

CITY OF MAYWOOD
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2015

**City of Maywood
Annual Financial Report
Year Ended June 30, 2015**

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Independent Auditor's Report

The Honorable City Council
City of Maywood, 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 Maywood (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maywood, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 11, the City, in prior years, has suffered substantial recurring losses in its General Fund resulting in a deficit fund balance of (\$1,045,758), a deficit in unrestricted net position of the governmental activities of (\$26,683,018), and the City not being able to make certain required payments. Also, the General Fund lacks liquid resources available to meet obligations as they become due, which raises substantial doubt about the City's ability to continue as a going concern. Management's plans in regards to those matters are also described in Note 11. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or amounts and classifications that might result should the City become unable to continue as a going concern.

Change in Accounting Principle

As described in Note 9 to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented in the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedules listed in the Supplementary Information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents 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 schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 6, 2016 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 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.

Von Lant & Frankhamel, LLP

May 6, 2016

BASIC FINANCIAL STATEMENTS

**City of Maywood
Statement of Net Position
June 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 10,109,992
Receivables:	
Accounts	284,379
Due from Other Governments	56,332
Notes and Loans	87,714
Due from Successor Agency	126,165
Prepaid Costs	2,916
Net OPEB Asset	75,376
Restricted Cash and Investments	263,245
Capital Assets, Not Depreciated	6,358,773
Capital Assets, Depreciable, Net	29,513,956
Total Assets	<u>46,878,848</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Items	<u>290,691</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	1,510,904
Deposits Payable	3,697
Unearned Revenue	6,572
Due to Other Agencies	87,714
Payable to the Pension Plan	2,360,604
Interest Payable	68,350
Payable to Successor Agency	2,600,000
Noncurrent Liabilities:	
Due Within One Year	372,024
Due in More Than One Year	25,632,260
Total Liabilities	<u>32,642,125</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Items	<u>2,600,435</u>
NET POSITION	
Net Investment in Capital Assets	32,927,729
Restricted For:	
Public Works	5,211,820
Community Development	101,698
Public Safety	105,505
Debt Service	263,245
Unrestricted	<u>(26,683,018)</u>
Total Net Position	<u>\$ 11,926,979</u>

The accompanying notes are an integral part of this statement.

**City of Maywood
Statement of Activities
Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Contributions and Grants	Revenues and Changes in Net Position
Governmental Activities					Governmental Activities
General Government	\$ 1,548,252	\$ 445,341	\$ -	\$ -	\$ (1,102,911)
Public Safety	4,094,085	372,883	252,470	-	(3,468,732)
Community Development	1,005,109	9,432	267,673	-	(728,004)
Parks and Recreation	418,379	5,544	-	-	(412,835)
Public Works	3,266,309	312,471	441,044	1,717,324	(795,470)
Interest and Fiscal Charges	206,026	-	-	-	(206,026)
Total Governmental Activities	\$ 10,538,160	\$ 1,145,671	\$ 961,187	\$ 1,717,324	(6,713,978)

General Revenues:

Taxes:

Property taxes, Levied for General Purposes	587,206
Transient Occupancy Taxes	50,696
Sales Taxes	1,357,535
Franchise Taxes	289,331
Utility User Taxes	1,079,644
Motor Vehicle in Lieu, Unrestricted	2,319,143
Use of Money and Property	94,594
Other	1,136,409

Total General Revenues 6,914,558

Change in Net Position 200,580

Net Position - Beginning of Year 20,567,693

Prior Period Adjustments (8,841,294)

Net Position - End of Year \$ 11,926,979

The accompanying notes are an integral part of this statement.

**City of Maywood
Balance Sheet
Governmental Funds
June 30, 2015**

	General Fund	Special Revenue	
		Gas Tax	Measure R
ASSETS			
Cash and Investments	\$ 3,921,276	\$ 2,542,075	\$ 1,319,481
Cash with Fiscal Agents	263,245	-	-
Receivables:			
Accounts	284,379	-	-
Due from Other Governments	-	-	-
Notes and Loans	-	-	-
Due from Other Funds	394,581	123,271	-
Due from Successor Agency	126,165	-	-
Prepaid Costs	210	-	-
Total Assets	\$ 4,989,856	\$ 2,665,346	\$ 1,319,481
LIABILITIES			
Accounts Payable	\$ 965,505	\$ 42,176	\$ 408,990
Accrued Liabilities	28,108	838	-
Unearned Revenue	-	-	-
Payable to the Pension Plan	2,360,604	-	-
Due to Other Agencies	-	-	-
Due to Other Funds	77,700	187,562	-
Deposits	3,697	-	-
Payable to Successor Agency	2,600,000	-	-
Total Liabilities	6,035,614	230,576	408,990
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Other Receivables	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES			
Nonspendable	210	-	-
Restricted	263,245	2,434,770	910,491
Unassigned	(1,309,213)	-	-
Total Fund Balances	(1,045,758)	2,434,770	910,491
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,989,856	\$ 2,665,346	\$ 1,319,481

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Proposition A	Street Projects		
\$ 76,682	\$ 10,568	\$ 2,239,910	\$ 10,109,992
-	-	-	263,245
-	-	-	284,379
-	-	56,332	56,332
-	-	87,714	87,714
-	-	730	518,582
-	-	-	126,165
-	-	2,706	2,916
<u>\$ 76,682</u>	<u>\$ 10,568</u>	<u>\$ 2,387,392</u>	<u>\$ 11,449,325</u>
\$ -	\$ -	\$ 64,589	\$ 1,481,260
-	-	698	29,644
-	-	6,572	6,572
-	-	-	2,360,604
-	-	87,714	87,714
-	-	253,320	518,582
-	-	-	3,697
-	-	-	2,600,000
-	-	412,893	7,088,073
-	-	-	-
-	-	-	-
-	-	2,706	2,916
76,682	10,568	1,986,512	5,682,268
-	-	(14,719)	(1,323,932)
<u>76,682</u>	<u>10,568</u>	<u>1,974,499</u>	<u>4,361,252</u>
<u>\$ 76,682</u>	<u>\$ 10,568</u>	<u>\$ 2,387,392</u>	<u>\$ 11,449,325</u>

The accompanying notes are an integral part of this statement.

City of Maywood
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Fund Balances of Governmental Funds	\$ 4,361,252
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets of governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Capital Assets	69,504,016
Accumulated Depreciation	(33,631,287)
Revenues not received soon enough after year-end to be considered available are deferred in the funds. The availability criteria does not apply to the government-wide financial statements.	
	-
The net OPEB asset (NOPEBA) should be adjusted for any difference between contributions made and the annual required contributions (ARC). A positive year-end balance in the NOPEBA should be recognized as a year-end asset and liability, respectively, in relation to the ARC in governmental activities in the statement of net position.	
	75,376
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	
	(68,350)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds:	
Deferred Pension Related Items - Outflows	290,691
Deferred Pension Related Items - Inflows	(2,600,435)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
2008 Refunding Bonds	(2,945,000)
Compensated Absences	(41,719)
Net Pension Liability	(12,702,310)
Claims Liability	(10,315,255)
Net Position of Governmental Activities	\$ 11,926,979

The accompanying notes are an integral part of this statement.

City of Maywood
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Special Revenue	
		Gas Tax	Measure R
REVENUES			
Taxes	\$ 3,337,781	\$ 846,846	\$ 303,837
Licenses and Permits	523,844	-	-
Intergovernmental	2,354,289	-	-
Charges for Services	117,099	-	-
Use of Money and Property	93,194	-	419
Fines and Forfeitures	294,390	-	-
Legal Settlements	173,000	-	-
Miscellaneous	951,100	-	-
Total Revenues	7,844,697	846,846	304,256
EXPENDITURES			
Current:			
General Government	1,636,701	-	-
Public Safety	3,451,822	-	-
Community Development	278,739	-	-
Parks and Recreation	318,554	-	-
Public Works	-	389,429	10,000
Capital Outlay	-	275,982	596,863
Debt Service:			
Principal	45,000	-	-
Interest and Fiscal Charges	206,513	-	-
Total Expenditures	5,937,329	665,411	606,863
Excess of Revenues Over (Under) Expenditure	1,907,368	181,435	(302,607)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(40,733)	-	-
Total Other Financing Sources (Uses)	(40,733)	-	-
Change in Fund Balances	1,866,635	181,435	(302,607)
Fund Balances - Beginning of Year	(1,333,217)	2,344,667	1,213,098
Prior Period Adjustments	(1,579,176)	(91,332)	-
Fund Balances - End of Year	\$ (1,045,758)	\$ 2,434,770	\$ 910,491

The accompanying notes are an integral part of this statement.

Special Revenue	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Proposition A	Street Projects		
\$ 505,849	\$ -	\$ 433,236	\$ 5,427,549
-	-	-	523,844
-	41,064	699,860	3,095,213
-	-	221,941	339,040
499	-	481	94,593
-	-	-	294,390
-	-	-	173,000
-	-	-	951,100
<u>506,348</u>	<u>41,064</u>	<u>1,355,518</u>	<u>10,898,729</u>
-	-	-	1,636,701
-	-	159,486	3,611,308
-	-	726,370	1,005,109
-	-	-	318,554
1,350,000	-	203,884	1,953,313
-	-	2,706	875,551
-	-	-	45,000
-	-	-	206,513
<u>1,350,000</u>	<u>-</u>	<u>1,092,446</u>	<u>9,652,049</u>
<u>(843,652)</u>	<u>41,064</u>	<u>263,072</u>	<u>1,246,680</u>
-	-	40,733	40,733
-	-	-	(40,733)
-	-	40,733	-
<u>(843,652)</u>	<u>41,064</u>	<u>303,805</u>	<u>1,246,680</u>
920,334	(30,496)	1,670,694	4,785,080
-	-	-	(1,670,508)
<u>\$ 76,682</u>	<u>\$ 10,568</u>	<u>\$ 1,974,499</u>	<u>\$ 4,361,252</u>

The accompanying notes are an integral part of this statement.

City of Maywood
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 1,246,680

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. The activity is reconciled as follows:

Cost of assets capitalized	872,845
Depreciation expense	(1,524,990)

Revenues not received soon enough after year-end to be considered available are deferred in the funds. The availability criteria does not apply to the government-wide financial statements.	(386,487)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	45,000
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The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Net Pension Liability	1,926,539
Compensated Absences	(41,719)
Other Postemployment Benefits (OPEB)	32,838

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability (NPL) are not reported in the funds. This is the net change in deferred inflows and outflows related to the NPL:

Deferred Pension Related Items - Outflows	215,639
Deferred Pension Related Items - Inflows	(2,600,435)

Accrued interest on bonds is not recorded in the governmental funds. This is the net change in accrued interest for the current period.	487
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Claims payable 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. The following represents the net change:	<u>414,183</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 200,580</u></u>
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City of Maywood
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$ 1,930,382	\$ 109,639
Cash with Fiscal Agent	1,517,657	-
Notes Receivable	91,542	-
Interest Receivable	-	-
Due from City, Net	-	-
Land Held for Resale	1,780,000	-
Total Assets	5,319,581	\$ 109,639
LIABILITIES		
Accounts Payable	6,577	\$ -
Accrued Liabilities	484	-
Deposits Payable	-	109,639
Due to City of Maywood	126,165	-
Interest Payable	336,771	-
Bonds Payable	17,455,000	-
Total Liabilities	17,924,997	\$ 109,639
NET POSITION		
Net Position Held in Trust for Successor Agency	\$ (12,605,416)	

The accompanying notes are an integral part of this statement.

City of Maywood
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 1,496,258
Investment Income	30,778
Other Income	-
Total Additions	1,527,036
DEDUCTIONS	
Administrative Costs	130,420
Interest on Bonds	826,420
Total Deductions	956,840
Change in Net Position	570,196
Net Position - Beginning of Year	(13,175,612)
Net Position - End of Year	\$ (12,605,416)

The accompanying notes are an integral part of this statement.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Maywood, California (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

A) Reporting Entity

The City of Maywood was incorporated on September 2, 1924, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is governed by an elected five member board.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the organization is able to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are reported with the interfund data of the City. The following organizations are considered to be component units of the City:

Maywood Financing Authority

The Maywood Financing Authority ("Authority") is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act. The City and the Commission formed the Authority by the execution of a joint exercise of powers agreement dated as of October 25, 1988. Pursuant to the Joint Exercise of Powers Act, the Authority is authorized to issue revenue bonds to provide funds to make loans to public entities; such revenue bonds are to be repaid from the repayments of such loans. The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor of the City is the Chairperson of the Authority. The City's Chief Administrative Officer (CAO) acts as the Executive Director, the City Clerk acts as the Secretary and the Finance Director of the City acts as the Treasurer of the Authority. Separate financial statements of the Authority are not prepared.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Measurement Focus and Basis of Accounting

The financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements: The government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include the governmental activities of the primary government (including its blended component units). For the most part, the effect of interfund activity has been removed from these statements.

Government-wide financial statements are presented using the *economic resources measurement focus and accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements: The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund financial statements for the primary government's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds: Governmental funds are presented using the *modified-accrual basis of accounting* in the fund financial statements. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* (special assessments) are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* (special fees) transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Governmental funds are presented using the *current financial resources measurement focus* in the fund financial statements. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

C) Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB 34. The City reports the following major governmental funds:

General Fund

This fund is used to account for resources traditionally associated with governments, which are not legally required, or by sound financial management, to be accounted for in another fund.

Gas Tax Special Revenue Fund

This fund is used to account for the revenues and expenditures of the City's proportionate share of gas tax monies collected by the State of California which are used for street construction and maintenance.

Measure R Special Revenue Fund

This fund is used to account for the revenues received from Los Angeles County under Measure R that are to be used exclusively for transportation projects and improvements.

Proposition A Special Revenue Fund

This fund is used to account for the revenues and expenditures of the City's proportionate share of funds from the Metropolitan Transportation Authority funded by the ½ cent sales tax measure to be used exclusively to benefit public transit (such as fixed route and paratransit services and transportation demand management).

Street Projects Capital Project Fund

This fund is used to account for the revenues and expenditures funded by grants for street related projects.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Additionally, the City reports the following fund types:

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and Statement of Changes in Fiduciary Net Position. The fiduciary fund is used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. Since these assets are being held for the benefit of a third party, these funds are not incorporated into the government-wide statements.

The City's fiduciary funds include an agency fund and private-purpose trust fund. The agency fund uses the accrual basis of accounting to account for developer deposits. The agency fund is custodial in nature (assets equal liabilities) and therefore does not involve measurement of results of operations. The private-purpose trust fund accounts for the wind-down activities of the Maywood Community Development Commission.

D) Investments

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

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

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

E) Interfund Receivables and Payables

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

F) Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Nonspendable fund balances are reported in the governmental funds for amounts equal to the prepaid items since these amounts are not available for appropriation.

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets, other than infrastructure assets, in excess of \$5,000 are capitalized if they have an expected useful life of one year or more. Infrastructure assets have a capitalization threshold of \$100,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

The following schedule summarizes the useful lives of capital assets:

Buildings	50 years
Land Improvements	50 years
Machinery and Equipment	5-15 years
Vehicles	8-15 years
Infrastructure	
Sewer, Curbs and Sidewalks	50 years
Roadways	35 years
Traffic Lights	25 years

Depreciation is calculated using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

H) Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities column of the statement of net position in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

Governmental funds recognize bond premiums and discounts during the current period in the fund financial statements. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I) Classification of Net Position and Fund Balance

1) Net Position

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

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position which is represented by the current net book value, less the outstanding balance of any debt issued to finance these assets.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City that is not externally restricted for any project or other purpose.

2) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council's action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

The City's governmental fund balances at June 30, 2015, are presented below:

	General Fund	Gas Tax Fund	Measure R	Proposition A	Street Projects	Nonmajor Funds	Total
Nonspendable:							
Prepaid Items	\$ 210	\$	\$	\$	\$	\$ 2,706	\$ 2,916
Restricted for:							
Community Development						101,698	101,698
Debt Service	263,245						263,245
Public Safety						105,505	105,505
Public Works		2,434,770	910,491	76,682	10,568	1,779,309	5,211,820
Committed to:							-
Assigned to:							-
Unassigned:	(1,329,048)					(14,719)	(1,343,767)
Total Fund Balance	\$ (1,065,593)	\$ 2,434,770	\$ 910,491	\$ 76,682	\$ 10,568	\$ 1,974,499	\$ 4,341,417

J) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property tax calendar is as follows:

Lien Date	January 1 st	
Levy Date	July 1 st	
Due Date	First Installment – November 1 st	Second Installment – March 1 st
Delinquent Date	First Installment – December 11 th	Second Installment – April 11 th

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Taxes are collected by Los Angeles County and are remitted to the City periodically. Dates and percentages are as follows:

December 10 th	30% Advance
January 16 th	Collection No. 1
April 10 th	10% Advance
May 15 th	Collection No. 2
July 31 st	Collection No. 3

K) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently reports deferred outflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. See Note 9 – Pension Plans for more information.

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualifies for reporting in this category.

M) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N) Non-major Deficit Fund Balances

The non-major Special Revenue CDBG and Prop 1B funds have deficit fund balances of \$3,135 and \$11,584, respectively, as of June 30, 2015. These deficits will be eliminated when future revenues are recognized.

O) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

P) Pensions

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

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 10,109,992
Cash and Investments Held by Bond Trustee	263,245
Statement of Fiduciary Net Position:	
Cash and Investments	2,040,021
Cash and Investments Held by Bond Trustee	<u>1,517,657</u>
Total Cash and Investments	<u>\$ 13,930,915</u>

Cash and Investments consist of the following:

Cash on Hand	\$ 300
Deposits with Financial Institutions	12,117,395
Investments	<u>1,813,220</u>
Total Cash and Investments	<u>\$ 13,930,915</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

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

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

2) CASH AND INVESTMENTS – Continued

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker’s Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	270 days	None	None
Investment Contracts	30 years	None	None
Municipal Obligations	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 36 Months	36 to 60 Months	More Than 60 Months
LAIF	\$ 17,864	\$ 17,864	\$ -	\$ -	\$ -
Held by Fiscal Agent:					
Money Market Funds	1,532,057	1,532,057	-	-	-
Investment Agreement	263,299	263,299	-	-	-
Total	\$ 1,813,220	\$ 1,813,220	\$ -	\$ -	\$ -

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

2) CASH AND INVESTMENTS – Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Not Rated
LAIF	\$ 17,864	N/A	\$ -	\$ -	\$ 17,864
Held by Fiscal Agent:					
Money Market Funds	1,532,057	AAA	1,532,057	-	-
Investment Agreement	263,299	N/A	-	-	263,299
Total	\$ 1,813,220		\$ 1,532,057	\$ -	\$ 281,163

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2015, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

2) CASH AND INVESTMENTS – Continued

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Current interfund receivables and payables as of June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Gas Tax Fund	\$ 187,562
	Other Governmental Funds	207,019
Gas Tax Fund	General Fund	76,970
	Other Governmental Funds	46,301
Other Governmental Funds	General Fund	730
	Total	\$ 518,582

The purpose of these short-term interfund borrowings was to cover cash deficits at June 30, 2015.

Payable to Successor Agency

The payable to the Successor Agency of \$2,600,000 in the General Fund and the Statement of Net Position is a result of repayments made by the Successor Agency Private-purpose Trust fund to the City of Maywood. The California State Controller's Office reviewed asset transfers by the former Community Development Commission and Successor Agency Private-purpose Trust fund and determined these repayments were not eligible under state law and are subject to repayment by the City to the Successor Agency. Therefore, a liability has been recorded in the General Fund and Statement of Net Position. Given the City's current financial condition, the City does not have the ability to repay the Successor Agency at this time. As a result, the receivable in the Successor Agency Private-purpose Trust Fund of \$2,600,000 is offset with an allowance for doubtful accounts of \$2,600,000.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

4) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 5,247,570	\$ -	\$ -	\$ 5,247,570
Construction in Progress	740,031	596,863	225,691	1,111,203
Total Capital Assets Not Depreciated	5,987,601	596,863	225,691	6,358,773
Capital Assets, Being Depreciated:				
Buildings	12,996,865	-	-	12,996,865
Land Improvements	88,803	-	-	88,803
Machinery and Equipment	658,339	-	-	658,339
Vehicles	341,804	-	-	341,804
Infrastructure	48,557,759	501,673	-	49,059,432
Total Capital Assets Being Depreciated	62,643,570	501,673	-	63,145,243
Less Accumulated Depreciation:				
Buildings	2,774,704	256,394	-	3,031,098
Land Improvements	45,935	2,955	-	48,890
Machinery and Equipment	599,091	22,021	-	621,112
Vehicles	328,290	11,301	-	339,591
Infrastructure	28,358,277	1,232,319	-	29,590,596
Total Accumulated Depreciation	32,106,297	1,524,990	-	33,631,287
Total Capital Assets Being Depreciated, Net	30,537,273	(1,023,317)	-	29,513,956
Governmental Activities Capital Assets, Net	\$ 36,524,874	\$ (426,454)	\$ 225,691	\$ 35,872,729

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

4) CAPITAL ASSETS - Continued

Depreciation expense was charged in the following functions in the Statement of Activities:

General Government	\$ 90,355
Public Works	1,310,290
Public Safety	24,520
Parks and Recreation	<u>99,825</u>
	<u>\$ 1,524,990</u>

5) CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
2008 Refunding Bonds	\$ 2,990,000	\$ -	\$ (45,000)	\$ 2,945,000	\$ 50,000
Net Pension Obligation	1,353,331	-	(1,353,331)	-	-
Pension Related Debt	6,117,384	-	(6,117,384)	-	-
Net Pension Liability	-	14,628,849	(1,926,539)	12,702,310	-
Compensated Absences	-	41,719	-	41,719	41,719
Claims Liability	<u>10,729,438</u>	<u>23,959</u>	<u>(438,142)</u>	<u>10,315,255</u>	<u>280,305</u>
Total Governmental Activities	<u>\$21,190,153</u>	<u>\$14,694,527</u>	<u>\$ (9,880,396)</u>	<u>\$26,004,284</u>	<u>\$ 372,024</u>

6) REFUNDING BONDS

2008 Lease Revenue Refunding Bonds, Series A

On November 18, 2008, the Maywood Public Financing Authority of the City of Maywood issued \$3,185,000 in Lease Revenue Refunding Bonds, Series A. The 2008 series was used to advance refund the Authority's 1999 Certificates of Participation of \$2,540,000. The 2008 Lease Revenue Refunding Bonds, Series A will mature September 1, 2038. Interest on the 2008 Lease Revenue Refunding Bonds is payable on March 1 and September 1 of each year. The bonds accrue interest at rates that range from 6.50% to 7.00% annually.

Future principal and interest payments on the 2008 Refunding Bonds are as follows:

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

6) REFUNDING BONDS

Year Ending June 30,	Principal	Interest
2016	\$ 50,000	\$ 203,425
2017	55,000	200,013
2018	55,000	196,437
2019	60,000	192,700
2020	65,000	188,475
2021 - 2025	400,000	864,500
2026 - 2030	570,000	696,500
2031 - 2035	805,000	458,325
2036 - 2039	885,000	129,325
	<u>\$ 2,945,000</u>	<u>\$ 3,129,700</u>

7) FIDUCIARY FUND LONG-TERM DEBT

2007 Tax Allocation Bonds

On May 1, 2007, the Community Development Commission of the City of Maywood issued \$21,650,000 in Tax Allocation Bonds, Series 2007. The 2007 Series proceeds were used to refund the Commission's \$8,485,000 Variable Rate Demand Tax Allocation Bonds, to fund certain redevelopment projects within the project area and to finance and pay bond issuance costs. These projects consist of property acquisitions, sewer improvements, street improvements, and recreational improvements. The 2007 Bonds will mature on August 1, 2037. Interest on the 2007 Series Bonds is payable on February 1 and August 1 of each year. The long-term debt is now reported in the Successor Agency Private-purpose Trust Fund in the Statement of Fiduciary Net position.

Future principal and interest payment on the 2007 Tax Allocation Bonds are as follows:

Year Ending June 30,	Principal	Interest
2016	\$ 495,000	\$ 798,350
2017	515,000	778,150
2018	535,000	757,150
2019	465,000	736,278
2020	485,000	715,497
2021 - 2025	2,735,000	3,232,194
2026 - 2030	3,685,000	2,531,287
2031 - 2035	5,210,000	1,426,863
2036 - 2038	3,330,000	238,700
	<u>\$ 17,455,000</u>	<u>\$ 11,214,469</u>

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

8) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City uses the General Fund to account for and finance the related risks.

As of June 30, 2010, the City of Maywood was a member of the California Joint Powers Insurance Agency (Authority). The Authority is composed of various 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. A significant portion of the claims liability listed below is a result of the City's previous participation in the Authority's programs.

Subsequent to June 30, 2010, for workers' compensation the City has purchased coverage through the State Compensation Insurance Fund. In addition, the City has purchased insurance policies for the following exposures with the deductible or the amount of risk retention indicated in parenthesis: public employee dishonesty, etc. (\$25,000 deductible); general liability insurance policy (City retains risks up to \$500,000); property loss or damage (\$10,000 deductible/\$25,000 deductible for flood).

Liabilities are reported in the Statement of Net position when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as, inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors.

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Changes in the balance of claims liabilities during the past two years are as follows:

Fiscal Year	Claims Payable Beginning of Year	Additions	Deletions	Claims Payable End of Year
6/30/14	\$ 10,923,153	\$ 330,000	\$ (523,715)	\$ 10,729,438
6/30/15	10,729,438	23,959	(438,142)	10,315,255

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

9) CITY EMPLOYEE RETIREMENT PLANS

General Information about the Defined Benefit Pension Plans

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

Benefits Provided – The Plans are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

The Plan’s provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	Miscellaneous PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	8.314%	6.25%
		Safety
	Safety	Tier II
	Prior to June 1, 2007	On or after June 1, 2007
Hire date	Prior to June 1, 2007	On or after June 1, 2007
Benefit formula	3% @ 50	3% @ 55
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of eligible compensation	3%	3%
Required employee contribution rates	n/a	n/a
Required employer contribution rates	n/a	n/a

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

9) CITY EMPLOYEE RETIREMENT PLANS - Continued

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 75,052	\$ -

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,001,364
Safety	10,700,946
Total Net Pension Liability	\$ 12,702,310

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2013	0.08751%	0.24582%
Proportion - June 30, 2014	0.08098%	0.28528%
Change - Increase (Decrease)	-0.00653%	0.03946%

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

9) CITY EMPLOYEE RETIREMENT PLANS - Continued

For the year ended June 30, 2015, the City recognized pension expense of \$725,094. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 68,875	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	221,816	554,295
Net differences between projected and actual earnings on plan investments	-	2,046,140
Total	\$ 290,691	\$ 2,600,435

The \$68,875 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2016	\$ (630,278)
2017	(630,278)
2018	(606,529)
2019	(511,535)
2020	-
Thereafter	-

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

9) CITY EMPLOYEE RETIREMENT PLANS - Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

(1) Depends on entry age, service and type of employment

(2) Net of pension plan administrative expenses, including inflation

(3) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

9) CITY EMPLOYEE RETIREMENT PLANS - Continued

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.

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

Sensitivity of the 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 for each Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

9) CITY EMPLOYEE RETIREMENT PLANS - Continued

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 3,770,092	\$ 14,598,805
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 2,001,364	\$ 10,700,946
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 533,489	\$ 7,489,278

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$2,360,604 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015. This payable is the result of the City not making the required contributions for the inactive Safety Pension plan.

10) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City’s single-employer defined benefit postemployment healthcare plan, (DHP), provides medical benefits to eligible retired City employees and spouses through PERS Health. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with PERS Health and adopts those benefits through City resolution. The DPHP does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. There are currently 3 subscriber groups receiving benefits. For subscriber group 1, the City pays 100% of the retiree’s and spouse’s health insurance premium until age 65 and the statutory minimum thereafter. For subscriber groups 2 and 3, the City contributes \$110 per retiree per month towards health premiums.

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

10) OTHER POST EMPLOYMENT BENEFITS - Continued

Annual OPEB Cost

For 2015, the City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution		\$	106,853
Interest on net OPEB obligation			(1,702)
Adjustment to annual required contribution			2,216
Annual OPEB cost (expense)			107,367
Contributions made			(140,205)
Increase in net OPEB obligation			(32,838)
Net OPEB asset – beginning of the year			(42,538)
Net OPEB asset – end of the year		\$	(75,376)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2015 and the two preceding fiscal years are as follows:

THREE-YEAR TREND INFORMATION			
Fiscal Year*	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Asset
6/30/15	\$ 107,367	131%	\$ (75,376)
6/30/14	\$ 106,853	133%	\$ (42,538)

*GASB 45 was implemented in the 2013-14 fiscal year.

The net OPEB obligation will be financed by the General Fund.

Funded Status and Funding Progress

As of July 1, 2014, the actuarial valuation accrued liability for benefits was \$1,476,817, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$523,730 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 282 percent.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

10) OTHER POST EMPLOYMENT BENEFITS - Continued

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The measurement method used is the projected unit method. The remaining amortization period at June 30, 2015 was 29 years.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2014
Retirement Age	55
Discount Rate	0.04
Inflation Rate	0.03
HealthCare trend rates (initial, ultimate)	0.08, 0.05
Dental	0.04
Vision (tied to dental)	0.04
Other (tied to dental)	0.04
Age-adjustment factor	0
Percent of Retirees with Spouses	0.5

11) CITY'S FINANCIAL CONDITION AND MANAGEMENT'S PLANS

General Fund of the City of Maywood

The General Fund is typically the focal point in analyzing the financial health of the City because the General Fund is expected to be able to cover both its costs and to act as a financial backstop for other funds in the event of an insufficiency with respect to the other funds. As of June 30, 2015, the General Fund has a negative unassigned fund balance of \$1,309,213. In addition, due to the measurement focus of the General Fund, the fund balance does not take into account the more than \$10 million in claims liabilities payable to CJPIA (see Note 8). The City is currently not paying the required contributions to CalPERS for the inactive Safety Plan. The required contribution that was not paid in the current year was \$781,428. In addition, the City has not paid these required contributions for fiscal years ended June 30, 2013 and June 30, 2014. Also, as described in Note 3, in prior years, the former Community Development Commission made repayments of \$2,600,000 to the City's General Fund. The State has determined these repayments will need to be returned to the Successor Agency, in accordance with State law.

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015**

11) CITY'S FINANCIAL CONDITION AND MANAGEMENT'S PLANS - Continued

In addition, a deficit unrestricted net position of the Governmental Activities of (\$26,683,018) is reported on the Statement of Net Position, compared to (\$19,259,565) in the prior year. The approximately \$7.4 million increase in the deficit unrestricted net position is the result of the implementation of GASB Statement No. 68. See Note 9 for additional information.

The excess revenues over expenditures in the General Fund in the current year was approximately \$1.88 million.

Management's Plan to Improve the City's Financial Position

The City's Interim Administration, which commenced on January 1, 2016, continues to work on improving the City's fiscal position with primary focus on the health of the General Fund. The City's adopted two-year Budget (FY 2014-15 and 2015-16) contained as goals: 1) Increase Organizational Effectiveness and Efficiencies; 2) Stabilize City Finances; 3) Improve the Maintenance of the Infrastructure and Facilities; and 4) Become a Clean, Attractive, Safe and Vibrant Community. This continues to be the goals of the City Council.

During Fiscal Year 2014-15 the City successfully traded "Prop A" restricted funds with two other cities and in return the City of Maywood received \$923,750 of General Fund dollars. This was a significant assistance to the City's General Fund. Additionally, the City withheld the FY 2014-15 payment to CalPERS for Safety Pension fund. This fund was effectively closed with the disbandment of the Maywood police department (police services now provided by contract with LA County Sheriff's department). While there exists an unfunded liability in the Safety Pension Fund (it is about 60% funded according to CalPERS), the City intends to negotiate with CalPERS a payment plan that recognizes both the need to fully fund the closed safety pension fund and the City's ability to operate as a viable City.

During FY 2015-16 the City plans on negotiating affordable repayment plans on other non-bonded debt of the City, considering revenue enhancement options, spending restraints, and a workable financial plan via the FY 2016-17 budget.

12) PRIOR PERIOD ADJUSTMENTS

The prior period adjustment in the Statement of Activities is the combination of the following:

	Governmental Activities
	<hr/>
(1) \$	(8,662,258)
(2)	(87,704)
(3)	(91,332)
	<hr/>
\$	(8,841,294)
	<hr/> <hr/>

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2015

12) PRIOR PERIOD ADJUSTMENTS - Continued

- (1) The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2014-15. As a result, the beginning net position in the Statement of Activities – Governmental Activities was restated by \$8,662,258, to reflect the cumulative effect of applying this statement. Included as part of the prior period adjustment for the Net Pension Liability (NPL) is the deletion of the Pension Related Debt, which is now included as part of the NPL. In addition, the Net Pension Obligation was included as part of this adjustment.
- (2) In addition, an adjustment of \$87,704 to the beginning net position in the Statement of Activities was recorded to offset the CDBG loans receivable with a Due to Other Agencies. The City, upon repayment of these loans, must remit the amounts to the grantor in accordance with the grant agreement. This adjustment is to record the liability for the loans as of July 1, 2014.
- (3) Also, an adjustment of \$91,332 to the beginning net position in the Statement of Activities and the beginning fund balance of the Gas Tax Special Revenue Fund was recorded to adjust the Gas Tax revenues and accruals in accordance with the California State Controller's Office.

In addition, an adjustment of \$1,579,176 to the beginning fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the General Fund is the result of the implementation of GASB Statement No. 68. This represents unpaid contributions to CalPERS as of July 1, 2014.

13) SUBSEQUENT EVENTS

In December 2015, the City Manager was put on administrative leave, and subsequently terminated in April 2016. The City is currently negotiating a settlement agreement with the former City Manager.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Maywood
Required Supplementary Information
Year Ended June 30, 2015**

Schedule of Funding Progress for DPHP

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
07/01/14	\$ -	\$ 1,476,817	\$ 1,476,817	0%	\$ 523,730	282%

**City of Maywood
Required Supplementary Information
Year Ended June 30, 2015**

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Years*

	Miscellaneous Risk Pool 2015
	<hr/>
Proportion of the Net Pension Liability	0.03216%
Proportionate Share of Net Pension Liability	\$ 2,001,364
Covered - Employee Payroll	\$ 675,800
Proportionate Share of the Net Pension Liability as a percentage of Payroll	296.15%
Plan's Fiduciary Net Position	\$ 11,331,147
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.99%
	Safety Risk Pool 2015
	<hr/>
Proportion of the Net Pension Liability	0.17197%
Proportionate Share of Net Pension Liability	\$ 10,700,946
Covered - Employee Payroll	N/A
Proportionate Share of the Net Pension Liability as a percentage of Payroll	N/A
Plan's Fiduciary Net Position	\$ 18,398,949
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.23%

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: None

**City of Maywood
Required Supplementary Information
Year Ended June 30, 2015**

SCHEDULE OF PLAN CONTRIBUTIONS
Last 10 Years*

		2015
Contractually Required Contributions (actuarially determined)	\$	756,562
Contributions in relation to the actuarially determined Contributions		(49,725)
Contribution Deficiency (Excess)	\$	706,837
Covered-Employee Payroll	\$	675,800
Contributions as a Percentage of Covered Employee Payroll		111.95%

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013

City of Maywood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,942,200	\$ 2,942,200	\$ 3,337,781	\$ 395,581
Licenses and Permits	489,200	489,200	523,844	34,644
Intergovernmental	2,283,000	2,283,000	2,354,289	71,289
Charges for Services	10,600	10,600	117,099	106,499
Use of Money and Property	104,300	104,300	93,194	(11,106)
Fines and Forfeitures	271,600	271,600	294,390	22,790
Legal Settlements	200,000	200,000	173,000	(27,000)
Miscellaneous	-	-	951,100	951,100
Total Revenues	6,300,900	6,300,900	7,844,697	1,543,797
EXPENDITURES				
Current:				
General Government	1,730,200	1,730,200	1,636,701	93,499
Public Safety	3,118,500	3,118,500	3,451,822	(333,322)
Community Development	496,439	496,439	278,739	217,700
Parks and Recreation	502,415	502,415	318,554	183,861
Debt Service:				
Principal	45,000	45,000	45,000	-
Interest and Fiscal Charges	206,500	206,500	206,513	(13)
Total Expenditures	6,099,054	6,099,054	5,937,329	161,725
Excess of Revenues Over (Under) Expenditures	201,846	201,846	1,907,368	1,705,522
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(40,733)	(40,733)
Total Other Financing Sources (Uses)	-	-	(40,733)	(40,733)
Change in Fund Balances	201,846	201,846	1,866,635	1,664,789
Fund Balances - Beginning of Year	(1,333,217)	(1,333,217)	(1,333,217)	
Prior Period Adjustment	-	-	(1,579,176)	(1,579,176)
Fund Balances - End of Year	\$ (1,131,371)	\$ (1,131,371)	\$ (1,045,758)	\$ 85,613

City of Maywood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 735,000	\$ 735,000	\$ 846,846	\$ 111,846
Use of Money and Property	-	-	-	-
Total Revenues	<u>735,000</u>	<u>735,000</u>	<u>846,846</u>	<u>111,846</u>
EXPENDITURES				
Current:				
Public Works	478,600	478,600	389,429	89,171
Capital Outlay	<u>41,500</u>	<u>41,500</u>	<u>275,982</u>	<u>(234,482)</u>
Total Expenditures	<u>520,100</u>	<u>520,100</u>	<u>665,411</u>	<u>(145,311)</u>
Excess of Revenues Over (Under) Expenditures	<u>214,900</u>	<u>214,900</u>	<u>181,435</u>	<u>(33,465)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	214,900	214,900	181,435	(33,465)
Fund Balances - Beginning of Year	<u>2,344,667</u>	<u>2,344,667</u>	<u>2,344,667</u>	
Fund Balances - End of Year	<u>\$ 2,559,567</u>	<u>\$ 2,559,567</u>	<u>\$ 2,526,102</u>	<u>\$ (33,465)</u>

City of Maywood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Measure R Special Revenue Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 300,000	\$ 300,000	\$ 303,837	\$ 3,837
Use of Money and Property	100	100	419	319
Total Revenues	<u>300,100</u>	<u>300,100</u>	<u>304,256</u>	<u>4,156</u>
EXPENDITURES				
Current:				
Public Works	300,100	300,100	10,000	290,100
Capital Outlay	-	-	596,863	(596,863)
Total Expenditures	<u>300,100</u>	<u>300,100</u>	<u>606,863</u>	<u>(306,763)</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(302,607)</u>	<u>(302,607)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	-	-	(302,607)	(302,607)
Fund Balances - Beginning of Year	<u>1,213,098</u>	<u>1,213,098</u>	<u>1,213,098</u>	
Fund Balances - End of Year	<u>\$ 1,213,098</u>	<u>\$ 1,213,098</u>	<u>\$ 910,491</u>	<u>\$ (302,607)</u>

City of Maywood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Proposition A Special Revenue Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 470,000	\$ 470,000	\$ 505,849	\$ 35,849
Charges for Services	-	-	-	-
Use of Money and Property	-	-	499	499
Total Revenues	<u>470,000</u>	<u>470,000</u>	<u>506,348</u>	<u>36,348</u>
EXPENDITURES				
Current:				
Public Works	470,000	470,000	1,350,000	(880,000)
Capital Outlay	-	-	-	-
Total Expenditures	<u>470,000</u>	<u>470,000</u>	<u>1,350,000</u>	<u>(880,000)</u>
Change in Fund Balances	-	-	(843,652)	(843,652)
Fund Balances - Beginning of Year	<u>920,334</u>	<u>920,334</u>	<u>920,334</u>	
Fund Balances - End of Year	<u>\$ 920,334</u>	<u>\$ 920,334</u>	<u>\$ 76,682</u>	<u>\$ (843,652)</u>

City of Maywood
Notes to Required Supplementary Information
Year Ended June 30, 2015

BUDGETS AND BUDGETARY DATA

Before the beginning of the fiscal year, the Finance Director submits to the City Council a proposed budget for the year commencing the following July 1st. Public hearings are then conducted to obtain taxpayer comments and the budget is subsequently adopted through passage of a resolution.

All appropriated amounts are as originally adopted or as amended by the City Council and lapse at year-end. Encumbrances and continuing appropriations are rebudgeted on July 1st by Council action. Original appropriations may be modified by supplementary budget revisions and transfers among budget categories. The City Council approves all budget changes at the department level. The Finance Director is authorized to make budget transfers within departments. There were no significant budget amendments during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for the general fund, and certain special revenue, debt service and capital projects funds. Budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The Gas Tax, Measure R, and Proposition A Special Revenue funds had expenditures in excess of appropriations of \$145,311, \$306,763 and \$880,000 in the current year.

SUPPLEMENTARY INFORMATION

**City of Maywood
Nonmajor Governmental Funds
Year Ended June 30, 2015**

SPECIAL REVENUE FUNDS

CDBG Grant Special Revenue Fund - To account for the revenues and expenditures of the City's proportionate share of funds from the Housing Community Development Authority for street improvements, housing programs and incentives, sidewalk repair program, fair housing, code enforcement, and other related projects.

Prop 1B - To account for the revenues and expenditures of Prop 1B activities.

Bikeway Grant - To account for the revenues and expenditures of the City's share of Transportation Development Act allocations restricted for design and construction of pedestrian and bicycle facilities and amenities.

Proposition C - To account for the revenues and expenditures of the City's proportionate share of funds from the Los Angeles County Metropolitan Transportation Authority funded by the ½ cent sales tax measure to be used for eligible project expenditures (such as management programs, bikeways and bike lanes, and pavement management systems).

Section 108 Loan - To account for revenues and expenditures related to the HUD Section 108 Loan.

Air Quality (AB2766/AQMD) - To account for the revenues and expenditures related to air pollution mitigation efforts.

STPL Local Fund - To account for the revenues and expenditures for local non-arterial street improvement projects.

Public Safety Grants - To account for the revenues and expenditures of the City's grant funds to provide knowledge, resources products, and learning for police personnel.

Street Lighting - To account for the revenues of the City's special assessments and expenditures relating to lighting improvements.

**City of Maywood
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015**

	Special Revenue Funds			
	CDBG	Prop 1B	Bikeway Grant	Proposition C
ASSETS				
Cash and Investments	\$ 158,091	\$ -	\$ -	\$ 880,140
Receivables:				
Due from Other Governments	22,387	-	22,382	-
Notes and Loans	87,714	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Costs	-	-	-	2,706
Total Assets	<u>\$ 268,192</u>	<u>\$ -</u>	<u>\$ 22,382</u>	<u>\$ 882,846</u>
LIABILITIES				
Accounts Payable	\$ 5,568	\$ -	\$ -	\$ 55,536
Accrued Liabilities	251	-	-	447
Unearned Revenue	-	-	6,572	-
Due to Other Agencies	87,714	-	-	-
Due to Other Funds	177,794	11,584	15,810	-
Total Liabilities	<u>271,327</u>	<u>11,584</u>	<u>22,382</u>	<u>55,983</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	2,706
Restricted	-	-	-	824,157
Unassigned	(3,135)	(11,584)	-	-
Total Fund Balances	<u>(3,135)</u>	<u>(11,584)</u>	<u>-</u>	<u>826,863</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 268,192</u>	<u>\$ -</u>	<u>\$ 22,382</u>	<u>\$ 882,846</u>

City of Maywood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2015

	Special Revenue Funds			
	CDBG	Prop 1B	Bikeway Grant	Proposition C
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 406,605
Intergovernmental Revenue	251,863	-	15,810	-
Charges for Services	-	-	-	9,432
Use of Money and Property	-	-	-	481
Total Revenues	<u>251,863</u>	<u>-</u>	<u>15,810</u>	<u>416,518</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Community Development	246,844	-	63,302	416,224
Public Works	-	-	-	-
Capital Outlay	-	-	-	2,706
Total Expenditures	<u>246,844</u>	<u>-</u>	<u>63,302</u>	<u>418,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,019</u>	<u>-</u>	<u>(47,492)</u>	<u>(2,412)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	40,733	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>40,733</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	45,752	-	(47,492)	(2,412)
Fund Balances, Beginning of Year	<u>(48,887)</u>	<u>(11,584)</u>	<u>47,492</u>	<u>829,275</u>
Fund Balances, End of Year	<u>\$ (3,135)</u>	<u>\$ (11,584)</u>	<u>\$ -</u>	<u>\$ 826,863</u>

Special Revenue Funds					
Section 108 Loan	Air Quality Improvement	STPL Local Fund	Public Safety Grants	Street Lighting	Total
\$ -	\$ -	\$ -	\$ 26,631	\$ -	\$ 433,236
-	-	179,717	252,470	-	699,860
-	34,440	-	-	178,069	221,941
-	-	-	-	-	481
-	34,440	179,717	279,101	178,069	1,355,518
-	-	-	159,486	-	159,486
-	-	-	-	-	726,370
-	-	-	-	203,884	203,884
-	-	-	-	-	2,706
-	-	-	159,486	203,884	1,092,446
-	34,440	179,717	119,615	(25,815)	263,072
-	-	-	-	-	40,733
-	-	-	-	-	-
-	-	-	-	-	40,733
-	34,440	179,717	119,615	(25,815)	303,805
101,698	82,038	-	(14,110)	684,772	1,670,694
<u>\$ 101,698</u>	<u>\$ 116,478</u>	<u>\$ 179,717</u>	<u>\$ 105,505</u>	<u>\$ 658,957</u>	<u>\$ 1,974,499</u>

City of Maywood
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2015

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 109,605	\$ 34	\$ -	\$ 109,639
Total Assets	<u>\$ 109,605</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 109,639</u>
LIABILITIES				
Deposits	\$ 109,605	\$ 34	\$ -	\$ 109,639
Total Liabilities	<u>\$ 109,605</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 109,639</u>