

**CITY OF BRAWLEY**  
**Brawley, California**

**Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2017**

**CITY OF BRAWLEY**  
**Brawley, California**

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**Brawley, California**

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**FINANCIAL SECTION**



VAVRINEK, TRINE, DAY & CO., LLP  
Certified Public Accountants

VALUE THE *difference*

## INDEPENDENT AUDITORS' REPORT

Members of City Council  
City of Brawley, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Brawley, California, (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' 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, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules for the General Fund on page 53 and Economic and Community Development special revenue fund on page 54, the schedule of the City's proportionate share of the net pension liability on page 55, the schedule of plan contributions on page 56 and the related notes on page 57, 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.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Riverside, California

October 11, 2018

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**CITY OF BRAWLEY**  
**STATEMENT OF NET POSITION**  
June 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 22,077,765	\$ 15,209,489	\$ 37,287,254
Restricted cash and investments with fiscal agents	90,042	238,682	328,724
Accounts receivable	1,880,579	918,495	2,799,074
Interest receivable	579,751	48,694	628,445
Notes receivable	7,677,442		7,677,442
Due from other governments	1,755,325	592,634	2,347,959
Prepaid expenses	145,727		145,727
Capital assets not being depreciated	5,418,539	443,962	5,862,501
Capital assets, net of accumulated depreciation	26,743,630	65,201,315	91,944,945
Total assets	<u>66,368,800</u>	<u>82,653,271</u>	<u>149,022,071</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	<u>6,263,306</u>	<u>713,422</u>	<u>6,976,728</u>
 <b>LIABILITIES</b>			
Accounts payable	966,898	409,710	1,376,608
Accrued interest payable		36,696	36,696
Deposits payable	2,737,572	602,093	3,339,665
Unearned revenue	9,365,120		9,365,120
Noncurrent liabilities:			
Due within one year	193,725	2,600,525	2,794,250
Due in more than one year	20,065,248	19,151,507	39,216,755
Total liabilities	<u>33,328,563</u>	<u>22,800,531</u>	<u>56,129,094</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	<u>1,332,158</u>	<u>212,563</u>	<u>1,544,721</u>
 <b>NET POSITION</b>			
Net investment in capital assets	32,162,169	46,810,244	78,972,413
Restricted for:			
Public safety	132,098		132,098
Community development	11,695,785		11,695,785
Culture and leisure	57,965		57,965
Debt service		227,167	227,167
Streets and roads	5,231,963		5,231,963
Unrestricted	<u>(11,308,595)</u>	<u>13,316,188</u>	<u>2,007,593</u>
Total net position	<u>\$ 37,971,385</u>	<u>\$ 60,353,599</u>	<u>\$ 98,324,984</u>

See Notes to Basic Financial Statements

**CITY OF BRAWLEY**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government	\$ 5,960,447	\$ 4,562,535	\$ 81,003	\$ 409,581
Public safety	9,188,432	552,395	745,238	
Culture and leisure	2,651,729	119,383	9,924	2,438,238
Community development	1,752,358	1,943,362	234,477	
Streets and highways	2,970,925	866,142	606,481	415,588
Total governmental activities	22,523,891	8,043,817	1,677,123	3,263,407
<b>Business-type Activities:</b>				
Water	5,675,966	5,674,398		
Wastewater	4,526,673	4,986,992		
Solid Waste	1,354,878	1,349,541		
Airport	679,727			38,819
Total business-type activities	12,237,244	12,010,931		38,819
Total primary government	\$ 34,761,135	\$ 20,054,748	\$ 1,677,123	\$ 3,302,226

**General Revenues:**

Taxes:

- Utility users taxes
- Transient lodging taxes
- Franchise taxes
- Business license taxes

Intergovernmental (unrestricted):

- Shared property taxes
- Shared sales and use taxes
- Other

Use of money and property

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of fiscal year, restated

Net position - end of fiscal year

See Notes to Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (907,328)	\$ -	\$ (907,328)
(7,890,799)		(7,890,799)
(84,184)		(84,184)
425,481		425,481
(1,082,714)		(1,082,714)
(9,539,544)		(9,539,544)
	(1,568)	(1,568)
	460,319	460,319
	(5,337)	(5,337)
	(640,908)	(640,908)
	(187,494)	(187,494)
(9,539,544)	(187,494)	(9,727,038)
1,739,696		1,739,696
357,722		357,722
567,363		567,363
42,842		42,842
3,894,045		3,894,045
3,154,153		3,154,153
60,315		60,315
504,809	425,050	929,859
(227,538)	227,538	
10,093,407	652,588	10,745,995
553,863	465,094	1,018,957
37,417,522	59,888,505	97,306,027
\$ 37,971,385	\$ 60,353,599	\$ 98,324,984

**CITY OF BRAWLEY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2017

	Special Revenue Funds		
	General	Economic & Community Development	SB 325
<b>ASSETS</b>			
Cash and investments	\$ 1,577,557		\$ 9,607,606
Restricted cash and investments with fiscal agents		4,493	
Interest receivable	925	526,640	28,680
Accounts receivable	34,453		
Due from other governments	925,445	28,007	
Due from other funds	2,253,059		
Notes receivable		7,493,337	
<b>Total assets</b>	<b><u>\$ 4,791,439</u></b>	<b><u>\$ 8,052,477</u></b>	<b><u>\$ 9,636,286</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 534,485		\$ 4,426
Deposits payable	2,411,230		326,342
Unearned revenue	33,995		9,000,000
Due to other funds		170,382	
<b>Total liabilities</b>	<b><u>2,979,710</u></b>	<b><u>170,382</u></b>	<b><u>9,330,768</u></b>
Deferred inflows of resources			
Unavailable revenue		526,125	
Fund balances:			
Restricted for:			
Streets and roads			305,518
Public safety			
Community development		7,355,970	
CFD improvements and maintenance			
Library	57,965		
Unassigned	1,753,764		
<b>Total fund balances</b>	<b><u>1,811,729</u></b>	<b><u>7,355,970</u></b>	<b><u>305,518</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 4,791,439</u></b>	<b><u>\$ 8,052,477</u></b>	<b><u>\$ 9,636,286</u></b>

See Notes to Basic Financial Statements

<u>Capital Project Fund</u>		
<u>Park Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$ 9,116,174	\$ 20,301,337
	85,549	90,042
	20,398	576,643
1,845,238	888	1,880,579
	635,355	1,588,807
		2,253,059
		7,493,337
<u>\$ 1,845,238</u>	<u>\$ 9,858,364</u>	<u>\$ 34,183,804</u>
\$ 193,314	\$ 132,136	\$ 864,361
		2,737,572
	331,125	9,365,120
1,976,992	341	2,147,715
<u>2,170,306</u>	<u>463,602</u>	<u>15,114,768</u>
<u>1,845,238</u>		<u>2,371,363</u>
	4,926,445	5,231,963
	132,098	132,098
	3,720,706	11,076,676
	619,109	619,109
		57,965
(2,170,306)	(3,596)	(420,138)
<u>(2,170,306)</u>	<u>9,394,762</u>	<u>16,697,673</u>
<u>\$ 1,845,238</u>	<u>\$ 9,858,364</u>	<u>\$ 34,183,804</u>

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**CITY OF BRAWLEY**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

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Fund balances of governmental funds	\$ 16,697,673
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of accumulated depreciation have not been included as financial resources in the governmental funds.	30,857,190
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.	
Pension related deferred outflows	6,263,306
Pension related deferred inflows	(1,332,158)
Long-term debt and compensated absences have not been included in the governmental funds.	
Net pension liability	(18,980,590)
Compensated absences	(1,257,407)
Internal service funds are used by management to charge the costs of certain activities, such as maintenance and risk management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	3,352,008
In governmental funds, certain accrued interest receivable on notes receivable and accounts receivable are not available to pay for current period expenditures and, therefore, are offset by unavailable revenue in the governmental funds.	<u>2,371,363</u>
Net position of governmental activities	<u>\$ 37,971,385</u>

See Notes to Basic Financial Statements

**CITY OF BRAWLEY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds		
	General	Economic & Community Development	SB 325
<b>REVENUES</b>			
Taxes:			
Utility users	\$ 1,739,696	\$ -	\$ -
Transient lodging	357,722		
Franchise	567,363		
Business license	42,842		
Property			
Licenses and permits	16,976		
Fines and forfeitures	31,339		
Use of money and property	76,792	31,906	103,225
Intergovernmental	7,108,513		
Charges for services	3,881,837		
Miscellaneous	149,414		
Total revenues	<u>13,972,494</u>	<u>31,906</u>	<u>103,225</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,546,005		
Public safety	9,103,288		
Culture and leisure	2,382,638		
Community development	1,393,730	9,141	
Transportation			291
Capital outlay		34,918	
Total expenditures	<u>15,425,661</u>	<u>44,059</u>	<u>291</u>
Excess of revenues over (under) expenditures	<u>(1,453,167)</u>	<u>(12,153)</u>	<u>102,934</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	334,782		
Transfers out	(737,500)	(227,538)	
Total other financing sources (uses)	<u>(402,718)</u>	<u>(227,538)</u>	
Net change in fund balances	(1,855,885)	(239,691)	102,934
Fund Balances - July 1, 2016, Restated	<u>3,667,614</u>	<u>7,595,661</u>	<u>202,584</u>
Fund Balances - June 30, 2017	<u>\$ 1,811,729</u>	<u>\$ 7,355,970</u>	<u>\$ 305,518</u>

See Notes to Basic Financial Statements



<u>Capital Projects Fund</u>		
<u>Park Projects</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ -	\$ -	\$ 1,739,696
		357,722
		567,363
		42,842
	139,202	139,202
		16,976
		31,339
	77,323	289,246
379,900	2,349,486	9,837,899
	813,433	4,695,270
	104,000	253,414
<u>379,900</u>	<u>3,483,444</u>	<u>17,970,969</u>
		2,546,005
	252,717	9,356,005
39,234		2,421,872
	100,105	1,502,976
	1,225,719	1,226,010
2,508,395	1,235,644	3,778,957
<u>2,547,629</u>	<u>2,814,185</u>	<u>20,831,825</u>
(2,167,729)	669,259	(2,860,856)
	198,976	533,758
	(533,758)	(1,498,796)
	(334,782)	(965,038)
(2,167,729)	334,477	(3,825,894)
(2,577)	9,060,285	20,523,567
<u>\$ (2,170,306)</u>	<u>\$ 9,394,762</u>	<u>\$ 16,697,673</u>

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**CITY OF BRAWLEY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2017

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Net change in fund balances - total governmental funds	\$ (3,825,894)
Amounts reported for governmental activities in the statement of activities differ because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.	730,361
Certain receivables are reported on the government-wide statements but not on the funds because they are not available to pay for current expenditures. This is the net change in receivables for the current period.	1,845,238
Interest accrued on certain notes receivable are not reported as revenue on the governmental funds as they do not provide the City with current financial resources. When the interest is collected when the note becomes due, the amounts will be reflect in revenue. This is current year change in unavailable revenue.	13,407
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.	
Repayment of capital lease	19,526
The amounts below included in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These are the current year changes:	
Interest payable	626
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:	1,332,675
Internal service funds are used by management to charge the costs of certain activities, such as maintenance and risk management, to individual funds. The net revenues (expenses) of the internal service funds is reported under governmental activities.	<u>437,924</u>
Change in net position of governmental activities	<u>\$ 553,863</u>

See Notes to Basic Financial Statements

**CITY OF BRAWLEY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2017

	Business-type Activities	
	Enterprise Funds	
	Water	Wastewater
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 4,048,140	\$ 10,820,494
Accounts receivable, net	859,386	18,632
Interest receivable	14,878	33,224
Due from other governments		592,331
Notes receivable		
Prepaid expenditures		
Total current assets	4,922,404	11,464,681
Noncurrent Assets:		
Restricted cash and investments with fiscal agents		238,682
Advances to other funds		1,220,961
Capital assets not being depreciated	300,456	141,556
Capital assets, net of accumulated depreciation	25,061,152	33,807,772
Total noncurrent assets	25,361,608	35,408,971
Deferred Outflows of Resources:		
Pension related	414,692	298,730
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	118,502	85,703
Interest payable	25,181	11,515
Deposits payable	590,843	6,930
Due to other funds		
Current portion of long term debt	1,707,568	892,957
Total current liabilities	2,442,094	997,105
Noncurrent liabilities:		
Compensated absences	99,375	91,407
Claims payable		
Contracts payable, net of deferred gain and unamortized discount	3,516,437	729,253
Note payable, net of unamortized premium	1,717,162	
Advances from other funds	1,220,961	
Net Pension Liability	1,417,526	1,022,313
Bonds payable		10,558,034
Total noncurrent liabilities	7,971,461	12,401,007
Total liabilities	10,413,555	13,398,112
Deferred Inflows of Resources:		
Pension related	123,497	89,066
Total Deferred Inflows of Resources	123,497	89,066
Total liabilities and deferred inflows of resources	10,537,052	13,487,178
<b>NET POSITION</b>		
Net investment in capital assets	18,445,285	22,030,618
Restricted for debt service		227,167
Unrestricted	1,716,367	11,427,419
Total net position	\$ 20,161,652	\$ 33,685,204

See Notes to Basic Financial Statements

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
Solid Waste	Airport	Totals	
\$ 184,482	\$ 156,373	\$ 15,209,489	\$ 1,776,428
31,037	9,440	918,495	
	592	48,694	3,108
	303	592,634	166,518
			184,105
			145,727
215,519	166,708	16,769,312	2,275,886
		238,682	
		1,220,961	
	1,950	443,962	
	6,332,391	65,201,315	1,304,979
	6,334,341	67,104,920	1,304,979
		713,422	
191,120	14,385	409,710	95,855
		36,696	
	4,320	602,093	105,344
		2,600,525	
191,120	18,705	3,649,024	201,199
		190,782	20,976
			6,682
		4,245,690	
		1,717,162	
		1,220,961	
		2,439,839	
		10,558,034	
		20,372,468	27,658
191,120	18,705	24,021,492	228,857
		212,563	
		212,563	
191,120	18,705	24,234,055	228,857
	6,334,341	46,810,244	1,304,979
		227,167	
24,399	148,003	13,316,188	2,047,029
\$ 24,399	\$ 6,482,344	\$ 60,353,599	\$ 3,352,008

**CITY OF BRAWLEY****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Funds	
	Water	Wastewater
Operating Revenues:		
Charges for services (net of refunds)	\$ 5,674,398	\$ 4,986,992
Total operating revenues	5,674,398	4,986,992
Operating Expenses:		
Salary and benefits	1,392,559	825,525
Administration	207,834	275,169
Supplies and services	2,502,617	2,237,417
Depreciation	1,349,928	1,043,303
Total operating expenses	5,452,938	4,381,414
Operating income (loss)	221,460	605,578
Non-Operating Revenues (Expenses):		
Use of money and property	60,492	116,097
Amortization	124,806	
Intergovernmental revenue		
Interest expense and fiscal charges	(223,028)	(145,259)
Total non-operating revenues (expenses)	(37,730)	(29,162)
Income (Loss) before transfers	183,730	576,416
Transfers:		
Transfers in		227,538
Changes in net position	183,730	803,954
Total Net Position - beginning, restated	19,977,922	32,881,250
Total Net Position - ending	\$ 20,161,652	\$ 33,685,204

See Notes to Basic Financial Statements

Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
Solid Waste	Airport	Totals	
\$ 1,349,541	\$ -	\$ 12,010,931	\$ 3,273,522
1,349,541		12,010,931	3,273,522
	2,310	2,220,394	216,204
	4,856	487,859	
1,354,878	208,241	6,303,153	3,366,438
	464,320	2,857,551	192,612
1,354,878	679,727	11,868,957	3,775,254
(5,337)	(679,727)	141,974	(501,732)
335	123,320	300,244	202,156
		124,806	
	38,819	38,819	
		(368,287)	
335	162,139	95,582	202,156
(5,002)	(517,588)	237,556	(299,576)
		227,538	737,500
(5,002)	(517,588)	465,094	437,924
29,401	6,999,932	59,888,505	2,914,084
\$ 24,399	\$ 6,482,344	\$ 60,353,599	\$ 3,352,008

**CITY OF BRAWLEY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities Enterprise Funds	
	Water	Wastewater
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and users	\$ 5,473,018	\$ 4,984,477
Cash payments to suppliers for goods and services	(3,495,161)	(2,612,641)
Cash payments for employees and benefit programs	(1,369,557)	(808,590)
Net cash provided (used) by operating activities	608,300	1,563,246
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers		227,538
Interfund borrowing (repayment)		98,676
Cash received (payments) from (to) other governments		
Loan repayment		
Net cash provided (used) by non-capital financing activities		326,214
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash received (payments) from (to) other governments		
Purchase of capital assets	(527,950)	(237,553)
Loan repayment	(98,671)	
Principal paid on debt	(749,965)	(858,820)
Interest paid on debt and fiscal charges	(35,531)	(145,260)
Net cash provided (used) by capital and related financing activities	(1,412,117)	(1,241,633)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	56,121	103,024
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(747,696)</b>	<b>750,851</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>	<b>4,795,836</b>	<b>10,308,325</b>
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>	<b>\$ 4,048,140</b>	<b>\$ 11,059,176</b>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and investments	\$ 4,048,140	\$ 10,820,494
Restricted cash and investments with fiscal agents		238,682
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 4,048,140</b>	<b>\$ 11,059,176</b>

See Notes to Basic Financial Statements



Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
Solid Waste	Airport	Totals	
\$ 1,347,905 (1,163,758)	\$ (9,440) (211,596) (2,310)	\$ 11,795,960 (7,483,156) (2,180,457)	\$ 3,273,522 (2,022,153) (216,204)
184,147	(223,346)	2,132,347	1,035,165
		227,538	737,500
	(590,438)	(491,762)	(1,188,094)
			291
			122,386
	(590,438)	(264,224)	(327,917)
	847,430	847,430	(11,138)
		(765,503)	
		(98,671)	
		(1,608,785)	
		(180,791)	
	847,430	(1,806,320)	(11,138)
335	122,727	282,207	200,822
184,482	156,373	344,010	896,932
		15,104,161	879,496
\$ 184,482	\$ 156,373	\$ 15,448,171	\$ 1,776,428
\$ 184,482	\$ 156,373	\$ 15,209,489	\$ 1,776,428
		238,682	
\$ 184,482	\$ 156,373	\$ 15,448,171	\$ 1,776,428

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**CITY OF BRAWLEY**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2017

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	<u>Private Purpose Trust Fund</u>
	<u>RDA</u>
	<u>Successor Agency</u>
<b>ASSETS</b>	
Cash and investments	\$ 331,563
Interest receivable	712
Land held for resale	<u>1,081,003</u>
Total Assets	<u>1,413,278</u>
<b>LIABILITIES</b>	
Accounts payable	18,343
Interest payable	69,682
Deposits payable	359
Long-term debt, due within one year	162,697
Long-term debt, due in more than one year	<u>4,366,238</u>
Total Liabilities	<u>4,617,319</u>
<b>NET POSITION (DEFICIT)</b>	
Unrestricted	<u>(3,204,041)</u>
Total Net Position (Deficit)	<u>\$ (3,204,041)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BRAWLEY**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
For the Fiscal Year Ended June 30, 2017

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	<u>Private Purpose Trust Fund</u>
	<u>RDA</u>
	<u>Successor Agency</u>
Additions:	
Tax increment	\$ 495,715
Other revenue	<u>2,673</u>
Total additions	<u>498,388</u>
Deductions:	
Community development	2,275
Interest	161,145
Administrative expense	<u>185,719</u>
Total deductions	<u>349,139</u>
Change in net position	149,249
Net Position (Deficit) - July 1, 2016	<u>(3,353,290)</u>
Net Position (Deficit) - June 30, 2017	<u>\$ (3,204,041)</u>

The notes to the financial statements are an integral part of this statement.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Brawley (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below:

**A. Financial Reporting Entity**

The City of Brawley is located in the southeastern part of the State of California, in the center of Imperial County, which with water provided by canal from the Colorado River, makes this one of the most fertile agricultural areas in the country. The City was incorporated on April 6, 1908, under the general laws of the State of California and enjoys all the rights and privileges pertaining to “General Law” cities.

The City is governed by a five member Council, elected at large for four years on staggered schedules. The Council selects the Mayor from its members, generally for a one year term. The Council has hired a City Manager to administer the daily affairs of the City.

The services provided by the City include police, fire, street maintenance, parks, recreation, library, water, wastewater, solid waste, airport, housing, planning, building inspection, and general administrative services.

These basic financial statements present the financial status of the City and its component units, which are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City. Component unit financial statements may be obtained from the City’s Department of Finance.

**Blended Component Units** – Blended component units, although legally separate entities, are, in substance, part of the City’s operations.

**Brawley Public Improvement Corporation** – The Brawley Public Improvement Corporation was formed in October 1986 to issue certificates of participation to finance the construction of a wastewater treatment facility and issued additional certificates of participation in 1997 to finance a new water treatment plant. The only financial activity of the Public Improvement Corporation is the issuance and repayment of the certificates of participation and receipt of lease payments from the City pursuant to lease agreements between the City and the Public Improvement Corporation. Although it is legally separate from the City, the Public Improvement Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct public facilities.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation**

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the primary government (City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. The effect of interfund activity has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational need of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

Proprietary fund financial statements include a Statement of Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

**C. Major Funds**

GASB Statement No. 34, defines major funds and requires that the City's major governmental funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Major Funds (Continued)

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

**General Fund**

This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

**Economic and Community Development Fund**

This fund accounts for revenues and expenditures of the Community Development Block Grant program and the related program income.

**SB 325 Special Revenue Fund**

This fund accounts for revenue received from the State under Article 8(a) of the Transportation Development Act (Section 99400(a) of the Public Utilities Code). Uses are restricted to local streets and roads.

**Park Projects Capital Projects Fund**

This fund accounts for Parkland dedication fees prescribed by the Quimby Act and other revenues designated for improvements to public parks.

The City reported the following major proprietary funds:

**Water Fund**

This fund accounts for the costs of treatment and distribution of drinking water to the community.

**Wastewater Fund**

This fund accounts for the costs of collection, treatment and disposal of sewage generated in the community.

**Solid Waste Fund**

This fund accounts for the costs of collection and disposal of trash and garbage generated in the community.

**Airport Fund**

This fund accounts for the costs of the City owned municipal airport. Although the amounts are not as significant as the other proprietary funds, this is the only other proprietary fund maintained by the City.

The City reported the following internal service funds:

**Internal Service Funds**

These funds account for maintenance of the City's fleet of vehicles and certain public facilities, and the costs of providing insurance, including risks maintained by the City, for general liability, property damage, unemployment benefits, workers' compensation, and employee health benefits.

D. Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide, proprietary and fiduciary funds financial statements are reported using the *economic resources measurement focus* and *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting (Continued)**

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Revenues susceptible to accrual are property taxes and interest revenue. Sales taxes, and other amounts collected and held by the state at fiscal year end on behalf of the City also are recognized as revenue. Fines, licenses, permits and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures and funds for the Successor Agency to the Brawley Community Redevelopment Agency. Cash equivalents have an original maturity date of three months or less from the date of purchase.

**F. Cash and Investments**

Most cash balances of the City's funds and some of its component units are pooled and invested by the City Treasurer. Unless otherwise dictated by legal or contractual requirements, income earned or losses arising from the investment pooled cash are allocated on a monthly basis to the participating funds and component units based on their proportionate shares of the average weekly cash balance.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Revenue Recognition**

Revenue from taxpayer-assessed taxes (sales and use, business license, gas, and franchise fees) is accrued in the Governmental Funds when they are both measurable and available. The City considers these taxes available if they are received within 30 days after fiscal year end.

Grants, entitlements, or shared revenues are recorded as receivables and revenues in the General, Special Revenue, and Capital Projects Funds when they are received or susceptible to accrual. Grants awarded for Proprietary Funds are recorded as receivables and nonoperating revenues when they are earned and are measurable.

Utility service accounts receivable are reported net of allowance for doubtful collections.

**H. Interfund Transactions**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

With Council approval, resources may be transferred from one City fund to another. Transfers are used to (1) move revenues from one fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budget authorizations.

**I. Property Tax**

The City's property taxes are levied on the first day of January by the County assessor, and are payable to the County tax collector in two installments.

The first installment is due November 1<sup>st</sup>, and is delinquent after December 10<sup>th</sup>; the second installment is due February 1<sup>st</sup> and is delinquent after April 10<sup>th</sup>. Taxes become a lien on the property on January 1<sup>st</sup>, and on the date of the transfer of the title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states: “The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the Counties and appointed according to law to the districts within the counties.”

The City has elected under State law (TEETER) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	5%
	<u>100%</u>

**J. Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories for governmental funds are recorded as expenditures when consumed rather than when purchased.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Restricted Assets**

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**L. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 for property, plant, and equipment and \$25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Property, plant, and equipment of the City, as well as the component units, are depreciated using the straight line method over their estimated lives of 2 to 50 years.

**M. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation benefits and sick leave. All vacation and sick leave benefits are accrued as earned by employees. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignation and retirements.

**N. Self-insurance**

The City is self-insured for worker's compensation, general liability, auto liability, and certain other risks. The City's workers' compensation activities are funded and accounted for separately in the fund financial statements based upon the activities of each fund. The current portion of claims liability are accounted for in the General Fund and the enterprise funds on the basis of settlements reached or judgments entered within the current fiscal year. In the government-wide financial statements and the enterprise fund financial statements, the estimated liability for all self-insurance liability claims is recorded as a liability.

**O. Long-term Debt, Discount, Premiums, and Issuance Costs**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

P. Net Position and Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories under GASB Statement No. 34. These captions apply only to net position, which are determined only at the government-wide level, proprietary funds, and fiduciary funds are described below.

*Net Investment in Capital Assets* describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and gas tax funds for street construction.

*Unrestricted* describes the portion of net position which is not restricted as to use.

Q. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

R. Fiscal Year

The fiscal year of the City begins on July 1 and ends on June 30.

S. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

T. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the City's funds that include amounts not contained in the other classifications.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

T. Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

U. 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’s defined benefit retirement plans, Miscellaneous and Public Safety, of the California Employees’ Retirement System (“CalPERS”) 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.

V. Deferred Outflows and Inflows of Resources

The City recognizes deferred outflows and inflows of resources. Deferred outflow and inflow of resources are defined as a consumption or resource of net position by the government that is applicable to a future report period. Pursuant to GASB Statements 68 and 71, the City recognizes deferred outflows/inflows of resources related to pensions.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget resolution by July 1<sup>st</sup> of each fiscal year for the General Fund, special revenue, capital projects, debt service, and enterprise funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The City Council made several supplemental budgetary appropriations throughout the fiscal year.

B. Deficit Fund Balances

At June 30, 2017, the following funds had an accumulated deficit:

Fund	Amount
Successor Agency Housing Fund	\$ 3,596
Parks Projects Fund	2,170,306
<u>Internal Service Fund:</u>	
Risk Management Fund	28,114

This fund balance deficit is primarily due to the City incurring costs in excess of revenues. The Funds should alleviate this deficit as revenues are received.

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2017, the following funds had excess of expenditures over appropriations:

Fund	Final Appropriation	Expenditures	Excess
<u>Major Fund:</u>			
General Fund			
Public safety	\$ 9,018,265	\$ 9,103,288	\$ 85,023
Economic and Community Development Fund			
Capital Outlay		34,918	34,918
Transfers out		227,538	227,538

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 37,287,254
Restricted cash and investments with fiscal agent	328,724
Fiduciary Fund:	
Cash and investments	331,563
Total cash and investments, Statement of Net Position	<u>\$ 37,947,541</u>

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

Cash on hand	\$ 4,175
Deposits with financial institutions	7,135,386
Investments	30,807,980
Total cash and investments	<u>\$ 37,947,541</u>

**A. 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 of Brawley (City) by the California Government Code or the City's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Government Bonds	5 years	80%	Less than 80%
U.S. Treasury Obligations	5 years	80%	Less than 80%
U.S. Government Agency Issues	5 years	80%	Less than 80%
Banker's Acceptances	180 days	40%	30%
Commercial Paper, Prime Quality	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (State Pool)	N/A	None	\$ 40 Million