns.

MANAGEMENT LETTERS

In connection with each audit, a complete review of internal controls will be made of all significant accounting procedures. Our firm uses an internal control questionnaire, computer systems questionnaire and narration to gain an understanding of the internal control process as part of our audit. We will identify weaknesses and after discussion with the appropriate City staff, we will submit a management letter which will identify weaknesses observed during these reviews and throughout the audit. The management letter will also assess the effect of the management letter comments on the financial reporting process and recommend steps towards eliminating the weaknesses.



POTENTIAL AUDIT PROBLEMS

We do not anticipate any significant potential audit problems. If any potential audit problems are identified, we will immediately discuss them with the City’s management. Our approach is to coordinate the resolution of any problems with the City’s management. Considering our experience with auditing governmental entities and resources, we expect minimal disruption to the City’s management in resolving any identified audit problems.

RETENTION OF AND ACCESS TO AUDIT WORKPAPERS

In accordance with provisions of the Uniform Guidance, GAO requirements, and the California Board of Accountancy, our audit workpapers will be maintained for at least seven years after the date of the report. These workpapers will be made available as necessary to your cognizant audit agency (or its designee), to GAO representatives, or to any other federal or state agency needing access to the workpapers. Also, our firm will respond to any reasonable inquiries of successor auditors and we will allow any successor auditors to review our workpapers.

OTHER PROFESSIONAL SERVICES

We will be available for any other professional assistance you require to research and answer accounting and reporting problems raised by the City, regardless of the time of year. Such assistance may include, but is not limited to, tax questions, the review of bond documents, cost allocation programs and employee benefit programs. We have provided several tax opinions to City audit clients for matters relating to deferred compensation, fringe benefits, stipends and allowances, and other issues. We also will keep the City informed of new developments affecting municipal finance and reporting, changes in grant rules and regulations, etc.

IRREGULARITIES AND ILLEGAL ACTS

We will make an immediate, written report of all irregularities, illegal acts or indications of illegal acts of which we become aware, to the City of Torrance Finance Director.

SEGMENTATION OF THE AUDIT HOURS, BY PARTNER AND STAFF LEVEL

Description of Services	Partners	Managers	Supervisory			Total
			Staff	Staff	Clerical	
General Audit/Single Audit	24	32	100	200	4	360
Municipal Airport Fund	1	4	-	24	2	31
Water Enterprise Fund	1	4	-	24	2	31
Torrance Successor Agency	4	8	20	24	4	60
Torrance Public Financing Authority	1	2	-	10	2	15
Air Quality Management District	1	2	-	8	1	12
REAC Submission	1	-	-	4	-	5
Printing Single Audit Report	-	1	1	-	4	6
Total Hours	33	53	121	294	19	520



DISCUSSION OF RELEVANT ACCOUNTING ISSUES

GASB STATEMENT NO. 72

GASB Statement No. 72, *“Fair Value Measurement and Application”*, is effective for periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurement. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB STATEMENT NO. 73

GASB Statement No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”*, is effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers.

GASB STATEMENT NO. 74

GASB Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*, is effective for periods beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are **not** administered through trusts that meet the specified criteria.

GASB STATEMENT NO. 75

GASB Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”*, is effective for periods beginning after June 15, 2017. The scope of this Statement addresses accounting and financial reporting for postemployment benefits other than pension (other postemployment benefits or OPEB) that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit and defined contribution plans.



DISCUSSION OF RELEVANT ACCOUNTING ISSUES (CONTINUED)

GASB STATEMENT NO. 76

GASB Statement No. 76, *“The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”*, is effective for periods beginning after June 15, 2015. The requirements of this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature.

GASB STATEMENT NO. 77

GASB Statement No. 77, *“Tax Abatement Disclosures”*, is effective for periods beginning after December 15, 2015. This Statement requires governments that enter into tax abatement agreements to disclose the following information:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

GASB STATEMENT NO. 78

GASB Statement No. 78, *“Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans”*, is effective for periods beginning after December 15, 2015. This Statement amends the scope and applicability of Statement 68 to **exclude** pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.



DISCUSSION OF RELEVANT ACCOUNTING ISSUES (CONTINUED)

GASB STATEMENT NO. 79

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*", is effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, those provisions are effective for reporting periods beginning after December 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets certain applicable criteria established in this Statement. It establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investment at amortized cost for financial reporting purposes and for government that participate in those pools.

WORK REQUIRED BY CITY STAFF

Our fixed annual fees contemplate that conditions satisfactory to the normal progress and completion of the examination will be encountered and that City accounting personnel will furnish the agreed-upon assistance in connection with the audit. However, if unusual circumstances are encountered which make it necessary for us to do additional work, we shall report such conditions to the responsible City officials and provide the City with an estimate of the additional accounting fees involved.

Noted below is a listing of work required by City staff to assist in the audit.

1. Technical assistance in familiarizing our staff with:
 - The flow of information through the various departments and accounting systems.
 - Reports generated by your accounting system.
 - The system of internal controls.
 - Controls established to monitor compliance with federal grants.
2. Preparation of trial balances for all funds, after posting of all year end journal entries.
3. Preparation of schedules supporting all major balance sheet accounts, and selected revenue and expenditure accounts.
4. Typing of all confirmation requests.
5. Pulling and refiling of all supporting documents required for audit verification.
6. Preparation of the CAFR and footnotes, including: the introductory section, the management's discussion and analysis, required supplementary information, other supplementary information and statistical section of the CAFR.
7. Preparation of individual reports listed in Section II page 6 of your RFP No. B2015-43.

CONSULTING SERVICES DEPARTMENT

OVERVIEW OF SERVICES PROVIDED

White Nelson Diehl Evans LLP offers a wide range of consulting services to governmental agencies. This section of our proposal summarizes the primary types of services provided by the firm.

The firm's Director of Consulting Services is Mr. William S. Morgan, CPA. Mr. Morgan has over thirty years of experience in providing accounting, auditing and consulting services to California cities, counties, successor agencies/redevelopment agencies, water districts, special districts, joint power authorities and nonprofit corporations. Many of the firm's consulting projects are planned, supervised and reviewed by Mr. Morgan.

Our firm provides the following types of services:

- Governmental Tax Consulting
- Performance and Operational Studies
- Redevelopment Consulting Services
- Reviews of City Treasurer Operations
- Cable Television and Broadband Consulting Services
- Reviews of Solid Waste Haulers and Assistance With Trash Rate Negotiations
- Litigation Support and Dispute Resolution Services
- Fraud Investigations
- Hotel/Motel Transient Occupancy Tax Reviews
- Business License Operation Reviews

With regard to these engagements, we would intend to perform limited procedures reviews in connection with each assignment, in accordance with the AICPA's attestation standards. Under the provisions of the attestation standards, the City would designate what specific procedures it wishes to have performed. We would then perform those procedures and report on our findings. This type of engagement would not constitute a certified audit in accordance with auditing standards generally accepted in the United States of America. Such special services are not part of our standard fee arrangements and would be subject to a separate fee quotation.



ATTACHMENT I
CURRENT CITY CLIENT REFERENCES
AND
LISTS OF CITY AND SPECIAL DISTRICT ENGAGEMENTS
PERFORMED IN THE LAST 5 YEARS

CURRENT CITY CLIENT REFERENCES

One means of judging the high quality of our auditing and accounting services would be contact with some of our existing clients. We are including the names and phone numbers of our city clients over the past year. We encourage you to contact any of these individuals.

City of Alhambra

Mr. Paul Espinoza
Finance Director
(626) 570-5027

City of Artesia

Ms. Justine Menzel
Deputy City Manager
(562) 865-6249

City of Bellflower

Mr. Tae Rhee
Director of Finance
(562) 804-1424

City of Beverly Hills

Mr. Don Rhoads
Finance Director
(310) 285-2429

City of Burbank

Mr. Dino Balos
Accounting Manager
(818) 238-5518

City of Camarillo

Mr. Ronnie Campbell
Finance Director
(805) 388-5320

City of Campbell

Mr. Jesse Takahashi
Finance Director
(408) 866-2113

City of Colton

Ms. Anita Agramonte
Finance Director
(909) 370-5039

City of Costa Mesa

Ms. Colleen O'Donoghue
Assistant Finance Director
(714) 754-5421

City of Cypress

Mr. Matt Burton
Director of Finance & Administrative Services
(714) 229-6718

City of Del Mar

Ms. Teresa McBroome
Director of Finance/Treasurer
(858) 755-9354

City of Fountain Valley

Mr. David Cain
Finance Director/Treasurer
(714) 593-4501

City of Gilroy

Ms. Christina Turner
Finance Director
(408) 846-0750

City of Goleta

Ms. Genie Wilson
Finance Director
(805) 961-7527

City of Hawaiian Gardens

Ms. Linda Hollinsworth
Finance Director/Treasurer
(562) 420-2641 x236

City of Hesperia

Mr. Brian Johnson
Director of Administrative Services
(760) 947-1442

City of Highland

Mr. Chuck Dantuono
Director of Administrative Services
(909) 864-6861

City of Laguna Hills

Ms. Janice Mateo-Reyes
Finance Manager
(949) 707-2623

City of Laguna Woods

Ms. Margaret Cady
Administrative Services/
City Treasurer
(949) 639-0500

City of Lake Forest

Mr. Keith Neves
Director of Finance
(949) 461-3400

City of Lancaster

Ms. Pamela Statsmann
Assistant Finance Director
(661) 723-6038

City of Newport Beach

Mr. Dan Matusiewicz
Director of Finance
(949) 644-3126

City of Norco

Ms. Olivia Hoyt
Accounting Manager
(951) 270-5652

City of Norwalk

Ms. Jana Stuard
Director of Finance
(562) 929-5056

City of Palm Desert

Mr. Paul Gibson
Director of Finance
(760) 346-0611

City of Pico Rivera

Mr. Kambiz Borhani
Senior Finance Manager
(562) 801-4395

City of Rancho Santa Margarita

Ms. Stefanie Turner
Finance Director
(949) 635-1812

City of Rialto

Mr. George Harris, II
Director of Administrative
and Community Services
(909) 421-7219

City of San Buenaventura

Ms. Bridgette McInally
Accounting Manager
(805) 654-7892

City of San Gabriel

Mr. Thomas Marston
Director of Finance
(626) 308-2812

City of Sanger

Ms. Patty Hartman
Interim Finance Director
(559) 876-6300

City of Stanton

Mr. Stephen Parker
Director of Administrative Services
(714) 890-4226

City of Tustin

Ms. Jenny Leisz
Finance Manager
(714) 573-3079

City of West Covina

Ms. Christa Buhagiar
Finance Director
(626) 939-8463

City of West Hollywood

Ms. Lorena Quijano
Accounting Services Manager
(323) 848-6513

City of Westminster

Ms. Sherry Johnson
Accounting Manager
(714) 898-3311

LIST OF CITY ENGAGEMENTS

We have listed below the cities which were under contract with us during the past five fiscal years.

City	Period of Service		Scope of Work
	From	To	
Alhambra	2005	Present	CA, RDA, SA, SCR
Artesia	2012	Present	CA, RDA, SA
Avalon	2006	2012	CA, RDA, OCU, SCR
Bellflower	2013	Present	CA, SA, SCR, Financing Authority, Public Facilities Corp.
Beverly Hills	2012	Present	CA, SA
Burbank	2013	Present	CA, AQMD, SA, Water & Utility Enterprise Fund
Camarillo	2012	Present	CA, RDA, SA
Campbell	2013	Present	CA, SA, T, Solid Waste Management Authority
Colton	2014	Present	CA, SA, SCR, Child Care Program
Costa Mesa	2012	Present	CA, RDA, PFA, SA, Housing Authority
Cypress	2012	Present	CA, RDA, RA, SA
Del Mar	2014	Present	CA, SA, SCR
Downey	1987	2013	CA, RDA, AQMD, PFA, SA, OCU
Fountain Valley	2013	Present	CA, SA, Housing Authority, Financing Authority
Gilroy	2013	Present	CA, SA
Goleta	2013	Present	CA, SA, SCR, SR
Hawaiian Gardens	2012	Present	CA, RDA, PFA, SA
Hesperia	1997	Present	CA, RDA, SA
Highland	2012	Present	CA, SA
La Habra Heights	2008	2013	CA, SA, SCR
Laguna Hills	2015	Present	CA, SA, SCR. SR
Laguna Woods	2015	Present	CA, SA
Lake Elsinore	2005	2012	CA, RDA, PFA, RA, SA
Lake Forest	2011	Present	CA, RDA, SA, Housing Authority
Lakewood	1974	2013	CA, RDA, SA
Lancaster	2013	Present	CA, SA, SCR - City, SCR - Power Authority
Newport Beach	2011	Present	CA, SA
Norco	2015	Present	CA, SA, SCR
Norwalk	2015	Present	CA, AQMD, PFA, SA, T, OCU, SCR - City & Transit
Palm Desert	2008	Present	CA, RDA, SA, Housing Authority
Pico Rivera	2012	Present	CA, PFA, SA, SCR, Water Authority
Rancho Palos Verdes	2008	2012	CA, RDA, PI, SA, SCR, SR
Rancho Santa Margarita	2012	Present	CA, SA
Rialto	2013	Present	CA, SA
San Buenaventura	2011	Present	CA, RDA, PFA, SA, SCR
San Fernando	2007	2011	CA, RDA, SA
San Gabriel	2013	Present	CA, SA
Sanger	2011	Present	CA, RDA, PFA, SA, SCR
Signal Hill	1962	2013	CA, RDA, SA
Stanton	2012	Present	CA, RDA, SA
Tustin	2011	Present	CA, RDA, SA, SCR
West Covina	2011	Present	CA, RDA, AQMD, SA
West Hollywood	2014	Present	CA, SA, SCR
Westminster	1997	Present	CA, RDA, AQMD, SA

Legend:

- | | |
|--|---|
| AQMD - Air Quality Management District Audit | RA - Recreation Authority |
| CA - City Audit | RDA - Former Redevelopment Agency Audit |
| OCU - Other Component Unit Audits | SA - Single Audit |
| PFA - Public Financing Authority | SCR - State Controllers' Reports |
| PI - Public Improvement | SR - Street Report |
| PP - Pension Plans | T - Transportation |

Substantially all of the above engagements were performed through the firm's Irvine office.

LIST OF SPECIAL DISTRICT ENGAGEMENTS

We have listed below the special districts which were under contract with us during the past five fiscal years.

Client Name	Period of Service	
	From	To
Borrego Water District	2006	2013
Calleguas Municipal Water District	2015	Present
Chino Basin Desalter Authority	2011	Present
Chino Basin Regional Financing Authority	2015	Present
Costa Mesa Sanitary District	2005	2014
Cypress Recreation and Park District	2012	Present
Downey Cemetery District	1987	2013
El Toro Water District	2008	2013
Grossmont Healthcare District	2011	Present
Heber Public Utilities District	2014	Present
Inland Empire Regional Composting Authority	2011	Present
Inland Empire Utilities Agency	2011	Present
La Habra Heights County Water District	2002	Present
La Puente Valley County Water District	1986	Present
Laguna Beach County Water District	2002	Present
Lake Elsinore and San Jacinto Joint Powers Authority	2013	Present
Las Virgenes Municipal Water District	2007	2013
Leucadia Wastewater District	2010	Present
Midway City Sanitary District	2012	Present
Monterey Peninsula Regional Park District	2015	Present
Municipal Water District of Orange County	2007	2011
Olivenhain Municipal Water District	2009	Present
Orange County Development Authority - Eco-Rapid Transit	2015	Present
Orange County Vector Control District	2013	Present
Orchard Dale Water District	2012	Present
Otay Water District	2009	2013
Padre Dam Municipal Water District	2009	Present
Pico Water District	2010	Present
Placentia Library District	2015	Present
Puente Basin Water Agency	2005	2011
Rancho California Water District	2012	Present
Rincon del Diablo Municipal Water District	2015	Present
Rowland Water District	2007	Present
Santa Ana Watershed Project Authority	2013	Present
South Coast Water District	2011	2014
South County Regional Wastewater Authority	2013	Present
Sunset Beach Sanitary District	1986	Present
Surfside Colony Stormwater Drainage District	2010	Present
Surfside Community Services District	2010	Present
Vallecitos Water District	2010	2015
Valley Wide Recreation and Park District	1986	Present
Ventura Port District	2011	Present
Walnut Valley Water District	2002	2011
Yorba Linda Water District	2008	Present

Substantially all of the above engagements were performed through the firm's Irvine office.

ATTACHMENT II
RESULTS OF OUTSIDE QUALITY REVIEW

System Review Report

July 22, 2015

To the Owners of
White Nelson Diehl Evans LLP
and the Peer Review Committee of the CA Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of White Nelson Diehl Evans LLP (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of White Nelson Diehl Evans LLP in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. White Nelson Diehl Evans LLP has received a peer review rating of *pass*.

Heidenreich & Heidenreich CPAs PLLC

Heidenreich & Heidenreich, CPAs, PLLC

Honorable Chair and Members of the Finance & Governmental Operations Committee
City Hall
Torrance, California

The Treasurer's Office and the Investment Advisory Committee have set out to develop and implement investment procedures that ensure the City's investment objectives are achieved. The foremost goals are:

- Asset Safety (e.g., preserving principal)
- Adequate Liquidity - to meet operating and capital expenditure needs; and,
- A Market Rate of Return on the City's Investment Assets.

The City Treasurer has determined the Market Rate of Return for the City of Torrance to be one percent (1%) for Fiscal Year 2015-2016.

Investment Summary

As of December 31, 2015, total investments of \$377.1 million consisted of the following:

1) Pooled Funds (Investment Portfolio)	\$ 172.2 million
2) Restricted Funds:	
A. Debt Issue Proceeds	\$ 6.7 million
B. Deferred Compensation	
i) 457	\$ 168.6 million
ii) 401(a)	\$ 11.4 million
C. Retirement Health Savings Plan	\$ 3.5 million
D. Public Agency Retirement Services (PARS)	\$ 14.7 million

The Pooled Funds consist of surplus funds invested and managed directly by the City Treasurer. The funds have generated year-to-date interest earnings of \$838,879 and Yield to Maturity (YTM) of 1.104%.

The Restricted Funds categories are identified above and invested as follows:

- A. Debt Issue Proceeds are invested through a trustee appointed under the Debt Trust Indenture. The Debt Trust Indenture is the Bond Contract. The funds are invested at the direction of the City Treasurer.
- B. The Deferred Compensation Fund is managed by a third party administrator – Empower. Investment options are selected and approved by the Deferred

Compensation Committee. The fund is a self-directed program with participants having the ability to direct their contributions among numerous investment options.

- C. The Retirement Health Savings Plan is managed by a third party administrator – ICMA Retirement. Investment options are made available to the participants and are selected by ICMA Retirement. Participants can direct their contributions among numerous investment options. This tax-deferred program has been offered to employees for the purpose of saving dollars to supplement the cost of health expenses upon retirement.
- D. The PARS Plan is an enhanced benefit plan managed by a third party administrator – Public Agency Retirement Services and held in trust through Union Bank. This is a tax-deferred program negotiated by certain employee groups for the purposes of enhancing their retirement. The investment options are chosen by the City with input by the respective labor groups impacted. The City Treasurer serves as the plan administrator. However, the City Treasurer works in conjunction with the City and two employee associations (TPSA and Engineers) that negotiated this benefit for their membership.

NOTE: The Deferred Compensation Plans, Retirement Health Savings Plan and PARS are held in a custodial account for the benefit of the Participants or their Beneficiaries and are not assets of the City of Torrance.

Investment Forecast

The Federal Open Market Committee (i.e., Federal Reserve) executed the first rate hike in December. This much-anticipated rate hike of 25 basis points, while welcomed, was readily absorbed by the markets prior to its announcement. The Federal Reserve has expressed they will continue along this path as long as they feel that their other two mandates are being met which are price stabilization and maximizing employment.

With the uncertainty of the global markets and upcoming presidential election in the US, it can be expected that the Federal Reserve will probably hold off from making any additional moves until there is more certainty. The City's portfolio can expect to sustain the current Yield to Maturity level of earnings well into the next fiscal year.

GASB 31 Impacts on Investments

GASB 31 took effect June 1997. The intent of GASB 31 is to bring to light potential liquidity problems by requiring municipalities to denote to market their securities with a maturity greater than one year. This paper gain or loss must be booked against investment earnings at year-end.

Organizations are eligible to withdrawal from GASB 31 requirements. In order to do so such organizations would have to limit investments to securities with maturities of one

year or less. This practice would then preclude a market valuation and allow investments to be carried on a book value basis. Managing the portfolio in this manner could reduce earnings potential by way of lost yield that a security with a longer term would usually offer.

Within our investment policy we adhere to a “buy and hold” philosophy. Therefore, our current investment goals will not change in light of GASB 31. We will continue to preserve principal, provide adequate liquidity, and purchase securities throughout the yield curve to take advantage of higher earnings once the first two directives are met.

At the present time, the monthly investment report tracks all securities by listing the face value, book value and market value. The portfolio paper gain or loss is the difference between book and market value. The unrealized gain or loss is noted monthly on the investment report even though these paper losses/gains are applied to earnings until year-end as required by GASB 31.

Investment Strategy

Strategically, we will continue to invest in the capital markets. Although the market would encourage investment in securities with longer maturities in order to obtain a higher yield, it is not our intent to change our objectives of matching purchases with cash flow needs in order meet our liquidity needs.

To be consistent with the City’s objectives of having a portfolio of highly rated assets, the majority of the portfolio will continue to be in instruments guaranteed by the “full faith and credit” of the US Government.

Recommendation

Accept and file the 2015 2nd Quarter Report.

Respectfully submitted,



Dana Cortez
City Treasurer

NOTED:



LeRoy J. Jackson
Investment Advisory Committee Member

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