

# **City of Bradbury**

Bradbury, California

## **Independent Auditors' Report and Basic Financial Statements**

*For the Year Ended June 30, 2017*





**City of Bradbury**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**Table of Contents**

	<u>Page</u>
<b>Independent Auditors' Report</b> .....	1
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	9
Statement of Activities .....	10
Governmental Fund Financial Statements:	
Balance Sheet .....	12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities.....	18
Notes to the Basic Financial Statements .....	21
<b>Required Supplementary Information (Unaudited):</b>	
Budgetary Comparison Schedules:	
General Fund .....	45
Sewer Special Revenue Fund .....	46
Utility Users Tax (UUT) Special Revenue Funds .....	47
Citizens' Option for Public Safety (COPS) Special Revenue Fund.....	48
Budget and Budgetary Accounting .....	49
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios .....	50
Schedule of the City's Contributions.....	51
<b>Supplementary Information:</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet .....	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Gas Tax Special Revenue Fund .....	62
Proposition C Special Revenue Fund.....	63
Public Transportation Funds (Proposition A) Special Revenue Fund .....	64
Measure R Special Revenue Fund .....	65
Civic Center Special Revenue Fund .....	66

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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, 2017, 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.

***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 Special Revenue Funds, and Citizens' Option for Public Safety 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 45 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.

To the Honorable Mayor and Members of the City Council  
of the City of Bradbury  
Bradbury, California  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 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  
November 5, 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, 2017**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 4,550,082
Accounts receivable	175,305
Taxes receivable	9,419
Interest receivable	3,188
Total current assets	4,737,994
Noncurrent assets:	
Capital assets:	
Nondepreciable	201,233
Depreciable, net	2,180,842
Total capital assets	2,382,075
Total noncurrent assets	2,382,075
<b>Total assets</b>	7,120,069
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows of resources	171,591
<b>Total deferred outflows of resources</b>	171,591
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	92,551
Deposits	45,000
Unearned revenue	94,401
Net pension liability	66,246
Total current liabilities	298,198
<b>Total liabilities</b>	298,198
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows of resources	129,490
<b>Total deferred inflows of resources</b>	129,490
<b>NET POSITION</b>	
Investment in capital assets	2,382,075
Restricted	440,949
Unrestricted	4,040,948
<b>Total net position</b>	\$ 6,863,972

**City of Bradbury**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental activities:</b>					
General government	\$ 989,632	\$ 1,023,479	\$ -	\$ -	\$ 33,847
Public safety	218,201	-	132,263	-	(85,938)
Public works	635,575	25,000	81,777	164	(528,634)
Parks and recreation	28,338	-	-	-	(28,338)
<b>Total governmental activities</b>	<b>\$ 1,871,746</b>	<b>\$ 1,048,479</b>	<b>\$ 214,040</b>	<b>\$ 164</b>	<b>(609,063)</b>
<b>General Revenues:</b>					
					452,340
					7,465
					99,328
					217,960
					123,481
					41,296
					20,284
					168,808
					<u>1,130,962</u>
					521,899
					<u>6,342,073</u>
					<u>\$ 6,863,972</u>

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**City of Bradbury**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	Major Funds			
	General Fund	Special Revenue Funds		
		Sewer	Utility Users Tax	COPS
<b>ASSETS</b>				
Cash and investments	\$ 3,419,812	\$ 94,303	\$ 574,946	\$ 118,384
Accounts receivable	175,305	-	-	-
Taxes receivable	7,084	-	-	-
Interest receivable	2,297	-	499	102
<b>Total assets</b>	<b>\$ 3,604,498</b>	<b>\$ 94,303</b>	<b>\$ 575,445</b>	<b>\$ 118,486</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 67,893	\$ 19,413	\$ 1,957	\$ -
Deposits	45,000	-	-	-
Unearned revenues	-	-	-	75,574
<b>Total liabilities</b>	<b>112,893</b>	<b>19,413</b>	<b>1,957</b>	<b>75,574</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	159,047	-	-	-
<b>Total deferred inflows of resources</b>	<b>159,047</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	-	74,890	-	42,912
Committed	-	-	573,488	-
Unassigned	3,332,558	-	-	-
<b>Total fund balances</b>	<b>3,332,558</b>	<b>74,890</b>	<b>573,488</b>	<b>42,912</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,604,498</b>	<b>\$ 94,303</b>	<b>\$ 575,445</b>	<b>\$ 118,486</b>



**City of Bradbury**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2017**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 342,637	\$ 4,550,082
Accounts receivable	-	175,305
Taxes receivable	2,335	9,419
Interest receivable	290	3,188
<b>Total assets</b>	<b>\$ 345,262</b>	<b>\$ 4,737,994</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 3,288	\$ 92,551
Deposits	-	45,000
Unearned revenues	18,827	94,401
<b>Total liabilities</b>	<b>22,115</b>	<b>231,952</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue	-	159,047
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>159,047</b>
<b>Fund Balances:</b>		
Restricted	323,147	440,949
Committed	-	573,488
Unassigned	-	3,332,558
<b>Total fund balances</b>	<b>323,147</b>	<b>4,346,995</b>
<b>Total liabilities and fund balances</b>	<b>\$ 345,262</b>	<b>\$ 4,737,994</b>

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**City of Bradbury**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2017**

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**Total Fund Balances - Total Governmental Funds** \$ 4,346,995

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	\$ 201,233	
Capital assets, net of accumulated depreciation	<u>2,180,842</u>	<u>2,382,075</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		171,591
Aggregate net pension liability		(66,246)
Pension related deferred inflows of resources		<u>(129,490)</u>

Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end for current expenditures. The availability criteria does not apply to the government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned.

159,047

**Net Position of Governmental Activities** \$ 6,863,972

**City of Bradbury**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	Major Funds			
	General Fund	Special Revenue Funds		
		Sewer	Utility Users Tax	COPS
<b>REVENUES:</b>				
Taxes	\$ 692,536	\$ -	\$ 217,960	\$ -
Licenses and permits	367,318	-	-	-
Use of money and property	17,382	-	2,902	539
Intergovernmental	4,996	-	-	116,750
Charges for current services	697,023	25,000	-	-
Other revenue	9,292	-	-	-
<b>Total revenues</b>	<u>1,788,547</u>	<u>25,000</u>	<u>220,862</u>	<u>117,289</u>
<b>EXPENDITURES:</b>				
Current:				
General government	973,903	-	-	-
Public safety	101,451	-	-	116,750
Public works	128,365	323,074	78,601	-
Parks and recreation	28,338	-	-	-
Capital outlay	-	84,036	-	-
<b>Total expenditures</b>	<u>1,232,057</u>	<u>407,110</u>	<u>78,601</u>	<u>116,750</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>556,490</u>	<u>(382,110)</u>	<u>142,261</u>	<u>539</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	481,229	-	-
Transfers out	(485,773)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(485,773)</u>	<u>481,229</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	70,717	99,119	142,261	539
<b>FUND BALANCES:</b>				
Beginning of year	3,261,841	(24,229)	431,227	42,373
End of year	<u>\$ 3,332,558</u>	<u>\$ 74,890</u>	<u>\$ 573,488</u>	<u>\$ 42,912</u>

**City of Bradbury**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>		
Taxes	\$ -	\$ 910,496
Licenses and permits	-	367,318
Use of money and property	1,738	22,561
Intergovernmental	80,262	202,008
Charges for current services	900	722,923
Other revenue	-	9,292
<b>Total revenues</b>	<b>82,900</b>	<b>2,234,598</b>
<b>EXPENDITURES:</b>		
Current:		
General government	-	973,903
Public safety	-	218,201
Public works	34,352	564,392
Parks and recreation	-	28,338
	-	84,036
<b>Total expenditures</b>	<b>34,352</b>	<b>1,868,870</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>48,548</b>	<b>365,728</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	4,544	485,773
Transfers out	-	(485,773)
<b>Total other financing sources (uses)</b>	<b>4,544</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>53,092</b>	<b>365,728</b>
<b>FUND BALANCES:</b>		
Beginning of year	270,055	3,981,267
End of year	\$ 323,147	\$ 4,346,995

**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, 2017**

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**Net Change in Fund Balances - Total Governmental Funds:** \$ 365,728

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	84,036
Net effect on disposition of capital assets	(50,632)
Depreciation	(48,063)

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, net of contribution made after measurement date in the amount of \$11,319.

11,783

Revenues reported as unavailable revenue in the governmental funds and recognized as revenue in the Statement of Activities.

159,047

**Change in Net Position of Governmental Activities**

\$ 521,899

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**City of Bradbury**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2017**

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**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, sanitation, and parks and recreation. 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.

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 accordance 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**  
**For the Year Ended June 30, 2017**

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**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. 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. 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, other taxes, and grant revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are presented to explain the differences.

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

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**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 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. The fund is used to preserve the City's essential municipal services, maintain a safe and quality community and meet the obligations for State and Federal Mandates.

***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 and Investments***

Investments are reported in the accompanying balance sheet at fair value.

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. 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.

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, 2017**

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**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 machinery and equipment; \$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).

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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, 2017.

**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:

<u>CalPERS</u>	
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

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, 2017**

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**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, 2017**

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**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 accordance 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.

**Note 3 – Cash and Investments**

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

Demand deposits	\$ 2,555,937
Petty cash	300
Investments with LAIF	1,249,845
Investments in certificates of deposit	744,000
Total	\$ 4,550,082

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

**Note 3 – Cash and Investments (Continued)**

**A. Deposits**

The carrying amount of the City’s demand deposits was \$2,555,937 at June 30, 2017. The bank balances at that date were \$2,575,137, 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.

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, 2017, 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, 2017:

<u>Investment Type</u>	<u>Significant Other Observable Input (Level 2)</u>
Certificates of deposit	\$ 744,000 <sup>(1)</sup>

<sup>(1)</sup> Price based on market prices



**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

**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, 2017, the City had the following investment maturities:

Investment Type	Amount	Investment Maturities (in Years)		
		Less than 1	1 to 2	2 to 3
Local Agency Investment Fund	\$ 1,249,845	\$ 1,249,845	\$ -	\$ -
Certificates of deposit	744,000	248,000	248,000	248,000
<b>Total</b>	<b>\$ 1,993,845</b>	<b>\$ 1,497,845</b>	<b>\$ 248,000</b>	<b>\$ 248,000</b>

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, 2017, 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	62.69%
Certificates of Deposits	Not Rated	Not Rated	37.31%
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's certificates of deposit in US Bank in the amount of \$744,000 represented 37.3% of total City investments.

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

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**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, 2017 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, 2017, the City had \$1,249,845 invested in LAIF, which had invested 2.89% of the pool investment funds in Structured Notes and Asset-Backed Securities. The investment in LAIF is reported at amortized cost.

**Note 4 – Interfund Transactions**

***Transfers In and Out***

At June 30, 2017 the City had the following transfers in / out from other funds:

Transfer Out	Transfer In		Total
	Sewer Special Revenue Fund	Nonmajor Governmental Funds	
General Fund	\$ 481,229	\$ 4,544	\$ 485,773
<b>Total</b>	\$ 481,229	\$ 4,544	\$ 485,773

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

**Note 5 – Capital Assets**

The following schedule shows changes in capital assets for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Reclassification	Balance June 30, 2017
<b>Nondepreciable Assets:</b>					
Land	\$ 117,197	\$ -	\$ -	\$ -	\$ 117,197
Construction in progress	254,269	84,036	(50,632)	(203,637)	84,036
Total Nondepreciable Assets	<u>371,466</u>	<u>84,036</u>	<u>(50,632)</u>	<u>(203,637)</u>	<u>201,233</u>
<b>Depreciable Assets:</b>					
Structures and improvements	859,900	-	-	-	859,900
Machinery and equipment	94,239	-	-	-	94,239
Infrastructure	1,956,777	-	(7,836)	203,637	2,152,578
Total Depreciable Assets	<u>2,910,916</u>	<u>-</u>	<u>(7,836)</u>	<u>203,637</u>	<u>3,106,717</u>
<b>Less Accumulated Depreciation:</b>					
Structures and improvements	(96,694)	(17,198)	-	-	(113,892)
Machinery and equipment	(32,702)	(10,314)	-	-	(43,016)
Infrastructure	(756,252)	(20,551)	7,836	-	(768,967)
Total Accumulated Depreciation	<u>(885,648)</u>	<u>(48,063)</u>	<u>7,836</u>	<u>-</u>	<u>(925,875)</u>
Total Depreciable Assets, Net	<u>2,025,268</u>	<u>(48,063)</u>	<u>-</u>	<u>203,637</u>	<u>2,180,842</u>
Total Capital Assets, Net	<u>\$ 2,396,734</u>	<u>\$ 35,973</u>	<u>\$ (50,632)</u>	<u>\$ -</u>	<u>\$ 2,382,075</u>

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

General government	\$ 27,512
Public works	<u>20,551</u>
Total	<u>\$ 48,063</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, 2017**

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**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 2016-17 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 2016-17 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, 2017**

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**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 \$1,280,127. 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, 2017**

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**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 2016-2017.

**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, 2017 was \$28,909. 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**

***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.

**Employees Covered by Benefit Terms**

At June 30, 2016, the following employees were covered by the benefit terms:

	<b>Miscellaneous Plan</b>
Active employees	3
Transferred and terminated employees	5
Retired Employees and Beneficiaries	1
<b>Total</b>	<b>9</b>

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

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**Note 8 – Defined Benefit Pension Plans (Continued)**

***General Information about the Pension Plan (Continued)***

**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. PEPRAs 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-month 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.

**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, 2016, the active employee and employer's contribution rates for miscellaneous plan were 7.000% and 7.159% of annual payroll, respectively.

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

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**Note 8 – Defined Benefit Pension Plans (Continued)**

***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, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016, total pension liabilities were based on the following actuarial methods and assumptions:

*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, 2015 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*

There were no changes in assumptions for the June 30, 2016 measurement date.

*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.



**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

**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 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. The target allocation shown was adopted by the Board effective July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	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	1.00%	-0.55%	-1.05%

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period.

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%)
<b>Miscellaneous</b>	\$ 103,210	\$ 66,246	\$ 35,697

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.

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

**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*

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)
<b>Miscellaneous</b>			
Balance at: 6/30/15 (Valuation date)	\$ 817,688	\$ 641,994	\$ 175,694
Balance at: 6/30/16 (Measurement date)	879,390	813,144	66,246
Net Changes during 2015-2016	61,702	171,150	(109,448)

*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, 2015). 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.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016). 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, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-2016).
- (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.

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

**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 City’s proportionate share of the net pension liability was as follows:

	<b>Miscellaneous Plan</b>
June 30, 2015	0.00256%
June 30, 2016	0.00077%
Change - Increase (Decrease)	-0.00179%

For the year ended June 30, 2017, the City recognized pension credit of \$464 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.

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 2015-2016 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired).

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Miscellaneous Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contribution made after measurement date	\$ 11,319	
Changes of Assumptions	-	(10,851)
Difference between Expected and Actual Experience	884	-
Actual earnings in excess of expected earning		
on pension investments	56,478	-
Adjustment due to differences in proportions	-	(118,639)
Difference between employer's actual contributions and employer's proportionate share of contributions	102,910	-
Total	\$ 171,591	\$ (129,490)

For the year ended June 30, 2017, deferred outflows of resources related to pensions was \$11,319, 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, 2018.

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

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**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)*

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Miscellaneous Plan</u>
2018	\$ (2,526)
2019	(2,583)
2020	21,263
2021	14,628
2022	-
Thereafter	-
	<u>\$ 30,782</u>

***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%

**City of Bradbury**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2017**

**Note 9 – Classification of Fund Balances**

At June 30, 2017, fund balances are classified in the governmental funds as follows:

	General Fund	Special Revenue Funds			Nonmajor Governmental Funds	Total
		Sewer	UUT	COPS		
<b>Restricted:</b>						
Sewer improvements and operations	\$ -	\$ 74,890	\$ -	\$ -	\$ -	\$ 74,890
COPS	-	-	-	42,912	-	42,912
Fire Grant	-	-	-	-	10,535	10,535
Gas Tax	-	-	-	-	105,395	105,395
Proposition C	-	-	-	-	47,253	47,253
Country Park Grant	-	-	-	-	8,862	8,862
Proposition A	-	-	-	-	62,280	62,280
Measure R	-	-	-	-	62,708	62,708
STPL	-	-	-	-	13,944	13,944
Recycling	-	-	-	-	12,170	12,170
Total Restricted	-	74,890	-	42,912	323,147	440,949
<b>Committed:</b>						
Clean water	-	-	573,488	-	-	573,488
Total Committed	-	-	573,488	-	-	573,488
<b>Unassigned:</b>						
	3,332,558	-	-	-	-	3,332,558
<b>Total Fund Balances</b>	<b>\$ 3,332,558</b>	<b>\$ 74,890</b>	<b>\$ 573,488</b>	<b>\$ 42,912</b>	<b>\$ 323,147</b>	<b>\$ 4,346,995</b>

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, 2017**

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**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***

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures over Appropriations</u>
General Fund:			
General government	\$ 866,689	\$ 973,903	\$ (107,214)
Parks and recreation	27,800	28,338	(538)

The excess was due to higher than anticipated expenditures that exceeded the approved appropriations. The Council was informed of the excesses through monthly reports, and 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.

**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.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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**City of Bradbury**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	General Fund			Variance with Final Budget
	Budget		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 590,200	\$ 590,200	\$ 692,536	\$ 102,336
Licenses and permits	210,000	210,000	367,318	157,318
Use of money and property	7,000	7,000	17,382	10,382
Intergovernmental	8,000	8,000	4,996	(3,004)
Charges for current services	379,600	379,600	697,023	317,423
Other revenue	3,100	3,100	9,292	6,192
<b>Total revenues</b>	<u>1,197,900</u>	<u>1,197,900</u>	<u>1,788,547</u>	<u>590,647</u>
<b>EXPENDITURES:</b>				
Current:				
General government	849,613	866,689	973,903	(107,214)
Public safety	120,600	120,600	101,451	19,149
Public works	150,000	150,000	128,365	21,635
Parks and recreation	27,800	27,800	28,338	(538)
<b>Total expenditures</b>	<u>1,148,013</u>	<u>1,165,089</u>	<u>1,232,057</u>	<u>(66,968)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>49,887</u>	<u>32,811</u>	<u>556,490</u>	<u>523,679</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	-	(485,773)	(485,773)	-
<b>Total other financing uses</b>	<u>-</u>	<u>(485,773)</u>	<u>(485,773)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 49,887</u>	<u>\$ (452,962)</u>	<u>70,717</u>	<u>\$ 523,679</u>
<b>FUND BALANCE:</b>				
Beginning of year			3,261,841	
End of year			<u>\$ 3,332,558</u>	

**City of Bradbury**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule (Continued)**  
**For the Year Ended June 30, 2017**

**Sewer Special Revenue Fund**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for current services	\$ 250,000	\$ 250,000	\$ 25,000	\$ (225,000)
<b>Total revenues</b>	<u>250,000</u>	<u>250,000</u>	<u>25,000</u>	<u>(225,000)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	323,075	323,074	1
Capital outlay	-	87,000	84,036	2,964
<b>Total expenditures</b>	<u>-</u>	<u>410,075</u>	<u>407,110</u>	<u>2,965</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>250,000</u>	<u>(160,075)</u>	<u>(382,110)</u>	<u>(222,035)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	481,229	481,229	481,229	-
<b>Total other financing sources</b>	<u>481,229</u>	<u>481,229</u>	<u>481,229</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 731,229</u>	<u>\$ 321,154</u>	99,119	<u>\$ (222,035)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(24,229)</u>	
End of year			<u>\$ 74,890</u>	

**City of Bradbury**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule (Continued)**  
**For the Year Ended June 30, 2017**

**Utility Users Tax Special Revenue Funds**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 208,800	\$ 208,800	\$ 217,960	\$ 9,160
Use of money and property	450	450	2,902	2,452
<b>Total revenues</b>	<u>209,250</u>	<u>209,250</u>	<u>220,862</u>	<u>11,612</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	367,683	367,683	78,601	289,082
<b>Total expenditures</b>	<u>367,683</u>	<u>367,683</u>	<u>78,601</u>	<u>289,082</u>
<b>Net Change in Fund Balance</b>	<u>\$ (158,433)</u>	<u>\$ (158,433)</u>	142,261	<u>\$ 300,694</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>431,227</u>	
End of year			<u>\$ 573,488</u>	

**City of Bradbury**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule (Continued)**  
**For the Year Ended June 30, 2017**

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

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 539	\$ 539
Intergovernmental	100,000	100,000	116,750	16,750
<b>Total revenues</b>	<u>100,000</u>	<u>100,000</u>	<u>117,289</u>	<u>17,289</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	161,000	161,000	116,750	44,250
<b>Total expenditures</b>	<u>161,000</u>	<u>161,000</u>	<u>116,750</u>	<u>44,250</u>
<b>Net Change in Fund Balance</b>	<u>\$ (61,000)</u>	<u>\$ (61,000)</u>	539	<u>\$ 61,539</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>42,373</u>	
End of year			<u>\$ 42,912</u>	

**City of Bradbury**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Information**  
**For the Year Ended June 30, 2017**

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**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, STPL Special Revenue Fund, Recycling Grant Special Revenue Fund, and Fire 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, 2017**

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**Last Ten Fiscal Years**

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

	June 30, 2016	June 30, 2015	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.00077%	0.00256%	0.00322%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 66,246	\$ 175,694	\$ 200,391
City's Covered Payroll	\$ 203,105	\$ 167,611	\$ 190,547
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered Payroll	32.62%	104.82%	105.17%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	92.47%	78.51%	74.45%

<sup>1</sup> 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, 2017**

**Last Ten Fiscal Years**

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

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14<sup>1</sup></u>
Actuarially Determined Contribution <sup>2</sup>	\$ 11,319	\$ 13,626	\$ 29,107	\$ 28,041
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	<u>(11,319)</u>	<u>(163,293)</u>	<u>(29,107)</u>	<u>(28,041)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (149,667)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll <sup>2,3</sup>	<u>\$ 209,198</u>	<u>\$ 203,105</u>	<u>\$ 167,611</u>	<u>\$ 190,547</u>
Contributions as a Percentage of Covered Payroll	<u>5.41%</u>	<u>6.71%</u>	<u>17.37%</u>	<u>14.72%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for usch plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

<sup>3</sup> Payrolls from 2015-2016 and 2016-2017 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, 2015 valuation date. 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:** No changes were noted.

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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 park grants provided by state and county agencies to build the recreational park located behind City Hall.

**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.

**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 and are spent on street projects.

**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, 2017**

	Special Revenue Funds			
	Gas Tax Fund	Proposition C Fund	County Park Grant Fund	Public Transportation Fund (Prop A)
<b>ASSETS</b>				
Cash and investments	\$ 103,444	\$ 50,027	\$ 8,854	\$ 62,228
Taxes receivable	2,335	-	-	-
Interest receivable	88	42	8	52
<b>Total assets</b>	<b>\$ 105,867</b>	<b>\$ 50,069</b>	<b>\$ 8,862</b>	<b>\$ 62,280</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 472	\$ 2,816	\$ -	\$ -
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>472</b>	<b>2,816</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	105,395	47,253	8,862	62,280
<b>Total fund balances</b>	<b>105,395</b>	<b>47,253</b>	<b>8,862</b>	<b>62,280</b>
<b>Total liabilities and fund balances</b>	<b>\$ 105,867</b>	<b>\$ 50,069</b>	<b>\$ 8,862</b>	<b>\$ 62,280</b>

**City of Bradbury**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

Special Revenue Funds

	Measure R Fund	Civic Center Fund	STPL Fund	Recycling Grant Fund
<b>ASSETS</b>				
Cash and investments	\$ 62,655	\$ -	\$ 32,743	\$ 12,160
Taxes receivable	-	-	-	-
Interest receivable	53	-	28	10
<b>Total assets</b>	<b>\$ 62,708</b>	<b>\$ -</b>	<b>\$ 32,771</b>	<b>\$ 12,170</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	18,827	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>18,827</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	62,708	-	13,944	12,170
<b>Total fund balances</b>	<b>62,708</b>	<b>-</b>	<b>13,944</b>	<b>12,170</b>
<b>Total liabilities and fund balances</b>	<b>\$ 62,708</b>	<b>\$ -</b>	<b>\$ 32,771</b>	<b>\$ 12,170</b>

(Continued)

**City of Bradbury**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	Special Revenue Funds	Total Nonmajor Governmental Funds
	Fire Grant Fund	
<b>ASSETS</b>		
Cash and investments	\$ 10,526	\$ 342,637
Taxes receivable	-	2,335
Interest receivable	9	290
<b>Total assets</b>	<b>\$ 10,535</b>	<b>\$ 345,262</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ -	\$ 3,288
Unearned revenues	-	18,827
<b>Total liabilities</b>	-	22,115
<b>Fund Balances:</b>		
Restricted	10,535	323,147
<b>Total fund balances</b>	10,535	323,147
<b>Total liabilities and fund balances</b>	<b>\$ 10,535</b>	<b>\$ 345,262</b>

(Concluded)

**City of Bradbury**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Fund			
	Gas Tax Fund	Proposition C Fund	County Park Grant Fund	Public Transportation Fund (Prop A)
<b>REVENUES:</b>				
Use of money and property	\$ 552	\$ 252	\$ 48	\$ 293
Intergovernmental	26,789	16,295	-	19,835
Charges for current services	-	-	-	-
<b>Total revenues</b>	<u>27,341</u>	<u>16,547</u>	<u>48</u>	<u>20,128</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	23,890	8,962	-	-
<b>Total expenditures</b>	<u>23,890</u>	<u>8,962</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>3,451</u>	<u>7,585</u>	<u>48</u>	<u>20,128</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	3,451	7,585	48	20,128
<b>FUND BALANCES:</b>				
Beginning of year	101,944	39,668	8,814	42,152
End of year	<u>\$ 105,395</u>	<u>\$ 47,253</u>	<u>\$ 8,862</u>	<u>\$ 62,280</u>

**City of Bradbury**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Fund			
	Measure R Fund	Civic Center Fund	STPL Fund	Recycling Grant Fund
<b>REVENUES:</b>				
Use of money and property	\$ 311	\$ -	\$ 164	\$ 61
Intergovernmental	12,343	-	-	5,000
Charges for current services	-	900	-	-
<b>Total revenues</b>	<u>12,654</u>	<u>900</u>	<u>164</u>	<u>5,061</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	-	1,500
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>12,654</u>	<u>900</u>	<u>164</u>	<u>3,561</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	4,544	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>4,544</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	12,654	5,444	164	3,561
<b>FUND BALANCES:</b>				
Beginning of year	50,054	(5,444)	13,780	8,609
End of year	<u>\$ 62,708</u>	<u>\$ -</u>	<u>\$ 13,944</u>	<u>\$ 12,170</u>

(Continued)



**City of Bradbury**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Fire Grant Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
Use of money and property	\$ 57	\$ 1,738
Intergovernmental	-	80,262
Charges for current services	-	900
<b>Total revenues</b>	57	82,900
<b>EXPENDITURES:</b>		
Current:		
Public works	-	34,352
<b>Total expenditures</b>	-	34,352
<b>REVENUES OVER EXPENDITURES</b>	57	48,548
<b>OTHER FINANCING SOURCES:</b>		
Transfers in	-	4,544
<b>Total other financing sources</b>	-	4,544
<b>Net change in fund balances</b>	57	53,092
<b>FUND BALANCES:</b>		
Beginning of year	10,478	270,055
End of year	\$ 10,535	\$ 323,147

(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, 2017**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 552	\$ 552
Intergovernmental	27,000	27,000	26,789	(211)
<b>Total revenues</b>	<u>27,000</u>	<u>27,000</u>	<u>27,341</u>	<u>341</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	28,000	71,821	23,890	47,931
<b>Total expenditures</b>	<u>28,000</u>	<u>71,821</u>	<u>23,890</u>	<u>47,931</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,000)</u>	<u>(44,821)</u>	<u>3,451</u>	<u>48,272</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,000)</u>	<u>\$ (44,821)</u>	<u>3,451</u>	<u>\$ 48,272</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>101,944</u>	
End of year			<u>\$ 105,395</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, 2017**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 252	\$ 252
Intergovernmental	16,000	16,000	16,295	295
<b>Total revenues</b>	<u>16,000</u>	<u>16,000</u>	<u>16,547</u>	<u>547</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	9,350	55,469	8,962	46,507
<b>Total expenditures</b>	<u>9,350</u>	<u>55,469</u>	<u>8,962</u>	<u>46,507</u>
<b>Net Change in Fund Balance</b>	<u>\$ 6,650</u>	<u>\$ (39,469)</u>	7,585	<u>\$ 47,054</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>39,668</u>	
End of year			<u>\$ 47,253</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, 2017**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 293	\$ 293
Intergovernmental	18,000	18,000	19,835	1,835
<b>Total revenues</b>	<u>18,000</u>	<u>18,000</u>	<u>20,128</u>	<u>2,128</u>
<b>Net Change in Fund Balance</b>	<u>\$ 18,000</u>	<u>\$ 18,000</u>	20,128	<u>\$ 2,128</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>42,152</u>	
End of year			<u>\$ 62,280</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, 2017**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 311	\$ 311
Intergovernmental	12,000	12,000	12,343	343
<b>Total revenues</b>	<u>12,000</u>	<u>12,000</u>	<u>12,654</u>	<u>654</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	52,548	-	52,548
<b>Total expenditures</b>	-	52,548	-	52,548
<b>Net Change in Fund Balance</b>	<u>\$ 12,000</u>	<u>\$ (40,548)</u>	12,654	<u>\$ 53,202</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>50,054</u>	
End of year			<u>\$ 62,708</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, 2017**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,000	\$ 1,000	\$ 900	\$ (100)
Other revenue	300	300	-	(300)
<b>Total revenues</b>	<u>1,300</u>	<u>1,300</u>	<u>900</u>	<u>(400)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	4,544	4,544
<b>Total other financing sources</b>	-	-	4,544	4,544
<b>Net Change in Fund Balance</b>	<u>\$ 1,300</u>	<u>\$ 1,300</u>	5,444	<u>\$ 4,144</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(5,444)</u>	
End of year			<u>\$ -</u>	