

City of Bradbury

Bradbury, California

Independent Auditors' Reports and Basic Financial Statements

For the Year Ended June 30, 2020



City of Bradbury
Basic Financial Statements
For the Year Ended June 30, 2020

Table of Contents

Page

Independent Auditors' Reports:

Report on the Financial Statements.....	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5

Basic Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Governmental Fund Financial Statements:	
Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities.....	20
Notes to the Basic Financial Statements	23

Required Supplementary Information (Unaudited):

Budgetary Comparison Schedules:	
General Fund	47
Sewer Special Revenue Fund	48
Utility Users Tax (UUT) Special Revenue Fund.....	49
Citizens' Option for Public Safety (COPS) Special Revenue Fund.....	50
Budgetary Information	51
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios	52
Schedule of the City's Contributions - Pensions	53

City of Bradbury
Basic Financial Statements
For the Year Ended June 30, 2020

Table of Contents (Continued)

Supplementary Information:

Nonmajor Governmental Funds:

Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Public Transportation Funds (Proposition A) Special Revenue Fund	64
Measure R Special Revenue Fund	65
Recycling Grant Special Revenue Fund	66
Measure M Special Revenue Fund	67
TDA Special Revenue Fund	68
Proposition C Special Revenue Fund.....	69
SB 1 Gas Tax Special Revenue Fund	70

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bradbury, California (the "City"), as of and for the year ended June 30, 2020, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2021, 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.

The PwC Group, LLP

Santa Ana, California
August 19, 2021

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bradbury, California (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

www.pungroup.cpa

To the Honorable Mayor and Members of the City Council
of the City of Bradbury
Bradbury, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Santa Ana, California
August 19, 2021

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Bradbury
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 5,224,728
Accounts receivable	144,589
Taxes receivable	28,201
Interest receivable	12,504
Total current assets	<u>5,410,022</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	582,728
Depreciable, net	2,756,604
Total capital assets	<u>3,339,332</u>
Total noncurrent assets	<u>3,339,332</u>
Total assets	<u><u>8,749,354</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	41,547
Total deferred outflows of resources	<u>41,547</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	533,567
Deposits	23,245
Unearned revenue	161,832
Net pension liability	91,291
Total current liabilities	<u>809,935</u>
Total liabilities	<u>809,935</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	12,152
Total deferred inflows of resources	<u>12,152</u>
NET POSITION	
Investment in capital assets	3,339,332
Restricted	235,116
Unrestricted	4,394,366
Total net position	<u><u>\$ 7,968,814</u></u>

See accompanying Notes to the Basic Financial Statements.

City of Bradbury
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 834,142	\$ 385,392	\$ -	\$ -	\$ (448,750)
Public safety	291,191	-	170,111	-	(121,080)
Public works	188,699	-	135,622	20	(53,057)
Parks and recreation	19,336	-	-	-	(19,336)
Total governmental activities	\$ 1,333,368	\$ 385,392	\$ 305,733	\$ 20	(642,223)
General Revenues:					
					510,871
					1,075
					125,627
					141,339
					35,412
					85,012
					1,356
					900,692
					258,469
					7,710,345
					\$ 7,968,814

GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Bradbury
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds			
	General Fund	Special Revenue Funds		
		Sewer	Utility Users Tax	COPS
ASSETS				
Cash and investments	\$ 3,018,271	\$ 1,042,389	\$ 765,423	\$ 201,491
Accounts receivable	144,589	-	-	-
Taxes receivable	23,546	-	-	-
Interest receivable	8,603	1,098	1,829	522
Due from other funds	172	-	-	-
Total assets	\$ 3,195,181	\$ 1,043,487	\$ 767,252	\$ 202,013
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 95,750	\$ 350,523	\$ 80,384	\$ 399
Deposits	23,245	-	-	-
Unearned revenues	-	-	-	149,067
Due to other funds	-	-	-	-
Total liabilities	118,995	350,523	80,384	149,466
Deferred Inflows of Resources:				
Unavailable revenue	144,589	-	-	-
Total deferred inflows of resources	144,589	-	-	-
Fund Balances:				
Restricted	-	-	-	52,547
Committed	-	692,964	686,868	-
Assigned	1,000,000	-	-	-
Unassigned	1,931,597	-	-	-
Total fund balances	2,931,597	692,964	686,868	52,547
Total liabilities, deferred inflows of resources and fund balances	\$ 3,195,181	\$ 1,043,487	\$ 767,252	\$ 202,013

City of Bradbury
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 197,154	\$ 5,224,728
Accounts receivable	-	144,589
Taxes receivable	4,655	28,201
Interest receivable	452	12,504
Due from other funds	-	172
Total assets	\$ 202,261	\$ 5,410,194
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 6,511	\$ 533,567
Deposits	-	23,245
Unearned revenues	12,765	161,832
Due to other funds	172	172
Total liabilities	19,448	718,816
Deferred Inflows of Resources:		
Unavailable revenue	-	144,589
Total deferred inflows of resources	-	144,589
Fund Balances:		
Restricted	182,569	235,116
Committed	-	1,379,832
Assigned	-	1,000,000
Unassigned	244	1,931,841
Total fund balances	182,813	4,546,789
Total liabilities, deferred inflows of resources and fund balances	\$ 202,261	\$ 5,410,194

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City of Bradbury
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$	4,546,789
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Amounts reported for governmental activities in the government-wide statement of net position were different because:

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

Capital assets, nondepreciable	\$	582,728	
Capital assets, net of accumulated depreciation		2,756,604	3,339,332

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

Pension related deferred outflows of resources		41,547	
Net pension liability		(91,291)	
Pension related deferred inflows of resources		(12,152)	

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

144,589

Net Position of Governmental Activities

\$ 7,968,814

City of Bradbury
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds			
	General Fund	Special Revenue Funds		
		Sewer	Utility Users Tax	COPS
REVENUES:				
Taxes	\$ 778,913	\$ -	\$ -	\$ -
Licenses and permits	134,241	-	-	-
Use of money and property	70,152	10,551	14,860	4,573
Intergovernmental	12,931	-	-	152,399
Charges for current services	285,788	-	-	-
Other revenue	6,950	-	-	-
Total revenues	1,288,975	10,551	14,860	156,972
EXPENDITURES:				
Current:				
General government	779,445	-	-	-
Public safety	138,791	-	-	152,400
Public works	-	2,620	91,920	-
Parks and recreation	19,336	-	-	-
Capital outlay	-	409,427	-	-
Total expenditures	937,572	412,047	91,920	152,400
REVENUES OVER (UNDER) EXPENDITURES	351,403	(401,496)	(77,060)	4,572
OTHER FINANCING SOURCES (USES):				
Transfers in	-	600,000	-	-
Transfers out	(600,000)	-	-	-
Total other financing sources (uses)	(600,000)	600,000	-	-
Net change in fund balances	(248,597)	198,504	(77,060)	4,572
FUND BALANCES:				
Beginning of year	3,180,194	494,460	763,928	47,975
End of year	<u>\$ 2,931,597</u>	<u>\$ 692,964</u>	<u>\$ 686,868</u>	<u>\$ 52,547</u>

City of Bradbury
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ -	\$ 778,913
Licenses and permits	-	134,241
Use of money and property	3,167	103,303
Intergovernmental	122,131	287,461
Charges for current services	-	285,788
Other revenue	-	6,950
Total revenues	<u>125,298</u>	<u>1,596,656</u>
EXPENDITURES:		
Current:		
General government	-	779,445
Public safety	-	291,191
Public works	43,075	137,615
Parks and recreation	-	19,336
Capital outlay	-	409,427
Total expenditures	<u>43,075</u>	<u>1,637,014</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>82,223</u>	<u>(40,358)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	600,000
Transfers out	-	(600,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	82,223	(40,358)
FUND BALANCES:		
Beginning of year	100,590	4,587,147
End of year	<u>\$ 182,813</u>	<u>\$ 4,546,789</u>

City of Bradbury
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds:	\$	(40,358)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	\$	409,427	
Depreciation		<u>(77,762)</u>	331,665

Certain pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, net of contribution made after measurement date in the amount of \$18,537.		(28,019)
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Revenues reported as unavailable revenue in the governmental funds and recognized as revenue in the Statement of Activities.		<u>(4,819)</u>
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Change in Net Position of Governmental Activities	\$	<u>258,469</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Bradbury
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Reporting Entity

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

The City is a general law city operating under the City Council/City Manager form of government. The financial reporting entity of the City is comprised of various funds. The accompanying financial statements include those of the City and contain only the funds of the City.

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

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

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

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

Government-Wide Financial Statements

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide Financial Statements (Continued)

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

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

Certain eliminations have been made in regards to interfund activities, payables, and receivables. The transfers in and out, and due to and due from other funds activities have been eliminated.

Governmental Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

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

Utility Users Tax Special Revenue Fund is used to record the receipt and disbursement of funds received from the utility users tax assessed by the City. When it was approved by voters, it was specified to be separated into its own fund for the purpose of complying with the Clean Water Act. The fund is used to preserve the City's essential municipal services, maintain a safe and quality community and meet the obligations for State and Federal Mandates.

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

C. Cash and Investments

Investments are reported at fair value.

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

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

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas:

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

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Fair Value Measurement

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

Levels of inputs are as follows:

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

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

E. Receivables

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

F. Capital Assets

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

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

G. Interfund Activity

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

H. Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. All full-time employees accrue vacation leave according to their years of service. Unused sick days are forfeited at termination or resignation; therefore, there is no liability for sick leave at June 30, 2020.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Pensions

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

J. Deferred Outflows / Inflows of Resources

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

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

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

K. Fund Balances

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

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

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

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Fund Balances (Continued)

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

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

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

L. Net Positions

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

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

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

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

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

M. Property Tax Revenues

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

The following dates relate to property tax levies and collections:

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Use of Estimates

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

O. Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2020, the City has implemented the following new GASB Pronouncement:

GASB Statement No. 95 - In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement is effective immediately and did not have a material effect on City's financial statements for the fiscal year ending June 30, 2020.

Note 3 – Cash and Investments

Cash and investments as of June 30, 2020 consisted of the following:

Petty cash	\$	300
Demand deposits		794,208
Investments with LAIF		3,444,220
Investments in certificates of deposit		986,000
Total	\$	<u>5,224,728</u>

A. Deposits

The carrying amount of the City's demand deposits was \$794,208 at June 30, 2020. The bank balances at that date were \$795,838, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City's name as discussed below.

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

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

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Cash and Investments (Continued)

B. Investments

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

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

C. Fair Value Measurement

At June 30, 2020, investments are reported at fair value. The following table presents the fair value measurement of investments on recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2020:

<u>Investment Type</u>	<u>Significant Other Observable Input (Level 2)</u>
Negotiable certificates of deposit	\$ 986,000 ⁽¹⁾

⁽¹⁾ Price based on market prices from Intercontinental Exchange.

D. Risk Disclosures

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

At June 30, 2020, the City had the following investment maturities:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
Local Agency Investment Fund	\$ 3,444,220	\$ 3,444,220	\$ -	\$ -
Negotiable certificates of deposit	986,000	493,000	246,000	247,000
Total	\$ 4,430,220	\$ 3,937,220	\$ 246,000	\$ 247,000

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Credit Risk – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. It is the City’s policy to limit its investments in these investment types to the top rating issued by Standard & Poor’s and Moody’s Investor Service. At June 30, 2020, the City’s credit risks, expressed on a percentage basis, were as follows:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments			
Investment Type	Moody's Credit Rating	S&P's Credit Rating	% of Investments with Interest Rate Risk
Local Agency Investment Fund	Not Rated	Not Rated	77.74%
Negotiable certificates of deposit	Not Rated	Not Rated	22.26%
Total			100.00%

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

Concentration of credit risk – The City’s investment policy does not allow for investments in any one institution that is in excess of 5% of the City’s total portfolio, except for LAIF and certificate of deposit, where there is no limit. The City’s certificate of deposit in the amount of \$986,000 represented 22.26% of total City investments.

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

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2020 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities, which included the following:

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

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

As of June 30, 2020, the City had \$3,444,220 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities. The investment in LAIF is reported at amortized cost.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Interfund Transactions

Due To and Due From

At June 30, 2020 the City had the following due to and from other funds:

Due To Other Funds		Due From Other Funds	
		General Fund	
Nonmajor Governmental Fund		\$	172

The due to and due from is short-term borrowing to cover cash deficit.

Transfers In and Out

At June 30, 2020 the City had the following transfers in and out from other funds:

Transfer Out		Transfer In	
		Nonmajor Governmental Fund	
Sewer Special Revenue Fund		\$	600,000

The purpose of the transfers was to transfer funds to cover budgeted projects.

Note 5 – Capital Assets

The following schedule shows changes in capital assets for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance July 1, 2020
Nondepreciable Assets:				
Land	\$ 117,197	\$ -	\$ -	\$ 117,197
Construction in progress	61,256	404,275	-	465,531
Total Nondepreciable Assets	178,453	404,275	-	582,728
Depreciable Assets:				
Structures and improvements	859,900	-	-	859,900
Machinery and equipment	101,709	-	-	101,709
Infrastructure	2,924,650	5,152	-	2,929,802
Total Depreciable Assets	3,886,259	5,152	-	3,891,411
Less Accumulated Depreciation:				
Structures and improvements	(148,288)	(17,198)	-	(165,486)
Machinery and equipment	(60,201)	(9,480)	-	(69,681)
Infrastructure	(848,556)	(51,084)	-	(899,640)
Total Accumulated Depreciation	(1,057,045)	(77,762)	-	(1,134,807)
Total Depreciable Assets, Net	2,829,214	(72,610)	-	2,756,604
Total Capital Assets, Net	\$ 3,007,667	\$ 331,665	\$ -	\$ 3,339,332

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Capital Assets (Continued)

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

General government	\$	26,678
Public works		51,084
Total	\$	<u>77,762</u>

Note 6 – Self-Insurance with Joint Powers Authority

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

The City of Bradbury is a member of the California Joint Powers Insurance Authority (the “Authority”). The Authority is composed of 118 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.

B. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

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

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Primary Workers’ Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

Primary Workers' Compensation Program (Continued)

(2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City of Bradbury participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Bradbury. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City of Bradbury participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Bradbury property is currently insured according to a schedule of covered property submitted by the City of Bradbury to the Authority. City of Bradbury property currently has all-risk property insurance protection in the amount of \$2,396,860. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City of Bradbury purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-2020.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Deferred Compensation Plan

The City had made available to its employees a deferred compensation plan, whereby employees authorize the City to withhold funds from salaries to be invested in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City makes no contributions under the Plan. The amount held by trustees for the employees at June 30, 2020 was \$35,663. The Trustee invests compensation deferred by employees in various investment options selected by the employee and retains title to all accumulated funds until they are paid to the employee or other beneficiary. Plan assets were established in the trust arrangement specified by Internal Revenue Code Section 457(g). The plan assets are not reflected on the City's financial statements.

Note 8 – Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from their website at www.calpers.ca.gov under Forms and Publications.

Employees Covered by Benefit Terms

At June 30, 2018, the valuation date, the following employees were covered by the benefit terms:

	Miscellaneous	
	Classic	PEPRA
Active employees	2	1
Transferred and terminated employees	6	-
Retired Employees and Beneficiaries	1	-
Total	9	1

Benefit Provided

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

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by either the Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2019, the active employee and employer's contribution rates for classic miscellaneous plan were 7.000% and 7.634%, respectively; and for PEPRa miscellaneous plan were 6.75% and 6.985% of annual payroll, respectively.

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 were rolled forward to determine the June 30, 2019 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Defined Benefit Pension Plans (Continued)

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

¹The mortality table used in 2018 was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

(1) In the System's Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Defined Benefit Pension Plans (Continued)

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

Discount Rate

The discount rate used to measure the total pension liabilities was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liabilities of the Plan as of the measurement date at June 30, 2019, calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 146,436	\$ 91,291	\$ 45,773

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability and Pension Expense

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

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Miscellaneous			
Balance at: 6/30/18 (Valuation date)	\$ 1,079,683	\$ 1,012,265	\$ 67,418
Balance at: 6/30/19 (Measurement date)	1,088,043	996,752	91,291
Net Changes during 2018-19	\$ 8,360	\$ (15,513)	\$ 23,873

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Defined Benefit Pension Plans (Continued)

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

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

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

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-2019).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

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

	Miscellaneous Plan
June 30, 2018	0.00070%
June 30, 2019	0.00089%
Change - Increase (Decrease)	0.00019%

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Defined Benefit Pension Plans (Continued)

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$46,556 for the miscellaneous plan.

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

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2018-2019 measurement period is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired).

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 18,537	\$ -
Changes of Assumptions	4,354	(1,544)
Difference between Expected and Actual Experience	6,342	(492)
Actual earnings in excess of expected earning on pension investments	-	(1,593)
Adjustment due to differences in proportions	12,314	25,068
Difference between employer's actual contributions and employer's proportionate share of contributions	-	(33,591)
Total	<u>\$ 41,547</u>	<u>\$ (12,152)</u>

For the year ended June 30, 2020, deferred outflows of resources related to pensions was \$18,537, resulting from City’s contributions subsequent to the measurement date, will be recognized as a reduction of the collective net pension liability in the year ending June 30, 2021.

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Defined Benefit Pension Plans (Continued)

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

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

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

Year Ending June 30,	Miscellaneous Plan
2021	\$ 8,743
2022	2,427
2023	(635)
2024	323
2025	-
Thereafter	-
Total	<u>\$ 10,858</u>

Note 9 – Classification of Fund Balances

At June 30, 2020, fund balances are classified in the governmental funds as follows:

	General Fund	Special Revenue Funds			Nonmajor Governmental Funds	Total
		Sewer	UUT	COPS		
Restricted:						
COPS	\$ -	\$ -	\$ -	\$ 52,547	\$ -	\$ 52,547
Gas Tax	-	-	-	-	14,552	14,552
Proposition C	-	-	-	-	10,364	10,364
Country Park Grant	-	-	-	-	8,302	8,302
Proposition A	-	-	-	-	39,312	39,312
Measure R	-	-	-	-	51,974	51,974
STPL	-	-	-	-	1,035	1,035
Recycling	-	-	-	-	596	596
Fire Grant	-	-	-	-	6,524	6,524
Measure M	-	-	-	-	26,109	26,109
SB 1 Gas Tax	-	-	-	-	23,801	23,801
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,547</u>	<u>182,569</u>	<u>235,116</u>
Committed:						
Sewer improvements and operations	-	692,964	-	-	-	692,964
Clean water	-	-	686,868	-	-	686,868
Total Committed	<u>-</u>	<u>692,964</u>	<u>686,868</u>	<u>-</u>	<u>-</u>	<u>1,379,832</u>
Assigned:						
Economic uncertainties	1,000,000	-	-	-	-	1,000,000
Unassigned	<u>1,931,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244</u>	<u>1,931,841</u>
Total Fund Balances	<u>\$ 2,931,597</u>	<u>\$ 692,964</u>	<u>\$ 686,868</u>	<u>\$ 52,547</u>	<u>\$ 182,813</u>	<u>\$ 4,546,789</u>

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Classification of Fund Balances (Continued)

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

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

The nature and purpose of each reserve is described below:

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

This reserve was not formally adopted by the City Council.

Note 10 – Other Required Disclosures

Excess of Expenditures over Appropriations

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures over Appropriations</u>
Major Funds:			
General Fund			
Public safety	\$ 128,022	\$ 138,791	\$ (10,769)
Sewer Special Revenue Fund			
Public works	-	2,620	(2,620)
Utility Users' Tax Special Revenue Fund			
Public works	86,000	91,920	(5,920)
Nonmajor Governmental Funds:			
TDA Special Revenue Fund			
Public works	-	4,769	(4,769)
Proposition C Special Revenue Fund			
Public works	900	8,449	(7,549)

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

City of Bradbury
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Commitments and Contingencies

A. Grants

The City participates in Federal and State grant programs. These programs are subject to further examination by the grantors. Expenditures which may be disallowed by the granting agencies, if any, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

B. Litigation

The City has not been named in any lawsuit that has a potentially material effect on its financial position. There is one matter involving a threat of litigation, which has been accrued in the City's financial position. While the outcome of this matter if litigation is commenced is not presently determinable, in the opinion of management of the City, based in part on the advice of counsel, the resolution of this matter is not expected to have a material adverse effect on the financial position or results of operations of the City.

C. COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could potentially be adversely affected by this global pandemic. The extent to which are highly uncertain and cannot be precited, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The ultimate financial impact and duration cannot be estimated at this time.

Note 12 – Subsequent Events

Coronavirus Relief Funds Allocation

On March 7, 2020, the US congress passed the third federal stimulus bill related to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136), provided \$2 trillion in stimulus funding to spread relief across the national economy.

On June 29, 2020, the State approved the budget and authorized the Department of Finance to allocate \$1,289,065,000 to address the public health and public safety impacts of COVID-19 including homelessness. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. Based on the City's population, the City was allocated \$50,000 and received subsequent to the year-end.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	General Fund			
	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 796,100	\$ 796,100	\$ 778,913	\$ (17,187)
Licenses and permits	324,200	324,200	134,241	(189,959)
Use of money and property	79,112	79,112	70,152	(8,960)
Intergovernmental	13,500	13,500	12,931	(569)
Charges for current services	478,600	478,600	285,788	(192,812)
Other revenue	9,070	9,070	6,950	(2,120)
Total revenues	<u>1,700,582</u>	<u>1,700,582</u>	<u>1,288,975</u>	<u>(411,607)</u>
EXPENDITURES:				
Current:				
General government	1,028,745	1,042,830	779,445	263,385
Public safety	128,022	128,022	138,791	(10,769)
Public works	-	5,000	-	5,000
Parks and recreation	72,000	72,000	19,336	52,664
Total expenditures	<u>1,228,767</u>	<u>1,247,852</u>	<u>937,572</u>	<u>310,280</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>471,815</u>	<u>452,730</u>	<u>351,403</u>	<u>(101,327)</u>
OTHER FINANCING USES:				
Transfers out	(600,000)	(600,000)	(600,000)	-
Total other financing uses	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (128,185)</u>	<u>\$ (147,270)</u>	<u>(248,597)</u>	<u>\$ (101,327)</u>
FUND BALANCE:				
Beginning of year			3,180,194	
End of year			<u>\$ 2,931,597</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2020

Sewer Special Revenue Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 10,551	\$ 10,551
Total revenues	-	-	10,551	10,551
EXPENDITURES:				
Public works	-	-	2,620	(2,620)
Capital outlay	645,000	652,744	409,427	243,317
Total expenditures	645,000	652,744	412,047	243,317
REVENUES OVER (UNDER) EXPENDITURES	(645,000)	(652,744)	(401,496)	253,868
OTHER FINANCING SOURCES:				
Transfers in	600,000	600,000	600,000	-
Total other financing sources	600,000	600,000	600,000	-
Net change in fund balance	<u>\$ (45,000)</u>	<u>\$ (52,744)</u>	198,504	<u>\$ 253,868</u>
FUND BALANCE:				
Beginning of year			494,460	
End of year			<u>\$ 692,964</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2020

Utility Users Tax (UUT) Special Revenue Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ 18,810	\$ 18,810	\$ 14,860	\$ (3,950)
Total revenues	<u>18,810</u>	<u>18,810</u>	<u>14,860</u>	<u>(3,950)</u>
EXPENDITURES:				
Current:				
Public works	<u>86,000</u>	<u>86,000</u>	<u>91,920</u>	<u>(5,920)</u>
Total expenditures	<u>86,000</u>	<u>86,000</u>	<u>91,920</u>	<u>(5,920)</u>
Net change in fund balance	<u>\$ (67,190)</u>	<u>\$ (67,190)</u>	<u>(77,060)</u>	<u>\$ (9,870)</u>
FUND BALANCE:				
Beginning of year			<u>763,928</u>	
End of year			<u>\$ 686,868</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2020

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 982	\$ 982	\$ 4,573	\$ 3,591
Intergovernmental	100,000	100,000	152,399	52,399
Total revenues	<u>100,982</u>	<u>100,982</u>	<u>156,972</u>	<u>55,990</u>
EXPENDITURES:				
Current:				
Public safety	<u>155,000</u>	<u>155,000</u>	<u>152,400</u>	<u>2,600</u>
Total expenditures	<u>155,000</u>	<u>155,000</u>	<u>152,400</u>	<u>2,600</u>
Net change in fund balance	<u>\$ (54,018)</u>	<u>\$ (54,018)</u>	4,572	<u>\$ 58,590</u>
FUND BALANCE:				
Beginning of year			<u>47,975</u>	
End of year			<u>\$ 52,547</u>	

City of Bradbury
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2020

Budget and Budgetary Accounting

The City adopts an annual budget prepared on the modified accrual basis of accounting for the governmental funds. The City Manager or his designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriations of any department or fund must be approved by City Council. Expenditures may not legally exceed appropriations at the program level. Budgets were not adopted for County Park Grant Special Revenue Fund, STPL Special Revenue Fund, Gas Tax Special Revenue Fund, and Fire Grant Special Revenue Fund.

City of Bradbury
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's Proportion of the Net Pension Liability	0.00089%	0.00070%	0.00077%	0.00077%	0.00256%
City's Proportionate Share of the Net Pension Liability	\$ 91,291	\$ 67,418	\$ 76,419	\$ 66,246	\$ 175,694
City's Covered Payroll	213,242	200,481	185,286	203,105	167,611
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	42.81%	33.63%	41.24%	32.62%	104.82%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	91.53%	93.76%	92.41%	92.47%	78.51%

¹ Historical information is presented only for measurement periods for which GASB 68 is available.

City of Bradbury
Required Supplementary Information (Unaudited)
Schedule of the City's Contributions - Pensions
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Actuarially Determined Contribution	\$ 18,537	\$ 17,974	\$ 14,550	\$ 11,319	\$ 13,626	\$ 29,107
Contribution in Relation to the						
Actuarially Determined Contribution ²	(18,537)	(17,974)	(14,550)	(11,319)	(163,293)	(29,107)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (149,667)	\$ -
Covered Payroll	\$ 213,242	\$ 206,495	\$ 200,481	\$ 185,286	\$ 203,105	\$ 167,611
Contributions as a Percentage of						
Covered Payroll	8.69%	8.70%	7.26%	6.11%	6.71%	17.37%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

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

Notes to Schedule

Change in Benefit Terms: There were no changes to benefit terms.

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

County Park Grant Special Revenue Fund - To account for the park grants provided by state and county agencies to build the recreational park located behind City Hall.

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

Measure R Special Revenue Fund - To account for the receipt and disbursement of funds from Los Angeles County which were created by a voter approved sales tax in 2008. These funds are allocated by Metropolitan Transportation Authority (MTA) to fund street projects.

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

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

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

Measure M Special Revenue Fund - To account for the receipt and disbursement of funds from Los Angeles County which were created by a voter approved sales tax in 2016. These funds are allocated by MTA to fund street projects.

TDA Special Revenue Fund - To account for the receipt and distribution of funds allocated by MTA originating from the Transportation Development Act, Article 3 for the planning and construction of pedestrian and bicycle facilities.

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

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

SB1 Gas Tax Special Revenue Fund - To account for the receipt and disbursement of funds received from the Road Repair and Accountability Act of 2017. These funds must be spent for local streets and roads.

City of Bradbury
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	County Park Grant Fund	Public Transportation Fund (Prop A)	Measure R Fund	STPL Fund
ASSETS				
Cash and investments	\$ 8,282	\$ 39,242	\$ 51,856	\$ 1,035
Taxes receivable	-	-	-	-
Interest receivable	20	70	118	2
Total assets	\$ 8,302	\$ 39,312	\$ 51,974	\$ 1,035
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Restricted	8,302	39,312	51,974	1,035
Unassigned (deficit)	-	-	-	-
Total fund balances	8,302	39,312	51,974	1,035
Total liabilities and fund balances	\$ 8,302	\$ 39,312	\$ 51,974	\$ 1,035

(Continued)

City of Bradbury
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Recycling Grant Fund	Fire Grant Fund	Measure M Fund	TDA Fund
ASSETS				
Cash and investments	\$ 13,337	\$ 9,328	\$ 26,038	\$ -
Taxes receivable	-	-	-	413
Interest receivable	24	24	71	3
Total assets	\$ 13,361	\$ 9,352	\$ 26,109	\$ 416
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 2,828	\$ -	\$ -
Unearned revenues	12,765	-	-	-
Due to other funds	-	-	-	172
Total liabilities	12,765	2,828	-	172
Fund Balances:				
Restricted	596	6,524	26,109	-
Unassigned (deficit)	-	-	-	244
Total fund balances	596	6,524	26,109	244
Total liabilities and fund balances	\$ 13,361	\$ 9,352	\$ 26,109	\$ 416

(Continued)

City of Bradbury
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Gas Tax Fund	Proposition C Fund	SB 1 Gas Tax Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 16,807	\$ 10,323	\$ 20,908	\$ 197,154
Taxes receivable	1,394	-	2,848	4,655
Interest receivable	34	41	45	452
Total assets	\$ 18,235	\$ 10,364	\$ 23,801	\$ 202,261
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,683	\$ -	\$ -	\$ 6,511
Unearned revenues	-	-	-	12,765
Due to other funds	-	-	-	172
Total liabilities	3,683	-	-	19,448
Fund Balances:				
Restricted	14,552	10,364	23,801	182,569
Unassigned (deficit)	-	-	-	244
Total fund balances	14,552	10,364	23,801	182,813
Total liabilities and fund balances	\$ 18,235	\$ 10,364	\$ 23,801	\$ 202,261

(Concluded)

City of Bradbury
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Fund			
	County Park	Public	Measure R	STPL
	Grant Fund	Transportation Fund (Prop A)	Fund	Fund
REVENUES:				
Use of money and property	\$ 165	\$ 480	\$ 1,019	\$ 19
Intergovernmental	-	20,740	12,885	-
Total revenues	<u>165</u>	<u>21,220</u>	<u>13,904</u>	<u>19</u>
EXPENDITURES:				
Current:				
Public works	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(835)	21,220	13,904	19
FUND BALANCES:				
Beginning of year	<u>9,137</u>	<u>18,092</u>	<u>38,070</u>	<u>1,016</u>
End of year	<u>\$ 8,302</u>	<u>\$ 39,312</u>	<u>\$ 51,974</u>	<u>\$ 1,035</u>

(Continued)

City of Bradbury
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Fund			
	Recycling Grant Fund	Fire Grant Fund	Measure M Fund	TDA Fund
REVENUES:				
Use of money and property	\$ 187	\$ 208	\$ 462	\$ 13
Intergovernmental	3,182	-	14,483	5,000
Total revenues	<u>3,369</u>	<u>208</u>	<u>14,945</u>	<u>5,013</u>
EXPENDITURES:				
Current:				
Public works	3,182	4,546	-	4,769
Total expenditures	<u>3,182</u>	<u>4,546</u>	<u>-</u>	<u>4,769</u>
Net change in fund balances	187	(4,338)	14,945	244
FUND BALANCES:				
Beginning of year	409	10,862	11,164	-
End of year	<u>\$ 596</u>	<u>\$ 6,524</u>	<u>\$ 26,109</u>	<u>\$ 244</u>

(Continued)

City of Bradbury
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Gas Tax Fund	Proposition C Fund	SB 1 Gas Tax Fund	Total Nonmajor Governmental Funds
REVENUES:				
Use of money and property	\$ 191	\$ 210	\$ 213	\$ 3,167
Intergovernmental	29,984	17,204	18,653	122,131
Total revenues	<u>30,175</u>	<u>17,414</u>	<u>18,866</u>	<u>125,298</u>
EXPENDITURES:				
Current:				
Public works	21,129	8,449	-	43,075
Total expenditures	<u>21,129</u>	<u>8,449</u>	<u>-</u>	<u>43,075</u>
Net change in fund balances	9,046	8,965	18,866	82,223
FUND BALANCES:				
Beginning of year	5,506	1,399	4,935	100,590
End of year	<u>\$ 14,552</u>	<u>\$ 10,364</u>	<u>\$ 23,801</u>	<u>\$ 182,813</u>

(Concluded)

City of Bradbury
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Public Transportation Funds (Proposition A) Special Revenue Fund
For the Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ 308	\$ 308	\$ 480	\$ 172
Intergovernmental	23,000	23,000	20,740	(2,260)
Total revenues	<u>23,308</u>	<u>23,308</u>	<u>21,220</u>	<u>(2,088)</u>
EXPENDITURES:				
Current:				
Public works	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Net Change in Fund Balance	<u>\$ 14,308</u>	<u>\$ 14,308</u>	21,220	<u>\$ 6,912</u>
FUND BALANCE:				
Beginning of year			18,092	
End of year			<u>\$ 39,312</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,019	\$ 1,019
Intergovernmental	15,000	15,000	12,885	(2,115)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>13,904</u>	<u>(1,096)</u>
Net Change in Fund Balance	<u>\$ 15,000</u>	<u>\$ 15,000</u>	13,904	<u>\$ (1,096)</u>
FUND BALANCE:				
Beginning of year			38,070	
End of year			<u>\$ 51,974</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Recycling Grant Special Revenue Fund
For the Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 187	\$ 187
Intergovernmental	5,000	5,000	3,182	(1,818)
Total revenues	5,000	5,000	3,369	(1,631)
EXPENDITURES:				
Current:				
Public works	5,000	5,000	3,182	1,818
Total expenditures	5,000	5,000	3,182	1,818
Net Change in Fund Balance	\$ -	\$ -	187	\$ 187
FUND BALANCE:				
Beginning of year			409	
End of year			<u>\$ 596</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 462	\$ 462
Intergovernmental	16,500	16,500	14,483	(2,017)
Total revenues	<u>16,500</u>	<u>16,500</u>	<u>14,945</u>	<u>(1,555)</u>
Net Change in Fund Balance	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>14,945</u>	<u>\$ (1,555)</u>
FUND BALANCE:				
Beginning of year			<u>11,164</u>	
End of year			<u>\$ 26,109</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
TDA Special Revenue Fund
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 13	\$ 13
Intergovernmental	5,000	5,000	5,000	-
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,013</u>	<u>13</u>
EXPENDITURES:				
Current:				
Public works	-	-	4,769	(4,769)
Total expenditures	<u>-</u>	<u>-</u>	<u>4,769</u>	<u>(4,769)</u>
Net Change in Fund Balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>244</u>	<u>\$ (4,756)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 244</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Proposition C Special Revenue Fund
For the Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 210	\$ 210
Intergovernmental	19,000	19,000	17,204	(1,796)
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>17,414</u>	<u>(1,586)</u>
EXPENDITURES:				
Current:				
Public works	900	900	8,449	(7,549)
Total expenditures	<u>900</u>	<u>900</u>	<u>8,449</u>	<u>(7,549)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>18,100</u>	<u>18,100</u>	<u>8,965</u>	<u>(9,135)</u>
Net Change in Fund Balance	<u>\$ 18,100</u>	<u>\$ 18,100</u>	<u>8,965</u>	<u>\$ (9,135)</u>
FUND BALANCE:				
Beginning of year			1,399	
End of year			<u>\$ 10,364</u>	

City of Bradbury
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
SB 1 Gas Tax Special Revenue Fund
For the Year Ended June 30, 2020

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 213	\$ 213
Intergovernmental	15,000	15,000	18,653	3,653
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>18,866</u>	<u>3,866</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 15,000</u>	18,866	<u>\$ 3,866</u>
FUND BALANCE:				
Beginning of year			4,935	
End of year			<u>\$ 23,801</u>	