

CITY OF MAYWOOD  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2016

**City of Maywood  
Annual Financial Report  
Year Ended June 30, 2016**

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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maywood, as of June 30, 2016, 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***

### *Financial Condition*

As discussed in Note 11, the City, in prior years, has suffered substantial recurring losses in its General Fund, resulting in its inability to pay the required CalPERS Safety Plan contributions (\$2.7 million) and claims liabilities to the California Joint Powers Insurance Authority (\$10.2 million). These issues raise uncertainties regarding future operations. Management's plans in regard to these matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other 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 June 5, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Van Lant & Frankhamel, LLP*

June 5, 2017

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Maywood's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. It is recommended this overview be read in conjunction with the accompanied financial statements in order to obtain a thorough understanding of the City's financial condition at June 30, 2016.

## FINANCIAL HIGHLIGHTS

- The City's total net position, assets and deferred outflows less liabilities and deferred inflows, at fiscal year-end is \$12,755,674 compared to \$11,926,979 for the 2014-15 fiscal year. This represents an increase of 828,695 (See Table 1)
- The City wide revenues were \$ 9,774,721. The total revenues are composed of \$ 6,307,796 in general revenue dollars, \$1,318,044 in charges for services, \$711,601 in operating grants and contributions and \$1,437,280 in capital grants and contributions.
- During the year, the City's revenues exceeded expenditures and net transfers for governmental activities by \$ 2,471,156.
- In the City's major Gas Tax Fund, revenues exceeded expenditures by \$32,000.
- In the City's Nonmajor Governmental Funds, revenues exceeded expenditures by \$774,552.
- The General Fund reported an excess of revenues over expenditures of \$1,664,604.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

### The Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Maywood's financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

The City has represented its financial statements under the reporting model required by Governmental Accounting Standards Board Statement No.34 (GASB 34), Basic Financial Statements –and Management's Discussion and Analysis (MD&A) -for State and Local Government for the first time. A comparative analysis of financial data from prior year is included in this report.

## REPORTING THE CITY AS A WHOLE

**Government-wide financial statements.** The government-wide financials statements are comprised of the Statement of the Net Position and Statement of Activities. These two statements are designed to provide readers with a broad overview of the City of Maywood's finances utilizing the *economic measurement focus and accrual basis of accounting*. Under the accrual method of accounting, transactions are reported as soon as the underlying events occur, regardless of the timing of related cash flows.

**Statement of Net Position.** This report presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

**Statement of Activities.** The information presented in this report shows how the City's net position changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional expenses are shown net of related program revenue. This statement shows the extent to which various functions depend on general taxes and non-program revenues for support.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as governmental activities), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City of Maywood include General Government, Public Safety, Community Development, Parks and Recreation and Public Works. Program revenues finance approximately 38.8% of these activities and general revenues finance the difference.

The government-wide financial statements can be found on pages 15 & 16 of this report.

**Fund Financial Statements.** The fund financial statements focus on current available resources and report the City's operations in more detail for the City's most significant funds. Each fund is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with authorities or legal mandates, restrictions or limitations. All of the funds of the City can be divided into two categories: governmental funds (General, Special Revenue, and Capital Projects) and fiduciary funds.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

**Governmental funds.** These statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information provides a short-term view of the City's general government operations and show whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using the *modified accrual method* of accounting, which measures cash and all other financial assets that can readily be converted to cash. The relationship between governmental activities and the governmental funds are reported on the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position page of the Government-wide Financial Statements.

The governmental funds financial statements can be found on pages 17 to 20 of this report.

**Fiduciary funds.** These funds are used to account for the resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is the accrual basis.

The fiduciary fund financial statements can be found on page 21 and 22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. Notes to the financial statements communicate information necessary for a fair presentation of financial position and results of operations that is not readily apparent from, or not included in, the financial statements themselves.

The notes can be found on pages 23 to 50 of this report.

Required supplementary information is included at the end of the notes section.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Governmental Activities

This analysis focuses on the net position and changes in net position of the City's governmental activities which are presented in the government-wide financial statements.

**Table 1**  
**Net Position – Governmental Activities**

	2016	2015	Change	% Change
Current and Other Assets	13,747,292	11,006,119	2,741,173	24.91%
Capital Assets	34,575,954	35,872,729	-1,296,775	-3.61%
Total Assets	48,323,246	46,878,848	1,444,398	3.08%
Deferred Outflows of Resources	649,240	290,691	358,549	123.34%
Other Liabilities	4,727,377	6,637,841	-1,910,464	-28.78%
Long-term Liabilities	29,650,204	26,004,284	3,645,920	14.02%
Total Liabilities	34,377,581	32,642,125	1,735,456	5.32%
Deferred Inflows of Resources	1,839,231	2,600,435	-761,204	-29.27%
Net Position:				
Net Investment in Capital Assets	31,680,954	32,927,729	-1,246,775	-3.78%
Restricted	4,079,512	5,682,268	-1,602,756	-28.21%
Unrestricted	(23,004,792)	(26,683,018)	3,678,226	13.78%
Total Net Position	\$12,755,674	\$11,926,979	828,695	6.95%

Net position may serve over time as a useful indicator of the City's financial position. The City's governmental assets exceed its liabilities by \$12,755,674 at the close of the fiscal year, an increase of \$828,695 or 6.95% from the previous year. \$4.1 million is restricted for streets, transportation, capital projects and community development. A negative balance of unrestricted net position of \$23.0 million is a result of the City's long term liabilities, which the City is in the process of restructuring.

The largest portion of the City's net position is net investment in capital assets (parks, construction in progress, buildings and improvements, equipment/furniture, and infrastructure) valued at \$31.7 million, the net value remains the same than the previous fiscal year. The City uses these capital assets to provide services to citizens, the capital assets are not available for future spending.

This fiscal year and for the first time in years, the general fund has a positive end balance of \$2.8 million. Financial reports from the fiscal years 2010 to 2015 reflect a deficit in the general fund, (financial data from previous fiscal years was not available at the time of elaboration of this report). This positive general fund balance of \$2.8 million offset the deficit the City's general fund had in the past fiscal year.

**Table 2**  
**Change in Net Position**

	2,016	2015	Change	% Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	1,318,044	1,145,671	172,373	15.05%
Operating Grants and Contributions	711,601	961,187	(249,586)	-25.97%
Capital Contributions and Grants	1,437,280	1,717,324	(280,044)	-16.31%
General Revenues				
Property Taxes for General Purposes	849,759	587,206	262,553	44.71%
Transient Occupancy Taxes	67,713	50,696	17,017	33.57%
Sales Taxes	1,456,781	1,357,535	99,246	7.31%
Franchise Taxes	371,178	289,331	81,847	28.29%
Utility User Taxes	949,926	1,079,644	(129,718)	-12.01%
Motor Vehicle in Leu, Unrestricted	2,441,395	2,319,143	122,252	5.27%
Use of Money and Property	131,394	94,594	36,800	38.90%
Other	39,650	1,136,409	(1,096,759)	-96.51%
<b>Total Revenues</b>	<b>9,774,721</b>	<b>10,738,740</b>	<b>(964,019)</b>	<b>-8.98%</b>
<b>Expenses</b>				
General Government	2,091,530	1,548,252	543,278	35.09%
Public Safety	3,382,722	4,094,085	(711,363)	-17.38%
Community Development	962,357	1,005,109	(42,752)	-4.25%
Parks and Recreation	398,191	418,379	(20,188)	-4.83%
Public Works	1,908,884	3,266,309	(1,357,425)	-41.56%
Interest and Fiscal Charges	202,342	206,026	(3,684)	-1.79%
<b>Total Expenses</b>	<b>8,946,026</b>	<b>10,538,160</b>	<b>(1,592,134)</b>	<b>-15.11%</b>
<b>Change in Net Position</b>	<b>828,695</b>	<b>200,580</b>	<b>628,115</b>	<b>313.15%</b>
<b>Net Position- Beginning of Year</b>	<b>11,926,979</b>	<b>20,567,693</b>	<b>(8,640,714)</b>	<b>-42.01%</b>
Prior Period Adjustments	-	(8,841,294)		
<b>Net Position- End of Year</b>	<b>12,755,674</b>	<b>11,926,979</b>	<b>828,695</b>	<b>6.95%</b>

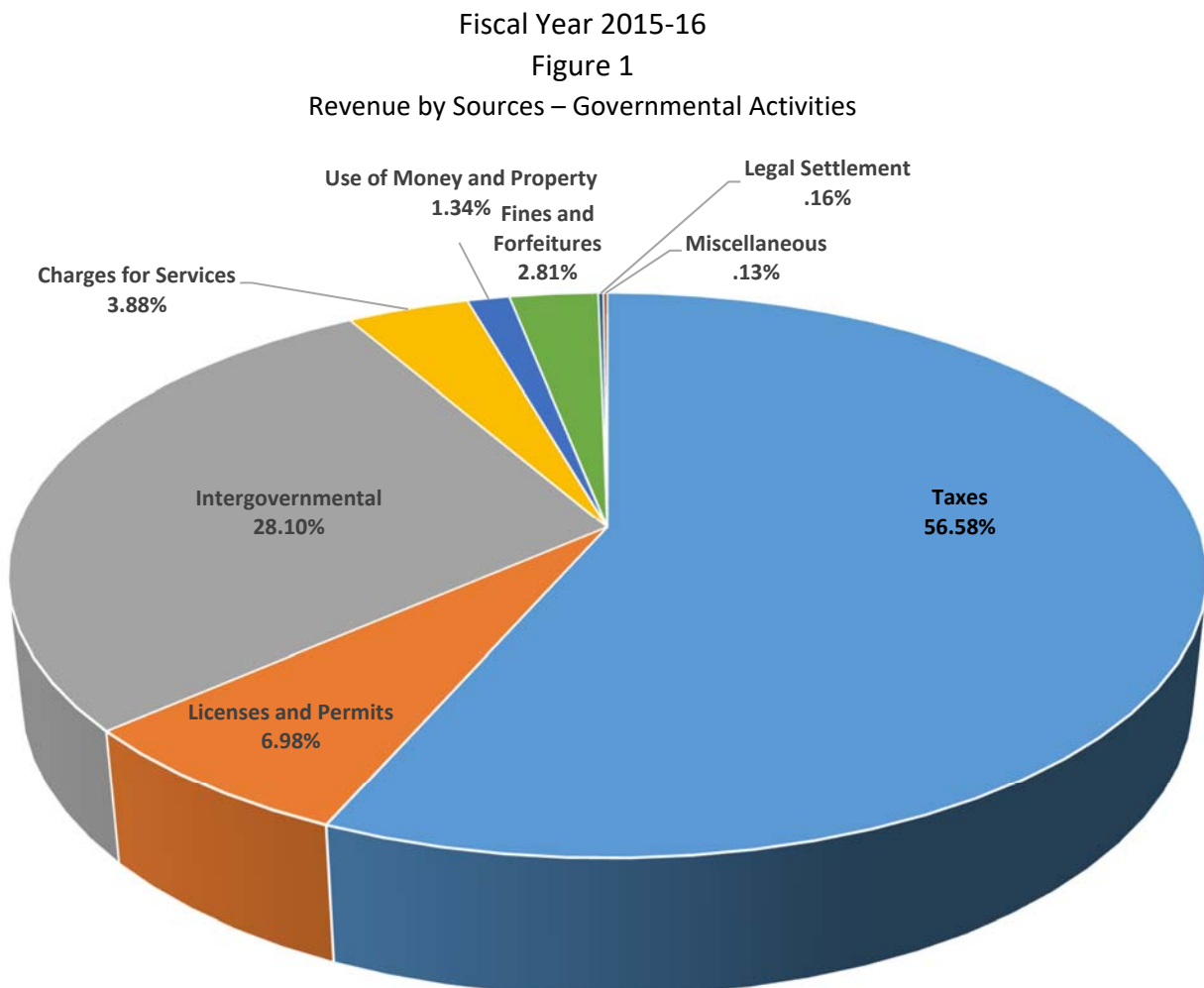
The City's net position increased by \$828,695 during the fiscal year as a result of revenues exceeding expenses. The total cost of all City governmental activities was \$ 8,946,026 for the

fiscal year. Net cost of all programs –after considering the charges for services, operating grants and contributions and capital contributions and grants received- was \$ 5,479,101, an 18% decrease in net program cost from the previous fiscal year. A portion of revenues totaling \$2,148,881 or 22% -composed by operating grants and capital contributions- represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,625,840 or 78% is *unrestricted*.

Total revenue decreased by \$964,019 mainly due to the fact that in the previous fiscal year the City exchanged the accumulated Proposition A Fund balance for General Fund revenue. This fiscal year the City did not exchange any restricted funds for general fund. Overall decrease in expenses by \$1,592,134 was attributed to the decrease mainly in public works (\$1,357,425) due to less construction projects in this fiscal year, the rest of the reflected decrease was in general government and community development services provided to the citizens. The City has been providing the basic services at the lowest cost possible.

### Revenue Sources:

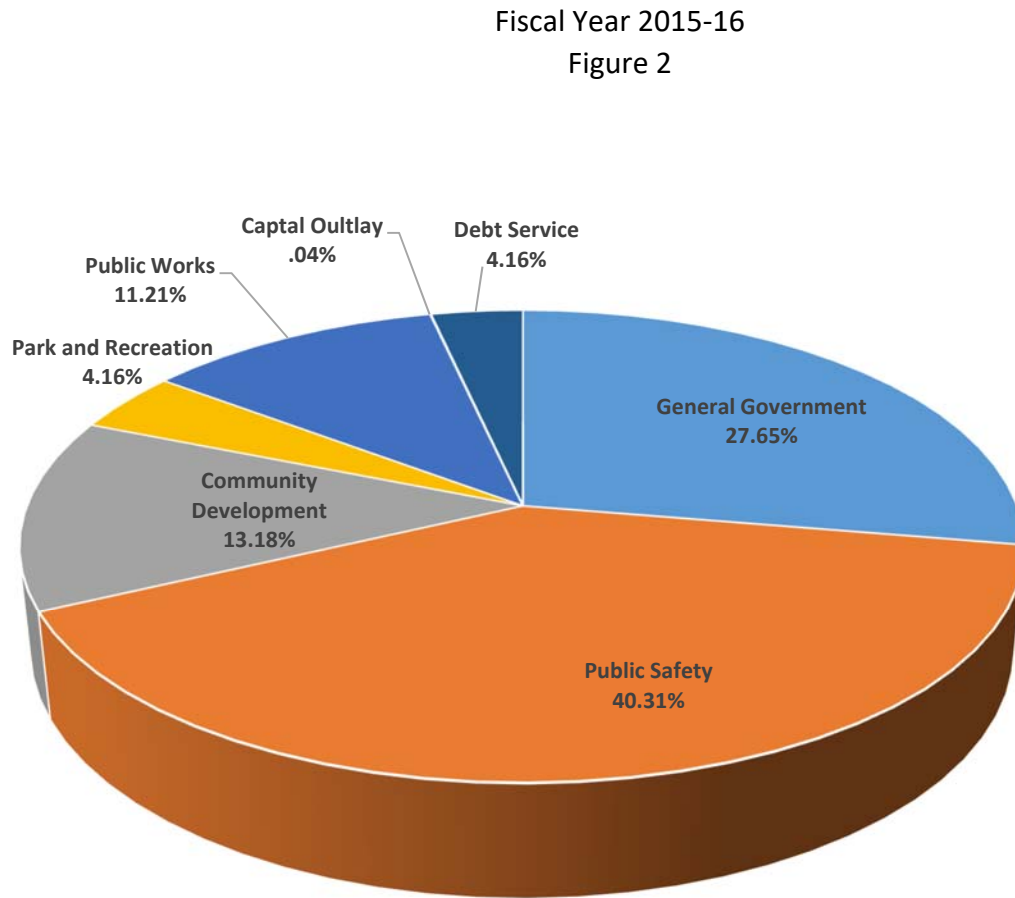
The revenue sources from governmental activities presented in the table 2 are illustrated in a pie chart below to show the percentage relationship of these revenues to each other, as well as their impact on the City's total resources. Figure 1 below is the pie chart for fiscal year 2015-2016:



As shown on the previous pie chart, about 57% of the City's total governmental revenues are from taxes, which are primarily comprised of property, sales, utility users, and franchise taxes. Intergovernmental totaled 28% of total resources and licenses and permits amounted to about 7% of the total governmental revenue for the year.

**Expenditures:**

The expenditure allocation from governmental activities presented in the table 2 is illustrated in a pie chart below to show the percentage relationship of these expenditures to each other, as well as their impact on the City's total use of resources. Figure 2 below is the pie chart for fiscal year 2015-2016:



Expenditures by Programs – Governmental Activities

As shown on the previous pie chart, about 40% of the City's total governmental expenditures are for Public Safety. General Government expenditures totaled 28% of total resources and Community Development and Public Works amounted to approximately 13% and 11% of the total governmental expenditure respectively for the fiscal year.

### **Expenses and Program Revenues:**

The City's expenses in connection with its governmental activities are categorized by function, namely: General Government, Public Safety, Public Works, Parks and Recreation and Community Development. The program revenues associated with these governmental activities are classified into the following three categories: charges for services, operating grants and contributions, and capital grants and contributions.

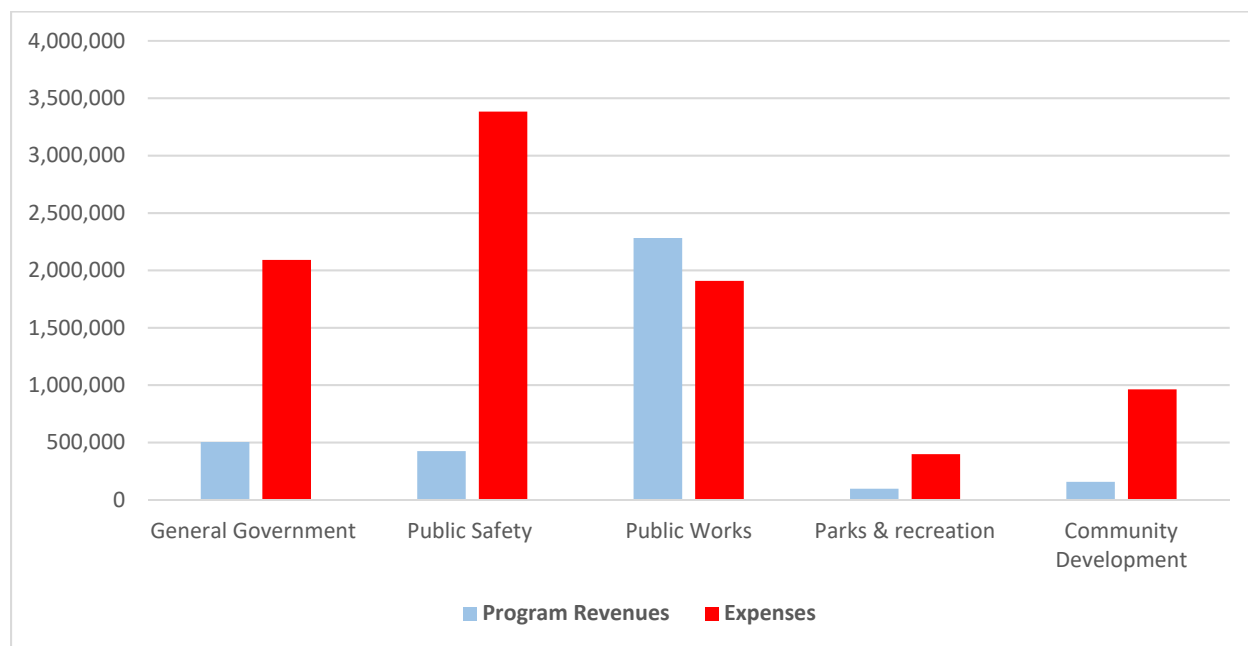
Governmental activities increased the City's net position by \$828,695. Key elements to the increase are as follows:

- Total expenses decreased by \$1,592,134.
  - This fiscal year the City experienced major changes in administration and contractual engineering services that considerably reduced the operational activity of the City's public works. Due to these factors, Public Works decreased by \$1,357,425, a 42% reduction from the previous year.
  - Public Safety decreased by \$711,363, a 17.4% reduction from the previous year. One of the contributing factors is the reclassification of crossing guards' cost, which was recognized as a Gas Tax Fund expenditure.
  - An increase in general government by \$543,278 or 35.1% from previous year due largely to the recognition of PERS Active and Inactive rate plans cost and severance pay benefits not considered in previous fiscal year.
  - Operating grants and contributions decreased by \$249,586, this is 26% lower from our previous year. The City did not apply for nor received new grants this fiscal year.
  - Capital grants and contributions decreased by \$280,044, a 16% drop from previous fiscal year.

The relationship between City program revenues and governmental functions are illustrated in figure 3.

The following graph shows that public works is entirely provided for by programs revenues. The general government, public safety, community development and parks and recreation program receive limited program revenue and are primarily funded from the general revenues of the City. It is typical for governmental programs to be subsidized by general fund revenues, as the program revenues are generally not adequate to finance the totality of these governmental program cost.

Figure 3  
Expense and Program Revenues



## FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

### Governmental Funds- Fund Level

The City of Maywood uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Focusing on financial resources, the City's Governmental Funds provide information on near-time inflows and outflows, and balances of spendable resources. This information is useful in assigning the City's ability to meet financial requirements. In particular, unreserved fund balance may serve as a useful measure of government net resources available for spending at the end of the fiscal year.

- **Fund Balance** – As of June 30, 2016, the City's Governmental Funds reported a combined fund balance of \$ 9,014,230, which increased by \$4,652,978 or 94% from prior year fund balance.
  - Restricted combined fund balance amounted to \$ 6,491,675 at June 30, 2016. Restricted fund balance includes resources that are subject to externally enforceable legal restrictions.

- The General Fund has unassigned fund balance of \$ 2,537,274. Unassigned fund balance is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications.

Major activities in the Governmental Funds in the current fiscal year include the following:

- General Fund – The General Fund ended the year with a \$ 2,800,668 fund balance, an increase of \$ 3,846,426 from the previous year largely due to the reclassification of \$2.7 million of net pension liability to long term liability. See Notes to the Financial Statements for more information regarding the increase in fund balance.
- General Fund Revenues exceeded budgeted revenues by \$ 1,263,714, the budget was low. Expenditures were \$ 268,044 lower than budgeted amounts. The reduction in the expenditures is due to fact that budgetary controls were implemented.
- Gas Tax Revenue was lower than budgeted by \$ 133,740 or 22% while expenditures were \$ 50,645 or 10% higher than projected.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets, net of accumulated depreciation for governmental activities as of June 30, 2016 is \$ 34,575,954. Capital assets, net of accumulated depreciation include land, construction in progress, buildings, land improvements, machinery and equipment, vehicles and infrastructure. Infrastructure assets are reported at cost.

The net increase (additions minus decreases) in capital assets for the fiscal year was \$ 1,351,822. The increase is attributed to major street improvement and neighborhood sidewalk rehabilitation projects. A summary of changes in capital assets (net of depreciation) as of June 30, 2016 as shown in Notes to Financial Statements number 4.

### **Debt Administration**

The Community Development Commission of the City issued \$ 21,650,000 in Tax Allocation Bonds, series 2007. The debt service payment on the bonds is payable on February 1 and August 1 of each year and is made by the Successor Agency. The current bonds payable as of June 30, 2016 is \$ 16,960,000 expiring on 2038. Detail of the schedule of payments can be found on Notes to the Financial Statements number 7.

In addition, the City has also an outstanding lease Revenue Refunding Bonds originally issued at \$3, 188,000. The current outstanding balance is \$ 2,895,000 expiring in the year 2039. Additional information of the Long-term debt can be found on Notes to Financial Statements number 6.

## **GENERAL FUND BUDGETARY ANALYSIS**

The revenue budget for fiscal year 2015-16 was \$ 6,172,900. Actual General Fund revenues were higher than the financial budget revenues by \$ 1,263,714. This was due to increase in Property Tax collection and increases in other revenues.

Appropriations were budgeted at \$ 6,040,054. Actual General Fund expenditures were \$ 268,044 less than the final budgeted expenditures due to the debt service not being in the budget.

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

The fiscal outlook for cities, counties, federal and states remains fragile however, the economy is moving ahead towards a higher rate of growth in 2017. The housing market is seeing slight signs of recovery while tax policies are being discussed on the national stage and it's expected that corporate tax rates would be reduced from 35 to 15 percent. The unemployment rate in Maywood remains at approximately 10.1 percent and it is anticipated to slightly reduce to 9 percent in 2017.

It is anticipated that Maywood's General Fund revenues will slightly increase in the upcoming fiscal year as the Property Tax Pension Levy and the cost of providing services to the residents and businesses in Maywood continue to rise.

Measure M which has been approved by City Council will allow the City to bring a new stream of revenue coming from different types of marijuana businesses.

The City has brought back Street Fairs, it's expected that these family events will be self-sustainable and a source of revenue for Maywood that wasn't present this fiscal year of 2015-16.

## **CONTACTING THE CITY'S FINANCE DEPARTMENT**

This Management Discussion and Analysis of the City's financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the city's finances and to demonstrate the City's accountability for the money it receives. If you have any questions, about this report or need additional information, contact the City of Maywood Finance Department, 4319 E. Slauson Ave. Maywood, California 90503.

## BASIC FINANCIAL STATEMENTS

**City of Maywood**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 12,582,027
Receivables:	
Accounts	584,672
Due from Other Governments	30,368
Notes and Loans	87,714
Due from Successor Agency	126,165
Net OPEB Asset	72,952
Restricted Cash and Investments	263,394
Capital Assets, Not Depreciated	5,247,570
Capital Assets, Depreciable, Net	29,328,384
Total Assets	<u>48,323,246</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Related Items	<u>649,240</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	1,448,463
Termination Benefits Payable	270,000
Deposits Payable	3,697
Unearned Revenue	6,572
Due to Other Agencies	87,714
Payable to the Pension Plan	243,664
Interest Payable	67,267
Payable to Successor Agency	2,600,000
Noncurrent Liabilities:	
Due Within One Year	1,431,984
Due in More Than One Year	28,218,220
Total Liabilities	<u>34,377,581</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Related Items	<u>1,839,231</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	31,680,954
Restricted For:	
Public Works	3,594,296
Community Development	101,698
Public Safety	120,124
Debt Service	263,394
Unrestricted	<u>(23,004,792)</u>
Total Net Position	<u><u>\$ 12,755,674</u></u>

The accompanying notes are an integral part of this statement.

**City of Maywood  
Statement of Activities  
Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Contributions and Grants	Governmental Activities
Governmental Activities:					
General Government	\$ 2,091,530	\$ 504,932	\$ -	\$ -	\$ (1,586,598)
Public Safety	3,382,722	309,638	114,618	-	(2,958,466)
Community Development	962,357	9,684	148,029	-	(804,644)
Parks and Recreation	398,191	97,508	-	-	(300,683)
Public Works	1,908,884	396,282	448,954	1,437,280	373,632
Interest and Fiscal Charges	202,342	-	-	-	(202,342)
<b>Total Governmental Activities</b>	<b>\$ 8,946,026</b>	<b>\$ 1,318,044</b>	<b>\$ 711,601</b>	<b>\$ 1,437,280</b>	<b>(5,479,101)</b>
General Revenues:					
Taxes:					
Property taxes, Levied for General Purposes					849,759
Transient Occupancy Taxes					67,713
Sales Taxes					1,456,781
Franchise Taxes					371,178
Utility User Taxes					949,926
Motor Vehicle in Lieu, Unrestricted					2,441,395
Use of Money and Property					131,394
Other					39,650
<b>Total General Revenues</b>					<b>6,307,796</b>
<b>Change in Net Position</b>					<b>828,695</b>
<b>Net Position - Beginning of Year</b>					<b>11,926,979</b>
<b>Net Position - End of Year</b>					<b>\$ 12,755,674</b>

The accompanying notes are an integral part of this statement.

**City of Maywood  
Balance Sheet  
Governmental Funds  
June 30, 2016**

	General Fund	Special Revenue Gas Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 6,092,590	\$ 2,618,119	\$ 3,871,318	\$ 12,582,027
Cash with Fiscal Agents	263,394	-	-	263,394
Receivables:				
Accounts	584,672	-	-	584,672
Due from Other Governments	-	-	30,368	30,368
Notes and Loans	-	-	87,714	87,714
Due from Other Funds	23,032	-	-	23,032
Due from Successor Agency	126,165	-	-	126,165
Prepaid Costs	-	-	-	-
<b>Total Assets</b>	<b>\$ 7,089,853</b>	<b>\$ 2,618,119</b>	<b>\$ 3,989,400</b>	<b>\$ 13,697,372</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,100,012	\$ 150,743	\$ 124,281	\$ 1,375,036
Accrued Liabilities	71,812	606	1,009	73,427
Termination Benefits Payable	270,000	-	-	270,000
Unearned Revenue	-	-	6,572	6,572
Payable to the Pension Plan	243,664	-	-	243,664
Due to Other Agencies	-	-	87,714	87,714
Due to Other Funds	-	-	23,032	23,032
Deposits	3,697	-	-	3,697
Payable to Successor Agency	2,600,000	-	-	2,600,000
<b>Total Liabilities</b>	<b>4,289,185</b>	<b>151,349</b>	<b>242,608</b>	<b>4,683,142</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Other Receivables	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	263,394	2,466,770	3,761,511	6,491,675
Unassigned	2,537,274	-	(14,719)	2,522,555
<b>Total Fund Balances</b>	<b>2,800,668</b>	<b>2,466,770</b>	<b>3,746,792</b>	<b>9,014,230</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,089,853</b>	<b>\$ 2,618,119</b>	<b>\$ 3,989,400</b>	<b>\$ 13,697,372</b>

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, 2016**

Fund Balances of Governmental Funds	\$ 9,014,230
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	69,744,635
Accumulated Depreciation	(35,168,681)
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.	72,952
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(67,267)
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	649,240
Deferred Pension Related Items - Inflows	(1,839,231)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
2008 Refunding Bonds	(2,895,000)
Compensated Absences	(11,778)
CalPERS Payable	(2,730,412)
Net Pension Liability	(13,812,475)
Claims Liability	(10,200,539)
Net Position of Governmental Activities	<u>\$ 12,755,674</u>

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, 2016**

	General Fund	Special Revenue Gas Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 3,694,456	\$ 606,260	\$ 1,230,008	\$ 5,530,724
Licenses and Permits	682,743	-	-	682,743
Intergovernmental	2,466,272	-	280,742	2,747,014
Charges for Services	159,263	-	220,302	379,565
Use of Money and Property	130,599	-	795	131,394
Fines and Forfeitures	274,883	-	-	274,883
Legal Settlements	16,000	-	-	16,000
Miscellaneous	12,398	-	-	12,398
Total Revenues	7,436,614	606,260	1,731,847	9,774,721
<b>EXPENDITURES</b>				
Current:				
General Government	2,019,221	-	-	2,019,221
Public Safety	2,843,742	-	100,000	2,943,742
Community Development	351,973	-	610,384	962,357
Parks and Recreation	303,649	-	-	303,649
Public Works	-	574,260	244,205	818,465
Capital Outlay	-	-	2,706	2,706
Debt Service:				
Principal	50,000	-	-	50,000
Interest and Fiscal Charges	203,425	-	-	203,425
Total Expenditures	5,772,010	574,260	957,295	7,303,565
Excess of Revenues Over (Under) Expenditures	1,664,604	32,000	774,552	2,471,156
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Fund Balances	1,664,604	32,000	774,552	2,471,156
Fund Balances - Beginning of Year	(1,045,758)	2,434,770	2,972,240	4,361,252
Prior Period Adjustments	2,181,822	-	-	2,181,822
Fund Balances - End of Year	\$ 2,800,668	\$ 2,466,770	\$ 3,746,792	\$ 9,014,230

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, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ 2,471,156

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	240,619
Depreciation expense	(1,537,394)

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 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. 50,000

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	(1,110,165)
Compensated Absences	29,941
Payable to CalPERS	(548,590)
Other Postemployment Benefits (OPEB)	(2,424)

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	358,549
Deferred Pension Related Items - Inflows	761,204

Accrued interest on bonds is not recorded in the governmental funds. This is the net change in accrued interest for the current period. 1,083

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: 114,716

Change in Net Position of Governmental Activities	\$ 828,695
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**City of Maywood**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Successor Agency Private-purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and Investments	\$ 1,955,558	\$ 109,644
Cash with Fiscal Agent	1,517,797	-
Notes Receivable	91,542	-
Land Held for Resale	1,780,000	-
	<hr/>	<hr/>
Total Assets	5,344,897	\$ 109,644
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts Payable	11,030	\$ -
Accrued Liabilities	1,023	-
Deposits Payable	-	109,644
Due to City of Maywood	126,165	-
Pass-through Payable	238,100	-
Interest Payable	325,521	-
Bonds Payable	16,960,000	-
	<hr/>	<hr/>
Total Liabilities	17,661,839	\$ 109,644
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net Position Held in Trust for Successor Agency	<u>\$ (12,316,942)</u>	

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, 2016**

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 1,417,689
Investment Income	139
Total Additions	<u>1,417,828</u>
<b>DEDUCTIONS</b>	
Administrative Costs	342,254
Interest on Bonds	<u>787,100</u>
Total Deductions	<u>1,129,354</u>
Change in Net Position	288,474
Net Position - Beginning of Year	<u>(12,605,416)</u>
Net Position - End of Year	<u><u>\$ (12,316,942)</u></u>

The accompanying notes are an integral part of this statement.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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.

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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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.

**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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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.

**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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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.

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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The City's governmental fund balances at June 30, 2016, are presented below:

	General Fund	Gas Tax Fund	Nonmajor Funds	Total
<b>Nonspendable:</b>				
<b>Restricted for:</b>				
Community Development			101,698	101,698
Debt Service	\$ 263,394			263,394
Public Safety			120,124	120,124
Public Works		2,466,770	3,539,689	6,006,459
<b>Committed to:</b>				-
<b>Assigned to:</b>				-
<b>Unassigned:</b>	2,537,274		(14,719)	2,522,555
<b>Total Fund Balance</b>	<u>\$ 2,800,668</u>	<u>\$ 2,466,770</u>	<u>\$ 3,746,792</u>	<u>\$ 9,014,230</u>

**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 <sup>st</sup>	
Levy Date	July 1 <sup>st</sup>	
Due Date	First Installment – November 1 <sup>st</sup>	Second Installment – March 1 <sup>st</sup>
Delinquent Date	First Installment – December 11 <sup>th</sup>	Second Installment – April 11 <sup>th</sup>

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

December 10 <sup>th</sup>	30% Advance
January 16 <sup>th</sup>	Collection No. 1
April 10 <sup>th</sup>	10% Advance
May 15 <sup>th</sup>	Collection No. 2
July 31 <sup>st</sup>	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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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.

**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, 2016. 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. 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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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.

**2) CASH AND INVESTMENTS**

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

Statement of Net Position:	
Cash and Investments	\$ 12,582,027
Cash and Investments Held by Bond Trustee	263,394
Statement of Fiduciary Net Position:	
Cash and Investments	2,065,202
Cash and Investments Held by Bond Trustee	<u>1,517,797</u>
Total Cash and Investments	<u><u>\$ 16,428,420</u></u>

Cash and Investments consist of the following:

Cash on Hand	\$ 300
Deposits with Financial Institutions	14,614,601
Investments	<u>1,813,519</u>
Total Cash and Investments	<u><u>\$ 16,428,420</u></u>

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**2) CASH AND INVESTMENTS – Continued**

**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.

**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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**2) CASH AND INVESTMENTS – Continued**

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	\$ 17,928	\$ 17,928	\$ -	\$ -	\$ -
Held by Fiscal Agent:					
Money Market Funds	1,532,197	1,532,197	-	-	-
Investment Agreement	263,394	263,394	-	-	-
Total	<u>\$ 1,813,519</u>	<u>\$ 1,813,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**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	\$ 17,928	N/A	\$ -	\$ -	\$ 17,928
Held by Fiscal Agent:					
Money Market Funds	1,532,197	AAA	1,532,197	-	-
Investment Agreement	263,394	N/A	-	-	263,394
Total	<u>\$ 1,813,519</u>		<u>\$ 1,532,197</u>	<u>\$ -</u>	<u>\$ 281,322</u>

**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, 2016, 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, 2016**

**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.

**Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

- Money Market Funds of \$1,532,197 are valued using a matrix pricing model (Level 2 inputs)

**3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Current interfund receivables and payables as of June 30, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 23,032
	Total	<u>\$ 23,032</u>

The purpose of these short-term interfund borrowings was to cover cash deficits at June 30, 2016.

**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, 2016**

**4) CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 5,247,570	\$ -	\$ -	\$ 5,247,570
Construction in Progress	1,111,203	-	(1,111,203)	-
Total Capital Assets, Not Depreciated	6,358,773	-	(1,111,203)	5,247,570
Capital Assets Being Depreciated:				
Buildings	12,996,865	-	-	12,996,865
Land Improvements	88,803	-	-	88,803
Machinery and Equipment	658,339	25,127	-	683,466
Vehicles	341,804	-	-	341,804
Infrastructure	49,059,432	1,326,695	-	50,386,127
Total Capital Assets Being Depreciated	63,145,243	1,351,822	-	64,497,065
Less Accumulated Depreciation:				
Buildings	(3,031,098)	(256,394)	-	(3,287,492)
Land Improvements	(48,890)	(2,955)	-	(51,845)
Machinery and Equipment	(621,112)	(26,209)	-	(647,321)
Vehicles	(339,591)	(1,475)	-	(341,066)
Infrastructure	(29,590,596)	(1,250,361)	-	(30,840,957)
Total Accumulated Depreciation	(33,631,287)	(1,537,394)	-	(35,168,681)
Total Capital Assets Being Depreciated, Net	29,513,956	(185,572)	-	29,328,384
Governmental Activities Capital Assets, Net	<u>\$ 35,872,729</u>	<u>\$ (185,572)</u>	<u>\$ (1,111,203)</u>	<u>\$ 34,575,954</u>

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

General Government	\$ 99,826
Public Works	1,328,332
Public Safety	14,694
Parks and Recreation	94,542
	<u>\$ 1,537,394</u>

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**5) CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2016 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
2008 Refunding Bonds	\$ 2,945,000	\$ -	\$ 50,000	\$ 2,895,000	\$ 55,000
Net Pension Liability	12,702,310	1,866,727	756,562	13,812,475	-
Payable to CalPERS	-	2,730,412	-	2,730,412	1,365,206
Compensated Absences	41,719	11,778	41,719	11,778	11,778
Claims Liability	10,315,255	-	114,716	10,200,539	-
Total Governmental Activities	<u>\$ 26,004,284</u>	<u>\$ 4,608,917</u>	<u>\$ 962,997</u>	<u>\$ 29,650,204</u>	<u>\$ 1,431,984</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:

Year Ending June 30,	Principal	Interest
2017	\$ 55,000	\$ 200,013
2018	55,000	196,437
2019	60,000	192,700
2020	65,000	188,475
2021	70,000	183,750
2022 - 2026	430,000	835,450
2027 - 2031	610,000	655,200
2032 - 2036	865,000	399,875
2037 - 2039	<u>685,000</u>	<u>74,375</u>
	<u>\$ 2,895,000</u>	<u>\$ 2,926,275</u>

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**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
2017	\$ 515,000	\$ 778,150
2018	535,000	757,150
2019	465,000	736,278
2020	485,000	715,497
2021	505,000	693,841
2022 - 2026	2,845,000	3,108,316
2027 - 2031	4,015,000	2,346,875
2032 - 2036	5,325,000	1,172,487
2037 - 2038	2,270,000	107,525
	<u>\$ 16,960,000</u>	<u>\$ 10,416,119</u>

**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.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**8) RISK MANAGEMENT**

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:

<u>Fiscal Year</u>	<u>Claims Payable Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Claims Payable End of Year</u>
6/30/15	\$ 10,729,438	\$ 23,959	\$ (438,142)	\$ 10,315,255
6/30/16	10,315,255	-	(114,716)	10,200,539

**9) CITY EMPLOYEE RETIREMENT PLANS**

**General Information about the Defined Benefit Pension Plan**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three rate plans (two miscellaneous and one safety-inactive). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**9) CITY EMPLOYEE RETIREMENT PLANS - Continued**

**Benefits Provided** – The Plan is a cost-sharing multiple-employer defined benefit pension plan 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, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publically 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, 2016, are summarized as follows:

	Miscellaneous	Miscellaneous PEPRA	Safety
	Prior to January 1, 2013	On or after January 1, 2013	Prior to June 1, 2007
Hire date			
Benefit formula	2% @ 55	2% @ 62	3% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50
Monthly benefits, as a % of eligible compensation	2%	2%	3%
Required employee contribution rates	7%	6.25%	n/a
Required employer contribution rates	8.512% + \$67,382	6.25%	n/a + \$773,961

**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 Plan 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.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$841,343 in fiscal year 2016.

The City's contributions to the Plan for the year ended June 30, 2016 were \$366,079.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**9) CITY EMPLOYEE RETIREMENT PLANS - Continued**

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

As of June 30, 2016, the City reported a liability of \$13,812,745 for its proportionate share of the net pension liability. 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, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.36626%
Proportion - June 30, 2015	0.36149%
Change - Increase (Decrease)	-0.00477%

For the year ended June 30, 2016, the City recognized pension expense of \$356,491. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 366,079	\$ -
Differences between actual and expected experience	-	100,790
Changes in assumptions	-	491,801
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	283,161	997,496
Net differences between projected and actual earnings on plan investments	-	249,144
Total	<u>\$ 649,240</u>	<u>\$ 1,839,231</u>

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**9) CITY EMPLOYEE RETIREMENT PLANS - Continued**

The \$366,079 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, 2017. 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,	
2017	\$ (694,322)
2018	(670,575)
2019	(497,495)
2020	306,322
2021	-
Thereafter	-

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

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 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.

**Change of Assumptions** - GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**9) CITY EMPLOYEE RETIREMENT PLANS - Continued**

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

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 they have changed their 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	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	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.

**City of Maywood  
Notes to Financial Statements  
Year Ended June 30, 2016**

**9) CITY EMPLOYEE RETIREMENT PLANS - Continued**

**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 the Plan, calculated using the discount rate for the 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:

1% Decrease	6.65%
Net Pension Liability	\$ 19,453,295
Current Discount Rate	7.65%
Net Pension Liability	\$ 13,812,475
1% Increase	8.65%
Net Pension Liability	\$ 9,177,016

**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, 2016, the City reported a payable of \$243,664 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016. This payable is the result of payments to CalPERS made subsequent to June 30, 2016 for the following:

FY 2012-13 Arrears - Safety Unfunded Contributions	\$ 164,556
FY 2012-13 Arrears - Administration Fee	14,000
FY 2012-13 Late Payroll Fee	226
FY 2015-16 Arrears - Miscellaneous Unfunded Liability	34,180
FY 2007-09 Unremitted Contribution	30,702
Total Payable to the Pension Plan	<u>\$ 243,664</u>

**Long-term Payment Agreement to CalPERS**

In addition to the Net Pension Liability of \$13,812,475 and the \$243,664 payable to the pension plan described above and recorded in the General Fund, the City has entered into an agreement to pay \$2,730,412 to the California Public Employees' Retirement System (CalPERS) with payments beginning in January 2017 and the final payment to be made in May 2018. The payable is the result of the City not paying the required contributions for the inactive safety plan over several years. The payable accrues interest at 10%. Principal and interest payments to maturity are as follows:

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**9) CITY EMPLOYEE RETIREMENT PLANS - Continued**

Year Ending June 30,	Principal	Interest
2017	\$ 1,365,206	\$ 341,302
2018	1,365,206	68,260
	<u>\$ 2,730,412</u>	<u>\$ 409,562</u>

**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. DHP selects optional benefit provisions from the benefit menu by contract with PERS Health and adopts those benefits through City resolution. The DHP 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.

**Annual OPEB Cost**

For 2016, 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	(3,015)
Adjustment to annual required contribution	3,927
Annual OPEB cost (expense)	<u>107,765</u>
Contributions made	<u>(105,341)</u>
Increase in net OPEB obligation	2,424
Net OPEB asset – beginning of the year	(75,376)
Net OPEB asset – end of the year	<u>\$ (72,952)</u>

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**10) OTHER POST EMPLOYMENT BENEFITS - Continued**

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, 2016 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
6/30/16	\$ 107,765	98%	\$ (72,952)
6/30/15	\$ 107,367	131%	\$ (75,376)
6/30/14	\$ 106,853	133%	\$ (42,538)

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.

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, 2016 was 28 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

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**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, 2016, the General Fund has an unassigned fund balance of \$2,537,274. However, 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) and the approximately \$2.7 million in payables to CalPERS for required contributions that were not paid for several years (see Note 9). 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.

In addition, a deficit unrestricted net position of the Governmental Activities of (\$24,386,418) is reported on the Statement of Net Position.

The excess revenues over expenditures in the General Fund in the current year was approximately \$1.45 million.

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

The City's Interim Administration, which commenced on April 14, 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 2016-17 as revised and FY 2017-18) contained as goals: to provide basic services and pay the significant obligations due on non-bonded debt (the unfunded liability of the safety pension plan to CalPERS, the amount owed by the City to the California Joint Powers Insurance Authority and Successor Agency) and to reduce the deficit fund balance of the City's General Fund.

The City was successful in negotiating with CalPERS a payment plan that recognizes both the need to fully fund the closed safety fund and the City's ability to operate as a viable City. A new special Fund was established –Retirement Fund- that will receive income from the property tax override by increasing the additional levy rate from .04 to .10 to assist General Fund to meet the agreed payment plan.

Regarding Successor Agency debt repayment: The \$2.6 million debt the State Controller's Office determined that the City must repay the City's successor agency has not been verified by the City. The State has not provided any documents to substantiate this determination. The City intends to retain a consultant to review the State Controller's determination. It is the City's plan to have this review completed by August 2017.

The City initiated monthly payments to CJPIA to express its commitment to the repayment of this debt. The City Administrator met in January 2017 with representatives of CJPIA to discuss next steps and to review the City's progress in repayment of this debt. Once Maywood is able to obtain insurance coverage from the insurance authority, Maywood will have better coverage and a lower cost as compared to the present insurance coverage. The saving resulting from the lower cost will then be used as additional payments on the insurance authority debt.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

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

The City adopted on December 28, 2016 an ordinance to permit medical marijuana businesses within certain zones of the City. The adoption will permit establishments of all legal marijuana businesses within the City, thus, will have a potential revenue stream to the City.

Annual City Street Carnivals are back and adopted ongoing service community project that is expected to generate additional revenue between \$50,000 to \$100, 000 per fiscal year.

Furthermore, this fiscal year 2016-17, the City hired two additional parking enforcement officers, who brought the much needed order to the City and are expected to bring in at least \$200,000 in revenue. Additionally, the City has identified over 2,300 open parking citations from previous fiscal years that will potentially generate roughly \$166,600 in revenue.

Additionally, the City will continue to trade its available Prop A restricted funds with other cities in exchange of General Fund dollars. This will be a significant assistance to the City's General Fund.

The City contracts with a vendor for sales tax analysis and tracking that will be able to obtain a file containing all the businesses within the City that collect sales tax. The City has been able to identify businesses that do not have a Maywood business license. This new sales tax tracking will assist in generating more Sales Tax to the City.

Moreover, the City has established a system to improve the Business License collection process requiring business owners to provide revenue documentation to determine the correct and accurate fees on their business license applications. This process was implemented in December of 2016 and will support the City by increasing the corresponding revenue.

Budgetary control is an important piece to improve the City's Financial Status. As such, it is the primary priority of the Finance Department to continue delivering on time Budget versus Actual quarterly reports to the City Administrator that will support decisions made across the different Departments that have financial impact for the City. The impact on focusing improvement efforts on budgetary control will include improving the visibility of budgetary transactions that will result in a more effective use of resources.

**12) TERMINATION BENEFITS PAYABLE**

The \$270,000 termination benefit payable in the General Fund is the result of the former City Manager's employment contract that was terminated in April 2016. The contract included a severance package of 18 month's salary, or \$270,000.

**13) SUCCESSOR AGENCY PASS-THROUGH PAYABLE**

The pass-through payable in the Successor Agency Private-purpose Trust Fund of \$238,100 is the result of a judicial determination between the Los Angeles Unified School District (LAUSD) and the County of Los Angeles. The amount owed is the portion that is due from the former Maywood Community Development Commission. It is anticipated these will be paid through future RPTTF revenues received by the Successor Agency.

**City of Maywood**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

**14) PRIOR PERIOD ADJUSTMENTS**

The prior period adjustment in the Statement of Revenues Expenditures and Changes in Fund Balances for the General Fund of \$2,181,822 is the result of reclassifying the payable to CalPERS to a long-term liability as a result of the negotiated agreement to repay the amounts over a period longer than 1 year.

**15) SUBSEQUENT EVENTS**

On August 10, 2016 Maywood City Council approved resolution 5874 fixing the amount of the Property Tax Levy for support of the Public Employees Retirement System at \$0.100000 per \$100. A raise from the previous levy rate in place of \$0.040000.

By recommendation of the Interim City Administrator and the California State Auditors, in October 2016 the City council approved the elimination of the monthly mileage stipend of \$250 for each council member. This will generate savings of \$10,000 for this fiscal period and a total of \$15,000 in future periods.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Maywood  
Required Supplementary Information  
Year Ended June 30, 2016**

**Schedule of Funding Progress for DPHP**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(A)	(B)	(B - A)	(A/B)	(C)	[(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, 2016**

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

	Measurement Period	
	2015	2014
Proportion of the Net Pension Liability	0.20123%	0.20141%
Proportionate Share of Net Pension Liability	\$ 13,812,475	\$ 12,702,310
Covered - Employee Payroll	\$ 475,533	\$ 472,905
Proportionate Share of the Net Pension Liability as a percentage of Payroll	2904.63%	2686.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	79.82%

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

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

**Changes in Assumptions:** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

\*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**City of Maywood  
Required Supplementary Information  
Year Ended June 30, 2016**

**SCHEDULE OF PLAN CONTRIBUTIONS  
Last 10 Years\***

	2016	2015
Contractually Required Contributions (actuarially determin	\$ 366,079	\$ 756,562
Contributions in Relation to the Actuarially Determined Contributions	(366,079)	(49,725)
Contribution Deficiency (Excess)	\$ -	\$ 706,837
Covered-Employee Payroll	\$ 381,049	\$ 475,533
Contributions as a Percentage of Covered Employee Payroll	96.07%	10.46%

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/2014

\*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**City of Maywood**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 2,976,000	\$ 2,976,000	\$ 3,694,456	\$ 718,456
Licenses and Permits	496,200	496,200	682,743	186,543
Intergovernmental	2,313,000	2,313,000	2,466,272	153,272
Charges for Services	10,700	10,700	159,263	148,563
Use of Money and Property	104,400	104,400	130,599	26,199
Fines and Forfeitures	272,600	272,600	274,883	2,283
Legal Settlements	-	-	16,000	16,000
Miscellaneous	-	-	12,398	12,398
Total Revenues	6,172,900	6,172,900	7,436,614	1,263,714
<b>EXPENDITURES</b>				
Current:				
General Government	2,141,200	2,141,200	2,019,221	121,979
Public Safety	2,900,000	2,900,000	2,843,742	56,258
Community Development	496,439	496,439	351,973	144,466
Parks and Recreation	502,415	502,415	303,649	198,766
Debt Service:				
Principal	-	-	50,000	(50,000)
Interest and Fiscal Charges	-	-	203,425	(203,425)
Total Expenditures	6,040,054	6,040,054	5,772,010	268,044
Excess of Revenues Over (Under) Expenditures	132,846	132,846	1,664,604	1,531,758
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Fund Balances	132,846	132,846	1,664,604	1,531,758
Fund Balances - Beginning of Year	(1,045,758)	(1,045,758)	(1,045,758)	
Prior Period Adjustment	-	-	2,181,822	2,181,822
Fund Balances - End of Year	\$ (912,912)	\$ (912,912)	\$ 2,800,668	\$ 3,713,580

**City of Maywood**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Gas Tax Special Revenue Fund**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 740,000	\$ 740,000	\$ 606,260	\$ (133,740)
Use of Money and Property	-	-	-	-
Total Revenues	740,000	740,000	606,260	(133,740)
<b>EXPENDITURES</b>				
Current:				
Public Works	523,615	523,615	574,260	(50,645)
Capital Outlay	-	-	-	-
Total Expenditures	523,615	523,615	574,260	(50,645)
Excess of Revenues Over (Under) Expenditures	216,385	216,385	32,000	(184,385)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Fund Balances	216,385	216,385	32,000	(184,385)
Fund Balances - Beginning of Year	2,434,770	2,434,770	2,434,770	
Fund Balances - End of Year	<u>\$ 2,651,155</u>	<u>\$ 2,651,155</u>	<u>\$ 2,466,770</u>	<u>\$ (184,385)</u>

**City of Maywood**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2016**

**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 1<sup>st</sup>. 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 1<sup>st</sup> 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.

## **SUPPLEMENTARY INFORMATION**

**City of Maywood  
Nonmajor Governmental Funds  
Year Ended June 30, 2016**

**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.

**Measure R Special Revenue Fund** - 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** - 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).

**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.

**CAPITAL PROJECTS FUND**

**Street Projects Capital Project Fund** - To account for the revenues and expenditures funded by grants for street related projects.

**City of Maywood**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	CDBG	Prop 1B	Bikeway Grant	Proposition C
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ -	\$ 6,572	\$ 880,414
Receivables:				
Due from Other Governments	15,532	-	-	-
Notes and Loans	87,714	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Costs	-	-	-	-
<b>Total Assets</b>	<u>\$ 103,246</u>	<u>\$ -</u>	<u>\$ 6,572</u>	<u>\$ 880,414</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 7,219	\$ -	\$ -	\$ 90,514
Accrued Liabilities	-	-	-	1,009
Unearned Revenue	-	-	6,572	-
Due to Other Agencies	87,714	-	-	-
Due to Other Funds	11,448	11,584	-	-
<b>Total Liabilities</b>	<u>106,381</u>	<u>11,584</u>	<u>6,572</u>	<u>91,523</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	788,891
Unassigned	(3,135)	(11,584)	-	-
<b>Total Fund Balances</b>	<u>(3,135)</u>	<u>(11,584)</u>	<u>-</u>	<u>788,891</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 103,246</u>	<u>\$ -</u>	<u>\$ 6,572</u>	<u>\$ 880,414</u>

Special Revenue Funds					
Section 108 Loan	Air Quality Improvement	STPL Local Fund	Measure R	Proposition A	Public Safety Grants
\$ 101,698	\$ 138,810	\$ 179,717	\$ 1,197,273	\$ 595,940	\$ 120,124
-	9,540	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 101,698</u>	<u>\$ 148,350</u>	<u>\$ 179,717</u>	<u>\$ 1,197,273</u>	<u>\$ 595,940</u>	<u>\$ 120,124</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
101,698	148,350	179,717	1,197,273	595,940	120,124
-	-	-	-	-	-
<u>101,698</u>	<u>148,350</u>	<u>179,717</u>	<u>1,197,273</u>	<u>595,940</u>	<u>120,124</u>
<u>\$ 101,698</u>	<u>\$ 148,350</u>	<u>\$ 179,717</u>	<u>\$ 1,197,273</u>	<u>\$ 595,940</u>	<u>\$ 120,124</u>

CONTINUED

**City of Maywood**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Continued**  
**June 30, 2016**

	Special Revenue Street Lighting	Capital Projects Street Projects	Total
<b>ASSETS</b>			
Cash and Investments	\$ 640,202	\$ 10,568	\$ 3,871,318
Receivables:			
Due from Other Governments	5,296	-	30,368
Notes and Loans	-	-	87,714
Due from Other Funds	-	-	-
Prepaid Costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 645,498</u>	<u>\$ 10,568</u>	<u>\$ 3,989,400</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 26,548	\$ -	\$ 124,281
Accrued Liabilities	-	-	1,009
Unearned Revenue	-	-	6,572
Due to Other Agencies	-	-	87,714
Due to Other Funds	-	-	23,032
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>26,548</u>	<u>-</u>	<u>242,608</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Grants	-	-	-
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	618,950	10,568	3,761,511
Unassigned	-	-	(14,719)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>618,950</u>	<u>10,568</u>	<u>3,746,792</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 645,498</u>	<u>\$ 10,568</u>	<u>\$ 3,989,400</u>

**City of Maywood**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2016**

	Special Revenue Funds			
	CDBG	Prop 1B	Bikeway Grant	Proposition C
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 417,082
Intergovernmental Revenue	148,029	-	-	-
Charges for Services	-	-	-	9,684
Use of Money and Property	-	-	-	323
Total Revenues	148,029	-	-	427,089
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Community Development	148,029	-	-	462,355
Parks and Recreation	-	-	-	-
Public Works	-	-	-	-
Capital Outlay	-	-	-	2,706
Total Expenditures	148,029	-	-	465,061
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(37,972)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	(37,972)
Fund Balances, Beginning of Year	(3,135)	(11,584)	-	826,863
Fund Balances, End of Year	<u>\$ (3,135)</u>	<u>\$ (11,584)</u>	<u>\$ -</u>	<u>\$ 788,891</u>

Special Revenue Funds					
Section 108 Loan	Air Quality Improvement	STPL Local Fund	Measure R	Proposition A	Public Safety Grants
\$ -	\$ -	\$ -	\$ 311,887	\$ 501,039	\$ -
-	-	-	-	18,094	114,619
-	31,872	-	-	-	-
-	-	-	347	125	-
-	31,872	-	312,234	519,258	114,619
-	-	-	-	-	-
-	-	-	-	-	100,000
-	-	-	-	-	-
-	-	-	25,452	-	-
-	-	-	-	-	-
-	-	-	25,452	-	100,000
-	31,872	-	286,782	519,258	14,619
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	31,872	-	286,782	519,258	14,619
101,698	116,478	179,717	910,491	76,682	105,505
<u>\$ 101,698</u>	<u>\$ 148,350</u>	<u>\$ 179,717</u>	<u>\$ 1,197,273</u>	<u>\$ 595,940</u>	<u>\$ 120,124</u>

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**City of Maywood**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2016**

	Special Revenue Street Lighting	Capital Projects Street Projects	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 1,230,008
Intergovernmental Revenue	-	-	280,742
Charges for Services	178,746	-	220,302
Use of Money and Property	-	-	795
	<hr/>	<hr/>	<hr/>
Total Revenues	178,746	-	1,731,847
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	100,000
Community Development	-	-	610,384
Parks and Recreation	-	-	-
Public Works	218,753	-	244,205
Capital Outlay	-	-	2,706
	<hr/>	<hr/>	<hr/>
Total Expenditures	218,753	-	957,295
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(40,007)	-	774,552
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(40,007)	-	774,552
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	658,957	10,568	2,972,240
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	<u>\$ 618,950</u>	<u>\$ 10,568</u>	<u>\$ 3,746,792</u>

**City of Maywood**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**Year Ended June 30, 2016**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>ASSETS</b>				
Cash and Investments	\$ 109,639	\$ 5	\$ -	\$ 109,644
Total Assets	<u>\$ 109,639</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 109,644</u>
<b>LIABILITIES</b>				
Deposits	\$ 109,639	\$ 5	\$ -	\$ 109,644
Total Liabilities	<u>\$ 109,639</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 109,644</u>