

City of Bradbury

Bradbury, California

Independent Auditors' Reports and Basic Financial Statements

For the Year Ended June 30, 2016



City of Bradbury
Basic Financial Statements
For the Year Ended June 30, 2016

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City of Bradbury
Basic Financial Statements
For the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Prior Period Adjustment

The City overstated capital assets at July 1, 2015 by \$1,950,425. As a result, the beginning net position at July 1, 2015 was restated by (\$1,950,425) as reported in Note 12. Our opinion is not modified with respect to this matter.

CalPERS Discount Rate

CalPERS approved its plan to lower the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent, over the next three years commencing on for the fiscal year ending June 30, 2017. This will increase the City's employer contribution costs and net pension liabilities beginning in fiscal year 2018-19. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the Budgetary Comparison Schedules - General Fund, Sewer Special Revenue Fund, Utility Users Tax (UUT) Special Revenue Funds, Citizens' Option for Public Safety (COPS) Special Revenue Fund, the Schedules of the City's Proportionate Share of the Net Pension Liabilities and Related Ratios, and the Schedule of the City's Contributions on pages 47 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis ("MD&A") that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
January 2, 2018

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Bradbury
Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 4,183,207
Accounts receivable	9,639
Taxes receivable	10,644
Interest receivable	1,690
Total current assets	4,205,180
Noncurrent assets:	
Capital assets:	
Nondepreciable	371,466
Depreciable, net	2,025,268
Total capital assets	2,396,734
Total noncurrent assets	2,396,734
Total assets	6,601,914
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	176,047
Total deferred outflows of resources	176,047
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	142,342
Deposits	18,571
Unearned revenue	63,000
Net pension liability	175,694
Total current liabilities	399,607
Total liabilities	399,607
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	36,281
Total deferred inflows of resources	36,281
NET POSITION	
Investment in capital assets	2,396,734
Restricted	749,099
Unrestricted	3,196,240
Total net position	\$ 6,342,073

City of Bradbury
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,110,451	\$ 1,099,406	\$ -	\$ -	\$ (11,045)
Public safety	161,195	12,158	139,540	-	(9,497)
Public works	25,526	65,483	50,047	-	90,004
Parks and recreation	126,283	-	26,500	-	(99,783)
Total governmental activities	\$ 1,423,455	\$ 1,177,047	\$ 216,087	\$ -	(30,321)
General Revenues:					
					850,987
					16,462
					16,479
					<u>883,928</u>
					853,607
					<u>5,488,466</u>
					<u>\$ 6,342,073</u>

FUND FINANCIAL STATEMENTS

City of Bradbury
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			
	General Fund	Special Revenue Funds		
		Sewer	Utility Users Tax	COPS
ASSETS				
Cash and investments	\$ 3,369,713	\$ -	\$ 431,072	\$ 105,326
Accounts receivable	9,639	-	-	-
Taxes receivable	8,328	-	-	-
Interest receivable	1,377	-	155	47
Due from other funds	28,763	-	-	-
Total assets	\$ 3,417,820	\$ -	\$ 431,227	\$ 105,373
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 137,408	\$ 800	\$ -	\$ -
Deposits	18,571	-	-	-
Unearned revenues	-	-	-	63,000
Due to other funds	-	23,429	-	-
Total liabilities	155,979	24,229	-	63,000
Fund Balances:				
Restricted	-	-	431,227	42,373
Unassigned (Deficit)	3,261,841	(24,229)	-	-
Total fund balances	3,261,841	(24,229)	431,227	42,373
Total liabilities and fund balances	\$ 3,417,820	\$ -	\$ 431,227	\$ 105,373

City of Bradbury
Balance Sheet (Continued)
Governmental Funds
June 30, 2016

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 277,096	\$ 4,183,207
Accounts receivable	-	9,639
Taxes receivable	2,316	10,644
Interest receivable	111	1,690
Due from other funds	-	28,763
Total assets	\$ 279,523	\$ 4,233,943
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,134	\$ 142,342
Deposits	-	18,571
Unearned revenues	-	63,000
Due to other funds	5,334	28,763
Total liabilities	9,468	252,676
Fund Balances:		
Restricted	275,499	749,099
Unassigned (Deficit)	(5,444)	3,232,168
Total fund balances	270,055	3,981,267
Total liabilities and fund balances	\$ 279,523	\$ 4,233,943

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City of Bradbury
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds		<u>\$ 3,981,267</u>
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Amounts reported for governmental activities in the government-wide statement of net position were different because:

Capital assets used in governmental activities were not financial resources and therefore, were not reported in governmental funds.

Capital assets, nondepreciable	\$ 371,466		
Capital assets, net of accumulated depreciation	<u>2,025,268</u>		<u>2,396,734</u>

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources			176,047
Aggregate net pension liability			(175,694)
Pension related deferred inflows of resources			<u>(36,281)</u>

Net Position of Governmental Activities		<u><u>\$ 6,342,073</u></u>
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City of Bradbury
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds			
	General Fund	Special Revenue Funds		
		Sewer	Utility Users Tax	COPS
REVENUES:				
Taxes	\$ 642,351	\$ -	\$ 208,636	\$ -
Licenses and permits	399,440	-	-	-
Use of money and property	14,573	-	230	358
Intergovernmental	8,734	-	-	51,619
Charges for current services	722,718	53,914	-	-
Other revenue	15,480	-	-	-
Total revenues	1,803,296	53,914	208,866	51,977
EXPENDITURES:				
Current:				
General government	1,256,239	-	-	-
Public safety	104,888	-	-	56,307
Public works	19,844	209,942	60,097	-
Parks and recreation	30,714	-	-	-
Total expenditures	1,411,685	209,942	60,097	56,307
REVENUES OVER (UNDER) EXPENDITURES	391,611	(156,028)	148,769	(4,330)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	176,500	-	-
Transfers out	(176,500)	-	-	-
Total other financing sources (uses)	(176,500)	176,500	-	-
Net change in fund balances	215,111	20,472	148,769	(4,330)
FUND BALANCES:				
Beginning of year	3,046,730	(44,701)	282,458	46,703
End of year	\$ 3,261,841	\$ (24,229)	\$ 431,227	\$ 42,373

City of Bradbury
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2016

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ -	\$ 850,987
Licenses and permits	-	399,440
Use of money and property	1,301	16,462
Intergovernmental	155,734	216,087
Charges for current services	975	777,607
Other revenue	999	16,479
Total revenues	159,009	2,277,062
EXPENDITURES:		
Current:		
General government	-	1,256,239
Public safety	-	161,195
Public works	87,365	377,248
Parks and recreation	95,569	126,283
Total expenditures	182,934	1,920,965
REVENUES OVER (UNDER) EXPENDITURES	(23,925)	356,097
OTHER FINANCING SOURCES (USES):		
Transfers in	3,147	179,647
Transfers out	(3,147)	(179,647)
Total other financing sources (uses)	-	-
Net change in fund balances	(23,925)	356,097
FUND BALANCES:		
Beginning of year	293,980	3,625,170
End of year	\$ 270,055	\$ 3,981,267

City of Bradbury
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds: \$ 356,097

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

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

Capital outlay	388,140
Disposition of assets	(5,085)
Depreciation	(56,587)

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

171,042

Change in Net Position of Governmental Activities

\$ 853,607

NOTES TO BASIC FINANCIAL STATEMENTS

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City of Bradbury
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

Note 1 - Reporting Entity

The City of Bradbury, California (the "City"), was incorporated on July 26, 1957. The City provides a broad range of services to its citizens, including general government, public safety, streets, and sanitation. Many of the municipal governmental functions of the City are provided by special districts. Examples of some of these special districts, which usually encompass areas larger than the City itself, are the Fire Protection District, the Library District, the Sewer Maintenance District and the County Flood Control District. Certain other governmental functions are paid for by the City, but performed by Los Angeles County departments under contract. Some of the contracts now in effect are for police protection, street maintenance, and tax collection services.

The City is a general law city operating under the City Council/City Manager form of government. The financial reporting entity of the City is comprised of various funds. The accompanying financial statements include those of the City and contain only the funds of the City. The criteria of oversight responsibility, special financing relationships and scope of public services are used in determining the agencies or entities which comprise the City for financial reporting purposes. Oversight responsibility is determined by the extent of financial interdependency, control over the selections of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, there are no agencies or entities which should be combined with the financial statements of the City.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

There are no component units for the City that meet the criteria for blended presentation.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. City resources are allocated to account for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statements Presentation (Continued)

Government-Wide Financial Statements

The City's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities for the City accompanied by a total column. The City does not have any business-type activities; therefore, only governmental activities are reported.

The government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of activities have been eliminated except those representing balances by the City, which are presented as internal balances and eliminated in the total primary government column. The transfers in and out and due to due from other funds activities have been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds in aggregate. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both "measurable" and "available". Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government Wide Financial Statements is provided to explain the differences.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statements Presentation (Continued)

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. All general tax revenues and other receipts not allocated by law or contractual agreement to other funds are accounted for in this fund. Expenditures of this fund include general operating costs not paid through other funds. The general fund is used to account for all activities of the general government not accounted for in some other fund.

Sewer Special Revenue Fund is used to account for assessments collected and projects funded with those assessments.

Utility Users Tax (UUT) Special Revenue Fund is used to record the receipt and disbursement of funds received from the utility users tax assessed by the City. When it was approved by voters, it was specified to be separated into its own fund for the purpose of complying with the Clean Water Act.

Citizens' Option for Public Safety (COPS) Special Revenue Fund is used to account for the receipt and disbursement of funds allocated by the State of California, and must be used for front line law enforcement expenditures.

C. Cash, Cash Equivalents, and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned from pooled investments is allocated to those various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or were purchased so near their maturity that they present insignificant risk of change in value because of changes in interest rates. Cash and cash equivalents in the accompanying statements include the proprietary funds' share of the cash and investment pool of the City of Bradbury.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets and liabilities at the measurement date.

E. Receivables

Receivables include such items as taxes, intergovernmental revenues, charges for services, miscellaneous accounts receivable, and interest receivable. No allowance for doubtful accounts has been established, as the City believes all amounts are considered to be collectible in the normal course of business.

F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. The City's capitalization policy is \$5,000 and above for capital assets; \$10,000 and above for building improvements; \$20,000 and above for buildings; and \$50,000 and above for infrastructure assets. Capital assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and Equipments	7-10 Years
Roadways - Pavement	25 Years
Roadways - Signs	10 Years
Sewer - Existing Pipe	75 Years
Fence	50 Years
Buildings	50 Years
Curbs and Gutters	100 Years
Bridge	75 Years

G. Interfund Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

H. Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. All full-time employees accrue vacation leave according to their years of service. Unused sick days are forfeited at termination or resignation. The balance was \$0 at June 30, 2016.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Pension

For purposes of measuring the aggregate net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

J. Deferred Outflows / Inflows of Resources

The statement of net position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

K. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – This amount indicates the portion of fund balance which cannot be spent because they are either not in spendable form, such as prepaid items, inventories or loans receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Fund Balances (Continued)

Restricted – This amount indicates the portion of fund balance which has been restricted a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – This amount indicates the portion of fund balance which can only be used for specific purposes pursuant to formal resolution or ordinance of the City Council. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned – This amount indicates the portion of fund balance which is constrained by the City’s intent to be used for specific purposes, but is neither restricted nor committed. The City Manager is authorized by the City Council to determine and define the amount of assigned fund balance.

Unassigned – This amount indicates the portion of fund balance that does not fall into one of the above categories. This category is for any balances that have no restrictions placed upon them. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

L. Net Positions

In the government-wide financial statements, net position balances are classified as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes in which both restricted and unrestricted components of net position are available, the City’s policy is to apply the restricted component of net position first.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Property Tax Revenues

Property taxes in California are levied in accordance with Article XIII B of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. Property tax revenue is recognized in the fiscal year for which taxes have been levied, provided that the revenue is collected in the current period or will be collected within 60 days thereafter.

The following dates relate to property tax levies and collections:

Lien Date	January 1
Levy Date	July 1
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

N. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Accounting Changes

GASB Statement No. 72, Fair Value Measurement and Application - This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the City's investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in Note 2 of the City's financial statements for the year ended June 30, 2016.

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 - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No.68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. This Statement became effective for periods beginning after June 15, 2015. This statement did not have a significant impact on the City's financial statements for the year ended June 30, 2016.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Accounting Changes (Continued)

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This Statement establishes standards relating to the hierarchy of generally accepted accounting principles. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement became effective for periods beginning after June 15, 2015, is applied retroactively. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement establishes standards relating to accounting and financial reporting for certain external investment pools and pool participants. This Statement became 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 did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

Note 3 – Cash and Investments

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

Demand deposits	\$	2,196,377
Petty cash		300
Investments with LAIF		1,242,530
Investments in certificates of deposit		744,000
Total	\$	4,183,207

A. Deposits

The carrying amount of the City’s demand deposits was \$2,196,377 at June 30, 2016. The bank balances at that date were \$2,288,151, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City’s deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). The City, however, has not waived the collateralization requirements.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

A. Deposits (Continued)

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures, if applicable. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances.

B. Investments

Under the provisions of the City’s investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the type of investments listed in the table below. The table also identifies certain provisions intended to limit the City’s exposure to interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund	N/A	No Limit	\$ 40,000,000
U.S. Government Obligations	5 Years	No Limit	No Limit
Certificates of Deposit	360 Days	No Limit	No Limit

C. Fair Value Measurement

At June 30, 2016, investments are reported at fair value. The following table presents the fair value measurement of investments on recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2016:

<u>Investment Type</u>	<u>Total</u>	<u>Significant Other Observable Input (Level 2)</u>	<u>Uncategorized</u>
Local Agency Investment Fund	\$ 1,242,530	\$ -	\$ 1,242,530
Certificates of deposit	744,000	744,000	-
Total	\$ 1,986,530	\$ 744,000	\$ 1,242,530

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments to a maximum maturity of five years.

At June 30, 2016, the City had the following investment maturities:

Investment Type	Fair value	Investment Maturities (in Years)		
		Less than 1	1 to 2	2 to 3
Local Agency Investment Fund	\$ 1,242,530	\$ 1,242,530	\$ -	\$ -
Certificates of deposit	744,000	248,000	248,000	248,000
Total	\$ 1,986,530	\$ 1,490,530	\$ 248,000	\$ 248,000

Credit Risk – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. It is the City's policy to limit its investments in these investment types to the top rating issued by Standard & Poor's and Moody's Investor Service. At June 30, 2016, the City's credit risks, expressed on a percentage basis, were as follows:

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

Investment Type	Moody's Credit Rating	S&P's Credit Rating	% of Investments with Interest Rate Risk
Local Agency Investment Fund (LAIF)	Not Rated	Not Rated	62.55%
Certificates of Deposits	Not Rated	Not Rated	37.45%
Total			100.00%

Custodial Risk – For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of credit risk – The City's investment policy does not allow for investments in any one institution that is in excess of 5% of the City's total portfolio, except for LAIF, where there is no limit. The City is in compliance with the investment policy related to the concentration of credit risk for the year ended June 30, 2016.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

E. Investment in Local Agency Investment Fund (“LAIF”)

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2016 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities, which included the following:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2016, the City had \$1,242,530 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Backed Securities.

Note 4 – Interfund Transactions

Due To and From Other Funds

At June 30, 2016 the City had the following due to / from other funds:

	Due From Other Funds	
	Due To Other Funds	General Fund
Special Revenue Funds:		
Sewer	\$	23,429
Nonmajor Governmental Fund		5,334
Total	\$	28,763

These interfund balances represent routine short-term cash flow assistance.

Transfers In and Out

At June 30, 2016 the City had the following transfers in / out from other funds:

	Transfer In			
	Transfer Out	Sewer Special Revenue Fund	Nomajor Governmental Funds	Total
General Fund	\$ 176,500	\$ -		\$ 176,500
Nomajor Governmental Funds	-	3,147		3,147
Total	\$ 176,500	\$ 3,147		\$ 179,647

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Capital Assets

The following schedule shows changes in capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Prior Period Adjustments	Balance July 1, 2015 (As Restated)	Additions	Deletions	Balance June 30, 2016
Nondepreciable Assets:						
Land	\$ 16,500	\$ 100,697	\$ 117,197	\$ -	\$ -	\$ 117,197
Construction in progress	-	-	-	254,269	-	254,269
Total Nondepreciable Assets	<u>16,500</u>	<u>100,697</u>	<u>117,197</u>	<u>254,269</u>	<u>-</u>	<u>371,466</u>
Depreciable Assets:						
Structures and improvements	821,512	38,388	859,900	-	-	859,900
Machinery and equipment	49,090	-	49,090	45,149	-	94,239
Infrastructure	4,891,404	(3,017,148)	1,874,256	88,722	(6,201)	1,956,777
Total Depreciable Assets	<u>5,762,006</u>	<u>(2,978,760)</u>	<u>2,783,246</u>	<u>133,871</u>	<u>(6,201)</u>	<u>2,910,916</u>
Less Accumulated Depreciation:						
Structures and improvements	(92,335)	12,839	(79,496)	(17,198)	-	(96,694)
Machinery and equipment	(24,646)	-	(24,646)	(8,056)	-	(32,702)
Infrastructure	(1,640,834)	914,799	(726,035)	(31,333)	1,116	(756,252)
Total Accumulated Depreciation	<u>(1,757,815)</u>	<u>927,638</u>	<u>(830,177)</u>	<u>(56,587)</u>	<u>1,116</u>	<u>(885,648)</u>
Total Depreciable Assets, Net	<u>4,004,191</u>	<u>(2,051,122)</u>	<u>1,953,069</u>	<u>77,284</u>	<u>(5,085)</u>	<u>2,025,268</u>
Total Capital Assets, Net	<u>\$ 4,020,691</u>	<u>\$ (1,950,425)</u>	<u>\$ 2,070,266</u>	<u>\$ 331,553</u>	<u>\$ (5,085)</u>	<u>\$ 2,396,734</u>

Depreciation expense was charged in the following functions in the statement of activities:

General government	\$ 25,254
Public works	<u>31,333</u>
Total	<u>\$ 56,587</u>

Note 6 – Self-Insurance with Joint Powers Authority

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

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Self-Insurance with Joint Powers Authority (Continued)

B. Self-Insurance Programs of the Authority

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

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

Liability

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

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

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

Workers' Compensation

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

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Self-Insurance with Joint Powers Authority (Continued)

B. Self-Insurance Programs of the Authority (Continued)

Workers' Compensation (Continued)

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

C. Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City of Bradbury participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Bradbury property is currently insured according to a schedule of covered property submitted by the City of Bradbury to the Authority. City of Bradbury property currently has all-risk property insurance protection in the amount of \$1,274,323. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

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

Crime Insurance

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

Special Event Tenant User Liability Insurance

The City of Bradbury further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Bradbury according to a schedule. The City of Bradbury then pays for the insurance. The insurance is arranged by the Authority.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Self-Insurance with Joint Powers Authority (Continued)

D. Adequacy of Protection

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

Note 7 – Deferred Compensation Plan

The City had made available to its employees a deferred compensation plan, whereby employees authorize the City to withhold funds from salaries to be invested in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City makes no contributions under the Plan. The amount held by trustees for the employees at June 30, 2016 was \$26,478. The Trustee invests compensation deferred by employees in various investment options selected by the employee and retains title to all accumulated funds until they are paid to the employee or other beneficiary. Plan assets were established in the trust arrangement specified by Internal Revenue Code Section 457(g). The plan assets are not reflected on the City’s financial statements.

Note 8 – Defined Benefit Pension Plans

The following is a summary of changes in deferred outflows and inflows of resources, and net pension liability for the governmental activities for the year ended June 30, 2016:

	Balance June 30, 2016
Deferred Outflows of Resources:	
Pension contribution made after measurement date	\$ 163,293
Difference between employer's actual contribution and employer's proportionate share of contribution	10,888
Difference between Expected and Actual Experience	1,866
Total Deferred Outflows of Resources	\$ 176,047
 Net Pension Liabilities	 \$ 175,694
 Deferred Inflow of Resources:	
Changes of assumptions	\$ 17,649
Difference in projected and actual earnings on pension investment	8,847
Adjustment due to differences in proportions	9,785
Total Deferred Inflow of Resources	\$ 36,281

General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2014, the following employees were covered by the benefit terms:

	Miscellaneous Plan
Active employees	3
Transferred and terminated employees	4
Retired Employees and Beneficiaries	1
Total	8

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 60 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for miscellaneous employees are calculated as 2.0% of the average final 60 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The Public agency cost-sharing plans covered by either the Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, the active employee and employer’s contribution rates for miscellaneous plan were 6.886% and 14.045% of annual payroll, respectively.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

Change of Assumption

In accordance with GASB 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5% (net of administrative expense in 2014) to 7.65% for the June 30, 2015 measurement date without reduction of pension plan administrative expenses.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

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

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

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous	\$ 294,651	\$ 175,694	\$ 77,481

Pension Plan Fiduciary Net Position

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Miscellaneous			
Balance at: 6/30/14 (Valuation date)	\$ 784,201	\$ 583,810	\$ 200,391
Balance at: 6/30/15 (Measurement date)	817,688	641,994	175,694
Net Changes during 2014-2015	33,487	58,184	(24,697)

Proportionate Share of Net Pension Liability and Pension Expense

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2014). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expenses are allocated based on the City's share of contributions during the measurement period.

The City's proportionate share of the net pension liability was as follows:

	Miscellaneous Plan
June 30, 2014	0.00322%
June 30, 2015	0.00256%
Change - Increase (Decrease)	<u>-0.00066%</u>

For the year ended June 30, 2016, the City recognized pension credit of \$7,749 for the miscellaneous plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired).

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Changes of Assumptions	\$ -	\$ (17,649)
Difference between Expected and Actual Experience	1,866	
Actual earnings in excess of expected earning		
on pension investments	-	(8,847)
Adjustment due to differences in proportions	-	(9,785)
Difference between employer's actual contributions and employer's proportionate share of contributions	10,888	-
Total	\$ 12,754	\$ (36,281)

\$163,293, reported deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Miscellaneous Plan
2017	\$ (11,398)
2018	(11,716)
2019	(11,721)
2020	11,308
2021	-
Thereafter	-
	\$ (23,527)

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Defined Benefit Pension Plans (Continued)

Pension-Related Debt

As of June 30, 2003, the California Public Employees’ Retirement System (“CalPERS”) implemented a risk pool for the City’s multiple-employer public employee defined benefit pension plan. The City’s Miscellaneous Plans converted from agent multiple-employer plans to cost-sharing multiple employer plans. The City is required to make annual payments on a Side Fund, which was created when the City entered the risk pool to account for the difference between the funded status of the pool and the funded status of the City’s plans. The responsibility for funding the Side Fund is specific to the City and is not shared by all employers in the risk pool. The annual payments on the Side Fund represent principal and interest payments on the pension-related debt, which are included in the retirement expenditures in the City’s general government expenditures.

Note 9 – Classification of Fund Balances

At June 30, 2016, fund balances are classified in the governmental funds as follows:

	General Fund	Special Revenue Funds			Nonmajor Governmental Funds	Total
		Sewer	UUT	COPS		
Restricted:						
Clean Water	\$ -	\$ -	\$ 431,227	\$ -	\$ -	\$ 431,227
COPS	-	-	-	42,373	-	42,373
Fire Grant	-	-	-	-	10,478	10,478
Gas Tax	-	-	-	-	101,944	101,944
Proposition C	-	-	-	-	39,668	39,668
Country Park Grant	-	-	-	-	8,814	8,814
Proposition A	-	-	-	-	42,152	42,152
Measure R	-	-	-	-	50,054	50,054
STPL	-	-	-	-	13,780	13,780
Recycling	-	-	-	-	8,609	8,609
Total Restricted	-	-	431,227	42,373	275,499	749,099
Unassigned (Deficit):	3,261,841	(24,229)	-	-	(5,444)	3,232,168
Total Unassigned (Deficit)	3,261,841	(24,229)	-	-	(5,444)	3,232,168
Total Fund Balances	\$ 3,261,841	\$ (24,229)	\$ 431,227	\$ 42,373	\$ 270,055	\$ 3,981,267

In order to prudently protect its fiscal solvency, the City maintains a minimum unassigned fund balance of \$1,000,000 as a reserve for economic uncertainties. The reserves are important in order to:

- Ensure that the City is able to respond to the challenges of a changing environment.
- Reduce the budgetary impacts of bad economic times.
- Insulate the City from actions of the State that may result in reduction of revenues.
- Mitigate exposure to natural disasters or other catastrophic events.
- Demonstrate continued creditworthiness to bond rating agencies and the financial community.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Classification of Fund Balances (Continued)

The nature and purpose of each reserve is described below:

- A. Infrastructure - funds set aside for one-time infrastructure expenditures relating to City owned infrastructure repairs such as streets, sewers or other City facilities.
- B. Economic changes, natural disaster or other catastrophic events - funds set aside for local disasters, emergencies, and / or unexpected economic changes that adversely impact the City's financial position.

Note 10 – Other Required Disclosures

Excess of Expenditures over Appropriations

	Appropriations	Expenditures	Excess Expenditures over Appropriations
General Fund:			
General government	\$ 1,116,450	\$ 1,256,239	\$ (139,789)
Public safety	103,453	104,888	(1,435)
Public works	4,854	19,844	(14,990)
Parks and recreation	29,000	30,714	(1,714)
Special Revenue Funds:			
Sewer			
Public works	179,500	209,942	(30,442)
Nonmajor Governmental Special Revenue Funds:			
Measure R			
Public works	-	21,379	(21,379)
Civic Center			
Public works	11,908	12,020	(112)

The excess was due to higher than anticipated expenditures that exceeded the approved appropriations. The Council was informed of the excesses through monthly reports, that the expenditures were higher than yearly budgeted amounts due to unforeseen expenses. However, the Council did not formally increase the budgetary appropriations since the revenues were higher than expected and they exceeded the total expenditures.

Deficit Fund Balance

The \$24,229 deficit fund balance of the Sewer Special Revenue Fund and \$5,444 deficit fund balance of the Civic Center Special Revenue Fund will be transferred from the General Fund during the 2017-2018 to cover the deficit.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Commitments and Contingencies

A. Grants

The City participates in Federal and State grant programs. No cost disallowance is expected as a result of these audits; however, these programs are subject to further examination by the grantors. Expenditures which may be disallowed by the granting agencies, if any, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

B. Litigation

The City is a defendant in a number of lawsuits, which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

Note 12 – Prior Period Adjustments

During fiscal year ended June 30, 2016, the City completed the inventory of its capital assets including the infrastructure. Accordingly, net position as of July 1, 2015 was restated from \$7,438,891 to \$5,488,466. See note 5 for details.

Note 13 – CalPERS Discount Rate

On December 16, 2016, the CalPERS Board of Administration (the “Board”) approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to the rates below over the next three years. This will increase the City’s employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the Board for the next three fiscal years is as follows.

<u>Valuation Date</u>	<u>Required Contribution Rate</u>	<u>Discount Rate</u>
June 30, 2016	2018-19	7.38%
June 30, 2017	2019-20	7.25%
June 30, 2018	2020-21	7.00%

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	General Fund		Actual	Variance with Final Budget
	Budget			
	Original	Final		
REVENUES:				
Taxes	\$ 592,700	\$ 689,563	\$ 642,351	\$ (47,212)
Licenses and permits	172,000	387,170	399,440	12,270
Use of money and property	5,500	8,000	14,573	6,573
Intergovernmental	10,000	8,000	8,734	734
Charges for current services	343,450	646,187	722,718	76,531
Other revenue	4,920	3,044	15,480	12,436
Total revenues	<u>1,128,570</u>	<u>1,741,964</u>	<u>1,803,296</u>	<u>61,332</u>
EXPENDITURES:				
Current:				
General government	1,069,328	1,116,450	1,256,239	(139,789)
Public safety	103,136	103,453	104,888	(1,435)
Public works	-	4,854	19,844	(14,990)
Parks and recreation	28,500	29,000	30,714	(1,714)
Total expenditures	<u>1,200,964</u>	<u>1,253,757</u>	<u>1,411,685</u>	<u>(157,928)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(72,394)</u>	<u>488,207</u>	<u>391,611</u>	<u>(96,596)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(176,500)	(176,500)
Total other financing sources (uses)	-	-	(176,500)	(176,500)
Net change in fund balance	<u>\$ (72,394)</u>	<u>\$ 488,207</u>	<u>215,111</u>	<u>\$ (273,096)</u>
FUND BALANCE:				
Beginning of year			<u>3,046,730</u>	
End of year			<u>\$ 3,261,841</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2016

Sewer Special Revenue Fund

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for current services	\$ 500,000	\$ 53,914	\$ 53,914	\$ -
Total revenues	<u>500,000</u>	<u>53,914</u>	<u>53,914</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public works	392,430	179,500	209,942	(30,442)
Total expenditures	<u>392,430</u>	<u>179,500</u>	<u>209,942</u>	<u>(30,442)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>107,570</u>	<u>(125,586)</u>	<u>(156,028)</u>	<u>(30,442)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	176,500	176,500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>176,500</u>	<u>176,500</u>
Net Change in Fund Balance	<u>\$ 107,570</u>	<u>\$ (125,586)</u>	<u>20,472</u>	<u>\$ 146,058</u>
FUND BALANCE:				
Beginning of year			(44,701)	
End of year			<u>\$ (24,229)</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2016

Utility Users Tax (UUT) Special Revenue Funds

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 230,600	\$ 205,442	\$ 208,636	\$ 3,194
Use of money and property	-	-	230	230
Total revenues	<u>230,600</u>	<u>205,442</u>	<u>208,866</u>	<u>3,424</u>
EXPENDITURES:				
Current:				
Public works	314,000	78,723	60,097	18,626
Total expenditures	<u>314,000</u>	<u>78,723</u>	<u>60,097</u>	<u>18,626</u>
Net Change in Fund Balance	<u>\$ (83,400)</u>	<u>\$ 126,719</u>	148,769	<u>\$ 22,050</u>
FUND BALANCE:				
Beginning of year			<u>282,458</u>	
End of year			<u>\$ 431,227</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2016

Citizens' Option for Public Safety (COPS) Special Revenue Fund

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 358	\$ 358
Intergovernmental	100,000	115,000	51,619	(63,381)
Total revenues	<u>100,000</u>	<u>115,000</u>	<u>51,977</u>	<u>(63,023)</u>
EXPENDITURES:				
Current:				
Public safety	100,000	100,000	56,307	43,693
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>56,307</u>	<u>43,693</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 15,000</u>	<u>(4,330)</u>	<u>\$ (19,330)</u>
FUND BALANCE:				
Beginning of year			<u>46,703</u>	
End of year			<u>\$ 42,373</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2016

Budget and Budgetary Accounting

The City adopts an annual budget prepared on the modified accrual basis of accounting for the governmental funds. The City Manager or his designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any department or fund must be approved by City Council. Expenditures may not legally exceed appropriations at the program level. The difference between the budgetary basis and GAAP fund balances as of June 30, 2016 was not material. Budgets were not adopted for County Park Grant Special Revenue Fund, Proposition 1B Bond Special Revenue Fund, STPL Special Revenue Fund, and Recycling Grant Special Revenue Fund.

City of Bradbury
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	June 30, 2015 ¹	June 30, 2014 ¹
City's Proportion of the Net Pension Liability/(Asset)	0.00256%	0.00322%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 175,694	\$ 200,391
City's Covered-Employee Payroll	\$ 167,611	\$ 198,839
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	104.82%	100.78%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	78.51%	74.45%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional information will be displayed as it becomes available.

City of Bradbury
Required Supplementary Information (Unaudited)
Schedule of the City's Contributions
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

	2015-16	2014-15	2013-14 ¹
Actuarially Determined Contribution ²	\$ 13,626	\$ 29,107	\$ 28,041
Contribution in Relation to the Actuarially Determined Contribution ²	(163,293)	(29,107)	(28,041)
Contribution Deficiency (Excess)	\$ (149,667)	\$ -	\$ -
Covered-Employee Payroll ^{2,3}	\$ 172,639	\$ 167,611	\$ 198,839
Contributions as a Percentage of Covered-Employee Payroll	7.89%	17.37%	14.10%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

³ Payrolls from 2014-2015 and 2015-2016 were assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: Discount rate was changed from 7.50% to 7.65% for the June 30, 2015 measurement date.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Gas Tax Special Revenue Fund - To account for the receipt and disbursement of gas tax subventions from the State of California. Cities are allocated a share of the revenues derived by the State from taxes on gasoline, which must be spent on construction, improvement and maintenance of public streets and street engineering services.

Proposition C Special Revenue Fund - To account for the receipt and disbursement of a portion of the ½ cent sales tax approved by the voters in 1982 and 1990. Approximately 20% of the monies generated by the tax are returned to local agencies to be used for public transportation purposes and maintenance of streets “heavily used by public transit”.

County Park Grant Fund - To account for the grants requiring segregated fund accounting. Financing is provided by state and county agencies.

Public Transportation Funds (Prop A) - To account for the receipt and disbursement of funds received from the motor vehicle registration fee collected by the State of California and must be used for programs that reduce motor vehicle emissions. The City has used these funds for the purchase of alternative fuel vehicles, and for enhancements to the City’s website.

Proposition 1B Bond Special Revenue Fund - To account for the receipt and disbursement of funds from the State of California which were created by voter approved bond issues in 2006 under Proposition 1B. These funds are allocated on a formula basis.

Measure R Special Revenue Fund - To account for the receipt and disbursement of funds from the County of Los Angeles which were created by a voter approved sales tax in 2008. These funds are allocated based on the point of sale.

Civic Center Special Revenue Fund - To account for the receipt and disbursement of donations received from the City's buy a brick Program.

Surface Transportation Program Local (STPL) Special Revenue Fund - To account for the receipt and disbursement of funds received from the State of California through the Metropolitan Transportation Authority (MTA), and must be used for street improvements on certain major streets within the City.

Recycling Grant Special Revenue Fund - To account for the receipt and disbursement of funds received from the State of California for programs that promote the recycling of waste materials.

Fire Grant Special Revenue Fund is used to account for the receipt and disbursement of grant funds received from the U.S. Department of Forestry for brush clearance.

City of Bradbury
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Gas Tax Fund	Proposition C Fund	County Park Grant Fund	Public Transportation Fund (Prop A)
ASSETS				
Cash and investments	\$ 100,795	\$ 42,465	\$ 8,814	\$ 42,135
Taxes receivable	2,316	-	-	-
Interest receivable	41	19	-	17
Total assets	\$ 103,152	\$ 42,484	\$ 8,814	\$ 42,152
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,208	\$ 2,816	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	1,208	2,816	-	-
Fund Balances:				
Restricted	101,944	39,668	8,814	42,152
Unassigned (deficit)	-	-	-	-
Total fund balances	101,944	39,668	8,814	42,152
Total liabilities and fund balances	\$ 103,152	\$ 42,484	\$ 8,814	\$ 42,152

City of Bradbury
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Proposition 1B Bond Fund	Measure R Fund	Civic Center Fund	STPL Fund
ASSETS				
Cash and investments	\$ -	\$ 50,034	\$ -	\$ 13,774
Taxes receivable	-	-	-	-
Interest receivable	-	20	-	6
Total assets	\$ -	\$ 50,054	\$ -	\$ 13,780
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 110	\$ -
Due to other funds	-	-	5,334	-
Total liabilities	-	-	5,444	-
Fund Balances:				
Restricted	-	50,054	-	13,780
Unassigned (deficit)	-	-	(5,444)	-
Total fund balances	-	50,054	(5,444)	13,780
Total liabilities and fund balances	\$ -	\$ 50,054	\$ -	\$ 13,780

(continued)

City of Bradbury
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Recycling Grant Fund	Fire Grant Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 8,605	\$ 10,474	\$ 277,096
Taxes receivable	-	-	2,316
Interest receivable	4	4	111
Total assets	\$ 8,609	\$ 10,478	\$ 279,523
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,134
Due to other funds	-	-	5,334
Total liabilities	-	-	9,468
Fund Balances:			
Restricted	8,609	10,478	275,499
Unassigned (deficit)	-	-	(5,444)
Total fund balances	8,609	10,478	270,055
Total liabilities and fund balances	\$ 8,609	\$ 10,478	\$ 279,523

(concluded)

City of Bradbury
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Gas Tax Fund	Proposition C Fund	County Park Grant Fund	Public Transportation Fund (Prop A)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	396	164	24	133
Intergovernmental	29,012	16,035	26,500	19,530
Charges for current services	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>29,408</u>	<u>16,199</u>	<u>26,524</u>	<u>19,663</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Public works	16,973	8,795	24,000	-
Parks and recreation	-	-	-	-
Total expenditures	<u>16,973</u>	<u>8,795</u>	<u>24,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>12,435</u>	<u>7,404</u>	<u>2,524</u>	<u>19,663</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,147	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,147</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	15,582	7,404	2,524	19,663
FUND BALANCES:				
Beginning of year	86,362	32,264	6,290	22,489
End of year	<u>\$ 101,944</u>	<u>\$ 39,668</u>	<u>\$ 8,814</u>	<u>\$ 42,152</u>

(continued)

City of Bradbury
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Proposition 1B Bond Fund	Measure R Fund	Civic Center Fund	STPL Fund
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	252	-	58
Intergovernmental	-	12,157	-	-
Charges for current services	-	-	975	-
Other revenue	-	999	-	-
Total revenues	-	13,408	975	58
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Public works	-	21,379	12,020	-
Parks and recreation	-	-	-	-
Total expenditures	-	21,379	12,020	-
REVENUES OVER (UNDER) EXPENDITURES	-	(7,971)	(11,045)	58
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(3,147)	-	-	-
Total other financing sources (uses)	(3,147)	-	-	-
Net change in fund balances	(3,147)	(7,971)	(11,045)	58
FUND BALANCES:				
Beginning of year	3,147	58,025	5,601	13,722
End of year	\$ -	\$ 50,054	\$ (5,444)	\$ 13,780

City of Bradbury
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Recycling Grant Fund	Fire Grant Fund	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Use of money and property	42	232	1,301
Intergovernmental	5,000	47,500	155,734
Charges for current services	-	-	975
Other revenue	-	-	999
Total revenues	<u>5,042</u>	<u>47,732</u>	<u>159,009</u>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	4,198	-	87,365
Parks and recreation	-	95,569	95,569
Total expenditures	<u>4,198</u>	<u>95,569</u>	<u>182,934</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>844</u>	<u>(47,837)</u>	<u>(23,925)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	3,147
Transfers out	-	-	(3,147)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	844	(47,837)	(23,925)
FUND BALANCES:			
Beginning of year	<u>7,765</u>	<u>58,315</u>	<u>293,980</u>
End of year	<u>\$ 8,609</u>	<u>\$ 10,478</u>	<u>\$ 270,055</u>

(concluded)

City of Bradbury
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2016

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 396	\$ 396
Intergovernmental	35,000	27,000	29,012	2,012
Total revenues	<u>35,000</u>	<u>27,000</u>	<u>29,408</u>	<u>2,408</u>
EXPENDITURES:				
Current:				
Public works	31,000	21,000	16,973	4,027
Total expenditures	<u>31,000</u>	<u>21,000</u>	<u>16,973</u>	<u>4,027</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,000</u>	<u>6,000</u>	<u>12,435</u>	<u>6,435</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	3,147	3,147
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,147</u>	<u>3,147</u>
Net Change in Fund Balance	<u>\$ 4,000</u>	<u>\$ 6,000</u>	<u>15,582</u>	<u>\$ 9,582</u>
FUND BALANCE:				
Beginning of year			86,362	
End of year			<u>\$ 101,944</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition C Special Revenue Fund
For the Year Ended June 30, 2016

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 164	\$ 164
Intergovernmental	16,000	16,000	16,035	35
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>16,199</u>	<u>199</u>
EXPENDITURES:				
Current:				
Public works	8,774	8,795	8,795	-
Total expenditures	<u>8,774</u>	<u>8,795</u>	<u>8,795</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 7,226</u>	<u>\$ 7,205</u>	7,404	<u>\$ 199</u>
FUND BALANCE:				
Beginning of year			<u>32,264</u>	
End of year			<u>\$ 39,668</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Transportation Funds (Proposition A) Special Revenue Fund
For the Year Ended June 30, 2016

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 133	\$ 133
Intergovernmental	18,000	18,000	19,530	1,530
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>19,663</u>	<u>1,663</u>
Net Change in Fund Balance	<u>\$ 18,000</u>	<u>\$ 18,000</u>	19,663	<u>\$ 1,663</u>
FUND BALANCE:				
Beginning of year			<u>22,489</u>	
End of year			<u>\$ 42,152</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Year Ended June 30, 2016

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 252	\$ 252
Intergovernmental	12,000	12,000	12,157	157
Other revenue	-	-	999	999
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>13,408</u>	<u>1,408</u>
EXPENDITURES:				
Current:				
Public works	-	-	21,379	(21,379)
Total expenditures	<u>-</u>	<u>-</u>	<u>21,379</u>	<u>(21,379)</u>
Net Change in Fund Balance	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>(7,971)</u>	<u>\$ (19,971)</u>
FUND BALANCE:				
Beginning of year			<u>58,025</u>	
End of year			<u>\$ 50,054</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Civic Center Special Revenue Fund
For the Year Ended June 30, 2016

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 1,000	\$ 1,000	\$ 975	\$ (25)
Other revenue	1,000	-	-	-
Total revenues	<u>2,000</u>	<u>1,000</u>	<u>975</u>	<u>(25)</u>
EXPENDITURES:				
Current:				
Public works	8,000	11,908	12,020	(112)
Total expenditures	<u>8,000</u>	<u>11,908</u>	<u>12,020</u>	<u>(112)</u>
Net Change in Fund Balance	<u>\$ (6,000)</u>	<u>\$ (10,908)</u>	(11,045)	<u>\$ (137)</u>
FUND BALANCE:				
Beginning of year			5,601	
End of year			<u>\$ (5,444)</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Grant Special Revenue Fund
For the Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 232	\$ 232
Intergovernmental	66,000	47,500	47,500	-
Total revenues	<u>66,000</u>	<u>47,500</u>	<u>47,732</u>	<u>232</u>
EXPENDITURES:				
Current:				
Parks and recreation	95,600	95,569	95,569	-
Total expenditures	<u>95,600</u>	<u>95,569</u>	<u>95,569</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (29,600)</u>	<u>\$ (48,069)</u>	<u>(47,837)</u>	<u>\$ 232</u>
FUND BALANCE:				
Beginning of year			<u>58,315</u>	
End of year			<u>\$ 10,478</u>	

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