



**2020/21**  
**Annual Comprehensive**  
**Financial Report**  
**Fiscal Year Ended**  
**June 30, 2021**

This report is prepared by  
the City of Brawley,  
California Finance  
Department



City of Brawley, Finance Dept.  
400 Main Street  
Brawley, CA 92227  
760-344-8941

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April 25, 2022

To the Citizens of Brawley, and the Honorable Mayor and Members of the City Council:

It is with great pleasure that we present to you the Annual Comprehensive Financial Report (ACFR) of the City of Brawley for the fiscal year ending June 30, 2021. The ACFR has been prepared by the Finance Department for the benefit of City Council Members, citizens, investors, grantors, employees, and others who may have an interest in the financial well-being of the City.

The ACFR presents information regarding the City's financial activities. This transmittal letter provides a non-technical summary of the City's finances, services, achievements, and economic outlook. A more detailed analysis is presented in the Management's Discussion and Analysis section (MD&A) that immediately follows the independent auditor's report. The MD&A provides an overview and analysis of the basic financial statements and complements this transmittal.

Responsibility for both the accuracy and the completeness of all disclosure's rests with the City of Brawley. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of City operations. Supplementary disclosures are included to summarize the City's financial activities.

This ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP). The City's financial reporting is based upon all Governmental Accounting Standards Board (GASB) Statements; these pronouncements are the most authoritative source for governmental GAAP.

Moss, Levy & Hartzheim, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2021. This is the most favorable conclusion. The independent auditor's report is located at the front of the financial section. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation and conformity with GAAP.

## **Government Profile**

The City of Brawley is located on the southeastern region of the State of California, in the center of the Imperial County. Although the region is a desert with arid conditions, it is also one of the most fertile agricultural areas in the United States. This is possible through water provided by the All American Canal from the nearby Colorado River in addition to an intricate system of canals throughout the region. As of January 1, 2021, the City had a population of 27,326.

The City of Brawley was incorporated on April 6, 1908, as a general law city which operates under the council/manager form of government. The City is governed by a five-member City Council. Council members serve for a period of four years on staggered schedules. Every year, the City Council selects a Mayor from its members to serve for a one-year term. The Brawley City Council hires a City Manager to act as the chief administrator for the City's day to day operations.

The City of Brawley is a full-service city. Services provided include police, fire, street maintenance, parks, recreation, library, water, sewer, solid waste, airport, housing, planning, building inspection, and general administrative services.

The City contracts with other government agencies and private entities for specific services, including electricity service, public transit, refuse collection, and street sweeping.

The City's annual operating and capital improvement budgets are adopted by resolutions for the fiscal year that begins July 1<sup>st</sup>. A comprehensive budget resolution is adopted by the City Council and the Successor Agency to the Brawley Redevelopment Agency for all general, enterprise, special funds, and fiduciary funds of the City.

The annual budget is the foundation for the City's financial planning and control. The budget is prepared by fund, function, department, and line item. Department Directors may transfer line item resources within a division with the approval of the City Manager. The City Manager may authorize transfers between divisions and departments.

The City of Brawley has two blended component units, the Successor Agency of the Brawley Community Redevelopment Agency, and the Brawley Public Improvement Corporation. Although, both legally separate entities, they are in substance part of the City's operations.

## **Local Economy**

According to the State of California Employment Development Department, as of November 2021, the unemployment rate for Brawley was 13.9%, which was lower than the rate for Imperial County at 15.5% and but higher than the statewide average

of 6.9%. Unemployment rates are greatly impacted by the ongoing COVID-19 pandemic.

The City's dominant industries are service stations, quick service restaurants, and farm/construction equipment with the following major sales tax producers: Arco AM PM, Jordan Implement, Pilot Travel Center, RDO Water, and Walmart Supercenter (in alphabetical order).

During fiscal year 2020/21 to reduce the spread of COVID many local social activities and events were cancelled due to State mandated stay at home orders and social distancing recommendations. However, the 2021 calendar year ended with the return of traditional in-person events such as the Cattle Call Rodeo and Parade, Chili Cook-Off, Bell Game, Mariachi Night, and others.

During 2020/21 the City issued a total of 323 building permits with the following larger residential developments pulling permits, pre-selling homes, and now well underway with construction: Latigo Ranch, La Paloma, and Malan Park. Additionally, Victoria Park is in the final map plan check phase.

In 2022, the City is looking forward to the opening of a multi-faceted business development anchored by a grocery outlet located in the northwest corner of Panno Road and Highway 86. The City is currently reviewing development projects including hotel expansions, an industrial building, discount retailers, and fast food businesses.

### **Long-Term Financial Planning**

The City is focused on sound long-term financial governance and prudent planning for capital improvements and long-term liabilities, increasing transparency, reporting, and public engagement, along with updating financial policies. These efforts will assure fiscal stability and provide guidance for future decisions.

In 2020/21, the General Fund's overall fund balance increased by almost \$2.2 million when compared to the ending balance in 2019/20. However, the budget was affected by fluctuations in the pandemic as waves of infections and mandates continued. Expense savings were generally derived from operational efficiencies, multi-year projects, or the inability to provide city services because of mandated closures or social distancing requirements. The majority of these savings are not anticipated to continue and because of new safety protocols, the cost of providing services is more today than before.

As a commitment of long-range planning, a portion of these savings were set aside as Committed Reserves; \$500,000 for Capital Replacements and \$558,687 as operational carryovers for projects funded in 2020/21 which will be completed in 2021/22.



## **The Future**

The City is grateful for the November 2021 voter approved Measure U special ballot initiative which removed the sunset date, retained the 4% utility user tax (UUT) rate, and extended the tax to modernized telecommunication services. Since 1991, the UUT has provided funding for essential local municipal services, such as police, fire, and the maintenance of parks, and public buildings including libraries, the senior center, and recreational facilities.

In June 2021 the City Council adopted a balanced budget without the use of reserves for fiscal year 2021/22. The adopted budget had operating revenues exceeding expenses by \$24,331. The 2021/22 budget included sustained funding for essential services, such as police, fire, and maintenance of critical infrastructure.

The City looks forward to continued economic prosperity, the efficient and prudent use of resources, and long-term fiscal stability.

## **Acknowledgements**

We would like to express our appreciation to the City Council for their ongoing oversight of the financial affairs of the City and their prudent fiscal, economic, and land use policy and direction. We also thank City staff with special appreciation to the Finance Department for their continued effort to provide accurate financial data and the preparation of this report.

Respectfully Submitted,



Tyler Saicido, City Manager



Karla Romero, Finance Director/City Treasurer

# City of Brawley

## List of Principal Officers

As of June 30, 2021

### City Council

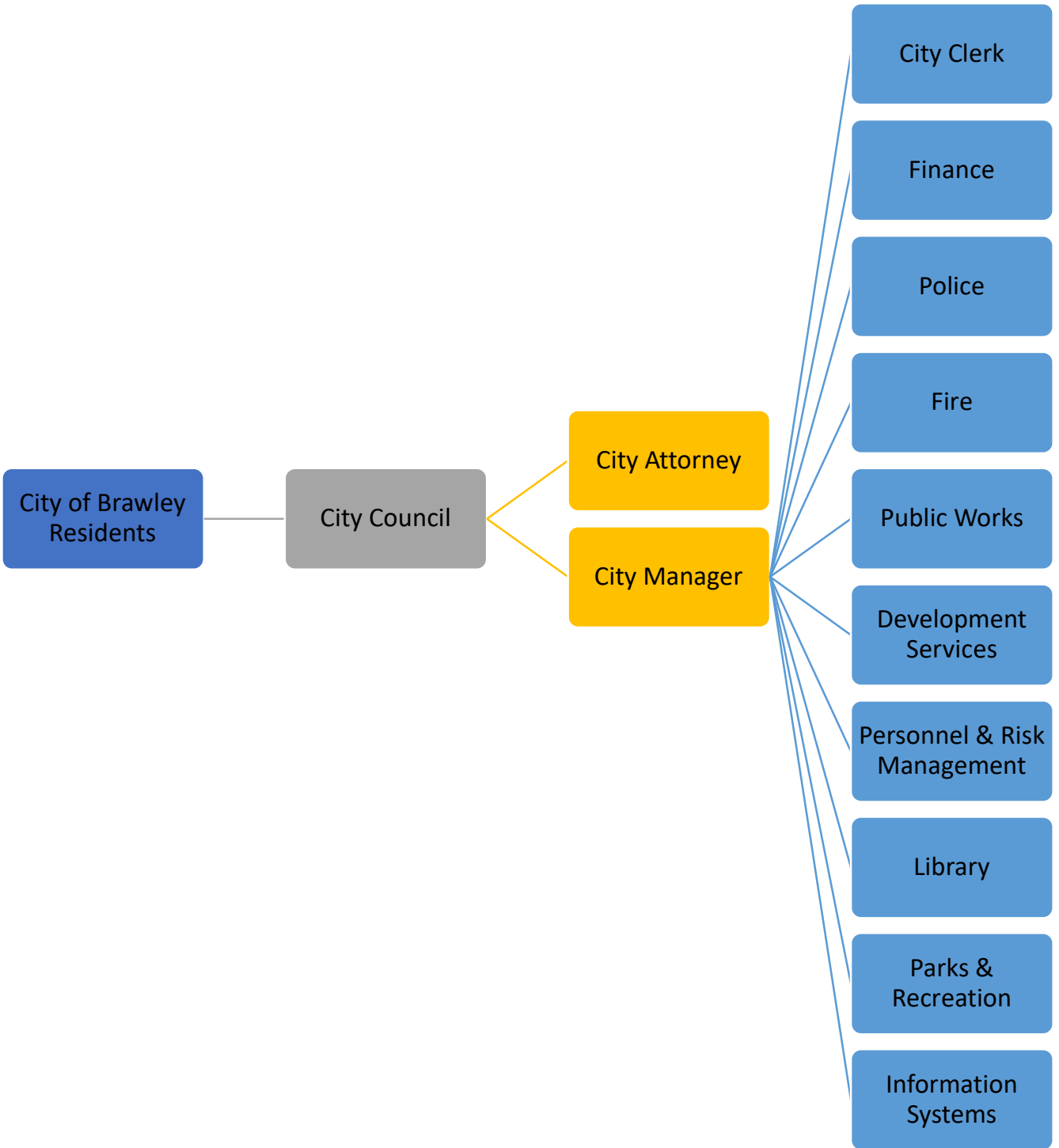
Luke Hamby - Mayor  
Sam Couchman - Mayor Pro-Tem  
George Nava - Council Member  
Ramon Castro - Council Member  
Donald Wharton - Council Member



### Administration

Tyler Salcido - City Manager  
William Smerdon - City Attorney  
Alma Benavides - City Clerk  
Karla Romero – Finance Director/City Treasurer  
Jimmy Duran - Chief of Police  
Michael York - Fire Chief  
Guillermo Sillas - Public Works Director/City Engineer  
Gordon Gaste – Development Services Director  
Shirley Bonillas – Personnel and Risk Manager  
Deciderio Rodriguez - Library Manager  
Rachel Fonseca - Parks and Recreation Manager  
Armando Garibay, Information Systems Manager

City of Brawley, California  
**ORGANIZATIONAL CHART**



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

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**Brawley, California**

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# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

## **PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
ADAM V GUISE, CPA  
TRAVIS J HOLE, CPA

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## **INDEPENDENT AUDITOR'S REPORT**

The Members of the City Council of the  
City of Brawley  
Brawley, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brawley, California (City) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brawley, California, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 14 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern.” Given the uncertainty of the situation, the duration of any financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Economic and Community Development Special Revenue Fund, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions on pages 5 through 15 and 67 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brawley’s basic financial statements. The Combining Financial Statements for the Nonmajor Governmental Funds, Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for capital project fund and the Combining Financial Statements for the Internal Service Funds listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Combining Financial Statements for the Nonmajor Governmental Funds, Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for capital project fund and the Combining Financial Statements for the Internal Service Funds are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 January 6, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 6, 2022

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**CITY OF BRAWLEY**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

As management of the City of Brawley (City), we offer readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. Our intent is to assist the reader of these financial statements in better understanding the impact of financial decisions made by the City. The analysis will focus on changes from prior year to explain the City overall financial condition. Please read this analysis in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Financial highlights of fiscal year ended June 30, 2021 include the following:

Government-wide:

- The City's total net position was \$108,969,697 as of June 30, 2021. Of this total, \$34,606,875 was governmental net position and \$74,362,822 was business-type net position.
- Government-wide revenues include program revenues of \$10,173,158 and general revenues and transfers of \$12,851,023, for a total of \$23,024,181.
- Government-wide expenses were \$19,296,264.
- Business-type program revenues, interest and transfers were \$15,919,097 while business-type expenses were \$12,348,152.

Fund Level:

- Governmental fund balances *increased* \$3,705,253 in fiscal year 2021.
- Governmental fund revenues *decreased* \$250,530 in fiscal year 2021 due to fluctuations that are the result of the timing differences of reimbursable grants, decreases in various revenue categories, as well as the availability of intergovernmental grants.
- Governmental fund expenditures *decreased* \$1,543,719 in fiscal year 2021 largely due to decreases in capital outlay and public safety expenditures.

General Fund:

- General Fund revenues *increased* \$1,260,525 in fiscal year 2021.
- General Fund expenditures *decreased* \$625,404 in fiscal year 2021.
- General Fund balance *increased* \$2,166,214 in fiscal year 2021.

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

This Annual Financial Report is divided into five parts:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to these financial statements
4. Required supplementary information
5. Other supplemental information

Government-wide Financial Statements

The Government-wide financial statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations.



**CITY OF BRAWLEY**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Statement of Activities provides information about all the City's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in net positions for the fiscal year.

All of the City's activities are grouped into governmental activities and business-type activities, as explained below. The amounts in the Statement of Net Position and the Statement of Activities are separated into governmental activities and business-type activities in order to provide a summary of these two activities for the City as a whole.

Government-wide financial statements are prepared on the accrual basis, which mean they measure the flow of all economic resources of the City as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – All of the City's basic services are considered to be governmental activities. These services are supported by the general City revenues such as taxes, and by specific program revenues such as user fees and charges.

Business-type Activities – The City's enterprise activities of water, wastewater, solid waste, and airport are reported in this area. Unlike governmental services, these services are supported by charges paid by users based on the amount of service they use.

Fund Financial Statements

The fund financial statements report on the City's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the City's General Fund and other major funds. The fund financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

The fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The concept of major funds, and the determination of which funds are major, was established by the Governmental Accounting Standards Board (GASB) Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present details of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities.

In the City's case, there are three major governmental funds in addition to the General Fund: Economics and Community Development Special Revenue Fund, and Highway Relinquishment Fund, and Parks Project Capital Projects Fund.

The City reports 3 major enterprise funds – Water, Wastewater, and Solid Waste.

Fund financial statements include governmental and proprietary funds as discussed below.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements.

Proprietary funds financial statements are prepared on the full accrual basis and includes all of their assets and liabilities, current and long-term.

**CITY OF BRAWLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE**

This analysis focuses on the net positions and changes in net positions of the City as a whole. Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Position and Statements of Activities, while Table 4 focuses on the City's Business-type Statement of Net Position and Statement of Activities.

Table 1

	<b>Governmental Activities 2021</b>	<b>Governmental Activities 2020</b>
<b><u>Assets</u></b>		
Cash and investments	\$ 28,876,385	\$ 26,179,951
Other assets	11,134,529	9,220,568
Capital assets, net	32,927,621	32,111,261
<b>Total Assets</b>	<b>72,938,535</b>	<b>67,511,770</b>
<b><u>Deferred Outflows of Resources</u></b>		
Pension related	5,840,478	7,197,250
OPEB related	957,203	591,380
<b>Total Def. Outflows</b>	<b>6,797,681</b>	<b>7,788,630</b>
<b><u>Liabilities</u></b>		
Long term liabilities	27,586,157	25,289,583
Other liabilities	11,886,592	11,451,047
<b>Total Liabilities</b>	<b>39,472,749</b>	<b>36,740,630</b>
<b><u>Deferred Inflows of Resources</u></b>		
Pension related	5,408,705	7,393,648
OPEB related	247,887	287,164
<b>Total Def. Inflows</b>	<b>5,656,592</b>	<b>7,680,812</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	32,927,621	32,111,261
Restricted	23,360,399	22,157,726
Unrestricted	(21,681,145)	(23,390,029)
<b>Total Net Position</b>	<b>\$ 34,606,875</b>	<b>\$ 30,878,958</b>

The City's governmental net position amounted to \$34,606,875 as of June 30, 2021, an increase of \$3,727,917 from the prior fiscal year. The City's net position as of June 30, 2021 comprised the following:

Cash and investments comprised \$28,876,385. Investments consist of the Local Agency Investment Fund (LAIF) and financial instruments such as certificates of deposit and United States government agency securities. Please refer to Note 3 of the financial statements for the investment summary.

Receivables comprised \$1,580,917 of current receivables and loans receivable of \$7,571,650 that is due over longer periods of time as explained the Note 5.

Capital assets of \$32,927,621 net of depreciation charges, which included all the City's capital assets used in governmental activities.

Other assets are comprised of prepaid expenses totaling \$1,777,419.

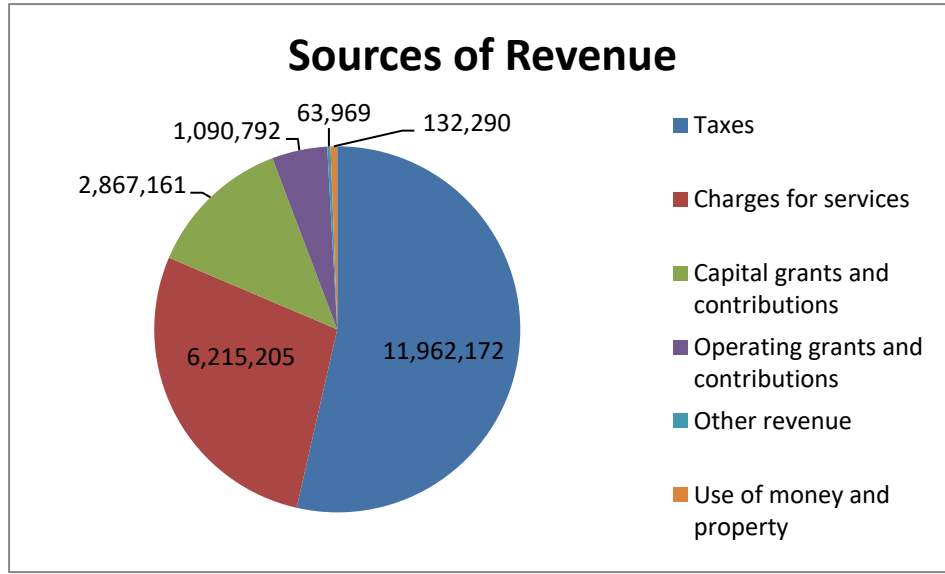
**CITY OF BRAWLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Current liabilities includes accounts payable, claims and other amounts due currently totaling \$3,118,021.

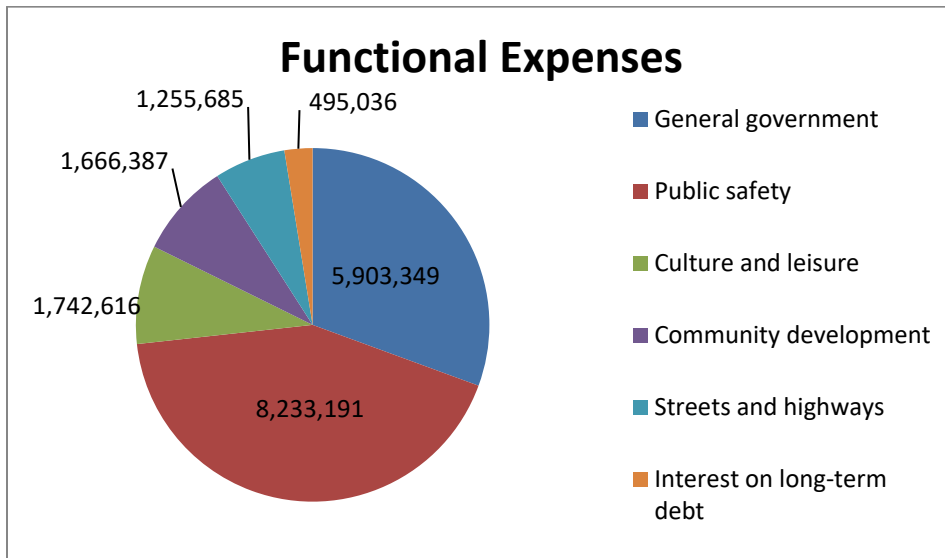
Long-term liabilities of \$27,586,157 includes the net pension liability, but not the current portion of long-term debt.

Net investment in capital assets of \$32,927,621 represent the City's investment in capital assets used in governmental activities, any cash with fiscal agent associated with capital asset related debt net of accumulated depreciation, and amounts borrowed to finance those investments.

Unrestricted net position, the part of net positions that can be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions, was \$ (21,681,145) as of June 30, 2021 due in part to the size of the net pension liability.



As the Sources of Revenue chart above shows, \$11,962,172, or 54% of the City's fiscal year 2021 governmental activities revenue came from taxes, while \$6,215,205, or 28% came from charges for services, \$2,867,161 or 13%, came from capital grants and contributions, \$1,090,792 or 5% came from operating grants and contributions, and the remainder came from a variety of sources including interest revenue.



The Functional Expenses chart above includes only current year expenses; it does not include capital outlays, which are added to the City's capital assets. As the chart shows, general government was \$5,903,349 or 31%, of total governmental expenses, public safety was \$8,233,191, or 43%, culture and leisure was \$1,742,616, or 9%, community development was \$1,666,387, or 9%, and streets and highways was \$1,255,685 or 7%, the remainder is composed of interest expense.

**CITY OF BRAWLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The Statements of Activities presents program revenues and expenses and general revenues in detail. All of these elements in the changes in governmental net position are summarized below.

Table 2  
**CHANGE IN GOVERNMENTAL NET POSITION**

	<b>Governmental Activities 2021</b>	<b>Governmental Activities 2020</b>
<b><u>Expenses</u></b>		
General government	\$ 5,903,349	\$ 3,191,899
Public safety	8,233,191	9,088,064
Culture and leisure	1,742,616	2,054,319
Community development	1,666,387	1,281,866
Public works	1,255,685	2,352,653
Interest on long-term debt	495,036	517,632
<b>Total Expenses</b>	<b>19,296,264</b>	<b>18,486,433</b>
<b><u>Revenues</u></b>		
<b><u>Program revenues</u></b>		
Charges for services	6,215,205	1,407,149
Operating grants and contributions	1,090,792	2,175,694
Capital grants and contributions	2,867,161	4,025,628
Total program revenues	10,173,158	7,608,471
<b><u>General revenues and transfers</u></b>		
Taxes	11,962,172	11,450,268
Use of money and property	132,290	753,686
Other revenue	634,903	298,389
Transfers	121,658	129,990
Total general revenues and transfers	12,851,023	12,632,333
<b>Total Revenues and Transfers</b>	<b>23,024,181</b>	<b>20,240,804</b>
<b>Change in Net Position</b>	<b>\$ 3,727,917</b>	<b>\$ 1,754,371</b>

As Table 2 above shows, \$10,173,158 or 45%, of the City's fiscal year 2021 governmental revenue, came from program revenues and \$12,280,089, or nearly 55%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$6,215,205 which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$1,090,792 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$2,867,161, that consisted mainly of project grants and developer impact fees restricted to capital outlay. During the fiscal year 2021 the state of California began lifting restrictions regarding the COVID-19 pandemic which attributed to a significant increase to revenues in particular charges for service as new construction activity strengthened. Expenses remain relatively consistent with a 4% increase from prior year.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Table 3 presents the net expense or revenue of each of the City's governmental activities, including interest on long-term liabilities. Net expense is defined as total program cost less the revenues generated by those specific activities.

**CITY OF BRAWLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table 3  
**GOVERNMENTAL ACTIVITIES**

	<b>Net Revenue (Expense) from Services 2021</b>	<b>Net Revenue (Expense) from Services 2020</b>
General government	\$ (1,508,290)	\$ (2,251,966)
Public safety	(7,845,286)	(8,000,527)
Culture and leisure	(1,530,756)	(1,810,422)
Community development	(974,263)	(613,606)
Transportation	3,230,525	2,316,191
Interest and fiscal charges	(495,036)	(517,632)
<b>Total</b>	<b>\$ (9,123,106)</b>	<b>\$ (10,877,962)</b>

**BUSINESS-TYPE ACTIVITIES**

The Statement of Net Position and Statement of Activities present a summary of the City's Business-type activities that are composed of the City's enterprise funds.

Table 4  
**BUSINESS-TYPE NET POSITION AT JUNE 30, 2021**

	<b>Business-type Activities 2021</b>	<b>Business-type Activities 2020</b>
<b>Assets</b>		
Cash and investments	\$ 27,489,059	\$ 24,937,861
Other assets	1,842,780	1,609,353
Capital assets, net	57,770,941	59,850,926
<b>Total Assets</b>	<b>87,102,780</b>	<b>86,398,140</b>
<b>Deferred Outflows of Resources</b>		
OPEB related	677,179	881,597
Pension related	89,458	55,269
<b>Total Def. Outflows</b>	<b>766,637</b>	<b>936,866</b>
<b>Liabilities</b>		
Long term liabilities	10,265,820	11,730,281
Other liabilities	2,514,620	3,836,165
<b>Total Liabilities</b>	<b>12,780,440</b>	<b>15,566,446</b>
<b>Deferred Inflows of Resources</b>		
OPEB related	702,988	949,845
Pension related	23,167	26,838
<b>Total Def. Inflows</b>	<b>726,155</b>	<b>976,683</b>
<b>Net Position</b>		
Net investment in capital assets	48,032,901	47,434,881
Restricted	202,790	197,150
Unrestricted	26,127,131	23,159,846
<b>Total Net Position</b>	<b>\$ 74,362,822</b>	<b>\$ 70,791,877</b>

The net position of business-type activities increased by \$3,570,945 in fiscal year 2021.

**CITY OF BRAWLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table 5  
**CHANGE IN BUSINESS-TYPE NET POSITION**

	<u>Net Revenue (Expense) from Services 2021</u>	<u>Net Revenue (Expense) from Services 2020</u>
Water	\$ 1,132,561	\$ 1,313,765
Wastewater	2,751,635	2,077,500
Solid Waste	87,683	6,208
Airport	<u>(421,831)</u>	<u>(436,022)</u>
<b>Total</b>	<u>\$ 3,550,048</u>	<u>\$ 2,961,451</u>

**ANALYSIS OF MAJOR FUNDS**

Governmental Funds

*General Fund*

General Fund revenues increased during the current fiscal year and expenditures decreased in relation to the previous fiscal year. Total revenues exceeded budgeted amounts by \$2,012,697 due in large part to sales and use tax revenues being higher than originally anticipated based on prior year operating results. Other tax revenues were relatively within budget. Other revenues fluctuate with relation to the budget but did not have a material effect on the total variance between budgeted and actual operations.

General Fund expenditures were \$15,207,217 a decreased in relation to the previous fiscal year. Expenditures were \$2,276,848 less than budgeted.

As of June 30, 2021, the General Fund's fund balance totaled \$3,963,450. The unassigned portion of \$2,770,506 of the fund balances represents available liquid resources.

*Economics and Community Development Special Revenue Fund*

This fund is utilized to track deferred loans receivable. Funds were not utilized in the fiscal year 2021.

*Highway Relinquishment Fund*

This fund accounts for the revenue received by the City under SB 325 for public transportation. Funds are being held for the resurfacing of Main Street scheduled to begin in fiscal year 2023/24.



**CITY OF BRAWLEY**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**ANALYSIS OF MAJOR FUNDS (continued)**

Proprietary Funds

*Water Fund*

Operating revenues decreased \$309,560 and expenses decreased by \$105,255 resulting in a net operating gain of \$1,173,188 during fiscal year 2021. This change was largely due to a decrease of supplies and material costs compared to prior year. Water usage increased with industrial customers but remain consistent with residents.

The fund's net position increased by \$1,119,433 to a new total of \$25,749,009. Of this amount, \$20,343,869 was net investment in capital assets and \$5,405,140 was unrestricted.

*Wastewater Fund*

Operating revenues increased \$554,053 and operating expenses decreased by \$106,067 resulting in a net operating gain of \$2,842,764. There weren't any significant changes in operations during the current fiscal year.

As of June 30, 2021, the fund's net position was \$42,339,107 of which \$22,041,177 was net investment in capital assets, \$202,790 was restricted for debt service and \$20,095,140 was unrestricted.

**CAPITAL ASSETS**

GASB No. 34 required the City to record all its capital assets including infrastructure, which was not recorded prior to GASB No. 34. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

The City performs a thorough review and inventory of its capital assets at the end of every fiscal year and records all additions and retirements of capital assets at that time. In addition, all assets are appropriately depreciated at that time.

In fiscal year 2021, the City reported the cost of all its infrastructure assets and computed the amounts of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2021, the cost of infrastructure and other capital assets recorded on the City's financial statements is as shown in Table 6 on the following page.

**CITY OF BRAWLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table 6

	Balance as of June 30, 2020	Additions	Deletions	Transfers	Balance as of June 30, 2021
<b>Governmental Activities</b>					
Nondepreciable capital assets					
Land	\$ 966,706	\$ -	\$ -	\$ -	\$ 966,706
Construction in progress	7,411,971	1,621,385		(3,856,029)	5,177,327
Total nondepreciable capital assets	<u>8,378,677</u>	<u>1,621,385</u>			<u>6,144,033</u>
Depreciable capital assets					
Equipment	10,258,757	383,978			10,642,735
Buildings	14,565,604				14,565,604
Improvements other than buildings	18,253,272	18,918			18,272,190
Infrastructure	20,337,587	1,536,597		3,856,029	25,730,213
Total depreciable capital assets	<u>63,415,220</u>	<u>1,939,493</u>		<u>3,856,029</u>	<u>69,210,742</u>
Less accumulated depreciation					
Equipment	(8,533,572)	(365,405)			(8,898,977)
Buildings	(5,627,102)	(459,385)			(6,086,487)
Improvements other than buildings	(9,026,154)	(692,597)			(9,718,751)
Infrastructure	(16,495,808)	(1,227,131)			(17,722,939)
Total accumulated depreciation	<u>(39,682,636)</u>	<u>(2,744,518)</u>			<u>(42,427,154)</u>
Net depreciable capital assets	<u>23,732,584</u>	<u>(805,025)</u>			<u>26,783,588</u>
Net capital assets	<u>\$ 32,111,261</u>	<u>\$ 816,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,927,621</u>

Table 7

	Balance as of June 30, 2020	Additions	Deletions	Balance as of June 30, 2021
<b>Business-type Activities</b>				
Nondepreciable capital assets				
Land	\$ 37,076	\$ -	\$ -	\$ 37,076
Construction in progress	994,743	482,853		1,477,596
Total nondepreciable capital assets	<u>1,031,819</u>	<u>482,853</u>		<u>1,514,672</u>
Depreciable capital assets				
Equipment	3,684,690	382,213		4,066,903
Buildings	56,762,535			56,762,535
Improvements other than buildings	14,712,946	5,931		14,718,877
Conveyance systems	35,083,044			35,083,044
Total depreciable capital assets	<u>110,243,215</u>	<u>388,144</u>		<u>110,631,359</u>
Less accumulated depreciation				
Equipment	(2,779,767)	(196,935)		(2,976,702)
Buildings	(23,290,369)	(1,355,236)		(24,645,605)
Improvements other than buildings	(6,301,469)	(597,392)		(6,898,861)
Conveyance systems	(19,055,615)	(798,307)		(19,853,922)
Total accumulated depreciation	<u>(51,427,220)</u>	<u>(2,947,870)</u>		<u>(54,375,090)</u>
Net depreciable capital assets	<u>58,815,995</u>	<u>(2,559,726)</u>		<u>56,256,269</u>
Net capital assets	<u>\$ 59,847,814</u>	<u>\$ (2,076,873)</u>	<u>\$ -</u>	<u>\$ 57,770,941</u>

Details on capital assets, current year additions and construction in progress can be found in the Note 6.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in the Notes to the financial statements.

**CITY OF BRAWLEY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**DEBT ADMINISTRATION**

The City issued no new bonded debt in fiscal year 2021. The City made all scheduled repayments of existing debt. The City's debt issues are discussed in detail in Note 7 of the financial statements. The City's debt balances as of June 30, 2021 were as follows:

Table 8  
**LONG-TERM LIABILITIES**

	Balance as of June 30, 2020	Additions	Reductions	Balance as of June 30, 2021	Due Within One Year
<b>Governmental Activities:</b>					
Pension obligation bonds	\$ 14,340,000	\$ -	\$ (1,080,000)	\$ 13,260,000	\$ 685,000
Capital leases	61,807	78,904	(22,563)	118,148	28,456
Net pension liability	6,487,187	2,391,911	(220,647)	8,658,451	
Total OPEB liability	4,878,777	1,232,087	(426,111)	5,684,753	
Compensated absences	819,514	153,396	(289,770)	683,140	104,879
Total long-term liabilities	<u>\$ 26,587,285</u>	<u>\$ 3,856,298</u>	<u>\$ (2,039,091)</u>	<u>\$ 28,404,492</u>	<u>\$ 818,335</u>
	Balance as of June 30, 2020	Additions	Reductions	Balance as of June 30, 2021	Due Within One Year
<b>Business-type Activities:</b>					
<i>Water Fund</i>					
Debt from direct borrowings and direct placements:					
Contracts payable #1	\$ 1,186,761	\$ -	\$ (1,186,761)	\$ -	\$ -
Deferred gain	15,880		(15,880)		
Unamortized discount	(27,562)		27,562		
Contracts payable #2	412,750		(309,562)	103,188	103,188
Deferred gain	9,152		(7,611)	1,541	1,541
Unamortized discount	(9,152)		7,611	(1,541)	(1,541)
MFC Note payable	1,216,948		(257,657)	959,291	264,791
Unamortized premium	3,779		(1,269)	2,510	1,269
<i>Wastewater Fund</i>					
Debt from direct borrowings and direct placements:					
Contracts payable	374,054		(184,608)	189,446	189,446
CSWRCB Loan	9,138,434		(720,467)	8,417,967	727,671
Capital Leases	96,795		(29,363)	67,432	17,641
Net pension liability	910,562	511,141	(233,562)	1,188,141	
Total OPEB liability	455,961	118,462	(43,137)	531,286	
Compensated absences	185,987	27,173	(56,098)	157,062	46,497
Total long-term liabilities	<u>\$ 13,970,349</u>	<u>\$ 656,776</u>	<u>\$ (3,010,802)</u>	<u>\$ 11,616,323</u>	<u>\$ 1,350,503</u>

**CITY OF BRAWLEY**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions concerning this report or requests for additional information should be directed to the City of Brawley, 383 W. Main Street, Brawley, CA or by telephone at 760-344-8941.

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**CITY OF BRAWLEY**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 28,876,385	\$ 27,489,059	\$ 56,365,444
Restricted cash and investments with fiscal agent	204,543	246,948	451,491
Accounts receivable	215,279	1,539,864	1,755,143
Interest receivable	32,320	6,392	38,712
Loans receivable	7,571,650		7,571,650
Due from other governments	1,333,318	49,576	1,382,894
Prepaid expenses	1,777,419		1,777,419
Capital assets not being depreciated	6,144,033	1,514,672	7,658,705
Capital assets, net of accumulated depreciation	26,783,588	56,256,269	83,039,857
<b>Total assets</b>	<b>72,938,535</b>	<b>87,102,780</b>	<b>160,041,315</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	5,840,478	677,179	6,517,657
OPEB related	957,203	89,458	1,046,661
<b>Total deferred outflows of resources</b>	<b>6,797,681</b>	<b>766,637</b>	<b>7,564,318</b>
<b>LIABILITIES</b>			
Accounts payable	835,960	460,052	1,296,012
Accrued liabilities	438,074	81,128	519,202
Accrued interest payable	175,829	48,555	224,384
Deposits payable	849,823	574,382	1,424,205
Unearned revenue	8,768,571		8,768,571
Noncurrent liabilities:			
Due within one year	818,335	1,350,503	2,168,838
Due in more than one year	13,242,953	8,546,393	21,789,346
Net pension liability	8,658,451	1,188,141	9,846,592
Net OPEB liability	5,684,753	531,286	6,216,039
<b>Total liabilities</b>	<b>39,472,749</b>	<b>12,780,440</b>	<b>52,253,189</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	5,408,705	702,988	6,111,693
OPEB related	247,887	23,167	271,054
<b>Total deferred inflows of resources</b>	<b>5,656,592</b>	<b>726,155</b>	<b>6,382,747</b>
<b>NET POSITION</b>			
Net investment in capital assets	32,927,621	48,032,901	80,960,522
Restricted for:			
Public safety	439,559		439,559
Community development	14,976,594		14,976,594
Culture and leisure	58,904		58,904
Debt service		202,790	202,790
Streets and roads	7,885,342		7,885,342
Unrestricted	(21,681,145)	26,127,131	4,445,986
<b>Total net position</b>	<b>\$ 34,606,875</b>	<b>\$ 74,362,822</b>	<b>\$ 108,969,697</b>

See Notes to Basic Financial Statements



**CITY OF BRAWLEY**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government	\$ 5,903,349	\$ 3,704,489	\$ 690,570	\$ -
Public safety	8,233,191	291,774	96,131	
Culture and leisure	1,742,616	211,860		
Community development	1,666,387	595,974	96,150	
Public Works	1,255,685	1,411,108	207,941	2,867,161
Interest on long-term debt	495,036			
Total governmental activities	<u>19,296,264</u>	<u>6,215,205</u>	<u>1,090,792</u>	<u>2,867,161</u>
<b>Business-type Activities:</b>				
Water	6,073,540	7,206,101		
Wastewater	4,122,882	6,874,517		
Solid Waste	1,595,241	1,682,924		
Airport	556,489	124,658		10,000
Total business-type activities	<u>12,348,152</u>	<u>15,888,200</u>		<u>10,000</u>
Total primary government	<u>\$ 31,644,416</u>	<u>\$ 22,103,405</u>	<u>\$ 1,090,792</u>	<u>\$ 2,877,161</u>

**General Revenues:**

Taxes:

- Property taxes
- Sales and use
- Utility users taxes
- Transient lodging taxes
- Franchise taxes
- Business license taxes
- Licenses and permits
- Fines and forfeitures
- Miscellaneous
- Use of money and property

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of fiscal year

Net position - end of fiscal year

See Notes to Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,508,290)	\$ -	\$ (1,508,290)
(7,845,286)		(7,845,286)
(1,530,756)		(1,530,756)
(974,263)		(974,263)
3,230,525		3,230,525
(495,036)		(495,036)
<u>(9,123,106)</u>		<u>(9,123,106)</u>
	1,132,561	1,132,561
	2,751,635	2,751,635
	87,683	87,683
	<u>(421,831)</u>	<u>(421,831)</u>
	3,550,048	3,550,048
<u>(9,123,106)</u>	<u>3,550,048</u>	<u>(5,573,058)</u>
4,916,022		4,916,022
3,804,806		3,804,806
2,119,966		2,119,966
451,752		451,752
624,395		624,395
45,231		45,231
51,281		51,281
12,688		12,688
570,934		570,934
132,290	142,555	274,845
121,658	<u>(121,658)</u>	
<u>12,851,023</u>	<u>20,897</u>	<u>12,871,920</u>
3,727,917	3,570,945	7,298,862
<u>30,878,958</u>	<u>70,791,877</u>	<u>101,670,835</u>
<u>\$ 34,606,875</u>	<u>\$ 74,362,822</u>	<u>\$ 108,969,697</u>

**CITY OF BRAWLEY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2021

	Special Revenue Funds		
	General	Economic & Community Development	Highway Relinquishment
<b>ASSETS</b>			
Cash and investments	\$ 1,836,489	\$ 746,592	\$ 8,968,917
Restricted cash and investments with fiscal agent		601	
Interest receivable	409	173	1,581
Accounts receivable	215,279		
Due from other governments	1,132,623	3,946	
Due from other funds	2,247,775		
Loans receivable		6,800,032	
Prepaid expenditures	75,353		
<b>Total assets</b>	<b>\$ 5,507,928</b>	<b>\$ 7,551,344</b>	<b>\$ 8,970,498</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 324,052	\$ 25	\$ -
Accrued liabilities	426,823		
Deposits payable	523,481		326,342
Unearned revenue	270,122		7,858,315
<b>Total liabilities</b>	<b>1,544,478</b>	<b>25</b>	<b>8,184,657</b>
Deferred inflows of resources			
Unavailable revenue			
<b>Total deferred inflows of resources</b>			
<b>Total liabilities</b>	<b>1,544,478</b>	<b>25</b>	<b>8,184,657</b>
Fund balances:			
Nonspendable	75,353		
Restricted for:			
Streets and roads			785,841
Public safety			
Community development		7,551,319	
CFD improvements and maintenance			
Library	58,904		
Committed	1,058,687		
Unassigned	2,770,506		
<b>Total fund balances</b>	<b>3,963,450</b>	<b>7,551,319</b>	<b>785,841</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,507,928</b>	<b>\$ 7,551,344</b>	<b>\$ 8,970,498</b>

See Notes to Basic Financial Statements

<u>Capital Project Fund</u>		
<u>Park Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 15,720,211	\$ 27,272,209
	203,942	204,543
	29,787	31,950
		215,279
	196,749	1,333,318
		2,247,775
	765,672	7,565,704
	2,973	78,326
<u>\$ -</u>	<u>\$ 16,919,334</u>	<u>\$ 38,949,104</u>
\$ -	\$ 508,889	\$ 832,966
	11,251	438,074
		849,823
	640,134	8,768,571
	1,160,274	10,889,434
	791,752	791,752
	791,752	791,752
	1,952,026	11,681,186
	2,973	78,326
	7,099,501	7,885,342
	439,559	439,559
	6,356,686	13,908,005
	1,068,589	1,068,589
		58,904
		1,058,687
		2,770,506
	14,967,308	27,267,918
<u>\$ -</u>	<u>\$ 16,919,334</u>	<u>\$ 38,949,104</u>

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**CITY OF BRAWLEY**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2021**

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Fund balances of governmental funds \$ 27,267,918

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation have not been included as financial resources in the governmental funds. Capital assets of the internal service fund are included below (\$1,379,527) 31,548,094

In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Pension related deferred outflows	5,840,478
OPEB related deferred outflows	957,203
Pension related deferred inflows	(5,408,705)
OPEB related deferred inflows	(247,887)

Long-term liabilities have not been included in the governmental funds.

Long-term debt	(13,378,148)
Total OPEB liability	(5,684,753)
Net pension liability	(8,658,451)
Compensated absences	(683,140)

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In government-wide statement of net position, it is recognized in the period that it is incurred. (175,829)

Internal service funds are used by management to charge the costs of certain activities, such as maintenance and risk management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. 2,438,343

In governmental funds, certain receivables are not available to pay for current period expenditures and, therefore, are offset by unavailable revenue or not recognized as receivables in the fund statements 791,752

Net position of governmental activities \$ 34,606,875

See Notes to Basic Financial Statements

**CITY OF BRAWLEY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2021**

	General	Special Revenue Funds	
		Economic & Community Development	Highway Relinquishment
<b>REVENUES</b>			
Taxes:			
Property	\$ 4,681,398	\$ -	\$ -
Sales and use	3,804,806		
Utility users	2,119,966		
Transient lodging	451,752		
Franchise	624,395		
Business license	45,231		
Licenses and permits	51,281		
Fines and forfeitures	12,688		
Use of money and property	36,301	12,297	49,354
Intergovernmental	690,570		
Charges for services	4,383,096		
Miscellaneous	392,764		
Total revenues	17,294,248	12,297	49,354
<b>EXPENDITURES</b>			
Current:			
General government	2,465,933		
Public safety	8,077,491		
Culture and leisure	1,624,447		
Community development	1,464,310	3,682	
Public works			
Capital outlay			
Debt service:			
Principal	1,080,000		
Interest	495,036		
Total expenditures	15,207,217	3,682	
Excess of revenues over (under) expenditures	2,087,031	8,615	49,354
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,801,423		
Transfers out	(1,722,240)		
Total other financing sources (uses)	79,183		
Net change in fund balances	2,166,214	8,615	49,354
Fund Balances - July 1, 2020	1,797,236	\$ 7,542,704	\$ 736,487
Fund Balances - June 30, 2021	\$ 3,963,450	\$ 7,551,319	\$ 785,841

See Notes to Basic Financial Statements

<u>Capital Projects Fund</u>		
<u>Park Projects</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ -	\$ 234,624	\$ 4,916,022
		3,804,806
		2,119,966
		451,752
		624,395
		45,231
		51,281
		12,688
	29,318	127,270
	3,267,383	3,957,953
	1,832,109	6,215,205
38,312		431,076
38,312	5,363,434	22,757,645
		2,465,933
	140,449	8,217,940
		1,624,447
	80,228	1,548,220
	1,767,707	1,767,707
	1,980,025	1,980,025
		1,080,000
		495,036
	3,968,409	19,179,308
38,312	1,395,025	3,578,337
295,160	355,680	2,452,263
	(603,107)	(2,325,347)
295,160	(247,427)	126,916
333,472	1,147,598	3,705,253
(333,472)	13,819,710	23,562,665
\$ -	\$ 14,967,308	\$ 27,267,918



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**CITY OF BRAWLEY**

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

For the Fiscal Year Ended June 30, 2021

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Net change in fund balances - total governmental funds	\$ 3,705,253
Amounts reported for governmental activities in the statement of activities differ because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeds depreciation in the current period.	967,058
Certain revenues are reported in the government-wide statements but not in the governmental funds because they are not available to pay for current expenditures. This is the net change in associated receivables for the current period.	139,858
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds.	
Debt issuance	(78,904)
Repayment of bond principal	1,102,563
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental funds. This is the net change in compensated absences for the current period.	136,374
In governmental funds, pension and OPEB costs are recognized when employer contributions are made. In the statement of activities, pension and OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension and OPEB costs and actual employer contributions including supplemental contributions are as follows:	
Pension related costs and contributions	(1,543,093)
OPEB related costs and contributions	(400,876)
Internal service funds are used by management to charge the costs of certain activities, such as maintenance and risk management, to individual funds. The net revenues (expenses) of the internal service funds is reported under governmental activities.	<u>(300,316)</u>
Change in net position of governmental activities	<u><u>\$ 3,727,917</u></u>

See Notes to Basic Financial Statements

**CITY OF BRAWLEY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2021

	Business-type Activities Enterprise Funds	
	Water	Wastewater
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 7,397,299	\$ 19,519,471
Accounts receivable, net	760,028	602,122
Interest receivable	1,706	4,508
Due from other governments	1,308	48,049
Loans receivable		
Prepaid expenditures		
Total current assets	8,160,341	20,174,150
Noncurrent Assets:		
Restricted cash and investments with fiscal agents		246,948
Advances to other funds		815,134
Capital assets not being depreciated	1,432,385	80,337
Capital assets, net of accumulated depreciation	19,980,652	30,629,712
Total noncurrent assets	21,413,037	31,772,131
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	396,937	280,242
OPEB related	53,674	35,784
Total Deferred Outflows of Resources	450,611	316,026
Total assets and deferred outflows of resources	30,023,989	52,262,307
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	219,956	121,049
Accrued liabilities	51,451	29,677
Interest payable	4,397	44,158
Deposits payable	568,880	1,000
Due to other funds		
Current portion of long term debt	405,162	945,341
Total current liabilities	1,249,846	1,141,225
Noncurrent liabilities:		
Compensated absences	82,857	27,708
Capital leases		49,791
Note payable, net of unamortized premium	695,741	
Advances from other funds	815,134	
Net Pension Liability	690,300	497,841
Total OPEB Liability	318,772	212,514
Bonds payable		7,690,296
Total noncurrent liabilities	2,602,804	8,478,150
Total liabilities	3,852,650	9,619,375
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	408,430	294,558
OPEB related	13,900	9,267
Total Deferred Inflows of Resources	422,330	303,825
Total liabilities and deferred inflows of resources	4,274,980	9,923,200
<b>NET POSITION</b>		
Net investment in capital assets	20,343,869	22,041,177
Restricted for debt service		202,790
Unrestricted	5,405,140	20,095,140
Total net position	\$ 25,749,009	\$ 42,339,107

See Notes to Basic Financial Statements

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
Solid Waste	Nonmajor Airport	Totals	
\$ 113,479	\$ 458,810	\$ 27,489,059	\$ 1,604,176
155,528	22,186	1,539,864	
72	106	6,392	370
	219	49,576	
			5,946
			1,699,093
269,079	481,321	29,084,891	3,309,585
		246,948	
		815,134	
	1,950	1,514,672	
	5,645,905	56,256,269	1,379,527
	5,647,855	58,833,023	1,379,527
		677,179	
		89,458	
		766,637	
269,079	6,129,176	88,684,551	4,689,112
113,479	5,568	460,052	2,994
		81,128	
		48,555	
	4,502	574,382	
			2,247,775
		1,350,503	
113,479	10,070	2,514,620	2,250,769
		110,565	
		49,791	
		695,741	
		815,134	
		1,188,141	
		531,286	
		7,690,296	
		11,080,954	
113,479	10,070	13,595,574	2,250,769
		702,988	
		23,167	
		726,155	
113,479	10,070	14,321,729	2,250,769
	5,647,855	48,032,901	1,379,527
		202,790	
155,600	471,251	26,127,131	1,058,816
\$ 155,600	\$ 6,119,106	\$ 74,362,822	\$ 2,438,343

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

For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds	
	Water	Wastewater
Operating Revenues:		
Charges for services	\$ 7,206,101	\$ 6,874,517
Operating Expenses:		
Salary and benefits	1,414,097	784,806
Administration	430,400	424,800
Supplies and services	2,703,746	1,826,187
Depreciation and amortization	1,484,670	995,960
Total operating expenses	6,032,913	4,031,753
Operating income (loss)	1,173,188	2,842,764
Non-Operating Revenues (Expenses):		
Use of money and property	64,742	76,058
Intergovernmental revenue		
Interest expense and fiscal charges	(40,627)	(91,129)
Total non-operating revenues (expenses)	24,115	(15,071)
Income (Loss) before transfers	1,197,303	2,827,693
Transfers:		
Transfers in	10,613	7,602
Transfers out	(88,483)	(54,066)
Total Transfers	(77,870)	(46,464)
Changes in net position	1,119,433	2,781,229
Total Net Position - beginning	24,629,576	39,557,878
Total Net Position - ending	\$ 25,749,009	\$ 42,339,107

See Notes to Basic Financial Statements

Business-Type Activities Enterprise Funds		Governmental Activities Internal Service Funds	
Solid Waste	Nonmajor Airport	Totals	
\$ 1,682,924	\$ 124,658	\$ 15,888,200	\$ 2,427,429
	6,855	2,205,758	110,489
	9,200	864,400	
1,595,241	73,194	6,198,368	2,466,321
	467,240	2,947,870	150,697
1,595,241	556,489	12,216,396	2,727,507
87,683	(431,831)	3,671,804	(300,078)
465	1,290	142,555	5,020
	10,000	10,000	
		(131,756)	
465	11,290	20,799	5,020
88,148	(420,541)	3,692,603	(295,058)
3,331		21,546	
	(655)	(143,204)	(5,258)
3,331	(655)	(121,658)	(5,258)
91,479	(421,196)	3,570,945	(300,316)
64,121	6,540,302	70,791,877	2,738,659
\$ 155,600	\$ 6,119,106	\$ 74,362,822	\$ 2,438,343

**CITY OF BRAWLEY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds	
	Water	Wastewater
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and users	\$ 7,505,443	\$ 6,450,622
Cash payments to suppliers for goods and services	(3,637,546)	(2,289,155)
Cash payments for employees and benefit programs	(1,275,105)	(686,552)
Net cash provided (used) by operating activities	<u>2,592,792</u>	<u>3,474,915</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers	(77,870)	(46,464)
Interfund borrowing (repayment)		
Loan repayment		
Net cash provided (used) by non-capital financing activities	<u>(77,870)</u>	<u>(46,464)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash received (payments) from (to) other governments	402	(48,049)
Purchase of capital assets	(546,294)	(336,129)
Loan repayment	(99,546)	99,546
Debt proceeds		20,073
Principal paid on debt	(1,753,981)	(905,075)
Interest paid on debt and fiscal charges	(34,471)	(110,205)
Net cash provided (used) by capital and related financing activities	<u>(2,433,890)</u>	<u>(1,279,839)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Use of money and property	<u>73,319</u>	<u>91,204</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>154,351</b>	<b>2,239,816</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>	<u><b>7,242,948</b></u>	<u><b>17,526,603</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>	<u><u><b>\$ 7,397,299</b></u></u>	<u><u><b>\$ 19,766,419</b></u></u>
<b>Reconciliation to Statement of Net Position:</b>		
Cash and investments	\$ 7,397,299	\$ 19,519,471
Restricted cash and investments with fiscal agents		246,948
<b>CASH AND CASH EQUIVALENTS</b>	<u><u><b>\$ 7,397,299</b></u></u>	<u><u><b>\$ 19,766,419</b></u></u>

See Notes to Basic Financial Statements

Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
Solid Waste	Nonmajor Airport	Totals	
\$ 1,591,275 (1,481,763)	\$ 122,436 (82,787) (6,855)	\$ 15,669,776 (7,491,251) (1,968,512)	\$ 2,427,429 (4,179,697) (110,489)
109,512	32,794	6,210,013	(1,862,757)
3,331	(655)	(121,658)	(5,258) 1,713,301 10,776
3,331	(655)	(121,658)	1,718,819
	9,781	(37,866) (882,423)	
		20,073 (2,659,056) (144,676)	
	9,781	(3,703,948)	
636	1,654	166,813	6,661
113,479	43,574	2,551,220	(137,277)
-	415,236	25,184,787	1,741,453
<u>\$ 113,479</u>	<u>\$ 458,810</u>	<u>\$ 27,736,007</u>	<u>\$ 1,604,176</u>
\$ 113,479	\$ 458,810	\$ 27,489,059 246,948	\$ 1,604,176
<u>\$ 113,479</u>	<u>\$ 458,810</u>	<u>\$ 27,736,007</u>	<u>\$ 1,604,176</u>

(Continued)



**CITY OF BRAWLEY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2021

(Continued)

	Business-Type Activities Enterprise Funds	
	Water	Wastewater
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 1,173,188	\$ 2,842,764
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	1,484,670	995,960
(Increase) decrease in accounts receivable	302,040	(417,965)
Increase (decrease) in accounts payable	(498,615)	(28,235)
Increase (decrease) in compensated absences	(24,886)	(25,191)
Increase (decrease) net pension liability	136,614	98,526
Increase (decrease) total OPEB liability	22,479	14,986
(Increase) decrease in prepaid		
Increase (decrease) in deposits payable	(2,698)	(5,930)
Total adjustments	1,419,604	632,151
Net cash provided by (used by) operating activities	\$ 2,592,792	\$ 3,474,915

See Notes to Basic Financial Statements

Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Fund
Solid Waste	Nonmajor Airport	Totals	
\$ 87,683	\$ (431,831)	\$ 3,671,804	\$ (300,078)
	467,240	2,947,870	150,697
(91,649)	(2,222)	(209,796)	
113,478	(253)	(413,625)	(14,283)
		(50,077)	
		235,140	
		37,465	
			(1,699,093)
	(140)	(8,768)	
21,829	464,625	2,538,209	(1,562,679)
\$ 109,512	\$ 32,794	\$ 6,210,013	\$ (1,862,757)

**CITY OF BRAWLEY**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2021**

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	<b>Private Purpose Trust Fund RDA Successor Agency</b>
<b>ASSETS</b>	
Cash and investments	\$ 258,984
Interest receivable	60
Land held for resale	1,081,003
	<hr/>
Total Assets	1,340,047
	<hr/>
<b>LIABILITIES</b>	
Interest payable	60,637
Deposits payable	359
Long-term debt, due within one year	192,697
Long-term debt, due in more than one year	3,655,455
	<hr/>
Total Liabilities	3,909,148
	<hr/>
<b>NET POSITION (DEFICIT)</b>	
Unrestricted	(2,569,101)
Total Net Position (Deficit)	<u>\$ (2,569,101)</u>

**CITY OF BRAWLEY**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND**  
**For the Fiscal Year Ended June 30, 2021**

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	<b>Private Purpose Trust Fund RDA Successor Agency</b>
Additions:	
Tax increment	\$ 269,708
Use of money and property	769
Total additions	<u>270,477</u>
Deductions:	
Community development	3,370
Interest	152,772
Administrative expenses	<u>101,338</u>
Total deductions	<u>257,480</u>
Change in net position	12,997
Net Position (Deficit) - July 1, 2020	<u>(2,582,098)</u>
Net Position (Deficit) - June 30, 2021	<u><u>\$ (2,569,101)</u></u>

See Notes to Basic Financial Statements

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

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

**A. Financial Reporting Entity**

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

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

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

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

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

**Brawley Public Improvement Corporation** – The Brawley Public Improvement Corporation was formed in October 1986 to facilitate the financing of the water and wastewater treatment facilities through the issuance of certificates of participation. The debt has since been defeased and, as such, any liability for those certificates of participation has been removed from the City of Brawley’s financial statements. The Brawley Public Improvement Corporation is reported within the primary government, however there are no balances and there has been no activity during fiscal year ended June 30, 2021.

**B. Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

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

B. Basis of Presentation (Continued)

**Fund Financial Statements**

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

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

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

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

C. Major Funds

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

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

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

**General Fund**

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

**Economic and Community Development Fund**

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

**Highway Relinquishment Special Revenue Fund**

This fund accounts for \$9,000,000 received (unearned revenue until spent) from the State of California for ongoing maintenance and repairs related to relinquished portions of streets and street lights.

**Park Projects Capital Projects Fund**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds (Continued)

The City reported the following major proprietary funds:

**Water Fund**

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

**Wastewater Fund**

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

**Solid Waste Fund**

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

The City reported the following internal service funds:

**Internal Service Funds**

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

The City also reports the following fund:

**Private Purpose Trust Fund**

This Fund is used to account for the activities of the Successor Agency to the Brawley Redevelopment Agency.

D. Basis of Accounting

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

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

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

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



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

D. Basis of Accounting (Continued)

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

E. Cash and Cash Equivalents

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

F. Cash and Investments

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

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

G. Revenue Recognition

Revenue from taxpayer-assessed taxes (sales and use, business license, gas, and franchise fees) is accrued in governmental funds when they are both measurable and available. The City considers these taxes available if they are received within 60 days after fiscal year end.

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

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

H. Interfund Transactions

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

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

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

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

I. Property Tax

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

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

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

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

J. Inventory

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

K. Restricted Assets

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

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 for property, plant, and equipment and \$25,000 for infrastructure and have a useful life of more than 3 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their market value at the date of donation.

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

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

M. Compensated Absences

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

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

N. Long-term Debt, Discount, Premiums, and Issuance Costs

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

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when paid.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Net Position and Fund Equity

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

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

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

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

P. Use of Estimates

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

Q. Fiscal Year

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

R. Use of Restricted Resources

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

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

S. Fund Balance

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

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

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

T. Pensions

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

U. Other Post-Employment Benefits (OPEB)

The total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense of the City’s defined benefit OPEB plan of the CalPERS are measured on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. Deferred Outflows and Inflows of Resources

The City recognizes deferred outflows and inflows of resources in relation to unavailable revenues, pension, and OPEB. Deferred outflow and inflow of resources are defined as a consumption or resource of net position by the government that is applicable to a future report period. Pursuant to GASB Statements 68 and 71, the City recognizes deferred outflows/inflows of resources related to pensions. Pursuant to GASB Statement 75, the City recognizes deferred outflows/inflows of resources related to OPEB.

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

W. Future Accounting Pronouncements

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement are effective for fiscal years beginning after December 31, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.

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

A. Budgets and Budgetary Accounting

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

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

B. Deficit Fund Balances/Net Position

At June 30, 2021, the following funds had an accumulated deficit:

Fund	Amount
<u>Internal Service Fund:</u>	
Risk Management Fund	\$ 542,736

This fund balance/net position deficit is primarily due to the City incurring costs in excess of revenues. The Funds should alleviate this deficit as revenues are received or as General Fund transfers funds.

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, no funds had excess of expenditures over appropriations.

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 56,365,444
Restricted cash and investments with fiscal agent	451,491
Fiduciary Fund:	
Cash and investments	<u>258,984</u>
Total cash and investments, Statement of Net Position	<u>\$ 57,075,919</u>
Cash and investments as of June 30, 2021 consist of the following:	
Cash on hand	\$ 4,180
Deposits with financial institutions	23,113,942
Investments	<u>33,957,797</u>
Total cash and investments	<u>\$ 57,075,919</u>

A. Investments Authorized by the California Government Code and the City’s Investment Policy

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

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

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

**B. Investments Authorized by Debt Agreements**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Mortgage-backed Securities	3 years	None	None
Banker’s Acceptances	360 days	None	None
Commercial Paper	None	None	None
Certificates of Deposit	5 years	None	None
Negotiable Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**C. Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Totals	Remaining maturity (in Months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Local Agency Investment Fund (LAIF)	\$ 15,546,512	\$ 15,546,512	\$ -	\$ -
Certificates of Deposit	13,808,432	6,939,451	3,294,521	3,574,460
US Government Agency Securities	4,355,905			4,355,905
Held by Bond Trustees:				
Money Market Mutual Funds	246,948	246,948		
	\$ 33,957,797	\$ 22,732,911	\$ 3,294,521	\$ 7,930,365

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

**D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City has no investments including investments held by bond trustees that are highly sensitive to interest rate fluctuations.

**E. Disclosures Relating to Credit Risk**

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

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End		
			AA	A	Not Rated
Local Agency Investment Pool (LAIF)	\$ 15,546,512	N/A	\$ -	\$ -	\$ 15,546,512
Certificates of Deposit	13,808,432	N/A			13,808,432
US Government Agency Securities	4,355,905	N/A	1,606,964	2,748,941	
Held by Bond Trustees:					
Money Market Mutual Funds	246,948	N/A			246,948
<b>Total</b>	<b>\$ 33,957,797</b>		<b>\$ 1,606,964</b>	<b>\$ 2,748,941</b>	<b>\$ 29,601,892</b>

**F. Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There was no investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total City investments.

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

As of June 30, 2021, none of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California and operates in accordance with appropriate state laws and regulations. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The reported value of the pool is the same as the fair value of the pool shares. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Deposits and withdrawals are made on the basis of \$1 and not fair value.



**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

Fair Market Value Measurements

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

	Total	FMV Measurement
		Level 2
<u>Pooled investments by fair value hierarchy</u>		
Investments subject to fair value hierarchy:		
Negotiable Certificates of Deposit	\$ 13,808,432	\$ 13,808,432
Federal Agency Securities	4,355,905	4,355,905
Total Investments measured at fair value hierarchy	<u>18,164,337</u>	<u>\$ 18,164,337</u>
Investments measured using uncategorized inputs:		
State Investment Pool (LAIF)	<u>15,546,512</u>	
Total investments not subject at fair value hierarchy	<u>15,546,512</u>	
Total pooled investments	<u>33,710,849</u>	
<u>Investments with fiscal agent not subject to fair value level</u>		
Money Market Mutual Funds	<u>246,948</u>	
Total investments with fiscal agent not subject to fair value level	<u>246,948</u>	
Total investments	<u>\$ 33,957,797</u>	

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A. Long-Term Advances

Advances to/from other funds are non-current interfund loans and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriations and are not expendable available financial resources. Repayments for the following long-term advance will be made when excess net revenue is available. During the fiscal year ended June 30, 2010, the Water Fund had incurred a negative cash balance of \$1,605,869 due to rates not being updated based on cost of operations. In order to meet ongoing financial obligations, the Wastewater Fund advanced the Water Fund the necessary funds. The repayments for these advances began during the fiscal year ended June 30, 2014. The advance incurs interest at a rate of 1.5% per year, the LAIF return rate at the time of inception. The repayment of these advances are subordinate to all other outstanding debt and the cost of operations.

Receivable Fund	Payable Fund	Amount
Enterprise Fund: Wastewater Fund	Enterprise Fund: Water Fund	\$ 815,134

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

**B. Interfund Receivables and Payables**

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. The following presents a summary of current interfund balances at June 30, 2021.

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Internal Service Fund:	
General Fund	\$ 2,247,775	Risk Management	2,247,775
		Total	<u>\$ 2,247,775</u>

All interfund balances listed above are short term borrowings due to cash needs and will repaid within the next fiscal year.

**C. Interfund Transfers**

Transfers are utilized for funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2021:

Fund	Transfers-in	Transfers-out
Major Fund:		
General	\$ 1,801,423	\$ 1,722,240
Park Projects	295,160	
Nonmajor Governmental Funds:		
Gas Tax		21,167
Measure D		355,680
Successor Agency Housing		126
Assessment Districts		226,134
Streets Capital Projects	355,680	
Major Proprietary Funds:		
Water	10,613	88,483
Wastewater	7,602	54,066
Solid Waste	3,331	
Airport		655
Internal Service Fund:		
Maintenance		5,258
Totals	<u>\$ 2,473,809</u>	<u>\$ 2,473,809</u>

**NOTE 5 – LOANS RECEIVABLE**

Loans receivable amounts primarily represent loans made for economic development, and property rehabilitation.

**Economic & Community Development Special Revenue Fund**

Loan to Inferno 800. Secured by deed of trust. \$ 21,673

HOME Investment Partnerships Program Loan to BESA, L.P., C/O Chelsea Investment Corporation. Annual payments are in the amount equal to 50% of the residual receipts from the apartment complex. Payments are due 90 days following the end of the calendar year with respect to the preceding year. 3,400,000

Deferred notes receivable. No installment payments of principal or interest are required until the loans reach their maturity or underlying property is sold. Secured by deeds of trust. Details of loans by program are listed below:

Program Name	Balance
04-STBG-1952	717,022
03-STBG-1804	231,316
STBG 2002-1688	192,530
01-STBG-1569	120,966
STBG-2000-1453	57,944
1997 Grant	113,948
STBG 1996	89,590
STBG 1994	42,996
STBG 1993	34,431
1991 Grant	50,982
1990 Grant	26,763
STBG 304	28,671
Community Development Grants	240,383
First Time Home Buyer	730,527
05-CalHOME-134	168,383
06-CalHOME-261	89,767
11-HOME-7664	69,686
15-HOME-10897	366,379
18-CDBG-12905	6,076
Total	<u>3,378,359</u>
Total Loans Receivable	<u>\$ 6,800,032</u>

On August 1, 2004, to assist with the construction of 31 apartment assisted living units occupied by low and very low-income households, the City received a loan from the Housing Investment Partnerships (HOME) Program for \$3,400,000, which was provided to Chelsea Investment Corporation (Developer) with a no interest fifty-five (55) year repayment term maturing in 2059. The development is known as Brawley Elks Senior Apartments and is located at 955 Willard Avenue. The principal will be repaid from annual residual receipts as defined in the Note and shall apply to the Development through and including fifty-five (55) years from the date of the recordation regardless of any prepayment of the loan or sale, assignment, transfer or conveyance of the Development, unless otherwise terminated by the City or extended upon mutual agreement. The loan is secured by a Recorded Regulatory Agreement. As of June 30, 2021, the outstanding principal balance is \$3,400,000.

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 5 – LOANS RECEIVABLE (CONTINUED)**

On February 17, 2015, the City approved a fifty-five (55) year development impact fee (DIF) loan deferral for Brawley Pacific Associate (aka AMG & Associates) to secure California Tax Credit Allocation Committee funds to build a 41-unit two story income restricted family apartment complex located on the southeast corner of Malan Street and South 1st Street. On the third (3rd) anniversary year of the project construction loan closing and thereafter the \$238,879 DIF loan shall bear annual simple interest of 3% with a 55-year term and payments made from residual receipts and secured by a Promissory Note and Deed of Trust. As of June 30, 2021, the outstanding principal balance is \$238,879 and the outstanding interest balance is \$10,750.

On March 14, 2019, the City approved a fifty-five (55) year development impact fee (DIF) loan deferral for Brawley Adams I CIC, L.P. (aka Maker) to secure California Tax Credit Allocation Committee funds to build a 60-unit affordable housing apartment complex. Located at 1598 C Street. Upon issuance of certificate of occupancy and thereafter the \$526,793 DIF loan shall bear annual compound interest of 2.91% with a 55-year term and payments made from 20% of residual receipts and secured by a Promissory Note and Deed of Trust. As of June 30, 2021, the outstanding principal balance is \$526,793 and the outstanding interest balance is \$15,330.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance as of June 30, 2020	Additions	Deletions	Transfers	Balance as of June 30, 2021
<b>Governmental Activities</b>					
Nondepreciable capital assets					
Land	\$ 966,706	\$ -	\$ -	\$ -	\$ 966,706
Construction in progress	7,411,971	1,621,385		(3,856,029)	5,177,327
Total nondepreciable capital assets	8,378,677	1,621,385			6,144,033
Depreciable capital assets					
Equipment	10,258,757	383,978			10,642,735
Buildings	14,565,604				14,565,604
Improvements other than buildings	18,253,272	18,918			18,272,190
Infrastructure	20,337,587	1,536,597		3,856,029	25,730,213
Total depreciable capital assets	63,415,220	1,939,493		3,856,029	69,210,742
Less accumulated depreciation					
Equipment	(8,533,572)	(365,405)			(8,898,977)
Buildings	(5,627,102)	(459,385)			(6,086,487)
Improvements other than buildings	(9,026,154)	(692,597)			(9,718,751)
Infrastructure	(16,495,808)	(1,227,131)			(17,722,939)
Total accumulated depreciation	(39,682,636)	(2,744,518)			(42,427,154)
Net depreciable capital assets	23,732,584	(805,025)			26,783,588
Net capital assets	\$ 32,111,261	\$ 816,360	\$ -	\$ -	\$ 32,927,621

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 457,419
Public safety	457,419
Transportation	1,372,258
Parks and recreation	228,710
Community development	228,712
Total	<u>\$ 2,744,518</u>

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

	Balance as of June 30, 2020	Additions	Deletions	Balance as of June 30, 2021
<b>Business-type Activities</b>				
Nondepreciable capital assets				
Land	\$ 37,076	\$ -	\$ -	\$ 37,076
Construction in progress	994,743	482,853		1,477,596
Total nondepreciable capital assets	1,031,819	482,853		1,514,672
Depreciable capital assets				
Equipment	3,684,690	382,213		4,066,903
Buildings	56,762,535			56,762,535
Improvements other than buildings	14,712,946	5,931		14,718,877
Conveyance systems	35,083,044			35,083,044
Total depreciable capital assets	110,243,215	388,144		110,631,359
Less accumulated depreciation				
Equipment	(2,779,767)	(196,935)		(2,976,702)
Buildings	(23,290,369)	(1,355,236)		(24,645,605)
Improvements other than buildings	(6,301,469)	(597,392)		(6,898,861)
Conveyance systems	(19,055,615)	(798,307)		(19,853,922)
Total accumulated depreciation	(51,427,220)	(2,947,870)		(54,375,090)
Net depreciable capital assets	58,815,995	(2,559,726)		56,256,269
Net capital assets	\$ 59,847,814	\$ (2,076,873)	\$ -	\$ 57,770,941

Depreciation expense was charged to functions/programs of the business-types activities as follows:

Water	\$ 1,484,670
Wastewater	995,960
Airport	467,240
Total Depreciation Expense - Business-type Activities	\$ 2,947,870

**NOTE 7 –LONG-TERM LIABILITIES**

**Governmental Activities**

The following is a summary of long-term liabilities activity of the City’s governmental activities for the fiscal year ended June 30, 2021:

	Balance as of June 30, 2020	Additions	Reductions	Balance as of June 30, 2021	Due Within One Year
<b>Governmental Activities:</b>					
Pension obligation bonds	\$ 14,340,000	\$ -	\$ (1,080,000)	\$ 13,260,000	\$ 685,000
Capital leases	61,807	78,904	(22,563)	118,148	28,456
Net pension liability	6,487,187	2,391,911	(220,647)	8,658,451	
Total OPEB liability	4,878,777	1,232,087	(426,111)	5,684,753	
Compensated absences	819,514	153,396	(289,770)	683,140	104,879
Total long-term liabilities	\$ 26,587,285	\$ 3,856,298	\$ (2,039,091)	\$ 28,404,492	\$ 818,335

**Governmental Activities: Pension Obligation Bonds Series 2017**

On July 1, 2017, the City of Brawley issued Pension Obligation Bonds totalling \$16,310,000. The proceeds of the issuance was used to refinance the City’s outstanding “side fund” obligation to the California Public Employees’ Retirement System (CalPERS) with respect to certain of the City’s defined benefit pension plans for its public safety employees and miscellaneous employees. The bonds bear interest with rates between 1.75% and 4.12% with a final maturity date of September 1, 2032. The balance outstanding as of June 30, 2021 is \$13,260,000. Debt service requirements are as follows:

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 –LONG-TERM DEBT (CONTINUED)**

*Governmental Activities: Pension Obligation Bonds Series 2017 (Continued)*

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 685,000	\$ 472,713	\$ 1,157,713
2023	750,000	452,092	1,202,092
2024	815,000	427,789	1,242,789
2025	885,000	399,578	1,284,578
2026	965,000	368,877	1,333,877
2027-2031	6,105,000	1,239,929	7,344,929
2032-2033	3,055,000	124,967	3,179,967
	<u>\$ 13,260,000</u>	<u>\$ 3,485,945</u>	<u>\$ 16,745,945</u>

*Governmental Activities: Capital Leases*

Starting in March 2020, the City entered into a vehicle lease agreement with Enterprise Fleet Management with the goal of strategically replacing obsolete vehicles utilized by multiple departments over several years. In fiscal year 2019-20, two vehicles were replaced with five-year leases ranging from \$26,202 to \$28,253. In fiscal year 2020-21, two additional vehicles were leased for \$43,128 each. Lease commitments, including interest, as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 28,456	\$ 3,242	\$ 31,698
2023	28,456	3,242	31,698
2024	28,456	3,242	31,698
2025	26,882	3,019	29,901
2026	5,898	554	6,452
	<u>\$ 118,148</u>	<u>\$ 13,299</u>	<u>\$ 131,447</u>

**Business-Type Activities**

The following is a summary of long-term debt activity of the City’s business-type activities for the fiscal year ended June 30, 2021:

	Balance as of June 30, 2020	Additions	Reductions	Balance as of June 30, 2021	Due Within One Year
<b>Business-type Activities:</b>					
<i>Water Fund</i>					
Debt from direct borrowings and direct placements:					
Contracts payable #1	\$ 1,186,761	\$ -	\$ (1,186,761)	\$ -	\$ -
Deferred gain	15,880		(15,880)		
Unamortized discount	(27,562)		27,562		
Contracts payable #2	412,750		(309,562)	103,188	103,188
Deferred gain	9,152		(7,611)	1,541	1,541
Unamortized discount	(9,152)		7,611	(1,541)	(1,541)
MFC Note payable	1,216,948		(257,657)	959,291	264,791
Unamortized premium	3,779		(1,269)	2,510	1,269
<i>Wastewater Fund</i>					
Debt from direct borrowings and direct placements:					
Contracts payable	374,054		(184,608)	189,446	189,446
CSWRCB Loan	9,138,434		(720,467)	8,417,967	727,671
Capital Leases	96,795		(29,363)	67,432	17,641
Net pension liability	910,562	511,141	(233,562)	1,188,141	
Total OPEB liability	455,961	118,462	(43,137)	531,286	
Compensated absences	185,987	27,173	(56,098)	157,062	46,497
Total long-term liabilities	<u>\$ 13,970,349</u>	<u>\$ 656,776</u>	<u>\$ (3,010,802)</u>	<u>\$ 11,616,323</u>	<u>\$ 1,350,503</u>

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 –LONG-TERM DEBT (CONTINUED)**

*Water Enterprise Fund: Direct Borrowings and Placements of Debt - Contracts Payables and Defeased Certificates of Participation*

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,119,886. This difference, to be reported in the financial statements as a deduction from contracts payable, is being charged to operations through the fiscal year ending June 30, 2021 using the effective interest method. In the event of a default the full outstanding balance the contract payable immediately becomes due and payable. This contract payable has been paid off as of June 30, 2021.

There is no difference between the reacquisition price and the carrying amount of the old debt. The balance payable as June 30, 2021, including deferred gain of \$1,541, and net of unamortized discount of \$1,541 is \$103,188. In the event of a default the full outstanding balance of the contract payable immediately becomes due and payable. Debt service requirements to maturity which includes imputed interest are as follows:

Fiscal Year Ending June 30,	Principal	Imputed Interest	Total
2022	\$ 103,188	\$ 1,539	\$ 104,727
	<u>\$ 103,188</u>	<u>\$ 1,539</u>	<u>\$ 104,727</u>

*Water Enterprise Fund: Direct Borrowings and Placements of Debt - MFC Note Payable*

On October 1, 2004, the City participated in a pooled revenue bond issue with the California Statewide Communities Development Authority (CSCDA). The CSCDA issued \$4,000,000 of revenue bonds on behalf of the City for its Water enterprise fund, at an average interest rate of 4.37% and a final maturity of October 1, 2024. The City has since paid off the Bond with a Note from the Municipal Finance Corporation. In the event of a default the full outstanding balance of the note immediately becomes due and payable. The debt service requirements to maturity on the note are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 264,791	\$ 24,572	\$ 289,363
2023	272,123	17,241	289,364
2024	279,658	9,706	289,364
2025	142,719	1,962	144,681
	<u>\$ 959,291</u>	<u>\$ 53,481</u>	<u>\$ 1,012,772</u>

*Wastewater Enterprise Fund: Direct Borrowings and Placements of Debt - Contracts Payable*

As of June 30, 2011, the City has received advances totaling \$2,759,775 from the California Infrastructure and Economic Development Bank (CIEDB) and pledged the City’s Wastewater Fund as the specific revenue source for the repayment of the contract payable. The purpose is to help finance improvements to the wastewater system. The balance payable as of June 30, 2021 is \$189,446. In the event of a default the full outstanding balance of the contract payable immediately becomes due and payable. Debt service requirements to maturity on the contract are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 189,446	\$ 2,482	\$ 191,928
	<u>\$ 189,446</u>	<u>\$ 2,482</u>	<u>\$ 191,928</u>

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

*Wastewater Enterprise Fund: Direct Borrowings and Placements of Debt - California State Water Resource Control Board Loan*

The City entered into a project finance agreement with the California State Water Resource Control Board (Water Control Board). Through the use of ARRA funds, the Water Control Board provided funding assistance for the rehabilitation and upgrade of the wastewater treatment plant. The City must repay the project funds at an interest rate of 1% per annum. The term of the agreement is from the fiscal year ended June 30, 2013, to the fiscal year ended June 30, 2032. A portion of the loan totaling \$10,000,000 was forgiven by the Water Control Board leaving an outstanding balance of \$8,417,967 at June 30, 2021. In the event of a default the full outstanding balance of the loan immediately becomes due and payable. Annual debt service requirements for the CSWRCB Loan are shown below:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 727,672	\$ 84,179	\$ 811,851
2023	734,948	76,903	811,851
2024	742,297	69,553	811,850
2025	749,720	62,131	811,851
2026	757,218	54,633	811,851
2027-2031	3,901,196	158,058	4,059,254
2032	804,916	8,049	812,965
	<u>\$ 8,417,967</u>	<u>\$ 513,506</u>	<u>\$ 8,931,473</u>

*Wastewater Enterprise Fund: Capital Leases*

Starting in March 2020, the City entered into a vehicle lease agreement with Enterprise Fleet Management with the goal of strategically replacing obsolete vehicles utilized by water and wastewater over several years. In fiscal year 2019-20, three vehicles were replaced with five-year leases ranging from \$28,133 to \$28,516. Lease commitments, including interest, as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 17,641	\$ 2,431	\$ 20,072
2023	17,641	2,431	20,072
2024	17,641	2,431	20,072
2025	14,509	1,996	16,505
	<u>\$ 67,432</u>	<u>\$ 9,289</u>	<u>\$ 76,721</u>

**NOTE 8 – RISK MANAGEMENT**

An internal service fund is used to account for the City’s risk management and insurance programs, including self-insurance, commercial insurance, and participation in a public entity risk pool. Operating revenues of this fund consist of payments from other City funds and are based upon estimated cost of excess insurance premiums, self-insurance losses, and other operating expenses.

The City is self-insured for unemployment claims. Health insurance is purchased from an independent carrier. The City is a member of the California Joint Powers Insurance Authority (Authority) for workers’ compensation and for liability and property damage coverage as outlined below.

The Authority is a consortium of 107 California public entities. The Authority’s governing board consists of one member from each participating agency and is responsible for the selection of management as well as budgeting and financing. Insurance activities are financed by charges to members, and no long-term debt has been incurred. Actual annual premiums are determined using a retrospective method. At June 30, 2021, and as in the prior fiscal year, the City was self-insured for each general liability loss to the extent of \$30,000. At June 30, 2021, and as in the prior fiscal year, the City was self-insured for each workers’ compensation loss to the extent of \$50,000. Losses above \$30,000 for general liability, and above \$50,000 for workers’ compensation, are shared by the participating agencies, or covered by excess insurance coverage obtained by the Authority.



**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The City has had no settlements which exceeded insurance coverage in the last three fiscal years, and no changes in insurance coverage from the prior year. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Construction Commitments:

Various construction projects were in progress at June 30, 2021. Projects costs are paid out of various capital improvement, grant, and development impact fee funds. The following material construction commitments, for which funds have been encumbered, existed at June 30, 2021, with an estimated cost to complete.

<b>Project Name</b>	<b>Project Number</b>	<b>Contract Amount</b>	<b>Expenditures to date as of June 30, 2021</b>	<b>Remaining Commitments</b>
Wildcat Improvements (Street Construction)	2019-04	\$ 654,992	\$ 21,781	\$ 633,212
Legion Street Phase 3 Improvements	2020-04	421,528	318,964	102,564
Sewer Manhole Repairs at Del Rio and at Panno/Hwy 86	2022-01	89,234	-	89,234

Pending Litigation:

The City is a defendant in certain legal actions arising in the normal course of operations. Several notable cases and their evaluation by management and legal counsel are listed below. Management and legal counsel are not aware of any unasserted possible claims which are probable of assertion and which should be disclosed in accordance with SFAS No. 5.

*Vertical Bridge Development, LLC v. Brawley City Council, et al.:* The City is the defendant in a legal action arising from an option to lease City property and the City Council’s denial of an application for a Conditional Use Permit that would have allowed the plaintiff to construct a cell tower in a City owned park. The case is pending in the United States District Court, Southern District of California. The City believes that it has a viable defense to the complaint and is prepared to defend the action in court. The City remains open to an amicable settlement with the plaintiff and is exploring the settlement options through legal counsel.

**NOTE 10 – JOINT VENTURES**

Local Transportation Authority:

The City is a participant, along with Imperial County and the other cities in the county, in the Imperial County Local Transportation Authority (LTA). The LTA is considered a joint venture without equity interest. The City is also not obligated in any manner for debt of the LTA. Each participating jurisdiction appoints one member to the governing board of the LTA. The LTA was approved by voters of Imperial County at a special election on November 8, 1989. The ballot measure (Measure D) increased the sales tax in Imperial County by one-half of one percent (0.5%) for a period of twenty years, to provide funding for transportation improvements. The revenues are allocated to each participating jurisdiction based on a formula contained in the ballot measure.

On May 1, 2012 the LTA issued \$53,975,000 of sales tax revenue bonds (limited tax bonds) to fund certain transportation projects for the City and other members of the LTA. The amount made available to the City by this issuance was \$7,723,672. The LTA has pledged the City’s share of sales tax revenue as security for the amount. The amount received during the 2020-2021 fiscal year was \$1,381,221, which is net of the City’s share of debt service required on this bond issue. The City has no other liability for the debt. The balance outstanding at June 30, 2021 is \$5,240,000. Additional financial information on the LTA is available from the Imperial County Transportation Local Transportation Authority.

Imperial Valley Emergency Communications Authority:

The City is a participant, along with Imperial County and the other cities in the county, in the Imperial Valley Emergency Communication Authority (IVECA). IVECA is considered a joint venture without equity interest. The purpose of IVECA is to consolidate a communications center by equipping, maintaining, operating and staffing a single-site facility to provide emergency communications (call receiving and dispatching) for public safety and emergency services. It is also anticipated that IVECA will provide centralized dispatching services throughout Imperial County at some point in the future. The City’s contribution for the 2020-2021 fiscal year was \$123,009.

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 11 – PENSION PLAN**

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

**A. General Information about the Pension Plan**

*Plan Descriptions* - All qualified employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, cost sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*Benefits Provided* - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	City Misc Plan		City Safety Plan	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date	1, 2013	1, 2013	2013	1, 2013
Benefit formula	2% @ 55	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	62
Monthly benefits, as a % of eligible compensation	2.00%	2.00%	3.0%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%	9.00%	13.00%
Required employer contribution rates	11.03%	7.73%	23.67%	13.04%

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

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

As of June 30, 2021, the City reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

Proportionate Share of Net Pension Liability		
Misc. Plan	Safety Plan	Total
\$ 4,454,806	\$ 5,391,786	\$ 9,846,592

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using

standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 11 – PENSION PLAN (CONTINUED)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)***

Proportion - June 30, 2019	0.07219%
Proportion - June 30, 2020	<u>0.09050%</u>
Change - Increase (Decrease)	<u><u>0.01831%</u></u>

For the fiscal year ended June 30, 2021, the City recognized pension expense of \$977,419. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,339,349	\$ -
Differences between projected and actual contributions	3,058,957	(3,329,455)
Differences between expected and actual experience	647,675	
Changes in assumptions		(49,733)
Net Difference between projected and actual earnings on plan investments	249,523	
Changes in proportion	1,222,153	(2,732,505)
Total	<u>\$ 6,517,657</u>	<u>\$ (6,111,693)</u>

\$1,339,349 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended	Amount
<u>June 30,</u>	
2022	\$ (440,059)
2023	(576,001)
2024	(39,514)
2025	122,189
Total	<u>\$ (933,385)</u>

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

*Actuarial Assumptions* - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	

(1) Depending on age, service and type of employment

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

**NOTE 11 – PENSION PLAN (CONTINUED)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)***

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

*Discount Rate* - The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was

calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Assumed Asset Allocation	Real Return Year 1-10(a)	Real Return Year 11+(b)
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%

a) An expected inflation of 2% used for this period

b) An expected inflation of 2.92% used for this period

**NOTE 11 – PENSION PLAN (CONTINUED)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)***

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* -The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 10,531,382	\$ 12,270,306	\$ 22,801,688
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 4,454,806	\$ 5,391,786	\$ 9,846,592
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ (566,078)	\$ (252,691)	\$ (818,769)

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

**NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

*Plan Description*

The postemployment benefit plan is a single-employer defined healthcare plan administrated by the City. The City provides postretirement health and life insurance benefits, as provided for in various collective bargaining agreements for retirees that meet certain criteria. The City pays a contribution percentage of the employee's premium for benefit coverage for all qualifying employees. These costs are typically liquidated in the General, Water, and Wastewater Funds. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The plan does not issue a stand-alone report. The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

*Eligibility*

The table below presents a summary of the basic participant information for the active and retired participants covered under the terms of the Plan.

Participants eligible for OPEB	Valuation Date <u>6/30/2020</u>
1. Active employees electing coverage	77
2. Active employees waiving coverage	52
3. Retirees electing coverage	<u>28</u>
4. Total	<u><u>157</u></u>

*Total OPEB Liability*

The following tables show the components of the City's annual OPEB cost, the amount paid by the employer as benefits came due, and changes in the OPEB liability for fiscal year June 30, 2021. The City's total OPEB liability of \$6,216,039 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

*Actuarial Method and Assumptions*

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	2.45%
Expected return on plan assets	N/A
Inflation rate	2.50%
Mortality	Based on assumptions for public Agency Miscellaneous and Police members published in the December 2017 CalPERS Experience Study.
Health care cost trend rate	6.4% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.00% in FY2076 and later years.

**Discount Rate**

Per GASB guidance, the single rate that produces the same present value of expected benefit payments as (1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and (2) the 20- year municipal bond rate after assets are projected to be exhausted. The Fidelity 20-Year Municipal GO AA Index is used because it meets the GASB requirements and is based on a large amount of municipal security data.

*Change in Total OPEB Liability*

	<u>Total OPEB Liability</u>
Balance for fiscal year ending 6/30/20 <sup>1</sup> (Measured at 6/30/19)	\$ <u>5,334,738</u>
Changes for the fiscal year:	
Service cost	326,673
Interest	174,584
Actual experience	(5,805)
Changes of assumptions	553,152
Employer contributions <sup>2</sup>	<u>(167,303)</u>
Net changes	<u>881,301</u>
Balance for fiscal year ended 6/30/21 <sup>1</sup> (Measured at 6/30/20)	\$ <u><u>6,216,039</u></u>

<sup>1</sup> The City has elected to use the GASB 75 “lookback” method where assets and liabilities are measured as of the prior fiscal year-end but applied to the current fiscal year.

<sup>2</sup> Benefit payments equal \$40,254 direct subsidy payments to retirees and \$127,049 estimated implicit subsidy costs incurred during the measure period ending June 30, 2020.

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**

There is sensitivity of the total OPEB liability due to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using the discount and trend rate that were 1 percentage point lower or 1 percentage point higher than the current discount and healthcare cost trend rates.

<u>Sensitivity of the Total OPEB Liability to changes in the Discount Rate</u>		
	<u>Total OPEB Liability</u>	
1% decrease in Discount Rate (1.54%)	\$	7,187,535
Current Discount Rate (2.54%)	\$	6,216,039
1% increase in Discount Rate (3.54%)	\$	5,427,685
<u>Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates</u>		
	<u>Total OPEB Liability</u>	
1% decrease in Healthcare Cost Trend Rates	\$	5,235,832
Current Healthcare Cost Trend Rates	\$	6,216,039
1% increase in Healthcare Cost Trend Rates	\$	7,477,839

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$167,655. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Summary of Deferred Outflows/Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
Difference between expected and actual liability	\$ 290,212	\$ 5,099
Change of assumptions	608,298	265,955
Difference between expected and actual experience		
Amounts paid subsequent to the measurement date	<u>148,150</u>	<u></u>
Total	<u>\$ 1,046,660</u>	<u>\$ 271,054</u>

\$148,150 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2022.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Fiscal Year ended</u>	<u>Future recognition</u>
2022	\$ 84,883
2023	84,883
2024	84,883
2025	84,883
2026	84,883
Thereafter	<u>203,041</u>
	<u>\$ 627,456</u>

**CITY OF BRAWLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 13 – SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Brawley (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets units they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12-001.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

A. Long-term debt of the Successor Agency as of June 30, 2021, consisted of the following:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due within one year
Tax Allocation Bonds	\$ 4,065,000	\$ -	\$ (180,000)	\$ 3,885,000	\$ 195,000
Unamortized premium	68,440		(4,028)	64,412	4,028
Deferred loss on refunding	(107,591)		6,331	(101,260)	(6,331)
Totals	<u>\$ 4,025,849</u>	<u>\$ -</u>	<u>\$ (177,697)</u>	<u>\$ 3,848,152</u>	<u>\$ 192,697</u>

2016 Tax Allocation Refunding Bonds Payable

On October 3, 2006, the Community Redevelopment Agency issued \$5,875,000 of 2006 Tax Allocation Bonds. Interest is payable semiannually each April 1 and October 1 with principal due each October 1 beginning in 2008 with final maturity in 2036. The bonds were issued with interest rates varying between 3.65% and 5.00%. Proceeds from the issue are to be used to finance improvements, fund a reserve account, fund a capitalized interest account, and pay costs of issuance. Tax increment revenue is pledged against the bonds.

On January 27, 2016 the Successor to the Community Redevelopment Agency issued \$4,800,000 of 2016 Tax Allocation Refunding Bonds to refund the 2006 Tax Allocation Bonds. Interest is payable semiannually each April 1 and October 1 with principal due each October 1 beginning in 2016 with final maturity in 2036. The bonds were issued with interest rates varying between 2.125% and 5.00%. Tax increment revenue is pledged against the bonds.

The scheduled annual minimum debt service requirements at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 195,000	\$ 112,876	\$ 307,876
2023	200,000	104,976	304,976
2024	205,000	96,875	301,875
2025	215,000	90,491	305,491
2026	220,000	85,731	305,731
2027-2031	1,195,000	342,222	1,537,222
2032-2036	1,355,000	158,406	1,513,406
2037	300,000	4,875	304,875
Totals	<u>\$ 3,885,000</u>	<u>\$ 996,452</u>	<u>\$ 4,881,452</u>



**NOTE 14 – SUBSEQUENT EVENTS**

Subsequent to year-end, the City may be negatively impacted by the effects of the worldwide coronavirus pandemic. The City is closely monitoring its operations, liquidity, and reserves and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the City's financial position is not known.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BRAWLEY**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property tax	\$ 4,846,975	\$ 4,846,975	\$ 4,681,398	\$ (165,577)
Sales and use tax	2,260,337	2,260,337	3,804,806	1,544,469
Utility users	1,900,000	1,900,000	2,119,966	219,966
Transient lodging	301,200	301,200	451,752	150,552
Franchise	640,000	640,000	624,395	(15,605)
Business license	56,000	56,000	45,231	(10,769)
Licenses and permits	12,400	12,400	51,281	38,881
Fines and forfeitures	27,500	27,500	12,688	(14,812)
Use of money and property	15,000	15,000	36,301	21,301
Intergovernmental	689,522	689,522	690,570	1,048
Charges for services	4,216,617	4,216,617	4,383,096	166,479
Miscellaneous	316,000	316,000	392,764	76,764
Total revenues	15,281,551	15,281,551	17,294,248	2,012,697
<b>EXPENDITURES</b>				
Current:				
General government	2,709,956	2,709,956	2,465,933	244,023
Public safety	9,652,451	9,652,451	8,077,491	1,574,960
Culture and leisure	1,895,213	1,895,213	1,624,447	270,766
Community development	1,651,280	1,651,280	1,464,310	186,970
Debt service:				
Principal	1,080,000	1,080,000	1,080,000	
Interest	495,165	495,165	495,036	129
Total expenditures	17,484,065	17,484,065	15,207,217	2,276,848
Excess of revenues over (under) expenditures	(2,202,514)	(2,202,514)	2,087,031	4,289,545
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,955,925	1,955,925	1,801,423	(154,502)
Transfers out			(1,722,240)	(1,722,240)
Total other financing sources (uses)	1,955,925	1,955,925	79,183	(1,876,742)
Net change in fund balance	(246,589)	(246,589)	2,166,214	2,412,803
Fund Balance - July 1, 2020	1,797,236	1,797,236	1,797,236	
Fund Balance - June 30, 2021	\$ 1,550,647	\$ 1,550,647	\$ 3,963,450	\$ 2,412,803

See Notes to Required Supplemental Information

**CITY OF BRAWLEY**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ECONOMIC & COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 13,400	\$ 13,400	\$ 12,297	\$ (1,103)
Total revenues	13,400	13,400	12,297	(1,103)
<b>EXPENDITURES</b>				
Current:				
Community development	3,800	3,800	3,682	118
Total expenditures	3,800	3,800	3,682	118
Net change in fund balance	9,600	9,600	8,615	(985)
Fund Balance - July 1, 2020	7,542,704	7,542,704	7,542,704	
Fund Balance - June 30, 2021	<u>\$ 7,552,304</u>	<u>\$ 7,552,304</u>	<u>\$ 7,551,319</u>	<u>\$ (985)</u>

See Notes to Required Supplemental Information

**CITY OF BRAWLEY  
REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2021**

**Cost Sharing Defined Benefit Pension Plan**

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years\*

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	
Proportion of the net pension liability	0.07375%	0.07219%	0.09050%	
Proportionate share of the net pension liability	\$ 7,107,035	\$ 7,397,749	\$ 9,846,592	
Covered payroll	\$ 8,372,326	\$ 7,258,770	\$ 7,419,932	
Proportionate Share of the net pension liability as a percentage of covered payroll	84.89%	101.91%	132.70%	
Plan fiduciary net position as a percentage of total pension liability	73.31%	73.31%	89.77%	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.24216%	0.24755%	0.25640%	0.27347%
Proportionate share of the net pension liability	\$ 24,015,174	\$ 21,420,429	\$ 17,598,726	\$ 16,595,334
Covered payroll	\$ 7,825,417	\$ 8,585,302	\$ 7,584,412	\$ 7,564,276
Proportionate Share of the net pension liability as a percentage of covered payroll	306.89%	249.50%	232.04%	219.39%
Plan fiduciary net position as a percentage of total pension liability	73.31%	74.06%	78.40%	79.82%

***Notes to Schedule***

Change in Assumptions: In the 2016 valuation, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

\*Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only seven years are shown.

**CITY OF BRAWLEY  
REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2021**

**Cost Sharing Defined Benefit Pension Plan**

Schedule of Contributions – Last 10 Years\*

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	
Contractual required contribution (actuarially determined)	\$ 951,338	\$ 977,419	\$ 1,273,362	
Contributions in relation to the actuarially determined contributions	<u>(951,338)</u>	<u>(977,419)</u>	<u>(1,273,362)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 8,454,351	\$ 7,258,770	\$ 7,419,932	
Contributions as a percentage of covered payroll	11.25%	13.47%	17.16%	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractual required contribution (actuarially determined)	\$ 925,723	\$ 2,313,745	\$ 1,806,003	\$ 1,783,377
Contributions in relation to the actuarially determined contributions	<u>(17,806,372)</u>	<u>(2,313,745)</u>	<u>(1,806,003)</u>	<u>(1,783,377)</u>
Contribution deficiency (excess)	<u>\$ (16,880,649)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,372,326	\$ 7,825,417	\$ 8,585,302	\$ 7,584,412
Contributions as a percentage of covered payroll	11.06%	29.57%	21.04%	23.51%

***Notes to Schedule***

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.15%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds

\*Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only seven years are shown.

**CITY OF BRAWLEY  
REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2021**

**Schedule of Changes in Total OPEB Liability and Related Ratios - Last 10 Years\***

	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2020	Fiscal Year Ending 6/30/2019	Fiscal Year Ending 6/30/2018
<b>Total OPEB Liability</b>				
Service cost	\$ 326,673	\$ 285,565	\$ 273,166	\$ 299,551
Interest	174,584	169,334	155,924	130,903
Changes of assumptions	(5,805)	161,809	(38,747)	(415,296)
Actual experience	553,152	383,528		
Benefit payments	(167,303)	(115,331)	(94,476)	(89,254)
<b>Net change in total OPEB liability</b>	<b>881,301</b>	<b>884,905</b>	<b>295,867</b>	<b>(74,096)</b>
<b>Total OPEB Liability - beginning of fiscal year</b>	<b>5,334,738</b>	<b>4,449,833</b>	<b>4,153,966</b>	<b>4,228,062</b>
<b>Total OPEB Liability - end of fiscal year</b>	<b>\$ 6,216,039</b>	<b>\$ 5,334,738</b>	<b>\$ 4,449,833</b>	<b>\$ 4,153,966</b>
<b>Covered payroll</b>	<b>\$ 8,914,601</b>	<b>\$ 8,732,808</b>	<b>\$ 7,807,710</b>	<b>\$ 8,037,184</b>
<b>Total OPEB Liability as a % of eligible payroll</b>	<b>69.7%</b>	<b>61.1%</b>	<b>57.0%</b>	<b>51.7%</b>

***Notes to Schedule***

Funding Policy: The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

\*Fiscal year 2018 was the 1<sup>st</sup> year of implementation, therefore only four years are shown.

**CITY OF BRAWLEY  
REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2021**

**Schedule of OPEB Employer Contributions - Last 10 Years\***

	<b>FY Ending 6/30/2021</b>	<b>FY Ending 6/30/2020</b>	<b>FY Ending 6/30/2019</b>	<b>FY Ending 6/30/2018</b>
Actuarially determined contribution (ADC) <sup>1</sup>	N/A	N/A	N/A	N/A
Contributions in relation to the ADC	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
OPEB-eligible payroll for reporting period (fiscal year)	\$8,914,601	\$8,732,808	\$7,807,710	\$8,037,184
Contributions as a percent of payroll	N/A	N/A	N/A	N/A

<sup>1</sup> Per GASB 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

\*Fiscal year 2018 was the 1<sup>st</sup> year of implementation, therefore only four years are shown.



**NOTE 1 - BUDGETS AND BUDGETARY DATA**

A key element of the City's financial management process is the preparation of the annual budget. Each year the City Manager presents to City Council a proposed budget, which includes all current balances and expected revenues and other financing sources of the City, and describes by department how those resources will be utilized. Under terms of various grant and financing agreements, the budget is to be adopted by the end of June, prior to the beginning of each fiscal year. The budget is adopted and amended by motion of the City Council.

Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with the accounting principles generally accepted in the United States of America (US GAAP). Accordingly, actual revenues and expenditures can be compared with the related budgeted amounts without any significant reconciling items.

All appropriations lapse at then end of the fiscal year to the extent that they have not been expended.

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The Council conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity and includes information on the past fiscal year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. Expenditures may not exceed appropriations at the departmental level. At fiscal year-end, all operating budget appropriations lapse, unless carried over by formal action of the City Council. During the fiscal year, several supplementary appropriations were necessary.

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF BRAWLEY**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARK PROJECTS CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2021**

	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 30,000	\$	\$ (30,000)
Miscellaneous		38,312	38,312
Total revenues	30,000	38,312	8,312
Excess of revenues over (under) expenditures	30,000	38,312	8,312
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		295,160	295,160
Total other financing sources (uses)		295,160	295,160
Net change in fund balance	30,000	333,472	303,472
Fund Balance - July 1, 2020	(333,472)	(333,472)	
Fund Balance - June 30, 2021	\$ (303,472)	\$ -	\$ 303,472

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

**Gas Tax Fund** – To account for City’s share of state gas tax revenue restricted for street improvements and maintenance.

**Measure D Fund** – To account for revenue received from the Local Transportation Authority for the City’s portion of the ½% local sales tax revenue for a 20 year street rehabilitation program. Uses are restricted to those purposes necessary and convenient for the maintenance, operation, and construction of local streets and roads.

**Pedestrian & Bicycle Facilities Fund** – To account for revenue received from the State under Article 3 of the Transportation Development Act (Section 99234 of the Public Utilities Code). Uses are restricted to facilities for exclusive use by pedestrians and bicycles.

**Downtown Parking Fund** – To account for fees collected from merchants in the downtown business district to provide parking facilities in the downtown area.

**Law Enforcement Fund** – To account for revenues received by the City as a result of its participation in a task force with other law enforcement agencies in the area, and to account for revenues of various federal and state grants for law enforcement.

**Successor Agency Housing Fund** – Successor agency to the CRA Housing Fund.

**Assessment Districts Fund** – To account for the collection of assessments from property owners and the associated expenditures for the maintenance of landscaped areas within the district, and to account for revenues and expenditures of Community Facilities Districts (CFD).

**Business License Fund** – To account for revenues and expenditures related to the annual business license accessibility fee to be used for expenses enhancing accessibility requirements.

### CAPITAL PROJECTS FUNDS

Capital Projects funds account for financial resources to be used for the acquisition or construction of major capital facilities.

**Streets Projects Fund** – This fund accounts for resources set aside for major improvements to local streets and roads.

**Development Impact Fund** – To account for fees paid by developers to offset the cost of providing public facilities for police, fire, parks, recreation, library, and other public facilities and for street construction.

**CITY OF BRAWLEY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

	Special Revenue Funds			
	Gas Tax	Measure D	Pedestrian & Bicycle Facilities	Downtown Parking
<b>ASSETS</b>				
Cash and investments	\$ 1,352,909	\$ 5,801,006	\$ 477,815	\$ 4,401
Restricted cash and investments with fiscal agents				
Interest receivable	313	1,341	110	1
Due from other governments	52,711		79,178	
Loans receivable				
Prepaid expenditures			2,973	
<b>Total assets</b>	<b>\$ 1,405,933</b>	<b>\$ 5,802,347</b>	<b>\$ 560,076</b>	<b>\$ 4,402</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 62,502	\$ 19,256	\$ 16,956	\$ -
Accrued liabilities	11,007		244	
Unearned revenue	627,490			
<b>Total liabilities</b>	<b>700,999</b>	<b>19,256</b>	<b>17,200</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue				
<b>Total deferred inflows of resources</b>				
<b>Total liabilities and deferred inflows of resources</b>	<b>700,999</b>	<b>19,256</b>	<b>17,200</b>	
Fund balances:				
Nonspendable			2,973	
Restricted for:				
Streets and roads	704,934	5,783,091	539,903	
Public safety				4,402
Community development				
CFD improvements and maintenance				
<b>Total fund balances</b>	<b>704,934</b>	<b>5,783,091</b>	<b>542,876</b>	<b>4,402</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,405,933</b>	<b>\$ 5,802,347</b>	<b>\$ 560,076</b>	<b>\$ 4,402</b>

Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
Law Enforcement	Successor Agency Housing	Assessment Districts	Business License	Streets	Development Impact	
\$ 385,006	\$ -	\$ 875,663	\$ 20,349	\$ 468,268	\$ 6,334,794	\$ 15,720,211
		203,942				203,942
89		202	5	108	27,618	29,787
62,931		1,929				196,749
					765,672	765,672
						2,973
<u>\$ 448,026</u>	<u>\$ -</u>	<u>\$ 1,081,736</u>	<u>\$ 20,354</u>	<u>\$ 468,376</u>	<u>\$ 7,128,084</u>	<u>\$ 16,919,334</u>
\$ 225	\$ -	\$ 13,147	\$ -	\$ 396,803	\$ -	\$ 508,889
12,644						11,251
						640,134
<u>12,869</u>		<u>13,147</u>		<u>396,803</u>		<u>1,160,274</u>
					791,752	791,752
					791,752	791,752
<u>12,869</u>		<u>13,147</u>		<u>396,803</u>	<u>791,752</u>	<u>1,952,026</u>
						2,973
435,157				71,573		7,099,501
			20,354		6,336,332	439,559
		1,068,589				6,356,686
						1,068,589
<u>435,157</u>		<u>1,068,589</u>	<u>20,354</u>	<u>71,573</u>	<u>6,336,332</u>	<u>14,967,308</u>
<u>\$ 448,026</u>	<u>\$ -</u>	<u>\$ 1,081,736</u>	<u>\$ 20,354</u>	<u>\$ 468,376</u>	<u>\$ 6,336,332</u>	<u>\$ 16,919,334</u>

**CITY OF BRAWLEY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds			
	Gas Tax	Measure D	Pedestrian & Bicycle Facilities	Downtown Parking
<b>REVENUES</b>				
Property tax	\$ -	\$ -	\$ -	\$ -
Charges for services				672
Use of money and property	5,019	13,671	1,529	11
Intergovernmental	1,130,260	1,657,723	79,178	
Total revenues	1,135,279	1,671,394	80,707	683
<b>EXPENDITURES</b>				
Current:				
Public safety				
Community development				
Public works	1,394,489	284,128	62,523	
Capital outlay				
Total expenditures	1,394,489	284,128	62,523	
Excess of revenues over (under) expenditures	(259,210)	1,387,266	18,184	683
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers out	(21,167)	(355,680)		
Total other financing sources (uses)	(21,167)	(355,680)		
Net change in fund balances	(280,377)	1,031,586	18,184	683
Fund Balances (Deficit) - beginning of fiscal year	985,311	4,751,505	524,692	3,719
Fund Balances - end of fiscal year	\$ 704,934	\$ 5,783,091	\$ 542,876	\$ 4,402

Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
Law Enforcement	Successor Agency Housing	Assessment Districts	Business License	Streets	Development Impact	
\$ -	\$ -	\$ 234,624	\$ -	\$ -	\$ -	\$ 234,624
			20,352		1,811,085	1,832,109
1,565		3,192	2		4,329	29,318
96,131		96,150		207,941		3,267,383
97,696		333,966	20,354	207,941	1,815,414	5,363,434
140,449						140,449
		55,336			24,892	80,228
				26,567		1,767,707
213,813				1,206,499	559,713	1,980,025
354,262		55,336		1,233,066	584,605	3,968,409
(256,566)		278,630	20,354	(1,025,125)	1,230,809	1,395,025
				355,680		355,680
	(126)	(226,134)				(603,107)
	(126)	(226,134)		355,680		(247,427)
(256,566)	(126)	52,496	20,354	(669,445)	1,230,809	1,147,598
691,723	126	1,016,093		741,018	5,105,523	13,819,710
\$ 435,157	\$ -	\$ 1,068,589	\$ 20,354	\$ 71,573	\$ 6,336,332	\$ 14,967,308



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**CITY OF BRAWLEY**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2021**

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**INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government unites, on a cost reimbursement basis.

**Maintenance Fund** – To account for the costs of maintenance of the City’s fleet of vehicles and certain public facilities.

**Risk Management Fund** – To account for the costs of providing insurance, including risks retained by the City, for general liability, property damage, unemployment benefits, workers’ compensation and employee health benefits. This fund also finances postemployment health care benefits provided to retirees and to former employees.

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**CITY OF BRAWLEY**  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2021

	Maintenance	Risk Management	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 1,604,176	\$ -	\$ 1,604,176
Interest receivable	370		370
Notes receivable		5,946	5,946
Prepaid expenditures		1,699,093	1,699,093
Total Current Assets	<u>1,604,546</u>	<u>1,705,039</u>	<u>3,309,585</u>
Noncurrent Assets:			
Capital Assets:			
Construction in progress	11,138		11,138
Depreciable Assets	3,522,519		3,522,519
Total Capital Assets	3,533,657		3,533,657
Less Accumulated Depreciation	(2,154,130)		(2,154,130)
Net Capital Assets	<u>1,379,527</u>		<u>1,379,527</u>
Total Noncurrent Assets	<u>1,379,527</u>		<u>1,379,527</u>
Total Assets	<u>2,984,073</u>	<u>1,705,039</u>	<u>4,689,112</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	2,994		2,994
Due to other funds		2,247,775	2,247,775
Total Current Liabilities	<u>2,994</u>	<u>2,247,775</u>	<u>2,250,769</u>
Total Liabilities	<u>2,994</u>	<u>2,247,775</u>	<u>2,250,769</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,379,527		1,379,527
Unrestricted	1,601,552	(542,736)	1,058,816
Total Net Position	<u>\$ 2,981,079</u>	<u>\$ (542,736)</u>	<u>\$ 2,438,343</u>

**CITY OF BRAWLEY**  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION  
For the Fiscal Year Ended June 30, 2021

	Maintenance	Risk Management	Totals
Revenues:			
Charges for services	\$ 3,805	\$ 2,423,624	\$ 2,427,429
Expenses:			
Salary and benefits	110,489		110,489
Supplies and services	18,220	2,448,101	2,466,321
Depreciation	150,697		150,697
Total Expenses	279,406	2,448,101	2,727,507
Operating Income (Loss)	(275,601)	(24,477)	(300,078)
Non-Operating Revenue (Expenses)			
Use of money and property	5,020		5,020
Total Non-Operating Revenue	5,020		5,020
Net Income (Loss) Before Transfers	(270,581)	(24,477)	(295,058)
Transfers out	(5,258)		(5,258)
Change in Net Assets	(275,839)	(24,477)	(300,316)
Net Position - Beginning of Fiscal Year	3,256,918	(518,259)	2,738,659
Net Position - End of Fiscal Year	\$ 2,981,079	\$ (542,736)	\$ 2,438,343

**CITY OF BRAWLEY**  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2021

	Maintenance	Risk Management	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from users	\$ 3,805	\$ 2,423,624	\$ 2,427,429
Cash payments to suppliers and contractors	(31,996)	(4,147,701)	(4,179,697)
Cash payments for employees and benefit programs	(110,489)		(110,489)
Net Cash Provided (Used) By Operating Activities	<u>(138,680)</u>	<u>(1,724,077)</u>	<u>(1,862,757)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers	(5,258)		(5,258)
Loan repayment (issuance)		10,776	10,776
Interfund borrowing (repayment)		1,713,301	1,713,301
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(5,258)</u>	<u>1,724,077</u>	<u>1,718,819</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Use of money and property	6,661		6,661
Net Cash Provided In Investing Activities	<u>6,661</u>		<u>6,661</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(137,277)</b>	<b>-</b>	<b>(137,277)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>	<b><u>1,741,453</u></b>		<b><u>1,741,453</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>	<b><u>\$ 1,604,176</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,604,176</u></b>

(Continued)

**CITY OF BRAWLEY**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2021 (Continued)**

	<u>Maintenance</u>	<u>Risk Management</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (275,601)	\$ (24,477)	\$ (300,078)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Depreciation	150,697		150,697
(Increase) Decrease prepaid expenditures		(1,699,093)	(1,699,093)
Increase (Decrease) accounts payable and accrued liabilities	(13,776)	(507)	(14,283)
Total Adjustments	<u>136,921</u>	<u>(1,699,600)</u>	<u>(1,562,679)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (138,680)</u>	<u>\$ (1,724,077)</u>	<u>\$ (1,862,757)</u>